

*Income-tax*

Clause 2 read with First Schedule to the Bill, seeks to specify the rates at which income-tax is to be levied on income chargeable to tax for the assessment year 2020-2021. Further, it lays down the rates at which tax is to be deducted at source during the financial deductions under the Income-tax Act; and the rates at which "advance tax" is to be paid, tax is to be deducted at source from, or paid on, income chargeable under the head "salaries" and tax is to be calculated and charged in special cases for the financial year 2020-2021.

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

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

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

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

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

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

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

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

Clause (1) of said section provides for situations in which an individual shall be resident in India in a previous year. Sub-clause (c) thereof provides that the individual shall be Indian resident in a year, if he having within the four years preceding that year been in India for a period or periods amounting in all to three hundred and sixty-five days or more, is in India for a period or periods amounting in all to sixty days or more in that year. Clause (b) of *Explanation 1* of said clause provides that in case of an individual being a citizen of India, or a person of Indian origin within the meaning of *Explanation* to clause (e) of section 115C of the Income-tax Act, who, being outside India, comes on a visit to India in any previous year, the provisions of sub-clause (c) shall apply in relation to that year as if for the words "sixty days" occurring therein, the words "one hundred and eighty-two days" had been substituted.

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

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

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

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

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

Clause 5 of the Bill seeks to amend section 9 of the Income-tax Act relating to income deemed to accrue or arise in India.

Clause (i) of sub-section (1) of said section provides a set of circumstances in which income accruing or arising, directly or indirectly, is taxable in India.

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

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

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

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

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

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

(a) transaction in respect of any goods, services or property carried out by a non-resident with any person in

India including provision of download of data or software in India, if the aggregate of payments arising from such transaction or transactions during the previous year exceeds such amount as may be provided by rules; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The *Explanation 5* to the said clause provides that an asset or capital asset being any share or interest in a company or entity registered or incorporated outside India shall be deemed to be and shall always be deemed to have been situated in India if the share or interest derives, directly or indirectly, its value substantially from the assets located in India. Second proviso to the said *Explanation* provides that the provisions thereof shall not apply to an asset or capital asset, held by a non-resident by way of investment, directly or indirectly, in Category-I or Category-II foreign portfolio investor under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, made under the Securities and Exchange Board of India Act, 1992.

It is proposed to amend the said proviso so as to provide that the exemption provided therein shall continue to apply to such investments prior to repeal of the Securities

and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.

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

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

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

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

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

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

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

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

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

Clause (j) of said sub-section provides that the monthly average of the corpus of the fund shall not be less than one hundred crore rupees. First proviso to said clause further provides that where the fund has been established or incorporated in the previous year, the corpus of fund shall not be less than one hundred crore rupees at the end of a period of six months from the last day of the month of its establishment or incorporation, or at the end of such previous year, whichever is later.

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

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

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

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

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

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

It is proposed to substitute the second proviso so as to provide that the Principal Commissioner or Commissioner, on receipt of an application made under the proposed first proviso, shall, where the application is under clause (i) of said proviso, pass an order in writing granting it approval for a period of five years; where the application is under clause (ii) or clause (iii) of said proviso, call for such documents or information from it or make such inquiries as he thinks necessary in order to satisfy himself about, the genuineness of activities of such fund or trust or institution or any university or other educational institution or any hospital or other medical institution and the compliance of such requirements of any other law for the time being in force by it as are material for the purpose of achieving its object; and after satisfying himself about the objects and the genuineness of its activities, under item (A), and compliance of the requirements under item (B), of sub-clause (a), pass an order in writing granting its approval for a period of five years; if he is not so satisfied, pass an order in writing rejecting such application and also cancelling its approval after affording it a reasonable opportunity of being heard;

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

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

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

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

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

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

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

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

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

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

or any hospital or other medical institution under the first proviso.

It is proposed to omit the said proviso.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Clause(34) of the said section exempts income by way of dividends referred to in section 115-O except the income by way of dividend chargeable to tax in accordance with the provisions of section 115BBDA. It is proposed to amend the said clause so as to provide that the provisions of the said

clause shall not apply to any income, by way of dividend, received on or after the 1st April, 2020.

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

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

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

It is proposed to insert a new clause (48C) in said section so as to provide exemption in respect of any income accruing or arising to Indian Strategic Petroleum Reserves Limited, being a wholly owned subsidiary of Oil Industry Development Board under the Ministry of Petroleum and Natural Gas, as a result of arrangement for replenishment of crude oil stored in its storage facility in pursuance of directions of the Central Government in this behalf.

It is further proposed to insert a proviso to newly inserted clause so as to provide that nothing contained in this clause shall apply to an arrangement if the crude oil is not replenished in the storage facility within three years from the end of the financial year in which the crude oil was removed from the storage facility for the first time.

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

Clause 8 of the Bill seeks to amend section 10A of the Income-tax Act relating to special provision in respect of newly established undertakings in free trade zone, etc.

Sub-section (1) of the said section provides that subject to the provisions of this section, a deduction of such profits and gains as are derived by an undertaking from the export of articles or things or computer software for a period of ten consecutive assessment years beginning with the assessment year relevant to the previous year in which the undertaking begins to manufacture or produce such articles or things or computer software, as the case may be, shall be allowed from the total income of the assessee.

Sub-section (5) of the said section provides that the deduction under the said section shall not be admissible for any assessment year beginning on or after the 1st day of April, 2001, unless the assessee furnishes in the prescribed form, along with the return of income, the report of an accountant, as defined in the *Explanation* below sub-section (2) of section 288 certifying that the deduction has been correctly claimed in accordance with the provisions of this section.

It is proposed to amend the said sub-section so as to provide that the deduction under the said section shall not be admissible for any assessment year beginning on or after the 1st day of April, 2001, unless the assessee furnishes in the prescribed form the report of an accountant, as defined in the *Explanation* below sub-section (2) of section 288 before the specified date referred to in section 44AB, certifying that the deduction has been correctly claimed in accordance with the provisions of this section.

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

Clause 9 of the Bill seeks to amend section 11 of the Income-tax Act relating to income from property held for charitable or religious purposes.

Sub-section (7) of said section provides that where a trust or an institution has been granted registration under clause (b) of sub-section (1) of section 12AA or has obtained registration at any time under section 12A [as it stood before its amendment by the Finance (No. 2) Act, 1996] and the said registration is in force for any previous year, then, nothing contained in section 10 [other than clause (1) and clause (23C) thereof] shall operate to exclude any income derived from the property held under trust from the total income of the person in receipt thereof for that previous year.

It is proposed to amend said sub-section so as to substitute the reference to "clause (b) of sub-section (1) of section 12AA" to "section 12AA, and section 12AB".

It is further proposed to insert a proviso to said sub-section so as to provide that the registration referred therein shall become inoperative from the date on which the trust or institution is approved under clause (23C), or is notified under clause (46) of section 10, as the case may be, or the date on which this proviso comes into force, whichever is later.

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

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

Clause 10 of the Bill seeks to amend section 12A of the Income-tax Act relating to conditions for applicability of sections 11 and 12.

Sub-section (1) of said section provides for the conditions to be fulfilled by any trust or institution subject to which exemption under sections 11 and 12 shall be available to it.

It is proposed to insert a new clause (ac) to the said sub-section so as to provide, notwithstanding anything contained in clauses (a), (aa) and (ab) of the said sub-section, with condition that the trust or institution is registered under the proposed section 12AB on an application made by the person in receipt of the income in the prescribed form and manner to the Principal Commissioner or Commissioner, for registration of the trust or institution; where the trust or institution is registered under section 12A [as it stood before its amendment by the Finance (No. 2) Act, 1996 (33 of 1996)] or under section 12AA, within three months from the date on which this clause has come into force; where the trust or institution is registered under section 12AB and the period of said registration is set to expire, at least six months prior to expiry of said period; where the trust or institution has been provisionally registered under section 12AB, at least six months prior to expiry of period of the provisional registration or within six months of commencement of its activities, whichever is earlier; where registration of the trust or institution has become inoperative due to proviso to sub-section (7) of section 11, at least six months prior to commencement of the assessment year from which said

registration is sought to be made operative; where the trust or institution has adopted or undertaken modifications of the objects which do not conform to the conditions of registration, within a period of thirty days from the date of said adoption or modification, in any other case, at least one month prior to commencement of the previous year relevant to the assessment year from which said registration is sought.

This amendment will take effect from 1st June, 2020.

It is further proposed to consequentially amend clause (b) of sub-section (1) of the said section so as to provide that such trust or institution should get the accounts audited by the accountant as defined in *Explanation* below sub-section (2) of section 288 before the specified date referred to in section 44AB (i.e. one month prior to the due date for filing of return under sub-section (1) of section 139) and furnish the report of such audit by that date.

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

Sub-section (2) of said section provides that an application has been made on or after the 1st day of June, 2007, the provisions of sections 11 and 12 shall apply in relation to the income of such trust or institution from the assessment year immediately following the financial year in which such application is made.

It is proposed to insert first proviso to said sub-section so as to provide that the provisions of sections 11 and 12 shall apply to a trust or institution, where the application is made under sub-clause (i) of proposed clause (ac) of sub-section (1), from the assessment year from which such trust or institution was earlier granted registration; sub-clause (iii) of proposed clause (ac) of sub-section (1), from the first of the assessment years for which it was provisionally registered.

It is proposed to amend the existing first and third proviso to sub-section (2) thereof so as to make reference of proposed new section 12AB.

This amendment will take effect from 1st June, 2020.

Clause 11 of the Bill seeks to amend section 12AA of the Income-tax Act relating to procedure for registration.

It is proposed to insert a new sub-section (5) to said section so as to provide that nothing contained in said section shall apply on or after the 1st day of April, 2021.

This amendment will take effect from 1st June, 2020.

Clause 12 of the Bill seeks to insert a new section 12AB in the Income-tax Act relating to procedure for fresh registration.

Sub-section (1) of the proposed section provides that the Principal Commissioner or Commissioner, on receipt of an application made under the proposed clause (ac) of sub-section (1) of section 12A, shall send a copy of order passed in writing, to the trust or institution, where the application is under sub-clause (i) of the said clause, registering the trust or institution for a period of five years; where the application is under sub-clause (ii), the sub-clause (iii), sub-clause (iv) or sub-clause (v) of said clause,—

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

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

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

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

(A) registering the trust or institution for a period of five years;

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

(C) where the application is under sub-clause (vi) of the said clause, provisionally registering the trust or institution for a period of three years from the assessment year from which the registration is sought.

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

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

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

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

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

(b) the trust or institution has not complied with the requirement of any other law, as referred to in item (B) of sub-clause (i) of clause (b) of sub-section (1), and the order, direction or decree, by whatever name called, holding that such non-compliance has occurred, has either not been disputed or has attained finality, then, the Principal Commissioner or the Commissioner may, by an order in writing, after affording a reasonable opportunity of being heard, cancel the registration of such trust or institution.

This amendment will take effect from 1st June, 2020.

Clause 13 of the Bill seeks to amend section 17 of the Income-tax Act relating to "salary", "perquisite" and "profits in lieu of salary" defined.

Sub-clause (vii) of clause (2) of the said section provides that the amount of any contribution to an approved superannuation fund by the employer in respect of the assessee, shall be treated as perquisite to the extent it exceeds one lakh and fifty thousand rupees.

It is proposed to amend the provisions of clause (2) of the said section so as to substitute sub-clause (vii) of the said clause to provide that the amount or the aggregate amounts of any contribution made by the employer in respect of the assessee, to the account of an assessee in a recognised provident fund; in the scheme referred to in sub-section (1) of section 80CCD; and in an approved superannuation fund shall be treated as perquisite, to the extent it exceeds seven lakh and fifty thousand rupees in a previous year.

It is further proposed to insert a new sub-clause (viiia) in the said clause (2) so as to provide that annual accretion by way of interest, dividend or any other amount of similar nature during the previous year to the balance at the credit of the fund or scheme referred to in sub-clause (vii) may also be treated as perquisite to the extent it relates to the contribution referred to in the said new sub-clause (vii), which is included in total income and shall be computed in the prescribed manner.

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

Clause 14 of the Bill seeks to amend section 32AB of the Income-tax Act relating to investment deposit account.

Sub-section (5) of the said section provides that deduction under sub-section (1) shall not be admissible to assessee unless the accounts of the business or profession of the assessee for the previous year relevant to the assessment year for which the deduction is claimed have been audited by an accountant as defined in the *Explanation* below sub-section (2) of section 288 and the assessee furnishes, along with his return of income, the report of such audit in the prescribed form duly signed and verified by such accountant.

It is proposed to amend the said sub-section (5) so as to provide that deduction under sub-section (1) of section 32AB shall not be admissible to assessee unless the accounts of the business or profession of the assessee for the previous year relevant to the assessment year for which deduction is claimed have been audited by an accountant as defined in the *Explanation* below sub-section (2) of section 288 before the specified date referred to section 44AB (*i.e.*, one month prior to the due date for filing of return under sub-section (1) of section 139) and the report of such audit is furnished by that date.

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

Clause 15 of the Bill seeks to amend section 33AB of the Income-tax Act relating to tea development account, coffee development account and rubber development account.

Sub-section (1) of the said section provides for deduction to an assessee carrying on the business of growing and manufacturing tea or coffee or rubber in India, who has, before the expiry of six months from the end of the previous year or before the due date of furnishing return of his income has deposited any amount in an account

maintained by assessee under a scheme approved or framed by the Tea Board or the Coffee Board or the Rubber Board with the previous approval of Central Government.

Sub-section (2) of the said section provides that deduction under sub-section (1) shall not be admissible to assessee unless the accounts of the business or profession of the assessee for the previous year relevant to the assessment year for which the deduction is claimed have been audited by an accountant as defined in the *Explanation* below sub-section (2) of section 288 and the assessee furnishes, along with his return of income, the report of such audit in the prescribed form duly signed and verified by such accountant.

It is proposed to amend the said sub-section (2) to provide that deduction under sub-section (1) of section 33AB shall not be admissible to assessee unless the accounts of the business or profession of the assessee for the previous year relevant to the assessment year for which deduction are claimed have been audited by an accountant as defined in the *Explanation* below sub-section (2) of section 288 before the specified date referred to section 44AB (*i.e.*, one month prior to the due date for filing of return under sub-section (1) of section 139) and the report of such audit is furnished by that date.

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

Clause 16 of the Bill seeks to amend section 33ABA of the Income-tax Act relating to Site Restoration Fund.

Sub-section (1) of the said section provides that if an assessee has deposited with a special account maintained by assessee for the purposes specified in a scheme approved by Government of India or deposits any amount in Site Restoration account opened by assessee in accordance with, and for the purposes specified in, a scheme framed by Ministry of Petroleum and Natural Gas, then assessee shall be allowed a deduction of lesser of the aggregate amount so deposited by the assessee or twenty per cent. of the profits of such business computed under the head "Profits and gains from Business or Profession" before making any deduction under the said section.

Sub-section (2) of the said section provides that deduction under sub-section (1) of section 33ABA will not be admissible to assessee unless the accounts of the business or profession of the assessee for the previous year relevant to the assessment year for which the deduction is claimed have been audited by an accountant as defined in the *Explanation* below sub-section (2) of section 288 and the assessee furnishes, along with his return of income, the report of such audit in the prescribed form duly signed and verified by such accountant.

