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MINISTRY OF LAW AND JUSTICE

(Legislative Department)

New Delhi, the 14th May, 2015/Vaisakha 24, 1937 (Saka)

The following Act of Parliament received the assent of the President on the 14th May, 2015, and is hereby published for general information:—

THE FINANCE ACT, 2015

NO. 20 OF 2015

[14th May, 2015.]

An Act to give effect to the financial proposals of the Central Government for

the financial year 2015-2016.

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

CHAPTER I

PRELIMINARY

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

(2) Save as otherwise provided in this Act, sections 2 to 81 shall be deemed to have

come into force on the 1st day of April, 2015.

CHAPTER II

RATES OF INCOME-TAX

2. (1) Subject to the provisions of sub-sections (2) and (3), for the assessment year

commencing on the 1st day of April, 2015, income-tax shall be charged at the rates specified

in Part I of the First Schedule and such tax shall be increased by a surcharge, for purposes of

the Union, calculated in each case in the manner provided therein.

(2) In the cases to which Paragraph A of Part I of the First Schedule applies, where the

assessee has, in the previous year, any net agricultural income exceeding five thousand

rupees, in addition to total income, and the total income exceeds two lakh fifty thousand

rupees, then,—

(a) the net agricultural income shall be taken into account, in the manner provided

in clause (b) [that is to say, as if the net agricultural income were comprised in the total

income after the first two lakh fifty thousand rupees of the total income but without

being liable to tax], only for the purpose of charging income-tax in respect of the total

income; and

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

(i) the total income and the net agricultural income shall be aggregated

and the amount of income-tax shall be determined in respect of the aggregate

income at the rates specified in the said Paragraph A, as if such aggregate

income were the total income;

(ii) the net agricultural income shall be increased by a sum of two lakh fifty

thousand rupees, and the amount of income-tax shall be determined in respect of

the net agricultural income as so increased at the rates specified in the said

Paragraph A, as if the net agricultural income as so increased were the total

income;

(iii) the amount of income-tax determined in accordance with sub-clause

(i) shall be reduced by the amount of income-tax determined in accordance with

sub-clause (ii) and the sum so arrived at shall be the income-tax in respect of the

total income:

Provided that in the case of every individual, being a resident in India, who is of

the age of sixty years or more but less than eighty years at any time during the

previous year, referred to in item (II) of Paragraph A of Part I of the First Schedule, the

provisions of this sub-section shall have effect as if for the words “two lakh fifty

thousand rupees”, the words “three lakh rupees” had been substituted:

Provided further that in the case of every individual, being a resident in India,

who is of the age of eighty years or more at any time during the previous year, referred

to in item (III) of Paragraph A of Part I of the First Schedule, the provisions of this

sub-section shall have effect as if for the words “two lakh fifty thousand rupees”, the

words “five lakh rupees” had been substituted.

(3) In cases to which the provisions of Chapter XII or Chapter XII-A or section 115JB

or section 115JC or Chapter XII-FA or sub-section (1A) of section 161 or section 164 or

section 164A or section 167B of the Income-tax Act, 1961 (hereinafter referred to as the

Income-tax Act) apply, the tax chargeable shall be determined as provided in that Chapter or

that section, and with reference to the rates imposed by sub-section (1) or the rates as

specified in that Chapter or section, as the case may be:

Provided that the amount of income-tax computed in accordance with the provisions

of section 111A or section 112 of the Income-tax Act shall be increased by a surcharge, for

purposes of the Union, as provided in Paragraph A, B, C, D or E, as the case may be, of Part

I of the First Schedule:

Provided further that in respect of any income chargeable to tax under section 115A,

115AB, 115AC, 115ACA, 115AD, 115B, 115BB, 115BBA, 115BBC, 115BBD, 115BBE, 115E,

115JB or 115JC of the Income-tax Act, the amount of income-tax computed under this

sub-section shall be increased by a surcharge, for purposes of the Union, calculated,—

(a) in the case of every individual or Hindu undivided family or association of

persons or body of individuals, whether incorporated or not, or every artificial juridical

person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act,

43 of 1961.

SEC. 1] THE GAZETTE OF INDIA EXTRAORDINARY 3

or co-operative society or firm or local authority, at the rate of ten per cent. of such

income-tax, where the total income exceeds one crore rupees;

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

(i) at the rate of five per cent. of such income-tax, where the total income

exceeds one crore rupees but does not exceed ten crore rupees;

(ii) at the rate of ten per cent. of such income-tax, where the total income

exceeds ten crore rupees;

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

(i) at the rate of two per cent. of such income-tax, where the total income

exceeds one crore rupees but does not exceed ten crore rupees;

(ii) at the rate of five per cent. of such income-tax, where the total income

exceeds ten crore rupees:

Provided also that in the case of persons mentioned in (a), having total income

chargeable to tax under section 115JC of the Income-tax Act and such income exceeds one

crore rupees, the total amount payable as income-tax on such income and surcharge thereon

shall not exceed the total amount payable as income-tax on a total income of one crore rupees

by more than the amount of income that exceeds one crore rupees:

Provided also that in the case of every company having total income chargeable to tax

under section 115JB of the Income-tax Act, and such income exceeds one crore rupees but

does not exceed ten crore rupees, the total amount payable as income-tax on such income

and surcharge thereon, shall not exceed the total amount payable as income-tax on a total

income of one crore rupees by more than the amount of income that exceeds one crore

rupees:

Provided also that in the case of every company having total income chargeable to tax

under section 115JB of the Income-tax Act, and such income exceeds ten crore rupees, the

total amount payable as income-tax on such income and surcharge thereon, shall not exceed

the total amount payable as income-tax and surcharge on a total income of ten crore rupees

by more than the amount of income that exceeds ten crore rupees.

(4) In cases in which tax has to be charged and paid under section 115-O or section

115QA or sub-section (2) of section 115R or section 115TA of the Income-tax Act, the tax

shall be charged and paid at the rates as specified in those sections and shall be increased

by a surcharge, for purposes of the Union, calculated at the rate of twelve per cent. of such

tax.

(5) In cases in which tax has to be deducted under sections 193, 194, 194A, 194B,

194BB, 194D, 194LBA and 195 of the Income-tax Act, at the rates in force, the deductions

shall be made at the rates specified in Part II of the First Schedule and shall be increased by

a surcharge, for purposes of the Union, calculated in cases wherever prescribed, in the

manner provided therein.

(6) In cases in which tax has to be deducted under sections 192A, 194C, 194DA, 194E,

194EE, 194F, 194G, 194H, 194-I,194-IA, 194J, 194LA, 194LB, 194LBA, 194LBB, 194LC, 194LD,

196B, 196C and 196D of the Income-tax Act, the deductions shall be made at the rates

specified in those sections and shall be increased by a surcharge, for purposes of the

Union,—

(a) in the case of every individual or Hindu undivided family or association of

persons or body of individuals, whether incorporated or not, or every artificial juridical

person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act,

or co-operative society or firm, being a non-resident, calculated at the rate of twelve

per cent. of such tax, where the income or the aggregate of such incomes paid or likely

to be paid and subject to the deduction exceeds one crore rupees;

4 THE GAZETTE OF INDIA EXTRAORDINARY [PART II—

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

(i) at the rate of two per cent. of such tax, where the income or the aggregate

of such incomes paid or likely to be paid and subject to the deduction exceeds

one crore rupees but does not exceed ten crore rupees;

(ii) at the rate of five per cent. of such tax, where the income or the aggregate

of such incomes paid or likely to be paid and subject to the deduction exceeds

ten crore rupees.

(7) In cases in which tax has to be collected under the proviso to section 194B of the

Income-tax Act, the collection shall be made at the rates specified in Part II of the First

Schedule, and shall be increased by a surcharge, for purposes of the Union, calculated, in

cases wherever prescribed, in the manner provided therein.

(8) In cases in which tax has to be collected under section 206C of the Income-tax Act,

the collection shall be made at the rates specified in that section and shall be increased by a

surcharge, for purposes of the Union,—

(a) in the case of every individual or Hindu undivided family or association of

persons or body of individuals, whether incorporated or not, or every artificial juridical

person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act,

or co-operative society or firm, being a non-resident, calculated at the rate of twelve

per cent. of such tax, where the amount or the aggregate of such amounts collected

and subject to the collection exceeds one crore rupees;

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

(i) at the rate of two per cent. of such tax, where the amount or the aggregate

of such amounts collected and subject to the collection exceeds one crore rupees

but does not exceed ten crore rupees;

(ii) at the rate of five per cent. of such tax, where the amount or the aggregate

of such amounts collected and subject to the collection exceeds ten crore rupees.

(9) Subject to the provisions of sub-section (10), in cases in which income-tax has to

be charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section

174A or section 175 or sub-section (2) of section 176 of the Income-tax Act or deducted from,

or paid on, income chargeable under the head “Salaries” under section 192 of the said Act or

in which the “advance tax” payable under Chapter XVII-C of the said Act has to be computed

at the rate or rates in force, such income-tax or, as the case may be, “advance tax” shall be so

charged, deducted or computed at the rate or rates specified in Part III of the First Schedule

and such tax shall be increased by a surcharge, for purposes of the Union, calculated in such

cases and in such manner as provided therein:

Provided that in cases to which the provisions of Chapter XII or Chapter XII-A or

section 115JB or section 115JC or Chapter XII-FA or Chapter XII-FB or sub-section (1A) of

section 161 or section 164 or section 164A or section 167B of the Income-tax Act apply,

“advance tax” shall be computed with reference to the rates imposed by this sub-section or

the rates as specified in that Chapter or section, as the case may be:

Provided further that the amount of “advance tax” computed in accordance with the

provisions of section 111A or section 112 of the Income-tax Act shall be increased by a

surcharge, for purposes of the Union, as provided in Paragraph A, B, C, D or E, as the case

may be, of Part III of the First Schedule:

Provided also that in respect of any income chargeable to tax under sections 115A,

115AB, 115AC, 115ACA, 115AD, 115B, 115BB, 115BBA, 115BBC, 115BBD, 1I5BBE, 115E,

115JB and 115JC of the Income-tax Act, “advance tax” computed under the first proviso shall

be increased by a surcharge, for purposes of the Union, calculated,—

(a) in the case of every individual or Hindu undivided family or association of

persons or body of individuals, whether incorporated or not, or every artificial juridical

person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act,

or co-operative society or firm or local authority, calculated at the rate of twelve per

cent. of such “advance tax”, where the total income exceeds one crore rupees;

SEC. 1] THE GAZETTE OF INDIA EXTRAORDINARY 5

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

(i) at the rate of seven per cent. of such “advance tax”, where the total

income exceeds one crore rupees but does not exceed ten crore rupees;

(ii) at the rate of twelve per cent. of such “advance tax”, where the total

income exceeds ten crore rupees;

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

(i) at the rate of two per cent. of such “advance tax”, where the total

income exceeds one crore rupees but does not exceed ten crore rupees;

(ii) at the rate of five per cent. of such “advance tax”, where the total

income exceeds ten crore rupees:

Provided also that in the case of persons mentioned in (a) above, having total income

chargeable to tax under section 115JC of the Income-tax Act and such income exceeds one

crore rupees, the total amount payable as “advance tax” on such income and surcharge

thereon shall not exceed the total amount payable as “advance tax” on a total income of one

crore rupees by more than the amount of income that exceeds one crore rupees:

Provided also that in the case of every company having total income chargeable to tax

under section 115JB of the Income-tax Act, and such income exceeds one crore rupees but does

not exceed ten crore rupees, the total amount payable as “advance tax” on such income and

surcharge thereon, shall not exceed the total amount payable as “advance tax” on a total

income of one crore rupees by more than the amount of income that exceeds one crore rupees:

Provided also that in the case of every company having total income chargeable to tax

under section 115JB of the Income-tax Act, and such income exceeds ten crore rupees, the

total amount payable as “advance tax” on such income and surcharge thereon, shall not

exceed the total amount payable as “advance tax” and surcharge on a total income of ten

crore rupees by more than the amount of income that exceeds ten crore rupees.

(10) In cases to which Paragraph A of Part III of the First Schedule applies, where the

assessee has, in the previous year or, if by virtue of any provision of the Income-tax Act,

income-tax is to be charged in respect of the income of a period other than the previous year,

in such other period, any net agricultural income exceeding five thousand rupees, in addition

to total income and the total income exceeds two lakh fifty thousand rupees, then, in charging

income-tax under sub-section (2) of section 174 or section 174A or section 175 or subsection

(2) of section 176 of the said Act or in computing the “advance tax” payable under

Chapter XVII-C of the said Act, at the rate or rates in force,—

(a) the net agricultural income shall be taken into account, in the manner provided

in clause (b) [that is to say, as if the net agricultural income were comprised in the total

income after the first two lakh fifty thousand rupees of the total income but without

being liable to tax], only for the purpose of charging or computing such income-tax or,

as the case may be, “advance tax” in respect of the total income; and

(b) such income-tax or, as the case may be, “advance tax” shall be so charged or

computed as follows:—

(i) the total income and the net agricultural income shall be aggregated

and the amount of income-tax or “advance tax” shall be determined in respect of

the aggregate income at the rates specified in the said Paragraph A, as if such

aggregate income were the total income;

(ii) the net agricultural income shall be increased by a sum of two lakh fifty

thousand rupees, and the amount of income-tax or “advance tax” shall be determined

in respect of the net agricultural income as so increased at the rates specified in the

said Paragraph A, as if the net agricultural income were the total income;

(iii) the amount of income-tax or “advance tax” determined in accordance

with sub-clause (i) shall be reduced by the amount of income-tax or, as the case

may be, “advance tax” determined in accordance with sub-clause (ii) and the

sum so arrived at shall be the income-tax or, as the case may be, “advance tax” in

respect of the total income:

6 THE GAZETTE OF INDIA EXTRAORDINARY [PART II—

Provided that in the case of every individual, being a resident in India, who is of the

age of sixty years or more but less than eighty years at any time during the previous year,

referred to in item (II) of Paragraph A of Part III of the First Schedule, the provisions of this

sub-section shall have effect as if for the words “two lakh fifty thousand rupees”, the words

“three lakh rupees” had been substituted:

Provided further that in the case of every individual, being a resident in India, who is

of the age of eighty years or more at any time during the previous year, referred to in item (III)

of Paragraph A of Part III of the First Schedule, the provisions of this sub-section shall have

effect as if for the words “two lakh fifty thousand rupees”, the words “five lakh rupees” had

been substituted:

Provided also that the amount of income-tax or “advance tax” so arrived at, shall be

increased by a surcharge for purposes of the Union calculated in each case, in the manner

provided therein.

(11) The amount of income-tax as specified in sub-sections (1) to (10) and as increased

by the applicable surcharge, for purposes of the Union, calculated in the manner provided

therein, shall be further increased by an additional surcharge, for purposes of the Union, to

be called the “Education Cess on income-tax”, calculated at the rate of two per cent. of such

income-tax and surcharge so as to fulfil the commitment of the Government to provide and

finance universalised quality basic education:

Provided that nothing contained in this sub-section shall apply to cases in which tax is to

be deducted or collected under the sections of the Income-tax Act mentioned in

sub-sections (5), (6), (7) and (8), if the income subjected to deduction of tax at source or collection

of tax at source is paid to a domestic company and any other person who is resident in India.

(12) The amount of income-tax as specified in sub-sections (1) to (10) and as increased

by the applicable surcharge, for purposes of the Union, calculated in the manner provided

therein, shall also be increased by an additional surcharge, for purposes of the Union, to be

called the “Secondary and Higher Education Cess on income-tax”, calculated at the rate of

one per cent. of such income-tax and surcharge so as to fulfil the commitment of the

Government to provide and finance secondary and higher education:

Provided that nothing contained in this sub-section shall apply to cases in which tax

is to be deducted or collected under the sections of the Income-tax Act mentioned in

sub-sections (5), (6), (7) and (8), if the income subjected to deduction of tax at source or

collection of tax at source is paid to a domestic company and any other person who is

resident in India.

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

(a) “domestic company” means an Indian company or any other company which,

in respect of its income liable to income-tax under the Income-tax Act, for the assessment

year commencing on the 1st day of April, 2015, has made the prescribed arrangements

for the declaration and payment within India of the dividends (including dividends on

preference shares) payable out of such income;

(b) “insurance commission” means any remuneration or reward, whether by way

of commission or otherwise, for soliciting or procuring insurance business (including

business relating to the continuance, renewal or revival of policies of insurance);

(c) “net agricultural income”, in relation to a person, means the total amount of

agricultural income, from whatever source derived, of that person computed in

accordance with the rules contained in Part IV of the First Schedule;

(d) all other words and expressions used in this section and the First Schedule

but not defined in this sub-section and defined in the Income-tax Act shall have the

meanings, respectively, assigned to them in that Act.

SEC. 1] THE GAZETTE OF INDIA EXTRAORDINARY 7

CHAPTER III

DIRECT TAXES

Income-tax

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

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

‘(13A) “business trust” means a trust registered as,—

(i) an Infrastructure Investment Trust under the Securities and

Exchange Board of India (Infrastructure Investment Trusts) Regulations,

2014 made under the Securities and Exchange Board of India Act, 1992; or

(ii) a Real Estate Investment Trust under the Securities and Exchange

Board of India (Real Estate Investment Trusts) Regulations, 2014 made

under the Securities and Exchange Board of India Act, 1992, and

the units of which are required to be listed on recognised stock exchange in

accordance with the aforesaid regulations;’;

(b) in clause (15),—

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

(ii) for the first and the second provisos, the following proviso shall be

substituted, namely:—

“Provided that the advancement of any other object of general public

utility shall not be a charitable purpose, if it involves the carrying on of

any activity in the nature of trade, commerce or business, or any activity

of rendering any service in relation to any trade, commerce or business,

for a cess or fee or any other consideration, irrespective of the nature of

use or application, or retention, of the income from such activity, unless—

(i) such activity is undertaken in the course of actual carrying

out of such advancement of any other object of general public

utility; and

(ii) the aggregate receipts from such activity or activities during

the previous year, do not exceed twenty per cent. of the total receipts,

of the trust or institution undertaking such activity or activities, of

that previous year;”;

(c) in clause (24), after sub-clause (xvii), the following sub-clause shall be

inserted, namely:—

“(xviii) assistance in the form of a subsidy or grant or cash incentive or

duty drawback or waiver or concession or reimbursement (by whatever name

called) by the Central Government or a State Government or any authority or

body or agency in cash or kind to the assessee other than the subsidy or grant

or reimbursement which is taken into account for determination of the actual

cost of the asset in acordance with the provisions of Explanation 10 to clause

(1) of section 43;”;

(d) in clause (37A), in sub-clause (iii), after the words “for the purposes of deduction

of tax under”, the words, figures and letters “section 194LBA or” shall be inserted;

(e) in clause (42A), in the Explanation 1, in clause (i), after sub-clause (hc), the

following sub-clauses shall be inserted, namely:—

“(hd) in the case of a capital asset, being a unit or units, which becomes

the property of the assessee in consideration of a transfer referred to in clause

(xviii) of section 47, there shall be included the period for which the unit or units

in the consolidating scheme of the mutual fund were held by the assessee;

Amendment of

section 2.

15 of 1992.

15 of 1992.

8 THE GAZETTE OF INDIA EXTRAORDINARY [PART II—

(he) in the case of a capital asset, being share or shares of a company,

which is acquired by the non-resident assessee on redemption of Global

Depository Receipts referred to in clause (b) of sub-section (1) of section 115AC

held by such assessee, the period shall be reckoned from the date on which a

request for such redemption was made;”.

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

(i) in clause (1), the Explanation shall be numbered as Explanation 1 thereof and

after Explanation 1 as so numbered, the following Explanation shall be inserted, namely:—

“Explanation 2.—For the purposes of this clause, in the case of an individual,

being a citizen of India and a member of the crew of a foreign bound ship leaving

India, the period or periods of stay in India shall, in respect of such voyage, be

determined in the manner and subject to such conditions as may be prescribed.”;

(ii) for clause (3), the following clause shall be substituted with effect from the

1st day of April, 2016, namely:—

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

(i) it is an Indian company; or

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

Explanation.—For the purposes of this clause “place of effective

management” means a place where key management and commercial decisions

that are necessary for the conduct of the business of an entity as a whole, are in

substance made.’.

