**Finance Act 2016 (No. 28 of 2016)**

***CHAPTER III***

**DIRECT TAXES**

*Income-tax*

**Amendment of section 2.**

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

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| --- | --- | --- |
| (*a*) |  | in clause (*14*), in item (*vi*), after the words and figures "Gold Deposit Scheme, 1999", the words and figures "or deposit certificates issued under the Gold Monetisation Scheme, 2015" shall be inserted; |
| (*b*) |  | after clause (*23B*), the following clause shall be inserted with effect from the 1st day of June, 2016, namely:— |

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| --- | --- | --- |
| '(*23C*) |  | "hearing" includes communication of data and documents through electronic mode;'; |

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| --- | --- | --- |
| (*c*) |  | in clause (*24*), in sub-clause (*xviii*), for the words, figures and brackets "other than the subsidy or grant or reimbursement which is taken into account for determination of the actual cost of the asset in accordance with the provisions of *Explanation 10* to clause (*1*) of section 43", the following shall be substituted with effect from the 1st day of April, 2017, namely:— |
|  |  | "other than,— |

|  |  |  |
| --- | --- | --- |
| (*a*) |  | the subsidy or grant or reimbursement which is taken into account for determination of the actual cost of the asset in accordance with the provisions of *Explanation 10* to clause (*1*) of section 43; or |
| (*b*) |  | the subsidy or grant by the Central Government for the purpose of the corpus of a trust or institution established by the Central Government or a State Government, as the case may be;"; |
| (*d*) |  | in clause (*37A*), in sub-clause (*iii*), after the words, figures and letters "section 194LBA or", the words, figures and letters "section 194LBB or section 194LBC or" shall be inserted with effect from the 1st day of June, 2016. |
| (*e*) |  | in clause (*42A*), after the second proviso and before *Explanation 1*, the following proviso shall be inserted with effect from the 1st day of April, 2017, namely:— |

'**Provided also**that in the case of a share of a company (not being a share listed in a recognised stock exchange in India), the provisions of this clause shall have effect as if for the words "thirty-six months", the words "twenty-four months" had been substituted'.

**Amendment of section 6.**

**4.** In section 6 of the Income-tax Act, for clause (*3*), the following clause shall be substituted with effect from the 1st day of April, 2017, namely:—

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

|  |  |  |
| --- | --- | --- |
| (*i*) |  | it is an Indian company; or |
| (*ii*) |  | its place of effective management, in that year, is in India. |

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

**Amendment of section 9.**

**5.** In section 9 of the Income-tax Act, in sub-section (1), in clause (*i*), in *Explanation 1*, after clause (*d*), the following clause shall be inserted, namely:—

|  |  |  |
| --- | --- | --- |
| "(*e*) |  | in the case of a foreign company engaged in the business of mining of diamonds, no income shall be deemed to accrue or arise in India to it through or from the activities which are confined to the display of uncut and unassorted diamond in any special zone notified by the Central Government in the Official Gazette in this behalf.". |

**Amendment of section 9A.**

**6.** In section 9A of the Income-tax Act, in sub-section (3), with effect from the 1st day of April, 2017,—

|  |  |  |
| --- | --- | --- |
| (*i*) |  | in clause (*b*), after the words "has been entered into", the words "or is established or incorporated or registered in a country or a specified territory notified by the Central Government in this behalf" shall be inserted; |
| (*ii*) |  | in clause (*k*), the words "or from India" shall be omitted. |

**Amendment of section 10.**

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

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| --- | --- | --- |
| (*A*) |  | with effect from the 1st day of April, 2017,— |

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| (*i*) |  | after clause (*12*), the following clause shall be inserted, namely:— |

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| --- | --- | --- |
| "(12A) |  | any payment from the National Pension System Trust to an employee on closure of his account or on his opting out of the pension scheme referred to in section 80CCD, to the extent it does not exceed forty per cent of the total amount payable to him at the time of such closure or his opting out of the scheme;"; |

|  |  |  |
| --- | --- | --- |
| (*ii*) |  | in clause (*13*),— |

|  |  |  |
| --- | --- | --- |
| (*II*) |  | in sub-clause (*iv*), for the word "thereon", the words "thereon; or" shall be substituted; |
| (*III*) |  | after sub-clause (*iv*), the following sub-clause shall be inserted, namely:— |

|  |  |  |
| --- | --- | --- |
| "(*v*) |  | by way of transfer to the account of the employee under a pension scheme referred to in section 80CCD and notified by the Central Government;"; |

|  |  |  |
| --- | --- | --- |
| (*B*) |  | in clause (*15*), in sub-clause (*vi*), after the words and figures "Gold Deposit Scheme, 1999", the words and figures "or deposit certificates issued under the Gold Monetisation Scheme, 2015" shall be inserted; |
| (*C*) |  | with effect from the 1st day of April, 2017,— |

|  |  |  |
| --- | --- | --- |
| (*I*) |  | in clause (*23DA*), in the *Explanation*,— |

|  |  |  |
| --- | --- | --- |
| (1) |  | in clause (*a*), after sub-clause (*i*), the following sub-clause shall be inserted, namely:— |

|  |  |  |
| --- | --- | --- |
| "(*ia*) |  | in clause (*z*) of sub-section (1) of section 2 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (54 of 2002); or"; |

|  |  |  |
| --- | --- | --- |
| (2) |  | in clause (*b*), for the word, figures and letters "section 115TC", the word, figures and letters "section 115TCA" shall be substituted; |

|  |  |  |
| --- | --- | --- |
| (*II*) |  | in clause (*23FC*), for the words "by way of interest received or receivable from a special purpose vehicle", the following shall be substituted, namely:— |
|  |  | "by way of— |

|  |  |  |
| --- | --- | --- |
| (*a*) |  | interest received or receivable from a special purpose vehicle; or |
| (*b*) |  | dividend referred to in sub-section (7) of section 115-O"; |

|  |  |  |
| --- | --- | --- |
| (*III*) |  | in clause (*23FD*), for the words, brackets, figures and letters "in clause (*23FC*)", the words, brackets, letters and figures "in sub-clause (*a*) of clause (*23FC*)" shall be substituted; |
| (*IV*) |  | in clause (*34*), the following proviso shall be inserted, namely:— |
|  |  | "**Provided** that nothing in this clause shall apply to any income by way of dividend chargeable to tax in accordance with the provisions of section 115BBDA;"; |
| (*V*) |  | in clause (*35A*),— |

|  |  |  |
| --- | --- | --- |
| (*a*) |  | before the *Explanation*, the following proviso shall be inserted, namely:— |
|  |  | "**Provided** that nothing contained in this clause shall apply to any income by way of distributed income referred to in the said section, received on or after the 1st day of June, 2016."; |
| (*b*) |  | in the *Explanation*, for the word, figures and letters "section 115TC", the word, figures and letters "section 115TCA" shall be substituted; |

|  |  |  |
| --- | --- | --- |
| (*VI*) |  | in clause (*38*),— |

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| (*i*) |  | after the second proviso, the following proviso shall be inserted, namely:— |
|  |  | "**Provided also** that nothing contained in sub-clause (*b*) shall apply to a transaction undertaken on a recognised stock exchange located in any International Financial Services Centre and where the consideration for such transaction is paid or payable in foreign currency."; |
| (*ii*) |  | for the *Explanation*, the following *Explanation* shall be substituted, namely:— |
|  |  | '*Explanation*.—For the purposes of this clause,— |

|  |  |  |
| --- | --- | --- |
| (*a*) |  | "equity oriented fund" means a fund— |

|  |  |  |
| --- | --- | --- |
| (*i*) |  | where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty-five per cent of the total proceeds of such fund; and |
| (*ii*) |  | which has been set up under a scheme of a Mutual Fund specified under clause (*23D*): |

|  |  |  |
| --- | --- | --- |
|  |  | **Provided** that the percentage of equity shareholding of the fund shall be computed with reference to the annual average of the monthly averages of the opening and closing figures; |
| (*b*) |  | "International Financial Services Centre" shall have the same meaning as assigned to it in clause (*q*) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005); |
| (*c*) |  | "recognised stock exchange" shall have the meaning assigned to it in clause (*ii*) of the *Explanation 1* to sub-section (5) of section 43.'; |

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| --- | --- | --- |
| (*D*) |  | after clause (*48*), the following clause shall be inserted, namely:— |

|  |  |  |
| --- | --- | --- |
| "(*48A*) |  | any income accruing or arising to a foreign company on account of storage of crude oil in a facility in India and sale of crude oil therefrom to any person resident in India: |
|  |  | **Provided** that — |

|  |  |  |
| --- | --- | --- |
| (*i*) |  | the storage and sale by the foreign company is pursuant to an agreement or an arrangement entered into by the Central Government or approved by the Central Government; and |
| (*ii*) |  | having regard to the national interest, the foreign company and the agreement or arrangement are notified by the Central Government in this behalf;"; |

|  |  |  |
| --- | --- | --- |
| (*E*) |  | after clause (*49*), the following clause shall be inserted with effect from the 1st day of June, 2016, namely:— |

|  |  |  |
| --- | --- | --- |
| '(*50*) |  | any income arising from any specified service provided on or after the date on which the provisions of Chapter VIII of the Finance Act, 2016 comes into force and chargeable to equalisation levy under that Chapter. |
|  |  | *Explanation*.—For the purposes of this clause, "specified service" shall have the meaning assigned to it in clause (*i*) of section 161 of Chapter VIII of the Finance Act, 2016.'. |

**Amendment of section 10AA.**

**8.** In section 10AA of the Income-tax Act, in sub-section (1), for the words and figures "April, 2006, a deduction of", the words, figures and letters "April, 2006, but before the 1st day of April, 2021, the following deduction shall be allowed" shall be substituted with effect from the 1st day of April, 2017.

**Amendment of section 17.**

**9.** In section 17 of the Income-tax Act, in sub-section (2), in clause (*vii*), for the words "one lakh rupees", the words "one lakh and fifty thousand rupees" shall be substituted with effect from the 1st day of April, 2017.

**Amendment of section 24.**

**10.** In section 24 of the Income-tax Act, in clause (*b*), in the second proviso, for the words "three years", the words "five years" shall be substituted with effect from the 1st day of April, 2017.

**Substitution of new section for sections 25A, 25AA and 25B.**

**11.** For sections 25A, 25AA and 25B of the Income-tax Act, the following section shall be substituted with effect from the 1st day of April, 2017, namely:—

'25A. *Special provision for arrears of rent and unrealized rent received subsequently.*—(1) The amount of arrears of rent received from a tenant or the unrealised rent realised subsequently from a tenant, as the case may be, by an assessee shall be deemed to be the income from house property in respect of the financial year in which such rent is received or realised, and shall be included in the total income of the assessee under the head "Income from house property", whether the assessee is the owner of the property or not in that financial year.

(2) A sum equal to thirty per cent of the arrears of rent or the unrealised rent referred to in sub-section (1) shall be allowed as deduction.'.

**Amendment of section 28.**

**12.** In section 28 of the Income-tax Act, in clause (*va*), with effect from the 1st day of April, 2017,—

|  |  |  |
| --- | --- | --- |
| (*A*) |  | in sub-clause (*a*), after the words "any business", the words "or profession" shall be inserted; |
| (*B*) |  | in the proviso, in clause (*i*), after the words "any business", the words "or profession" shall be inserted. |

**Amendment of section 32.**

**13.** In section 32 of the Income-tax Act, in sub-section (1), in clause (*iia*), for the words "or in the business of generation or generation and distribution", the words "or in the business of generation, transmission or distribution" shall be substituted with effect from the 1st day of April, 2017.

**Amendment of section 32AC.**

**14.** In section 32AC of the Income-tax Act, in sub-section (1A),—

|  |  |  |
| --- | --- | --- |
| (*i*) |  | for the words "acquired and installed during any previous year exceeds twenty-five crore rupees", the words, figures and letters "acquired during any previous year exceeds twenty-five crore rupees and such assets are installed on or before the 31st day of March, 2017" shall be substituted; |
| (*ii*) |  | before the proviso, the following proviso shall be inserted, namely:— |
|  |  | "**Provided** that where the installation of the new assets are in a year other than the year of acquisition, the deduction under this sub-section shall be allowed in the year in which the new assets are installed."; |
| (*iii*) |  | in the existing proviso, for the words "Provided that", the words "Provided further that" shall be substituted. |

**Amendment of section 35.**

**15.** In section 35 of the Income-tax Act, with effect from the 1st day of April, 2018,—

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| (*i*) |  | in sub-section (1),— |

|  |  |  |
| --- | --- | --- |
| (*a*) |  | in clause (*ii*),— |

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| --- | --- | --- |
| (*I*) |  | for the words "one and three-fourth", the words "one and one-half" shall be substituted; |
| (*II*) |  | after the proviso, the following proviso shall be inserted, namely:— |
|  |  | "**Provided further** that where any sum is paid to such association, university, college or other institution in a previous year relevant to the assessment year beginning on or after the 1st day of April, 2021, the deduction under this clause shall be equal to the sum so paid;"; |

|  |  |  |
| --- | --- | --- |
| (*b*) |  | in clause (*iia*), the words "an amount equal to one and one-fourth times of" shall be omitted; |
| (*c*) |  | in clause (*iii*), the words "an amount equal to one and one-fourth times of" shall be omitted; |

|  |  |  |
| --- | --- | --- |
| (*ii*) |  | in sub-section (2AA),— |

|  |  |  |
| --- | --- | --- |
| (*A*) |  | in clause (*a*), for the words "two times", the words "one and one-half times" shall be substituted; |
| (*B*) |  | after the proviso and before *Explanation 1*, the following proviso shall be inserted, namely:— |
|  |  | "**Provided further** that where any sum is paid to such National Laboratory or university or Indian Institute of Technology or specified person in a previous year relevant to the assessment year beginning on or after the 1st day of April, 2021, the deduction under this sub-section shall be equal to the sum so paid."; |

|  |  |  |
| --- | --- | --- |
| (*iii*) |  | in sub-section (2AB),— |

|  |  |  |
| --- | --- | --- |
| (*a*) |  | in clause (*1*), for the words "two times", the words "one and one-half times" shall be substituted; |
| (*b*) |  | after clause (*1*) and before the *Explanation*, the following proviso shall be inserted, namely:— |
|  |  | "**Provided** that where such expenditure on scientific research (not being expenditure in the nature of cost of any land or building) on in-house research and development facility is incurred in a previous year relevant to the assessment year beginning on or after the 1st day of April, 2021, the deduction under this clause shall be equal to the expenditure so incurred."; |
| (*c*) |  | clause (*5*) shall be omitted. |

**Insertion of new section 35ABA.**

**16.** After section 35AB of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2017, namely:—

'35ABA. *Expenditure for obtaining right to use spectrum for telecommunication services.*—(1) In respect of any expenditure, being in the nature of capital expenditure, incurred for acquiring any right to use spectrum for telecommunication services either before the commencement of the business or thereafter at any time during any previous year and for which payment has actually been made to obtain a right to use spectrum, there shall, subject to and in accordance with the provisions of this section, be allowed for each of the relevant previous years, a deduction equal to the appropriate fraction of the amount of such expenditure.

(2) The provisions contained in sub-sections (2) to (8) of section 35ABB, shall apply as if for the word "licence", the word "spectrum" had been substituted.

(3) Where, in a previous year, any deduction has been claimed and granted to the assessee under sub-section (1), and, subsequently, there is failure to comply with any of the provisions of this section, then,—

|  |  |  |
| --- | --- | --- |
| (*a*) |  | the deduction shall be deemed to have been wrongly allowed; |
| (*b*) |  | the Assessing Officer may, notwithstanding anything contained in this Act, re-compute the total income of the assessee for the said previous year and make the necessary rectification; |
| (*c*) |  | the provisions of section 154 shall, so far as may be, apply and the period of four years specified in sub-section (7) of that section being reckoned from the end of the previous year in which the failure to comply with the provisions of this section takes place.". |

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

|  |  |  |
| --- | --- | --- |
| (*i*) |  | "relevant previous years" means,— |

|  |  |  |
| --- | --- | --- |
| (*A*) |  | in a case where the spectrum fee is actually paid before the commencement of the business to operate telecommunication services, the previous years beginning with the previous year in which such business commenced; |
| (*B*) |  | in any other case, the previous years beginning with the previous year in which the spectrum fee is actually paid, |
|  |  | and the subsequent previous year or years during which the spectrum, for which the fee is paid, shall be in force; |

|  |  |  |
| --- | --- | --- |
| (*ii*) |  | "appropriate fraction" means the fraction, the numerator of which is one and the denominator of which is the total number of the relevant previous years; |
| (*iii*) |  | "payment has actually been made" means the actual payment of expenditure irrespective of the previous year in which the liability for the expenditure was incurred according to the method of accounting regularly employed by the assessee or payable in such manner as may be prescribed.'. |

**Amendment of section 35AC.**

**17.** In section 35AC of the Income-tax Act, after sub-section (6) and before the *Explanation*, the following sub-section shall be inserted with effect from the 1st day of April, 2017, namely:—

"(7) No deduction under this section shall be allowed in respect of any assessment year commencing on or after the 1st day of April, 2018.".