It is proposed to amend sub-section (2) of the said section to provide that deduction under sub-section (1) shall not be admissible to assessee unless the accounts of the business or profession of the assessee for the previous year relevant to the assessment year for which deduction are claimed have been audited by an accountant as defined in the *Explanation* below sub-section (2) of section 288 before the specified date referred to section 44AB (*i.e.*, one month prior to the due date for filing of return under sub-section (1) of section 139) and the report of such audit is furnished by that date.

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

Clause 17 of the Bill seeks to amend section 35 of the Income-tax Act relating to expenditure on scientific research.

Sub-section (1) of said section provides that the expenditures on scientific research in respect of which, the deductions shall be allowed. Clause (ii) of said sub-section provides that the deduction for any sum paid to a research association which has as its object the undertaking of scientific research or to a university, college or other institution to be used for scientific research, clause (iia) of said sub-section provides that any sum paid to a company to be used by it for scientific research, and clause (iii) of said sub-section provides that any sum paid to a research association which has as its object the undertaking of research in social science or statistical research or to a university, college or other institution to be used for research in social science or statistical research. *Explanation* of said clause provides that assessee shall not be denied the deduction in respect of any sum paid to a research association, university, college or other institution to which clause (ii) or clause (iii) applies, shall not be denied merely on the ground that, subsequent to the payment of such sum by the assessee, the approval granted to the association, university, college or other institution referred to in clause (ii) or clause (iii) has been withdrawn.

It is proposed to amend the said *Explanation* so as to provide that the assessee shall not be denied the deduction in respect of any sum paid to a company referred to in clause (ii) which it is entitled to, merely on the ground that, subsequent to the payment of such sum, the approval granted to the company has been withdrawn.

It is further proposed to insert a new fifth proviso to said sub-section (1) so as to provide that every notification under clause (ii) or clause (iii) in respect of the research association, university, college or other institution or under clause (iia) in respect of the company issued on or before the date on which this proviso comes into effect, shall be deemed to have been withdrawn unless such research association, university, college or other institution referred to in clause (ii) or clause (iii) or the company referred to in clause (iia) makes an intimation in such form and manner to the prescribed authority within three months from the date on which this proviso has come into effect, and subject to such intimation the notification shall be valid for a period of five consecutive assessment years beginning with the assessment year commencing on or after the 1st day of April, 2021.

It is also proposed to insert a new sixth proviso to said sub-section (1) so as to provide that any notification issued, by the Central Government under clause (ii), clause (iia) or clause (iii), after the date on which the Finance Bill, 2020 receives the assent of the President, shall, at any one time, have effect for such assessment year or years, not exceeding five assessment years as may be specified in the notification.

It is also proposed to insert a new sub-section (1A) in the said section after sub-section (1) thereof so as to provide that notwithstanding anything contained in sub-section (1), the research association, university, college or other institution referred to in clause (ii) or clause (iii) or the company referred to in clause (iia) of sub-section (1) shall not be entitled to deduction under respective clause of said sub-section, unless such research association, university, college or other institution or company,—

(a) prepares such statements for such period as may be prescribed and deliver or cause to be delivered to the prescribed income-tax authority or the person authorised by such authority such statement in such form and verified in such manner and setting forth such particulars and within such time as may be prescribed, and it may also file a correction statement for

rectification of any mistake or to add, delete or update the information furnished in the statement delivered under this sub-section in such form and verified in such manner as may be provided by rules; and

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

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

Clause 18 of the Bill seeks to amend section 35AD of the Income-tax Act relating to deduction in respect of expenditure on specified business.

Sub-section (1) of the said section, *inter alia*, provides for one hundred per cent. deduction on capital expenditure incurred on any specified business during the previous year in which such expenditure is incurred.

It is proposed to amend said sub-section (1) so as to express the assessee to exercise option of availing such deduction in respect of the capital expenditure incurred in respect of specified business during the previous year in which such capital expenditure is incurred.

Sub-section (4) of the said section, *inter alia*, provides that the expenditure on which deduction has been allowed under sub-section (1) shall not be allowed as deduction under any other section in any previous year or under this section in any other previous year.

It is proposed to amend the said sub-section (4) so as to provide that no deduction in respect of the expenditure referred to in sub-section (1) shall be allowed to the assessee under any other section in any previous year or under this section in any other previous year, if the deduction has been claimed by the assessee and allowed to him under this section.

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

Clause 19 of the Bill seeks to amend section 35D of the Income-tax Act relating to amortisation of certain preliminary expenses.

Sub-section (1) of the said section provides that an assessee, being an Indian company or a person other than a company who is a resident in India shall be allowed deduction in relation to certain specified expenditure incurred before the commencement of his business or in connection with the extension of undertaking or setting up of new unit of an existing business over a period of ten successive previous years beginning with the previous year in which the business commences or as the case may be, such extension of undertaking or setup of new unit has been carried out.

Sub-section (2) of the said section specifies certain expenditures which are allowed as deduction under sub-section (1).

Sub-section (4) of the said section provides that deduction under sub-section (1) shall not be admissible to the assessee unless the accounts of the business or profession of the assessee for the previous year relevant to the assessment year for which the deduction is claimed have been audited by an accountant as defined in the *Explanation* below sub-section (2) of section 288 and the assessee furnishes, along with his return of income, the report of such audit in the prescribed form duly signed and verified by such accountant for the first year of deduction.

It is proposed to amend sub-section (4) of the said section to provide that deduction under sub-section (1) shall not be admissible to the assessee unless the accounts of the

business or profession of the assessee for the previous year relevant to the assessment year for which deduction are claimed have been audited by an accountant as defined in the *Explanation* below sub-section (2) of section 288 before the specified date referred to section 44AB (*i.e.*, one month prior to the due date for filing of return under sub-section (1) of section 139) and the assessee furnishes the report of such audit by that date for the first year of deduction.

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

Clause 20 of the Bill seeks to amend section 35E of the Income-tax Act relating to deduction for expenditure on prospecting, etc., for certain minerals.

Sub-section (1) of the said section provides that where an assessee, being an Indian company or a person other than a company who is a resident in India and is engaged in any operations relating to prospecting for, or extraction or production of, any mineral and incurs, after the 31st day of March, 1970, any expenditure specified in sub-section (2), the assessee shall, in accordance with and subject to the provisions of this section, be allowed for each one of the relevant previous years a deduction of an amount equal to one-tenth of the amount of such expenditure.

Sub-section (6) of the said section provides that where the assessee is a person other than a company or a co-operative society, no deduction shall be admissible under sub-section (1) unless the accounts of the assessee for the year or years in which the expenditure specified in sub-section (2) is incurred have been audited by an accountant as defined in the *Explanation* below sub-section (2) of section 288 and the assessee furnishes, along with his return of income for the first year in which the deduction under this section is claimed, the report of such audit in the prescribed form duly signed and verified by such accountant and setting forth such particulars as may be prescribed.

It is proposed to amend the said sub-section (6) so as to provide that deduction under sub-section (1) of section 35E shall not be admissible to assessee unless the accounts of the assessee for the year or years in which the expenditure specified in sub-section (2) is incurred have been audited by an accountant as defined in the *Explanation* below sub-section (2) of section 288 before the specified date referred to section 44AB (*i.e.*, one month prior to the due date for filing of return under sub-section (1) of section 139) and the report of such audit has been furnished by that date.

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

Clause 21 of the Bill seeks to amend section 43 of the Income-tax Act relating to definitions of certain terms relevant to income from profits and gains of business or profession.

It is proposed to amend clause (5) of the said section so as to substitute the words "recognised stock exchange" for the words "recognised association" wherever they occur. It is also proposed to substitute clause (iii) in *Explanation 2* of the said clause relating to definition of the expression "recognised stock exchange".

This amendment will take effect from 1st April, 2020.

Clause 22 of the Bill seeks to amend section 43CA of the Income-tax Act relating to special provision for full value of consideration for transfer of assets other than capital assets in certain cases.

The proviso to sub-section (1) of the said section provides that where the value adopted or assessed or

assessable by the authority for the purpose of payment of stamp duty does not exceed one hundred and five per cent. of the consideration received or accruing as a result of the transfer, the consideration so received or accruing as a result of the transfer shall, for the purposes of computing profits and gains from transfer of such asset, be deemed to be the full value of the consideration received or accruing as a result of such transfer.

It is proposed to amend the said proviso so as to provide that where the value adopted or assessed or assessable by the authority for the purpose of payment of stamp duty does not exceed one hundred and ten per cent. of the consideration received or accruing as a result of the transfer the consideration so received or accruing as a result of transfer shall, for the purposes of computing profits and gains from transfer of such asset, be deemed to be the full value of the consideration received or accruing as a result of such transfer.

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

Clause 23 of the Bill seeks to amend section 44AB of the Income-tax Act relating to audit of accounts of certain persons carrying on business or profession.

Clause (a) of the said section provides that every person carrying on business shall get his accounts of any previous year audited by an accountant before the specified date and furnish by that date the report of such audit in the prescribed form duly signed and verified by such accountant and setting forth such particulars as may be prescribed if his total sales, turnover or gross receipts, as the case may be, in business exceed or exceeds one crore rupees in any previous year.

It is proposed to insert a proviso in the said clause so as to provide that in the case of a person whose aggregate of all amount received including amount received for sales, turnover or gross receipts during the previous years, in cash, does not exceed five per cent. of the said amount; and the aggregate of all payments made including amount incurred for expenditure, in cash, during the previous year does not exceed five per cent. of the said payment, this clause shall have effect as if for the words "one crore rupees", the words "five crore rupees" had been substituted.

Clause (ii) of the *Explanation* to the said section defines the expression "specified date" in relation to the accounts of the assessee of the previous year relevant to an assessment year as due date for furnishing the return of income under sub-section (1) of section 139.

It is proposed to amend the said clause so as to provide that the specified date will mean one month prior to the due date for furnishing the return of income under sub-section (1) of section 139.

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

Clause 24 of the Bill seeks to amend section 44DA of the Income-tax Act relating to special provision for computing income by way of royalties, etc., in case of non-residents.

Sub-section (2) of the said section provides that every non-resident (not being a company) or a foreign company shall keep and maintain books of account and other documents in accordance with the provisions contained in section 44AA and get their accounts audited by an accountant as defined in the *Explanation* below sub-section (2) of section 288 and furnish the report of such audit in the prescribed form along with the return of income.

It is proposed to amend the said sub-section so as to provide that the non-resident (not being a company) or a foreign company should get the accounts audited before the specified date referred to in section 44AB (*i.e.* one month prior to the due date for filing of return under sub-section (1) of section 139) and furnish the report of audit by that date.

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

Clause 25 of the Bill seeks to amend section 49 of the Income-tax Act relating to cost with reference to certain modes of acquisition.

The said section, *inter alia*, provides for cost of acquisition for the capital asset which became the property of the assessee under certain situations.

It is proposed to amend the said section so as to insert sub-sections (2AG) and (2AH) to provide that the cost of acquisition of a unit or units in the segregated portfolio shall be the amount which bears to the cost of acquisition of a unit or units held by the assessee in the total portfolio in the same proportion as the net asset value of the asset transferred to the segregated portfolio bears to the net asset value of the total portfolio immediately before the segregation of portfolios; and further to provide that the cost of the acquisition of the original units held by the unit holder in the main portfolio shall be reduced by the amount as so arrived for the units of segregated portfolio.

It is also proposed to give reference of the definitions of the expressions "main portfolio", "segregated portfolio" and "total portfolio" as provided in the circular in this behalf issued by the Securities and Exchange Board of India under section 11 of the Securities and Exchange Board of India Act, 1992 for the purposes of the said sub-sections.

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

Clause 26 of the Bill seeks to amend section 50B of the Income-tax Act relating to special provision for computation of capital gains in case of slump sale.

Sub-section (1) of the said section provides that any profits or gains arising from the slump sale effected in the previous year shall be chargeable to income-tax as capital gains arising from the transfer of long-term capital assets and shall be deemed to be the income of the previous year in which the transfer took place.

Sub-section (3) of the said section provides that every assessee, in the case of slump sale, shall furnish in the prescribed form along with the return of income, a report of an accountant as defined in the *Explanation* below sub-section (2) of section 288 indicating the computation of the net worth of the undertaking or division, as the case may be, and certifying that the net worth of the undertaking or division, as the case may be, has been correctly arrived at in accordance with the provisions of this section.

It is proposed to amend the said sub-section (3) so as to provide that every assessee, in the case of slump sale, shall furnish in the prescribed form a report of an accountant as defined in the *Explanation* below sub-section (2) of section 288 before the specified date as referred to in section 44AB (*i.e.* one month prior to the due date for filing return of income under sub-section (1) of section 139) indicating the computation of the net worth of the undertaking or division, as the case may be, and certifying that the net worth of the undertaking or division, as the case may be, has been correctly arrived at in accordance with the provisions of this section.

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

Clause 27 of the Bill seeks to amend section 50C of the Income-tax Act relating to special provision for full value of consideration in certain cases.

The third proviso to sub-section (1) of the said section provides that where the value adopted or assessed or assessable by the stamp valuation authority does not exceed one hundred and five per cent. of the consideration received or accruing as a result of the transfer, the consideration so received or accruing as a result of the transfer shall, for the purposes of section 48, be deemed to be the full value of the consideration.

It is proposed to amend the said proviso so as to provide that where the value adopted or assessed or assessable by the stamp valuation authority does not exceed one hundred and ten per cent. of the consideration received or accruing as a result of the transfer, the consideration so received or accruing as a result of the transfer shall, for the purposes of section 48, be deemed to be the full value of the consideration.

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

Clause 28 of the Bill seeks to amend section 55 of the Income-tax Act relating to meaning of "adjusted", "cost of improvement" and "cost of acquisition".

The said section, *inter alia*, provides that the cost of long-term capital asset acquired before the 1st day of April, 2001 is taken to be the cost of acquisition to the assessee or the fair market value of the asset on that date, at the option of the assessee.

It is proposed to insert a proviso to clause (b) of sub-section (2) of the said section so as to provide that in case of a capital asset referred to in sub-clauses (i) and (ii), being land or building or both, the fair market value of such asset on the 1st day of April, 2001 for the purposes of the said sub-clauses shall not exceed the stamp duty value, wherever available, of such asset as on the 1st day of April, 2001. It is further proposed to define the expression "stamp duty value" for the purposes of the said proviso to mean the value adopted or assessed or assessable by any authority of the Central Government or a State Government for the purpose of payment of stamp duty in respect of an immovable property.

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

Clause 29 of the Bill seeks to amend section 56 of the Income-tax Act relating to income from other sources.

Sub-section (2) of the said section provides the details of the incomes which shall be chargeable to income-tax under the head "Income from other sources".

Clause (v) of said sub-section provides that where any sum of money exceeding twenty-five thousand rupees received without consideration by an individual or a Hindu undivided family from any person on or after the 1st day of September, 2004 but before the 1st day of April, 2006, the whole of such sum shall be chargeable to income-tax. Clause (g) of the first proviso to clause (vii) provides that the clause of said sub-section shall not apply to any sum of money received from any trust or institution registered under section 12AA.

It is proposed to make a reference to section 12AB in the clauses (v), (vi), (vii) and clause (x) of sub-section (2) so as to provide that the said clauses shall not apply to any sum of money received from any trust or institution registered under section 12AB of the Income-tax Act.

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

Sub-clause (b) of clause (x) of sub-section (2) of the said section, *inter alia*, provides that where any person receives, any immovable property, in any previous year, from any person or persons on or after the 1st day of April, 2017 for a consideration, where the stamp duty value of such property exceeds five per cent. of the consideration the excess amount if it is more than fifty thousand rupees shall be charged to tax under the head income from other sources.