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

April, 2016,—

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

namely:—

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

that—

(a) the share or interest, referred to in Explanation 5, shall be deemed to

derive its value substantially from the assets (whether tangible or intangible)

located in India, if, on the specified date, the value of such assets—

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

(ii) represents at least fifty per cent. of the value of all the

assets owned by the company or entity, as the case may be;

(b) the value of an asset shall be the fair market value as on the

specified date, of such asset without reduction of liabilities, if any, in

respect of the asset, determined in such manner as may be prescribed;

(c) “accounting period” means each period of twelve months ending

with the 31st day of March:

Provided that where a company or an entity, referred to in

Explanation 5, regularly adopts a period of twelve months ending on a

day other than the 31st day of March for the purpose of—

(i) complying with the provisions of the tax laws of the territory,

of which it is a resident, for tax purposes; or

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

then, the period of twelve months ending with the other day shall be the

accounting period of the company or, as the case may be, the entity:

Amendment

of section 6.

Amendment

of section 9.

SEC. 1] THE GAZETTE OF INDIA EXTRAORDINARY 9

Provided further that the first accounting period of the company or,

as the case may be, the entity shall begin from the date of its registration

or incorporation and end with the 31st day of March or such other day, as

the case may be, following the date of such registration or incorporation,

and the later accounting period shall be the successive periods of twelve

months:

Provided also that if the company or the entity ceases to exist before

the end of accounting period, as aforesaid, then, the accounting period

shall end immediately before the company or, as the case may be, the

entity, ceases to exist;

(d) “specified date” means the—

(i) date on which the accounting period of the company or, as

the case may be, the entity ends preceding the date of transfer of a

share or an interest; or

(ii) date of transfer, if the book value of the assets of the

company or, as the case may be, the entity on the date of transfer

exceeds the book value of the assets as on the date referred to in

sub-clause (i), by fifteen per cent.

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

(a) no income shall be deemed to accrue or arise to a non-resident

from transfer, outside India, of any share of, or interest in, a company or an

entity, registered or incorporated outside India, referred to in the

Explanation 5,—

(i) if such company or entity directly owns the assets situated

in India and the transferor (whether individually or along with its

associated enterprises), at any time in the twelve months preceding

the date of transfer, neither holds the right of management or control

in relation to such company or entity, nor holds voting power or

share capital or interest exceeding five per cent. of the total voting

power or total share capital or total interest, as the case may be, of

such company or entity; or

(ii) if such company or entity indirectly owns the assets

situated in India and the transferor (whether individually or along

with its associated enterprises), at any time in the twelve months

preceding the date of transfer, neither holds the right of

management or control in relation to such company or entity, nor

holds any right in, or in relation to, such company or entity which

would entitle him to the right of management or control in the

company or entity that directly owns the assets situated in India,

nor holds such percentage of voting power or share capital or

interest in such company or entity which results in holding of

(either individually or along with associated enterprises) a voting

power or share capital or interest exceeding five per cent. of the

total voting power or total share capital or total interest, as the

case may be, of the company or entity that directly owns the assets

situated in India;

(b) in a case where all the assets owned, directly or indirectly, by a

company or, as the case may be, an entity referred to in the Explanation 5,

are not located in India, the income of the non-resident transferor, from

transfer outside India of a share of, or interest in, such company or

entity, deemed to accrue or arise in India under this clause, shall be only

10 THE GAZETTE OF INDIA EXTRAORDINARY [PART II—

such part of the income as is reasonably attributable to assets located

in India and determined in such manner as may be prescribed;

(c) “associated enterprise” shall have the meaning assigned to it in

section 92A;’;

(B) in clause (v), after sub-clause (c), the following Explanation shall be inserted,

namely:—

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

(a) it is hereby declared that in the case of a non-resident, being a

person engaged in the business of banking, any interest payable by the

permanent establishment in India of such non-resident to the head

office or any permanent establishment or any other part of such nonresident

outside India shall be deemed to accrue or arise in India and

shall be chargeable to tax in addition to any income attributable to the

permanent establishment in India and the permanent establishment in

India shall be deemed to be a person separate and independent of the

non-resident person of which it is a permanent establishment and the

provisions of the Act relating to computation of total income,

determination of tax and collection and recovery shall apply accordingly;

(b) “permanent establishment” shall have the meaning assigned to

it in clause (iiia) of section 92F;’.

6. After section 9 of the Income-tax Act, the following section shall be inserted with

effect from the 1st day of April, 2016, namely:—

‘9A. (1) Notwithstanding anything contained in sub-section (1) of section 9 and

subject to the provisions of this section, in the case of an eligible investment fund, the

fund management activity carried out through an eligible fund manager acting on

behalf of such fund shall not constitute business connection in India of the said fund.

(2) Notwithstanding anything contained in section 6, an eligible investment

fund shall not be said to be resident in India for the purpose of that section merely

because the eligible fund manager, undertaking fund management activities on its

behalf, is situated in India.

(3) The eligible investment fund referred to in sub-section (1), means a fund

established or incorporated or registered outside India, which collects funds from its

members for investing it for their benefit and fulfils the following conditions, namely:—

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

(b) the fund is a resident of a country or a specified territory with which an

agreement referred to in sub-section (1) of section 90 or sub-section (1) of

section 90A has been entered into;

(c) the aggregate participation or investment in the fund, directly or

indirectly, by persons resident in India does not exceed five per cent. of the

corpus of the fund;

(d) the fund and its activities are subject to applicable investor protection

regulations in the country or specified territory where it is established or

incorporated or is a resident;

(e) the fund has a minimum of twenty-five members who are, directly or

indirectly, not connected persons;

(f) any member of the fund along with connected persons shall not have

any participation interest, directly or indirectly, in the fund exceeding ten

per cent.;

Insertion of

new section

9A.

Certain

activities not

to constitute

business

connection in

India.

SEC. 1] THE GAZETTE OF INDIA EXTRAORDINARY 11

(g) the aggregate participation interest, directly or indirectly, of ten or less members

along with their connected persons in the fund, shall be less than fifty per cent.;

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

entity;

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

(j) the monthly average of the corpus of the fund shall not be less than one

hundred crore rupees:

Provided that if the fund has been established or incorporated in the

previous year, the corpus of fund shall not be less than one hundred crore

rupees at the end of such previous year;

(k) the fund shall not carry on or control and manage, directly or indirectly,

any business in India or from India;

(l) the fund is neither engaged in any activity which constitutes a business

connection in India nor has any person acting on its behalf whose activities

constitute a business connection in India other than the activities undertaken

by the eligible fund manager on its behalf;

(m) the remuneration paid by the fund to an eligible fund manager in

respect of fund management activity undertaken by him on its behalf is not less

than the arm’s length price of the said activity:

Provided that the conditions specified in clauses (e), (f) and (g) shall not

apply in case of an investment fund set up by the Government or the Central

Bank of a foreign State or a sovereign fund, or such other fund as the Central

Government may subject to conditions, if any, by notification in the Official

Gazette, specify in this behalf.

(4) The eligible fund manager, in respect of an eligible investment fund, means

any person who is engaged in the activity of fund management and fulfils the following

conditions, namely:—

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

connected person of the fund;

(b) the person is registered as a fund manager or an investment advisor in

accordance with the specified regulations;

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

manager;

(d) the person along with his connected persons shall not be entitled,

directly or indirectly, to more than twenty per cent. of the profits accruing or

arising to the eligible investment fund from the transactions carried out by the

fund through the fund manager.

(5) Every eligible investment fund shall, in respect of its activities in a financial

year, furnish within ninety days from the end of the financial year, a statement in the

prescribed form, to the prescribed income-tax authority containing information relating

to the fulfilment of the conditions specified in this section and also provide such other

relevant information or documents as may be prescribed.

(6) Nothing contained in this section shall apply to exclude any income from the

total income of the eligible investment fund, which would have been so included

irrespective of whether the activity of the eligible fund manager constituted the business

connection in India of such fund or not.

(7) Nothing contained in this section shall have any effect on the scope of total

income or determination of total income in the case of the eligible fund manager.

(8) The provisions of this section shall be applied in accordance with such

guidelines and in such manner as the Board may prescribe in this behalf.

12 THE GAZETTE OF INDIA EXTRAORDINARY [PART II—

(9) For the purposes of this section,—

(a) “associate” means an entity in which a director or a trustee or a partner

or a member or a fund manager of the investment fund or a director or a trustee

or a partner or a member of the fund manager of such fund, holds, either individually

or collectively, share or interest, being more than fifteen per cent. of its share

capital or interest, as the case may be;

(b) “connected person” shall have the meaning assigned to it in clause (4)

of section 102;

(c) “corpus” means the total amount of funds raised for the purpose of

investment by the eligible investment fund as on a particular date;

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

an investment;

(e) “specified regulations” means the Securities and Exchange Board of

India (Portfolio Managers) Regulations, 1993 or the Securities and Exchange

Board of India (Investment Advisers) Regulations, 2013, or such other

regulations made under the Securities and Exchange Board of India Act, 1992,

which may be notified by the Central Government under this clause.’.

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

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

“(11A) any payment from an account, opened in accordance with the

Sukanya Samriddhi Account Rules, 2014 made under the Government Savings

Bank Act, 1873;”;

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

inserted, namely:—

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

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

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

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

‘(23EE) any specified income of such Core Settlement Guarantee

Fund, set up by a recognised clearing corporation in accordance with the

regulations, as the Central Government may, by notification in the Official

Gazette, specify in this behalf:

Provided that where any amount standing to the credit of the Fund

and not charged to income-tax during any previous year is shared, either

wholly or in part with the specified person, the whole of the amount so

shared shall be deemed to be the income of the previous year in which such

amount is so shared and shall, accordingly, be chargeable to income-tax.

Explanation.—For the purposes of this clause,—

(i) “recognised clearing corporation” shall have the same

meaning as assigned to it in clause (o) of sub-regulation (1) of

regulation 2 of the Securities Contracts (Regulation) (Stock Exchanges

and Clearing Corporations) Regulations, 2012 made under the

Securities and Exchange Board of India Act, 1992 and the Securities

Contracts (Regulation) Act, 1956;

(ii) “regulations” means the Securities Contracts (Regulation)

(Stock Exchanges and Clearing Corporations) Regulations, 2012

made under the Securities and Exchange Board of India Act, 1992

and the Securities Contracts (Regulation) Act, 1956;

(iii) “specified income” shall mean,—

(a) the income by way of contribution received from

specified persons;

Amendment of

section 10.

15 of 1992.

5 of 1873.

15 of 1992.

15 of 1992.

42 of 1956.

42 of 1956.

SEC. 1] THE GAZETTE OF INDIA EXTRAORDINARY 13

(b) the income by way of penalties imposed by the

recognised clearing corporation and credited to the Core

Settlement Guarantee Fund; or

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

(iv) “specified person” shall mean,—

(a) any recognised clearing corporation which establishes

and maintains the Core Settlement Guarantee Fund; and

(b) any recognised stock exchange, being a shareholder

in such recognised clearing corporation, or a contributor to

the Core Settlement Guarantee Fund; and

(c) any clearing member contributing to the Core

Settlement Guarantee Fund;’;

(b) in clause (23FB), before the Explanation, the following proviso shall

be inserted, namely:—

“Provided that nothing contained in this clause shall apply in respect

of any income of a venture capital company or venture capital fund, being

an investment fund specified in clause (a) of the Explanation 1 to section

115UB, of the previous year relevant to the assessment year beginning on

or after the 1st day of April, 2016;”;

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

‘(23FBA) any income of an investment fund other than the income

chargeable under the head “Profits and gains of business or profession”;

(23FBB) any income referred to in section 115UB, accruing or arising

to, or received by, a unit holder of an investment fund, being that proportion

of income which is of the same nature as income chargeable under the

head “Profits and gains of business or profession”.

Explanation.—For the purposes of clauses (23FBA) and (23FBB),

the expression “investment fund” shall have the meaning assigned to it in

clause (a) of the Explanation 1 to section 115UB;’;

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

‘(23FCA) any income of a business trust, being a real estate

investment trust, by way of renting or leasing or letting out any real estate

asset owned directly by such business trust.

Explanation.—For the purposes of this clause, the expression “real

estate asset” shall have the same meaning as assigned to it in clause (zj) of

sub-regulation (1) of regulation 2 of the Securities and Exchange Board of

India (Real Estate Investment Trusts) Regulations, 2014 made under the

Securities and Exchange Board of India Act, 1992;’;

(e) in clause (23FD), after the word, brackets, figures and letters “clause (23FC)”,

the words, brackets, figures and letters “or clause (23FCA)” shall be inserted;

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

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

(I) in sub-section (1), in Explanation, in clause (2), after sub-clause (b), in the long

line, for the brackets, words and figures “(such option to be exercised in writing before

the expiry of the time allowed under sub-section (1) of section 139 for furnishing the

return of income)”, the brackets, words and figures “(such option to be excercised

before the expiry of the time allowed under sub-section (1) of section 139 for furnishing

the return of income, in such form and manner as may be prescribed)” shall be substituted;

(II) in sub-section (2), for clauses (a) and (b) and the first and second provisos,

the following shall be substituted, namely:—

“(a) such person furnishes a statement in the prescribed form and in the

prescribed manner to the Assessing Officer, stating the purpose for which the

15 of 1992.

Amendment

of section 11.

14 THE GAZETTE OF INDIA EXTRAORDINARY [PART II—

income is being accumulated or set apart and the period for which the income is

to be accumulated or set apart, which shall in no case exceed five years;

(b) the money so accumulated or set apart is invested or deposited in the

forms or modes specified in sub-section (5);

(c) the statement referred to in clause (a) is furnished on or before the due

date specified under sub-section (1) of section 139 for furnishing the return of

income for the previous year:

Provided that in computing the period of five years referred to in clause (a), the

period during which the income could not be applied for the purpose for which it is so

accumulated or set apart, due to an order or injunction of any court, shall be excluded.”.

9. In section 13 of the Income-tax Act, after sub-section (8) and before Explanation 1,

the following sub-section shall be inserted with effect from the 1st day of April, 2016, namely:—

“(9) Nothing contained in sub-section (2) of section 11 shall operate so as to

exclude any income from the total income of the previous year of a person in receipt

thereof, if—

(i) the statement referred to in clause (a) of the said sub-section in respect

of such income is not furnished on or before the due date specified under

sub-section (1) of section 139 for furnishing the return of income for the previous

year; or

(ii) the return of income for the previous year is not furnished by such

person on or before the due date specified under sub-section (1) of section 139

for furnishing the return of income for the said previous year.”.

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

of April, 2016,—

(a) in clause (ii),—

(A) in the second proviso, after the words, brackets, figures and letter

“asset referred to in clause (i) or clause (ii) or clause (iia)”, the words, brackets,

figures and letter “or the first proviso to clause (iia)” shall be inserted;

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

namely:—

“Provided also that where an asset referred to in clause (iia) or the

first proviso to clause (iia), as the case may be, is acquired by the assessee

during the previous year and is put to use for the purposes of business for

a period of less than one hundred and eighty days in that previous year,

and the deduction under this sub-section in respect of such asset is

restricted to fifty per cent. of the amount calculated at the percentage

prescribed for an asset under clause (iia) for that previous year, then, the

deduction for the balance fifty per cent. of the amount calculated at the

percentage prescribed for such asset under clause (iia) shall be allowed

under this sub-section in the immediately succeeding previous year in

respect of such asset;”;

(b) in clause (iia),—

(A) in the proviso, for the word “Provided”, the words “Provided further”

shall be substituted;

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

“Provided that where an assessee, sets up an undertaking or

enterprise for manufacture or production of any article or thing, on or after

the 1st day of April, 2015 in any backward area notified by the

Amendment

of section 13.

Amendment

of section 32.

SEC. 1] THE GAZETTE OF INDIA EXTRAORDINARY 15

Central Government in this behalf, in the State of Andhra Pradesh or in the

State of Bihar or in the State of Telangana or in the State of West Bengal,

and acquires and installs any new machinery or plant (other than ships

and aircraft) for the purposes of the said undertaking or enterprise during

the period beginning on the 1st day of April, 2015 and ending before the

1st day of April, 2020 in the said backward area, then, the provisions of

clause (iia) shall have effect, as if for the words “twenty per cent.”, the

words “thirty-five per cent.” had been substituted.”.

11. After section 32AC of the Income-tax Act, the following section shall be inserted

with effect from the 1st day of April, 2016, namely:—

‘32AD. (1) Where an assessee, sets up an undertaking or enterprise for manufacture

or production of any article or thing, on or after the 1st day of April, 2015 in any backward

area notified by the Central Government in this behalf, in the State of Andhra Pradesh or

in the State of Bihar or in the State of Telangana or in the State of West Bengal, and

aquires and installs any new asset for the purposes of the said undertaking or enterprise

during the period beginning on the 1st day of April, 2015 and ending before the 1st day

of April, 2020 in the said backward area, then, there shall be allowed a deduction of a sum

equal to fifteen per cent. of the actual cost of such new asset for the assessment year

relevant to the previous year in which such new asset is installed.

(2) If any new asset acquired and installed by the assessee is sold or otherwise

transferred, except in connection with the amalgamation or demerger or reorganisation

of business referred to in clause (xiii) or clause (xiiib) or clause (xiv) of section 47,

within a period of five years from the date of its installation, the amount of deduction

allowed under sub-section (1) in respect of such new asset shall be deemed to be the

income of the assessee chargeable under the head “Profits and gains of business or

profession” of the previous year in which such new asset is sold or otherwise transferred,

in addition to taxability of gains, arising on account of transfer of such new asset.

(3) Where the new asset is sold or otherwise transferred in connection with the

amalgamation or demerger or reorganisation of business referred to in clause (xiii) or

clause (xiiib) or clause (xiv) of section 47 within a period of five years from the date of

its installation, the provisions of sub-section (2) shall apply to the amalgamated

company or the resulting company or the successor referred to in clause (xiii) or

clause (xiiib) or clause (xiv) of section 47, as the case may be, as they would have

applied to the amalgamating company or the demerged company or the predecessor

referred to in clause (xiii) or clause (xiiib) or clause (xiv) of section 47.

(4) For the purposes of this section, “new asset” means any new plant or

machinery (other than a ship or aircraft) but does not include—

(a) any plant or machinery, which before its installation by the assessee,

was used either within or outside India by any other person;

(b) any plant or machinery installed in any office premises or any residential

accommodation, including accommodation in the nature of a guest house;

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

(d) any vehicle; or

(e) any plant or machinery, the whole of the actual cost of which is allowed

as deduction (whether by way of depreciation or otherwise) in computing the

income chargeable under the head “Profits and gains of business or profession”

of any previous year.’.

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

(i) in sub-section (2AA), in the proviso, after the words “submit its report to the”,

the words “Principal Chief Commissioner or Chief Commissioner or” shall be inserted;

Insertion of

new section

32AD.

Investment in

new plant or

machinery in

notified

backward areas

in certain

States.

Amendment of

section 35.

16 THE GAZETTE OF INDIA EXTRAORDINARY [PART II—

(ii) in sub-section (2AB),—

(a) in clause (3), for the words “for audit of accounts maintained for that

facility”, the words “fulfils such conditions with regard to maintenance of accounts

and audit thereof and furnishing of reports in such manner as may be prescribed”

shall be substituted;

(b) in clause (4), after the words “approval of the said facility to the”, the

words “Principal Chief Commissioner or Chief Commissioner or” shall be inserted.

13. In section 36 of the Income-tax Act, in sub-section (1), with effect from the 1st day

of April, 2016,—

(a) in clause (iii), in the proviso, the words “for extension of existing business or

profession” shall be omitted;

(b) in clause (vii), after the proviso, the following proviso shall be inserted,

namely:—

“Provided further that where the amount of such debt or part thereof has

been taken into account in computing the income of the assessee of the previous

year in which the amount of such debt or part thereof becomes irrecoverable or

of an earlier previous year on the basis of income computation and disclosure

standards notified under sub-section (2) of section 145 without recording the

same in the accounts, then, such debt or part thereof shall be allowed in the

previous year in which such debt or part thereof becomes irrecoverable and it

shall be deemed that such debt or part thereof has been written off as irrecoverable

in the accounts for the purposes of this clause.”;

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

“(xvii) the amount of expenditure incurred by a co-operative society engaged

in the business of manufacture of sugar for purchase of sugarcane at a price which

is equal to or less than the price fixed or approved by the Government.”.