**Amendment of section 35AD.**

**18.** In section 35AD of the Income-tax Act, with effect from the 1st day of April, 2018,—

|  |  |  |
| --- | --- | --- |
| (*a*) |  | sub-section (1A) shall be omitted; |
| (*b*) |  | in sub-section (2), after clause (*iii*), the following clause shall be inserted, namely:— |

|  |  |  |
| --- | --- | --- |
| "(*iv*) |  | where the business is of the nature referred to in sub-clause (*xiv*) of clause (*c*) of sub-section (8), such business,— |

|  |  |  |
| --- | --- | --- |
| (*A*) |  | is owned by a company registered in India or by a consortium of such companies or by an authority or a board or corporation or any other body established or constituted under any Central or State Act; |
| (*B*) |  | entity referred to in sub-clause (*A*) has entered into an agreement with the Central Government or a State Government or a local authority or any other statutory body for developing or operating and maintaining or developing, operating and maintaining, a new infrastructure facility."; |

|  |  |  |
| --- | --- | --- |
| (*c*) |  | in sub-section (5),— |

|  |  |  |
| --- | --- | --- |
| (*I*) |  | in clause (*aj*), the word "and" occurring at the end shall be omitted; |
| (*II*) |  | after clause (*aj*), the following clause shall be inserted, namely:— |

|  |  |  |
| --- | --- | --- |
| "(*ak*) |  | on or after the 1st day of April, 2017, where the specified business is in the nature of developing or operating and maintaining or developing, operating and maintaining, any infrastructure facility; and"; |

|  |  |  |
| --- | --- | --- |
| (*d*) |  | in sub-section (8),— |

|  |  |  |
| --- | --- | --- |
| (*I*) |  | after clause (*b*), the following clause shall be inserted, namely:— |

|  |  |  |
| --- | --- | --- |
| '(*ba*) |  | "infrastructure facility" means— |

|  |  |  |
| --- | --- | --- |
| (*i*) |  | a road including toll road, a bridge or a rail system; |
| (*ii*) |  | a highway project including housing or other activities being an integral part of the highway project; |
| (*iii*) |  | a water supply project, water treatment system, irrigation project, sanitation and sewerage system or solid waste management system; |
| (*iv*) |  | a port, airport, inland waterway, inland port or navigational channel in the sea;'; |

|  |  |  |
| --- | --- | --- |
| (*II*) |  | in clause (*c*), after sub-clause (*xiii*), the following sub-clause shall be inserted, namely:— |

|  |  |  |
| --- | --- | --- |
| "(*xiv*) |  | developing or maintaining and operating or developing, maintaining and operating a new infrastructure facility.". |

**Amendment of section 35CCC**

**19.** In section 35CCC of the Income-tax Act, in sub-section (1), the following proviso shall be inserted with effect from the 1st day of April, 2017, namely:—

'**Provided**that for the assessment year beginning on or after the 1st day of April, 2021, the provisions of this sub-section shall have effect as if for the words "a sum equal to one and one-half times of", the words "a sum equal to" had been substituted.'.

**Amendment of section 35CCD.**

**20.** In section 35CCD of the Income-tax Act, in sub-section (1), the following proviso shall be inserted with effect from the 1st day of April, 2017, namely:—

'**Provided** that for the assessment year beginning on or after the 1st day of April, 2021, the provisions of this sub-section shall have effect, as if for the words "an amount equal to one and one-half times of", the words "a sum equal to" had been substituted.'.

**Amendment of section 36.**

**21.** In section 36 of the Income-tax Act, in sub-section (1), in clause (*viia*), with effect from the 1st day of April, 2017,—

|  |  |  |
| --- | --- | --- |
| (*i*) |  | after sub-clause (*c*) and before the *Explanation*, the following sub-clause shall be inserted, namely:— |

|  |  |  |
| --- | --- | --- |
| "(*d*) |  | a non-banking financial company, an amount not exceeding five per cent of the total income (computed before making any deduction under this clause and Chapter VI-A)."; |

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

|  |  |  |
| --- | --- | --- |
| '(*vii*) |  | "non-banking financial company" shall have the meaning assigned to it in clause (*f*) of section 45-I of the Reserve Bank of India Act, 1934 (2 of 1934);'. |

**Amendment of section 40.**

**22.** In section 40 of the Income-tax Act, in clause (*a*), after sub-clause (*ia*), the following sub-clause shall be inserted with effect from the 1st day of June, 2016, namely:—

|  |  |  |
| --- | --- | --- |
| "(*ib*) |  | any consideration paid or payable to a non-resident for a specified service on which equalisation levy is deductible under the provisions of Chapter VIII of the Finance Act, 2016, and such levy has not been deducted or after deduction, has not been paid on or before the due date specified in sub-section (1) of section 139: |
|  |  | **Provided** that where in respect of any such consideration, the equalisation levy has been deducted in any subsequent year or has been deducted during the previous year but paid after the due date specified in sub-section (1) of section 139, such sum shall be allowed as a deduction in computing the income of the previous year in which such levy has been paid;". |

**Amendment of section 43B.**

**23.** In section 43B of the Income-tax Act, with effect from the 1st day of April, 2017,—

|  |  |  |
| --- | --- | --- |
| (*i*) |  | in clause (*f*), for the word "employee" occurring at the end, the words "employee, or" shall be substituted; |
| (*ii*) |  | after clause (*f*), the following clause shall be inserted, namely:— |

|  |  |  |
| --- | --- | --- |
| "(*g*) |  | any sum payable by the assessee to the Indian Railways for the use of railway assets,". |

**Amendment of section 44AA.**

**24.** In section 44AA of the Income-tax Act, in sub-section (2), for clause (*iv*), the following clause shall be substituted with effect from the 1st day of April, 2017, namely:—

|  |  |  |
| --- | --- | --- |
| "(*iv*) |  | where the provisions of sub-section (4) of section 44AD are applicable in his case and his income exceeds the maximum amount which is not chargeable to income-tax in any previous year,". |

**Amendment of section 44AB.**

**25.** In section 44AB of the Income-tax Act, with effect from the 1st day of April, 2017,—

|  |  |  |
| --- | --- | --- |
| (*i*) |  | in clause (*b*), for the words "twenty-five lakh rupees", the words "fifty lakh rupees" shall be substituted; |
| (*ii*) |  | in clause (*d*),— |

|  |  |  |
| --- | --- | --- |
| (*a*) |  | for the word "business" wherever it occurs, the word "profession" shall be substituted; |
| (*b*) |  | for the words, figures and letters "under section 44AD", the words, figures and letters "under section 44ADA" shall be substituted; |
| (*c*) |  | for the words "previous year", the words "previous year; or" shall be substituted; |

|  |  |  |
| --- | --- | --- |
| (*iii*) |  | after clause (*d*) and before the long line, the following clause shall be inserted, namely:— |

|  |  |  |
| --- | --- | --- |
| "(*e*) |  | carrying on the business shall, if the provisions of sub-section (4) of section 44AD are applicable in his case and his income exceeds the maximum amount which is not chargeable to income-tax in any previous year,". |

**Amendment of section 44AD.**

**26.** In section 44AD of the Income-tax Act, with effect from the 1st day of April, 2017,—

|  |  |  |
| --- | --- | --- |
| (*a*) |  | in sub-section (2), the proviso shall be omitted; |
| (*b*) |  | for sub-sections (4) and (5), the following sub-sections shall be substituted, namely:— |
|  |  | "(4) Where an eligible assessee declares profit for any previous year in accordance with the provisions of this section and he declares profit for any of the five assessment years relevant to the previous year succeeding such previous year not in accordance with the provisions of sub-section (1), he shall not be eligible to claim the benefit of the provisions of this section for five assessment years subsequent to the assessment year relevant to the previous year in which the profit has not been declared in accordance with the provisions of sub-section (1). |
|  |  | (5) Notwithstanding anything contained in the foregoing provisions of this section, an eligible assessee to whom the provisions of sub-section (4) are applicable and whose total income exceeds the maximum amount which is not chargeable to income-tax, shall be required to keep and maintain such books of account and other documents as required under sub-section (2) of section 44AA and get them audited and furnish a report of such audit as required under section 44AB."; |
| (*c*) |  | in the *Explanation*, in clause (*b*), in sub-clause (*ii*), for the words "one crore rupees" occurring at the end, the words "two crore rupees" shall be substituted. |

**Insertion of new section 44ADA.**

**27.** After section 44AD of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2017, namely:—

'44ADA. *Special provision for computing profits and gains of profession on presumptive basis.*—(1) Notwithstanding anything contained in sections 28 to 43C, in the case of an assessee, being a resident in India, who is engaged in a profession referred to in sub-section (1) of section 44AA and whose total gross receipts do not exceed fifty lakh rupees in a previous year, a sum equal to fifty per cent of the total gross receipts of the assessee in the previous year on account of such profession or, as the case may be, a sum higher than the aforesaid sum claimed to have been earned by the assessee, shall be deemed to be the profits and gains of such profession chargeable to tax under the head "Profits and gains of business or profession".

(2) Any deduction allowable under the provisions of sections 30 to 38 shall, for the purposes of sub-section (1), be deemed to have been already given full effect to and no further deduction under those sections shall be allowed.

(3) The written down value of any asset used for the purposes of profession shall be deemed to have been calculated as if the assessee had claimed and had been actually allowed the deduction in respect of the depreciation for each of the relevant assessment years.

(4) Notwithstanding anything contained in the foregoing provisions of this section, an assessee who claims that his profits and gains from the profession are lower than the profits and gains specified in sub-section (1) and whose total income exceeds the maximum amount which is not chargeable to income-tax, shall be required to keep and maintain such books of account and other documents as required under sub-section (1) of section 44AA and get them audited and furnish a report of such audit as required under section 44AB.'.

**Amendment of section 47.**

**28.** In section 47 of the Income-tax Act, with effect from the 1st day of April, 2017,—

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| --- | --- | --- |
| (*A*) |  | after clause (*viib*), the following clause shall be inserted, namely:— |

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| --- | --- | --- |
| "(*viic*) |  | any transfer of Sovereign Gold Bond issued by the Reserve Bank of India under the Sovereign Gold Bond Scheme, 2015, by way of redemption, by an assessee being an individual;"; |

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| --- | --- | --- |
| (*B*) |  | in clause (*xiiib*), in the proviso,— |

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| --- | --- | --- |
| (*I*) |  | in clause (*e*), the word "and" appearing at the end shall be omitted; |
| (*II*) |  | after clause (*e*), the following clause shall be inserted, namely:— |

|  |  |  |
| --- | --- | --- |
| "(*ea*) |  | the total value of the assets as appearing in the books of account of the company in any of the three previous years preceding the previous year in which the conversion takes place does not exceed five crore rupees; and;"; |

|  |  |  |
| --- | --- | --- |
| (*C*) |  | after clause (*xviii*), the following clause shall be inserted with effect from the 1st day of April, 2017, namely:— |

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| --- | --- | --- |
| '(*xix*) |  | any transfer by a unit holder of a capital asset, being a unit or units, held by him in the consolidating plan of a mutual fund scheme, made in consideration of the allotment to him of a capital asset, being a unit or units, in the consolidated plan of that scheme of the mutual fund. |
|  |  | *Explanation*.—For the purposes of this clause,— |

|  |  |  |
| --- | --- | --- |
| (*a*) |  | "consolidating plan" means the plan within a scheme of a mutual fund which merges under the process of consolidation of the plans within a scheme of mutual fund in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 made under the Securities and Exchange Board of India Act, 1992 (15 of 1992); |
| (*b*) |  | "consolidated plan" means the plan with which the consolidating plan merges or which is formed as a result of such merger; |
| (*c*) |  | "mutual fund" means a mutual fund specified under clause (*23D*) of section 10.'. |

**Amendment of section 48.**

**29.** In section 48 of the Income-tax Act, for the third proviso, the following provisos shall be substituted with effect from the 1st day of April, 2017:—

"**Provided also** that nothing contained in the second proviso shall apply to the long-term capital gain arising from the transfer of a long-term capital asset, being a bond or debenture other than—

|  |  |  |
| --- | --- | --- |
| (*a*) |  | capital indexed bonds issued by the Government; or |
| (*b*) |  | Sovereign Gold Bond issued by the Reserve Bank of India under the Sovereign Gold Bond Scheme, 2015: |

**Provided also** that in case of an assessee being a non-resident, any gains arising on account of appreciation of rupee against a foreign currency at the time of redemption of rupee denominated bond of an Indian company subscribed by him, shall be ignored for the purposes of computation of full value of consideration under this section:".

**Amendment of section 49.**

**30.** In section 49 of the Income-tax Act, after sub-section (4), the following sub-section shall be inserted with effect from the 1st day of April, 2017, namely:—

"(5) Where the capital gain arises from the transfer of an asset declared under the Income Declaration Scheme, 2016, and the tax, surcharge and penalty have been paid in accordance with the provisions of the Scheme on the fair market value of the asset as on the date of commencement of the Scheme, the cost of acquisition of the asset shall be deemed to be the fair market value of the asset which has been taken into account for the purposes of the said Scheme."

**Amendment of section 50C.**

**31.** In section 50C of the Income-tax Act, in sub-section (1), the following provisos shall be inserted with effect from the 1st day of April, 2017, namely:—

"**Provided** that where the date of the agreement fixing the amount of consideration and the date of registration for the transfer of the capital asset are not the same, the value adopted or assessed or assessable by the stamp valuation authority on the date of agreement may be taken for the purposes of computing full value of consideration for such transfer:

**Provided further** that the first proviso shall apply only in a case where the amount of consideration, or a part thereof, has been received by way of an account payee cheque or account payee bank draft or by use of electronic clearing system through a bank account, on or before the date of the agreement for transfer.".

**Insertion of new section 54EE.**

**32.** After section 54ED of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2017, namely:—

'54EE. *Capital gain not to be charged on investment in units of specified fund.*—(1) Where the capital gain arises from the transfer of a long-term capital asset (herein in this section referred to as the original asset) and the assessee has, at any time within a period of six months after the date of such transfer, invested the whole or any part of capital gains in the long-term specified asset, the capital gain shall be dealt with in accordance with the following provisions of this section, namely:—

|  |  |  |
| --- | --- | --- |
| (*a*) |  | if the cost of the long-term specified asset is not less than the capital gain arising from the transfer of the original asset, the whole of such capital gain shall not be charged under section 45; |
| (*b*) |  | if the cost of the long-term specified asset is less than the capital gain arising from the transfer of the original asset, so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of acquisition of the long-term specified asset bears to the whole of the capital gain, shall not be charged under section 45: |

**Provided** that the investment made on or after the 1st day of April, 2016, in the long-term specified asset by an assessee during any financial year does not exceed fifty lakh rupees:

**Provided further** that the investment made by an assessee in the long-term specified asset, from capital gains arising from the transfer of one or more original assets, during the financial year in which the original asset or assets are transferred and in the subsequent financial year does not exceed fifty lakh rupees.

(2) Where the long-term specified asset is transferred by the assessee at any time within a period of three years from the date of its acquisition, the amount of capital gains arising from the transfer of the original asset not charged under section 45 on the basis of the cost of such long-term specified asset as provided in clause (*a*) or, as the case may be, clause (*b*) of sub-section (1) shall be deemed to be the income chargeable under the head "Capital gains" relating to long-term capital asset of the previous year in which the long-term specified asset is transferred.

*Explanation 1.—*In a case where the original asset is transferred and the assessee invests the whole or any part of the capital gain received or accrued as a result of transfer of the original asset in any long-term specified asset and such assessee takes any loan or advance on the security of such specified asset, he shall be deemed to have transferred such specified asset on the date on which such loan or advance is taken.

*Explanation 2.—*For the purposes of this section,—

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| --- | --- | --- |
| (*a*) |  | "cost", in relation to any long-term specified asset, means the amount invested in such specified asset out of capital gains received or accruing as a result of the transfer of the original asset; |
| (*b*) |  | "long-term specified asset" means a unit or units, issued before the 1st day of April, 2019, of such fund as may be notified by the Central Government in this behalf.'. |

**Amendment of section 54GB.**

**33.** In section 54GB of the Income-tax Act, with effect from the 1st day of April, 2017,—

|  |  |  |
| --- | --- | --- |
| (*a*) |  | after sub-section (5), the following proviso shall be inserted, namely:— |
|  |  | "**Provided** that in case of an investment in eligible start-up, the provisions of this sub-section shall have the effect as if for the figures, letters and words "31st day of March, 2017", the figures, letters and words "31st day of March, 2019" had been substituted;"; |
| (*b*) |  | in sub-section (6),— |

|  |  |  |
| --- | --- | --- |
| (*i*) |  | in clause (*b*),— |

|  |  |  |
| --- | --- | --- |
| (*A*) |  | in sub-clause (*ii*), after the words "an article or a thing", the words "or in an eligible business" shall be inserted; |
| (*B*) |  | in sub-clause (*iv*), after the words and figures "Micro, Small and Medium Enterprises Act, 2006" (27 of 2006), the words "or is an eligible start-up" shall be inserted; |

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

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| --- | --- | --- |
| '(*ba*) |  | "eligible start-up" and "eligible business" shall have the meanings respectively assigned to them in *Explanation* below sub-section (4) of section 80-IAC.'; |

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| --- | --- | --- |
| (*iii*) |  | after clause (*d*), the following proviso shall be inserted, namely:— |
|  |  | "**Provided** that in the case of an eligible start-up, being a technology driven start-up so certified by the Inter-Ministerial Board of Certification notified by the Central Government in the Official Gazette, the new asset shall include computers or computer software.". |

**Amendment of section 55.**

**34.** In section 55 of the Income-tax Act, with effect from the 1st day of April, 2017,—

|  |  |  |
| --- | --- | --- |
| (*i*) |  | in sub-section (1), in clause (*b*), in sub-clause (*1*), after the words "any business", the words "or profession" shall be inserted; |
| (*ii*) |  | in sub-section (2), in clause (*a*), after the words "any business", the words "or profession" shall be inserted. |

**Amendment of section 56.**

**35.** In section 56 of the Income-tax Act, in sub-section (2), in clause (*vii*), in the second proviso occurring after sub-clause (*c*), with effect from the 1st day of April, 2017,—

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| --- | --- | --- |
| (*a*) |  | in clause (*g*), for the word, figures and letters "section 12AA", the words, figures and letters "section 12AA; or" shall be substituted; |
| (*b*) |  | after clause (*g*), the following clause shall be inserted, namely:— |

|  |  |  |
| --- | --- | --- |
| "(*h*) |  | by way of transaction not regarded as transfer under clause (*vicb*) or clause (*vid*) or clause (*vii*) of section 47.". |

**Amendment of section 80.**

**36.** In section 80 of the Income-tax Act, after the words, brackets and figures "sub-section (2) of section 73", the words, brackets, figures and letter "or sub-section (2) of section 73A" shall be inserted.

**Amendment of section 80CCD.**

**37.** In section 80CCD of the Income-tax Act, in sub-section (3), the following proviso shall be inserted with effect from the 1st day of April, 2017, namely:—

"**Provided** that the amount received by the nominee, on the death of the assessee, under the circumstances referred to in clause (*a*), shall not be deemed to be the income of the nominee.".

**Substitution of new section for section 80EE.**

**38.** For section 80EE of the Income-tax Act, the following section shall be substituted with effect from the 1st day of April, 2017, namely:—

'80EE. *Deduction in respect of interest on loan taken for residential house property.*—(1) In computing the total income of an assessee, being an individual, there shall be deducted, in accordance with and subject to the provisions of this section, interest payable on loan taken by him from any financial institution for the purpose of acquisition of a residential property.

