

CHAPTER III  
DIRECT TAXES  
*Income-tax*

Amendment of section 2.	<p><b>3.</b> In section 2 of the Income-tax Act,—</p> <p>(i) in clause (14), at the end, the following <i>Explanation</i> shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1962, namely:—</p> <p style="padding-left: 2em;">‘<i>Explanation.</i>—For the removal of doubts, it is hereby clarified that “property” includes and shall be deemed to have always included any rights in or in relation to an Indian company, including rights of management or control or any other rights whatsoever;’;</p> <p>(ii) in clause (16), after the words, “Commissioner of Income-tax”, the words “or a Director of Income-tax” shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1988;</p> <p>(iii) in clause (19AA), in sub-clause (iv), for the words “proportionate basis”, the words “proportionate basis except where the resulting company itself is a shareholder of the demerged company” shall be substituted with effect from the 1st day of April, 2013;</p> <p>(iv) in clause (47), the <i>Explanation</i> shall be numbered as <i>Explanation 1</i> thereof and after <i>Explanation 1</i> as so numbered, the following <i>Explanation</i> shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1962, namely:—</p> <p style="padding-left: 2em;">‘<i>Explanation 2.</i>—For the removal of doubts, it is hereby clarified that “transfer” includes and shall be deemed to have always included disposing of or parting with an asset or any interest therein, or creating any interest in any asset in any manner whatsoever, directly or indirectly, absolutely or conditionally, voluntarily or involuntarily, by way of an agreement (whether entered into in India or outside India) or otherwise, notwithstanding that such transfer of rights has been characterised as being effected or dependent upon or flowing from the transfer of a share or shares of a company registered or incorporated outside India;’.</p>	<p>30</p> <p>35</p> <p>40</p> <p>45</p> <p>50</p>
Amendment of section 9.	<p><b>4.</b> In section 9 of the Income-tax Act, in sub-section (1),—</p> <p>(a) in clause (j), after <i>Explanation 3</i>, the following <i>Explanations</i> shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1962, namely:—</p>	

*Explanation 4.*—For the removal of doubts, it is hereby clarified that the expression “through” shall mean and include and shall be deemed to have always meant and included “by means of”, “in consequence of” or “by reason of”.

5 *Explanation 5.*—For the removal of doubts, it is hereby clarified that an asset or a 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.;

(b) in clause (vi), after *Explanation 3*, the following *Explanations* shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1976, namely:—

10 *Explanation 4.*—For the removal of doubts, it is hereby clarified that the transfer of all or any rights in respect of any right, property or information includes and has always included transfer of all or any right for use or right to use a computer software (including granting of a licence) irrespective of the medium through which such right is transferred.

15 *Explanation 5.*—For the removal of doubts, it is hereby clarified that the royalty includes and has always included consideration in respect of any right, property or information, whether or not—

(a) the possession or control of such right, property or information is with the payer;

(b) such right, property or information is used directly by the payer;

(c) the location of such right, property or information is in India.

20 *Explanation 6.*—For the removal of doubts, it is hereby clarified that the expression “process” includes and shall be deemed to have always included transmission by satellite (including up-linking, amplification, conversion for down-linking of any signal), cable, optic fibre or by any other similar technology, whether or not such process is secret.;

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

Amendment of section 10.

25 (A) in clause (10D), with effect from the 1st day of April, 2013,—

(i) in sub-clause (c),—

(I) after the words, figures and letters “the 1st day of April, 2003”, the words, figures and letters “but on or before the 31st day of March, 2012” shall be inserted;

(II) for the word “assured:”, the words “assured; or” shall be substituted;

30 (ii) after sub-clause (c) and before the first proviso, the following sub-clause shall be inserted, namely:—

“(d) any sum received under an insurance policy issued on or after the 1st day of April, 2012 in respect of which the premium payable for any of the years during the term of the policy exceeds ten per cent. of the actual capital sum assured.”;

35 (iii) in the first proviso, for the words “this sub-clause”, the words, brackets and letters “sub-clauses (c) and (d)” shall be substituted;

(iv) in the second proviso, for the words “this sub-clause”, the word, brackets and letter “sub-clause (c)” shall be substituted;

40 (v) the *Explanation* shall be numbered as *Explanation 1* thereof and after *Explanation 1* as so numbered, the following *Explanation* shall be inserted, namely:—