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

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

“(viab) any transfer, in a scheme of amalgamation, of a capital asset,

being a share of a foreign company, referred to in the Explanation 5 to

clause (i) of sub-section (1) of section 9, which derives, directly or

indirectly, its value substantially from the share or shares of an Indian

company, held by the amalgamating foreign company to the amalgamated

foreign company, if—

(A) at least twenty-five per cent. of the shareholders of the

amalgamating foreign company continue to remain shareholders of

the amalgamated foreign company; and

(B) such transfer does not attract tax on capital gains in the

country in which the amalgamating company is incorporated;”;

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

“(vicc) any transfer in a demerger, of a capital asset, being a share of

a foreign company, referred to in the Explanation 5 to clause (i) of subsection

(1) of section 9, which derives, directly or indirectly, its value

substantially from the share or shares of an Indian company, held by the

demerged foreign company to the resulting foreign company, if—

(a) the shareholders, holding not less than three-fourths in

value of the shares of the demerged foreign company, continue to

remain shareholders of the resulting foreign company; and

Amendment of

section 36.

Amendment of

section 47.

SEC. 1] THE GAZETTE OF INDIA EXTRAORDINARY 17

1 of 1956.

15 of 1992.

(b) such transfer does not attract tax on capital gains in the

country in which the demerged foreign company is incorporated:

Provided that the provisions of sections 391 to 394 of the Companies

Act, 1956 shall not apply in case of demergers referred to in this clause;”;

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

‘(xviii) any transfer by a unit holder of a capital asset, being a unit or

units, held by him in the consolidating scheme of a mutual fund, made in

consideration of the allotment to him of a capital asset, being a unit or

units, in the consolidated scheme of the mutual fund:

Provided that the consolidation is of two or more schemes of equity oriented

fund or of two or more schemes of a fund other than equity oriented fund.

Explanation.— For the purposes of this clause,—

(a) “consolidated scheme” means the scheme with which the

consolidating scheme merges or which is formed as a result of such merger;

(b) “consolidating scheme” means the scheme of a mutual fund

which merges under the process of consolidation of the schemes of mutual

fund in accordance with the Securities and Exchange Board of India (Mutual

Funds) Regulations, 1996 made under the Securities and Exchange Board

of India Act, 1992;

(c) “equity oriented fund” shall have the meaning assigned to it in

clause (38) of section 10;

(d) “mutual fund” means a mutual fund specified under clause (23D)

of section 10.’.

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

(I) in sub-section (1), in clause (iii), in sub-clause (e), for the words, brackets,

figures and letters “or clause (viaa) or clause (vica) or clause (vicb)”, the words,

brackets, figures and letters “or clause (viaa) or clause (viab) or clause (vib) or

clause (vica) or clause (vicb) or clause (vicc)” shall be substituted;

(II) after sub-section (2AB), the following sub-section shall be inserted,

namely:—

‘(2ABB) Where the capital asset, being share or shares of a company, is

acqired by a non-resident assessee on redemption of Global Depository Receipts

referred to in clause (b) of sub-section (1) of section 115AC held by such assessee,

the cost of acqisition of the share or shares shall be the price of such share or

shares prevailing on any recognised stock exchange on the date on which a

request for such redemption was made.

Explanation.—For the purposes of this sub-section, “recognised stock

exchange” shall have the meaning assigned to it in clause (ii) of the Explanation

1 to sub-section (5) of section 43.’;

(III) after sub-section (2AC), the following sub-section shall be inserted,

namely:—

“(2AD) Where the capital asset, being a unit or units in a consolidated

scheme of a mutual fund, became the property of the assessee in consideration

of a transfer referred to in clause (xviii) of section 47, the cost of acquisition of

the asset shall be deemed to be the cost of acquisition to him of the unit or units

in the consolidating scheme of the mutual fund.”.

Amendment

of section 49.

18 THE GAZETTE OF INDIA EXTRAORDINARY [PART II—

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

(I) in sub-section (2), in clause (viii), for the words “as subscription to”, the

words, brackets and figure “as subscription, in the name of any person specified in

sub-section (4), to” shall be substituted;

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

namely:—

“(ba) for the purposes of clause (viii) of that sub-section, in the case of

an individual, the individual or any girl child of that individual, or any girl child

for whom such person is the legal guardian, if the scheme so specifies;”.

17. In section 80CCC of the Income-tax Act, in sub-section (1), for the words “one

lakh rupees”, the words “one hundred and fifty thousand rupees” shall be substituted with

effect from the 1st day of April, 2016.

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

2016,—

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

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

inserted, namely:—

“(1B) An assessee referred to in sub-section (1), shall be allowed a

deduction in computation of his total income, whether or not any deductions

is allowed under sub-section (1), of the whole of the amount paid or deposited in

the previous year in his account under a pension scheme notified or as may be

notified by the Central Government, which shall not exceed fifty thousand rupees:

Provided that no deduction under this sub-section shall be allowed in

respect of the amount on which a deduction has been claimed and allowed under

sub-section (1).”;

(c) in sub-section (3),—

(I) for the word, brackets and figure “sub-section (1)”, wherever they

occur, the words, brackets, figures and letter “sub-section (1) or sub-section

(1B)” shall be substituted;

(II) for the words “under that sub-section”, the words “under those subsections”

shall be substituted;

(d) in sub-section (4), for the word, brackets and figure “sub-section (1)”, the

words, brackets, figures and letter “sub-section (1) or sub-section (1B)” shall be

substituted.

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

(A) for the words “fifteen thousand rupees”, wherever they occur, the words

“twenty-five thousand rupees” shall be substituted;

(B) for the words “twenty thousand rupees”, wherever they occur, the words

“thirty thousand rupees” shall be substituted;

(C) in sub-section (2), after clause (b), the following shall be inserted,

namely:—

“(c) the whole of the amount paid on account of medical expenditure

incurred on the health of the assessee or any member of his family as does not

exceed in the aggregate thirty thousand rupees; and

(d) the whole of the amount paid on account of medical expenditure

incurred on the health of any parent of the assessee, as does not exceed in the

aggregate thirty thousand rupees:

Amendment of

section

80CCD.

Amendment of

section 80CCC.

Amendment of

section 80C.

Amendment of

section 80D.

SEC. 1] THE GAZETTE OF INDIA EXTRAORDINARY 19

Provided that the amount referred to in clause (c) or clause (d) is paid in

respect of a very senior citizen and no amount has been paid to effect or to keep

in force an insurance on the health of such person:

Provided further that the aggregate of the sum specified under clause (a)

and clause (c) or the aggregate of the sum specified under clause (b) and

clause (d) shall not exceed thirty thousand rupees.”;

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

“(3) Where the assessee is a Hindu undivided family, the sum referred to

in sub-section (1), shall be the aggregate of the following, namely:—

(a) whole of the amount paid to effect or to keep in force an insurance

on the health of any member of that Hindu undivided family as does not

exceed in the aggregate twenty-five thousand rupees; and

(b) the whole of the amount paid on account of medical expenditure

incurred on the health of any member of the Hindu undivided family as

does not exceed in the aggregate thirty thousand rupees:

Provided that the amount referred to in clause (b) is paid in respect of a

very senior citizen and no amount has been paid to effect or to keep in force an

insurance on the health of such person:

Provided further that the aggregate of the sum specified under clause (a)

and clause (b) shall not exceed thirty thousand rupees.”;

(E) in sub-section (4), —

(i) for the words, brackets and figure “or in sub-section (3)”, the words,

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

(ii) after the words “senior citizen,”, the words “or a very senior citizen,”

shall be inserted;

(iii) the Explanation shall be omitted;

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

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

(i) “senior citizen” means an individual resident in India who is of

the age of sixty years or more at any time during the relevant previous

year;

(ii) “very senior citizen” means an individual resident in India who

is of the age of eighty years or more at any time during the relevant

previous year.’.

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

for sub-section (1), the following sub-section shall be substituted, namely:—

‘(1) Where an assessee, being an individual or a Hindu undivided family, who is

a resident in India, has, during the previous year,—

(a) incurred any expenditure for the medical treatment (including nursing),

training and rehabilitation of a dependant, being a person with disability; or

(b) paid or deposited any amount under a scheme framed in this behalf by

the Life Insurance Corporation or any other insurer or the Administrator or the

specified company subject to the conditions specified in sub-section (2) and

approved by the Board in this behalf for the maintenance of a dependant, being

a person with disability,

the assessee shall, in accordance with and subject to the provisions of this section, be

allowed a deduction of a sum of seventy-five thousand rupees from his gross total

income in respect of the previous year:

Amendment

of section

80DD.

20 THE GAZETTE OF INDIA EXTRAORDINARY [PART II—

Provided that where such dependant is a person with severe disability, the

provisions of this sub-section shall have effect as if for the words “seventy-five

thousand rupees”, the words “one hundred and twenty-five thousand rupees” had

been substituted.’.

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

2016,—

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

“Provided that no such deduction shall be allowed unless the assessee

obtains the prescription for such medical treatment from a neurologist, an

oncologist, a urologist, a haematologist, an immunologist or such other specialist,

as may be prescribed:”;

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

‘Provided also that where the amount actually paid is in respect of the

assessee or his dependant or any member of a Hindu undivided family of the

assessee and who is a very senior citizen, the provisions of this section shall

have effect as if for the words “forty thousand rupees”, the words “eighty

thousand rupees” had been substituted.’;

(iii) in the Explanation,—

(a) clause (ii) shall be omitted;

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

‘(v) “very senior citizen” means an individual resident in India who

is of the age of eighty years or more at any time during the relevant

previous year.’.

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

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

(I) after the words, brackets, figures and letters “sub-clause (iiihj) or”, the

words, brackets, figures and letters “sub-clause (iiihk) or sub-clause (iiihl) or”

shall be inserted;

(II) after the words, brackets, figures and letters “sub-clause (iiihl) or”, as

so inserted, the words, brackets, figures and letters “sub-clause (iiihm) or” shall

be inserted with effect from the 1st day of April, 2016;

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

(I) after sub-clause (iiihj), the following sub-clauses shall be inserted,

namely:—

“(iiihk) the Swachh Bharat Kosh, set up by the Central Government,

other than the sum spent by the assessee in pursuance of Corporate

Social Responsibility under sub-section (5) of section 135 of the Companies

Act, 2013; or

(iiihl) the Clean Ganga Fund, set up by the Central Government,

where such assessee is a resident and such sum is other than the sum

spent by the assessee in pursuance of Corporate Social Responsibility

under sub-section (5) of section 135 of the Companies Act, 2013; or”;

(II) the following sub-clause shall be inserted with effect from the 1st day

of April, 2016, namely:—

“(iiihm) the National Fund for Control of Drug Abuse constituted

under section 7A of the Narcotic Drugs and Psychotropic Substances

Act, 1985; or”.

Amendment

of section

80DDB.

Amendment of

section 80G.

18 of 2013.

18 of 2013.

61 of 1985.

SEC. 1] THE GAZETTE OF INDIA EXTRAORDINARY 21

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

2016,—

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

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

namely:—

“(a) if the factory is acquired by the assessee by way of transfer from any

other person or as a result of any business reorganisation;”;

(c) in the Explanation, in clause (i), for the words “one hundred workmen”, the

words “fifty workmen” shall be substituted.

24. In section 80U of the Income-tax Act, with effect from the 1st day of April, 2016,

for sub-section (1), the following sub-section shall be substituted, namely:—

‘(1) In computing the total income of an individual, being a resident, who, at any

time during the previous year, is certified by the medical authority to be a person with

disability, there shall be allowed a deduction of a sum of seventy-five thousand rupees:

Provided that where such individual is a person with severe disability, the

provisions of this sub-section shall have effect as if for the words “seventy-five

thousand rupees”, the words “one hundred and twenty-five thousand rupees” had

been substituted.’.

25. In section 92BA of the Income-tax Act, for the words “five crore rupees” occurring

at the end, the words “twenty crore rupees” shall be substituted with effect from the1st day

of April, 2016.

26. Section 95 of the Income-tax Act shall be numbered as sub-section (1) thereof,

and after sub-section (1) as so numbered and before the Explanation, the following

sub-section shall be inserted, namely:—

“(2) This Chapter shall apply in respect of any assessment year beginning on or

after the 1st day of April, 2018.”.

27. In section 111A of the Income-tax Act, in sub-section (1), the second proviso shall

be omitted with effect from the 1st day of April, 2016.

28. In section 115A of the Income-tax Act, in sub-section (1), in clause (b), with effect

from the 1st day of April, 2016,—

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

cent.” shall be substituted;

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

cent.” shall be substituted.

29. In section 115ACA of the Income-tax Act, after sub-section (3), in the Explanation,

in clause (a), with effect from the 1st day of April, 2016, for the words “issued to non-resident

investors against the issue of ordinary shares or foreign currency convertible bonds of

issuing company” occurring at the end, the following shall be substituted, namely:—

“issued to investors against the issue of,—

(i) ordinary shares of issuing company, being a company listed on a recognised

stock exchange in India; or

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

30. In section 115JB of the Income-tax Act, in the Explanation 1 below

sub-section (2), with effect from the 1st day of April, 2016,—

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

Amendment of

section 80U.

Amendment of

section

80JJAA.

Amendment

of section

92BA.

Amendment

of section 95.

Amendment

of section

111A.

Amendment

of section

115A.

Amendment

of section

115ACA.

Amendment

of section

115JB.

22 THE GAZETTE OF INDIA EXTRAORDINARY [PART II—

“(fa) the amount or amounts of expenditure relatable to income, being

share of the assessee in the income of an association of persons or body of

individuals, on which no income-tax is payable in accordance with the provisions

of section 86; or

(fb) the amount or amounts of expenditure relatable to income accruing or

arising to an assessee, being a foreign company, from,—

(A) the capital gains arising on transactions in securities; or

(B) the interest, royalty or fees for technical services chargeable to

tax at the rate or rates specified in Chapter XII,

if the income-tax payable thereon in accordance with the provisions of this Act,

other than the provisions of this Chapter, is at a rate less than the rate specified

in sub-section (1); or

(fc) the amount representing notional loss on transfer of a capital asset,

being share of a special purpose vehicle, to a business trust in exchange of units

allotted by the trust referred to in clause (xvii) of section 47 or the amount

representing notional loss resulting from any change in carrying amount of said

units or the amount of loss on transfer of units referred to in clause (xvii) of

section 47; or";

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

"(k) the amount of gain on transfer of units referred to in clause (xvii) of

section 47 computed by taking into account the cost of the shares exchanged

with units referred to in the said clause or the carrying amount of the shares at

the time of exchange where such shares are carried at a value other than the cost

through profit or loss account, as the case may be;";

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

“(iic) the amount of income, being the share of the assessee in the income

of an association of persons or body of individuals, on which no income-tax is

payable in accordance with the provisions of section 86, if any, such amount is

credited to the profit and loss account; or

(iid) the amount of income accruing or arising to an assessee, being a

foreign company, from,—

(A) the capital gains arising on transactions in securities; or

(B) the interest, royalty or fees for technical services chargeable to

tax at the rate or rates specified in Chapter XII,

if such income is credited to the profit and loss account and the income-tax

payable thereon in accordance with the provisions of this Act, other than the

provisions of this Chapter, is at a rate less than the rate specified in

sub-section (1); or

(iie) the amount representing,—

(A) notional gain on transfer of a capital asset, being share of a

special purpose vehicle to a business trust in exchange of units allotted

by that trust referred to in clause (xvii) of section 47; or

(B) notional gain resulting from any change in carrying amount of

said units; or

(C) gain on transfer of units referred to in clause (xvii) of section 47,

if any, credited to the profit and loss account; or

SEC. 1] THE GAZETTE OF INDIA EXTRAORDINARY 23

(iif) the amount of loss on transfer of units referred to in clause (xvii) of

section 47 computed by taking into account the cost of the shares exchanged

with units referred to in the said clause or the carrying amount of the shares at

the time of exchange where such shares are carried at a value other than the cost

through profit or loss account, as the case may be; or”;

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

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

"securities" shall have the same meaning as assigned to it in clause (h) of

section 2 of the Securities Contracts (Regulation) Act, 1956.’.

31. In section 115U of the Income-tax Act, after sub-section (5), before the

Explanation 1, the following sub-section shall be inserted with effect from the 1st day of

April, 2016, namely:—

“(6) Nothing contained in this Chapter shall apply in respect of any income, of a

previous year relevant to the assessment year beginning on or after the 1st day of

April, 2016, accruing or arising to, or received by, a person from investments made in a

venture capital company or venture capital fund, being an investment fund specified

in clause (a) of the Explanation 1 to section 115UB.”.

32. In section 115UA of the Income-tax Act, in sub-section (3), after the words, brackets,

figures and letters “in clause (23FC)”, the words, brackets, figures and letters “or clause

(23FCA)” shall be inserted with effect from the 1st day of April, 2016.

33. After Chapter XII-FA of the Income-tax Act, the following Chapter shall be inserted

with effect from the 1st day of April, 2016, namely:—

‘CHAPTER XII-FB

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

FROM SUCH FUNDS

115UB. (1) Notwithstanding anything contained in any other provisions of this

Act and subject to the provisions of this Chapter, any income accruing or arising to, or

received by, a person, being a unit holder of an investment fund, out of investments

made in the investment fund, shall be chargeable to income-tax in the same manner as

if it were the income accruing or arising to, or received by, such person had the

investments made by the investment fund been made directly by him.

(2) Where in any previous year, the net result of computation of total income of

the investment fund [without giving effect to the provisions of clause (23FBA) of

section 10] is a loss under any head of income and such loss cannot be or is not wholly

set-off against income under any other head of income of the said previous year,

then,—

(i) such loss shall be allowed to be carried forward and it shall be set-off by

the investment fund in accordance with the provisions of Chapter VI; and

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

(3) The income paid or credited by the investment fund shall be deemed to be of

the same nature and in the same proportion in the hands of the person referred to in

sub-section (1), as if it had been received by, or had accrued or arisen to, the investment

fund during the previous year subject to the provisions of sub-section (2).

42 of 1956.

Amendment of

section 115U.

Amendment of

section

115UA.

Insertion of

new Chapter

XII-FB.

Tax on

income of

investment

fund and its

unit holders.

24 THE GAZETTE OF INDIA EXTRAORDINARY [PART II—

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

(i) at the rate or rates as specified in the Finance Act of the relevant

year, where such fund is a company or a firm; or

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

(5) The provisions of Chapter XII-D or Chapter XII-E shall not apply to the

income paid by an investment fund under this Chapter.

(6) The income accruing or arising to, or received by, the investment fund,

during a previous year, if not paid or credited to the person referred to in sub-section (1),

shall subject to the provisions of sub-section (2), be deemed to have been credited to

the account of the said person on the last day of the previous year in the same

proportion in which such person would have been entitled to receive the income had

it been paid in the previous year.

(7) The person responsible for crediting or making payment of the income on

behalf of an investment fund and the investment fund shall furnish, within such time

as may be prescribed, to the person who is liable to tax in respect of such income and

to the prescribed income-tax authority, a statement in the prescribed form and verified

in such manner, giving details of the nature of the income paid or credited during the

previous year and such other relevant details, as may be prescribed.

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

(a) “investment fund” means any fund established or incorporated in

India in the form of a trust or a company or a limited liability partnership or a

body corporate which has been granted a certificate of registration as a Category

I or a Category II Alternative Investment Fund and is regulated under the Securities

and Exchange Board of India (Alternative Investment Fund) Regulations, 2012,

made under the Securities and Exchange Board of India Act, 1992;

(b) “trust” means a trust established under the Indian Trusts Act, 1882 or

under any other law for the time being in force;

(c) “unit” means beneficial interest of an investor in the investment fund or

a scheme of the investment fund and shall include shares or partnership interests.

Explanation 2.—For the removal of doubts, it is hereby declared that any

income which has been included in total income of the person referred to in

sub-section (1) in a previous year, on account of it having accrued or arisen in the said

previous year, shall not be included in the total income of such person in the previous

year in which such income is actually paid to him by the investment fund.’.