(2) The deduction under sub-section (1) shall not exceed fifty thousand rupees and shall be allowed in computing the total income of the individual for the assessment year beginning on the 1st day of April, 2017 and subsequent assessment years.

(3) The deduction under sub-section (1) shall be subject to the following conditions, namely:—

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| --- | --- | --- |
| (*i*) |  | the loan has been sanctioned by the financial institution during the period beginning on the 1st day of April, 2016 and ending on the 31st day of March, 2017; |
| (*ii*) |  | the amount of loan sanctioned for acquisition of the residential house property does not exceed thirty-five lakh rupees; |
| (*iii*) |  | the value of residential house property does not exceed fifty lakh rupees; |
| (*iv*) |  | the assessee does not own any residential house property on the date of sanction of loan. |

(4) Where a deduction under this section is allowed for any interest referred to in sub-section (1), deduction shall not be allowed in respect of such interest under any other provision of this Act for the same or any other assessment year.

(5) For the purposes of this section,—

|  |  |  |
| --- | --- | --- |
| (*a*) |  | "financial institution" means a banking company to which the Banking Regulation Act, 1949 (10 of 1949) applies, or any bank or banking institution referred to in section 51 of that Act or a housing finance company; |
| (*b*) |  | "housing finance company" means a public company formed or registered in India with the main object of carrying on the business of providing long-term finance for construction or purchase of houses in India for residential purposes.'. |

**Amendment of section 80GG.**

**39.** In section 80GG of the Income-tax Act, for the words "two thousand rupees", the words "five thousand rupees" shall be substituted with effect from the 1st day of April, 2017.

**Amendment of section 80GG.**

**39.** In section 80GG of the Income-tax Act, for the words "two thousand rupees", the words "five thousand rupees" shall be substituted with effect from the 1st day of April, 2017.

**Amendment of section 80-IAB.**

**41.** In section 80-IAB of the Income-tax Act, in sub-section (1), the following proviso shall be inserted with effect from the 1st day of April, 2017, namely:—

"**Provided** that the provisions of this section shall not apply to an assessee, being a developer, where the development of Special Economic Zone begins on or after the 1st day of April, 2017.".

**Insertion of new section 80-IAC.**

**42.** After section 80-IAB of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2017, namely:—

'80-IAC. *Special provision in respect of specified business.*—(1) Where the gross total income of an assessee, being an eligible start-up, includes any profits and gains derived from eligible business, there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction of an amount equal to one hundred per cent of the profits and gains derived from such business for three consecutive assessment years.

(2) The deduction specified in sub-section (1) may, at the option of the assessee, be claimed by him for any three consecutive assessment years out of five years beginning from the year in which the eligible start-up is incorporated.

(3) This section applies to a start-up which fulfils the following conditions, namely:—

|  |  |  |
| --- | --- | --- |
| (*i*) |  | it is not formed by splitting up, or the reconstruction, of a business already in existence: |
|  |  | **Provided** that this condition shall not apply in respect of a start-up which is formed as a result of the re-establishment, reconstruction or revival by the assessee of the business of any such undertaking as referred to in section 33B, in the circumstances and within the period specified in that section; |
| (*ii*) |  | it is not formed by the transfer to a new business of machinery or plant previously used for any purpose. |
|  |  | *Explanation 1.—* For the purposes of this clause, any machinery or plant which was used outside India by any person other than the assessee shall not be regarded as machinery or plant previously used for any purpose, if all the following conditions are fulfilled, namely:— |

|  |  |  |
| --- | --- | --- |
| (*a*) |  | such machinery or plant was not, at any time previous to the date of the installation by the assessee, used in India; |
| (*b*) |  | such machinery or plant is imported into India; |
| (*c*) |  | no deduction on account of depreciation in respect of such machinery or plant has been allowed or is allowable under the provisions of this Act in computing the total income of any person for any period prior to the date of the installation of the machinery or plant by the assessee. |

|  |  |  |
| --- | --- | --- |
|  |  | *Explanation 2.—*Where in the case of a start-up, any machinery or plant or any part thereof previously used for any purpose is transferred to a new business and the total value of the machinery or plant or part so transferred does not exceed twenty per cent of the total value of the machinery or plant used in the business, then, for the purposes of clause (*ii*) of this sub-section, the condition specified therein shall be deemed to have been complied with. |

(4) The provisions of sub-section (5) and sub-sections (7) to (11) of section 80-IA shall apply to the start-ups for the purpose of allowing deductions under sub-section (1).

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

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| --- | --- | --- |
| (*i*) |  | "eligible business" means a business which involves innovation, development, deployment or commercialisation of new products, processes or services driven by technology or intellectual property; |
| (*ii*) |  | "eligible start-up" means a company or a limited liability partnership engaged in eligible business which fulfils the following conditions, namely:— |

|  |  |  |
| --- | --- | --- |
| (*a*) |  | it is incorporated on or after the 1st day of April, 2016 but before the 1st day of April, 2019; |
| (*b*) |  | the total turnover of its business does not exceed twenty-five crore rupees in any of the previous years beginning on or after the 1st day of April, 2016 and ending on the 31st day of March, 2021; and |
| (*c*) |  | it holds a certificate of eligible business from the Inter-Ministerial Board of Certification as notified in the Official Gazette by the Central Government.'. |

|  |  |  |
| --- | --- | --- |
| (*iii*) |  | "limited liability partnership" means a partnership referred to in clause (*n*) of sub-section (1) of section (2) of the Limited Liability Partnership Act, 2008 (6 of 2009).'. |

**Amendment of section 80-IB.**

**43.** In section 80-IB of the Income-tax Act, in sub-section (9), with effect from the 1st day of April, 2017,—

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| --- | --- | --- |
| (*a*) |  | in clause (*ii*), after the words, figures and letters "the 1st day of April, 1997", the words, figures and letters "but not later than the 31st day of March, 2017" shall be inserted; |
| (*b*) |  | in clause (*iv*), after the words, figures and letters "the 1st day of April, 2009", the words, figures and letters "but not later than the 31st day of March, 2017" shall be inserted; |
| (*c*) |  | in clause (*v*), after the words, figures and letters "the 1st day of April, 2009", the words, figures and letters "but not later than the 31st day of March, 2017" shall be inserted. |

**Insertion of new section 80-IBA.**

**44.**After section 80-IB of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2017, namely:—

'80-IBA. *Deductions in respect of profits and gains from housing projects.*—(1) Where the gross total income of an assessee includes any profits and gains derived from the business of developing and building housing projects, there shall, subject to the provisions of this section, be allowed, a deduction of an amount equal to hundred per cent of the profits and gains derived from such business.

(2) For the purposes of sub-section (1), a housing project shall be a project which fulfils the following conditions, namely:—

|  |  |  |
| --- | --- | --- |
| (*a*) |  | the project is approved by the competent authority after the 1st day of June, 2016, but on or before the 31st day of March, 2019; |
| (*b*) |  | the project is completed within a period of three years from the date of approval by the competent authority: |
|  |  | **Provided** that,— |

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| --- | --- | --- |
| (*i*) |  | where the approval in respect of a housing project is obtained more than once, the project shall be deemed to have been approved on the date on which the building plan of such housing project was first approved by the competent authority; and |
| (*ii*) |  | the project shall be deemed to have been completed when a certificate of completion of project as a whole is obtained in writing from the competent authority; |

|  |  |  |
| --- | --- | --- |
| (*c*) |  | the built-up area of the shops and other commercial establishments included in the housing project does not exceed three per cent of the aggregate built-up area; |
| (*d*) |  | the project is on a plot of land measuring not less than— |

|  |  |  |
| --- | --- | --- |
| (*i*) |  | one thousand square metres, where the project is located within the cities of Chennai, Delhi, Kolkata or Mumbai or within the distance, measured aerially, of twenty-five kilometres from the municipal limits of these cities; or |
| (*ii*) |  | two thousand square metres, where the project is located in any other place; |

|  |  |  |
| --- | --- | --- |
| (*e*) |  | the project is the only housing project on the plot of land as specified in clause (*d*); |
| (*f*) |  | the built-up area of the residential unit comprised in the housing project does not exceed— |

|  |  |  |
| --- | --- | --- |
| (*i*) |  | thirty square metres, where the project is located within the cities of Chennai, Delhi, Kolkata or Mumbai or within the distance, measured aerially, of twenty-five kilometres from the municipal limits of these cities; or |
| (*ii*) |  | sixty square metres, where the project is located in any other place; |

|  |  |  |
| --- | --- | --- |
| (*g*) |  | where a residential unit in the housing project is allotted to an individual, no other residential unit in the housing project shall be allotted to the individual or the spouse or the minor children of such individual; |
| (*h*) |  | the project utilises— |

|  |  |  |
| --- | --- | --- |
| (*i*) |  | not less than ninety per cent of the floor area ratio permissible in respect of the plot of land under the rules to be made by the Central Government or the State Government or the local authority, as the case may be, where the project is located within the cities of Chennai, Delhi, Kolkata or Mumbai or within the distance, measured aerially, of twenty-five kilometres from the municipal limits of these cities, or |
| (*ii*) |  | not less than eighty per cent of such floor area ratio where such project is located in any place other, than the place referred to in sub-clause (*i*); and |

|  |  |  |
| --- | --- | --- |
| (*i*) |  | the assessee maintains separate books of account in respect of the housing project. |

(3) Nothing contained in this section shall apply to any assessee who executes the housing project as a works-contract awarded by any person (including the Central Government or the State Government).

(4) Where the housing project is not completed within the period specified under clause (*b*) of sub-section (2) and in respect of which a deduction has been claimed and allowed under this section, the total amount of deduction so claimed and allowed in one or more previous years, shall be deemed to be the income of the assessee chargeable under the head "Profits and gains of business or profession" of the previous year in which the period for completion so expires.

(5) Where any amount of profits and gains derived from the business of developing and building housing projects is claimed and allowed under this section for any assessment year, deduction to the extent of such profit and gains shall not be allowed under any other provisions of this Act.

(6) For the purposes of this section,—

|  |  |  |
| --- | --- | --- |
| (*a*) |  | "built-up area" means the inner measurements of the residential unit at the floor level, including projections and balconies, as increased by the thickness of the walls, but does not include the common areas shared with other residential units, including any open terrace so shared; |
| (*b*) |  | "competent authority" means the authority empowered to approve the building plan by or under any law for the time being in force; |
| (*c*) |  | "floor area ratio" means the quotient obtained by dividing the total covered area of plinth area on all the floors by the area of the plot of land; |
| (*d*) |  | "housing project" means a project consisting predominantly of residential units with such other facilities and amenities as the competent authority may approve subject to the provisions of this section; |
| (*e*) |  | "residential unit" means an independent housing unit with separate facilities for living, cooking and sanitary requirements, distinctly separated from other residential units within the building, which is directly accessible from an outer door or through and interior door in a shared hallway and not by walking through the living space of another household.'. |

**Substitution of new section for section 80JJAA.**

**45.** For section 80JJAA of the Income-tax Act, the following section shall be substituted with effect from the 1st day of April, 2017, namely:—

'80JJAA. *Deduction in respect of employment of new employees.*—(1) 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.

(2) No deduction under sub-section (1) shall be allowed,—

|  |  |  |
| --- | --- | --- |
| (*a*) |  | if the business is formed by splitting up, or the reconstruction, of an existing business: |
|  |  | **Provided** that nothing contained in this clause shall apply in respect of a business which is formed as a result of re-establishment, reconstruction or revival by the assessee of the business in the circumstances and within the period specified in section 33B; |
| (*b*) |  | if the business is acquired by the assessee by way of transfer from any other person or as a result of any business reorganisation; |
| (*c*) |  | 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. |

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

|  |  |  |
| --- | --- | --- |
| (*i*) |  | "additional employee cost" means total emoluments paid or payable to additional employees employed during the previous year: |
|  |  | **Provided** that in the case of an existing business, the additional employee cost shall be *nil,* if— |

|  |  |  |
| --- | --- | --- |
| (*a*) |  | there is no increase in the number of employees from the total number of employees employed as on the last day of the preceding year; |
| (*b*) |  | emoluments are paid otherwise than by an account payee cheque or account payee bank draft or by use of electronic clearing system through a bank account: |

|  |  |  |
| --- | --- | --- |
|  |  | **Provided further** that in the first year of a new business, emoluments paid or payable to employees employed during that previous year shall be deemed to be the additional employee cost; |
| (*ii*) |  | "additional employee" means an employee who has been employed during the previous year and whose employment has the effect of increasing the total number of employees employed by the employer as on the last day of the preceding year, but does not include,— |

|  |  |  |
| --- | --- | --- |
| (*a*) |  | an employee whose total emoluments are more than twenty-five thousand rupees per month; or |
| (*b*) |  | an employee for whom the entire contribution is paid by the Government under the Employees' Pension Scheme notified in accordance with the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (19 of 1952); or |
| (*c*) |  | an employee employed for a period of less than two hundred and forty days during the previous year; or |
| (*d*) |  | an employee who does not participate in the recognised provident fund; |

|  |  |  |
| --- | --- | --- |
| (*iii*) |  | "emoluments" means any sum paid or payable to an employee *in lieu* of his employment by whatever name called, but does not include— |

|  |  |  |
| --- | --- | --- |
| (*a*) |  | any contribution paid or payable by the employer to any pension fund or provident fund or any other fund for the benefit of the employee under any law for the time being in force; and |
| (*b*) |  | any lump-sum payment paid or payable to an employee at the time of termination of his service or superannuation or voluntary retirement, such as gratuity, severance pay, leave encashment, voluntary retrenchment benefits, commutation of pension and the like. |

(3) The provisions of this section, as they stood immediately prior to their amendment by the Finance Act, 2016, shall apply to an assessee eligible to claim any deduction for any assessment year commencing on or before the 1st day of April, 2016.'.

**Amendment of section 87A.**

**46.** In section 87A of the Income-tax Act, for the words "two thousand rupees", the words "five thousand rupees" shall be substituted with effect from the 1st day of April, 2017.

**Amendment of section 92CA.**

**47.** In section 92CA of the Income-tax Act, in sub-section (3A), the following proviso shall be inserted with effect from the 1st day of June, 2016, namely:—

"**Provided** that in the circumstances referred to in clause (*ii*) or clause (*x*) of *Explanation* (*1*) to section 153, if the period of limitation available to the Transfer Pricing Officer for making an order is less than sixty days, such remaining period shall be extended to sixty days and the aforesaid period of limitation shall be deemed to have been extended accordingly.".

**Amendment of section 92D.**

**48.** In section 92D of the Income-tax Act, with effect from the 1st day of April, 2017,—

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| --- | --- | --- |
| (*i*) |  | in sub-section (1), the following shall be inserted, namely:— |
|  |  | '**Provided** that the person, being a constituent entity of an international group, shall also keep and maintain such information and document in respect of an international group as may be prescribed. |
|  |  | *Explanation*.—For the purposes of this section,— |

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| --- | --- | --- |
| (*A*) |  | "constituent entity" shall have the meaning assigned to it in clause (*d*) of sub-section (9) of section 286; |
| (*B*) |  | "international group" shall have the meaning assigned to it in clause (*g*) of sub-section (9) of section 286.'; |

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| --- | --- | --- |
| (*ii*) |  | after sub-section (3), the following sub-section shall be inserted, namely:— |
|  |  | "(4) Without prejudice to the provisions of sub-section (3), the person referred to in the proviso to sub-section (1) shall furnish the information and document referred to in the said proviso to the authority prescribed under sub-section (1) of section 286, in such manner, on or before the date, as may be prescribed.". |

**Amendment of section 111A.**

**49.** In section 111A of the Income-tax Act with effect from the lst day of April, 2017,—

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| --- | --- | --- |
| '(*i*) |  | in sub-section (1), after the proviso the following proviso shall be inserted, namely:— |
|  |  | "**Provided further**that nothing contained in clause (*b*) shall apply to a transaction undertaken on a recognised stock exchange located in any International Financial Services Centre and where the consideration for such transaction is paid or payable in foreign currency."; |
| (*ii*) |  | for the *Explanation* below sub-section (3), the following shall be substituted, namely:— |
|  |  | *Explanation.*—For the purposes of this section,— |

|  |  |  |
| --- | --- | --- |
| (*a*) |  | "equity oriented fund" shall, have the meaning assigned to it in the *Explanation* to clause *(38)* of section 10; |
| (*b*) |  | "International Financial Services Centre" shall have the same meaning as assigned to it in clause *(q)* of section 2 of the Special Economic Zones Act, 2005 (28 of 2005); |
| (*c*) |  | "recognised stock exchange" shall have the meaning assigned to it in clause (*ii*) of the *Explanation 1* to sub-section (5) of section 43.'. |

**Amendment of section 112.**

**50.** In section 112 of the Income-tax Act, in sub-section (1), in clause (*c*), in sub-clause (*iii*), for the words "unlisted securities", the words "unlisted securities or shares of a company not being a company in which the public are substantially interested" shall be substituted with effect from the 1st day of April, 2017.

**Insertion of new section 115BA.**

**51.** After section 115B of the Income-tax Act, with effect from the 1st day of April, 2017, the following section shall be inserted, namely:—

"115BA. *Tax on income of certain domestic companies.*—(1) Notwithstanding anything contained in this Act but subject to the provisions of section 111A and section 112, the income-tax payable in respect of the total income of a person, being a domestic company, for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2017, shall, at the option of such person, be computed at the rate of twenty-five per cent, if the conditions contained in sub-section (2) are satisfied.