It is proposed to amend the said sub-clause (b) so as to provide that where any person receives, any immovable property, in any previous year, from any person or persons on or after the 1st day of April, 2017 for a consideration, where the stamp duty value of such property exceeds ten per cent. of the consideration, the excess amount if it is more than fifty thousand rupees shall be charged to tax under the head income from other sources.

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

Clause 30 of the Bill seeks to amend section 57 of the Income-tax Act relating to deductions.

Clause (i) of the said section allows deduction of any reasonable sum for the purpose of realising such dividend except the dividend referred to in section 115-O. It is proposed to omit the reference of dividend referred to in section 115-O.

It is further proposed to insert a proviso to the said section so as to provide that no deduction shall be allowed from the dividend income, or income in respect of units of a Mutual Fund specified under clause (23D) of section 10 or income in respect of units from a specified company defined in the *Explanation* to clause (35) of section 10, other than deduction on account of interest expense and in any previous year such deduction shall not exceed twenty per cent. of the dividend income, or income in respect of such units, included in the total income for that year without deduction under that section.

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

Clause 31 of the Bill seeks to substitute section 72AA of the Income-tax Act, relating to carry forward and set-off of accumulated loss and unabsorbed depreciation allowance in scheme of amalgamation in certain cases.

It is proposed to substitute the said section so as to provide that notwithstanding anything contained in sub-clauses (i) to (iii) of clause (1B) of section 2 or section 72A, where there is an amalgamation of—

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

(ii) one or more corresponding new bank or banks with any other corresponding new bank under a scheme brought into force by the Central Government under section 9 of the Banking Companies (Acquisition and Transfer of Undertaking Act, 1970 or under section 9 of

the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980; or

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

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

It is further proposed to provide an *Explanation* to the said section to define the expressions "accumulated loss", "banking company", "banking institution", "corresponding new bank", "general insurance business", "Government company" and "unabsorbed depreciation".

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

Clause 32 of the Bill seeks to amend section 80EEA of the Income-tax Act relating to deduction in respect of interest on loan taken for certain house property.

The aforesaid section 80EEA, *inter alia*, provides for deduction in respect of interest on loan taken for a residential house property from any financial institution up to one lakh fifty thousand rupees subject to the condition that the loan has been sanctioned by the financial institution during the period beginning on the 1st day of April, 2019 and ending on the 31st day of March, 2020. This is subject to further condition that the stamp duty value of residential house property does not exceed forty-five lakh rupees and the assessee does not own any residential house property on the date of sanction of loan.

It is proposed to amend the said section so as to provide that the deduction under the said section in respect of interest paid on loan sanctioned by a financial institution for acquisition of a residential house property, shall be available if the loan has been sanctioned during the period beginning on the 1st day of April, 2019 and ending on the 31st day of March, 2021, subject to other conditions specified in the said section.

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

Clause 33 of the Bill seeks to amend section 80G of the Income-tax Act relating to deduction in respect of donations to certain funds, charitable institutions, etc.

Sub-section (5) thereof provides that this section applies to donations to any institution or fund referred to in sub-clause (iv) of clause (a) of sub-section (2), only if it is established in India for a charitable purpose and if it fulfils certain conditions.

Clause (vi) of said sub-section provides one of the conditions to be that in relation to donations made after the 31st day of March, 1992, the institution or fund is for the time being approved by the Commissioner in accordance with the rules made in this behalf.

It is proposed to amend said sub-section so as to provide additional conditions as under:-

(a) the institution or fund prepares such statement for such period as may be prescribed and deliver or cause to be delivered to the prescribed income-tax authority or the person authorised by such authority such statement in such form and verified in such manner and setting forth such particulars and within such time as may be prescribed and it may also deliver to the said prescribed authority a correction statement for rectification of any mistake or to add, delete or update the information furnished in the statement delivered under this sub-section in such form and verified in such manner as may be provided by rules; and

(b) the institution or fund furnishes to the donor, a certificate specifying the amount of donation in such manner, containing such particulars and within such time from the date of receipt of donation, as may be provided by rules.

It is also proposed to insert a proviso to said sub-section (5) so as to provide that the institution or fund referred to in clause (vi) thereof shall make an application in the prescribed form and manner to the Principal Commissioner or Commissioner, for grant of approval,—

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

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

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

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

It is also proposed to insert another proviso to sub-section (5) so as to provide that the Principal Commissioner or Commissioner, on receipt of an application made under the proposed first proviso, shall send a copy of order passed in writing,—

(a) where the application is under clause (i) of the said proviso, granting it approval for a period of five years;

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

I. call for such documents or information from it or make such inquiries as he thinks necessary in order to satisfy himself about,—

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

(B) the fulfilment of all the conditions laid down in clauses (i) to (v) of sub-section (5); and

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

(A)granting it approval for a period of five years;

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

III. where the application is under clause (iv) of said proviso, granting it approval provisionally for a period of three years from the assessment year from which the registration is sought.

It is also proposed to insert another proviso to sub-section (5) so as to provide that the order under clause (i), sub-clause (b) of clause (ii) and clause (iii) of proposed first proviso shall be passed, in such form and manner as may be prescribed, before expiry of period of three months, six months and one month respectively, calculated from the end of the month in which the application was received.

It is also proposed to insert another proviso to sub-section (5) so as to provide that the approval granted under the proposed second proviso shall apply to an institution or fund, where the application is made under,-

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

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

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

It is also proposed to insert a new sub-section (5E) so as to provide that all applications, pending before the Commissioner on which no order has been passed under clause (vi) of sub-section (5) before the date on which this sub-section has come into effect, shall be deemed to be an application made under clause (iv) of the first proviso of sub-section (5) on that date.

It is also proposed to insert new *Explanation 2A* to declare that assessee's claim for a deduction in respect of any donation made to an institution or fund to which sub-section (5) applies, in the return of income for any assessment year filed by him, shall be allowed on the basis of information relating to said donation furnished by the institution or fund to the income-tax authority or the person authorised by such authority, subject to verification in accordance with the risk management strategy formulated by the Board from time to time.

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

*Clause 34* of the Bill seeks to amend section 80GGA of the Income-tax Act relating to deduction in respect of certain donations for scientific research or rural development.

Sub-section (2A) of said section provides that no deduction shall be allowed under this section in respect of any sum exceeding ten thousand rupees unless such sum is paid by any mode other than cash.

It is proposed to insert an *Explanation* to said section so as to declare that assessee's claim for a deduction in respect of any sum referred to in sub-section (2), in the return of income for any assessment year filed by him, shall be allowed on the basis of information relating to such sum furnished by the payee to the prescribed income-tax authority or the person authorised by such authority, subject to verification in accordance with the risk management strategy formulated by the Board from time to time.

This amendment will take effect from 1st June, 2020.

*Clause 35* of the Bill seeks to amend section 80-IA of the Income-tax Act relating to deductions in respect of profits and gains from industrial undertakings or enterprises engaged in infrastructure development, etc.

Sub-section (1) of the said section provides that where the gross total income of an assessee includes any profits and gains derived by an undertaking or an enterprise from any business referred to in sub-section (4)(such business being referred to as the eligible business), there shall, in accordance with and subject to the provisions of the said section, be allowed, in computing the total income of the assessee, a deduction of an amount equal to hundred per cent. of the profits and gains derived from such business for ten consecutive assessment years.

Sub-section (7) of the said section provides that the deduction under sub-section (1) from profits and gains derived from an undertaking shall not be admissible unless the accounts of the undertaking for the previous year relevant to the assessment year for which the deduction is claimed have been audited by an accountant, as defined in the *Explanation* below sub-section (2) of section 288 and the assessee furnishes, along with his return of income, the report of such audit in the prescribed form duly signed and verified by such accountant.

It is proposed to amend the said sub-section (7) so as to provide that deduction under sub-section (1) from profits and gains derived from an undertaking shall not be admissible to the assessee unless the accounts of the undertaking for the previous year relevant to the assessment year for which the deduction is claimed have been audited by an accountant as defined in the *Explanation* below sub-section (2) of section 288 before the specified date referred to in section 44AB (*i.e.*, one month prior to the due date for filing of return under sub-section (1) of section 139) and the report of such audit is furnished by that date.

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

*Clause 36* of the Bill seeks to amend section 80-IAC of the Income-tax Act relating to special provision in respect of specified business.

The provisions of section 80-IAC, *inter alia*, provide for a deduction of an amount equal to hundred per cent. of the profits and gains derived from an eligible business by an eligible start-up for three consecutive assessment years out of seven years at the option of the assessee and the total turnover of its business does not exceed twenty-five crore rupees in the previous year relevant to the assessment year for which deduction under this section is claimed.

It is proposed to amend the said section so as to provide that the deduction under the said section shall be available to an eligible start-up for a period of three consecutive assessment years out of ten years beginning from the year in which the eligible start-up is incorporated and the total turnover of its business does not exceed one hundred crore rupees in the previous year relevant to the assessment year for which deduction under this section is claimed.

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

*Clause 37* of the Bill seeks to amend section 80-IB of the Income-tax Act relating to deduction in respect of profits and gains from certain industrial undertakings other than infrastructure development undertakings.

It is proposed to consequentially amend sub-sections (7A), (7B), (11B) and (11C) to substitute the existing phrase

provided therein, respectively, with the phrase “the report of an audit in such form and containing such particulars, as may be prescribed, and duly signed and verified by an accountant, as defined in the *Explanation* below sub-section (2) of section 288 before the specified date referred to in section 44AB.

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

Clause 38 of the Bill seeks to amend section 80-IBA of the Income-tax Act relating to deductions in respect of profits and gains from housing projects.

The provisions of sub-section (1) of the said section provide for hundred per cent. deduction of the profits and gains derived from the business of developing and building affordable housing projects subject to certain conditions. Further, the provisions of clause (a) of sub-section (2) of the said section provide that the housing project shall be approved by the competent authority after the 1st day of June, 2016 but on or before the 31st day of March, 2020.

It is proposed to amend clause (a) of said sub-section (2) so as to allow the deduction in respect of profits and gains derived from the business of developing and building affordable housing projects for hundred per cent. of the profits and gains derived from the business of developing and building such projects approved by the competent authority after the 1st day of June, 2016 but on or before the 31st day of March, 2021.

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

Clause 39 of the Bill seeks to amend section 80JJAA of the Income-tax Act relating to deduction in respect of employment of new employees.

Sub-section (1) of the said section provides that where the gross total income of an assessee to whom section 44AB applies, includes any profits and gains derived from business, there shall, subject to the conditions specified in sub-section (2), be allowed a deduction of an amount equal to thirty per cent. of additional employee cost incurred in the course of such business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided.

Clause (c) of sub-section (2) of the said section provides that the deduction under sub-section (1) shall not be allowed unless the assessee furnishes alongwith the return of income the report of the accountant, as defined in the *Explanation* to section 288 giving such particulars in the report as may be prescribed.

It is proposed to amend the said clause (c) so as to provide that the deduction under sub-section (1) shall not be allowed unless the assessee furnishes the report of the accountant, as defined in the *Explanation* to section 288 before the specified date referred to in section 44AB (*i.e.* one month prior to the due date for filing of return under sub-section (1) of section 139) giving such particulars in the report as may be prescribed.

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

Clause 40 of the Bill seeks to insert new section 80M relating to deduction in respect of certain inter-corporate dividends.

Sub-section (1) of the said new section provides that where the gross total income of a domestic company in any

previous year includes any income by way of dividends from any other domestic company, there shall, in accordance with and subject to the provisions of this section, be allowed in computing the total income of such domestic company, a deduction of an amount equal to so much of the amount of income by way of dividends received from such other domestic company as does not exceed the amount of dividend distributed by the first mentioned domestic company on or before the due date.

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

It is further proposed to clarify the expression “due date” to mean the date one month prior to the date for furnishing the return of income under sub-section (1) of section 139.

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

Clause 41 of the Bill seeks to amend section 90 of the Income-tax Act relating to agreement with foreign countries or specified territories.

Clause (b) of sub-section (1) of the said section provides that the Central Government may enter into an agreement with the Government of any country outside India or specified territory outside India for the avoidance of double taxation of income under this Act and under the corresponding law in force in that country or specified territory, as the case may be.

It is proposed to amend said clause so as to provide that the Central Government shall enter into said agreement for the avoidance of double taxation without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty-shopping arrangements aimed at obtaining reliefs provided in the said agreement for the indirect benefit to residents of any other country or territory).

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

Clause 42 of the Bill seeks to amend section 90A of the Income-tax Act relating to adoption by Central Government of agreement between specified associations for double taxation relief.

Clause (b) of sub-section (1) of the said section provides that any specified association in India may enter into an agreement with any specified association in the specified territory outside India and the Central Government may, by notification in the Official Gazette, make such provisions as may be necessary for adopting and implementing such agreement for the avoidance of double taxation of income under this Act and under the corresponding law in force in that specified territory outside India.

It is proposed to amend said clause so as to provide that the avoidance of double taxation under said agreement shall be without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty-shopping arrangements aimed at obtaining reliefs provided in the said agreement for the indirect benefit to residents of any other country or territory).

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

Clause 43 of the Bill seeks to amend section 92CB of the Income-tax Act relating to power of Board to make safe harbour rules.

Sub-section (1) of the said section provides that the determination of arm's length price under section 92C or section 92CA shall be subject to safe harbour rules.

It is proposed to substitute the said sub-section (1) so as to provide that the determination of the income referred to in clause (i) of sub-section (1) of section 9 shall also be subject to safe harbour rules.

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

Clause 44 of the Bill seeks to amend section 92CC of the Income-tax Act relating to advance pricing agreement.

It is proposed to substitute sub-section (1) of the said section so as to provide that the Board, with the approval of the Central Government, may enter into an advance pricing agreement with any person, determining the—

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

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

It is further proposed to substitute sub-section (2) of the said section so as to provide that the manner of determination of, the arm's length price referred to in clause (a) of sub-section (1), or the income referred to in clause (b) of sub-section (1), may include the methods referred to in sub-section (1) of section 92C or such methods provided by rules made under this Act with such adjustments or variations, as may be necessary or expedient so to do.

It is also proposed to substitute sub-section (3) of the said section so as to provide that notwithstanding anything contained in section 92C or section 92CA or such methods provided by rules made under this Act, the arm's length price of any international transaction or the income referred to in clause (b) of sub-section (1), in respect of which the advance pricing agreement has been entered into, shall be determined in accordance with the advance pricing agreement so entered.

It is also proposed to substitute sub-section (9A) of the said section so as to provide that the agreement referred to in sub-section (1), may, subject to such conditions, procedure and manner as may be prescribed, provide for determining the—

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

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

during any period not exceeding four previous years preceding the first of the previous years referred to in sub-section (4), and the arm's length price of such international transaction or the income of such person shall be determined in accordance with the said agreement.

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

Clause 45 of the Bill seeks to amend section 92F of the Income-tax Act relating to definitions of certain terms relevant to computation of arm's length price, etc.

Clause (iv) of the said section provides the definition of specified date. It provides that specified date shall have the same meaning as assigned to "due date" in *Explanation 2* below sub-section (1) of section 139.

It is proposed to substitute the said clause (iv) so as to provide that "specified date" shall mean one month prior to the due date for furnishing the return of income under sub-section (1) of section 139 for the relevant assessment year.

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

Clause 46 of the Bill seeks to amend section 94B of the Income-tax Act relating to limitation on interest deduction in certain cases.

