

**Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes**

PRESS RELEASE

New Delhi, 3rd March, 2016

Sub: Decision's of CBDT clarifying various provisions of the Income-tax Act for reducing litigation and easing burden of compliance – regarding.

The Central Board of Direct Taxes has taken a number of decisions to clarify the applicability of various provisions of the Income-tax Act with the objective of easing the burden of compliance and reducing litigation.

It has been clarified through Circular No. 1/2016 that under section 80IA the eligible assessee has the option of choosing the initial year from which the deduction can be claimed. Once the assessee has exercised the option of choosing the initial year, he shall be entitled to the deduction under the section from such year if he fulfills the conditions prescribed in the section.

On the issue of consideration received on buyback of shares between the period 01.04.2000 to 31.05.2013, it has been clarified that such consideration will be taxed as capital gains in the hands of the recipient. Such amount will therefore not be treated as dividend (Circular No.3/2016). No fresh notice will be issued by the Department on this matter.

Circular No. 6 has been issued enunciating the principles regarding treatment of income derived from transfer of shares and securities as capital gains or business income. The Circular clarifies the situations in which the surplus generated on sale of shares and securities will be treated as business income or capital gains.

A letter has been issue to all Pr. Chief Commissioners of Income Tax/ Directors General of Income Tax for removal of difficulties in payment of taxes in Joint Development Agreement cases. CBDT has issued directions that the jurisdictional tax authorities may allow the taxpayer concerned to pay the taxes due on such capital gains in three equal annual installments, subject to levy of interest as per provisions of the Act.

The Circulars are available on the website of the Department at www.incometaxindia.gov.in.

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