*Explanation 2.*—For the purposes of sub-clause (d), the expression “actual capital sum assured” shall have the meaning assigned to it in the *Explanation* to sub-section (3A) of section 80C.;

45 (B) in clause (23C), after the sixteenth proviso, the following proviso shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2009, namely:—

50 “Provided also that the income of a trust or institution referred to in sub-clause (iv) or sub-clause (v) shall be included in its total income of the previous year if the provisions of the first proviso to clause (15) of section 2 become applicable to such trust or institution in the said previous year, whether or not any approval granted or notification issued in respect of such trust or institution has been withdrawn or rescinded.”;

(C) in clause (23FB), in *Explanation 1*, for clause (c), the following clause shall be substituted with effect from the 1st day of April, 2013, namely:—

‘(c) “venture capital undertaking” means a venture capital undertaking referred to in the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 made under the Securities and Exchange Board of India Act, 1992;’;

15 of 1992.

(D) after clause (47), the following clause shall be inserted with effect from the 1st day of April, 2012, namely:—

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“(48) any income received in India in Indian currency by a foreign company on account of sale of crude oil to any person in India:

Provided that—

(i) receipt of such income in India by the foreign company is pursuant to an agreement or an arrangement entered into by the Central Government or approved by the Central Government;

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(ii) having regard to the national interest, the foreign company and the agreement or arrangement are notified by the Central Government in this behalf; and

(iii) the foreign company is not engaged in any activity, other than receipt of such income, in India.”.

Amendment of section 13. 6. In section 13 of the Income-tax Act, after sub-section (7) and before *Explanation 1*, the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2009, namely:—

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“(8) Nothing contained in section 11 or section 12 shall operate so as to exclude any income from the total income of the previous year of the person in receipt thereof if the provisions of the first proviso to clause (15) of section 2 become applicable in the case of such person in the said previous year.”.

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Amendment of section 32. 7. In section 32 of the Income-tax Act, in sub-section (1), in clause (iia), after the words “any article or thing”, the words “or in the business of generation or generation and distribution of power” shall be inserted with effect from the 1st day of April, 2013.

Amendment of section 35. 8. In section 35 of the Income-tax Act, in sub-section (2AB), in clause (5), for the words, figures and letters “the 31st day of March, 2012”, the words, figures and letters “the 31st day of March, 2017” shall be substituted with effect from the 1st day of April, 2013.

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Amendment of section 35AD. 9. In section 35AD of the Income-tax Act,—

(a) after sub-section (1), the following sub-section shall be inserted with effect from the 1st day of April, 2013, namely:—

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“(1A) Where the specified business is of the nature referred to in sub-clause (i) or sub-clause (ii) or sub-clause (v) or sub-clause (vi) or sub-clause (vii) of clause (c) of sub-section (8) and has commenced its operations on or after the 1st day of April, 2012, the deduction under sub-section (1) shall be allowed of an amount equal to one and one-half times of the expenditure referred to therein.”;

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(b) in sub-section (5), with effect from the 1st day of April, 2013,—

(A) in clause (ae), the word “and” shall be omitted;

(B) after clause (ae), the following clauses shall be inserted, namely:—

“(af) on or after the 1st day of April, 2012, where the specified business is in the nature of setting up and operating an inland container depot or a container freight station notified or approved under the Customs Act, 1962;

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52 of 1962.

(ag) on or after the 1st day of April, 2012, where the specified business is in the nature of bee-keeping and production of honey and beeswax;

(ah) on or after the 1st day of April, 2012, where the specified business is in the nature of setting up and operating a warehousing facility for storage of sugar; and”;

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(C) in clause (b), for the words, brackets and letters “clause (a), clause (aa), clause (ab) and clause (ac)”, the words “any of the above clauses” shall be substituted;

(c) after sub-section (6), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2011, namely:—

“(6A) Where the assessee builds a hotel of two-star or above category as classified by the Central Government and subsequently, while continuing to own the hotel, transfers the operation thereof to another person, the assessee shall be deemed to be carrying on the specified business referred to in sub-clause (iv) of clause (c) of sub-section (8).”;

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(d) in sub-section (8), in clause (c), after sub-clause (viii), the following sub-clauses shall be inserted with effect from the 1st day of April, 2013, namely:—

5 of 1962.

“(ix) setting up and operating an inland container depot or a container freight station notified or approved under the Customs Act, 1962;

5 (x) bee-keeping and production of honey and beeswax;

(xi) setting up and operating a warehousing facility for storage of sugar;”.