(2) For the purposes of sub-section (1), the following conditions shall apply, namely:—

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| --- | --- | --- |
| (*a*) |  | the company has been set-up and registered on or after the 1st day of March, 2016; |
| (*b*) |  | the company is not engaged in any business other than the business of manufacture or production of any article or thing and research in relation to, or distribution of, such article or thing manufactured or produced by it; and |
| (*c*) |  | the total income of the company has been computed,— |

|  |  |  |
| --- | --- | --- |
| (*i*) |  | without any deduction under the provisions of section 10AA or clause (*iia*) of sub-section (1) of section 32 or section 32AC 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) or sub-section (2AB) of section 35 or section 35AC or section 35AD or section 35CCC or section 35CCD or under any provisions of Chapter VI-A under the heading "*C.—Deductions in respect of certain incomes*" other than the provisions of section 80JJAA; |
| (*ii*) |  | without set off of any loss carried forward from any earlier assessment year if such loss is attributable to any of the deductions referred to in sub-clause (*i*); and |
| (*iii*) |  | depreciation under section 32, other than clause (*iia*) of sub-section (1) of the said section, is determined in the manner as may be prescribed. |

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

(4) Nothing contained in this section shall apply unless the option is exercised by the person in the prescribed manner on or before the due date specified under sub-section (1) of section 139 for furnishing the first of the returns of income which the person is required to furnish under the provisions of this Act:

**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.".

**Insertion of new section 115BBDA.**

**52.** After section 115BBD of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2017, namely:—

'115BBDA. *Tax on certain dividends received from domestic companies.*—(1) Notwithstanding anything contained in this Act, where the total income of an assessee, being an individual, Hindu undivided family or a firm, resident in India, includes income in aggregate exceeding ten lakh rupees, by way of dividends declared, distributed or paid by a domestic company or companies, the income-tax payable shall be the aggregate of—

|  |  |  |
| --- | --- | --- |
| (*a*) |  | the amount of income-tax calculated on the income by way of such dividends in aggregate exceeding ten lakh rupees, at the rate of ten per cent; and |
| (*b*) |  | the amount of income-tax with which the assessee would have been chargeable had the total income of the assessee been reduced by the amount of income by way of dividends. |

(2) No deduction in respect of any expenditure or allowance or set off of loss shall be allowed to the assessee under any provision of this Act in computing the income by way of dividends referred to in clause (*a*) of sub-section (1).

(3) In this section, "dividends" shall have the same meaning as is given to "dividend" in clause (*22*) of section 2 but shall not include sub-clause (*e*) thereof.'.

**Amendment of section 115BBE.**

**53.** In section 115BBE of the Income-tax Act, in sub-section (2), after the word "allowance", the words "or set off of any loss" shall be inserted with effect from the 1st day of April, 2017.

**Insertion of new section 115BBF.**

**54.** After section 115BBE of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2017, namely:—

'115BBF. *Tax on income from patent.*—(1) Where the total income of an eligible assessee includes any income by way of royalty in respect of a patent developed and registered in India, the income-tax payable shall be the aggregate of—

|  |  |  |
| --- | --- | --- |
| (*a*) |  | the amount of income-tax calculated on the income by way of royalty in respect of the patent at the rate of ten per cent; and |
| (*b*) |  | the amount of income-tax with which the assessee would have been chargeable had his total income been reduced by the income referred to in clause (*a*). |

(2) Notwithstanding anything contained in this Act, no deduction in respect of any expenditure or allowance shall be allowed to the eligible assessee under any provision of this Act in computing his income referred to in clause (*a*) of sub-section (1).

(3) The eligible assessee may exercise the option for taxation of income by way of royalty in respect of a patent developed and registered in India in accordance with the provisions of this section, in the prescribed manner, on or before the due date specified under sub-section (1) of section 139 for furnishing the return of income for the relevant previous year.

(4) Where an eligible assessee opts for taxation of income by way of royalty in respect of a patent developed and registered in India for any previous year in accordance with the provisions of this section and the assessee offers the income for taxation for any of the five assessment years relevant to the previous year succeeding the previous year not in accordance with the provisions of sub-section (1), then, the assessee shall not be eligible to claim the benefit of the provisions of this section for five assessment years subsequent to the assessment year relevant to the previous year in which such income has not been offered to tax in accordance with the provisions of sub-section (1).

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

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| --- | --- | --- |
| (*a*) |  | "developed" means at least seventy-five per cent of the expenditure incurred in India by the eligible assessee for any invention in respect of which patent is granted under the Patents Act, 1970 (39 of 1970) (herein referred to as the Patents Act); |
| (*b*) |  | "eligible assessee" means a person resident in India and who is a patentee; |
| (*c*) |  | "invention" shall have the meaning assigned to it in clause (*j*) of sub-section (1) of section 2 of the Patents Act; |
| (*d*) |  | "lump sum" includes an advance payment on account of such royalties which is not returnable; |
| (*e*) |  | "patent" shall have the meaning assigned to it in clause (*m*) of sub-section (1) of section 2 of the Patents Act; |
| (*f*) |  | "patentee" means the person, being the true and first inventor of the invention, whose name is entered on the patent register as the patentee, in accordance with the Patents Act, and includes every such person, being the true and first inventor of the invention, where more than one person is registered as patentee under that Act in respect of that patent; |
| (*g*) |  | "patented article" and "patented process" shall have the meanings respectively assigned to them in clause (*o*) of sub-section (1) of section 2 of the Patents Act; |
| (*h*) |  | "royalty", in respect of a patent, means consideration (including any lump sum consideration but excluding any consideration which would be the income of the recipient chargeable under the head "Capital gains" or consideration for sale of product manufactured with the use of patented process or the patented article for commercial use) for the— |

|  |  |  |
| --- | --- | --- |
| (*i*) |  | transfer of all or any rights (including the granting of a licence) in respect of a patent; or |
| (*ii*) |  | imparting of any information concerning the working of, or the use of, a patent; or |
| (*iii*) |  | use of any patent; or |
| (*iv*) |  | rendering of any services in connection with the activities referred to in sub-clauses (*i*) to (*iii*); |

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| --- | --- | --- |
| (*i*) |  | "true and first inventor" shall have the meaning assigned to it in clause (*y*) of sub-section (1) of section 2 of the Patents Act.'. |

**Amendment of section 115JB.**

**55.** In section 115JB of the Income-tax Act,—

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| (*I*) |  | after sub-section (2),— |

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| --- | --- | --- |
| (*a*) |  | in *Explanation 1*, with effect from the 1st day of April, 2017,— |

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| --- | --- | --- |
| (*i*) |  | after clause (*fc*), the following clause shall be inserted, namely:— |

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| --- | --- | --- |
| "(*fd*) |  | the amount or amounts of expenditure relatable to income by way of royalty in respect of patent chargeable to tax under section 115BBF; or"; |

|  |  |  |
| --- | --- | --- |
| (*ii*) |  | in the long line,— |

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| --- | --- | --- |
| (*A*) |  | in clause (*iif*), for the words "may be;" occurring at the end, the words "may be; or" shall be substituted; |
| (*B*) |  | after clause (*iif*), the following clause shall be inserted, namely:— |

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| --- | --- | --- |
| "(*iig*) |  | the amount of income by way of royalty in respect of patent chargeable to tax under section 115BBF;"; |

|  |  |  |
| --- | --- | --- |
| (*b*) |  | *Explanation 4* shall be renumbered as *Explanation 5* thereof and before *Explanation 5* as so renumbered, the following *Explanation* shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2001, namely:— |
|  |  | "*Explanation 4.*—For the removal of doubts, it is hereby clarified that the provisions of this section shall not be applicable and shall be deemed never to have been applicable to an assessee, being a foreign company, if— |

|  |  |  |
| --- | --- | --- |
| (*i*) |  | the assessee is a resident of a country or a specified territory with which India has an agreement referred to in sub-section (1) of section 90 or the Central Government has adopted any agreement under sub-section (1) of section 90A and the assessee does not have a permanent establishment in India in accordance with the provisions of such agreement; or |
| (*ii*) |  | the assessee is a resident of a country with which India does not have an agreement of the nature referred to in clause (*i*) and the assessee is not required to seek registration under any law for the time being in force relating to companies."; |

|  |  |  |
| --- | --- | --- |
| (*II*) |  | after sub-section (6), the following sub-section shall be inserted with effect from the 1st day of April, 2017, namely:— |
|  |  | '(7) Notwithstanding anything contained in sub-section (1), where the assessee referred to therein, is a unit located in an International Financial Services Center and derives its income solely in convertible foreign exchange, the provisions of sub-section (1) shall have the effect as if for the words "eighteen and one-half per cent" wherever occurring in that sub-section, the words "nine per cent" had been substituted. |
|  |  | *Explanation*.—For the purposes of this sub-section,— |

|  |  |  |
| --- | --- | --- |
| (*a*) |  | "International Financial Services Centre" shall have the same meaning as assigned to it in clause (*q*) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005); |
| (*b*) |  | "unit" means a unit established in an International Financial Services Centre; |
| (*c*) |  | "convertible foreign exchange" means a foreign exchange which is for the time being treated by the Reserve Bank of India as convertible foreign exchange for the purposes of the Foreign Exchange Management Act, 1999 (42 of 1999) and the rules made thereunder'. |

**Insertion of new Chapter XII-BC.**

**56.** After Chapter XII-BB of the Income-tax Act, the following Chapter shall be inserted with effect from the 1st day of April, 2017, namely:—

***"CHAPTER XII-BC***

**SPECIAL PROVISIONS RELATING TO FOREIGN COMPANY SAID TO BE RESIDENT IN INDIA**

115JH. *Foreign company said to be resident in India*.—(1) Where a foreign company is said to be resident in India in any previous year and such foreign company has not been resident in India in any of the previous years preceding the said previous year, then, notwithstanding anything contained in this Act and subject to the conditions as may be notified by the Central Government in this behalf, the provisions of this Act relating to the computation of total income, treatment of unabsorbed depreciation, set off or carry forward and set off of losses, collection and recovery and special provisions relating to avoidance of tax shall apply with such exceptions, modifications and adaptations as may be specified in that notification for the said previous year:

**Provided**that where the determination regarding foreign company to be resident in India has been made in the assessment proceedings relevant to any previous year, then, the provisions of this sub-section shall also apply in respect of any other previous year, succeeding such previous year, if the foreign company is resident in India in that previous year and the previous year ends on or before the date on which such assessment proceeding is completed.

(2) Where, in a previous year, any benefit, exemption or relief has been claimed and granted to the foreign company in accordance with the provisions of sub-section (1), and, subsequently, there is failure to comply with any of the conditions specified in the notification issued under sub-section (1), then,—

|  |  |  |
| --- | --- | --- |
| (*i*) |  | such benefit, exemption or relief shall be deemed to have been wrongly allowed; |
| (*ii*) |  | the Assessing Officer may, notwithstanding anything contained in this Act, re-compute the total income of the assessee for the said previous year and make the necessary amendment as if the exceptions, modifications and adaptations referred to in sub-section (1) did not apply; and |
| (*iii*) |  | the provisions of section 154 shall, so far as may be, apply thereto and the period of four years specified in sub-section (7) of that section being reckoned from the end of the previous year in which the failure to comply with the condition referred to in sub-section (1) takes place. |

(3) Every notification issued under this section shall be laid before each House of Parliament."

**Amendment of section 115-O.**

**57.** In section 115-O of the Income-tax Act,—

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| (*a*) |  | after sub-section (6), the following sub-section shall be inserted, with effect from the 1st day of June, 2016, namely:— |
|  |  | '(7) No tax on distributed profits shall be chargeable under this section in respect of any amount declared, distributed or paid by the specified domestic company by way of dividends (whether interim or otherwise) to a business trust out of its current income on or after the specified date: |
|  |  | **Provided**that nothing contained in this sub-section shall apply in respect of any amount declared, distributed or paid, at any time, by the specified domestic company by way of dividends (whether interim or otherwise) out of its accumulated profits and current profits up to the specified date. |
|  |  | *Explanation*.—For the purposes of this sub-section,— |

|  |  |  |
| --- | --- | --- |
| (*a*) |  | "specified domestic company" means a domestic company in which a business trust has become the holder of whole of the nominal value of equity share capital of the company (excluding the equity share capital required to be held mandatorily by any other person in accordance with any law for the time being in force or any directions of Government or any regulatory authority, or equity share capital held by any Government or Government body); |
| (*b*) |  | "specified date" means the date of acquisition by the business trust of such holding as is referred to in clause (*a*).'; |

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| --- | --- | --- |
| (*b*) |  | after sub-section (7) as so inserted, the following sub-section shall be inserted with effect from the 1st day of April, 2017, namely:— |
|  |  | '(8) Notwithstanding anything contained in this section, no tax on distributed profits shall be chargeable in respect of the total income of a company, being a unit of an International Financial Services Centre, deriving income solely in convertible foreign exchange, for any assessment year on any amount declared, distributed or paid by such company, by way of dividends (whether interim or otherwise) on or after the 1st day of April, 2017, out of its current income, either in the hands of the company or the person receiving such dividend. |
|  |  | *Explanation*.—For the purposes of this sub-section,— |

|  |  |  |
| --- | --- | --- |
| (*a*) |  | "International Financial Services Centre" shall have the same meaning as assigned to it in clause (*q*) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005); |
| (*b*) |  | "unit" means a unit established in an International Financial Services Centre, on or after the 1st day of April, 2016; |
| (*c*) |  | "convertible foreign exchange" means foreign exchange which is for the time being treated by the Reserve Bank of India as convertible foreign exchange for the purposes of the Foreign Exchange Management Act, 1999 (42 of 1999) and the rules made thereunder.'. |

**Amendment of section 115QA.**

**58.** In section 115QA of the Income-tax Act, in sub-section (1), in the *Explanation,* with effect from the 1st day of June, 2016,—

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| --- | --- | --- |
| (*a*) |  | in clause (*i*), for the words, figures and letter "section 77A of the Companies Act, 1956", the words "any law for the time being in force relating to companies" shall be substituted; |
| (*b*) |  | in clause (*ii*), for the words "the amount which was received by the company for issue of such shares", the words "the amount, which was received by the company for issue of such shares, determined in the manner as may be prescribed" shall be substituted. |

**Amendment of section 115TA.**

**59.** In section 115TA of the Income-tax Act, after sub-section (4), the following sub-section shall be inserted with effect from the 1st day of June, 2016, namely:—

"(5) Nothing contained in this section shall apply in respect of any income distributed by a securitisation trust to its investors on or after the 1st day of June, 2016.".

**Amendment of section 115TC.**

**60.** In section 115TC of the Income-tax Act, in the *Explanation*, with effect from the 1st day of June, 2016,—

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| --- | --- | --- |
| (*A*) |  | in clause (*a*), after the words "or securities", the words "or security receipt" shall be inserted; |
| (*B*) |  | in clause (*d*),— |

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| --- | --- | --- |
| (*I*) |  | in sub-clause (*ii*), after the words "Reserve Bank of India,", the word ";or" shall be inserted; |
| (*II*) |  | after sub-clause (*ii*) and before the long line, the following sub-clause shall be inserted, namely:— |

|  |  |  |
| --- | --- | --- |
| "(*iii*) |  | trust set-up by a securitisation company or a reconstruction company formed, for the purposes of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (54 of 2002), or in pursuance of any guidelines or directions issued for the said purposes by the Reserve Bank of India,"; |

|  |  |  |
| --- | --- | --- |
| (*C*) |  | after clause (*d*), the following clause shall be inserted, namely:— |

|  |  |  |
| --- | --- | --- |
| '(*e*) |  | "security receipt" shall have the same meaning as assigned to it in clause (*zg*) of sub-section (1) of section 2 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (54 of 2002)'. |

**Insertion of new section 115TCA.**

**61.** After section 115TC of the Income-tax Act and before the *Explanation* occurring after the said section, the following section shall be inserted with effect from the 1st day of April, 2017, namely:—

"115TCA. *Tax on income from securitisation trusts*.—(1) Notwithstanding anything contained in this Act, any income accruing or arising to, or received by, a person, being an investor of a securitisation trust, out of investments made in the securitisation trust, shall be chargeable to income-tax in the same manner as if it were the income accruing or arising to, or received by, such person, had the investments by the securitisation trust been made directly by him.

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

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

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

(5) Any income which has been included in the total income of the person referred to in sub-section (1), in a previous year, on account of it having accrued or arisen in the said previous year, shall not be included in the total income of such person in the previous year in which such income is actually paid to him by the securitisation trust.".

**Insertion of new Chapter XII-EB.**

**62.** After Chapter XII-EA of the Income-tax Act, the following Chapter shall be inserted with effect from the 1st day of June, 2016, namely:—

***'CHAPTER XII-EB***

**SPECIAL PROVISIONS RELATING TO TAX ON ACCRETED INCOME OF CERTAIN TRUSTS AND INSTITUTIONS**

115TD. *Tax on accreted income*.—(1) Notwithstanding anything contained in this Act, where in any previous year, a trust or institution registered under section 12AA has—

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| --- | --- | --- |
| (*a*) |  | converted into any form which is not eligible for grant of registration under section 12AA; |
| (*b*) |  | 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 |
| (*c*) |  | 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, |

then, in addition to the income-tax chargeable in respect of the total income of such trust or institution, the accreted income of the trust or the institution as on the specified date shall be charged to tax and such trust or institution, as the case may be, shall be liable to pay additional income-tax (herein referred to as tax on accreted income) at the maximum marginal rate on the accreted income.

(2) The accreted income for the purposes of sub-section (1) means the amount by which the aggregate fair market value of the total assets of the trust or the institution, as on the specified date, exceeds the total liability of such trust or institution computed in accordance with the method of valuation as may be prescribed:

**Provided**that so much of the accreted income as is attributable to the following asset and liability, if any, related to such asset shall be ignored for the purposes of sub-section (1), namely:—

|  |  |  |
| --- | --- | --- |
| (*i*) |  | any asset which is established to have been directly acquired by the trust or institution out of its income of the nature referred to in clause (1) of section 10; |
| (*ii*) |  | any asset acquired by the trust or institution during the period beginning from the date of its creation or establishment and ending on the date from which the registration under section 12AA became effective, if the trust or institution has not been allowed any benefit of sections 11 and 12 during the said period: |

**Provided further**that where due to the first proviso to sub-section (2) of section 12A, the benefit of sections 11 and 12 have been allowed to the trust or the institution in respect of any previous year or years beginning prior to the date from which the registration under section 12AA is effective, then, for the purposes of clause (*ii*) of the first proviso, the registration shall be deemed to have become effective from the first day of the earliest previous year:

**Provided also**that while computing the accreted income in respect of a case referred to in clause (*c*) of sub-section (1), assets and liabilities, if any, related to such asset, which have been transferred 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 the period specified in the said clause, shall be ignored.

(3) For the purposes of sub-section (1), a trust or an institution shall be deemed to have been converted into any form not eligible for registration under section 12AA in a previous year, if,—

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| (*i*) |  | the registration granted to it under section 12AA has been cancelled; or |
| (*ii*) |  | it has adopted or undertaken modification of its objects which do not conform to the conditions of registration and it,— |

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| --- | --- | --- |
| (*a*) |  | has not applied for fresh registration under section 12AA in the said previous year; or |
| (*b*) |  | has filed application for fresh registration under section 12AA but the said application has been rejected. |

(4) Notwithstanding that no income-tax is payable by a trust or the institution on its total income computed in accordance with the provisions of this Act, the tax on the accreted income under sub-section (1) shall be payable by such trust or the institution.