Sub-section (1) of said section, *inter alia*, provides that notwithstanding anything contained in this Act, where an Indian company, or a permanent establishment of a foreign company in India, being the borrower, incurs any expenditure by way of interest or of similar nature exceeding one crore rupees which is deductible in computing income chargeable under the head "Profits and gains of business or profession" in respect of any debt issued by a non-resident, being an associated enterprise of such borrower, the interest shall not be deductible in computation of income under the said head to the extent that it arises from excess interest, as specified in sub-section (2).

It is proposed to insert a new sub-section (1A) after the said sub-section so as to provide that nothing contained in that sub-section shall apply to interest paid in respect of a debt issued by a lender which is a permanent establishment of a non-resident, being a person engaged in the business of banking, in India.

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

Clause 47 of the Bill seeks to amend section 115A of the Income-tax Act relating to tax on dividends, royalty and technical service fees in the case of foreign companies.

The said section, *inter alia*, provides for taxation of dividend excluding dividends referred to in section 115-O. It is proposed to omit the reference of dividends referred to in section 115-O so that all dividend income is taxed in the hands of non-resident (not being a company) or a foreign company.

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

Sub-section (1) of the said section provides for the determination of tax in case of a non-resident whose total income consists of dividends or interest payments as specified in clause (a) of the said sub-section and royalty or fees for technical services as specified in clause (b) of the said sub-section.

Sub-section (5) of the said section provides that a non-resident will not be required to furnish its return of income under sub-section (1) of section 139 of the Income-tax Act, if the conditions in clause (a) and clause (b) of said sub-section are satisfied.

The condition under clause (a) of said sub-section requires that the total income of a non-resident should

consist only of income in the nature of dividends or interest as referred to in clause (a) of sub-section (1) of the said section.

It is proposed to amend clause (a) of the said sub-section so as to provide that the total income of the non-resident should consist only of the income in the nature of dividend or interest as referred to in clause (a) of sub-section (1) of the said section or income in the nature of royalty or fee for technical services as referred to in clause (b) of sub-section (1) of the said section.

The condition under clause (b) of said sub-section requires that the tax deductible at source on such income as referred to in clause (a) of sub-section (1) of the said section has been deducted as per the provisions of Part B of Chapter XVII of the Income-tax Act.

It is further proposed to amend clause (b) of the said sub-section so as to provide that the tax deductible at source on income referred to in clause (a) or clause (b) of sub-section (1) of the said section, has been done under the provisions of Chapter XVII at the rates which are not less than the rate specified under clause (a) or clause (b) of sub-section (1) of the said section.

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

Clause 48 of the Bill seeks to amend section 115AC of the Income-tax Act relating to tax on income from bonds or Global Depository Receipts purchased in foreign currency or capital gains arising from their transfer.

The said section, *inter-alia*, provides for taxation of dividend excluding dividends referred to in section 115-O. It is proposed to omit the reference of dividends referred to in section 115-O so that all dividend income is taxed in the hands of non-resident.

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

Clause 49 of the Bill seeks to amend section 115ACA of the Income-tax Act relating to tax on income from Global Depository Receipts purchased in foreign currency or capital gains arising from their transfer.

The said section, *inter alia*, provides for taxation of dividend excluding dividends referred to in section 115-O. It is proposed to omit the reference of dividends referred to in section 115-O so that all dividend income is taxed in the hands of non-resident.

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

Clause 50 of the Bill seeks to amend section 115AD of the Income-tax Act relating to tax on income of Foreign Institutional Investors from securities or capital gains arising from their transfer.

The said section, *inter alia*, provides for taxation of dividend excluding dividends referred to in section 115-O. It is proposed to omit the reference of income by way of dividends referred to in section 115-O so that all dividend income is taxed in the hands of Foreign Institutional Investors.

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

Clause 51 of the Bill seeks to amend section 115BAA relating to tax on income of certain domestic companies.

It is proposed to amend sub-clause (i) of sub-section (2) of the section so as to modify this condition to provide that the total income by the company shall be computed without deduction under any provisions of Chapter VI-A other than the provisions of section 80JJAA or section 80M instead of computation without deduction under any provisions of Chapter VI-A under the heading "C.-Deductions in respect of certain incomes" other than the provisions of section 80JJAA.

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

Clause 52 of the Bill seeks to amend section 115BAB of the Income-tax Act relating to tax on income of new manufacturing domestic companies.

It is proposed to amend said sub-clause (i) of sub-section (2) of the aforesaid section so as to modify this condition to provide that the total income by the company shall be computed without deduction under any provisions of Chapter VI-A other than the provisions of section 80JJAA or section 80M instead of computation without deduction under any provisions of Chapter VI-A under the heading "C.-Deduction in respect of certain incomes" other than the provisions of section 80JJAA.

Sub-section (1) of said section provides that the income-tax payable by a domestic company shall be at the rate of fifteen per cent. if the conditions in sub-section (2) of the said section are satisfied.

Sub-section (2) of said section specifies the conditions which a domestic company needs to satisfy to be eligible to be taxed at the rate of fifteen per cent.

It is proposed to insert an *Explanation* to the said sub-section (2) so as to provide that "manufacturing or production of an article or thing" for the purposes of clause (b) of the said sub-section shall include the business of generation of electricity.

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

Clause 53 of the Bill seeks to insert new sections 115BAC in the Income-tax Act relating to tax on income of individuals and Hindu undivided family and 115BAD relating to tax on income of certain resident cooperative societies.

Sub-section (1) of proposed new section 115BAC provides that notwithstanding anything contained in this Act but subject to the provisions of this Chapter, the income-tax payable in respect of the total income of a person, being an individual or a Hindu undivided family, for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2021, shall, at the option of such person, be computed at the rate given in the table below, if the conditions contained in sub-section (2) are satisfied:

Total Income	Rate
UptoRs 2,50,000	Nil
From Rs 2,50,001 to Rs 5,00,000	5 per cent.
From Rs 5,00,001 to Rs 7,50,000	10 per cent.
From Rs 7,50,001 to Rs 10,00,000	15 per cent.
From Rs 10,00,001 to Rs 12,50,000	20 per cent.
From Rs 12,50,001 to Rs 15,00,000	25 per cent.
Above Rs 15,00,000	30 per cent.

First proviso to said sub-section provides that where the person fails to satisfy the conditions contained in sub-section (2) in any previous year, the option shall become invalid in respect of the assessment year relevant to that previous

year and other provisions of the Act shall apply, as if the option had not been exercised for the assessment year relevant to that previous year:

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

Sub-section (2) of proposed section provides that for the purposes of sub-section (1), the total income of the individual or Hindu undivided family shall be computed,—

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

(ii) without set off of any loss,-

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

(b) under the head "Income from House Property" with any other head of income;

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

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

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

Proviso to said sub-section (3) provides that where there is a depreciation allowance in respect of a block of asset which has not been given full effect to prior to the assessment year beginning on the 1st day of April, 2021, corresponding adjustment shall be made to the written down value of such block of assets as on the 1st day of April, 2020 in the prescribed manner, if the option under sub-section (5) is exercised for a previous year relevant to the assessment year beginning on the 1st day of April, 2021.

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

*Explanation* to the said sub-section (4) of the proposed section provides that for the purposes of that sub-section, the term "Unit" shall have the same meaning as assigned to

it in clause (zc) of section 2 of the Special Economic Zones Act, 2005.

Sub-section (5) of proposed section provides that nothing contained in this section shall apply unless option is exercised in the prescribed manner by the person,-

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

(ii) having no business income, along with the return of income to be furnished under sub-section (1) of section 139 for an assessment year:

Proviso to said sub-section (5) of the proposed section provides that the option under clause (i), once exercised for any previous year can be withdrawn only once for a previous year other than the year in which it was exercised and thereafter, the person shall never be eligible to exercise option under this section, except where such person ceases to have any business income in which case, option under clause (ii) shall be available.

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

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

Sub-section (2) of the said section provides that for the purposes of sub-section (1), the total income of the co-operative society shall be computed,—

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

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

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

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

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

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

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

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

The proviso to the said sub-section provides that once the option has been exercised for any previous year, it cannot be subsequently withdrawn for the same or any other previous year.

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

*Clause54* of the Bill seeks to amend section 115BBDA of the Income-tax Act relating to tax on certain dividends received from domestic companies.

The said section provides for taxation of dividend exceeding ten lakh rupees in the hands of specified assessee resident in India at the rate of ten per cent.

It is proposed to amend the said section so as to restrict the applicability of the provisions of that section to dividend declared, distributed or paid by a domestic company or companies on or before the 31st day of March, 2020.

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

Sub-clause (iii) of clause (b) of *Explanation* to aforesaid section provides "specified assessee" for the purposes of said section, to mean a person other than a trust or institution registered under section 12A or section 12AA.

It is proposed to make a reference to section 12AB in the said sub-clause so as to provide that "specified assessee" for the purposes of said section, shall mean a person other than a trust or institution registered under section 12AB, as well.

This amendment will take effect from 1st June, 2020.

*Clause55* of the Bill seeks to amend section 115C of the Income-tax Act relating to definitions.

Clause (c) of the said section defines the expression "investment income" for the purposes of Chapter XII-A to

mean any income derived other than dividends referred to in section 115-O from a foreign exchange asset.

It is proposed to amend the said clause to omit the reference of dividend referred to in section 115-O so as to define "investment income" to mean any income derived from a foreign exchange asset.

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

*Clause56* of the Bill seeks to amend section 115JB of the Income-tax Act relating to special provision for payment of tax by certain companies.

Sub-section (1) of the said section provides that where in the case of an assessee, being a company, the income-tax, payable on the total income as computed under the Income-tax Act in respect of any previous year relevant to the assessment year commencing on or after the 1st day of April, 2012, is less than eighteen and one-half per cent. of its book profit, such book profit shall be deemed to be the total income of the assessee and the tax payable by the assessee on such total income shall be the amount of income-tax at the rate of eighteen and one-half per cent.

Sub-section (4) of the said section provides that every company to which the said section applies, shall furnish a report in the prescribed form from an accountant as defined in the *Explanation* below sub-section (2) of section 288, certifying that the book profit has been computed in accordance with the provisions of this section along with the return of income filed under sub-section (1) of section 139 or along with the return of income furnished in response to a notice under clause (i) of sub-section (1) of section 142.

It is proposed to amend the said sub-section (4) so as to provide that every company to which the said section applies, shall furnish a report in the prescribed form from an accountant as defined in the *Explanation* below sub-section (2) of section 288 certifying that the book profit has been computed in accordance with the provisions of the said section before the specified date referred to in section 44AB (i.e. one month prior to the due date for filing of return under sub-section (1) of section 139) or along with the return of income furnished in response to a notice under clause (i) of sub-section (1) of section 142.

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

*Clause57* of the Bill seeks to amend section 115JC of the Income-tax Act relating to special provisions for payment of tax by certain persons other than a company.

Sub-section (1) of the said section provides that where the regular income-tax payable for a previous year by a person, other than a company, is less than the alternate minimum tax payable for such previous year, the adjusted total income shall be deemed to be the total income of that person for such previous year and he shall be liable to pay income-tax on such total income at the rate of eighteen and one-half per cent.

Sub-section (3) of the said section provides that every person to whom the said section applies shall obtain a report in such form as may be prescribed, from an accountant, certifying that the adjusted total income and the alternate minimum tax have been computed in accordance with the provisions of this Chapter and furnish such report on or before the due date for furnishing of return of income under sub-section (1) of section 139.

It is proposed to amend the said sub-section (3) so as to provide that every person to whom the said section applies

shall obtain a report before the specified date referred to in section 44AB (*i.e.* one month prior to the due date for filing of return under sub-section (1) of section 139), in such form as may be prescribed, from an accountant, certifying that the adjusted total income and the alternate minimum tax have been computed in accordance with the provisions of this Chapter and furnish such report by that date.

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

It is proposed to consequentially insert a new sub-section (5) in the said section so as to provide that the provisions contained therein shall not apply to a person who has exercised the option referred to in section 115BAC or section 115BAD.

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

Clause 58 of the Bill seeks to amend section 115JD of the Income-tax Act relating to tax credit for alternate minimum tax.

It is proposed consequentially to insert a new sub-section (7) in said section so as to provide that the provisions contained therein shall not apply to a person who has exercised the option referred to in section 115BAC or section 115BAD.

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

Clause 59 of the Bill seeks to amend section 115-O of the Income-tax Act relating to tax on distributed profits of domestic companies.

The said section provides for levy of additional income tax on any amount declared, distributed or paid by a domestic company by way of dividend (whether interim or otherwise), whether out of current or accumulated profits. The dividend declared, distributed or paid on or after the 1st day of April, 2003 is covered under the provisions of the said section.

It is proposed to amend sub-section (1) of the said section so as to provide that dividend declared, distributed or paid on or after the 1st day of April, 2003 but on or before the 31st day of March, 2020 shall be covered under the provisions of the said section.

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

Clause 60 of the Bill seeks to amend section 115R of the Income-tax Act relating to tax on distributed income to unit holders.

The said section, *inter alia*, provides for levy of additional income-tax on any income distributed by the specified company or a Mutual Fund to its unit holders.

It is proposed to amend sub-section (2) of the said section so as to provide that the income distributed on or before the 31st day of March, 2020 shall only be covered under the provisions of that section.

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

Clause 61 of the Bill seeks to amend section 115TD of the Income-tax Act relating to tax on accreted income.

Sub-section (1) of the said section provides for payment of additional income-tax on the specified date by the name tax on accreted income, notwithstanding anything contained in that Act, to be paid at the maximum marginal rate where in any previous year, a trust or institution register under section 12AA has converted into any form which is not eligible for grant of registration under section 12AA; merged with any entity other than an entity which is a trust or institution having objects similar to it and registered under section 12AA or section 12AB; or failed to transfer upon dissolution all its assets to any other trust or institution registered under section 12AA or to any fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10, within a period of twelve months from the end of the month in which the dissolution takes place.

Other provisions of aforesaid section provides for procedures in relation to payment of said additional income-tax.

It is proposed to make a reference to section 12AB in the said section, wherever the reference to section 12AA has been made so as to provide that provisions of said section 115TD shall, *mutatis mutandis*, apply to the trust or institution registered under section 12AB.

This amendment will take effect from 1st June, 2020.

Clause 62 of the Bill seeks to amend section 115UA of the Income-tax Act relating to tax on income of unit holder and business trust.

The said section enables pass through of the income of certain nature from business trust to its unit holders. Sub-section (3) of the said section provides that if in any previous year, the distributed income or any part thereof, received by a unit holder from the business trust is of the nature as referred to in sub-clause (a) of clause (23FC) or clause (23FCA), of section 10, then, such distributed income or part thereof shall be deemed to be the income of such unit holder and shall be charged to tax as income of the previous year.

It is proposed to omit the reference of sub-clause (a) of clause (23FC) of section 10 from the said sub-section so as to provide that the distributed income of the nature as referred to in clause (23FC) or clause (23FCA) of section 10 shall be deemed to be income of unit holder and shall be charged to tax as income of the previous year.

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

Clause 63 of the Bill seeks to amend section 115VW of the Income-tax Act relating to maintenance and audit of accounts.

The said section provides for conditions to be satisfied by a tonnage tax company to be eligible for tonnage tax scheme.

Clause (ii) of the said section provides one of the condition that the company shall furnish along with the return of income for that previous year, the report of an accountant, in the prescribed form duly signed and verified by such accountant.