34. In section 132B of the Income-tax Act, in sub-section (1), in clause (i), with effect from

the 1st day of June, 2015, for the words “deemed to be in default, may be recovered out of such

assets” occurring at the end, the words, brackets, figures and letter “deemed to be in default, or

the amount of liability arising on an application made before the Settlement Commission under

sub-section (1) of section 245C, may be recovered out of such assets” shall be substituted.

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

(I). in sub-section (1),—

(A) for fourth proviso, the following provisos shall be substituted, namely:—

“Provided also that a person, being a resident other than not

ordinarily resident in India within the meaning of clause (6) of section 6,

who is not required to furnish a return under this sub-section and who at

any time during the previous year,—

(a) holds, as a beneficial owner or otherwise, any asset

(including any financial interest in any entity) located outside India

or has signing authority in any account located outside India; or

15 of 1992.

2 of 1882.

Amendment

of section

132B.

Amendment

of section

139.

SEC. 1] THE GAZETTE OF INDIA EXTRAORDINARY 25

(b) is a beneficiary of any asset (including any financial interest

in any entity) located outside India,

shall furnish, on or before the due date, a return in respect of his income or

loss for the previous year in such form and verified in such manner and

setting forth such other particulars as may be prescribed:

Provided also that nothing contained in the fourth proviso shall

apply to an individual, being a beneficiary of any asset (including any

financial interest in any entity) located outside India where, income, if any,

arising from such asset is includible in the income of the person referred to

in clause (a) of that proviso in accordance with the provisions of this

Act:”;

(B) after Explanation 3, the following Explanations shall be inserted,

namely:—

‘Explanation 4.—For the purposes of this section “beneficial owner”

in respect of an asset means an individual who has provided, directly or

indirectly, consideration for the asset for the immediate or future benefit,

direct or indirect, of himself or any other person.

Explanation 5.—For the purposes of this section “beneficiary” in

respect of an asset means an individual who derives benefit from the asset

during the pervious year and the consideration for such asset has been

provided by any person other than such beneficiary.’;

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

(a) after the words “other educational institution referred to in”, the words,

brackets, figures and letters “sub-clause (iiiab) or” shall be inserted;

(b) after the words “other medical institution referred to in”, the words,

brackets, figures and letters “sub-clause (iiiac) or” shall be inserted;

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

“(4F) Every investment fund referred to in section 115UB, which is not

required to furnish return of income or loss under any other provisions of this

section, shall furnish the return of income in respect of its income or loss in

every previous year and all the provisions of this Act shall, so far as may be,

apply as if it were a return required to be furnished under sub-section (1).”;

(IV) in sub-section (6), for the words “assets of the prescribed nature, value

and belonging to him”, the words “assets of the prescribed nature and value, held by

him as a beneficial owner or otherwise or in which he is a beneficiary” shall be

substituted.

36. For section 151 of the Income-tax Act, the following section shall be substituted

with effect from the 1st day of June, 2015, namely:—

“151. (1) No notice shall be issued under section 148 by an Assessing Officer,

after the expiry of a period of four years from the end of the relevant assessment year,

unless the Principal Chief Commissioner or Chief Commissioner or Principal

Commissioner or Commissioner is satisfied, on the reasons recorded by the Assessing

Officer, that it is a fit case for the issue of such notice.

(2) In a case other than a case falling under sub-section (1), no notice shall be

issued under section 148 by an Assessing Officer, who is below the rank of Joint

Commissioner, unless the Joint Commissioner is satisfied, on the reasons recorded by

such Assessing Officer, that it is a fit case for the issue of such notice.

Substitution of

new section

for section 151.

Sanction for

issue of

notice.

26 THE GAZETTE OF INDIA EXTRAORDINARY [PART II—

(3) For the purposes of sub-section (1) and sub-section (2), the Principal Chief

Commissioner or the Chief Commissioner or the Principal Commissioner or the

Commissioner or the Joint Commissioner, as the case may be, being satisfied on the

reasons recorded by the Assessing Officer about fitness of a case for the issue of

notice under section 148, need not issue such notice himself.”.

37. In section 153C of the Income-tax Act, in sub-section (1), with effect from the 1st

day of June, 2015, for the portion beginning with the words and figures “Notwithstanding

anything contained in section 139” and ending with the words “the Assessing Officer

having jurisdiction over such other person”, the words, figures, brackets and letters

“Notwithstanding anything contained in section 139, section 147, section 148, section

149, section 151 and section 153, where the Assessing Officer is satisfied that,—

(a) any money, bullion, jewellery or other valuable article or thing, seized or

requisitioned, belongs to; or

(b) any books of account or documents, seized or requisitioned, pertains or

pertain to, or any information contained therein, relates to,

a person other than the person referred to in section 153A, then, the books of account or

documents or assets, seized or requisitioned shall be handed over to the Assessing Officer

having jurisdiction over such other person” shall be substituted.

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

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

namely:—

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

(ii) in sub-section (2), in clause (b), after the words “or by the deductor”, the

words “or by the collector” shall be inserted;

(iii) in sub-section (3), after the words “or the deductor” wherever they occur,

the words “or the collector” shall be inserted;

(iv) in sub-section (5), after the words “or the deductor” at both the places

where they occur, the words “or the collector” shall be inserted;

(v) in sub-section (6), after the words “or the deductor” at both the places where

they occur, the words “or the collector” shall be inserted;

(vi) in sub-section (8), after the words “or by the deductor”, the words “or by the

collector” shall be inserted.

39. In section 156 of the Income-tax Act, in the proviso, with effect from the 1st day of

June, 2015, for the words, brackets, figures and letter “by the deductor under sub-section (1)

of section 143 or sub-section (1) of section 200A”, the words, brackets, figures and letters

“the deductor or the collector under sub-section (1) of section 143 or sub-section (1) of

section 200A or sub-section (1) of section 206CB” shall be substituted.

40. After section 158A of the Income-tax Act, the following section shall be inserted

with effect from the 1st day of June, 2015, namely:—

“158AA. (1) Notwithstanding anything contained in this Act, where the

Commissioner or Principal Commissioner is of the opinion that any question of law

arising in the case of an assessee for any assessment year (such case being herein

referred to as relevant case) is identical with a question of law arising in his case for

another assessment year which is pending before the Supreme Court, in an appeal

under section 261 or in a special leave petition under article 136 of the Constitution,

against the order of the High Court in favour of the assessee (such case being herein

referred to as the other case), he may, instead of directing the Assessing Officer to

appeal to the Appellate Tribunal under sub-section (2) or sub-section (2A) of

Amendment of

section 156.

Insertion of

new section

158AA.

Procedure

when in an

appeal by

revenue an

identical

question of law

is pending

before Supreme

Court.

Amendment

of section

154.

Amendment

of section

153C.

SEC. 1] THE GAZETTE OF INDIA EXTRAORDINARY 27

section 253, direct the Assessing Officer to make an application to the Appellate

Tribunal in the prescribed form within sixty days from the date of receipt of the order

of the Commissioner (Appeals) stating that an appeal on the question of law arising

in the relevant case may be filed when the decision on the question of law becomes

final in the other case.

(2) The Commissioner or Principal Commissioner shall direct the Assessing

Officer to make an application under sub-section (1) only if an acceptance is received

from the assessee to the effect that the question of law in the other case is identical to

that arising in the relevant case; and in case no such acceptance is received, the

Commissioner or Principal Commissioner shall proceed in accordance with the

provisions contained in sub-section (2) or sub-section (2A) of section 253.

(3) Where the order of the Commissioner (Appeals) referred to in sub-section (1)

is not in conformity with the final decision on the question of law in the other case, the

Commissioner or Principal Commissioner may direct the Assessing Officer to appeal to

the Appellate Tribunal against such order and save as otherwise provided in this

section all other provisions of Part B of Chapter XX shall apply accordingly.

(4) Every appeal under sub-section (3) shall be filed within sixty days from the

date on which the order of the Supreme Court in the other case is communicated to the

Commissioner or Principal Commissioner.

41. In section 192 of the Income-tax Act, after sub-section (2C), the following

sub-section shall be inserted with effect from the 1st day of June, 2015, namely:—

“(2D) The person responsible for making the payment referred to in

sub-section (1) shall, for the purposes of estimating income of the assessee or

computing tax deductible under sub-section (1), obtain from the assessee the evidence

or proof or particulars of prescribed claims (including claim for set-off of loss) under

the provisions of the Act in such form and manner as may be prescribed.”.

42. After section 192 of the Income-tax Act, the following section shall be inserted

with effect from the 1st day of June, 2015, namely:—

“192A. Notwithstanding anything contained in this Act, the trustees of the

Employees’ Provident Fund Scheme, 1952, framed under section 5 of the Employees’

Provident Funds and Miscellaneous Provisions Act, 1952 or any person authorised

under the scheme to make payment of accumulated balance due to employees, shall, in a

case where the accumulated balance due to an employee participating in a recognised

provident fund is includible in his total income owing to the provisions of rule 8 of Part A of

the Fourth Schedule not being applicable, at the time of payment of the accumulated

balance due to the employee, deduct income-tax thereon at the rate of ten per cent.:

Provided that no deduction under this section shall be made where the amount

of such payment or, as the case may be, the aggregate amount of such payment to the

payee is less than thirty thousand rupees:

Provided further that any person entitled to receive any amount on which tax is

deductible under this section shall furnish his permanent account number to the person

responsible for deducting such tax, failing which tax shall be deducted at the maximum

marginal rate.”.

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

of June, 2015,—

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

namely:—

“Provided further that the amount referred to in the first proviso

shall be computed with reference to the income credited or paid by the

banking company or the co-operative society or the public company, as

Amendment

of section

194A.

Amendment

of section

192.

Insertion of

new section

192A.

Payment of

accumulated

balance due to

an employee.

19 of 1952.

28 THE GAZETTE OF INDIA EXTRAORDINARY [PART II—

the case may be, where such banking company or the co-operative society

or the public company has adopted core banking solutions;”;

(b) in clause (v), for the words “paid by a co-operative society to a member

thereof or”, the words and brackets “paid by a co-operative society (other than a

co-operative bank) to a member thereof or to such income credited or paid by a

co-operative society” shall be substituted;

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

‘Explanation.—For the purposes of this clause, “co-operative bank” shall

have the same meaning as assigned to it in Part V of the Banking Regulation

Act, 1949;’;

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

“(ix) to such income credited by way of interest on the compensation

amount awarded by the Motor Accidents Claims Tribunal;

(ixa) to such income paid by way of interest on the compensation amount

awarded by the Motor Accidents Claims Tribunal where the amount of such

income or, as the case may be, the aggregate of the amounts of such income paid

during the financial year does not exceed fifty thousand rupees;”;

(e) in Explanation 1 below clause (xi), for the word “excluding”, the word

“including” shall be substituted.

44. In section 194C of the Income-tax Act, in sub-section (6), with effect from the 1st

day of June, 2015, for the words “on furnishing of”, the words “where such contractor owns

ten or less goods carriages at any time during the previous year and furnishes a declaration

to that effect along with” shall be substituted.

45. In section 194-I of the Income-tax Act, with effect from the 1st day of June, 2015,

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

“Provided also that no deduction shall be made under this section where the

income by way of rent is credited or paid to a business trust, being a real estate

investment trust, in respect of any real estate asset, referred to in clause (23FCA) of

section 10, owned directly by such business trust.”.

46. In section 194LBA of the Income-tax Act, with effect from the 1st day of June,

2015,—

(a) in sub-section (1), after the words, brackets, figures and letters “in clause

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

(b) in sub-section (2), for the words “being a non-resident, not being a company”,

the words and brackets “being a non-resident (not being a company)” shall be

substituted;

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

“(3) Where any distributed income referred to in section 115UA, being of

the nature referred to in clause (23FCA) of section 10, is payable by a business

trust to its unit holder, being a non-resident (not being a company), or a foreign

company, the person responsible for making the payment shall at the time of

credit of such payment to the account of the payee or at the time of payment

thereof in cash or by the issue of a cheque or draft or by any other mode,

whichever is earlier, deduct income-tax thereon at the rates in force.”.

47. After section 194LBA of the Income-tax Act, the following section shall be inserted

with effect from the 1st day of June, 2015, namely:—

‘194LBB. Where any income, other than that proportion of income which is of

the same nature as income referred to in clause (23FBB) of section 10, is payable to a

unit holder in respect of units of an investment fund specified in clause (a) of the

10 of 1949.

Amendment

of section

194C.

Amendment

of section

194-I.

Amendment

of section

194LBA.

Insertion of

new section

194LBB.

Income in

respect of

units of

investment

fund.

SEC. 1] THE GAZETTE OF INDIA EXTRAORDINARY 29

Explanation 1 to section 115UB, the person responsible for making the payment shall,

at the time of credit of such income to the account of payee or at the time of payment

thereof in cash or by issue of a cheque or draft or by any other mode, whichever is

earlier, deduct income-tax thereon at the rate of ten per cent.

Explanation.—For the purposes of this section,—

(a) “unit” shall have the meaning assigned to it in clause (c) of the

Explanation 1 to section 115UB;

(b) where any income as aforesaid is credited to any account, whether

called “suspense account” or by any other name, in the books of account of the

person liable to pay such income, such crediting shall be deemed to be the credit

of such income to the account of the payee, and the provisions of this section

shall apply accordingly.’.

48. In section 194LD of the Income-tax Act, in sub-section (2), with effect from the1st

day of June, 2015, for the figures, letters and words “1st day of June, 2015”, the figures,

letters and words “1st day of July, 2017” shall be substituted.

49. In section 195 of the Income-tax Act, for sub-section (6), the following sub-section

shall be substituted with effect from the 1st day of June, 2015, namely:—

“(6) The person responsible for paying to a non-resident, not being a company,

or to a foreign company, any sum, whether or not chargeable under the provisions of

this Act, shall furnish the information relating to payment of such sum, in such form

and manner, as may be prescribed.”.

50. In section 197A of the Income-tax Act, with effect from the 1st day of June, 2015,—

(i) in sub-section (1A), for the words, figures and letter “section 193 or section

194A” at both the places where they occur, the words, figures and letters “section

192A or section 193 or section 194A or section 194DA” shall respectively be substituted;

(ii) in sub-section (1C), for the words, figures and letter “section 193 or section

194 or section 194A” at both the places where they occur, the words, figures and

letters “section 192A or section 193 or section 194 or section 194A or section 194DA”

shall respectively be substituted.

51. In section 200 of the Income-tax Act, after sub-section (2), the following

sub-section shall be inserted with effect from the 1st day of June, 2015, namely:—

“(2A) In case of an office of the Government, where the sum deducted in

accordance with the foregoing provisions of this Chapter or tax referred to in

sub-section (1À) of section 192 has been paid to the credit of the Central Government

without the production of a challan, the Pay and Accounts Officer or the Treasury

Officer or the Cheque Drawing and Disbursing Officer or any other person, by whatever

name called, who is responsible for crediting such sum or tax to the credit of the Central

Government, shall deliver or cause to be delivered to the prescribed income-tax authority,

or to the person authorised by such authority, a statement in such form, verified in

such manner, setting forth such particulars and within such time as may be prescribed.”.

52. In section 200A of the Income-tax Act, in sub-section (1), for clauses (c) to (e), the

following clauses shall be substituted with effect from the 1st day of June, 2015, namely:—

“(c) the fee, if any, shall be computed in accordance with the provisions of

section 234E;

(d) the sum payable by, or the amount of refund due to, the deductor shall be

determined after adjustment of the amount computed under clause (b) and clause (c)

against any amount paid under section 200 or section 201 or section 234E and any

amount paid otherwise by way of tax or interest or fee;

Amendment of

section 197A.

Amendment of

section 200.

Amendment of

section 200A.

Amendment of

section 194LD.

Amendment of

section 195.

30 THE GAZETTE OF INDIA EXTRAORDINARY [PART II—

(e) an intimation shall be prepared or generated and sent to the deductor specifying

the sum determined to be payable by, or the amount of refund due to, him under clause

(d); and

(f) the amount of refund due to the deductor in pursuance of the determination

under clause (d) shall be granted to the deductor.”.

53. In section 203A of the Income-tax Act, after sub-section (2), the following

sub-section shall be inserted with effect from the 1st day of June, 2015, namely:—

“(3) The provisions of this section shall not apply to such person, as may be

notified by the Central Government in this behalf.”.

54. In section 206C of the Income-tax Act, after sub-section (3), the following

sub-sections shall be inserted with effect from the 1st day of June, 2015, namely:—

“(3A) In case of an office of the Government, where the amount collected under

sub-section (1) or sub-section (1C) or sub-section (1D) has been paid to the credit of

the Central Government without the production of a challan, the Pay and Accounts

Officer or the Treasury Officer or the Cheque Drawing and Disbursing Officer or any

other person, by whatever name called, who is responsible for crediting such tax to the

credit of the Central Government, shall deliver or cause to be delivered to the prescribed

income-tax authority, or to the person authorised by such authority, a statement in

such form, verified in such manner, setting forth such particulars and within such time

as may be prescribed.

(3B) The person referred to in the proviso to sub-section (3) may also deliver to

the prescribed authority under the said proviso, a correction statement for rectification

of any mistake or to add, delete or update the information furnished in the statement

delivered under the said proviso in such form and verified in such manner, as may be

specified by the authority.”.

55. After section 206CA of the Income-tax Act, the following section shall be inserted

with effect from the 1st day of June, 2015, namely:—

‘206CB. (1) Where a statement of tax collection at source or a correction statement

has been made by a person collecting any sum (herein referred to as collector) under

section 206C, such statement shall be processed in the following manner, namely:—

(a) the sums collectible under this Chapter shall be computed after making

the following adjustments, namely:—

(i) any arithmetical error in the statement;

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

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

as computed in the statement;

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

section 234E;

(d) the sum payable by, or the amount of refund due to, the collector, shall

be determined after adjustment of the amount computed under clause (b) and

clause (c) against any amount paid under section 206C or section 234E and any

amount paid otherwise by way of tax or interest or fee;

(e) an intimation shall be prepared or generated and sent to the collector

specifying the sum determined to be payable by, or the amount of refund due to,

him under clause (d); and

(f) the amount of refund due to the collector in pursuance of the

determination under clause (d) shall be granted to the collector:

Insertion of

new section

206CB.

Processing of

statements of

tax collected

at source.

Amendment of

section 203A.

Amendment

of section

206C.

SEC. 1] THE GAZETTE OF INDIA EXTRAORDINARY 31

Provided that no intimation under this sub-section shall be sent after the

expiry of the period of one year from the end of the financial year in which the

statement is filed.

Explanation.—For the purposes of this sub-section, “an incorrect claim

apparent from any information in the statement” shall mean a claim, on the basis

of an entry, in the statement—

(i) of an item, which is inconsistent with another entry of the same or

some other item in such statement;

(ii) in respect of rate of collection of tax at source, where such rate is

not in accordance with the provisions of this Act.

(2) The Board may make a scheme for centralised processing of statements of tax

collected at source to expeditiously determine the tax payable by, or the refund due to,

the collector, as required under sub-section (1).’.

56. In section 220 of the Income-tax Act, after sub-section (2B), the following

sub-section shall be inserted with effect from the 1st day of June, 2015, namely:—

“(2C) Notwithstanding anything contained in sub-section (2), where interest is

charged under sub-section (7) of section 206C on the amount of tax specified in the

intimation issued under sub-section (1) of section 206CB for any period, then, no interest

shall be charged under sub-section (2) on the same amount for the same period.”.