(5) The principal officer or the trustee of the trust or the institution, as the case may be, and the trust or the institution shall also be liable to pay the tax on accreted income to the credit of the Central Government within fourteen days from,—

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| --- | --- | --- |
| (*i*) |  | the date on which,— |

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| (*a*) |  | the period for filing appeal under section 253 against the order cancelling the registration expires and no appeal has been filed by the trust or the institution; or |
| (*b*) |  | the order in any appeal, confirming the cancellation of the registration, is received by the trust or institution, |

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|  |  | in a case referred to in clause (*i*) of sub-section (3); |
| (*ii*) |  | the end of the previous year in a case referred to in sub-clause (*a*) of clause (*ii*) of sub-section (3); |
| (*iii*) |  | the date on which,— |

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| --- | --- | --- |
| (*a*) |  | the period for filing appeal under section 253 against the order rejecting the application expires and no appeal has been filed by the trust or the institution; or |
| (*b*) |  | the order in any appeal, confirming the cancellation of the application, is received by the trust or institution, |

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| --- | --- | --- |
|  |  | in a case referred to in sub-clause (*b*) of clause (*ii*) of sub-section (3); |
| (*iv*) |  | the date of merger in a case referred to in clause (*b*) of sub-section (1); |
| (*v*) |  | the date on which the period of twelve months referred to in clause (*c*) of sub-section (1) expires. |

(6) The tax on the accreted income by the trust or the institution shall be treated as the final payment of tax in respect of the said income and no further credit therefor shall be claimed by the trust or the institution or by any other person in respect of the amount of tax so paid.

(7) No deduction under any other provision of this Act shall be allowed to the trust or the institution or any other person in respect of the income which has been charged to tax under sub-section (1) or the tax thereon.

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

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| (*i*) |  | "date of conversion" means,— |

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| --- | --- | --- |
| (*a*) |  | the date of the order cancelling the registration under section 12AA, in a case referred to in clause (*i*) of sub-section (3); or |
| (*b*) |  | the date of adoption or modification of any object, in a case referred to in clause (*ii*) of sub-section (3); |

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| (*ii*) |  | "specified date" means,— |

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| (*a*) |  | the date of conversion in a case falling under clause (*a*) of sub-section (1); |
| (*b*) |  | the date of merger in a case falling under clause (*b*) of sub-section (1); and |
| (*c*) |  | the date of dissolution in a case falling under clause (*c*) of sub-section (1). |

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| (*iii*) |  | registration under section 12AA shall include any registration obtained under section 12A as it stood before its amendment by the Finance (No. 2) Act, 1996 (33 of 1996). |

115TE. *Interest payable for non-payment of tax by trust or institution*.—Where the principal officer or the trustee of the trust or the institution and the trust or the institution fails to pay the whole or any part of the tax on the accreted income referred to in sub-section (1) of section 115TD, within the time allowed under sub-section (5) of that section, he or it shall be liable to pay simple interest at the rate of one per cent for every month or part thereof on the amount of such tax for the period beginning on the date immediately after the last date on which such tax was payable and ending with the date on which the tax is actually paid.

115TF. *When trust or institution is deemed to be assessee in default*.—(1) If any principal officer or the trustee of the trust or the institution and the trust or the institution does not pay tax on accreted income in accordance with the provisions of section 115TD, then, he or it shall be deemed to be an assessee in default in respect of the amount of tax payable by him or it and all the provisions of this Act for the collection and recovery of income-tax shall apply.

(2) Notwithstanding anything contained in sub-section (1), in a case where the tax on accreted income is payable under the circumstances referred to in clause (*c*) of sub-section (1) of section 115TD, the person to whom any asset forming part of the computation of accreted income under sub-section (2) thereof has been transferred, shall be deemed to be an assessee in default in respect of such tax and interest thereon and all the provisions of this Act for the collection and recovery of income-tax shall apply:

**Provided**that the liability of the person referred to in this sub-section shall be limited to the extent to which the asset received by him is capable of meeting the liability.'.

**Amendment of section 115UA.**

**63.** In section 115UA of the Income-tax Act, in sub-section (3), for the words, brackets, figures and letters "in clause (*23FC*)", the words, brackets, letters and figures "in sub-clause (*a*) of clause (*23FC*)" shall be substituted with effect from the 1st day of April, 2017.

**Amendment of section 119.**

**64.** In section 119 of the Income-tax Act, in sub-section (2), in clause (*a*), after the figures and letter "234E", the figures and letter "270A," shall be inserted with effect from the 1st day of April, 2017.

**Amendment of section 124.**

**65.** In section 124 of the Income-tax Act, in sub-section (3), after clause (*b*), the following clause shall be inserted with effect from the 1st day of June, 2016, namely:—

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| "(*c*) |  | where an action has been taken under section 132 or section 132A, after the expiry of one month from the date on which he was served with a notice under sub-section (1) of section 153A or sub-section (2) of section 153C or after the completion of the assessment, whichever is earlier.". |

**Amendment of section 133C.**

**66.** Section 133C 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 with effect from the 1st day of June, 2016, namely:—

"(2) Where any information or document has been received in response to a notice issued under sub-section (1), the prescribed income-tax authority may process such information or document and make available the outcome of such processing to the Assessing Officer.".

**Amendment of section 139.**

**67.** In section 139 of the Income-tax Act,—

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| (*i*) |  | in sub-section (1), in the sixth proviso, for the words, figures and letter "provisions of section 10A", the words, brackets, figures and letter "provisions of clause (*38*) of section 10 or section 10A" shall be substituted with effect from the 1st day of April, 2017; |
| (*ii*) |  | in sub-section (3), after the words, brackets and figures "sub-section (2) of section 73", the words, brackets, figures and letter "or sub-section (2) of section 73A" shall be inserted; |
| (*iii*) |  | with effect from the 1st day of April, 2017,— |

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| (*a*) |  | for sub-section (4), the following sub-section shall be substituted, namely:— |
|  |  | "(4) Any person who has not furnished a return within the time allowed to him under sub-section (1), may furnish the return for any previous year at any time before the end of the relevant assessment year or before the completion of the assessment, whichever is earlier."; |
| (*b*) |  | for sub-section (5), the following sub-section shall be substituted, namely:— |
|  |  | "(5) If any person, having furnished a return under sub-section (1) or sub-section (4), discovers any omission or any wrong statement therein, he may furnish a revised return at any time before the expiry of one year from the end of the relevant assessment year or before the completion of the assessment, whichever is earlier."; |
| (*c*) |  | in sub-section (9), in the *Explanation*, clause (*aa*) shall be omitted. |

**Amendment of section 143.**

**68.** In section 143 of the Income-tax Act,—

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| (*a*) |  | with effect from the 1st day of April, 2017,— |

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| (*I*) |  | in sub-section (1), in clause (*a*),— |

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| (*A*) |  | in sub-clause (*i*), the word "or" appearing at the end shall be omitted; |
| (*B*) |  | after sub-clause (*ii*), the following sub-clauses shall be inserted, namely:— |

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| "(*iii*) |  | disallowance of loss claimed, if return of the previous year for which set off of loss is claimed was furnished beyond the due date specified under sub-section (1) of section 139; |
| (*iv*) |  | disallowance of expenditure indicated in the audit report but not taken into account in computing the total income in the return; |
| (*v*) |  | disallowance of deduction claimed under sections 10AA, 80-IA, 80-IAB, 80-IB, 80-IC, 80-ID or section 80-IE, if the return is furnished beyond the due date specified under sub-section (1) of section 139; or |
| (*vi*) |  | addition of income appearing in Form 26AS or Form 16A or Form 16 which has not been included in computing the total income in the return: |

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|  |  | **Provided**that no such adjustments shall be made unless an intimation is given to the assessee of such adjustments either in writing or in electronic mode: |
|  |  | **Provided further**that the response received from the assessee, if any, shall be considered before making any adjustment, and in a case where no response is received within thirty days of the issue of such intimation, such adjustments shall be made;"; |
| (II) |  | for sub-section (1D), the following sub-section shall be substituted, namely:— |

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| (1D) |  | Notwithstanding anything contained in sub-section (1), the processing of a return shall not be necessary before the expiry of the period specified in the second proviso to sub-section (1), where a notice has been issued to the assessee under sub-section (2): |

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|  |  | **Provided**that such return shall be processed before the issuance of an order under sub-section (3). |

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| (*b*) |  | for sub-section (2), the following sub-section shall be substituted with effect from the 1st day of June, 2016, namely:— |
|  |  | "(2) Where a return has been furnished under section 139, or in response to a notice under sub-section (1) of section 142, the Assessing Officer or the prescribed income-tax authority, as the case may be, if, considers it necessary or expedient to ensure that the assessee has not understated the income or has not computed excessive loss or has not under-paid the tax in any manner, shall serve on the assessee a notice requiring him, on a date to be specified therein, either to attend the office of the Assessing Officer or to produce, or cause to be produced before the Assessing Officer any evidence on which the assessee may rely in support of the return: |
|  |  | **Provided**that no notice under this sub-section shall be served on the assessee after the expiry of six months from the end of the financial year in which the return is furnished.". |

**Amendment of section 147.**

**69.** In section 147 of the Income-tax Act, in *Explanation* 2, after clause (*c*), the following clause shall be inserted with effect from the 1st day of June, 2016, namely:—

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| "(*ca*) |  | where a return of income has not been furnished by the assessee or a return of income has been furnished by him and on the basis of information or document received from the prescribed income-tax authority, under sub-section (2) of section 133C, it is noticed by the Assessing Officer that the income of the assessee exceeds the maximum amount not chargeable to tax, or as the case may be, the assessee has understated the income or has claimed excessive loss, deduction, allowance or relief in the return;". |

**Substitution of new section for section 153.**

**70.** For section 153 of the Income-tax Act, the following section shall be substituted with effect from the 1st day of June, 2016, namely:—

"153. *Time limit for completion of assessment, reassessment and recomputation*.—(1) No order of assessment shall be made under section 143 or section 144 at any time after the expiry of twenty-one months from the end of the assessment year in which the income was first assessable.

(2) No order of assessment, reassessment or recomputation shall be made under section 147 after the expiry of nine months from the end of the financial year in which the notice under section 148 was served.

(3) Notwithstanding anything contained in sub-sections (1) and (2), an order of fresh assessment in pursuance of an order under section 254 or section 263 or section 264, setting aside or cancelling an assessment, may be made at any time before the expiry of nine months from the end of the financial year in which the order under section 254 is received by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner or, as the case may be, the order under section 263 or section 264 is passed by the Principal Commissioner or Commissioner.

(4) Notwithstanding anything contained in sub-sections (1), (2) and (3), where a reference under sub-section (1) of section 92CA is made during the course of the proceeding for the assessment or reassessment, the period available for completion of assessment or reassessment, as the case may be, under the said sub-sections (1), (2) and (3) shall be extended by twelve months.

(5) Where effect to an order under section 250 or section 254 or section 260 or section 262 or section 263 or section 264 is to be given by the Assessing Officer, wholly or partly, otherwise than by making a fresh assessment or reassessment, such effect shall be given within a period of three months from the end of the month in which order under section 250 or section 254 or section 260 or section 262 is received by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner, as the case may be, the order under section 263 or section 264 is passed by the Principal Commissioner or Commissioner:

**Provided**that where it is not possible for the Assessing Officer to give effect to such order within the aforesaid period, for reasons beyond his control, the Principal Commissioner or Commissioner on receipt of such request in writing from the Assessing Officer, if satisfied, may allow an additional period of six months to give effect to the order.

(6) Nothing contained in sub-sections (1) and (2) shall apply to the following classes of assessments, reassessments and recomputation which may, subject to the provisions of sub-sections (3) and (5), be completed—

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| (*i*) |  | where the assessment, reassessment or recomputation is made on the assessee or any person in consequence of or to give effect to any finding or direction contained in an order under section 250, section 254, section 260, section 262, section 263, or section 264 or in an order of any court in a proceeding otherwise than by way of appeal or reference under this Act, on or before the expiry of twelve months from the end of the month in which such order is received or passed by the Principal Commissioner or Commissioner, as the case may be; or |
| (*ii*) |  | where, in the case of a firm, an assessment is made on a partner of the firm in consequence of an assessment made on the firm under section 147, on or before the expiry of twelve months from the end of the month in which the assessment order in the case of the firm is passed. |

(7) Where effect to any order, finding or direction referred to in sub-section (5) or sub-section (6) is to be given by the Assessing Officer, within the time specified in the said sub-sections, and such order has been received or passed, as the case may be, by the income-tax authority specified therein before the 1st day of June, 2016, the Assessing Officer shall give effect to such order, finding or direction, or assess, reassess or recompute the income of the assessee, on or before the 31st day of March, 2017.

(8) Notwithstanding anything contained in the foregoing provisions of this section, sub-section (2) of section 153A or sub-section (1) of section 153B, the order of assessment or reassessment, relating to any assessment year, which stands revived under sub-section (2) of section 153A, shall be made within a period of one year from the end of the month of such revival or within the period specified in this section or sub-section (1) of section 153B, whichever is later.

(9) The provisions of this section as they stood immediately before the commencement of the Finance Act, 2016, shall apply to and in relation to any order of assessment, reassessment or recomputation made before the 1st day of June, 2016.

*Explanation 1.*—For the purposes of this section, in computing the period of limitation—

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| (*i*) |  | the time taken in reopening the whole or any part of the proceeding or in giving an opportunity to the assessee to be re-heard under the proviso to section 129; or |
| (*ii*) |  | the period during which the assessment proceeding is stayed by an order or injunction of any court; or |
| (*iii*) |  | the period commencing from the date on which the Assessing Officer intimates the Central Government or the prescribed authority, the contravention of the provisions of clause (*21*) or clause (*22B*) or clause (*23A*) or clause (*23B*) or sub-clause (*iv*) or sub-clause (*v*) or sub-clause (*vi*) or sub-clause (*via*) of clause (*23C*) of section 10, under clause (*i*) of the proviso to sub-section (3) of section 143 and ending with the date on which the copy of the order withdrawing the approval or rescinding the notification, as the case may be, under those clauses is received by the Assessing Officer; or |
| (*iv*) |  | the period commencing from the date on which the Assessing Officer directs the assessee to get his accounts audited under sub-section (2A) of section 142 and— |

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| --- | --- | --- |
| (*a*) |  | ending with the last date on which the assessee is required to furnish a report of such audit under that sub-section; or |
| (*b*) |  | where such direction is challenged before a court, ending with the date on which the order setting aside such direction is received by the Principal Commissioner or Commissioner; or |

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| --- | --- | --- |
| (*v*) |  | the period commencing from the date on which the Assessing Officer makes a reference to the Valuation Officer under sub-section (1) of section 142A and ending with the date on which the report of the Valuation Officer is received by the Assessing Officer; or |
| (*vi*) |  | the period (not exceeding sixty days) commencing from the date on which the Assessing Officer received the declaration under sub-section (1) of section 158A and ending with the date on which the order under sub-section (3) of that section is made by him; or |
| (*vii*) |  | in a case where an application made before the Income-tax Settlement Commission is rejected by it or is not allowed to be proceeded with by it, the period commencing from the date on which an application is made before the Settlement Commission under section 245C and ending with the date on which the order under sub-section (1) of section 245D is received by the Principal Commissioner or Commissioner under sub-section (2) of that section; or |
| (*viii*) |  | the period commencing from the date on which an application is made before the Authority for Advance Rulings under sub-section (1) of section 245Q and ending with the date on which the order rejecting the application is received by the Principal Commissioner or Commissioner under sub-section (3) of section 245R; or |
| (*ix*) |  | the period commencing from the date on which an application is made before the Authority for Advance Rulings under sub-section (1) of section 245Q and ending with the date on which the advance ruling pronounced by it is received by the Principal Commissioner or Commissioner under sub-section (7) of section 245R; or |
| (*x*) |  | the period commencing from the date on which a reference or first of the references for exchange of information is made by an authority competent under an agreement referred to in section 90 or section 90A and ending with the date on which the information requested is last received by the Principal Commissioner or Commissioner or a period of one year, whichever is less; or |
| (*xi*) |  | the period commencing from the date on which a reference for declaration of an arrangement to be an impermissible avoidance arrangement is received by the Principal Commissioner or Commissioner under sub-section (1) of section 144BA and ending on the date on which a direction under sub-section (3) or sub-section (6) or an order under sub-section (5) of the said section is received by the Assessing Officer, |

shall be excluded:

**Provided**that where immediately after the exclusion of the aforesaid period, the period of limitation referred to in sub-sections (1), (2), (3) and sub-section (8) available to the Assessing Officer for making an order of assessment, reassessment or recomputation, as the case may be, is less than sixty days, such remaining period shall be extended to sixty days and the aforesaid period of limitation shall be deemed to be extended accordingly:

**Provided further**that where the period available to the Transfer Pricing Officer is extended to sixty days in accordance with the proviso to sub-section (3A) of section 92CA and the period of limitation available to the Assessing Officer for making an order of assessment, reassessment or recomputation, as the case may be, is less than sixty days, such remaining period shall be extended to sixty days and the aforesaid period of limitation shall be deemed to be extended accordingly:

**Provided also** that where a proceeding before the Settlement Commission abates under section 245HA, the period of limitation available under this section to the Assessing Officer for making an order of assessment, reassessment or recomputation, as the case may be, shall, after the exclusion of the period under sub-section (4) of section 245HA, be not less than one year; and where such period of limitation is less than one year, it shall be deemed to have been extended to one year; and for the purposes of determining the period of limitation under sections 149, 153B, 154, 155 and 158BE and for the purposes of payment of interest under section 244A, this proviso shall also apply accordingly.