10. After section 35CCB of the Income-tax Act, the following sections shall be inserted with effect from the 1st day of April, 2013, namely:—

Insertion of new sections 35CCC and 35CCD.

10 “35CCC. (1) Where an assessee incurs any expenditure on agricultural extension project notified by the Board in this behalf in accordance with the guidelines as may be prescribed, then, there shall be allowed a deduction of a sum equal to one and one-half times of such expenditure.

Expenditure on agricultural extension project.

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

15 35CCD. (1) Where a company incurs any expenditure (not being expenditure in the nature of cost of any land or building) on any skill development project notified by the Board in this behalf in accordance with the guidelines as may be prescribed, then, there shall be allowed a deduction of a sum equal to one and one-half times of such expenditure.

Expenditure on skill development project.

20 (2) Where a deduction under this section is claimed and allowed for any assessment year in respect of any expenditure referred to in sub-section (1), deduction shall not be allowed in respect of such expenditure under any other provisions of this Act for the same or any other assessment year.”.

25 11. In section 40 of the Income-tax Act, in clause (a), in sub-clause (ia), after the proviso and before the *Explanation*, the following proviso shall be inserted with effect from the 1st day of April, 2013, namely:—

Amendment of section 40.

30 “Provided further that where an assessee fails to deduct the whole or any part of the tax in accordance with the provisions of Chapter XVII-B on any such sum but is not deemed to be an assessee in default under the first proviso to sub-section (1) of section 201, then, for the purpose of this sub-clause, it shall be deemed that the assessee has deducted and paid the tax on such sum on the date of furnishing of return of income by the resident payee referred to in the said proviso.”.

2013,— 12. In section 40A of the Income-tax Act, in sub-section (2), with effect from the 1st day of April, 2013,—

Amendment of section 40A.

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

35 “Provided that no disallowance, on account of any expenditure being excessive or unreasonable having regard to the fair market value, shall be made in respect of a specified domestic transaction referred to in section 92BA, if such transaction is at arm’s length price as defined in clause (ii) of section 92F.”;

40 (ii) in clause (b), in sub-clause (iv), after the words “or any relative of such director, partner or member”, the words “or any other company carrying on business or profession in which the first mentioned company has substantial interest” shall be inserted.

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

Amendment of section 44AB.

(i) in clause (a), for the words “sixty lakh rupees”, the words “one crore rupees” shall be substituted with effect from the 1st day of April, 2013;

45 (ii) in clause (b), for the words “fifteen lakh rupees”, the words “twenty-five lakh rupees” shall be substituted with effect from the 1st day of April, 2013;

(iii) in the *Explanation*, in clause (i), for the words, figures and letters “the 30th day of September of the assessment year”, the words, brackets and figures “the due date for furnishing the return of income under sub-section (1) of section 139” shall be substituted.