It is proposed to amend the said clause so as to provide that the company shall furnish the report of an accountant before the specified date referred to in section 44AB (*i.e.* one month prior to the due date for filing return of income under sub-section (1) of section 139), in the prescribed form duly signed and verified by such accountant.

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

Clause 64 of the Bill seeks to insert a new section 119A so as to empower the Board to adopt and declare a Taxpayer's Charter and issue such orders, instructions, directions or guidelines to other income-tax authorities as it may deem fit for the administration of such Charter.

This amendment will take effect from 1st April, 2020.

Clause 65 of the Bill seeks to amend section 133A of the Income-tax Act relating to power of survey.

The proviso to the said section provides that no income-tax authority below the rank of a Joint Director, or a Joint Commissioner, shall conduct any survey under sub-section (1) of the said section without prior approval of the Joint Director or the Joint Commissioner, as the case may be.

It is proposed to substitute the said proviso to provide that in a case where the information has been received from such authority, as may be prescribed, no income-tax authority below the rank of a Joint Director, or a Joint Commissioner, shall conduct any survey under the said section without prior approval of a Joint Director or a Joint Commissioner, as the case may be and in any other case, no income-tax authority below the rank of a Director or a Commissioner, shall conduct any survey under the said section without prior approval of the Director or the Commissioner, as the case may be.

This amendment will take effect from 1st April, 2020.

Clause 66 of the Bill seeks to amend section 139 of the Income-tax Act relating to return of income.

Clause (a) of Explanation(2) of sub-section (1) of the said section provides for due date of furnishing of return of income for certain persons including a working partner of the specified firm as the 30th day of September of the assessment year.

It is proposed to amend the said clause so as to omit the word "working" in sub-clause (iii) and to provide that the due date for filing such return of income shall be the 31st day of October of the assessment year.

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

Clause 67 of the Bill seeks to amend section 140 of the Income-tax Act relating to return by whom to be verified.

The said section, *inter alia*, provides for who shall verify the return file under section 115WD or section 139 of the said Act.

It is proposed to amend the clauses (c) and (cd) of the said section so as to empower the Board to specify by rules any other person for the said purpose in case of company and limited liability partnership.

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

Clause 68 of the Bill seeks to amend section 140A of the Income-tax Act relating to self-assessment.

Sub-section (1) of the said section provides that where any tax is payable on the basis of any return required to be furnished under section 115WD or section 115WH or section 139 or section 142 or section 148 or section 153A or, as the case may be, section 158BC, after taking into account the amount of tax, if any, already paid under any provision of this Act, any tax deducted or collected at source, or any relief of tax claimed under section 89, any relief of tax or deduction of

tax claimed under section 90 or section 91 on account of tax paid in a country outside India, any relief of tax claimed under section 90A on account of tax paid in any specified territory outside India referred to in that section, and any tax credit claimed to be set off in accordance with the provisions of section 115JAA or section 115JD, the assessee shall be liable to pay such tax together with interest and fee payable under any provision of this Act for any delay in furnishing the return or any default or delay in payment of advance tax, before furnishing the return and the return shall be accompanied by proof of payment of such tax, interest and fee.

It is proposed to insert a new clause (v) in the said sub-section so as to provide that where any tax is payable on the basis of any return required to be furnished under section 115WD or section 115WH or section 139 or section 142 or section 148 or section 153A or, as the case may be, section 158BC, an assessee shall also take into account any tax or interest payable under the provisions of sub-section (2) of section 191.

This amendment will take effect from 1st April, 2020.

Clause 69 of the Bill seeks to amend section 143 of the Income-tax Act relating to assessment.

Sub-section (3A) of the said section provides that the Central Government may make a scheme, by notification in the Official Gazette, for the purposes of making assessment of total income or loss of the assessee under sub-section (3) of section 143 so as to impart greater efficiency, transparency and accountability by certain means specified therein.

In order to enable assessment under section 144 under the aforementioned notified scheme, it is proposed to amend the said sub-section so as to include the reference of section 144 of the Act in it.

Sub-section (3B) of the said section provides that the Central Government may for the purpose of giving effect to the scheme, by notification in the Official Gazette, direct that any of the provisions of the Act relating to assessment of total income or loss shall not apply or shall apply with such exceptions, modification and adaptations as may be specified in the notification. Proviso to the said sub-section provides that no such direction shall be issued after 31st day of March, 2020.

It is further proposed to amend the said proviso to provide that Central Government may issue any direction under sub-section (3B) of the said section upto 31st day of March, 2022.

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

Clause 70 of the Bill seeks to amend section 144C of the Income-tax Act relating to reference to dispute resolution panel.

Sub-section (1) of the said section provides that the Assessing Officer is required to forward a draft of the proposed order of assessment to the eligible assessee, if he proposes to make on or after the 1st day of October, 2009, any variation in the income or loss returned which is prejudicial to the interest of such assessee.

It is proposed to amend the said sub-section so as to enable the eligible assessee to file his objection to dispute resolution panel where the Assessing Officer proposes to make any variation which is prejudicial to the interest of such assessee.

Clause (b) of sub-section (15) of the said section defines 'eligible assessee' for the purposes of the said section.

It is also proposed to substitute sub-clause (ii) of the said clause so as to include a non-resident, not being a company, or a foreign company under the definition of 'eligible assessee'.

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

Clause 71 of the Bill seeks to amend section 156 of the Income-tax Act, relating to notice of demand.

The said section, *inter alia*, provides that when any tax, interest, penalty, fine or any other sum is payable in consequence of any order passed under this Act, the Assessing Officer shall serve upon the assessee a notice of demand in such form, as may be provided by rules, specifying the sum so payable.

The proviso to the said section provides that where any sum is determined to be payable by the assessee or the deductor or the collector under sub-section (1) of section 143 or sub-section (1) of section 200A or sub-section (1) of section 206CB, the intimation under those sub-sections shall be deemed to be a notice of demand for the purposes of this section.

It is proposed to insert a sub-section (2) in the said section so as to provide that where income of the assessee of any assessment year, beginning on or after the 1st day of April, 2021, includes an income of the nature specified in clause (vi) of sub-section (2) of section 17 and such specified security or sweat equity shares as referred to the said clause are allotted or transferred directly or indirectly by the current employer, being an eligible start-up referred to in section 80-IAC, then tax or interest on such income included in the notice of demand shall be payable by the assessee within fourteen days after the expiry of forty-eight months from the end of the relevant assessment year; or from the date of the sale of such specified security or sweat equity share by the assessee; or from the date of the assessee ceasing to be employee of the employer who allotted or transferred him such specified security or sweat equity share, whichever is earlier.

This amendment will take effect from 1st April, 2020.

Clause 72 of the Bill seeks to amend section 191 of the Income-tax Act relating to direct payment.

The said section provides that in the case of income in respect of which provision is not made for deducting income-tax at the time of payment, and in any case where income-tax has not been deducted in accordance with the provisions of Chapter XVII, income-tax shall be payable by the assessee directly. *Explanation* to the said section provides that in case the assessee fails to directly pay the tax on such income or part of it under the said section, then the person who is required to deduct any sum in accordance with the provisions of this Act shall be deemed to be considered as an assessee in default.

It is proposed to insert sub-section (2) in the said section so as to provide that the income of the assessee in any assessment year, beginning on or after the 1st day of April, 2021, include an income of the nature specified in clause (vi) of sub-section (2) of section 17 and such specified security or sweat equity shares as specified in the said clause, are allotted or transferred directly or indirectly by the current employer, being an eligible start-up referred to in section 80-IAC, the income-tax on such income shall be payable by the assessee within fourteen days after the expiry of forty-eight months from the end of the relevant assessment year; or from the date of the sale of such specified security or sweat equity share by the assessee; or from the date of the assessee ceasing to be the employee of the employer who allotted or transferred him such specified security or sweat equity share, whichever is earlier.

This amendment will take effect from 1st April, 2020.

Clause 73 of the Bill seeks to amend section 192 of the Income-tax Act, relating to salary.

Sub-section (1) of the said section provides that any person responsible for paying any income chargeable under the head "Salaries" shall, at the time of payment, deduct income-tax on the amount payable at the average rate of income-tax computed on the basis of the rates in force for the financial year in which the payment is made, on the estimated income of the assessee under this head for that financial year.

Sub-section (1A) of the said section provides that without prejudice to the provisions contained in sub-section (1), the person responsible for paying any income in the nature of a perquisite which is not provided for by way of monetary payment, referred to in clause (vi) of sub-section (2) of section 17, may pay, at his option, tax on the whole or part of such income without making any deduction therefrom at the time when such tax was otherwise deductible under the provisions of sub-section (1).

It is proposed to insert new sub-section (1C) so as to provide that for the purpose of deducting or paying tax under sub-section (1) or sub-section (1A), as the case may be, a person, being an eligible start-up referred to in section 80-IAC, responsible for paying any income to the assessee being perquisite of the nature specified in clause (vi) of sub-section (2) of section 17 in any previous year relevant to the assessment year, beginning on or after the 1st day of April, 2021, shall deduct or pay, as the case may be, tax on such income within fourteen days after the expiry of forty-eight months from the end of the relevant assessment year; or from the date of the sale of such specified security or sweat equity share by the assessee; or from the date of the assessee ceasing to be the employee of the person, whichever is earlier, on the basis of rates in force of the financial year in which the said specified security or sweat equity share is allotted or transferred.

This amendment will take effect from 1st April, 2020.

Clause 74 of the Bill seeks to amend section 194 of the Income-tax Act relating to dividends.

The said section, *inter alia*, provides that the principal officer of an Indian company or a company which has made the prescribed arrangements for the declaration and payment of dividends (including dividends on preference shares) within India, shall, before making any payment in cash or before issuing any cheque or warranty in respect of any dividend or before making any distribution or payment to a shareholder, who is resident in India, of any dividend within the meaning of sub-clause (a) or sub-clause (b) or sub-clause (c) or sub-clause (d) or sub-clause (e) of clause (22) of section 2, deduct from the amount of such dividend, income-tax at the rates in force.

It is proposed to amend the said section so as to bring the payment by any mode within the ambit of that section and also to provide for deduction at the rate of ten per cent. instead of the rates in force.

It is further proposed to amend the first proviso to the said section so as to provide for payment of dividend by the company by any mode and to increase the threshold limit thereof from two thousand five hundred rupees to five thousand rupees.

It is also proposed to consequentially omit the third proviso to the said section.

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

Clause 75 of the Bill seeks to amend section 194A of the Income-tax Act relating to interest other than "Interest on securities".

Sub-section (1) of the said section provides that any person, not being an individual or a Hindu undivided family, who is responsible for paying to a resident any income by way of interest other than income by way of interest on securities, shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rates in force.

The proviso to the said sub-section provides that an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business or profession carried on by him exceed the monetary limits specified under clause (a) or clause (b) of section 44AB during the financial year immediately preceding the financial year in which such interest is credited or paid, shall be liable to deduct income-tax under this section.

It is proposed to amend the said proviso so as to provide that an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business or profession carried on by him exceed one crore rupees in case of business or fifty lakh rupees in case of profession during the financial year immediately preceding the financial year in which such interest is credited or paid, shall be liable to deduct income-tax under the said section.

Sub-section (3) of the said section provides for circumstances in which the provisions of sub-section (1) shall not apply.

Clause (i) of sub-section (3) provides that sub-section (1) shall not apply where the amount of such income or, as the case may be, the aggregate of the amounts of such income credited or paid or likely to be credited or paid during the financial year by the person referred to in sub-section (1) to the account of, or to, the payee, does not exceed certain threshold.

Sub-clause (b) of the said clause provides that threshold to be forty thousand rupees, where the payer is a co-operative society engaged in carrying on the business of banking. This threshold is fifty thousand rupees, in case the payee is a senior citizen.

Clause (v) of sub-section (3) provides that sub-section (1) shall not apply to such income credited or paid by a co-operative society (other than a co-operative bank) to a member thereof or to such income credited or paid by a co-operative society to any other co-operative society.

Clause (viiia) of sub-section (3) provides that sub-section (1) shall not apply to such income credited or paid in respect of, deposits with a primary agricultural credit society or a primary credit society or a co-operative land mortgage bank or a co-operative land development bank; and deposits (other than time deposits made on or after the 1st day of July, 1995) with a co-operative society, other than a co-operative society or bank referred to in sub-clause (a), engaged in carrying on the business of banking.

It is proposed to amend sub-section (3) so as to insert a proviso to provide that a co-operative society referred to in clause (v) or clause (viiia) shall be liable to deduct income-tax in accordance with the provisions of sub-section (1), if—

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

(b) the amount of interest, or the aggregate of the amount of such interest, credited or paid, or is likely to be credited or paid, during the financial year is more than fifty thousand rupees in case of payee being a senior citizen and forty thousand rupee in any other case.

It is further proposed to provide that the *Explanation* which provides for the meaning of the expression "senior citizen" will be for the purposes of the said sub-section, instead of clause (i) of the said sub-section.

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

Clause 76 of the Bill seeks to amend section 194C of the Income-tax Act relating to payments to contractors.

Sub-section (1) of the said section provides that any person responsible for paying any sum to any resident (referred to as the contractor) for carrying out any work (including supply of labour for carrying out any work) in pursuance of a contract between the contractor and a specified person shall, at the time of credit of such sum to the account of the contractor or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct an amount equal to one per cent. where the payment is being made or credit is being given to an individual or a Hindu undivided family; two per cent. where the payment is being made or credit is being given to a person other than an individual or a Hindu undivided family, of such sum as income-tax on income comprised therein.

Item (B) of sub-clause (i) of clause (i) of the *Explanation* to the said section provides the definition of "specified person" to mean any person, being an individual or a Hindu undivided family or an association of persons or a body of individuals, if such person, is liable to audit of accounts under clause (a) or clause (b) of section 44AB during the financial year immediately preceding the financial year in which such sum is credited or paid to the account of the contractor.

It is proposed to amend the said sub-clause so as to define the expression "specified person" to mean any person, being an individual or a Hindu undivided family or an association of persons or a body of individuals, if such person, has total sales, gross receipts or turnover from business or profession carried on by him exceeding one crore rupees in case of business or fifty lakh rupees in case of profession during the financial year immediately preceding the financial year in which such sum is credited or paid to the account of the contractor.

Sub-clause (e) of clause (iv) of the *Explanation* to the said section defines "work" to include manufacturing or supplying a product according to the requirement or specification of a customer by using raw material purchased from such customer but does not include manufacturing or supplying a product according to the requirement or specification of a customer by using raw material purchased from a person, other than such customer.

It is proposed to substitute the said sub-clause so as to modify the definition of "work" to include manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from such customer or its associate, being a person placed similarly in relation to such customer as is the person placed in relation to the assessee under the provisions contained in clause (b) of sub-section (2) of section 40A. It is also proposed to insert "or associate of such customer" in the long line.

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

*Clause 77* of the Bill seeks to amend section 194H of the Income-tax Act relating to commission or brokerage.

The said section provides that any person, not being an individual or a Hindu undivided family, who is responsible for paying, on or after the 1st day of June, 2001, to a resident, any income by way of commission (not being insurance commission referred to in section 194D) or brokerage, shall, at the time of credit of such income to the account of the payee or at the time of payment of such income in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of five per cent.

The second proviso to the said section provides that an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business or profession carried on by him exceed the monetary limits specified under clause (a) or clause (b) of section 44AB during the financial year immediately preceding the financial year in which such interest is credited or paid, shall be liable to deduct income-tax under this section.