*Explanation* 2.—For the purposes of this section, where, by an order referred to in clause (*i*) of sub-section (6),—

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| (*a*) |  | any income is excluded from the total income of the assessee for an assessment year, then, an assessment of such income for another assessment year shall, for the purposes of section 150 and this section, be deemed to be one made in consequence of or to give effect to any finding or direction contained in the said order; or |
| (*b*) |  | any income is excluded from the total income of one person and held to be the income of another person, then, an assessment of such income on such other person shall, for the purposes of section 150 and this section, be deemed to be one made in consequence of or to give effect to any finding or direction contained in the said order, if such other person was given an opportunity of being heard before the said order was passed.". |

**Substitution of new section for section 153B.**

**71.** For section 153B of the Income-tax Act, the following section shall be substituted with effect from the 1st day of June, 2016, namely:—

'153B. *Time limit for completion of assessment under section 153A*.—(1) Notwithstanding anything contained in section 153, the Assessing Officer shall make an order of assessment or reassessment,—

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| (*a*) |  | in respect of each assessment year falling within six assessment years referred to in clause (*b*) of sub-section (1) of section 153A, within a period of twenty-one months from the end of the financial year in which the last of the authorisations for search under section 132 or for requisition under section 132A was executed; |
| (*b*) |  | in respect of the assessment year relevant to the previous year in which search is conducted under section 132 or requisition is made under section 132A, within a period of twenty-one months from the end of the financial year in which the last of the authorisations for search under section 132 or for requisition under section 132A was executed: |

**Provided**that in case of other person referred to in section 153C, the period of limitation for making the assessment or reassessment shall be the period as referred to in clause (*a*) or clause (*b*) of this sub-section or nine months from the end of the financial year in which books of account or documents or assets seized or requisitioned are handed over under section 153C to the Assessing Officer having jurisdiction over such other person, whichever is later:

**Provided further**that in case where the last of the authorisations for search under section 132 or for requisition under section 132A was executed and during the course of the proceedings for the assessment or reassessment of total income, a reference under sub-section (1) of section 92CA is made, the provisions of clause (*a*) or clause (*b*) of this sub-section shall have effect as if for the words "twenty-one months", the words "thirty-three months" had been substituted:

**Provided also** that in case where during the course of the proceedings for the assessment or reassessment of total income in case of other person referred to in section 153C, a reference under sub-section (1) of section 92CA is made, the period of limitation for making the assessment or reassessment in case of such other person shall be the period of thirty-three months from the end of the financial year in which the last of the authorisations for search under section 132 or for requisition under section 132A was executed or twenty-one months from the end of the financial year in which books of account or documents or assets seized or requisitioned are handed over under section 153C to the Assessing Officer having jurisdiction over such other person, whichever is later.

(2) The authorisation referred to in clause (*a*) and clause (*b*) of sub-section (1) shall be deemed to have been executed,—

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| (*a*) |  | in the case of search, on the conclusion of search as recorded in the last *panchnama* drawn in relation to any person in whose case the warrant of authorisation has been issued; or |
| (*b*) |  | in the case of requisition under section 132A, on the actual receipt of the books of account or other documents or assets by the Authorised Officer. |

(3) The provisions of this section, as they stood immediately before the commencement of the Finance Act, 2016, shall apply to and in relation to any order of assessment or reassessment made before the 1st day of June, 2016.

*Explanation*.—In computing the period of limitation under this section—

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| (*i*) |  | the period during which the assessment proceeding is stayed by an order or injunction of any court; or |
| (*ii*) |  | the period commencing from the date on which the Assessing Officer directs the assessee to get his accounts audited under sub-section (2A) of section 142 and— |

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| (*a*) |  | ending with the last date on which the assessee is required to furnish a report of such audit under that sub-section; or |
| (*b*) |  | where such direction is challenged before a court, ending with the date on which the order setting aside such direction is received by the Principal Commissioner or Commissioner; or |

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| (*iii*) |  | the period commencing from the date on which the Assessing Officer makes a reference to the Valuation Officer under sub-section (1) of section 142A and ending with the date on which the report of the Valuation Officer is received by the Assessing Officer; or |
| (*iv*) |  | the time taken in re-opening the whole or any part of the proceeding or in giving an opportunity to the assessee of being re-heard under the proviso to section 129; or |
| (*v*) |  | in a case where an application made before the Income-tax Settlement Commission is rejected by it or is not allowed to be proceeded with by it, the period commencing from the date on which an application is made before the Settlement Commission under section 245C and ending with the date on which the order under sub-section (1) of section 245D is received by the Principal Commissioner or Commissioner under sub-section (2) of that section; or |
| (*vi*) |  | the period commencing from the date on which an application is made before the Authority for Advance Rulings under sub-section (1) of section 245Q and ending with the date on which the order rejecting the application is received by the Principal Commissioner or Commissioner under sub-section (3) of section 245R; or |
| (*vii*) |  | the period commencing from the date on which an application is made before the Authority for Advance Rulings under sub-section (1) of section 245Q and ending with the date on which the advance ruling pronounced by it is received by the Principal Commissioner or Commissioner under sub-section (7) of section 245R; or |
| (*viii*) |  | the period commencing from the date of annulment of a proceeding or order of assessment or reassessment referred to in sub-section (2) of section 153A, till the date of the receipt of the order setting aside the order of such annulment, by the Principal Commissioner or Commissioner; or |
| (*ix*) |  | the period commencing from the date on which a reference or first of the references for exchange of information is made by an authority competent under an agreement referred to in section 90 or section 90A and ending with the date on which the information requested is last received by the Principal Commissioner or Commissioner or a period of one year, whichever is less; or |
| (*x*) |  | the period commencing from the date on which a reference for declaration of an arrangement to be an impermissible avoidance arrangement is received by the Principal Commissioner or Commissioner under sub-section (1) of section 144BA and ending on the date on which a direction under sub-section (3) or sub-section (6) or an order under sub-section (5) of the said section is received by the Assessing Officer, |

shall be excluded:

**Provided** that where immediately after the exclusion of the aforesaid period, the period of limitation referred to in clause (*a*) or clause (*b*) of this sub-section available to the Assessing Officer for making an order of assessment or reassessment, as the case may be, is less than sixty days, such remaining period shall be extended to sixty days and the aforesaid period of limitation shall be deemed to be extended accordingly:

**Provided further** that where the period available to the Transfer Pricing Officer is extended to sixty days in accordance with the proviso to sub-section (3A) of section 92CA and the period of limitation available to the Assessing Officer for making an order of assessment or reassessment, as the case may be, is less than sixty days, such remaining period shall be extended to sixty days and the aforesaid period of limitation shall be deemed to be extended accordingly.'.

**Amendment of section 192A.**

**72.** In section 192A of the Income-tax Act, in the first proviso, for the words "thirty thousand rupees", the words "fifty thousand rupees" shall be substituted with effect from the 1st day of June, 2016.

**Amendment of section 194BB.**

**73.** In section 194BB of the Income-tax Act, for the words "five thousand rupees", the words "ten thousand rupees" shall be substituted with effect from the 1st day of June, 2016.

**Amendment of section 194C.**

**74.** In section 194C of the Income-tax Act, in sub-section (5), in the proviso, for the words "seventy-five thousand rupees", the words "one lakh rupees" shall be substituted with effect from the 1st day of June, 2016.

**Amendment of section 194D.**

**75.** In section 194D of the Income-tax Act, in the second proviso, for the words "twenty thousand rupees", the words "fifteen thousand rupees" shall be substituted with effect from the 1st day of June, 2016.

**Amendment of section 194DA.**

**76.** In section 194DA of the Income-tax Act, for the words "two per cent", the words "one per cent" shall be substituted with effect from the 1st day of June, 2016.

**Amendment of section 194EE.**

**77.** In section 194EE of the Income-tax Act, for the words "twenty per cent", the words "ten per cent" shall be substituted with effect from the 1st day of June, 2016.

**Amendment of section 194G.**

**78.** In section 194G of the Income-tax Act, in sub-section (1), with effect from the 1st day of June, 2016,—

|  |  |  |
| --- | --- | --- |
| (*i*) |  | for the words "one thousand rupees", the words "fifteen thousand rupees" shall be substituted; |
| (*ii*) |  | for the words "ten per cent", the words "five per cent" shall be substituted. |

**Amendment of section 194H.**

**79.** In section 194H of the Income-tax Act, with effect from the 1st day of June, 2016,—

|  |  |  |
| --- | --- | --- |
| (*i*) |  | for the words "ten per cent", the words "five per cent" shall be substituted; |
| (*ii*) |  | in first proviso, for the words "five thousand rupees", the words "fifteen thousand rupees" shall be substituted. |

**Omission of sections 194K and 194L.**

**80.** Section 194K and section 194L of the Income-tax Act shall be omitted with effect from the 1st day of June, 2016.

**Amendment of section 194LA.**

**81.** In section 194LA of the Income-tax Act, in the proviso, for the words "two hundred thousand rupees", the words "two lakh and fifty thousand rupees" shall be substituted with effect from the 1st day of June, 2016.

**Amendment of section 194LBA.**

**82.** In section 194LBA of the Income-tax Act, with effect from the 1st day of June, 2016,—

|  |  |  |
| --- | --- | --- |
| (*i*) |  | in sub-section (1), for the words, brackets, figures and letters "in clause (*23FC*)", the words, brackets, figures and letters "in sub-clause (*a*) of clause (*23FC*)" shall be substituted; |
| (*ii*) |  | in sub-section (2), for the words, brackets, figures and letters "in clause (*23FC*)", the words, brackets, figures and letters "in sub-clause (*a*) of clause (*23FC*)" shall be substituted. |

**Amendment of section 194LBB.**

**83.** In section 194LBB of the Income-tax Act, for the words "deduct income-tax thereon at the rate of ten per cent", the following shall be substituted with effect from the 1st day of June, 2016, namely:—

"deduct income-tax thereon,—

|  |  |  |
| --- | --- | --- |
| (*i*) |  | at the rate of ten per cent, where the payee is a resident; |
| (*ii*) |  | at the rates in force, where the payee is a non-resident (not being a company) or a foreign company.". |

**Provided**that where the payee is a non-resident (not being a company) or a foreign company, no deduction shall be made in respect of any income that is not chargeable to tax under the provisions of the Act."

**Insertion of new section 194LBC.**

**84.** After section 194LBB of the Income-tax Act, the following section shall be inserted with effect from the 1st day of June, 2016, namely:—

'194LBC. *Income in respect of investment in securitization trust.*—(1) Where any income is payable to an investor, being a resident, in respect of an investment in a securitisation trust specified in clause (*d*) of the *Explanation* occurring after section 115TCA, 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 issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon, at the rate of—

|  |  |  |
| --- | --- | --- |
| (*i*) |  | twenty-five per cent, if the payee is an individual or a Hindu undivided family; |
| (*ii*) |  | thirty per cent, if the payee is any other person. |

(2) Where any income is payable to an investor, being a non-resident (not being a company) or a foreign company, in respect of an investment in a securitisation trust specified in clause (*d*) of the*Explanation* occurring after section 115TCA, 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 issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon, at the rates in force.

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

|  |  |  |
| --- | --- | --- |
| (*a*) |  | "investor" shall have the meaning assigned to it in clause (*a*) of the *Explanation* occurring after section 115TCA; |
| (*b*) |  | where any income as aforesaid is credited to any account, whether called "suspense account" or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be the credit of such income to the account of the payee, and the provisions of this section shall apply accordingly.'. |

**Amendment of section 197.**

**85.** In section 197 of the Income-tax Act, in sub-section (1), after the figures and letters "194LA", the figures and letters ",194LBB, 194LBC" shall be inserted with effect from the 1st day of June, 2016.

**Amendment of section 197A.**

**86.** In section 197A of the Income-tax Act, with effect from the 1st day of June, 2016,—

|  |  |  |
| --- | --- | --- |
| (*a*) |  | in sub-section (1A), after the word, figures and letters "section 194DA" at both the places where they occur, the words, figures and letter "or section 194-I" shall be inserted; |
| (*b*) |  | in sub-section (1C), after the word, figures and letters "section 194EE" at both the places where they occur, the words, figures and letter "or section 194-I" shall be inserted. |

**Amendment of section 206AA.**

**87.** In section 206AA of the Income-tax Act, for sub-section (7), the following sub-section shall be substituted with effect from the 1st day of June, 2016, namely:—

"(7) The provisions of this section shall not apply to a non-resident, not being a company, or to a foreign company, in respect of—

|  |  |  |
| --- | --- | --- |
| (*i*) |  | payment of interest on long-term bonds as referred to in section 194LC; and |
| (*ii*) |  | any other payment subject to such conditions as may be prescribed.". |

**Amendment of section 206C.**

**88.**In section 206C of the Income-tax Act, with effect from the 1st day of June, 2016,—

|  |  |  |
| --- | --- | --- |
| (*i*) |  | in sub-section (1D),— |

|  |  |  |
| --- | --- | --- |
| (*A*) |  | after the words "or jewellery", the words "or any other goods (other than bullion or jewellery) or providing any service" shall be inserted; |
| (*B*) |  | in clause (*ii*), for the word "rupees.", the words "rupees; or" shall be substituted; |
| (*C*) |  | after clause (*ii*), the following clause shall be inserted, namely:— |

|  |  |  |
| --- | --- | --- |
| "(*iii*) |  | for any goods, other than those referred to in clauses (*i*) and (*ii*), or any service, exceeds two hundred thousand rupees: |
|  |  | **Provided** that no tax shall be collected at source under this sub-section on any amount on which tax has been deducted by the payer under Chapter XVII-B."; |

|  |  |  |
| --- | --- | --- |
| (*ii*) |  | after sub-section (1D), the following sub-sections shall be inserted, namely:— |
|  |  | "(1E) Nothing contained in sub-section (1D) in relation to sale of any goods (other than bullion or jewellery) or providing any service shall apply to such class of buyers who fulfil such conditions, as may be prescribed. |
|  |  | (1F) Every person, being a seller, who receives any amount as consideration for sale of a motor vehicle of the value exceeding ten lakh rupees, shall, at the time of receipt of such amount, collect from the buyer, a sum equal to one per cent of the sale consideration as income-tax."; |
| (*iii*) |  | after sub-section (11), in the *Explanation,*— |

|  |  |  |
| --- | --- | --- |
| (*A*) |  | in clause (*aa*), in sub-clause (*ii*), after the word, brackets, figure and letter "sub-section (1D)", the words, brackets, figure and letter "or sub-section (1F)" shall be inserted; |
| (*B*) |  | in clause (*c*), after the word "sold", the words, brackets, figure and letter "or services referred to in sub-section (1D) are provided" shall be inserted. |

**Amendment of section 211.**

**89.** In section 211 of the Income-tax Act, for sub-section (1), the following sub-section shall be substituted with effect from the 1st day of June, 2016, namely:—

"(1) Advance tax on the current income calculated in the manner laid down in section 209 shall be payable by—

|  |  |  |
| --- | --- | --- |
| (*a*) |  | all the assessees, other than the assessee referred to in clause (*b*), who are liable to pay the same, in four instalments during each financial year and the due date of each instalment and the amount of such instalment shall be as specified in the Table below: |

TABLE

|  |  |  |  |
| --- | --- | --- | --- |
|  | *Due date of instalment* |  | *Amount payable* |
|  | On or before the 15th June |  | Not less than fifteen per cent of such advance tax. |
|  | On or before the 15th September |  | Not less than forty-five per cent of such advance tax, as reduced by the amount, if any, paid in the earlier instalment. |
|  | On or before the 15th December |  | Not less than seventy-five per cent of such advance tax, as reduced by the amount or amounts, if any, paid in the earlier instalment or instalments. |
|  | On or before the 15th March |  | The whole amount of such advance tax, as reduced by the amount or amounts, if any, paid in the earlier instalment or instalments; |

|  |  |  |
| --- | --- | --- |
| (*b*) |  | an eligible assessee in respect of an eligible business referred to in section 44AD, to the extent of the whole amount of such advance tax during each financial year on or before the 15th March: |
|  |  | **Provided** that any amount paid by way of advance tax on or before the 31st day of March shall also be treated as advance tax paid during the financial year ending on that day for all the purposes of this Act.". |

**Amendment of section 220.**

**90.** In section 220 of the Income-tax Act, in sub-section (2A), after clause (*iii*), the following provisos shall be inserted with effect from the 1st day of June, 2016, namely:—

"**Provided** that the order accepting or rejecting the application of the assessee, either in full or in part, shall be passed within a period of twelve months from the end of the month in which the application is received:

**Provided further** that no order rejecting the application, either in full or in part, shall be passed unless the assessee has been given an opportunity of being heard:

**Provided also** that where any application is pending as on the 1st day of June, 2016, the order shall be passed on or before the 31st day of May, 2017.".