Amendment of section 44AD.	<p><b>14.</b> In section 44AD of the Income-tax Act,—</p> <p>(a) after sub-section (5), and before the <i>Explanation</i>, the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2011, namely:—</p> <p>“(6) The provisions of this section, notwithstanding anything contained in the foregoing provisions, shall not apply to—</p> <p>(i) a person carrying on profession as referred to in sub-section (1) of section 44AA;</p> <p>(ii) a person earning income in the nature of commission or brokerage; or</p> <p>(iii) a person carrying on any agency business.”;</p> <p>(b) in the <i>Explanation</i>, in clause (b), in sub-clause (ii), for the words “sixty lakh rupees”, the words “one crore rupees” shall be substituted with effect from the 1st day of April, 2013.</p>	5 5 10
Amendment of section 47.	<p><b>15.</b> In section 47 of the Income-tax Act, in clause (vii), in sub-clause (a), for the words “amalgamated company, and”, the words “amalgamated company except where the shareholder itself is the amalgamated company, and” shall be substituted with effect from the 1st day of April, 2013.</p>	15
Amendment of section 49.	<p><b>16.</b> In section 49 of the Income-tax Act, in sub-section (1), in clause (iii), in sub-clause (e), for the words, brackets, figures and letter “<i>clause (xiiib)</i> of section 47”, the words, brackets, figures and letter “<i>clause (xiii)</i> or <i>clause (xiiib)</i> or <i>clause (xiv)</i> of section 47” shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1999.</p>	15
Insertion of new section 50D.	<p><b>17.</b> After section 50C of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2013, namely:—</p> <p>“50D. Where the consideration received or accruing as a result of the transfer of a capital asset by an assessee is not ascertainable or cannot be determined, then, for the purpose of computing income chargeable to tax as capital gains, the fair market value of the said asset on the date of transfer shall be deemed to be the full value of the consideration received or accruing as a result of such transfer.”.</p>	20
Fair market value deemed to be full value of consideration in certain cases.	<p><b>18.</b> In section 54B of the Income-tax Act, in sub-section (1), for the words “the assessee or a parent of his”, the words “the assessee being an individual or his parent, or a Hindu undivided family” shall be substituted with effect from the 1st day of April, 2013.</p>	25
Amendment of section 54B.	<p><b>19.</b> After section 54GA of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2013, namely:—</p> <p>‘54GB. (1) Where,—</p> <p>(i) the capital gain arises from the transfer of a long-term capital asset, being a residential property (a house or a plot of land), owned by the eligible assessee (herein referred to as the assessee); and</p> <p>(ii) the assessee, before the due date of furnishing of return of income under sub-section (1) of section 139, utilises the net consideration for subscription in the equity shares of an eligible company (herein referred to as the company); and</p> <p>(iii) the company has, within one year from the date of subscription in equity shares by the assessee, utilised this amount for purchase of new asset,</p> <p>then, instead of the capital gain being charged to income-tax as the income of the previous year in which the transfer takes place, it shall be dealt with in accordance with the following provisions of this section, that is to say,—</p> <p>(a) if the amount of the net consideration is greater than the cost of the new asset, then, so much of the capital gain as it bears to the whole of the capital gain the same proportion as the cost of the new asset bears to the net consideration, shall not be charged under section 45 as the income of the previous year; or</p> <p>(b) if the amount of the net consideration is equal to or less than the cost of the new asset, the capital gain shall not be charged under section 45 as the income of the previous year.</p> <p>(2) The amount of the net consideration, which has been received by the company for issue of shares to the assessee, to the extent it is not utilised by the company for the purchase of the new asset before the due date of furnishing of the return of income by the assessee under section 139, shall be deposited by the company, before the said due date in an account in any such bank or institution as may be specified and shall be utilised in accordance with any scheme which the Central Government may, by notification in the Official Gazette, frame in this behalf and the return furnished by the assessee shall be accompanied by proof of such deposit having been made.</p>	30 35 40 45 50
Insertion of new section 54GB.	<p>‘54GB. (1) Where,—</p> <p>(i) the capital gain arises from the transfer of a long-term capital asset, being a residential property (a house or a plot of land), owned by the eligible assessee (herein referred to as the assessee); and</p> <p>(ii) the assessee, before the due date of furnishing of return of income under sub-section (1) of section 139, utilises the net consideration for subscription in the equity shares of an eligible company (herein referred to as the company); and</p> <p>(iii) the company has, within one year from the date of subscription in equity shares by the assessee, utilised this amount for purchase of new asset,</p> <p>then, instead of the capital gain being charged to income-tax as the income of the previous year in which the transfer takes place, it shall be dealt with in accordance with the following provisions of this section, that is to say,—</p> <p>(a) if the amount of the net consideration is greater than the cost of the new asset, then, so much of the capital gain as it bears to the whole of the capital gain the same proportion as the cost of the new asset bears to the net consideration, shall not be charged under section 45 as the income of the previous year; or</p> <p>(b) if the amount of the net consideration is equal to or less than the cost of the new asset, the capital gain shall not be charged under section 45 as the income of the previous year.</p> <p>(2) The amount of the net consideration, which has been received by the company for issue of shares to the assessee, to the extent it is not utilised by the company for the purchase of the new asset before the due date of furnishing of the return of income by the assessee under section 139, shall be deposited by the company, before the said due date in an account in any such bank or institution as may be specified and shall be utilised in accordance with any scheme which the Central Government may, by notification in the Official Gazette, frame in this behalf and the return furnished by the assessee shall be accompanied by proof of such deposit having been made.</p>	30 35 40 45 50
Capital gain on transfer of residential property not to be charged in certain cases.	<p>‘54GB. (1) Where,—</p> <p>(i) the capital gain arises from the transfer of a long-term capital asset, being a residential property (a house or a plot of land), owned by the eligible assessee (herein referred to as the assessee); and</p> <p>(ii) the assessee, before the due date of furnishing of return of income under sub-section (1) of section 139, utilises the net consideration for subscription in the equity shares of an eligible company (herein referred to as the company); and</p> <p>(iii) the company has, within one year from the date of subscription in equity shares by the assessee, utilised this amount for purchase of new asset,</p> <p>then, instead of the capital gain being charged to income-tax as the income of the previous year in which the transfer takes place, it shall be dealt with in accordance with the following provisions of this section, that is to say,—</p> <p>(a) if the amount of the net consideration is greater than the cost of the new asset, then, so much of the capital gain as it bears to the whole of the capital gain the same proportion as the cost of the new asset bears to the net consideration, shall not be charged under section 45 as the income of the previous year; or</p> <p>(b) if the amount of the net consideration is equal to or less than the cost of the new asset, the capital gain shall not be charged under section 45 as the income of the previous year.</p> <p>(2) The amount of the net consideration, which has been received by the company for issue of shares to the assessee, to the extent it is not utilised by the company for the purchase of the new asset before the due date of furnishing of the return of income by the assessee under section 139, shall be deposited by the company, before the said due date in an account in any such bank or institution as may be specified and shall be utilised in accordance with any scheme which the Central Government may, by notification in the Official Gazette, frame in this behalf and the return furnished by the assessee shall be accompanied by proof of such deposit having been made.</p>	30 35 40 45 50