It is proposed to amend the said proviso so as to provide that an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from business or profession carried on by him exceed one crore rupees in case of business or fifty lakh rupees in case of profession during the financial year immediately preceding the financial year in which such interest is credited or paid, shall be liable to deduct income-tax under the said section.

This amendment will take effect from 1st April, 2020.

*Clause 78* of the Bill seeks to amend 194-I of the Income-tax Act relating to rent.

The said section provides that any person, not being an individual or a Hindu undivided family, who is responsible for paying to a resident any income by way of rent, shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of two per cent. for the use of any machinery or plant or equipment; and ten per cent. for the use of any land or building (including factory building) or land appurtenant to a building (including factory building) or furniture or fittings.

The second proviso to the said section provides that an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business or profession carried on by him exceed the monetary limits specified under clause (a) or clause (b) of section 44AB during the financial year immediately preceding the financial year in which such interest is credited or paid, shall be liable to deduct income-tax under the said section.

It is proposed to amend the said proviso so as to provide that an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from business or profession carried on by him exceed one crore rupees in case of business or fifty lakh rupees in case of profession during the financial year immediately preceding the financial year in which such income by way of rent is credited or paid, shall be liable to deduct income-tax under the said section.

This amendment will take effect from 1st April, 2020.

*Clause 79* of the Bill seeks to amend section 194J of the Income-tax Act relating to fees for professional or technical services.

Sub-section (1) of the said section provides that any person, not being an individual or a Hindu undivided family, who is responsible for paying to a resident any sum by way of fees for professional services, or fees for technical

services, or any remuneration or fees or commission by whatever name called, other than those on which tax is deductible under section 192, to a director of a company, or royalty or any sum referred to in clause (va) of section 28, shall, at the time of credit or payment of such sum to the account of the payee to deduct an amount equal to ten per cent. as income-tax.

It is proposed to amend the said sub-section so as to provide that any person, not being an individual or a Hindu undivided family, who is responsible for paying to a resident any sum by way of fees for professional services, or fees for technical services, or any remuneration or fees or commission by whatever name called, other than those on which tax is deductible under section 192, to a director of a company, or royalty or any sum referred to in clause (va) of section 28, shall at the time of payment or credit of such sum to the account of the payee, deduct an amount equal to two per cent. of such sum as income-tax in case of fees for technical services (not being professional services) and ten per cent. of such sum in any other case.

The second proviso to the said sub-section provides that an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business or profession carried on by him exceed the monetary limits specified under clause (a) or clause (b) of section 44AB during the financial year immediately preceding the financial year in which such interest is credited or paid, shall be liable to deduct income-tax under this section.

It is proposed to amend the said proviso so as to provide that an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business or profession carried on by him exceed one crore rupees in case of business or fifty lakh rupees in case of profession during the financial year immediately preceding the financial year in which such interest is credited or paid, shall be liable to deduct income-tax under the said section.

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

*Clause 80* of the Bill seeks to insert a new section 194K relating to income in respect of units.

The said section, *inter alia*, provides that any person responsible for paying to a resident any income in respect of—

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

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

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

It is also proposed to define the expressions "Administrator", "specified company" and "specified undertaking" and to clarify that where any income referred to in the said section is credited to any account, whether called "Suspense account" or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be credit of such income to the

account of the payee and the provisions of this section shall apply accordingly.

This amendment will take effect from 1st April, 2020.

Clause 81 of the Bill seeks to amend section 194LBA of the Income-tax Act relating to certain income from units of a business trust.

The said section, *inter alia*, requires business trust to deduct tax on distribution of income, referred to in section 115UA, being of the nature referred to in sub-clause (a) of clause (23FC) or clause (23FCA) of section 10, at the rate of ten per cent. to a resident and at the rate of five per cent. to a non-resident (not being a company) or a foreign company, respectively.

It is proposed to amend the said section so as to omit the reference of sub-clause (a) of clause (23FC) of section 10 from the said section. Thus, liability to deduct tax shall be applicable on distribution of income referred to in section 115UA, being of the nature referred to in clause (23FC) or clause (23FCA) of section 10, to a resident and to a non-resident (not being a company) or a foreign company.

It is further proposed to amend sub-section (2) of the said section to provide that the tax is to be deducted at the rate of five per cent. in case of income the nature referred to in sub-clause (a) of clause (23FC) of section 10 and at the rate of ten per cent. in case of income of the nature referred to in sub-clause (b) of the said clause.

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

Clause 82 seeks to amend section 194LC of the Income-tax Act relating to income by way of interest from Indian company.

Sub-section (1) of the said section provides that income-tax at the rate of five per cent. shall be deducted on any interest referred to in sub-section (2), payable by a specified company or business trust to a non-resident, in respect of monies borrowed in foreign currency from a source outside India.

It is proposed to insert a proviso in sub-section (1) of the said section so as to provide that the withholding tax of four per cent. shall be deducted on interest referred to in clause (ib) of sub-section (2) of said section.

Sub-section (2) of said section specifies the interest which is eligible for withholding tax of five per cent. on borrowings made under a loan agreement at any time on or after the 1st day of July, 2012 but before the 1st day of July, 2020, through issue of long-term infrastructure bond at any time on or after the 1st day of July, 2012 but before the 1st day of October, 2014, through any long-term bond including long-term infrastructure bond at any time on or after 1st day of October, 2014 but before the 1st day of July, 2020 or by way of issue of rupee denominated bonds before the 1st day of July, 2020 subject to the approval of the Central Government.

It is proposed to amend said sub-section (2) so as to extend the period of rate of withholding tax of five per cent. on the interest payments against borrowing made under a loan agreement, issue of long-term bonds including infrastructure bonds and issue of rupee denominated bonds from the 1st day of July, 2020 to the 1st day of July, 2023.

It is also proposed to insert a new clause (ib) in sub-section (2) of the said section so as to extend the withholding tax of four per cent. on the interest payable to a non-resident, in respect of monies borrowed in foreign currency from a source outside India, by way of issue of any long term bond or rupee denominated bond on or after the 1st day of April, 2020 but before the 1st day of July, 2023, which is

listed only on a recognised stock exchange located in any International Financial Services Centre.

These amendments will take effect from the 1st April, 2020.

Clause 83 of the Bill seeks to amend section 194LD of the Income-tax Act relating to income by way of interest on certain bonds and Government securities.

Sub-section (2) of the said section specifies that the interest payable on or after the 1st day of July, 2013 but before the 1st day of July, 2020, in respect of investments made in a rupee denominated bond of an Indian company or a Government security shall be eligible for lower withholding tax of five per cent.

It is proposed to substitute the said sub-section so as to provide that the concessional rate of five per cent. withholding tax shall be available on the interest payable—

(i) on or after the 1st day of July, 2013 but before the 1st day of July, 2023, in respect of investments made in rupee denominated bond of an Indian company or a Government security;

(ii) on or after the 1st day of April, 2020 but before the 1st day of July, 2023 in respect of investments made in a municipal debt securities.

It is further proposed to provide that the rate of interest in respect of rupee denominated bond of an Indian company shall not exceed the rate as may be notified by the Central Government in this behalf.

It is also proposed to insert new clause (ba) in the *Explanation* to the said section so as to define the expression "municipal debt securities".

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

Clause 84 of the Bill seeks to insert a new section 194-O in the Income-tax Act relating to payment of certain sums by e-commerce operator to e-commerce participants.

Sub-section (1) of the said section provides that notwithstanding anything to the contrary contained in any of the provisions of Part B of this Chapter, where sale of goods or provision of services of an e-commerce participant is facilitated by an e-commerce operator through its digital or electronic facility or platform (by whatever name called), such e-commerce operator shall, at the time of credit of amount of sale or services or both to the account of an e-commerce participant or at the time of payment thereof to such e-commerce participant by any mode, whichever is earlier, deduct income-tax at the rate of one per cent. of the gross amount of such sales or services or both. It is further clarified that any payment made by a purchaser of goods or recipient of service directly to an e-commerce participant for sale of goods or provision of services or both, facilitated by an e-commerce operator, shall be deemed to be amount credited or paid by the e-commerce operator to the e-commerce participant and shall be included in the gross amount of such sales or services for the purpose of deduction of income-tax under the said sub-section.

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

Sub-section (3) of the said section provides that notwithstanding anything contained in Part B of this Chapter

a transaction in respect of which tax has been deducted by the e-commerce operator under sub-section (1), or is not liable to deduction under sub-section (2), shall not be liable to tax deduction at source under any other provision of Part B of this Chapter. It is further proposed to exclude the application of the said sub-section to any amount or aggregate of amounts received or receivable by an e-commerce operator for hosting advertisements or providing any other services which are not in connection with the sale of goods or services referred to in sub-section (1).

The said section also provides for the definitions of the expressions "electronic commerce", "e-commerce operator", "e-commerce participant" and "service".

This amendment will take effect from 1st April, 2020.

Clause85 of the Bill seeks to amend section 195 of the Income-tax Act relating to other sums.

The second proviso of sub-section (2) of the said section provides that no deduction under that section shall be made in respect of any dividends referred to in section 115-O.

It is proposed to consequentially omit the said proviso.

This amendment will take effect from 1st April, 2020.

Clause86 of the Bill seeks to amend section 196A of the Income-tax Act relating to income in respect of units of non-residents.

Sub-section (1) of the said section provides that any person responsible for paying to a non-resident, not being a company, or to a foreign company, any income in respect of a Mutual Fund specified under clause (23D) of section 10 or of the Unit Trust of India shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of twenty per cent.

It is proposed to amend the said sub-section to substitute the expression "Unit Trust of India" referred to in the said sub-section with "specified company referred to in the Explanation to clause (35) of section 10; and to enable credit of income or payment thereof by any mode.

Proviso to this sub-section provides that no deduction shall be made under this section from any such income credited or paid on or after the 1st day of April, 2003.

It is further proposed to omit the proviso to the said sub-section.

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

Clause87 of the Bill seeks to amend section 196C of the Income-tax Act relating to income from foreign currency bonds or shares of Indian company.

The said section provides that where any income by way of interest or dividends in respect of bonds or Global Depository Receipts referred to in section 115AC or by way of long-term capital gains arising from the transfer of such bonds or Global Depository Receipts is payable to a non-resident, the person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of ten per cent.

It is proposed to amend said section so as to enable credit of income or payment thereof by any mode.

It is further proposed to omit the proviso to the said section.

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

Clause88 of the Bill seeks to amend section 196D of the Income-tax Act relating to income of Foreign Institutional Investors from securities.

The said section, *inter alia*, provides that where any income in respect of securities referred to in clause (a) of sub-section (1) of section 115AD, not being income by way of interest referred to in section 194LD, is payable to a Foreign Institutional Investor, the person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of twenty per cent.

It is proposed to amend sub-section (1) of the said section so as to enable credit of income or payment thereof by any mode.

It is further proposed to omit the proviso to the said sub-section.

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

Clause89 of the Bill seeks to amend section 197 of the Income-tax Act relating to certificate for deduction at lower rate.

It is proposed to consequentially amend sub-section (1) of the said section to provide that the sums on which tax is required to be deducted under section 194-O shall also be eligible for certificate for deduction at lower rate.

This amendment will take effect from 1st April, 2020.

Clause90 of the Bill seeks to amend section 203AA of the Income-tax Act relating to furnishing of statement of tax deducted.

It is proposed to omit the said section.

This amendment will take effect from 1st June, 2020.

Clause91 of the Bill seeks to amend section 204 of the Income-tax Act relating to meaning of "person responsible for paying".

It is proposed to insert a new clause in the said section so as to provide that in the case of a person not resident in India, the person himself or any person authorised by such person or the agent of such person in India including any person treated as an agent under section 163 shall also be included within the meaning of the definition of the expression "person responsible for paying" under the said section.

This amendment will take effect from 1st April, 2020.

Clause92 of the Bill seeks to amend section 206AA of the Income-tax Act relating to requirement to furnish Permanent Account Number.

It is proposed to insert a proviso in sub-section (1) of the said section so as to provide that where the tax is required to be deducted under section 194-O, the provisions of clause (iii) shall apply as if for the words "twenty per cent.", the words "five per cent." had been substituted.

This amendment will take effect from 1st April, 2020.

Clause93 of the Bill seeks to amend section 206C of the Income-tax Act, relating to profits and gains from the business of trading in alcoholic liquor, forest produce, scrap, etc.

Sub-section (1) of the said section provides that every person, being a seller shall, at the time of debiting of the amount payable by the buyer to the account of the buyer or

at the time of receipt of such amount from the said buyer in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, collect from the buyer of any goods of the specified nature a sum equal to the specified percentage, of such amount as income-tax.

Clause (c) of the *Explanation* to the said section provides that the "seller" means the Central Government, a State Government or any local authority or corporation or authority established by or under a Central, State or Provincial Act, or any company or firm or co-operative society and also includes an individual or a Hindu undivided family whose total sales, gross receipts or turnover from the business or profession carried on by him exceed the monetary limits specified under clause (a) or clause (b) of section 44AB during the financial year immediately preceding the financial year in which the goods of the nature specified in the Table in sub-section (1) are sold.

It is proposed to amend the said clause so as to provide that an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business or profession carried on by him exceed one crore rupees in case of business or fifty lakh rupees in case of profession during the financial year immediately preceding the financial year in which such interest is credited or paid, shall be liable to deduct income-tax under the said section.

It is further proposed to insert a new sub-section (1G) in the said section so as to provide that every person being an authorised dealer, who receives any amount, or an aggregate of amounts, of seven lakh rupees or more in a financial year for remittance out of India under the Liberalised Remittance Scheme of the Reserve Bank of India from a buyer, being a person remitting such amount out of India; or being a seller of an overseas tour program package, who receives any amount from a buyer, being the person who purchases such package, shall, at the time of debiting of the amount payable by the buyer to the account of the buyer or at the time of receipt of such amount from the said buyer by any mode, whichever is earlier, collect from the buyer, a sum equal to five per cent. of such amount as income-tax. The provisions of the said sub-section shall not apply if the buyer is liable to deduct tax at source under any other provision of the Act and he has deducted such amount. It is further provided that the provisions of the said sub-section shall not apply if the buyer is the Central Government, or a State Government, or an embassy, or a High Commission, or a legation, a commission, a consulate, the trade representation of a foreign State, or a local authority as defined in the *Explanation* to clause (20) of section 10 or any other person notified by the Central Government for this purpose subject to conditions as may be specified in that notification.

For the purposes of the said sub-section, it is also proposed to define the expressions "authorised dealer" and "overseas tour package".

It is also proposed to insert sub-section (1H), to provide that every person being a seller, who receives any amount as consideration for sale of any goods of the value or aggregate of such value exceeding fifty lakh rupees in any previous year, other than the goods covered in sub-section (1) or sub-section (1F) or (1G) shall, at the time of receipt of such amount, collect from the buyer, a sum equal to 0.1 per cent. of the sale consideration exceeding fifty lakh rupees as income-tax. It is further provided that in case the buyer does not furnish his PAN or Aadhaar number to the seller, then the tax shall be collected by the seller at the rate of one per cent. Further, the provision of this sub-section shall not apply if the buyer is liable to deduct tax at source under any other provision of the Act and he has deducted such amount.

It is also proposed to define the terms "buyer" and "seller".

It is also proposed to amend sub-section (2) of the said section so as to provide that the power to recover tax by collection under the said section shall be without prejudice to any other mode of recovery.