**Amendment of section 234C.**

**91.** In section 234C of the Income-tax Act, in sub-section (1), with effect from the 1st day of June, 2016,—

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

|  |  |  |
| --- | --- | --- |
| "(*a*) |  | an assessee, other than an eligible assessee in respect of the eligible business referred to in section 44AD, who is liable to pay advance tax under section 208 has failed to pay such tax or— |

|  |  |  |
| --- | --- | --- |
| (*i*) |  | the advance tax paid by such assessee on its current income on or before the 15th day of June is less than fifteen per cent of the tax due on the returned income or the amount of such advance tax paid on or before the 15th day of September is less than forty-five per cent of the tax due on the returned income or the amount of such advance tax paid on or before the 15th day of December is less than seventy-five per cent of the tax due on the returned income, then, the assessee shall be liable to pay simple interest at the rate of one per cent per month for a period of three months on the amount of the shortfall from fifteen per cent or forty-five per cent or seventy-five per cent, as the case may be, of the tax due on the returned income; |
| (*ii*) |  | the advance tax paid by the assessee on the current income on or before the 15th day of March is less than the tax due on the returned income, then, the assessee shall be liable to pay simple interest at the rate of one per cent on the amount of the shortfall from the tax due on the returned income: |

|  |  |  |
| --- | --- | --- |
|  |  | **Provided** that if the advance tax paid by the assessee on the current income, on or before the 15th day of June or the 15th day of September, is not less than twelve per cent or, as the case may be, thirty-six per cent of the tax due on the returned income, then, the assessee shall not be liable to pay any interest on the amount of the shortfall on those dates;"; |

|  |  |  |
| --- | --- | --- |
| (*ii*) |  | in clause (*b*), for the portion beginning with the words "the assessee, other than a company" and ending with the words "shortfall from the tax due on the returned income", the following shall be substituted, namely:— |
|  |  | "an eligible assessee in respect of the eligible business referred to in section 44AD, who is liable to pay advance tax under section 208 has failed to pay such tax or the advance tax paid by the assessee on its current income on or before the 15th day of March is less than the tax due on the returned income, then, the assessee shall be liable to pay simple interest at the rate of one per cent on the amount of the shortfall from the tax due on the returned income:"; |
| (*iii*) |  | in the first proviso, below clause (*b*)— |

|  |  |  |
| --- | --- | --- |
| (*I*) |  | in clause (*b*), for the word and figure "section 2", the words and figure "section 2; or" shall be substituted; |
| (*II*) |  | after clause (*b*), the following clause shall be inserted, namely:— |

|  |  |  |
| --- | --- | --- |
| '(*c*) |  | income under the head "Profits and gains of business or profession" in cases where the income accrues or arises under the said head for the first time,'; |

|  |  |  |
| --- | --- | --- |
| (*III*) |  | in the long line, for the words, brackets and letter "or clause (*b*)", the words, brackets and letters "or clause (*b*) or clause (*c*)" shall be substituted. |

**Amendment of section 244A.**

**92.** In section 244A of the Income-tax Act, with effect from the 1st day of June, 2016,—

|  |  |  |
| --- | --- | --- |
| (*A*) |  | in sub-section (1), for clause (*a*), the following clauses shall be substituted, namely:— |

|  |  |  |
| --- | --- | --- |
| "(*a*) |  | where the refund is out of any tax collected at source under section 206C or paid by way of advance tax or treated as paid under section 199, during the financial year immediately preceding the assessment year, such interest shall be calculated at the rate of one-half per cent for every month or part of a month comprised in the period,— |

|  |  |  |
| --- | --- | --- |
| (*i*) |  | from the 1st day of April of the assessment year to the date on which the refund is granted, if the return of income has been furnished on or before the due date specified under sub-section (1) of section 139; or |
| (*ii*) |  | from the date of furnishing of return of income to the date on which the refund is granted, in a case not covered under sub-clause (*i*); |

|  |  |  |
| --- | --- | --- |
| (*aa*) |  | where the refund is out of any tax paid under section 140A, such interest shall be calculated at the rate of one-half per cent for every month or part of a month comprised in the period, from the date of furnishing of return of income or payment of tax, whichever is later, to the date on which the refund is granted: |
|  |  | **Provided** that no interest under clause (*a*) or clause (*aa*) shall be payable, if the amount of refund is less than ten per cent of the tax as determined under sub-section (1) of section 143 or on regular assessment;"; |

|  |  |  |
| --- | --- | --- |
| (*B*) |  | after sub-section (1), the following sub-section shall be inserted, namely:— |
|  |  | "(1A) In a case where a refund arises as a result of giving effect to an order under section 250 or section 254 or section 260 or section 262 or section 263 or section 264, wholly or partly, otherwise than by making a fresh assessment or reassessment, the assessee shall be entitled to receive, in addition to the interest payable under sub-section (1), an additional interest on such amount of refund calculated at the rate of three per cent per annum, for the period beginning from the date following the date of expiry of the time allowed under sub-section (5) of section 153 to the date on which the refund is granted."; |
| (*C*) |  | in sub-section (2), after the words "interest is payable", the words, brackets, figures and letter "under sub-section (1) or (1A)" shall be inserted. |

**Amendment of section 249.**

**93.** In section 249 of the Income-tax Act, in sub-section (2), in clause (*b*), with effect from the 1st day of April, 2017,—

|  |  |  |
| --- | --- | --- |
| (*i*) |  | in the proviso, for the words "excluded, or" occurring at the end, the word "excluded:" shall be substituted; |
| (*ii*) |  | after the proviso, the following proviso shall be inserted, namely:— |
|  |  | "**Provided further** that where an application has been made under sub-section (1) of section 270AA, the period beginning from the date on which the application is made, to the date on which the order rejecting the application is served on the assessee, shall be excluded, or". |

**Amendment of section 252.**

**94.** In section 252 of the Income-tax Act, with effect from the 1st day of June, 2016,—

|  |  |  |
| --- | --- | --- |
| (*a*) |  | in sub-section (3), in clause (*b*), the words "the Senior Vice-President or" shall be omitted; |
| (*b*) |  | sub-section (4A) shall be omitted; |
| (*c*) |  | in sub-section (5), the words "Senior Vice-President or a" shall be omitted. |

**Amendment of section 253.**

**95.** In section 253 of the Income-tax Act,—

|  |  |  |
| --- | --- | --- |
| (*A*) |  | in sub-section (1), with effect from the 1st day of April, 2017,— |

|  |  |  |
| --- | --- | --- |
| (*i*) |  | in clause (*a*), after the word and figures "section 250,", the word, figures and letter "section 270A," shall be inserted; |
| (*ii*) |  | in clause (*c*), after the words and figures "or under section 263", the words, figures and letter "or under section 270A" shall be inserted; |

|  |  |  |
| --- | --- | --- |
| (*B*) |  | with effect from the 1st day of June, 2016,— |

|  |  |  |
| --- | --- | --- |
| (*a*) |  | sub-section (2A) and sub-section (3A) shall be omitted; |
| (*b*) |  | for sub-section (4), the following sub-section shall be substituted with effect from the 1st day of June, 2016, namely:— |
|  |  | "(4) The Assessing Officer or the assessee, as the case may be, on receipt of notice that an appeal against the order of the Commissioner (Appeals), has been preferred under sub-section (1) or sub-section (2) by the other party, may, notwithstanding that he may not have appealed against such order or any part thereof, within thirty days of the receipt of the notice, file a memorandum of cross-objections, verified in the prescribed manner, against any part of the order of the Commissioner (Appeals), and such memorandum shall be disposed of by the Appellate Tribunal as if it were an appeal presented within the time specified in sub-section (3)."; |

|  |  |  |
| --- | --- | --- |
| (*C*) |  | in sub-section (6), for the proviso, the following proviso shall be substituted and shall be deemed to have been substituted with effect from the 1st day of July, 2012, namely:— |
|  |  | "**Provided** that no fee shall be payable in the case of an appeal referred to in sub-section (2), or, sub-section (2A) as it stood before its amendment by the Finance Act, 2016, or, a memorandum of cross objections referred to in sub-section (4).". |

**Amendment of section 254.**

**96.** In section 254 of the Income-tax Act, with effect from the 1st day of June, 2016,—

|  |  |  |
| --- | --- | --- |
| (*a*) |  | in sub-section (2), for the words "four years from the date of the order", the words "six months from the end of the month in which the order was passed" shall be substituted; |
| (*b*) |  | in sub-section (2A), the words, brackets, figure and letter "or sub-section (2A)" shall be omitted. |

**Amendment of section 255.**

**97.** In section 255 of the Income-tax Act, in sub-section (3), for the words "fifteen lakh rupees", the words "fifty lakh rupees" shall be substituted with effect from the 1st day of June, 2016.

**Insertion of new section 270A.**

**98.** After section 270 of the Income-tax Act [as it stood immediately before its omission by section 105 of the Direct Tax Laws (Amendment) Act, 1987], the following section shall be inserted with effect from the 1st day of April, 2017, namely:—

'270A. *Penalty for under reporting and misreporting of income.—*(1) The Assessing Officer or the Commissioner (Appeals) or the Principal Commissioner or Commissioner may, during the course of any proceedings under this Act, direct that any person who has under-reported his income shall be liable to pay a penalty in addition to tax, if any, on the under-reported income.

(2) A person shall be considered to have under-reported his income, if—

|  |  |  |
| --- | --- | --- |
| (*a*) |  | the income assessed is greater than the income determined in the return processed under clause (*a*) of sub-section (1) of section 143; |
| (*b*) |  | the income assessed is greater than the maximum amount not chargeable to tax, where no return of income has been furnished; |
| (*c*) |  | the income reassessed is greater than the income assessed or reassessed immediately before such reassessment; |
| (*d*) |  | the amount of deemed total income assessed or reassessed as per the provisions of section 115JB or section 115JC, as the case may be, is greater than the deemed total income determined in the return processed under clause (*a*) of sub-section (1) of section 143; |
| (*e*) |  | the amount of deemed total income assessed as per the provisions of section 115JB or section 115JC is greater than the maximum amount not chargeable to tax, where no return of income has been filed; |
| (*f*) |  | the amount of deemed total income reassessed as per the provisions of section 115JB or section 115JC, as the case may be, is greater than the deemed total income assessed or reassessed immediately before such, reassessment; |
| (*g*) |  | the income assessed or reassessed has the effect of reducing the loss or converting such loss into income. |

(3) The amount of under-reported income shall be,—

|  |  |  |
| --- | --- | --- |
| (*i*) |  | in a case where income has been assessed for the first time,— |

|  |  |  |
| --- | --- | --- |
| (*a*) |  | if return has been furnished, the difference between the amount of income assessed and the amount of income determined under clause (*a*) of sub-section (1) of section 143; |
| (*b*) |  | in a case where no return has been furnished,— |

|  |  |  |
| --- | --- | --- |
| (*A*) |  | the amount of income assessed, in the case of a company, firm or local authority; and |
| (*B*) |  | the difference between the amount of income assessed and the maximum amount not chargeable to tax, in a case not covered in item (*A*); |

|  |  |  |
| --- | --- | --- |
| (*ii*) |  | in any other case, the difference between the amount of income reassessed or recomputed and the amount of income assessed, reassessed or recomputed in a preceding order: |

**Provided** that where under-reported income arises out of determination of deemed total income in accordance with the provisions of section 115JB or section 115JC, the amount of total under-reported income shall be determined in accordance with the following formula—

(A — B) + (C — D)

where,

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

B = the total income that would have been chargeable had the total income assessed as per the general provisions been reduced by the amount of under-reported income;

C = the total income assessed as per the provisions contained in section 115JB or section 115JC;

D = the total income that would have been chargeable had the total income assessed as per the provisions contained in section 115JB or section 115JC been reduced by the amount of under-reported income:

**Provided further** that where the amount of under-reported income on any issue is considered both under the provisions contained in section 115JB or section 115JC and under general provisions, such amount shall not be reduced from total income assessed while determining the amount under item D.

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

|  |  |  |
| --- | --- | --- |
| (*a*) |  | "preceding order" means an order immediately preceding the order during the course of which the penalty under sub-section (1) has been initiated; |
| (*b*) |  | in a case where an assessment or reassessment has the effect of reducing the loss declared in the return or converting that loss into income, the amount of under-reported income shall be the difference between the loss claimed and the income or loss, as the case may be, assessed or reassessed. |

(4) Subject to the provisions of sub-section (6), where the source of any receipt, deposit or investment in any assessment year is claimed to be an amount added to income or deducted while computing loss, as the case may be, in the assessment of such person in any year prior to the assessment year in which such receipt, deposit or investment appears (hereinafter referred to as "preceding year") and no penalty was levied for such preceding year, then, the under-reported income shall include such amount as is sufficient to cover such receipt, deposit or investment.

(5) The amount referred to in sub-section (4) shall be deemed to be amount of income under-reported for the preceding year in the following order—

|  |  |  |
| --- | --- | --- |
| (*a*) |  | the preceding year immediately before the year in which the receipt, deposit or investment appears, being the first preceding year; and |
| (*b*) |  | where the amount added or deducted in the first preceding year is not sufficient to cover the receipt, deposit or investment, the year immediately preceding the first preceding year and so on. |

(6) The under-reported income, for the purposes of this section, shall not include the following, namely:—

|  |  |  |
| --- | --- | --- |
| (*a*) |  | the amount of income in respect of which the assessee offers an explanation and the Assessing Officer or the Commissioner (Appeals) or the Commissioner or the Principal Commissioner, as the case may be, is satisfied that the explanation is *bona fide* and the assessee has disclosed all the material facts to substantiate the explanation offered; |
| (*b*) |  | the amount of under-reported income determined on the basis of an estimate, if the accounts are correct and complete to the satisfaction of the Assessing Officer or the Commissioner (Appeals) or the Commissioner or the Principal Commissioner, as the case may be, but the method employed is such that the income cannot properly be deduced therefrom; |
| (*c*) |  | the amount of under-reported income determined on the basis of an estimate, if the assessee has, on his own, estimated a lower amount of addition or disallowance on the same issue, has included such amount in the computation of his income and has disclosed all the facts material to the addition or disallowance; |
| (*d*) |  | the amount of under-reported income represented by any addition made in conformity with the arm's length price determined by the Transfer Pricing Officer, where the assessee had maintained information and documents as prescribed under section 92D, declared the international transaction under Chapter X, and, disclosed all the material facts relating to the transaction; and |
| (*e*) |  | the amount of undisclosed income referred to in section 271AAB. |

(7) The penalty referred to in sub-section (1) shall be a sum equal to fifty per cent of the amount of tax payable on under-reported income.

(8) Notwithstanding anything contained in sub-section (6) or sub-section (7), where under-reported income is in consequence of any misreporting thereof by any person, the penalty referred to in sub-section (1) shall be equal to two hundred per cent of the amount of tax payable on under-reported income.

(9) The cases of misreporting of income referred to in sub-section (8) shall be the following, namely:—

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| --- | --- | --- |
| (*a*) |  | misrepresentation or suppression of facts; |
| (*b*) |  | failure to record investments in the books of account; |
| (*c*) |  | claim of expenditure not substantiated by any evidence; |
| (*d*) |  | recording of any false entry in the books of account; |
| (*e*) |  | failure to record any receipt in books of account having a bearing on total income; and |
| (*f*) |  | failure to report any international transaction or any transaction deemed to be an international transaction or any specified domestic transaction, to which the provisions of Chapter X apply. |

(10) The tax payable in respect of the under-reported income shall be—

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| --- | --- | --- |
| (*a*) |  | where no return of income has been furnished and the income has been assessed for the first time, the amount of tax calculated on the under-reported income as increased by the maximum amount not chargeable to tax as if it were the total income; |
| (*b*) |  | where the total income determined under clause (*a*) of sub-section (1) of section 143 or assessed, reassessed or recomputed in a preceding order is a loss, the amount of tax calculated on the under-reported income as if it were the total income; |
| (*c*) |  | in any other case determined in accordance with the formula— |
|  |  | (X-Y) |
|  |  | where, |
|  |  | X = the amount of tax calculated on the under-reported income as increased by the total income determined under clause (*a*) of sub-section (1) of section 143 or total income assessed, reassessed or recomputed in a preceding order as if it were the total income; and |
|  |  | Y = the amount of tax calculated on the total income determined under clause (*a*) of sub-section (1) of section 143 or total income assessed, reassessed or recomputed in a preceding order. |

(11) No addition or disallowance of an amount shall form the basis for imposition of penalty, if such addition or disallowance has formed the basis of imposition of penalty in the case of the person for the same or any other assessment year.

(12) The penalty referred to in sub-section (1) shall be imposed, by an order in writing, by the Assessing Officer, the Commissioner (Appeals), the Commissioner or the Principal Commissioner, as the case may be.".

**Insertion of new section 270AA.**

**99.** After section 270A of the Income-tax Act as so inserted, the following section shall be inserted with effect from the 1st day of April, 2017, namely:—

"270AA. *Immunity from imposition of penalty, etc.*—(1) An assessee may make an application to the Assessing Officer to grant immunity from imposition of penalty under section 270A and initiation of proceedings under section 276C of section 276CC, if he fulfils the following conditions, namely:—

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| --- | --- | --- |
| (*a*) |  | the tax and interest payable as per the order of assessment or reassessment under sub-section (3) of section 143 or section 147, as the case may be, has been paid within the period specified in such notice of demand; and |
| (*b*) |  | no appeal against the order referred to in clause (*a*) has been filed. |

(2) An application referred to in sub-section (1) shall be made within one month from the end of the month in which the order referred to in clause (*a*) of sub-section (1) has been received and shall be made in such form and verified in such manner as may be prescribed.

(3) The Assessing Officer shall, subject to fulfilment of the conditions specified in sub-section (1) and after the expiry of the period of filing the appeal as specified in clause (*b*) of sub-section (2) of section 249, grant immunity from imposition of penalty under section 270A and initiation of proceedings under section 276C or section 286CC, where the proceedings for penalty under section 270A has not been initiated under the circumstances referred to in sub-section (9) of the said section 270A.

(4) The Assessing Officer shall, within a period of one month from the end of the month in which the application under sub-section (1) is received, pass an order accepting or rejecting such application:

**Provided** that no order rejecting the application shall be passed unless the assessee has been given an opportunity of being heard.

(5) The order made under sub-section (4) shall be final.

(6) No appeal under section 246A or an application for revision under section 264 shall be admissible against the order of assessment or reassessment, referred to in clause (*a*) of sub-section (1), in a case where an order under sub-section (4) has been made accepting the application.".

**Amendment of section 271.**

**100.** In section 271 of the Income-tax Act, after sub-section (6), the following sub-section shall be inserted with effect from the 1st day of April, 2017, namely:—

"(7) The provisions of this section shall not apply to and in relation to any assessment for the assessment year commencing on or after the 1st day of April, 2017.".

**Amendment of section 271A.**

**101.** In section 271A of the Income-tax Act, after the words "Without prejudice to the provisions of", the words, figures and letter "section 270A or" shall be inserted with effect from the 1st day of April, 2017.