(3) For the purposes of sub-section (1), the amount, if any, already utilised by the company for the purchase of the new asset together with the amount deposited under sub-section (2) shall be deemed to be the cost of the new asset:

5 Provided that if the amount so deposited is not utilised, wholly or partly, for the purchase of the new asset within the period specified in sub-section (1), then,—

(i) the amount by which—

(a) the amount of capital gain arising from the transfer of the residential property not charged under section 45 on the basis of the cost of the new asset as provided in sub-section (1),

exceeds—

10 (b) the amount that would not have been so charged had the amount actually utilised for the purchase of the new asset within the period specified in sub-section (1) been the cost of the new asset,

shall be charged under section 45 as income of the assessee for the previous year in which the period of one year from the date of the subscription in equity shares by the assessee expires; and

15 (ii) the company shall be entitled to withdraw such amount in accordance with the scheme.

(4) If the equity shares of the company or the new asset acquired by the company are sold or otherwise transferred within a period of five years from the date of their acquisition, the amount of capital gain arising from the transfer of the residential property not charged under section 45 as provided in sub-section (1) shall be deemed to be the income of the assessee chargeable under the head “capital gains” of the previous year in which such equity shares or such new asset are sold or otherwise transferred, in addition to taxability of gains, arising on account of transfer of shares or of the new asset, in the hands of the assessee or the company, as the case may be.

(5) The provisions of this section shall not apply to any transfer of residential property made after the 31st day of March, 2017.

25 (6) For the purposes of this section,—

(a) “eligible assessee” means an individual or a Hindu undivided family;

(b) “eligible company” means a company which fulfils the following conditions, namely:—

30 (i) it is a company incorporated in India during the period from the 1st day of April of the previous year relevant to the assessment year in which the capital gain arises to the due date of furnishing of return of income under sub-section (1) of section 139 by the assessee;

(ii) it is engaged in the business of manufacture of an article or a thing;

(iii) it is a company in which the assessee has more than fifty per cent. share capital or more than fifty per cent. voting rights after the subscription in shares by the assessee; and

27 of 2006. 35 (iv) it is a company which qualifies to be a small or medium enterprise under the Micro, Small and Medium Enterprises Act, 2006;

(c) “net consideration” shall have the meaning assigned to it in the *Explanation* to section 54F;

(d) “new asset” means new plant and machinery but does not include—

(i) any machinery or plant which, before its installation by the assessee, was used either within or outside India by any other person;

40 (ii) any machinery or plant installed in any office premises or any residential accommodation, including accommodation in the nature of a guest-house;

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

(iv) any vehicle; or

45 (v) any machinery or plant, the whole of the actual cost of which is allowed as a deduction (whether by way of depreciation or otherwise) in computing the income chargeable under the head “Profits and gains of business or profession” of any previous year.’.

**20.** In section 55A of the Income-tax Act, in clause (a), for the words “is less than its fair market value”, the words “is at variance with its fair market value” shall be substituted with effect from the 1st day of July, 2012. Amendment of section 55A.

Amendment of section 56.