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

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

“(2A) (a) where an application under sub-section (1) of section 245C for

any assessment year has been made, the assessee shall be liable to pay simple

interest at the rate of one per cent. for every month or part of a month comprised

in the period commencing on the 1st day of April of such assessment year and

ending on the date of making such application, on the additional amount of

income-tax referred to in that sub-section;

(b) where as a result of an order of the Settlement Commission under

sub-section (4) of section 245D for any assessment year, the amount of total

income disclosed in the application under sub-section (1) of section 245C is

increased, the assessee shall be liable to pay simple interest at the rate of one per

cent. for every month or part of a month comprised in the period commencing on

the 1st day of April of such assessment year and ending on the date of such

order, on the amount by which the tax on the total income determined on the

basis of such order exceeds the tax on the total income disclosed in the application

filed under sub-section (1) of section 245C;

(c) where, as a result of an order under sub-section (6B) of section 245D, the

amount on which interest was payable under clause (b) has been increased or

reduced, as the case may be, the interest shall be increased or reduced accordingly.”;

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

“(3) Where, as a result of an order of reassessment or recomputation

under section 147 or section 153A, the amount on which interest was payable in

respect of shortfall in payment of advance tax for any financial year under

sub-section (1) is increased, the assessee shall be liable to pay simple interest at

the rate of one per cent. for every month or part of a month comprised in the

period commencing on the 1st day of April next following such financial year

and ending on the date of the reassessment or recomputation under section 147

or section 153A, on the amount by which the tax on the total income determined

on the basis of the reassessment or recomputation exceeds the tax on the total

income determined under sub-section (1) of section 143 or on the basis of the

regular assessment as referred to in sub-section (1), as the case may be.”;

Amendment

of section

220.

Amendment

of section

234B.

32 THE GAZETTE OF INDIA EXTRAORDINARY [PART II—

(iii) in sub-section (4), the words, brackets, figures and letter “or an order of

the Settlement Commission under sub-section (4) of section 245D” shall be omitted.

58. In section 245A of the Income-tax Act, in clause (b), in the Explanation, with

effect from the 1st day of June, 2015,—

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

“(i) a proceeding for assessment or reassessment or recomputation under

section 147 shall be deemed to have commenced—

(a) from the date on which a notice under section 148 is issued for

any assessment year;

(b) from the date of issuance of the notice referred to in sub-clause (a),

for any other assessment year or assessment years for which a notice

under section 148 has not been issued, but such notice could have been

issued on such date, if the return of income for the other assessment year

or assessment years has been furnished under section 139 or in response

to a notice under section 142;”;

(B) in clause (iv), for the words, figure and letters “from the 1st day of the

assessment year and concluded on the date on which the assessment is made” occurring

at the end, the words and figures “from the date on which the return of income for that

assessment year is furnished under section 139 or in response to a notice served under

section 142 and concluded on the date on which the assessment is made; or on the

expiry of two years from the end of the relevant assessment year, in case where no

assessment is made” shall be substituted.

59. In section 245D of the Income-tax Act, for sub-section (6B), with effect from the

1st day of June, 2015, the following sub-section shall be substituted, namely:—

“(6B) The Settlement Commission may, with a view to rectifying any mistake

apparent from the record, amend any order passed by it under sub-section (4)—

(a) at any time within a period of six months from the end of the month in

which the order was passed; or

(b) at any time within the period of six months from the end of the month in

which an application for rectification has been made by the Principal

Commissioner or the Commissioner or the applicant, as the case may be:

Provided that no application for rectification shall be made by the Principal

Commissioner or the Commissioner or the applicant after the expiry of six months

from the end of the month in which an order under sub-section (4) is passed by

the Settlement Commission:

Provided further that an amendment which has the effect of modifying the

liability of the applicant shall not be made under this sub-section unless the

Settlement Commission has given notice to the applicant and the Principal

Commissioner or Commissioner of its intention to do so and has allowed the

applicant and the Principal Commissioner or Commissioner an opportunity of

being heard.”.

60. In section 245H of the Income-tax Act, in sub-section (1), with effect from the

1st day of June, 2015, after the words “subject to such conditions as it may think fit to

impose”, the words “for the reasons to be recorded in writing” shall be inserted.

61. In section 245HA of the Income-tax Act, in sub-section (1), with effect from the

1st day of June, 2015,—

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

“(iiia) in respect of any application made under section 245C, an order

under sub-section (4) of section 245D has been passed not providing for the

terms of settlement; or”;

Amendment of

section 245A.

Amendment

of section

245HA.

Amendment

of section

245D.

Amendment

of section

245H.

SEC. 1] THE GAZETTE OF INDIA EXTRAORDINARY 33

(B) in the Explanation, after clause (c), the following clause shall be inserted,

namely:—

“(ca) in respect of an application referred to clause (iiia), the day on which

the order under sub-section (4) of section 245D was passed not providing for

the terms of settlement;”.

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

(A) in sub-section (1), for the words “he shall not be entitled to apply”, the

words and brackets “he or any person related to such person (herein referred to as

related person) shall not be entitled to apply” shall be substituted;

(B) in sub-section (2), for the words “shall not be subsequently entitled”, the

words “or any related person shall not be subsequently entitled” shall be substituted;

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

‘Explanation.—For the purposes of this section, “related person” with

respect to a person means,—

(i) where such person is an individual, any company in which such

person holds more than fifty per cent. of the shares or voting rights at any

time, or any firm or association of persons or body of individuals in which

such person is entitled to more than fifty per cent. of the profits at any

time, or any Hindu undivided family in which such person is a karta;

(ii) where such person is a company, any individual who held more

than fifty per cent. of the shares or voting rights in such company at any

time before the date of application before the Settlement Commission by

such person;

(iii) where such person is a firm or association of persons or body of

individuals, any individual who was entitled to more than fifty per cent. of

the profits in such firm, association of persons or body of individuals, at

any time before the date of application before the Settlement Commission

by such person;

(iv) where such person is a Hindu undivided family, the karta of

that Hindu undivided family.’.

63. In section 245-O of the Income-tax Act, in sub-section (3), for clause (d), the

following clause shall be substituted, namely:—

“(d) a law Member from the Indian Legal Service, who is, or is qualified to be, an

Additional Secretary to the Government of India.”.

64. In section 246A of the Income-tax Act, in sub-section (1), with effect from the 1st

day of June, 2015,—

(a) in the opening portion, after the words “or any deductor”, the words “or any

collector” shall be inserted;

(b) in clause (a), for the words, brackets, figures and letter “sub-section (1) of

section 200A, where the assessee or the deductor”, the words, brackets, figures and

letters “sub-section (1) of section 200A or sub-section (1) of section 206CB, where the

assessee or the deductor or the collector” shall be substituted.

65. In section 253 of the Income-tax Act, in sub-section (1), after clause (e), the

following clause shall be inserted with effect from the 1st day of June, 2015, namely:—

“(f) an order passed by the prescribed authority under sub-clause (vi) or

sub-clause (via) of clause (23C) of section 10.”.

66. In section 255 of the Income-tax Act, in sub-section (3), with effect from the 1st

day of June, 2015, for the words “five hundred thousand rupees”, the words “fifteen lakh

rupees” shall be substituted.

Amendment

of section

245K.

Amendment

of section

246A.

Amendment

of section

253.

Amendment

of section

255.

Amendment

of section

245-O.

34 THE GAZETTE OF INDIA EXTRAORDINARY [PART II—

67. In section 263 of the Income-tax Act, in sub-section (1), the Explanation shall be

numbered as Explanation 1 thereof and after Explanation 1 as so numbered, the following

Explanation shall be inserted with effect from the 1st day of June, 2015, namely:—

“Explanation 2.—For the purposes of this section, it is hereby declared that an

order passed by the Assessing Officer shall be deemed to be erroneous in so far as it

is prejudicial to the interests of the revenue, if, in the opinion of the Principal

Commissioner or Commissioner,—

(a) the order is passed without making inquiries or verification which

should have been made;

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

(c) the order has not been made in accordance with any order, direction or

instruction issued by the Board under section 119; or

(d) the order has not been passed in accordance with any decision which

is prejudicial to the assessee, rendered by the jurisdictional High Court or Supreme

Court in the case of the assessee or any other person.”.

68. For section 269SS of the Income-tax Act, the following section shall be substituted

with effect from the 1st day of June, 2015, namely:—

‘269SS. No person shall take or accept from any other person (herein referred to

as the depositor), any loan or deposit or any specified sum, otherwise than by an

account payee cheque or account payee bank draft or use of electronic clearing system

through a bank account, if,—

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

amount of such loan, deposit and specified sum; or

(b) on the date of taking or accepting such loan or deposit or specified

sum, any loan or deposit or specified sum taken or accepted earlier by such

person from the depositor is remaining unpaid (whether repayment has fallen

due or not), the amount or the aggregate amount remaining unpaid; or

(c) the amount or the aggregate amount referred to in clause (a) together

with the amount or the aggregate amount referred to in clause (b),

is twenty thousand rupees or more:

Provided that the provisions of this section shall not apply to any loan or

deposit or specified sum taken or accepted from, or any loan or deposit or specified

sum taken or accepted by,—

(a) the Government;

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

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

(d) any Government company as defined in clause (45) of section 2 of the

Companies Act, 2013;

(e) such other institution, association or body or class of institutions,

associations or bodies which the Central Government may, for reasons to be

recorded in writing, notify in this behalf in the Official Gazette:

Provided further that the provisions of this section shall not apply to

any loan or deposit or specified sum, where the person from whom the loan or

deposit or specified sum is taken or accepted and the person by whom the loan

or deposit or specified sum is taken or accepted, are both having agricultural

income and neither of them has any income chargeable to tax under this Act.

Amendment

of section

263.

Substitution of

new section for

section 269SS.

Mode of taking

or accepting

certain loans,

deposits and

specified sum.

18 of 2013.

SEC. 1] THE GAZETTE OF INDIA EXTRAORDINARY 35

Explanation.– For the purposes of this section,—

(i) “banking company” means a company to which the

provisions of the Banking Regulation Act, 1949 applies and includes

any bank or banking institution referred to in section 51 of that Act;

(ii) “co-operative bank” shall have the same meaning as

assigned to it in Part V of the Banking Regulation Act, 1949;

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

(iv) “specified sum” means any sum of money receivable,

whether as advance or otherwise, in relation to transfer of an

immovable property, whether or not the transfer takes place.’.

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

(A) in the opening portion—

(a) after the words “repay any loan or deposit made with it”, the words “or

any specified advance received by it” shall be inserted;

(b) after the words “made the loan or deposit”, the words “or paid the

specified advance,” shall be inserted;

(B) in clause (a), after the words “loan or deposit”, the words “or specified

advance” shall be inserted;

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

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

namely:—

“(c) the aggregate amount of the specified advances received by such

person either in his own name or jointly with any other person on the date of

such repayment together with the interest, if any, payable on such specified

advances,”;

(E) in the second proviso, after the words “any loan or deposit”, the words “or

specified advance” shall be inserted;

(F) in the Explanation, after clause (iii), the following clause shall be inserted,

namely:—

‘(iv) “specified advance” means any sum of money in the nature of advance,

by whatever name called, in relation to transfer of an immovable property, whether

or not the transfer takes place.’.

70. In section 271 of the Income-tax Act, with effect from the 1st day of April, 2016, in

sub-section (1), for Explanation 4, the following Explanation shall be substituted, namely:—

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

(a) the amount of tax sought to be evaded shall be determined in accordance

with the following formula—

(A – B) + (C – D)

where,

A = amount of tax on the total income assessed as per the provisions other

than the provisions contained in section 115JB or section 115JC (herein called

general provisions);

B = amount of tax that would have been chargeable had the total income

assessed as per the general provisions been reduced by the amount of income in

respect of which particulars have been concealed or inaccurate particulars have

been furnished;

Amendment

of section

271.

Amendment of

section 269T.

10 of 1949.

10 of 1949.

36 THE GAZETTE OF INDIA EXTRAORDINARY [PART II—

C = amount of tax on the total income assessed as per the provisions

contained in section 115JB or section 115JC;

D = amount of tax that would have been chargeable had the total income

assessed as per the provisions contained in section 115JB or section 115JC been

reduced by the amount of income in respect of which particulars have been

concealed or inaccurate particulars have been furnished:

Provided that where the amount of income in respect of which particulars

have been concealed or inaccurate particulars have been furnished on any

issue is considered both under the provisions contained in section 115JB or

section 115JC and under general provisions, such amount shall not be reduced

from total income assessed while determining the amount under item D:

Provided further that in a case where the provisions contained in section

115JB or section 115JC are not applicable, the item (C–D) in the formula shall be

ignored;

(b) where in any case the amount of income in respect of which particulars

have been concealed or inaccurate particulars have been furnished has the

effect of reducing the loss declared in the return or converting that loss into

income, the amount of tax sought to be evaded shall be determined in

accordance with the formula specified in clause (a) with the modification that

the amount to be determined for item (A–B) in that formula shall be the amount

of tax that would have been chargeable on the income in respect of which

particulars have been concealed or inaccurate particulars have been furnished

had such income been the total income;

(c) where in any case to which Explanation 3 applies, the amount of tax

sought to be evaded shall be the tax on the total income assessed as reduced by

the amount of advance tax, tax deducted at source, tax collected at source and selfassessment

tax paid before the issue of notice under section 148.”.

71. In section 271D of the Income-tax Act, in sub-section (1), after the words “loan or

deposit” occurring at both the places, the words “or specified sum” shall be inserted with

effect from the 1st day of June, 2015.

72. In section 271E of the Income-tax Act, in sub-section (1), after the words “loan or

deposit” occurring at both the places, the words “or specified advance” shall be inserted

with effect from the 1st day of June, 2015.

73. After section 271FAA of the Income-tax Act, the following section shall be inserted

with effect from the 1st day of April, 2016, namely:—

“271FAB. If any eligible investment fund which is required to furnish a statement

or any information or document, as required under sub-section (5) of section 9A fails

to furnish such statement or information or document within the time prescribed under

that sub-section, the income-tax authority prescribed under the said sub-section may

direct that such fund shall pay, by way of penalty, a sum of five hundred thousand

rupees.”.

74. After section 271G of the Income-tax Act, the following section shall be inserted

with effect from the 1st day of April, 2016, namely:—

“271GA. If any Indian concern, which is required to furnish any information or

document under section 285A, fails to do so, the income-tax authority, as may be

prescribed under the said section, may direct that such Indian concern shall pay, by

way of penalty,—

(i) a sum equal to two per cent. of the value of the transaction in respect

of which such failure has taken place, if such transaction had the effect of

Amendment

of section

271D.

Amendment of

section 271E.

Insertion of

new section

271FAB.

Penalty for

failure to

furnish

statement or

information or

document by

an eligible

investment

fund.

Insertion of

new section

271GA.

Penalty for

failure to

furnish

information or

document

under section

285A.

SEC. 1] THE GAZETTE OF INDIA EXTRAORDINARY 37

directly or indirectly transferring the right of management or control in relation

to the Indian concern;

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

75. After section 271H of the Income-tax Act, the following section shall be inserted

with effect from the 1st day of June, 2015, namely:—

“271-I. If a person, who is required to furnish information under

sub-section (6) of section 195, fails to furnish such information, or furnishes inaccurate

information, the Assessing Officer may direct that such person shall pay, by way of

penalty, a sum of one lakh rupees.”.

76. In section 272A of the Income-tax Act, in sub-section (2), with effect from the 1st

day of June, 2015,—

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

“(m) to deliver or cause to be delivered a statement within the time as may

be prescribed under sub-section (2A) of section 200 or sub-section (3A) of

section 206C,”;

(b) in the first proviso, for the words, brackets, figures and letter “statements

under sub-section (3) of section 200 or the proviso to sub-section (3) of section 206C”,

the words, brackets, figures and letters “statements under sub-section (2A) or

sub-section (3) of section 200 or the proviso to sub-section (3) or under sub-section

(3A) of section 206C” shall be substituted.

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

(I) for the words, figures and letters “section 271FB, section 271G”, the words,

figures and letters “section 271FAB, section 271FB, section 271G, section 271GA”

shall be substituted with effect from the 1st day of April, 2016;

(II) after the word, figures and letter “section 271H”, the word, figures and letter

“section 271-I,” shall be inserted with effect from the 1st day of June, 2015.

78. After section 285 of the Income-tax Act, the following section shall be inserted

with effect from the 1st day of April, 2016, namely:—

“285A. Where any share of, or interest in, a company or an entity registered or

incorporated outside India derives, directly or indirectly, its value substantially from

the assets located in India, as referred to in Explanation 5 to clause (i) of

sub-section (1) of section 9, and such company or, as the case may be, entity, holds,

directly or indirectly, such assets in India through, or in, an Indian concern, then, such

Indian concern shall, for the purposes of determination of any income accruing or

arising in India under clause (i) of sub-section (1) of section 9, furnish within the

prescribed period to the prescribed income-tax authority the information or documents,

in such manner, as may be prescribed.”.

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

(i) after sub-section (2), for the Explanation, the following Explanation shall be

substituted, namely:—

‘Explanation.—In this section, “accountant” means a chartered

accountant as defined in clause (b) of sub-section (1) of section 2 of the Chartered

Accountants Act, 1949 who holds a valid certificate of practice under

sub-section (1) of section 6 of that Act, but does not include [except for the

Insertion of

new section

271-I.

Penalty for

failure to

furnish

information or

furnishing

inaccurate

information

under section

195.

Amendment of

section 272A.

Amendment

of section

288.

Amendment of

section 273B.

Insertion of

new section

285A.

Furnishing of

information or

documents by

an Indian

concern in

certain cases.

38 of 1949.

38 THE GAZETTE OF INDIA EXTRAORDINARY [PART II—

purposes of representing the assessee under sub-section (1)]—

(a) in case of an assessee, being a company, the person who is not

eligible for appointment as an auditor of the said company in accordance

with the provisions of sub-section (3) of section 141 of the Companies

Act, 2013; or

(b) in any other case,—

(i) the assessee himself or in case of the assessee, being a firm

or association of persons or Hindu undivided family, any partner of

the firm, or member of the association or the family;

(ii) in case of the assessee, being a trust or institution, any

person referred to in clauses (a), (b), (c) and (cc) of sub-section (3)

of section 13;

(iii) in case of any person other than persons referred to in

sub-clauses (i) and (ii), the person who is competent to verify the

return under section 139 in accordance with the provisions of

section 140;

(iv) any relative of any of the persons referred to in

sub-clauses (i), (ii) and (iii);

(v) an officer or employee of the assessee;

(vi) an individual who is a partner, or who is in the employment,

of an officer or employee of the assessee;

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

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

Provided that the relative may hold security or interest

in the assessee of the face value not exceeding one hundred

thousand rupees;

(II) is indebted to the assessee:

Provided that the relative may be indebted to the

assessee for an amount not exceeding one hundred thousand

rupees;

(III) has given a guarantee or provided any security in

connection with the indebtedness of any third person to the

assessee:

Provided that the relative may give guarantee or provide

any security in connection with the indebtedness of any third

person to the assessee for an amount not exceeding one

hundred thousand rupees;

(viii) a person who, whether directly or indirectly, has business

relationship with the assessee of such nature as may be prescribed;

(ix) a person who has been convicted by a court of an offence

involving fraud and a period of ten years has not elapsed from the

date of such conviction.’;

(ii) in sub-section (4), for the portion beginning with brackets, letter and words “(c)

who has become an insolvent,” and ending with the words, brackets and letter “in the case

of a person referred to in sub-clause (c)”, the following shall be substituted, namely:—

“(c) who has become an insolvent; or

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

shall be qualified to represent an assessee under sub-section (1), for all times in

the case of a person referred to in clause (a), for such time as the Principal Chief

Commissioner or Chief Commissioner or Principal Commissioner or Commissioner

may by order determine in the case of a person referred to in clause (b), for the

period during which the insolvency continues in the case of a person referred to

in clause (c), and for a period of ten years from the date of conviction in the case

of a person referred to in clause (d).”;

18 of 2013.

SEC. 1] THE GAZETTE OF INDIA EXTRAORDINARY 39

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

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

an individual, means—

(a) spouse of the individual;

(b) brother or sister of the individual;

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

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

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

individual;

(f) spouse of a person referred to in clause (b), clause (c), clause (d)

or clause (e);

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

or the spouse of the individual.’.

80. In section 295 of the Income-tax Act, in sub-section (2), after clause (h), the

following clause shall be inserted with effect from the 1st day of June, 2015, namely:—

“(ha) the procedure for granting of relief or deduction, as the case may be, of any

income-tax paid in any country or specified territory outside India, under section 90 or

section 90A or section 91, against the income-tax payable under this Act;”.

Wealth-tax

81. In section 3 of the Wealth-tax Act, 1957, in sub-section (2), with effect from the 1st

day of April, 2016, after the words, figures and letters “from the 1st day of April, 1993”, the

words, figures and letters “but before the 1st day of April, 2016” shall be inserted.