**Amendment of section 271AA.**

**102.** In the Income-tax Act, with effect from the 1st day of April, 2017, section 271AA shall be renumbered as sub-section (1) thereof and,—

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| (*a*) |  | in sub-section (1) as so renumbered, after the words "without prejudice to the provisions of", the word, figures and letter "section 270A or" shall be inserted; |
| (*b*) |  | after sub-section (1) as so renumbered, the following sub-section shall be inserted, namely:— |
|  |  | "(2) If any person fails to furnish the information and the document as required under sub-section (4) of section 92D, the prescribed income-tax authority referred to in the said sub-section may direct that such person shall pay, by way of penalty, a sum of five hundred thousand rupees.". |

**Amendment of section 271AAB.**

**103.** In section 271AAB of the Income-tax Act, with effect from the 1st day of April, 2017,—

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| --- | --- | --- |
| (*a*) |  | in sub-section (1), in clause (*c*), for the words "which shall not be less than thirty per cent but which shall not exceed ninety per cent", the words "computed at the rate of sixty per cent" shall be substituted; |
| (*b*) |  | in sub-section (2), after the words "No penalty under the provisions of", the words, figures and letter "section 270A or" shall be inserted. **Insertion of new section 271GB.**  **104.** After section 271GA of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2017,—  "271GB. *Penalty for failure to furnish report or for furnishing inaccurate report under section 286.*—(1) If any reporting entity referred to in section 286, which is required to furnish the report referred to in sub-section (2) of the said section, in respect of a reporting accounting year, fails to do so, the authority prescribed under that section (herein referred to as prescribed authority) may direct that such entity shall pay, by way of penalty, a sum of,—   |  |  |  | | --- | --- | --- | | (*a*) |  | five thousand rupees for every day for which the failure continues, if the period of failure does not exceed one month; or | | (*b*) |  | fifteen thousand rupees for every day for which the failure continues beyond the period of one month. |   (2) Where any reporting entity referred to in section 286 fails to produce the information and documents within the period allowed under sub-section (6) of the said section, the prescribed authority may direct that such entity shall pay, by way of penalty, a sum of five thousand rupees for every day during which the failure continues, beginning from the day immediately following the day on which the period for furnishing the information and document expires.  (3) If the failure referred to in sub-section (1) or sub-section (2) continues after an order has been served on the entity, directing it to pay the penalty under sub-section (1) or, as the case may be, under sub-section (2), then, notwithstanding anything contained in sub-section (1) or sub-section (2), the prescribed authority may direct that such entity shall pay, by way of penalty, a sum of fifty thousand rupees for every day for which such failure continues beginning from the date of service of such order.  (4) Where a reporting entity referred to in section 286 provides inaccurate information in the report furnished in accordance with sub-section (2) of the said section and where—   |  |  |  | | --- | --- | --- | | (*a*) |  | the entity has knowledge of the inaccuracy at the time of furnishing the report but fails to inform the prescribed authority; or | | (*b*) |  | the entity discovers the inaccuracy after the report is furnished and fails to inform the prescribed authority and furnish correct report within a period of fifteen days of such discovery; or | | (*c*) |  | the entity furnishes inaccurate information or document in response to the notice issued under sub-section (6) of section 286, |   then, the prescribed authority may direct that such person shall pay, by way of penalty, a sum of five lakh rupees.".  **Amendment of section 272A.**  **105.** In section 272A of the Income-tax Act, with effect from the 1st day of April, 2017,—   |  |  |  | | --- | --- | --- | | (*i*) |  | in sub-section (1),— |  |  |  |  | | --- | --- | --- | | (*a*) |  | in clause (*c*), for the words "place or time,", the words "place or time; or" shall be substituted; | | (*b*) |  | after clause (*c*) and before the long line, the following clause shall be inserted, namely:— |  |  |  |  | | --- | --- | --- | | "(*d*) |  | fails to comply with a notice under sub-section (1) of section 142 or sub-section (2) of section 143 or fails to comply with a direction issued under sub-section (2A) of section 142,"; |  |  |  |  | | --- | --- | --- | | (*ii*) |  | in sub-section (3), after clause (*a*), the following clause shall be inserted, namely:— |  |  |  |  | | --- | --- | --- | | "(*aa*) |  | in a case falling under clause (*d*) of sub-section (1), by the income-tax authority who had issued the notice or direction referred to therein;". |   **Amendment of section 273A.**  **106.** In section 273A of the Income-tax Act,—   |  |  |  | | --- | --- | --- | | (*i*) |  | with effect from the 1st day of April, 2017,— |  |  |  |  | | --- | --- | --- | | (*a*) |  | in sub-section (1),— |  |  |  |  | | --- | --- | --- | | (*I*) |  | in clause (*ii*), after the words "or imposable on a person under", the words, figures and letter "section 270A or" shall be inserted; | | (*II*) |  | in the *Explanation*, after the words "as not to attract the provisions of", the words, figures and letter "section 270A or" shall be inserted; |  |  |  |  | | --- | --- | --- | | (*b*) |  | in sub-section (2), in clause (*b*), after the words "if in a case falling under", the words, figures and letter "section 270A or" shall be inserted; |  |  |  |  | | --- | --- | --- | | (*ii*) |  | after sub-section (4), the following sub-section shall be inserted with effect from the 1st day of June, 2016, namely:— |  |  |  |  | | --- | --- | --- | | "(4A) |  | The order under sub-section (4), either accepting or rejecting the application in full or in part, shall be passed within a period of twelve months from the end of the month in which the application under the said sub-section is received by the Principal Commissioner or the Commissioner: |  |  |  |  | | --- | --- | --- | |  |  | **Provided** that no order rejecting the application, either in full or in part, shall be passed unless the assessee has been given an opportunity of being heard: | |  |  | **Provided further** that where any application is pending as on the 1st day of June, 2016, the order shall be passed on or before the 31st day of May, 2017." |   **Amendment of section 273AA.**  **107.** In section 273AA of the Income-tax Act, after sub-section (3), the following sub-section shall be inserted with effect from the 1st day of June, 2016, namely:—  "(3A) The order under sub-section (3), either accepting or rejecting the application in full or in part, shall be passed within a period of twelve months from the end of the month in which the application under the said sub-section is received by the Principal Commissioner or the Commissioner:  **Provided** that no order rejecting the application, either in full or in part, shall be passed unless the assessee has been given an opportunity of being heard:  **Provided further** that where any application is pending as on the 1st day of June, 2016, the order shall be passed on or before the 31st day of May, 2017."  **Amendment of section 273B.**  **108.** In section 273B of the Income-tax Act, after the word, figures and letters "section 271GA,", the word, figures and letters "section 271GB," shall be inserted with effect from the 1st day of April, 2017.  **Amendment of section 276C.**  **109.**In section 276C of the Income-tax Act, with effect from the 1st day of April, 2017, in sub-section (1),—   |  |  |  | | --- | --- | --- | | (*a*) |  | in the opening portion, for the word "imposable", the words "imposable, or under-reports his income," shall be substituted; | | (*b*) |  | in clause (*i*) after the words "amount sought to be evaded", the words "or tax on under-reported income" shall be substituted[\*](javascript:ShowFootnote('fnstr1');). |   **Amendment of section 279.**  **110.** In section 279 of the Income-tax Act, in sub-section (1A), after the words "or imposable on him under", the words, figures and letter "section 270A or" shall be inserted with effect from the 1st day of April, 2017.  **Amendment of section 281B.**  **111.** In section 281B of the Income-tax Act, with effect from the 1st day of June, 2016,—   |  |  |  | | --- | --- | --- | | (*a*) |  | in sub-section (1), the *Explanation* shall be omitted; | | (*b*) |  | after sub-section (2), the following sub-sections shall be inserted, namely:— | |  |  | '(3) Where the assessee furnishes a guarantee from a scheduled bank for an amount not less than the fair market value of the property provisionally attached under sub-section (1), the Assessing Officer shall, by an order in writing, revoke such attachment: | |  |  | **Provided** that where the Assessing Officer is satisfied that a guarantee from a scheduled bank for an amount lower than the fair market value of the property is sufficient to protect the interests of the revenue, he may accept such guarantee and revoke the attachment. | |  |  | (4) The Assessing Officer may, for the purposes of determining the value of the property provisionally attached under sub-section (1), make a reference to the Valuation Officer referred to in section 142A, who shall estimate the fair market value of the property in the manner provided under that section and submit a report of the estimate to the Assessing Officer within a period of thirty days from the date of receipt of such reference. | |  |  | (5) An order revoking the provisional attachment under sub-section (3) shall be made— |  |  |  |  | | --- | --- | --- | | (*i*) |  | within forty-five days from the date of receipt of the guarantee, where a reference to the Valuation Officer has been made under sub-section (4); or | | (*ii*) |  | within fifteen days from the date of receipt of guarantee in any other case. |  |  |  |  | | --- | --- | --- | |  |  | (6) Where a notice of demand specifying a sum payable is served upon the assessee and the assessee fails to pay that sum within the time specified in the notice of demand, the Assessing Officer may invoke the guarantee furnished under sub-section (3), wholly or in part, to recover the amount. | |  |  | (7) The Assessing Officer shall, in the interests of the revenue, invoke the bank guarantee, if the assessee fails to renew the guarantee referred to in sub-section (3), or fails to furnish a new guarantee from a scheduled bank for an equal amount, fifteen days before the expiry of the guarantee referred to in sub-section (3). | |  |  | (8) The amount realised by invoking the guarantee referred to in sub-section (3) shall be adjusted against the existing demand which is payable by the assessee and the balance amount, if any, shall be deposited in the Personal Deposit Account of the Principal Commissioner or Commissioner in the branch of the Reserve Bank of India or the State Bank of India or of its subsidiaries or any bank as may be appointed by the Reserve Bank of India as its agent under the provisions of sub-section (1) of section 45 of the Reserve Bank of India Act, 1934 (2 of 1934) at the place where the office of the Principal Commissioner or Commissioner is situate. | |  |  | (9) Where the Assessing Officer is satisfied that the guarantee referred to in sub-section (3) is not required anymore to protect the interests of the revenue, he shall release that guarantee forthwith. | |  |  | *Explanation*.—For the purposes of this section, the expression "scheduled bank" shall mean a bank included in the Second Schedule to the Reserve Bank of India Act, 1934 (2 of 1934).'. |   **Amendment of section 282A.**  **112.** In section 282A of the Income-tax Act, in sub-section (1), for the words "signed in manuscript by that authority", the words "signed and issued in paper form or communicated in electronic form by that authority in accordance with such procedure as may be prescribed" shall be substituted with effect from the 1st day of June, 2016.  **Insertion of new section 286.**  **113.** After section 285BA of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2017, namely:—  '286. *Furnishing of report in respect of international group.*—(1) Every constituent entity resident in India, shall, if it is constituent of an international group, the parent entity of which is not resident in India, notify the prescribed income-tax authority (herein referred to as prescribed authority) in the form and manner, on or before such date, as may be prescribed,—   |  |  |  | | --- | --- | --- | | (*a*) |  | whether it is the alternate reporting entity of the international group; or | | (*b*) |  | the details of the parent entity or the alternate reporting entity, if any, of the international group, and the country or territory of which the said entities are resident. |   (2) Every parent entity or the alternate reporting entity, resident in India, shall, for every reporting accounting year, in respect of the international group of which it is a constituent, furnish a report, to the prescribed authority on or before the due date specified under sub-section (1) of section 139, for furnishing the return of income for the relevant accounting year, in the form and manner as may be prescribed.  (3) For the purposes of sub-section (2), the report in respect of an international group shall include,—   |  |  |  | | --- | --- | --- | | (*a*) |  | the aggregate information in respect of the amount of revenue, profit or loss before income-tax, amount of income-tax paid, amount of income-tax accrued, stated capital, accumulated earnings, number of employees and tangible assets not being cash or cash equivalents, with regard to each country or territory in which the group operates; | | (*b*) |  | the details of each constituent entity of the group including the country or territory in which such constituent entity is incorporated or organised or established and the country or territory where it is resident; | | (*c*) |  | the nature and details of the main business activity or activities of each constituent entity; and | | (*d*) |  | any other information as may be prescribed. |   (4) A constituent entity of an international group, resident in India, other than the entity referred to in sub-section (2), shall furnish the report referred to in the said sub-section, in respect of the international group for a reporting accounting year, if the parent entity is resident of a country or territory,—   |  |  |  | | --- | --- | --- | | (*a*) |  | with which India does not have an agreement providing for exchange of the report of the nature referred to in sub-section (2); or | | (*b*) |  | there has been a systemic failure of the country or territory and the said failure has been intimated by the prescribed authority to such constituent entity: |   **Provided** that where there are more than one such constituent entities of the group, resident in India, the report shall be furnished by any one constituent entity, if,—   |  |  |  | | --- | --- | --- | | (*a*) |  | the international group has designated such entity to furnish the report in accordance with the provisions of sub-section (2) on behalf of all the constituent entities resident in India; and | | (*b*) |  | the information has been conveyed in writing on behalf of the group to the prescribed authority. |   (5) Nothing contained in sub-section (4) shall apply, if, an alternate reporting entity of the international group has furnished a report of the nature referred to in sub-section (2), with the tax authority of the country or territory in which such entity is resident, on or before the date specified in the said sub-section and the following conditions are satisfied, namely:—   |  |  |  | | --- | --- | --- | | (*a*) |  | the report is required to be furnished under the law for the time being in force in the said country or territory; | | (*b*) |  | the said country or territory has entered into an agreement with India providing for exchange of the said report; | | (*c*) |  | the prescribed authority has not conveyed any systemic failure in respect of the said country or territory to any constituent entity of the group that is resident in India; | | (*d*) |  | the said country or territory has been informed in writing by the constituent entity that it is the alternate reporting entity on behalf of the international group; and | | (*e*) |  | the prescribed authority has been informed by the entities referred to in sub-section (4) in accordance with sub-section (1). |   (6) The prescribed authority may, for the purposes of determining the accuracy of the report furnished by any reporting entity, by issue of a notice in writing, require the entity to produce such information and document as may be specified in the notice within thirty days of the date of receipt of the notice:  **Provided** that the prescribed authority may, on an application made by such entity, extend the period of thirty days by a further period not exceeding thirty days.  (7) The provisions of this section shall not apply in respect of an international group for an accounting year, if the total consolidated group revenue, as reflected in the consolidated financial statement for the accounting year preceding such accounting year does not exceed the amount, as may be prescribed.  (8) The provisions of this section shall be applied in accordance with such guidelines and subject to such conditions, as may be prescribed.  (9) For the purposes of this section,—   |  |  |  | | --- | --- | --- | | (*a*) |  | "accounting year" means,— |  |  |  |  | | --- | --- | --- | | (*i*) |  | a previous year, in a case where the parent entity or alternate reporting entity is resident in India; or | | (*ii*) |  | an annual accounting period, with respect to which the parent entity of the international group prepares its financial statements under any law for the time being in force or the applicable accounting standards of the country or territory of which such entity is resident, in any other case; |  |  |  |  | | --- | --- | --- | | (*b*) |  | "agreement" means an agreement referred to in sub-section (1) of section 90 or sub-section (1) of section 90A or any agreement as may be notified by the Central Government in this behalf; | | (*c*) |  | "alternate reporting entity" means any constituent entity of the international group that has been designated by such group, in the place of the parent entity, to furnish the report of the nature referred to in sub-section (2) in the country or territory in which the said constituent entity is resident on behalf of such group; | | (*d*) |  | "constituent entity" means,— |  |  |  |  | | --- | --- | --- | | (*i*) |  | any separate entity of an international group that is included in the consolidated financial statement of the said group for financial reporting purposes, or may be so included for the said purpose, if the equity share of any entity of the international group were to be listed on a stock exchange; | | (*ii*) |  | any such entity that is excluded from the consolidated financial statement of the international group solely on the basis of size or materiality; or | | (*iii*) |  | any permanent establishment of any separate business entity of the international group included in clause (*i*) or clause (*ii*), if such business unit prepares a separate financial statement for such permanent establishment for financial reporting, regulatory, tax reporting or internal management control purposes; |  |  |  |  | | --- | --- | --- | | (*e*) |  | "group" includes a parent entity and all the entities in respect of which, for the reason of ownership or control, a consolidated financial statement for financial reporting purposes,— |  |  |  |  | | --- | --- | --- | | (*i*) |  | is required to be prepared under any law for the time being in force or the accounting standards of the country or territory of which the parent entity is resident; or | | (*ii*) |  | would have been required to be prepared had the equity shares of any of the enterprises were listed on a stock exchange in the country or territory of which the parent entity is resident; |  |  |  |  | | --- | --- | --- | | (*f*) |  | "consolidated financial statement" means the financial statement of an international group in which the assets, liabilities, income, expenses and cash flows of the parent entity and the constituent entities are presented as those of a single economic entity; | | (*g*) |  | "international group" means any group that includes,— |  |  |  |  | | --- | --- | --- | | (*i*) |  | two or more enterprises which are resident of different countries or territories; or | | (*ii*) |  | an enterprise, being a resident of one country or territory, which carries on any business through a permanent establishment in other countries or territories; |  |  |  |  | | --- | --- | --- | | (*h*) |  | "parent entity" means a constituent entity, of an international group holding, directly or indirectly, an interest in one or more of the other constituent entities of the international group, such that,— |  |  |  |  | | --- | --- | --- | | (*i*) |  | it is required to prepare a consolidated financial statement under any law for the time being in force or the accounting standards of the country or territory of which the entity is resident; or | | (*ii*) |  | it would have been required to prepare a consolidated financial statement had the equity shares of any of the enterprises were listed on a stock exchange, |  |  |  |  | | --- | --- | --- | |  |  | and, there is no other constituent entity of such group which, due to ownership of any interest, directly or indirectly, in the first mentioned constituent entity, is required to prepare a consolidated financial statement, under the circumstances referred to in clause (*i*) or clause (*ii*), that includes the separate financial statement of the first mentioned constituent entity; | | (*i*) |  | "permanent establishment" shall have the meaning assigned to it in clause (*iiia*) of section 92F; | | (*j*) |  | "reporting accounting year" means the accounting year in respect of which the financial and operational results are required to be reflected in the report referred to in sub-section (2); | | (*k*) |  | "reporting entity" means the constituent entity including the parent entity or the alternate reporting entity, that is required to furnish a report of the nature referred to in sub-section (2); | | (*l*) |  | "systemic failure" with respect to a country or territory means that the country or territory has an agreement with India providing for exchange of report of the nature referred to in sub-section (2), but— |  |  |  |  | | --- | --- | --- | | (*i*) |  | in violation of the said agreement, it has suspended automatic exchange; or | | (*ii*) |  | has persistently failed to automatically provide to India the report in its possession in respect of any international group having a constituent entity resident in India.'. |   **Amendment of section 288.**  **114.** In section 288 of the Income-tax Act, in sub-section (4), in clause (*b*), after the word and figure "section 271", the words, brackets, letters and figures "clause (*d*) of sub-section (1) of section 272A or" shall be inserted with effect from the 1st day of April, 2017.  **Amendment of Fourth Schedule.**  **115.** In the Fourth Schedule to the Income-tax Act, in Part A, with effect from the 1st day of April, 2017, in rule 8,—   |  |  |  | | --- | --- | --- | | (*i*) |  | in clause (*iii*), for the words "such other employer" occurring at the end, the words "such other employer; or" shall be substituted; | | (*ii*) |  | after clause (*iii*) and before the *Explanation*, the following clause shall be inserted, namely:— |  |  |  |  | | --- | --- | --- | | "(*iv*) |  | if the entire balance standing to the credit of the employee is transferred to his account under a pension scheme referred to in section 80CCD and notified by the Central Government.". | |