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

(A) in clause (vii), in the *Explanation*, for clause (e), the following clause shall be substituted and shall be deemed to have been substituted with effect from the 1st day of October, 2009, namely:—

‘(e) “relative” means,—

(i) in case of an individual—

(A) spouse of the individual;

(B) brother or sister of the individual;

(C) brother or sister of the spouse of the individual;

(D) brother or sister of either of the parents of the individual;

(E) any lineal ascendant or descendant of the individual;

(F) any lineal ascendant or descendant of the spouse of the individual;

(G) spouse of the person referred to in items (B) to (F); and

(ii) in case of a Hindu undivided family, any member thereof;’;

(B) after clause (vii), the following shall be inserted with effect from the 1st day of April, 2013, namely:—

‘(vii) where a company, not being a company in which the public are substantially interested, receives, in any previous year, from any person being a resident, any consideration for issue of shares that exceeds the face value of such shares, the aggregate consideration received for such shares as exceeds the fair market value of the shares:

Provided that this clause shall not apply where the consideration for issue of shares is received by a venture capital undertaking from a venture capital company or a venture capital fund.

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

(a) the fair market value of the shares shall be the value—

(i) as may be determined in accordance with such method as may be prescribed; or

(ii) as may be substantiated by the company to the satisfaction of the Assessing Officer, based on the value, on the date of issue of shares, of its assets, including intangible assets being goodwill, know-how, patents, copyrights, trademarks, licences, franchises or any other business or commercial rights of similar nature,

whichever is higher;

(b) “venture capital company”, “venture capital fund” and “venture capital undertaking” shall have the meanings respectively assigned to them in clause (a), clause (b) and clause (c) of *Explanation 1* to clause (23FB) of section 10;’.

Amendment of section 68.

**22.** In section 68 of the Income-tax Act, the following provisos shall be inserted with effect from the 1st day of April, 2013, namely:—

“Provided that where the assessee is a company, (not being a company in which the public are substantially interested) and the sum so credited consists of share application money, share capital, share premium or any such amount by whatever name called, any explanation offered by such assessee-company shall be deemed to be not satisfactory, unless—

(a) the person, being a resident in whose name such credit is recorded in the books of such company also offers an explanation about the nature and source of such sum so credited; and

(b) such explanation in the opinion of the Assessing Officer aforesaid has been found to be satisfactory:

Provided further that nothing contained in the first proviso shall apply if the person, in whose name the sum referred to therein is recorded, is a venture capital fund or a venture capital company as referred to in clause (23FB) of section 10.”.

Amendment of section 80A.

**23.** In section 80A of the Income-tax Act, in sub-section (6), in the *Explanation*, after clause (ii), the following clause shall be inserted with effect from the 1st day of April, 2013, namely:—

“(iii) in relation to any goods or services sold, supplied or acquired means the arm’s length price as defined in clause (ii) of section 92F of such goods or services, if it is a specified domestic transaction referred to in section 92BA.”.