CHAPTER IV

INDIRECT TAXES

Customs

82. In the Customs Act, 1962 (hereinafter referred to as the Customs Act), in

section 28,—

(a) in sub-section (2), the following proviso shall be inserted, namely:—

“Provided that where notice under clause (a) of sub-section (1) has been served

and the proper officer is of the opinion that the amount of duty along with interest

payable thereon under section 28AA or the amount of interest, as the case may be, as

specified in the notice, has been paid in full within thirty days from the date of receipt

of the notice, no penalty shall be levied and the proceedings against such person or

other persons to whom the said notice is served under clause (a) of sub-section (1)

shall be deemed to be concluded.”;

(b) in sub-section (5), for the words “twenty-five per cent.”, the words “fifteen

per cent.” shall be substituted;

(c) after Explanation 2, the following Explanation shall be inserted, namely:—

“Explanation 3.— For the removal of doubts, it is hereby declared that the

proceedings in respect of any case of non-levy, short-levy, non-payment, shortpayment

or erroneous refund where show cause notice has been issued under subsection

(1) or sub-section (4), as the case may be, but an order determining duty under

sub-section (8) has not been passed before the date on which the Finance Bill, 2015

receives the assent of the President, shall, without prejudice to the provisions of

sections 135, 135A and 140, as may be applicable, be deemed to be concluded, if the

payment of duty, interest and penalty under the proviso to sub-section (2) or under

sub-section (5), as the case may be, is made in full within thirty days from the date on

which such assent is received.”.

Amendment of

section 295.

Amendment of

Act 27 of

1957.

Amendment

of section 28.

52 of 1962.

40 THE GAZETTE OF INDIA EXTRAORDINARY [PART II—

83. In the Customs Act, in section 112, in clause (b), for sub-clause (ii), the following

sub-clause shall be substituted, namely:—

“(ii) in the case of dutiable goods, other than prohibited goods, subject to the

provisions of section 114A, to a penalty not exceeding ten per cent. of the duty sought

to be evaded or five thousand rupees, whichever is higher:

Provided that where such duty as determined under sub-section (8) of section

28 and the interest payable thereon under section 28AA is paid within thirty days from

the date of communication of the order of the proper officer determining such duty, the

amount of penalty liable to be paid by such person under this section shall be twentyfive

per cent. of the penalty so determined;”.

84. In the Customs Act, in section 114, for clause (ii), the following clause shall be

substituted, namely:—

“(ii) in the case of dutiable goods, other than prohibited goods, subject to the

provisions of section 114A, to a penalty not exceeding ten per cent. of the duty sought

to be evaded or five thousand rupees, whichever is higher:

Provided that where such duty as determined under sub-section (8) of section

28 and the interest payable thereon under section 28AA is paid within thirty days from

the date of communication of the order of the proper officer determining such duty, the

amount of penalty liable to be paid by such person under this section shall be twentyfive

per cent. of the penalty so determined;”.

85. In the Customs Act, in section 127A, in clause (b), in the proviso, the words “in any

appeal or revision, as the case may be,” shall be omitted.

86. In the Customs Act, in section 127B, sub-section (1A) shall be omitted.

87. In the Customs Act, in section 127C, sub-section (6) shall be omitted.

88. In the Customs Act, section 127E shall be omitted.

89. In the Customs Act, in section 127H, in sub-section (1), the Explanation shall be

omitted.

90. In the Customs Act, in section 127L, in sub-section (1),—

(a) in clause (i), the words, brackets, figures and letters “passed under sub-section (7)

of section 127C, as it stood immediately before the commencement of section 102 of the

Finance Act, 2007 or sub-section (5) of section 127C” shall be omitted;

(b) in clause (ii), the words, brackets, figures and letter “under said sub-section (7),

as it stood immediately before the commencement of section 102 of the Finance

Act, 2007 or sub-section (5) of section 127C” shall be omitted.

Customs Tariff

91. In the Customs Tariff Act, 1975 (hereinafter referred to as the Customs Tariff Act),

the First Schedule shall be amended in the manner specified in the Second Schedule.

Central Excise

92. In the Central Excise Act, 1944 (hereinafter referred to as the Central Excise Act), in

section 3A, after Explanation 2, the following Explanation shall be inserted, namely:—

‘Explanation 3.–– For the purposes of sub-sections (2) and (3), the word “factor”

includes “factors”.’.

Amendment

of section

112.

Amendment

of section

114.

Amendment

of section

127A.

Amendment

of section

127B.

Amendment

of section

127C.

Omission of

section 127E.

Amendment

of section

127H.

Amendment

of section

127L.

Amendment

of First

Schedule.

51 of 1975.

22 of 2007.

22 of 2007.

Amendment

of section 3A.

1 of 1944.

SEC. 1] THE GAZETTE OF INDIA EXTRAORDINARY 41

93. In the Central Excise Act , in section 11A,––

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

(ii) in sub-sections (7A), (8) and clause (b) of sub-section (11), the words,

brackets and figure “or sub-section (5)”, wherever they occur, shall be omitted;

(iii) in Explanation 1,––

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

omitted;

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

namely :—

“(vi) in the case where only interest is to be recovered, the date of

payment of duty to which such interest relates.”;

(C) clause (c) shall be omitted;

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

“(16) The provisions of this section shall not apply to a case where

the liability of duty not paid or short-paid is self-assessed and declared as

duty payable by the assessee in the periodic returns filed by him, and in

such case, recovery of non-payment or short-payment of duty shall be

made in such manner as may be prescribed.”.

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

“Explanation 2.— For the removal of doubts, it is hereby declared that

any non-levy, short-levy, non-payment, short-payment or erroneous refund where

no show cause notice has been issued before the date on which the Finance Bill,

2015 receives the assent of the President, shall be governed by the provisions of

section 11A as amended by the Finance Act, 2015.”;

94. In the Central Excise Act, for section 11AC, the following section shall be substituted,

namely:—

“11AC. (1) The amount of penalty for non-levy or short-levy or non-payment or

short-payment or erroneous refund shall be as follows:—

(a) where any duty of excise has not been levied or paid or has been

short-levied or short-paid or erroneously refunded, for any reason other than

the reason of fraud or collusion or any wilful mis-statement or suppression of

facts or contravention of any of the provisions of this Act or of the rules made

thereunder with intent to evade payment of duty, the person who is liable to pay

duty as determined under sub-section (10) of section 11A shall also be liable to

pay a penalty not exceeding ten per cent. of the duty so determined or rupees

five thousand, whichever is higher:

Provided that where such duty and interest payable under section 11AA

is paid either before the issue of show cause notice or within thirty days of issue

of show cause notice, no penalty shall be payable by the person liable to pay

duty or the person who has paid the duty and all proceedings in respect of said

duty and interest shall be deemed to be concluded;

(b) where any duty as determined under sub-section (10) of section 11A

and the interest payable thereon under section 11AA in respect of transactions

referred to in clause (a) is paid within thirty days of the date of communication of

Amendment

of section

11A.

Substitution of

new section

for section

11AC.

Penalty for

short-levy or

non-levy of

duty in certain

cases.

42 THE GAZETTE OF INDIA EXTRAORDINARY [PART II—

the order of the Central Excise Officer who has determined such duty, the amount

of penalty liable to be paid by such person shall be twenty-five per cent. of the

penalty imposed, subject to the condition that such reduced penalty is also paid

within the period so specified;

(c) where any duty of excise has not been levied or paid or has been

short-levied or short-paid or erroneously refunded, by reason of fraud or collusion

or any wilful mis-statement or suppression of facts, or contravention of any of

the provisions of this Act or of the rules made thereunder with intent to evade

payment of duty, the person who is liable to pay duty as determined under subsection

(10) of section 11A shall also be liable to pay a penalty equal to the duty

so determined:

Provided that in respect of the cases where the details relating to such

transactions are recorded in the specified record for the period beginning with

the 8th April, 2011 up to the date on which the Finance Bill, 2015 receives the

assent of the President (both days inclusive), the penalty shall be fifty per cent.

of the duty so determined;

(d) where any duty demanded in a show cause notice and the interest

payable thereon under section 11AA, issued in respect of transactions referred

to in clause (c), is paid within thirty days of the communication of show cause

notice, the amount of penalty liable to be paid by such person shall be fifteen per

cent. of the duty demanded, subject to the condition that such reduced penalty

is also paid within the period so specified and all proceedings in respect of the

said duty, interest and penalty shall be deemed to be concluded;

(e) where any duty as determined under sub-section (10) of section 11A

and the interest payable thereon under section 11AA in respect of transactions

referred to in clause (c) is paid within thirty days of the date of communication of

the order of the Central Excise Officer who has determined such duty, the amount

of penalty liable to be paid by such person shall be twenty-five per cent. of the

duty so determined, subject to the condition that such reduced penalty is also

paid within the period so specified.

(2) Where the appellate authority or tribunal or court modifies the amount of

duty of excise determined by the Central Excise Officer under sub-section (10) of

section 11A, then, the amount of penalty payable under clause (c) of sub-section (1)

and the interest payable under section 11AA shall stand modified accordingly and

after taking into account the amount of duty of excise so modified, the person who is

liable to pay duty as determined under sub-section (10) of section 11A shall also be

liable to pay such amount of penalty and interest so modified.

(3) Where the amount of duty or penalty is increased by the appellate authority

or tribunal or court over the amount determined under sub-section (10) of section 11A

by the Central Excise Officer, the time within which the interest and the reduced penalty

is payable under clause (b) or clause (e) of sub-section (1) in relation to such increased

amount of duty shall be counted from the date of the order of the appellate authority or

tribunal or court.

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

(i) any case of non-levy, short-levy, non-payment, short-payment or

erroneous refund where no show cause notice has been issued before the date on

which the Finance Bill, 2015 receives the assent of the President shall be governed

by the provisions of section 11AC as amended by the Finance Act, 2015;

(ii) any case of non-levy, short-levy, non-payment, short-payment or

erroneous refund where show cause notice has been issued but an order

SEC. 1] THE GAZETTE OF INDIA EXTRAORDINARY 43

determining duty under sub-section (10) of section 11A has not been passed

before the date on which the Finance Bill, 2015 receives the assent of the President,

shall be eligible to closure of proceedings on payment of duty and interest under

the proviso to clause (a) of sub-section (1) or on payment of duty, interest and

penalty under clause (d) of sub-section (1), subject to the condition that the

payment of duty, interest and penalty, as the case may be, is made within thirty

days from the date on which the Finance Bill, 2015 receives the assent of the

President;

(iii) any case of non-levy, short-levy, non-payment, short-payment or

erroneous refund where an order determining duty under sub-section (10) of

section 11A is passed after the date on which the Finance Bill, 2015 receives the

assent of the President shall be eligible to payment of reduced penalty under

clause (b) or clause (e) of sub-section (1), subject to the condition that the

payment of duty, interest and penalty is made within thirty days of the

communication of the order.

Explanation 2.–– For the purposes of this section, the expression “specified

records” means records maintained by the person chargeable with the duty in

accordance with any law for the time being in force and includes computerised records.”.

95. In the Central Excise Act, in section 31, in clause (c), in the proviso, the words “in

any appeal or revision, as the case may be,” shall be omitted.

96. In the Central Excise Act, in section 32, in sub-section (3), the proviso shall be

omitted.

97. In the Central Excise Act, in section 32B, for the words “, as the case may be, such

one of the Vice-Chairmen”, at both the places where they occur, the words “the Member”

shall be substituted.

98. In the Central Excise Act, in section 32E, sub-section (1A) shall be omitted.

99. In the Central Excise Act, in section 32F, in sub-section (6), for the words, figures

and letters “on or before the 31st day of May, 2007, later than the 29th day of February, 2008

and in respect of an application made on or after the 1st day of June, 2007,” shall be omitted.

100. In the Central Excise Act, section 32H shall be omitted.

101. In the Central Excise Act, in section 32K, in sub-section (1), the Explanation shall

be omitted.

102. In the Central Excise Act, in section 32-O, in sub-section (1),—

(a) in clause (i), the words, brackets, figures and letters “passed under subsection

(7) of section 32F, as it stood immediately before the commencement of section

122 of the Finance Act, 2007 or sub-section (5) of section 32F” shall be omitted;

(b) in clause (ii), the words, brackets, figures and letter “under the said subsection

(7), as it stood immediately before the commencement of section 122 of the

Finance Act, 2007 or sub-section (5) of section 32F” shall be omitted.

103. In the Central Excise Act, in section 37, in sub-sections (4) and (5), for the words

“two thousand rupees”, the words “five thousand rupees” shall be substituted.

104. (1) The notification of the Government of India in the Ministry of Finance

(Department of Revenue) number G.S.R. 163 (E), dated the 17th March, 2012, issued under

sub-section (1) of section 5A of the Central Excise Act, 1944 (hereinafter referred to as the

Central Excise Act), shall stand amended and shall be deemed to have been amended,

Amendment

of section 31.

Amendment

of section 32.

Amendment

of section

32B.

Amendment

of section

32E.

Amendment

of section

32F.

Omission of

section 32H.

Amendment

of section

32K.

Amendment

of section

32-O.

22 of 2007.

22 of 2007.

Amendment

of section

37.

Amendment

of notification

issued under

section 5A of

the Central

Excise Act.

1 of 1944.

44 THE GAZETTE OF INDIA EXTRAORDINARY [PART II—

retrospectively, in the manner specified in column (2) of the Third Schedule, on and from and

up to the date specified in column (3) of that Schedule.

(2) For the purposes of sub-section (1), the Central Government shall have and shall

be deemed to have the power to amend the notification with retrospective effect as if the

Central Government had the power to amend the said notification under sub-section (1) of

section 5A of the Central Excise Act, retrospectively, at all material times.

(3) Refund shall be made of all such duty of excise which has been collected but which

would not have been so collected, had the notification referred to in sub-section (1), been in

force at all material times, subject to the provisions of section 11B of the Central Excise Act.

(4) Notwithstanding anything contained in section 11B of the Central Excise Act, an

application for the claim of refund of duty of excise under sub-section (3) shall be made

within a period of six months from the date on which the Finance Bill, 2015 receives the

assent of the President.

105. In the Central Excise Act, the Third Schedule shall be amended in the manner

specified in the Fourth Schedule.

Central Excise Tariff

106. In the Central Excise Tariff Act, 1985 (hereinafter referred to as the Central Excise

Tariff Act), the First Schedule shall be amended in the manner specified in the Fifth Schedule.

CHAPTER V

SERVICE TAX

107. In the Finance Act, 1994 (hereinafter referred to as the1994 Act), save as otherwise

provided, in section 65B,—

(a) clause (9) shall be omitted with effect from such date as the Central Government

may, by notification in the Official Gazette, appoint;

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

‘(23A) “foreman of chit fund” shall have the same meaning as is assigned

to the term “foreman” in clause (j) of section 2 of the Chit Funds Act, 1982;’;

(c) clause (24) shall be omitted with effect from such date as the Central

Government may, by notification in the Official Gazette, appoint;

(d) after clause (26), the following clause shall be inserted, namely:—

‘(26A) “Government” means the Departments of the Central Government,

a State Government and its Departments and a Union territory and its Departments,

but shall not include any entity, whether created by a statute or otherwise, the

accounts of which are not required to be kept in accordance with article 150 of

the Constitution or the rules made thereunder;’;

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

‘(31A) “lottery distributor or selling agent” means a person appointed or

authorised by a State for the purposes of promoting, marketing, selling or

facilitating in organising lottery of any kind, in any manner, organised by such

State in accordance with the provisions of the Lotteries (Regulation) Act, 1998;’;

(f) in clause (40), the words “alcoholic liquors for human consumption,” shall be

omitted with effect from such date as the Central Government may, by notification in

the Official Gazette, appoint;

Amendment

of Third

Schedule.

Amendment

of First

Schedule.

5 of 1986.

Amendment

of section

65B.

32 of 1994.

40 of 1982.

17 of 1998.

SEC. 1] THE GAZETTE OF INDIA EXTRAORDINARY 45

(g) in clause (44), for Explanation 2, the following Explanation shall be

substituted, namely:—

‘Explanation 2.—For the purposes of this clause, the expression

“transaction in money or actionable claim” shall not include––

(i) any activity relating to use of money or its conversion by cash or

by any other mode, from one form, currency or denomination, to another

form, currency or denomination for which a separate consideration is

charged;

(ii) any activity carried out, for a consideration, in relation to, or for

facilitation of, a transaction in money or actionable claim, including the

activity carried out––

(a) by a lottery distributor or selling agent in relation to

promotion, marketing, organising, selling of lottery or facilitating in

organising lottery of any kind, in any other manner;

(b) by a foreman of chit fund for conducting or organising a

chit in any manner.’;

(h) clause (49) shall be omitted with effect from such date as the Central

Government may, by notification in the Official Gazette, appoint.

108. In section 66B of the 1994 Act, with effect from such date as the Central Government

may, by notification in the Official Gazette, appoint, for the words “twelve per cent.”, the

words “fourteen per cent.” shall be substituted.

109. In section 66D of the 1994 Act, with effect from such date as the Central Government

may, by notification in the Official Gazette, appoint,—

(1) in clause (a), in sub-clause (iv), for the words “support services”, the words

“any service” shall be substituted;

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

“(f) services by way of carrying out any process amounting to manufacture

or production of goods excluding alcoholic liquor for human consumption;”;

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

‘Explanation.– For the purposes of this clause, the expression “betting,

gambling or lottery” shall not include the activity specified in Explanation 2 to

clause (44) of section 65B;’;

(4) clause (j) shall be omitted.

110. In section 66F of the 1994 Act, in sub-section (1), the following Illustration shall

be inserted, namely:—

‘Illustration

The services by the Reserve Bank of India, being the main service within the

meaning of clause (b) of section 66D, does not include any agency service provided or

agreed to be provided by any bank to the Reserve Bank of India. Such agency service,

being input service, used by the Reserve Bank of India for providing the main service,

for which the consideration by way of fee or commission or any other amount is

received by the agent bank, does not get excluded from the levy of service tax by virtue

of inclusion of the main service in clause (b) of the negative list in section 66D and

hence, such service is leviable to service tax.’.

Amendment

of section

66B.

Amendment

of section

66D.

Amendment

of section

66F.

46 THE GAZETTE OF INDIA EXTRAORDINARY [PART II—

111. In section 67 of the 1994 Act, in the Explanation, for clause (a), the following

clause shall be substituted, namely:—

‘(a) “consideration” includes–

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

provided;

(ii) any reimbursable expenditure or cost incurred by the service provider

and charged, in the course of providing or agreeing to provide a taxable service,

except in such circumstances, and subject to such conditions, as may be

prescribed;

(iii) any amount retained by the lottery distributor or selling agent from

gross sale amount of lottery ticket in addition to the fee or commission, if any, or,

as the case may be, the discount received, that is to say, the difference in the face

value of lottery ticket and the price at which the distributor or selling agent gets

such ticket.’.

112. In section 73 of the 1994 Act,—

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

“(1B) Notwithstanding anything contained in sub-section (1), in a case

where the amount of service tax payable has been self-assessed in the return

furnished under sub-section (1) of section 70, but not paid either in full or in part,

the same shall be recovered along with interest thereon in any of the modes

specified in section 87, without service of notice under sub-section (1).”;

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

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

“76. (1) Where service tax has not been levied or paid, or has been short-levied

or short-paid, or erroneously refunded, for any reason, other than the reason of fraud

or collusion or wilful mis-statement or suppression of facts or contravention of any of

the provisions of this Chapter or of the rules made thereunder with the intent to evade

payment of service tax, the person who has been served notice under sub-section (1)

of section 73 shall, in addition to the service tax and interest specified in the notice, be

also liable to pay a penalty not exceeding ten per cent. of the amount of such service

tax:

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

of––

(i) the date of service of notice under sub-section (1) of section 73, no

penalty shall be payable and proceedings in respect of such service tax and

interest shall be deemed to be concluded;

(ii) the date of receipt of the order of the Central Excise Officer determining

the amount of service tax under sub-section (2) of section 73, the penalty payable

shall be twenty-five per cent. of the penalty imposed in that order, only if such

reduced penalty is also paid within such period.