It is also proposed to amend sub-section (3) of the said section so as to provide that any person collecting any amount under this section shall pay within the prescribed time the amount so collected to the credit of the Central Government or as the Board directs.

It is also proposed to amend the first proviso to sub-section (6A) of the said section so as to provide that any person who is responsible for collecting tax in accordance with the provisions of sub-section (1) and sub-section (1C), fails to collect the whole or any part of the tax on the amount received from a buyer or licensee or lessee or on the amount debited to the account of the buyer or licensee or lessee, shall not be deemed to be an assessee in default in respect of such tax, if such buyer or licensee or lessee has furnished his return of income under section 139 and has taken into account such amount for computing income in such return of income and the person has paid the tax due on the income declared by him in such return of income and the person has furnished a certificate to this effect from an accountant in such form as provided by rules.

It is also proposed to define the term "seller" and restrict its applicability to sub-section (1) and sub-section (1F) of the said section.

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

Clause 94 of the Bill seeks to insert a new section 234G of the Income-tax Act relating to fee for default relating to statement or certificate.

Sub-section (1) of the proposed section provides that without prejudice to the provisions of that Act, where the research association, university, college or other institution or the company fails to deliver or cause to be delivered a statement within the time prescribed under clause (i), or furnish a certificate prescribed under clause (ii) of sub-section (1A) of section 35; or the institution or fund fails to deliver or cause to be delivered a statement within the time prescribed under clause (viii) of sub-section (5), or furnish a certificate prescribed under clause (ix) of sub-section (5) of section 80G; it shall be liable to pay, by way of fee, a sum of two hundred rupees for every day during which the failure continues.

Sub-section (2) of the proposed section provides that the amount of said fee shall not exceed the amount in respect of which the failure referred therein has occurred and shall be paid before delivering or causing to be delivered the statement mentioned in sub-section (1).

This amendment will take effect from 1st June, 2020.

Clause 95 of the Bill seeks to amend section 250 of the Income-tax Act, 1961 relating to procedure in appeal.

It is proposed to insert new sub-sections (6B), (6C) and (6D) in the said section so as to, *inter alia*, provide for a scheme, by notification in the Official Gazette, for the disposal of appeal under section 250 so as to impart greater efficiency, transparency and accountability.

This amendment will take effect from 1st April, 2020.

Clause 96 of the Bill seeks to amend section 253 of the Income-tax Act relating to appeals to the Appellate Tribunal.

Sub-section (1) of the said section provides for appeal by an assessee to the Appellate Tribunal against certain

orders by which he is aggrieved. Clause (c) of said section provides one such order to be an order passed by a Principal Commissioner or Commissioner under section 12AA.

It is proposed to make a reference to section 12AB in the said clause so as to provide that assessee, if he is aggrieved, may appeal to the Appellate Tribunal against order passed by a Principal Commissioner or Commissioner under section 12AB, as well.

The proposed amendment is consequential to the insertion of a new section 12AB in the Income-tax Act which provides the procedure for registration of a trust or institution.

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

*Clause 97* of the Bill seeks to amend section 254 of the Income-tax Act relating to orders of Appellate Tribunal.

It is proposed to amend the first proviso to sub-section (2A) of the said section so as to provide that no order of stay under the said proviso shall be passed by the Appellate Tribunal unless the assessee has deposited not less than twenty per cent. of the amount of tax, interest, fee, penalty, or any other sum payable under the provisions of this Act, or has furnished security of equal amount in respect thereof.

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

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

*Clause 98* of the Bill seeks to insert a new section 271AAD in the Income-tax Act relating to penalty for false or omission of entry in books of account.

It is proposed to insert a new section 271AAD, under which penalty shall be levied on a person who is required to maintain books of account, if it is found that the books contain a false entry or that any entry has been omitted which is relevant for the computation of his total income. Such person shall be liable to pay by way of penalty a sum equal to the aggregate amount of such false and omitted entries. Penalty shall also be levied on any other person who causes the person required to maintain books of account to make or causes to make any false entry or omit or cause to omit any entry in books of account. The false entries shall include use or intention to use forged or falsified documents such as a false invoice or, in general, a false piece of documentary evidence; or invoice in respect of supply or receipt of goods or services or both issued by the person or any other person without actual supply or receipt of such goods; or invoice in respect of supply or receipt of goods or services or both to or from a person who does not exist.

This amendment will take effect from 1st April, 2020.

*Clause 99* of the Bill seeks to insert a new section 271K in the Income-tax Act relating to penalty for failure to furnish statements, etc.

The proposed section provides that without prejudice to the provisions of that Act, the Assessing Officer may direct that a sum not less than ten thousand rupees but extending to one lakh rupees shall be paid by way of penalty by, the

research association, university, college or other institution referred to in clause (ii) or clause (iii) or the company referred to in clause (iia) of sub-section (1), if it fails to deliver or cause to be delivered a statement within the time prescribed under clause (i), or furnish a certificate prescribed under clause (ii) of sub-section (1A) of section 35 of the Income-tax Act; or the institution or fund, if it fails to deliver or cause to be delivered a statement within the time prescribed under clause (viii) of sub-section (5), or furnish a certificate prescribed under clause (ix) of sub-section (5) of section 80G.

This amendment will take effect from 1st June, 2020.

*Clause 100* of the Bill seeks to amend section 274 of the Income-tax Act relating to procedure.

It is proposed to insert sub-sections (2A), (2B) and (2C) in the said section so as to, *inter alia*, provide for a scheme, by notification in the Official Gazette, for imposing penalty under Chapter XXI of the Act to impart greater efficiency, transparency and accountability.

This amendment will take effect from 1st April, 2020.

*Clause 101* of the Bill seeks to insert a new section 285BB in the Income-tax Act relating to annual information statement so as to provide that the prescribed income-tax authority or the person authorised by such authority shall upload in the registered account of the assessee an annual information statement in such form and manner, within such time and along with such information, which is in the possession of an income-tax authority as may be prescribed.

This amendment will take effect from 1st June, 2020.

*Clause 102* of the Bill seeks to amend section 288 of the Income-tax Act relating to appearance by authorised representative.

Sub-section (2) of the said section, *inter alia*, provides for the definition of "authorised representative" who shall be entitled or required to attend before any income-tax authority or the Appellate Tribunal in connection with any proceeding under the said Act.

It is proposed to amend the said sub-section so as to enable any other person, as may be provided by rules by the Board to appear as an authorised representative.

This amendment will take effect from 1st April, 2020.

*Clause 103* of the Bill seeks to amend section 295 of the Income-tax Act relating to power to make rules.

Sub-section (1) of said section provides that the Central Board of Direct Taxes may, subject to the control of the Central Government, by notification in the Gazette of India, make rules for the whole or any part of India for carrying out the purposes that Act.

Sub-section (2) of said section enumerates the matters for which the rules made under sub-section (1) may provide for.

Clause (b) of said sub-section (2) provides the matter, which the rules made by the Board may provide, to be the manner in which and the procedure by which the income shall be arrived at in certain cases.

It is proposed to amend said clause (b) by way of insertion of sub-clause (iia) so as to provide that the rules made by the Board may provide, for the manner in which and the procedure by which the income shall be arrived in case of operations carried out in India by a non-resident.

This amendment will take effect from the 1st day of April, 2021 and will, accordingly, apply in relation to the assessment year 2021-22 and subsequent assessment years.

It is further proposed to amend said clause (b) by way of insertion of sub-clause (iib) so as to provide that the rules made by the Board may provide, to be the manner in which and the procedure by which the income shall be arrived in case of transaction or activities of a non-resident.

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

Clause104 of the Bill seeks to amend rule 5 of the First Schedule of the Income-tax Act relating to computation of profits and gains to other insurance business.

The said rule provides that profits and gains of any business of insurance other than life insurance shall be taken to be the profit before tax and appropriations as disclosed in the profit and loss account prepared in accordance with the provisions of the Insurance Act, 1938 or the rules made thereunder or the provisions of the Insurance Regulatory and Development Authority Act, 1999 or the regulations made thereunder, subject to the conditions that any expenditure debited to the profit and loss account which is not admissible under the provisions of sections 30 to 43B shall be added back; any gain or loss on realisation of investment shall be added or deducted, as the case may be, if the same is not credited or debited to the profit and loss account; any provision for diminution in the value of investment debited to the profit and loss account, shall be added back.

It is proposed to insert a new proviso to the said rule so as to provide that any sum payable by the assessee under section 43B which is added back in accordance with clause (a) of the said rule shall be allowed as deduction in computing the income in the previous year in which such sum is actually paid.

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

#### Customs

Clause105 seeks to amend clause (f) of sub-section (2) of section 11 of the Customs Act so as to include any other goods along with gold or silver to enable the Central Government to prohibit either absolutely or conditionally the import or export of such goods to prevent injury to the economy on account of uncontrolled import or export of such goods.

Clause106 of the Bill seeks to substitute *Explanation 4* of section 28 of the Customs Act to provide that notwithstanding anything to the contrary contained in any judgment, decree or order of the Appellate Tribunal or any Court or in any other provisions of this Act or the rules or regulations made thereunder or in any other law for the time being in force, in cases where notice has been issued for non-levy, short-levy, non-payment, short-payment or erroneous refund prior to the 29th day of March, 2018, being the date of commencement of the Finance Act, 2018, such notice shall continue to be governed by the provisions of section 28 as it stood immediately before such date. This amendment shall come into effect retrospectively from the 29th day of March, 2018, the date of commencement of the Finance Act, 2018.

Clause107 of the Bill seeks to amend section 28AAA of the Customs Act so as to provide for recovery of duty from a person against utilisation of instruments issued under any other law, or under any scheme of the Central Government, for the time being in force, in addition to the Foreign Trade (Development and Regulation) Act, 1992. It also seeks to

expand the scope of the term "instrument" to include duty credit issued under section 51B.

Clause108 of the Bill seeks to insert a new Chapter VAA and a new section 28DA in the Customs Act so as to provide for administration of rules of origin under a trade agreement and to lay down procedure regarding claim of preferential rate of duty on goods imported under a trade agreement entered into between the Government of India and the Government of a foreign country or territory or economic union.

Clause109 of the Bill seeks to amend the heading of Chapter VIIA of Customs Act to insert the words "AND ELECTRONIC DUTY CREDIT LEDGER" therein.

Clause110 of the Bill seeks to insert a new section 51B in Customs Act so as to provide for creation of an electronic duty credit ledger in the customs automated system and manner of its utilisation.

Clause111 of the Bill seeks to insert a new clause (g) in section 111 of the Customs Act so as to provide for confiscation of improperly imported goods for contravention of the provisions of Chapter VAA.

Clause112 of the Bill seeks to insert a new clause (j) in sub-section (2) of section 156 so as to empower the Central Government to make rules providing for the form, time limit, manner, circumstances, conditions, restrictions and other matters for carrying out the provisions of Chapter VAA.

Clause113 of the Bill seeks to amend section 157 of the Customs Act so as to empower the Board to make regulations for the manner of maintaining electronic duty ledger, making of payment from that ledger, transfer of duty credit from ledger of one person to the ledger of another and the conditions, restrictions and the time limit relating thereto.

#### Customs Tariff

Clause114 of the Bill seeks to substitute section 8B of the Customs Tariff Act so as to empower the Central Government to apply safeguard measures including tariff-rate quota to curb increased quantity of imports of an article to prevent serious injury to domestic industry.

Clause115 of the Bill seeks to amend the First Schedule to the Customs Tariff Act so as to—

- (a) revise tariff rates in respect of certain tariff items in the manner specified in the Second Schedule;
- (b) create new tariff lines in the manner specified in the Third Schedule.

#### Central Goods and Services Tax

Clause116 of the Bill seeks to amend clause (114) of section 2 of the Central Goods and Services Tax Act so as to align the definition of "Union territory" in line with the Jammu and Kashmir Reorganisation Act, 2019 and the Dadra and Nagar Haveli and Daman and Diu (Merger of Union Territories), Act, 2019.

Clause117 of the Bill seeks to amend clauses (b), (c) and (d) of sub-section (2) of section 10 of the Central Goods and Services Tax Act to harmonise the conditions for eligibility for opting to pay tax under sub-section (1) and sub-section (2A) of the said Act.

Clause 118 of the Bill seeks to amend sub-section (4) of section 16 of the Central Goods and Services Tax Act so as to delink the date of issuance of debit note from the date of issuance of the underlying invoice for purposes of availing input tax credit.

Clause 119 of the Bill seeks to amend clause (c) of sub-section (1) of section 29 of the Central Goods and Services

Tax Act so as to provide for cancellation of registration obtained voluntarily under sub-section (3) of section 25.

*Clause 120* of the Bill seeks to substitute the proviso to sub-section (1) of section 30 of the Central Goods and Services Tax Act so as to empower the jurisdictional tax authorities to extend the period provided to file an application for revocation of cancellation of registration.

*Clause 121* of the Bill seeks to amend section 31 of the Central Goods and Services Tax Act so as to empower the Government to notify the categories of services or supplies in respect of which tax invoice shall be issued and to make rules regarding the time and manner of its issuance.

*Clause 122* of the Bill seeks to amend section 51 of the Central Goods and Services Tax Act so as to empower the Government to make rules to provide for the form and manner in which a certificate of tax deduction at source shall be issued.

*Clause 123* of the Bill seeks to amend sub-section (6) of section 109 of the Central Goods and Services Tax Act so as to make the provisions for Appellate Tribunal and its benches thereof applicable in the Union territories of Jammu and Kashmir and Ladakh.

*Clause 124* of the Bill seeks to insert a new sub-section (1A) in section 122 of the Central Goods and Services Tax Act so as to make the beneficiary of certain transactions at whose instance such transactions are conducted liable for penalty.

*Clause 125* of the Bill seeks to amend section 132 of the Central Goods and Services Tax Act so as to make the offence of fraudulent availment of input tax credit without invoice or bill cognizable and non-bailable under sub-section (1) of section 69 and to make any person who retains the benefit of certain transactions and at whose instance such transactions are conducted liable for punishment.

*Clause 126* of the Bill seeks to amend section 140 of the Central Goods and Services Tax Act relating to transitional arrangements for input tax credit, so as to prescribe the time limit and the manner for availing input tax credit against certain unavailed credit under the existing law. This amendment shall take effect retrospectively from the 1st day of July, 2017.

*Clause 127* of the Bill seeks to amend section 168 of the Central Goods and Services Tax Act so as to make provisions for enabling the jurisdictional Commissioners to exercise powers under sub-section (5) of section 66 and also under second proviso to sub-section (1) of section 143.

*Clause 128* of the Bill seeks to amend section 172 of the Central Goods and Services Tax Act so as to extend the time limit provided for removal of difficulties thereunder from three years to five years, with effect from the date of commencement of the said Act.

*Clause 129* of the Bill seeks to amend paragraph 4 of Schedule II to the Central Goods and Services Tax Act so as to omit the words "whether or not for consideration" so as to give clarity to the meaning of the entries (a) and (b) of said paragraph. This amendment shall take effect retrospectively from the 1st day of July, 2017.

*Clause 130* of the Bill seeks to provide retrospective exemption from central tax on supply of fishmeal, during the period from the 1st day of July, 2017 up to 30th day of September, 2019 (both days inclusive).

It further seeks to retrospectively levy central tax at the reduced rate of six per cent. on supply of pulley, wheels and other parts (falling under heading 8483) and used as parts of agricultural machinery of headings 8432, 8433 and 8436,

during the period from the 1st day of July, 2017 up to 31st day of December, 2018 (both days inclusive).