24. In section 80C of the Income-tax Act, with effect from the 1st day of April, 2013,—
- Amendment of section 80C.
- (i) in sub-section (3), for the words “insurance policy other than a contract for a deferred annuity”, the words, figures and letters “insurance policy, other than a contract for a deferred annuity, issued on or before the 31st day of March, 2012,” shall be substituted;
- 5 (ii) after sub-section (3), the following shall be inserted, namely:—
- ‘(3A) The provisions of sub-section (2) shall apply only to so much of any premium or other payment made on an insurance policy, other than a contract for a deferred annuity, issued on or after the 1st day of April, 2012 as is not in excess of ten per cent. of the actual capital sum assured.
- 10 *Explanation.*—For the purposes of this sub-section, “actual capital sum assured” in relation to a life insurance policy shall mean the minimum amount assured under the policy on happening of the insured event at any time during the term of the policy, not taking into account—
- (i) the value of any premium agreed to be returned; or
- (ii) any benefit by way of bonus or otherwise over and above the sum actually assured, which is to be or may be received under the policy by any person.’.
- 15
25. In section 80D of the Income-tax Act, with effect from the 1st day of April, 2013,—
- Amendment of section 80D.
- (a) in sub-section (1), for the words “, other than cash,”, the words, brackets, figure and letter “as specified in sub-section (2B),” shall be substituted;
- (b) in sub-section (2),—
- 20 (A) in clause (a), after the words “the Central Government Health Scheme”, the words “or any payment made on account of preventive health check-up of the assessee or his family” shall be inserted;
- (B) in clause (b), after the words “parents of the assessee”, the words “or any payment made on account of preventive health check-up of the parent or parents of the assessee” shall be inserted;
- 25 (c) after sub-section (2), the following sub-sections shall be inserted, namely:—
- “(2A) Where the amounts referred to in clauses (a) and (b) of sub-section (2) are paid on account of preventive health check-up, the deduction for such amounts shall be allowed to the extent it does not exceed in the aggregate five thousand rupees.
- (2B) For the purposes of deduction under sub-section (1), payment shall be made by—
- 30 (i) any mode, including cash, in respect of any sum paid on account of preventive health check-up;
- (ii) any mode other than cash in all other cases not falling under clause (i).”;
- (d) in sub-section (4), in the *Explanation*, for the words “sixty-five years”, the words “sixty years” shall be substituted.
- 35
26. In section 80DDB of the Income-tax Act, in the *Explanation*, in clause (iv), for the words “sixty-five years”, the words “sixty years” shall be substituted with effect from the 1st day of April, 2013. Amendment of section 80DDB.
27. In section 80G of the Income-tax Act, after sub-section (5C), the following sub-section shall be inserted with effect from the 1st day of April, 2013, namely:— Amendment of section 80G.
- 40 “(5D) No deduction shall be allowed under this section in respect of donation of any sum exceeding ten thousand rupees unless such sum is paid by any mode other than cash.”.
28. In section 80GGA of the Income-tax Act, after sub-section (2), the following sub-section shall be inserted with effect from the 1st day of April, 2013, namely:— Amendment of section 80GGA.
- “ (2A) 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.”.
- 45
29. In section 80-IA of the Income-tax Act, with effect from the 1st day of April, 2013,—
- Amendment of section 80-IA.
- (a) in sub-section (4), in clause (iv), for the words, figures and letters “the 31st day of March, 2012”, wherever they occur, the words, figures and letters “the 31st day of March, 2013” shall respectively be substituted;
- (b) in sub-section (8), for the *Explanation*, the following *Explanation* shall be substituted, namely:—
- 50 ‘*Explanation.*—For the purposes of this sub-section, “market value”, in relation to any goods or services, means—
- (i) the price that such goods or services would ordinarily fetch in the open market; or
- (ii) the arm’s length price as defined in clause (ii) of section 92F, where the transfer of such goods or services is a specified domestic transaction referred to in section 92BA.’;

(c) in sub-section (10), the following proviso shall be inserted, namely:—

“Provided that in case the aforesaid arrangement involves a specified domestic transaction referred to in section 92BA, the amount of profits from such transaction shall be determined having regard to arm’s length price as defined in clause (ii) of section 92F.”.

Insertion of new Part. **30.** In Chapter VI-A of the Income-tax Act, after Part C, the following Part shall be inserted with effect from the 1st day of April, 2013, namely:— 5

‘CA.— *Deductions in respect of other incomes*

Deduction in respect of interest on deposits in savings account. **80TTA.** (1) Where the gross total income of an assessee, being an individual or a Hindu undivided family, includes any income by way of interest on deposits (not being time deposits) in a savings account with— 10

(a) a banking company to which the Banking Regulation Act, 1949, applies (including any bank or banking institution referred to in section 51 of that Act); 10 of 1949.

(b) a co-operative society engaged in carrying on the business of banking (including a co-operative land mortgage bank or a co-operative land development bank); or

(c) a Post Office as defined in clause (k) of section 2 of the Indian Post Office Act, 1898, 15 6 of 1898.

there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee a deduction as specified hereunder, namely:—

(i) in a case where the amount of such income does not exceed in the aggregate ten thousand rupees, the whole of such amount; and

(ii) in any other case, ten thousand rupees. 20

(2) Where the income referred to in this section is derived from any deposit in a savings account held by, or on behalf of, a firm, an association of persons or a body of individuals, no deduction shall be allowed under this section in respect of such income in computing the total income of any partner of the firm or any member of the association or any individual of the body.