(2) Where the amount of penalty is increased by the Commissioner (Appeals),

the Appellate Tribunal or the court, as the case may be, over the above the amount as

determined under sub-section (2) of section 73, the time within which the reduced

penalty is payable under clause (ii) of the proviso to sub-section (1) in relation to such

increased amount of penalty shall be counted from the date of the order of the

Commissioner (Appeals), the Appellate Tribunal or the court, as the case may be.”.

Amendment

of section 67.

Amendment

of section 73.

Substitution of

new section

for section 76.

Penalty for

failure to pay

service tax.

SEC. 1] THE GAZETTE OF INDIA EXTRAORDINARY 47

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

“78. (1) Where any service tax has not been levied or paid, or has been shortlevied

or short-paid, or erroneously refunded, by reason of fraud or collusion or wilful

mis-statement or suppression of facts or contravention of any of the provisions of this

Chapter or of the rules made thereunder with the intent to evade payment of service

tax, the person who has been served notice under the proviso to sub-section (1) of

section 73 shall, in addition to the service tax and interest specified in the notice, be

also liable to pay a penalty which shall be equal to hundred per cent. of the amount of

such service tax:

Provided that in respect of the cases where the details relating to such transactions

are recorded in the specified records for the period beginning with the

8th April, 2011 upto the date on which the Finance Bill, 2015 receives the assent of the

President (both days inclusive), the penalty shall be fifty per cent. of the service tax so

determined:

Provided further that where service tax and interest is paid within a period of

thirty days of ––

(i) the date of service of notice under the proviso to sub-section (1) of

section 73, the penalty payable shall be fifteen per cent. of such service tax and

proceedings in respect of such service tax, interest and penalty shall be deemed

to be concluded;

(ii) the date of receipt of the order of the Central Excise Officer determining

the amount of service tax under sub-section (2) of section 73, the penalty

payable shall be twenty-five per cent. of the service tax so determined:

Provided also that the benefit of reduced penalty under the second proviso shall

be available only if the amount of such reduced penalty is also paid within such period:

Explanation.—For the purposes of this sub-section, “specified records” means

records including computerised data as are required to be maintained by an assessee

in accordance with any law for the time being in force or where there is no such

requirement, the invoices recorded by the assessee in the books of accounts shall be

considered as the specified records.

(2) Where the Commissioner (Appeals), the Appellate Tribunal or the court, as

the case may be, modifies the amount of service tax determined under sub-section (2)

of section 73, then the amount of penalty payable under sub-section (1) and the

interest payable thereon under section 75 shall stand modified accordingly, and after

taking into account the amount of service tax so modified, the person who is liable to

pay such amount of service tax, shall also be liable to pay the amount of penalty and

interest so modified.

(3) Where the amount of service tax or penalty is increased by the Commissioner

(Appeals), the Appellate Tribunal or the court, as the case may be, over and above the

amount as determined under sub-section (2) of section 73, the time within which the

interest and the reduced penalty is payable under clause (ii) of the second provisio to

sub-section (1) in relation to such increased amount of service tax shall be counted

from the date of the order of the Commissioner (Appeals), the Appellate Tribunal or the

court, as the case may be.

115. After section 78A of the 1994 Act, the following section shall be inserted,

namely:—

Substitution of

new section

for section 78.

Penalty for

failure to pay

service tax for

reasons of

fraud, etc.

Insertion of

new section

78B.

48 THE GAZETTE OF INDIA EXTRAORDINARY [PART II—

“78B. (1) Where, in any case,––

(a) service tax has not been levied or paid or has been short-levied or

short-paid or erroneously refunded and no notice has been served under

sub-section (1) of section 73 or under the proviso thereto, before the date on

which the Finance Bill, 2015 receives the assent of the President; or

(b) service tax has not been levied or paid or has been short-levied or

short-paid or erroneously refunded and a notice has been served under

sub-section (1) of section 73 or under the proviso thereto, but no order has been

passed under sub-section (2) of section 73, before the date on which the Finance

Bill, 2015 receives the assent of the President,

then, in respect of such cases, the provisions of section 76 or section 78, as the case

may be, as amended by the Finance Act, 2015 shall be applicable.

(2) In cases where show cause notice has been issued under sub-section (1) of

section 73 or under the proviso thereto, but no order has been passed under

sub-section (2) of section 73 before the date on which the Finance Bill, 2015 receives

the assent of the President, the period of thirty days for the purpose of closure of

proceedings on the payment of service tax and interest under clause (i) of the proviso

to sub-section (1) of section 76 or on the payment of service tax, interest and penalty

under clause (i) of the second proviso to sub-section (1) of section 78, shall be counted

from the date on which the Finance Bill, 2015 receives the assent of the President.”

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

117. In section 86 of the 1994 Act, in sub-section (1), ––

(a) for the words “Any assessee”, the words “Save as otherwise provided

herein, an assessee” shall be substituted;

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

“Provided that where an order, relating to a service which is exported, has

been passed under section 85 and the matter relates to grant of rebate of service

tax on input services, or rebate of duty paid on inputs, used in providing such

service, such order shall be dealt with in accordance with the provisions of

section 35EE of the Central Excise Act, 1944:

Provided further that all appeals filed before the Appellate Tribunal in

respect of matters covered under the first proviso, after the coming into force of

the Finance Act, 2012, and pending before it up to the date on which the Finance

Bill, 2015 receives the assent of the President, shall be transferred and dealt with

in accordance with the provisions of section 35EE of the Central Excise

Act, 1944.”.

118. In section 94 of the 1994 Act, in sub-section (2), for clause (aa), the following

clause shall be substituted, namely:—

“(aa) determination of the amount and value of taxable service, the manner

thereof, and the circumstances and conditions under which an amount shall not be a

consideration, under section 67;”.

CHAPTER VI

SWACHH BHARAT CESS

119. (1) This Chapter shall come into force on such date as the Central Government

may, by notification in the Official Gazette, appoint.

Omission of

section 80.

1 of 1994.

Amendment

of section 86.

1 of 1994.

Amendment

of section 94.

Swachh Bharat

Cess.

1 of 1944.

23 of 2012.

1 of 1944.

Transitory

provisions.

SEC. 1] THE GAZETTE OF INDIA EXTRAORDINARY 49

(2) There shall be levied and collected in accordance with the provisions of this

Chapter, a cess to be called the Swachh Bharat Cess, as service tax on all or any of the taxable

services at the rate of two per cent. on the value of such services for the purposes of

financing and promoting Swachh Bharat initiatives or for any other purpose relating thereto.

(3) The Swachh Bharat Cess leviable under sub-section (2) shall be in addition to any

cess or service tax leviable on such taxable services under Chapter V of the Finance Act,

1994, or under any other law for the time being in force.

(4) The proceeds of the Swachh Bharat Cess levied under sub-section (2) shall first

be credited to the Consolidated Fund of India and the Central Government may, after due

appropriation made by Parliament by law in this behalf, utilise such sums of money of the

Swachh Bharat Cess for such purposes specified in sub-section (2), as it may consider

necessary.

(5) The provisions of Chapter V of the Finance Act, 1994 and the rules made thereunder,

including those relating to refunds and exemptions from tax, interest and imposition of

penalty shall, as far as may be, apply in relation to the levy and collection of the Swachh

Bharat Cess on taxable services, as they apply in relation to the levy and collection of tax on

such taxable services under Chapter V of the Finance Act, 1994 or the rules made thereunder,

as the case may be.

CHAPTER VII

SENIOR CITIZENS’ WELFARE FUND

PART I

PRELIMINARY

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

(2) This Chapter shall come into force on such date as the Central Government may, by

notification in the Official Gazette, appoint.

121. In this Chapter, unless the context otherwise requires,—

(1) “Committee” means the Inter-Ministerial Committee constituted under section 123;

(2) “eligible interest” means an interest on the principal transferred to the Fund at the

rate notified by the Central Government;

(3) “Financial Year” means the period commencing on the 1st day of April and ending

on the 31st day of March every year;

(4) “Fund” means the Fund established under section 122;

(5) “inoperative account” means an account under any of the schemes specified by or

under sub-section (2) of section 122 and not operated upon for a period of three years if

operable on regular basis, or if there is a date of maturity, from the date of maturity, as the case

may be;

(6) “Institution” means any bank, Post Office or any other institution notified by the

Central Government which is holding the inoperative accounts having unclaimed amounts;

(7) “notification” means a notification published in the Official Gazette;

(8) “prescribed” means prescribed by rules made by the Central Government under

this Chapter;

(9) “senior citizen” means a citizen of India who has attained the age of sixty years or above;

(10) “unclaimed amount” means the amount as referred to in sub-section (2) of

section 122.

32 of 1994

Extent and

commencement.

Definitions.

50 THE GAZETTE OF INDIA EXTRAORDINARY [PART II—

PART II

ESTABLISHMENT AND ADMINISTRATION OF THE FUND

122. (1) The Central Government shall establish a Fund to be called the “Senior Citizens’

Welfare Fund”.

(2) Any credit balance in any of the accounts under the following schemes remaining

unclaimed for a period of seven years from the date of its declaration as an inoperative

account shall be transferred by the respective Institutions holding them to the Fund.

(a) Small Savings and other Savings Schemes of the Central Government with

Post Offices and Banks authorised to operate such Schemes;

(b) Accounts of Public Provident Fund under the Public Provident Fund Scheme,

1968 maintained by Institution; and

(c) such other amounts, in any accounts or schemes as may be prescribed.

(3) The Fund shall be utilised for promoting welfare of senior citizens and for such

other purposes as may be prescribed.

(4) The Central Government shall, from time to time, notify the eligible rate of interest

for money lying in the Fund.

123. (1) The Central Government shall constitute, by notification, an Inter-Ministerial

Committee for administration of the Fund consisting of a Chairperson and such other number

of Members as the Central Government may appoint.

(2) The manner of administration of the Fund, holding of meetings of the Committee,

shall be in accordance with such rules as may be prescribed.

(3) It shall be competent for the Committee to spend money out of the Fund for

carrying out the objects specified in sub section (3) of section 122.

124. (1) Any person claiming to be entitled to the unclaimed amount transferred to the

Fund may apply to the respective Institution with which the amount due was originally lying

or deposited, at any time before the right to the amount is extinguished as provided in

section 126.

(2) The person making the application shall bear the onus of establishing his right to

receive the amount to which the application relates.

(3) The Institution shall consider the application as expeditiously as possible, and

make payment along with the eligible interest, in any case, within sixty days of the receipt of

the application.

(4) Any payment under this section shall discharge the Institution from liability in

respect of the amount credited to the Fund.

(5) The interest payable, if any, on the money transferred to the Fund shall be determined

and notified by the Central Government.

125. (1) The Institution shall publish such information as is necessary and sufficient

to give reasonable notice of the existence of the unclaimed amounts, before crediting the

unclaimed amount to the Fund.

(2) The Central Government may prescribe the method by which such information

shall be published.

126. (1) Where no request or claim as specified in section 124 of this Chapter is made

within a period of twenty-five years from the date of the credit of the unclaimed amount

into the Fund, then, notwithstanding anything contrary contained in any other law for the

Establishment

of Fund.

Constitution

of a

Committee

for

administration

of Fund.

Payment of

claims.

Publication of

information.

Escheat to the

Central

Government.

SEC. 1] THE GAZETTE OF INDIA EXTRAORDINARY 51

time being in force, unless a Court otherwise orders, it shall escheat to the Central

Government.

(2) The right of any person claiming to have an entitlement to the unclaimed

amount shall subsist till the period specified under sub-section (1), and shall extinguish

thereafter.

(3) Notwithstanding anything contained in sub-section (2), if, in any case, the Central

Government is satisfied that there were genuine reasons which precluded a person from

making a claim for refund in time, it may, on the recommendation of the Committee based on

examination of facts, refund the money escheated to him.

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

purposes of the Fund.

PART III

ACCOUNTS AND AUDIT

127. (1) The Fund shall prepare, in such form and at such time for each financial year

as may be prescribed, its annual report giving a full account of its activities during the

financial year and forward a copy thereof to the Central Government.

(2) The accounts of the Fund shall be audited by the Comptroller and Auditor-General

of India at such intervals as may be specified by him and such audited accounts together

with the audit report thereon shall be forwarded annually by the Institution to the Central

Government.

(3) The Central Government shall cause the annual report and the audit report given by

the Comptroller and Auditor-General of India to be laid before each House of Parliament.

PART IV

MISCELLANEOUS

128. (1) The Central Government may, by notification, make rules for carrying out the

provisions of this Chapter.

(2) Without prejudice to the generality of the powers conferred by sub-section (1),

such rules may provide for—

(a) such other amounts referred to in clause (c) of sub-section (2) of section 122;

(b) the utilisation of the Fund for the purposes under sub-section (3) of

section 122;

(c) the composition of the Committee for managing the Fund under sub-section

(2) of section 123;

(d) the manner of administration of the Fund and the procedure relating to

holding of the meetings of the Committee under sub-section (2) of section 123;

(e) the manner of giving notice to the public about the existence of the unclaimed

amounts under sub-section (2) of section 125;

(f) any other matter which is required to be, or may be, prescribed.

(3) Every rule made under this section, shall be laid, as soon as may be after it is made,

before each House of Parliament, while it is in session, for a total period of thirty days which

may be comprised in one session or in two or more successive sessions, and if, before the

expiry of the session immediately following the session or the successive sessions aforesaid,

both Houses agree in making any modification in the rule or both Houses agree that the rule

should not be made, the rule shall thereafter have effect only in such modified form or be of

no effect, as the case may be; so, however, that any such modification or annulment shall be

without prejudice to the validity of anything previously done under that rule.

Reporting of

accounts and

audit.

Power of

Central

Government

to make rules.

52 THE GAZETTE OF INDIA EXTRAORDINARY [PART II—

129. The Central Government may, for reasons to be recorded in writing, exempt any

unclaimed amount or institution or class of unclaimed amounts or institutions from any or all

of the provisions of this Chapter, either generally or for such period as may be specified.

130. (1) If any difficulty arises in giving effect to the provisions of this Chapter, the

Central Government may by order, do anything not in consistant with the provisions of this

Chapter for the purpose of removing such difficulty:

Provided that no such order shall be made under this section after the expiry of a

period of two years from the commencement of this Chapter.

(2) Every order under this section shall be laid, as soon as may be after it is made,

before each house of Parliament.

CHAPTER VIII

MISCELLANEOUS

PART I

AMENDMENTS TO THE FORWARD CONTRACTS (REGULATION) ACT, 1952

131. [A] The provisions of this Part shall come into force on such date as the Central

Government may, by notification, appoint and different dates may be appointed for different

provisions of this Part.

[B] In the Forward Contracts (Regulation) Act, 1952, (herein referred to as the Forward

Contracts Act), after section 28, the following section shall be inserted, namely:––

“28A.(1) All recognised associations under the Forward Contracts Regulation

Act, shall be deemed to be recognised stock exchanges under the Securities Contracts

(Regulation) Act,1956 (herein referred to as the Securities Contracts Act):

“Provided that such deemed recognized stock exchanges shall not carry out any

activity other than the activities of assisting, regulating or controlling the business of

buying, selling or dealing in commodity derivatives till the said deemed recognized

stock exchanges are specifically permitted by the Securities and Exchange Board of

India:

Provided further that a person buying or selling or otherwise dealing in commodity

derivatives as a commodity derivatives broker, or such other intermediary who may be

associated with the commodity derivatives market, immediately before the transfer and

vesting of rights and assets to the Securities and Exchange Board of India for which no

registration certificate was necessary prior to such transfer, may continue to do so for

a period of three months from such transfer or, if he has made an application for such

registration within the said period of three months, till the disposal of such

application.”.

(2) The Securities and Exchange Board of India (herein referred to as the Security

Board) may provide such deemed exchanges, adequate time to comply with the Securities

Contracts Act and any regulations, rules, guidelines or like instruments made under

the said Act.

(3) The bye-laws, circulars, or any like instrument made by a recognised

association under the Forward Contracts Act shall continue to be applicable for a

period of one year from the date on which that Act is repealed, or till such time as

notified by the Security Board, as if the Forward Contracts Act had not been repealed,

whichever is earlier.

Power to

exempt in

certain cases.

Power to

remove

difficulties.

Commencement

and

amendment of

Act 74 of

1952.

Insertion of

new section

28A.

Savings of

recognised

associations.

74 of 1952.

42 of 1956.

SEC. 1] THE GAZETTE OF INDIA EXTRAORDINARY 53

(4) All rules, directions, guidelines, instructions, circulars, or any like instruments,

made by the Commission or the Central Government applicable to recognised

associations under the Forward Contracts Act shall continue to remain in force for a

period of one year from the date on which that Act is repealed, or till such time as

notified by the Security Board, whichever is earlier, as if the Forward Contracts Act had

not been repealed.

(5) In addition to the powers under the Securities Contracts Regulation Act, the

Security Board and the Central Government shall exercise all powers of the Commission

and the Central Government with respect to recognised associations, respectively, on

such deemed exchanges, for a period of one year as if the Forward Contracts Act had

not been repealed.”.

132. After section 29 of the Forward Contracts Act, the following sections shall be

inserted, namely:—

“29A.(1) The Forward Contracts (Regulation) Act, 1952 is hereby repealed.

(2) On and from the date of repeal of Forward Contracts Act–

(a) the rules and regulations framed by the Central Government and the

Commission under the Forward Contracts Act, shall stand repealed;

(b) all authorities and entities established by the Central Government under

the Forward Contracts Act, including the Commission and the Advisory Council

established under section 25 of that Act, shall stand dissolved;

(c) anything done or any action taken or purported to have been done or

taken including any inspection, order, penalty, proceeding or notice made, initiated

or issued or any confirmation or declaration made or any licence, permission,

authorisation or exemption granted, modified or revoked, or any document or

instrument executed, or any direction given under the Act repealed in

sub-section (1), shall be continued or enforced by the Security Board, as if that

Act had not been repealed;

(d) all offences committed, and existing proceedings with respect to

offences which may have been committed under the Forward Contracts Act,

shall continue to be governed by the provisions of that Act, as if that Act had

not been repealed;

(e) a fresh proceeding related to an offence under the Forward Contracts

Act, may be initiated by the Security Board under that Act within a period of

three years from the date on which that Act is repealed and be proceeded with as

if that Act had not been repealed;

(f) no court shall take cognizance of any offence under the Forward

Contracts Act from the date on which that Act is repealed, except as provided in

clauses (d) and (e);

(g) clauses (d), (e) and (f) shall not be held to or affect the general application

of section 6 of the General Clauses Act, 1897 with regard to the effect of repeal to

matters not covered under these sub-sections.

29B. (1) On the date on which the Forward Contracts Act is repealed, the

undertaking shall be transferred, and vest with the Securities and Exchange Board of

India.

(2) If there is any existing proceeding or cause of action against the Commission

in relation to the undertaking on the date on which the Forward Contracts Act is

repealed, such proceeding or cause of action may be continued and enforced by or

against the Security Board.

Insertion of

new sections

29A and 29B.

Repeal and

savings.

74 of 1952.

10 of 1897.

Transfer and

vesting of

undertaking of

Commission.

54 THE GAZETTE OF INDIA EXTRAORDINARY [PART II—

(3) The concessions, privileges, benefits and exemptions including any benefits

and exemptions with regard to the payment of any tax, duty and cess granted to the

Commission with respect to its undertaking shall be transferred to the Security Board

on the date on which the Forward Contracts Act is repealed.

(4) Every employee holding any office (excluding members of the Commission)

under the Commission immediately before the date on which the Forward Contracts

Act is repealed, will hold office in the Central Government or the Security Board, as the

Central Government may notify in the Official Gazette, for the same tenure and on the

same terms and conditions of service as such employee would have held such office if

the Commission had not been dissolved:

Provided that where the Central Government notifies that an employee of the

Commission shall continue as an employee of the Central Government under the

foregoing provision, the Central Government may, at the request of the Security Board,

depute such employee to the Security Board, for a period not exceeding two years from

the date on which the Forward Contracts Act is repealed.

(5) Within six months from the date on which the Forward Contracts Act is

repealed, an employee of the Commission opting not to be an employee of the Central

Government or the Security Board, as the case may be, shall communicate such decision

to the Central Government or Security Board, as applicable.

(6) Nothing contained in any other law in force shall entitle any employee to any

compensation for the loss of office due to the repeal of the Forward Contracts Act and

the consequent dissolution of the Commission, and no such claim shall be entertained

by any court, tribunal or other authority.