It also seeks to provide that no refund shall be made of the tax which has already been collected.

*Clause 131* of the Bill seeks to give retrospective effect to the notification of the Government of India in the Ministry of Finance (Department of Revenue) number G.S.R. 708(E), dated the 30th September, 2019 with effect from 1st day of July, 2017.

#### *Integrated Goods and Services Tax*

*Clause 132* of the Bill seeks to amend section 25 of the Integrated Goods and Services Tax Act so as to extend the time limit provided for removal of difficulties thereunder from three years to five years with effect from the date of commencement of the said Act.

*Clause 133* of the Bill seeks to provide retrospective exemption from integrated tax on supply of fishmeal, during the period from the 1st day of July, 2017 up to 30th day of September, 2019 (both days inclusive).

It further seeks to retrospectively levy integrated tax at the reduced rate of twelve per cent. on supply of pulley, wheels and other parts (falling under heading 8483) and used as parts of agricultural machinery of headings 8432, 8433 and 8436, during the period from the 1st day of July, 2017 up to 31st day of December, 2018 (both days inclusive).

It also seeks to provide that no refund shall be made of the tax which has already been collected.

#### *Union Territory Goods and Services Tax*

*Clause 134* of the Bill seeks to amend section 1 of the Union Territory Goods and Services Tax Act so as to give effect to the change in the status of Union territory of Dadra and Nagar Haveli and Union territory of Daman and Diu and to make the said Act applicable to the Union territory of Ladakh.

*Clause 135* of the Bill seeks to amend section 2 of the Union Territory Goods and Services Tax Act so as to align the definition of "Union territory" in line with the Jammu and Kashmir Reorganisation Act, 2019 and the Dadra and Nagar Haveli and Daman and Diu (Merger of Union Territories), Act, 2019.

*Clause 136* of the Bill seeks to amend section 26 of the Union Territory Goods and Services Tax Act so as to extend the time limit provided for removal of difficulties thereunder from three years to five years, with effect from the date of commencement of the said Act.

*Clause 137* of the Bill seeks to provide retrospective exemption from Union territory tax on supply of fishmeal, during the period from the 1st day of July, 2017 up to 30th day of September, 2019 (both days inclusive).

It further seeks to retrospectively levy Union territory tax at the reduced rate of six per cent. on supply of pulley, wheels and other parts (falling under heading 8483) and used as parts of agricultural machinery of headings 8432, 8433 and 8436, during the period from the 1st day of July, 2017 up to 31st day of December, 2018 (both days inclusive).

It also seeks to provide that no refund shall be made of the tax which has already been collected.

#### *Goods and Services Tax (Compensation to States)*

*Clause 138* of the Bill seeks to amend section 14 of the Goods and Services Tax (Compensation to States) Act so as to extend the time limit provided for removal of difficulties

thereunder from three years to five years with effect from the date of commencement of the said Act.

#### *Health Cess*

Clause 139 of the Bill seeks to provide for levy of Health Cess at the rate of 5% as duty of customs on all the goods specified in the Fourth Schedule.

#### *Miscellaneous*

Clauses 140 to 142 of the Bill seeks to amend the Indian Stamp Act, 1899, so as to—

(a) insert a proviso in sub-section (2) of section 9A of the said Act to provide exemption from stamp-duty in respect of instruments of transaction in stock exchanges and depositories established in any International Financial Services Centre set up under section 18 of the Special Economic Zones Act, 2005;

(b) insert a new section 73B in the said Act so as to empower the Central Government to issue directions and also to authorise the Securities and Exchange Board of India or the Reserve Bank of India to issue instructions, circulars and guidelines, retrospectively, for carrying out the provisions of Part AA of Chapter II of that Act.

Clause 143 of the Bill seeks to amend section 9 of the Prohibition of *Benami* Property Transactions Act, 1988 relating to qualifications for appointment of Chairperson and Members.

Sub-section (1) of the said section provides that a person shall not be qualified for appointment as the Chairperson or a Member of the Adjudicating Authority unless he has been a member of the Indian Revenue Service and has held the post of Commissioner of Income-tax or equivalent post in that Service; or has been a member of the Indian Legal Service and has held the post of Joint Secretary or equivalent post in that Service.

It is proposed to substitute clause (b) in the said sub-section so as to provide that a person who is qualified for appointment as District Judge shall also be eligible for the appointment as Chairperson or Member of the Adjudicating Authority under the said Act.

This amendment shall take effect from 1st April, 2020.

Clause 144 seeks to amend section 8 of the Election Commission (Conditions of Service of Election Commissioners and Transaction of Business) Act 1991 relating to other conditions of service.

Section 8 provides for income-tax exemption to the Chief Election Commissioner and other Election Commissioners on the value of rent-free residence, conveyance facilities, sumptuary allowance, medical facilities and other such conditions of service as are applicable to Judge of the Supreme Court under Chapter IV of the Supreme Court Judges (Conditions of Service) Act, 1958 and the rules made there under.

It is proposed to amend the said section so as to do away with the income-tax exemption applicable to the Chief Election Commissioner and other Election Commissioners on the value of rent-free residence, conveyance facilities, sumptuary allowance, medical facilities and other such conditions of service as are applicable to a Judge of the Supreme Court.

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

Clause 145 seeks to substitute the Seventh Schedule to the Finance Act, 2001 in the manner specified in Fifth Schedule.

Clause 146 of the Bill seeks to amend section 116 of the Finance Act, 2013 relating to definitions.

Clause (7) of the said section defines “taxable commodities transaction”. It is proposed to amend the said clause so as to insert the expressions ‘sale of option in goods, and sale of commodity derivatives based on prices or indices of prices of commodity derivatives’ within the ambit of said definition.

It is further proposed to amend clause (8) of the said section so as to substitute the expressions “Forward Contracts (Regulation) Act, 1952 with the expressions “Securities Contracts (Regulation) Act, 1956 and to insert the words “notifications issued” therein.

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

Clause 147 of the Bill seeks to amend section 117 of the said Act relating to charge of commodities transaction tax.

It is proposed to substitute the Table of the said section with a new Table.

Clause 148 of the Bill seeks to consequentially amend section 118 of the said Act relating to value of taxable commodities transaction.

Clause 149 of the Bill seeks to amend sections 119, 120 and 132A of the said Act so as to substitute the words “recognised stock exchange” for the words “recognised association”.

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

## MEMORANDUM REGARDING DELEGATED LEGISLATION

The provisions of the Bill, *inter alia*, empower the Central Government to issue notifications and the Board to make rules for various purposes as specified therein.

Clause 5 of the Bill seeks to amend section 9 of the Income-tax Act relating to income deemed to accrue or arise in India. The proposed new *Explanation 2A* to the said section empowers the Board to provide by rules the amount of "aggregate payments" from the transaction in respect of any goods, services or property which shall be deemed to accrue or arise in India.

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

The proposed amendment of clause (23C) of the said section empowers the Board to provide by rules the form and the manner in which the order under clause (i), sub-clause (b) of clause (ii) and clause (iii) of the second proviso to be passed.

The proposed new clause (23FE) in the said section empowers the Central Government to notify "such other business" for exemption in respect of any income of a specified person in the nature of dividend, interest or long-term capital gains arising from an investment made by it in India, whether in the form of debt or equity, with certain conditions.

Clause 12 of the Bill seeks to insert new section 12AB the Income-tax Act relating to procedure for fresh registration. Sub-section (3) of the proposed new section 12AB empowers the Board to provide by rules the form and the manner in which the order under the said sub-section shall be passed.

Clause 13 of the Bill seeks to amend section 17 of the Income-tax Act relating to "Salary" "perquisite" and "profit in lieu of salary". The proposed amendment of the said section empowers the Board to provide by rules the manner of computation of income by way of interest, dividend or any other amount of similar nature.

Clause 17 of the Bill seeks to amend section 35 of the Income-tax Act relating to expenditure on scientific research.

The proposed new fifth proviso to sub-section (1) of the said section empowers the Board to provide by rules the form and manner of giving intimation by the research association, university, college or company, to the prescribed authority.

The proposed new sub-section (1A) empowers the Board to make rules to provide for the preparation of statements, time period for such statement, form and manner of verification, particulars and time for submission of such statements. It is further proposed to empower the Board to provide by rules for the form and manner of verification of the correction statement thereof. It is also proposed to empower the Board to make rules with regard to the manner, particulars and time for certificate to be given to a donor under the said sub-section.

Clause 21 of the Bill seeks to amend section 43 of the Income-tax Act relating to definitions of certain terms relevant to income from profits and gains of business or profession.

The proposed amendment to *Explanation 2* of the said section empowers the Board to provide by rules the conditions to be fulfilled for a "recognised stock exchange". It further empowers the Central Government to notify the same.

Clause 33 of the Bill seeks to amend section 80G of the Income-tax Act relating to deduction in respect of donations to certain funds, charitable institutions, etc.

It is proposed to amend sub-section (5) of the said section so as to empower the Board to provide by rules the statement, time period, form and manner of verification, particulars and time for delivery of correction statement for rectification of any mistake in the information furnished in the said statement. It is further proposed to empower the Board to make rules with regard to the manner, particulars and time for certificate of donation.

It is further proposed to empower the Board to make rules to prescribe the form and the manner in which the order under clause (i), sub-clause (b) of clause (ii) and clause (iii) of the proposed first proviso shall be passed.

Clause 37 of the Bill seeks to amend section 80-IB of the Income-tax Act relating to deduction in respect of profits and gains from certain industrial undertakings other than infrastructure development undertakings.

The proposed amendments in sub-sections (7A), (7B), (11B) and (11C) of the said section empowers the Board to provide by rules the form and particulars of the report of an audit.

Clause 44 of the Bill seeks to amend section 92CC of the Income-tax Act relating to advance pricing agreement.

The proposed new sub-section (9A) of the said section empowers the Board to make rules prescribing conditions, procedure and manner for entering agreement referred to in sub-section (1) of the said section.

Clause 53 of the Bill seeks to- (i) insert a new section 115BAC relating to tax on income of individuals and Hindu Undivided Family. Clause (iii) of sub-section (2) of the said section provided for manner of computation of income of individuals and Hindu Undivided Family, by claiming the depreciation if any, under any provision of section 32 except clause (iia) of sub-section (1) of the said section, determined in such manner to be provided by rules. (ii) insert a new section 115BAD of the Income-tax Act relating to the income of certain registered cooperative societies.

Proviso to sub-section (3) of the said section empowers the Board to provide by rules the manner of making corresponding adjustment to the written down value of block of assets.

Sub-section 5 of the proposed new section empowers the Board to provide rules the manner of exercising option by the person under the said section.

Clause 57 of the Bill seeks to amend section 115JC of the Income-tax Act relating to special provisions for payment of tax by certain persons other than a company.

The proposed amendment to sub-section (3) of the said section empowers the Board to provide by rules the form in which the report from an accountant shall be obtained.

Clause 65 of the Bill seeks to amend section 133A of the Income-tax Act relating to power of survey.

The proposed substitution of the proviso to the said section empowers the Board to provide by rules "such authority" for receiving information under the said section.

The proposed new sub-section (1G) of the said section empowers the Central Government to notify "any other person" for exemption from the application of the said sub-section.

Clause 67 of the Bill seeks to amend section 140 of the Income-tax Act relating to return by whom to be verified.

The proposed amendment empowers the Board to provide by rules "any other persons" for the purpose in the case of company and limited liability partnership.

Clause 74 of the Bill seeks to amend section 194 of the income-tax Act relating to income by way of interest on certain bonds and Government Securities. The proposed amendment of sub-section (2) of the said section empowers the Central Government to notify the "rate of interest" in respect of rupee denominated bond of an Indian company.

Clause 93 of the Bill seeks to amend section 206C of the income-tax Act relating to profits and gains from the Business of trading in alcoholic liquor, forest produce, scrap, etc.

The proposed amendment seeks to empower the Central Government to notify "any other person" to exempt from the application of the provisions of newly inserted sub-section (1G) of the said section.

Clause 95 of the Bill seeks to amend section 250 of the Income-tax Act relating to procedure in appeal.

The proposed new sub-section (6B) of the said section empowers the Board to make scheme, by notification in the Official Gazette, for the disposal of appeal under section 250 and to empower the Central Government under sub-section (6C) to issue notification to give effect to the scheme and to give direction relating to jurisdiction and procedure for disposal of appeal by Commissioner (Appeals).

Clause 100 of the Bill seeks to amend section 274 of the Income-tax Act relating to procedure.

The proposed new sub-section (2A) of the said section empowers the Board to make scheme, by notification in the Official Gazette, for imposing penalty under Chapter XXI of the Act and to empower the Central Government to issue notification under sub-section (2B) to give effect to the scheme and to give direction relating to jurisdiction and procedure for imposing penalty by Income-tax authorities.

Clause 101 of the Bill seeks to insert a new section 285BB in the Income-tax Act relating to annual information statement to empower the Board to provide by rules the form, manner, and the time period within which, and such information for annual information statement shall be uploaded by the income-tax authority.

Clause 102 of the Bill seeks to amend section 288 of the Income-tax Act relating to appearance by authorised representative.

Sub-section (2) of the said section, inter alia, provides for the definition of "authorised representative" who shall be entitled or required to attend before any income-tax authority or the Appellate Tribunal in connection with any proceeding under the said Act.

The proposed amendment of the said sub-section empowers the Board to provide by rules "any other person" who may also appear as an authorised representative.

Clause 112 of the Bill seeks to amend section 156 of the Customs Act so as to insert a new clause (i) therein, to empower the Central Government to make rules to provide for the form, time limit, manner, circumstances, conditions, restrictions and such other matters for carrying out the provisions of Chapter VAA.

Clause 113 of the Bill seeks to amend section 157 of the Customs Act so as to insert a new clause (ja) therein, to empower the Board to make regulations to provide for the manner of maintaining electronic duty credit ledger, making payment from such ledger, transfer of duty credit from ledger of one person to the ledger of another and the conditions, restrictions and time limit relating thereto.

Clause 114 of the Bill seeks to substitute section 8B of the Customs Tariff Act. Sub-section (10) of the said section empowers the Central Government to make rules to provide for the manner in which articles liable for safeguard measures may be identified, the manner in which the causes of serious injury or causes of threat of serious injury in relation to identified article may be determined, the manner of assessment and collection of safeguard duty, the manner in which tariff-rate quota on identified article may be allocated among supplying countries, the manner of implementing tariff-rate quota as a safeguard measure and any other safeguard measure and the manner of its application.

Clause 121 of the Bill seeks to amend section 31 of the Central Goods and Services Tax Act. Sub-section (2) of the said section empowers the Government to make rules to provide for the time and manner of issuing tax invoice.

Clause 122 of the Bill seeks to amend section 51 of the Central Goods and Services Tax Act. Sub-section (3) of the said section empowers the Government to make rules to provide for the form and manner in which a certificate of tax deduction at source shall be issued.

Clause 126 of the Bill seeks to amend section 140 of the Central Goods and Services Tax Act with retrospective effect to empower the Central Government to make rules to provide for the time limit and the manner for availing input tax credit against certain unavailed credit under the existing law.

2. The matters in respect of which rules may be made or notifications or order may be issued in accordance with the provisions of the Bill are matters of procedure and details and it is not practicable to provide for them in the Bill itself.

3. The delegation of legislative power is, therefore, of a normal character.

LOK SABHA

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to give effect to the financial proposals of the central Government  
for the financial year 2020-2021

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*(Smt. Nirmala Sitharaman,  
Minister of Finance.)*