(7) The members of the Commission appointed by the Central Government under

section 3 of the Forward Contracts Act, shall cease to hold office from the date the

Forward Contracts Act is repealed.

(8) The members of the Commission shall not be entitled to any compensation

for the loss of office due to the repeal of the Forward Contracts Act and the consequent

dissolution of the Commission or for the premature termination of any contract of

management entered into by such member with the Commission, and no such claim

shall be entertained by any court, tribunal or other authority.

(9) The transfer and vesting of the undertaking shall not be liable to the payment

of any stamp duty under the Indian Stamp Act, 1899 or any applicable stamp duties

under state laws.”.

PART II

AMENDMENTS TO THE SECURITIES CONTRACTS (REGULATION) ACT, 1956

133. [A] The provisions of this Part shall come into force on such date as the Central

Government may, by notification, appoint and different dates may be appointed for different

provisions of this Part.

[B] In the Securities Contracts (Regulation) Act, 1956 (herein referred to as the Securities

Contracts Act), in section 2,––

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

namely:––

“(C) commodity derivatives; and

(D) such other instruments as may be declared by the Central Government

to be derivatives;”;

2 of 1899.

Commencement

and

amendment of

Act 42 of

1956.

Amendment

of section 2.

42 of 1956.

SEC. 1] THE GAZETTE OF INDIA EXTRAORDINARY 55

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

‘(bb) “goods” mean every kind of movable property other than actionable

claims, money and securities;

(bc) “commodity derivative” means a contract –

(i) for the delivery of such goods, as may be notified by the Central

Government in the Official Gazette, and which is not a ready delivery

contract; or

(ii) for differences, which derives its value from prices or indices of

prices of such underlying goods or activities, services, rights, interests

and events, as may be notified by the Central Government, in consultation

with the Board, but does not include securities as referred to in

sub-clauses (A) and (B) of clause (ac);’;

(iii) after clause (c), the following clause shall be inserted, namely:––

‘(ca) “non-transferable specific delivery contract” means a specific delivery

contract, the rights or liabilities under which or under any delivery order, railway

receipt, bill of lading, warehouse receipt or any other documents of title relating

thereto are not transferable;’;

(iv) after clause (e), the following clause shall be inserted, namely:––

‘(ea) “ready delivery contract” means a contract which provides for the

delivery of goods and the payment of a price therefor, either immediately, or

within such period not exceeding eleven days after the date of the contract and

subject to such conditions as the Central Government may, by notification in the

Official Gazette, specify in respect of any goods, the period under such contract

not being capable of extension by the mutual consent of the parties thereto or

otherwise:

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

part;

(I) by realisation of any sum of money being the difference between the

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

contract; or

(II) by any other means whatsoever, and as a result of which the actual

tendering of the goods covered by the contract or payment of the full price

therefor is dispensed with, then such contract shall not be deemed to be a ready

delivery contract;’;

(v) after clause (h), the following clause shall be inserted, namely:––

‘(ha) “specific delivery contract” means a commodity derivative which

provides for the actual delivery of specific qualities or types of goods during a

specified future period at a price fixed thereby or to be fixed in the manner

thereby agreed and in which the names of both the buyer and the seller are

mentioned;’;

(vi) after clause (j), the following clause shall be inserted, namely:––

‘(k) “transferable specific delivery contract” means a specific delivery

contract which is not a non-transferable specific delivery contract and which is

subject to such conditions relating to its transferability as the Central Government

may by notification in the Official Gazette, specify in this behalf.’.

56 THE GAZETTE OF INDIA EXTRAORDINARY [PART II—

134. In section 18A of the Securities Contracts Act,—

(i) in clause (b), for the words “stock exchange,”, the words ‘‘stock exchange;

or” shall be substituted;

(ii) after clause (b) as so amended, and after the long line, the following clause

shall be inserted, namely:—

“(c) between such parties and on such terms as the Central Government may, by

notification in the Official Gazette, specify,”.

135. After section 30 of the Securities Contracts Act, the following section shall be

inserted, namely:—

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

delivery contracts:

Provided that no person shall organise or assist in organising or be a member of

any association in any area to which the provisions of section 13 have been made

applicable (other than a stock exchange) which provides facilities for the performance

of any non-transferable specific delivery contract by any party thereto without having

to make or receive actual delivery to or from the other party to the contract or to or from

any other party named in the contract.

(2) Where in respect of any area, the provisions of section 13 have been made

applicable in relation to commodity derivatives for the sale or purchase of any goods

or class of goods, the Central Government may, by notification, declare that in the said

area or any part thereof as may be specified in the notification all or any of the provisions

of this Act shall not apply to transferable specific delivery contracts for the sale or

purchase of the said goods or class of goods either generally, or to any class of such

contracts in particular.

(3) Notwithstanding anything contained in sub-section (1), if the Central

Government is of the opinion that in the interest of the trade or in the public interest it

is expedient to regulate and control non-transferable specific delivery contracts in any

area, it may, by notification in the Official Gazette, declare that all or any of the provisions

of this Act shall apply to such class or classes of non-transferable specific delivery

contracts in such area in respect of such goods or class of goods as may be specified

in the notification, and may also specify the manner in which and the extent to which

all or any of the said provisions shall so apply.”.

PART III

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

136. In the Finance (No.2) Act, 1998, in the Second Schedule, for the entry in column

(3), the entry “Rupees eight per litre” shall be substituted.

PART IV

AMENDMENT TO THE FINANCE ACT, 1999

137. In the Finance Act, 1999, in the Second Schedule, for the entry in column (3), the

entry “Rupees eight per litre” shall be substituted.

PART V

AMENDMENTS TO THE FOREIGN EXCHANGE MANAGEMENT ACT, 1999

138. [A] The provisions of this Part shall come into force on such date as the Central

Government may, by notification, appoint and different dates may be appointed for different

provisions of this Part.

Amendment

of section

18A.

Insertion of

new section

30A.

Special

provisions

related to

commodity

derivatives.

Amendment

of Second

Schedule.

21 of 1998.

Amendment

of Second

Schedule.

27 of 1999.

Commencement

and

amendment of

Act 42 of

1999.

SEC. 1] THE GAZETTE OF INDIA EXTRAORDINARY 57

[B] In the Foreign Exchange Management Act, 1999 (herein referred to as the Foreign

Exchange Act), in section 2,—

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

‘(cc) ‘‘Authorised Officer’’ means an officer of the Directorate of

Enforcement authorised by the Central Government under section 37A;’;

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

‘(gg) “Competent Authority’’ means the Authority appointed by the Central

Government under sub-section (2) of section 37A;’.

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

(A) in sub-section (2),––

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

“(a) any class or classes of capital account transactions, involving

debt instruments, which are permissible;”;

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

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

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

“Provided that the Reserve Bank or the Central Government shall not

impose any restrictions on the drawal of foreign exchange for payment due on

account of amortisation of loans or for depreciation of direct investments in the

ordinary course of business.”;

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

“(2A) The Central Government may, in consultation with the Reserve Bank,

prescribe––

(a) any class or classes of capital account transactions, not involving

debt instruments, which are permissible;

(b) the limit up to which foreign exchange shall be admissible for such

transactions; and

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

(C) sub-section (3) shall be omitted;

(D) after sub-section (6), the following sub-section shall be inserted, namely:—

‘(7) For the purposes of this section, the term “debt instruments” shall

mean, such instruments as may be determined by the Central Government in

consultation with the Reserve Bank.’.

140. In section 13 of the Foreign Exchange Act, after sub-section (1), the following

sub-sections shall be inserted, namely:—

"(1A) If any person is found to have acquired any foreign exchange, foreign

security or immovable property, situated outside India, of the aggregate value exceeding

the threshold prescribed under the proviso to sub-section (1) of section 37A, he shall

be liable to a penalty up to three times the sum involved in such contravention and

confiscation of the value equivalent, situated in India, the Foreign exchange, foreign

security or immovable property.

(1B) If the Adjudicating Authority, in a proceeding under sub-section (1A) deems

fits, he may, after recording the reasons in writing, recommend for the initiation of

Amendment

of section 2.

42 of 1999.

Amendment

of section 6.

Amendment

of section 13.

58 THE GAZETTE OF INDIA EXTRAORDINARY [PART II—

prosecution and if the Director of Enforcement is satisfied, he may, after recording the

reasons in writing, may direct prosecution by filing a Criminal Complaint against the

guilty person by an officer not below the rank of Assistant Director.

(1C) If any person is found to have acquired any foreign exchange, foreign

security or immovable property, situated outside India, of the aggregate value exceeding

the threshold prescribed under the proviso to sub-section (1) of section 37A, he shall

be, in addition to the penalty imposed under sub-section (1A), punishable with

imprisonment for a term which may extend to five years and with fine.

(1D) No court shall take cognizance of an offence under sub-section (1C) of

section 13 except as on complaint in writing by an officer not below the rank of Assistant

Director referred to in sub-section (1B).".

141. In section 18 of the Foreign Exchange Act, after the words “Adjudicating

Authorities’’, the words “Competent Authorities’’ shall be inserted.

142. After section 37 of the Foreign Exchange Act, the following section shall be

inserted, namely:—

“37A. (1) Upon receipt of any information or otherwise, if the Authorised Officer

prescribed by the Central Government has reason to believe that any foreign exchange,

foreign security, or any immovable property, situated outside India, is suspected to

have been held in contravention of section 4, he may after recording the reasons in

writing, by an order, seize value equivalent, situated within India, of such foreign

exchange, foreign security or immovable property:

Provided that no such seizure shall be made in case where the aggregate value of

such foreign exchange, foreign security or any immovable property, situated outside

India, is less than the value as may be prescribed.

(2) The order of seizure along with relevant material shall be placed before the

Competent Authority, appointed by the Central Government, who shall be an officer

not below the rank of Joint Secretary to the Government of India by the Authorised

Officer within a period of thirty days from the date of such seizure.

(3) The Competent Authority shall dispose of the petition within a period of one

hundred eighty days from the date of seizure by either confirming or by setting aside

such order, after giving an opportunity of being heard to the representatives of the

Directorate of Enforcement and the aggrieved person.

Explanation.— While computing the period of one hundred eighty days,

the period of stay granted by court shall be excluded and a further period of at

least thirty days shall be granted from the date of communication of vacation of

such stay order.

(4) The order of the Competent Authority confirming seizure of eqivalent asset

shall continue till the disposal of adjudication proceedings and thereafter, the

Adjudicating Authority shall pass appropriate directions in the adjudication order

with regard to further action as regards the seizure made under sub-section (1):

Provided that if, at any stage of the proceedings under this Act, the aggrieved

person discloses the fact of such foreign exchange, foreign security or immovable

property and brings back the same into India, then the Competent Authority or

the Adjudicating Authority, as the case may be, on receipt of an application in

this regard from the aggrieved person, and after affording an opportunity of

being heard to the aggrieved person and representatives of the Directorate of

Enforcement, shall pass an appropriate order as it deems fit, including setting

aside of the seizure made under sub-section (1).

(5) Any person aggrieved by any order passed by the Competent Authority may

prefer an appeal to the Appellate Tribunal.

(6) Nothing contained in section 15 shall apply to this section.”.

Amendment

of section 18.

Insertion of

new section

37A.

Special

provisions

relating to

assets held

outside India

in

contravention

of section 4.

SEC. 1] THE GAZETTE OF INDIA EXTRAORDINARY 59

143. In section 46 of the Foreign Exchange Act, in sub-section (2),—

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

“(aa) the instruments which are determined to be debt instruments under

sub-section (7) of section 6;

(ab) the permissible classes of capital account transactions in accordance

with sub-section (2A) of section 6, the limits of admissibility of foreign exchange,

and the prohibition, restriction or regulation of such transactions;”;

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

“(gg) the aggregate value of foreign exchange referred to in sub-section

(1) of section 37A;’’.

144. In section 47 of the Foreign Exchange Act,––

(A) in sub-section (2),—

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

“(a) the permissible classes of capital account transactions involving

debt instruments determined under sub-section (7) of section 6, the limits

of admissibility of foreign exchange for such transactions, and the

prohibition, restriction or regulation of such capital account transactions

under section 6;”;

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

“(ga) export, import or holding of currency or currency notes;”;

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

“(3) All regulations made by the Reserve Bank before the date on which

the provisions of this section are notified under section 6 and section 47 of this

Act on capital account transactions, the regulation making power in respect of

which now vests with the Central Government, shall continue to be valid, until

amended or rescinded by the Central Government.”.

PART VI

AMENDMENTS TO THE PREVENTION OF MONEY-LAUNDERING ACT, 2002

145. In the Prevention of Money-laundering Act, 2002 (herein referred to as the Moneylaundering

Act), in section 2, in sub-section (1),—

(i) in clause (u), after the words “or the value of any such property”, the words

“or where such property is taken or held outside the country, then the property

equivalent in value held within the country” shall be inserted;

(ii) in clause (y), in sub-clause (ii), for the words “thirty lakh rupees”, the words

“one crore rupees” shall be substituted.

146. In section 5 of the Money-laundering Act, in sub-section (1), in the second

proviso, for the word, brackets and letter “clause (b)”, the words “first proviso” shall be

substituted.

147. In section 8 of the Money-laundering Act,––

(i) in sub-section (3), in clause (b), for the words “Adjudicating Authority”, the

words “Special Court” shall be substituted;

Amendment

of section 47.

Amendment

of section 2.

15 of 2003.

Amendment

of section 5.

Amendment

of section 46.

Amendment

of section 8.

60 THE GAZETTE OF INDIA EXTRAORDINARY [PART II—

(ii) after sub-section (7), the following sub-section shall be inserted, namely:––

“(8) Where a property stands confiscated to the Central Government under

sub-section (5), the Special Court, in such manner as may be prescribed, may

also direct the Central Government to restore such confiscated property or part

thereof of a claimant with a legitimate interest in the property, who may have

suffered a quantifiable loss as a result of the offence of money laundering:

Provided that the Special Court shall not consider such claim unless it is

satisfied that the claimant has acted in good faith and has suffered the loss

despite having taken all reasonable precautions and is not involved in the offence

of money laundering.’’.

148. In section 20 of the Money-laundering Act,––

(i) in sub-section (5), for the words “the Court or the Adjudicating Authority, as

the case may be”, the words “Special Court” shall be substituted;

(ii) in sub-section (6),––

(a) for the word “Court”, the words “Special Court” shall be substituted;

(b) after the words “ninety days from the date of”, the words “receipt of”

shall be inserted.

149. In section 21 of the Money-laundering Act,––

(i) in sub-section (5), for the words, brackets and figures “under sub-section (5)

or sub-section (7) of section 8”, the words, brackets, figures and letters “or release

under sub-section (5) or sub-section (6) or sub-section (7) of section 8 or section 58B

or sub-section (2A) of section 60” shall be substituted;

(ii) in sub-section (6), ––

(a) for the words, brackets, figures and letters “under sub-section (6) of

section 8 or by the Adjudicating Authority under section 58B or sub-section

(2A) of section 60”, the words, brackets and figures “Adjudicating Authority

under sub-section (5) of section 21” shall be substituted;

(b) after the words “ninety days from the date of”, the words “receipt of”

shall be inserted.

150. In section 60 of the Money-laundering Act, in sub-section (2A), for the words

“Adjudicating Authority”, the words “Special Court” shall be substituted.

151. In the Schedule to the Money-laundering Act, after Part A, the following Part

shall be inserted, namely:––

“PART B

OFFENCE UNDER THE CUSTOMS ACT, 1962

Section Description of offence

132 False declaration, false documents, etc.”.

PART VII

AMENDMENT TO THE FISCAL RESPONSIBILITY AND BUDGET MANAGEMENT ACT, 2003

152. In the Fiscal Responsibility and Budget Management Act, 2003, in section 4, for

the figures, letters and word ‘‘31st March, 2015’’, wherever they occur, the figures, letters

and word ‘‘31st March, 2018’’ shall be substituted.

Amendment

of section 20.

Amendment

of section 21.

Amendment

of section 60.

Amendment

of Schedule.

Amendment

of section 4.

39 of 2003.

SEC. 1] THE GAZETTE OF INDIA EXTRAORDINARY 61

PART VIII

AMENDMENTS TO THE FINANCE (NO. 2) ACT, 2004

153. In the Finance (No. 2) Act, 2004 (herein referred to as 2004 Act), in Chapter VI,

section 95 shall be omitted with effect from such date as the Central Government may, by

notification in the Official Gazette, appoint.

154. In section 97 of the 2004 Act, with effect from the 1st day of June, 2015,––

(i) after clause (5A), the following clause shall be inserted, namely:–

‘(5AA) “initial offer” shall have the meaning assigned to it in,––

(i) clause (q) of sub-regulation (1) of regulation 2 of the Securities

and Exchange Board of India (Real Estate Investment Trusts) Regulations,

2014 made under the Securities and Exchange Board of India Act, 1992, in

case of a business trust, being a real estate investment trust;

(ii) clause (v) of sub-regulation (1) of regulation 2 of the Securities

and Exchange Board of India (Infrastructure Investment Trusts)

Regulations, 2014 made under the Securities and Exchange Board of India

Act, 1992, in case of a business trust, being an infrastructure investment

trust;’;

(ii) in clause (13), after sub-clause (aa), the following sub-clause shall be inserted,

namely:––

“(ab) sale of unlisted units of a business trust by any holder of such units

which were acquired in consideration of a transfer referred to in clause (xvii) of

section 47 of the Income-tax Act, 1961 under an offer for sale to the public

included in an initial offer and where such units are subsequently listed on a

recognised stock exchange; or”.

155. In section 98 of the 2004 Act, in the Table, after serial number 6 and entries relating

thereto, the following serial number and entries shall be inserted, namely:––

Sl. No. Taxable securities Rate Payable by

transaction

1 2 3 4

“7 Sale of unlisted units of a business 0.2 per cent. Seller”;

trust under an offer for sale referred

to in sub-clause (ab) of clause (13)

of section 97.

156. In section 100 of the 2004 Act,––

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

“(2B) The lead merchant banker appointed by the business trust in respect

of an initial offer shall collect the securities transaction tax from every person

who enters into a taxable securities transaction referred to in sub-clause (ab) of

clause (13) of section 97 at the rates specified in section 98.”;

(ii) in sub-section (3),––

(A) after the word, brackets, figure and letter “sub-section (2A)”, the words,

brackets, figure and letter “or sub-section (2B)” shall be inserted;

(B) after the words “an initial public offer”, the words “or an initial offer”

shall be inserted;

Omission of section 95.

23 of 2004.

Amendment

of section 97.

15 of 1992.

43 of 1961.

15 of 1992.

Amendment

of section 98.

Amendment

of section

100.

62 THE GAZETTE OF INDIA EXTRAORDINARY [PART II—

Amendment

of section

101.

Amendment

of Seventh

Schedule.

18 of 2005.

Omission of

section 140.

22 of 2007.

(iii) in sub-section (4), after the words ‘‘an initial public offer’’, the words ‘‘or an

initial offer’’ shall be inserted.

157. In section 101 of the 2004 Act, in sub-section (1),—

(A) after the words “an initial public offer”, the words “or an initial offer” shall be

inserted;

(B) for the words ‘‘ being sale of units to such Mutual Fund during such financial

year’’ occuring at the end, the words ‘‘during such financial year, being sale of units to

such Mutual Fund or sale of unlisted shares under an intial public offer or sale of

unlisted units of business trust under an intial offer, in respect of which such lead

merchant banker is appointed’’ shall be substituted.

PART IX

AMENDMENT TO THE FINANCE ACT, 2005

158. In the Finance Act, 2005, in the Seventh Schedule, the sub-heading 2202 10 and

the entries relating thereto shall be omitted.

PART X

AMENDMENT TO THE FINANCE ACT, 2007

159. In the Finance Act, 2007, in Chapter VI, section 140 shall be omitted with effect

from such date as the Central Government may, by notification in the Official Gazette, appoint.

PART XI

AMENDMENT TO THE FINANCE ACT, 2010

160. In the Finance Act, 2010, in the Tenth Schedule, for the entry in column (4)

occurring against all the headings, the entry “Rs. 300 per tonne” shall be substituted.

Amendment

of Tenth

Schedule.

14 of 2010.