*Explanation.*—For the purposes of this section, “time deposits” means the deposits repayable on expiry of fixed periods.’ 25

Amendment of section 90. **31.** In section 90 of the Income-tax Act,—

(a) after sub-section (2), the following sub-section shall be inserted with effect from the 1st day of April, 2013, namely:—

“(2A) Notwithstanding anything contained in sub-section (2), the provisions of Chapter X-A of the Act shall apply to the assessee, even if such provisions are not beneficial to him.”; 30

(b) after sub-section (3) and before *Explanation 1*, the following sub-section shall be inserted with effect from the 1st day of April, 2013, namely:—

“(4) An assessee, not being a resident, to whom an agreement referred to in sub-section (1) applies, shall not be entitled to claim any relief under such agreement unless a certificate, containing such particulars as may be prescribed, of his being a resident in any country outside India or specified territory outside India, as the case may be, is obtained by him from the Government of that country or specified territory.”; 35

(c) after *Explanation 2*, the following *Explanation* shall be inserted and shall be deemed to have been inserted with effect from the 1st day of October, 2009, namely:— 40

“*Explanation 3.*—For the removal of doubts, it is hereby declared that where any term is used in any agreement entered into under sub-section (1) and not defined under the said agreement or the Act, but is assigned a meaning to it in the notification issued under sub-section (3) and the notification issued thereunder being in force, then, the meaning assigned to such term shall be deemed to have effect from the date on which the said agreement came into force.”; 45

Amendment of section 90A. **32.** In section 90A of the Income-tax Act,—

(a) after sub-section (2), the following sub-section shall be inserted with effect from the 1st day of April, 2013, namely:—

“(2A) Notwithstanding anything contained in sub-section (2), the provisions of Chapter X-A of the Act shall apply to the assessee, even if such provisions are not beneficial to him.”; 50

(b) after sub-section (3) and before *Explanation 1*, the following sub-section shall be inserted with effect from the 1st day of April, 2013, namely:—

“(4) An assessee, not being a resident, to whom the agreement referred to in sub-section (1) applies, shall not be entitled to claim any relief under such agreement unless a certificate, containing such particulars as may be prescribed, of his being a resident in any specified territory outside India, is obtained by him from the Government of that specified territory.”;

- 5 (c) after *Explanation 2*, the following *Explanation* shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 2006, namely:—

“*Explanation 3*.—For the removal of doubts, it is hereby declared that where any term is used in any agreement entered into under sub-section (1) and not defined under the said agreement or the Act, but is assigned a meaning to it in the notification issued under  
10 sub-section (3) and the notification issued thereunder being in force, then, the meaning assigned to such term shall be deemed to have effect from the date on which the said agreement came into force.”.

33. In section 92 of the Income-tax Act, with effect from the 1st day of April, 2013,—

Amendment  
of section 92.

- 15 (a) in sub-section (2), for the words “international transaction”, the words “international transaction or specified domestic transaction” shall be substituted;

(b) after sub-section (2), the following sub-section shall be inserted, namely:—

“(2A) Any allowance for an expenditure or interest or allocation of any cost or expense or any income in relation to the specified domestic transaction shall be computed having regard to the arm’s length price.”;

- 20 (c) in sub-section (3),—

(i) for the words “international transaction”, the words “international transaction or specified domestic transaction” shall be substituted.

(ii) for the word, brackets and figure “sub-section (1)”, the words, brackets, figures and letter “sub-section (1) or sub-section (2A)” shall be substituted;

- 25 (iii) for the words “that sub-section”, the words, brackets, figures and letter “sub-section (1) or sub-section (2A)” shall be substituted;

(iv) after the word, brackets and figure “sub-section (2)”, the words, brackets, figure and letter “or sub-section (2A)” shall be inserted.

- 30 34. In section 92B of the Income-tax Act, after sub-section (2), the following *Explanation* shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2002, namely:—

Amendment  
of section  
92B.

‘*Explanation*.—For the removal of doubts, it is hereby clarified that—

(i) the expression “international transaction” shall include—

- 35 (a) the purchase, sale, transfer, lease or use of tangible property including building, transportation vehicle, machinery, equipment, tools, plant, furniture, commodity or any other article, product or thing;

- 40 (b) the purchase, sale, transfer, lease or use of intangible property, including the transfer of ownership or the provision of use of rights regarding land use, copyrights, patents, trademarks, licences, franchises, customer list, marketing channel, brand, commercial secret, know-how, industrial property right, exterior design or practical and new design or any other business or commercial rights of similar nature;

(c) capital financing, including any type of long-term or short-term borrowing, lending or guarantee, purchase or sale of marketable securities or any type of advance, payments or deferred payment or receivable or any other debt arising during the course of business;

- 45 (d) provision of services, including provision of market research, market development, marketing management, administration, technical service, repairs, design, consultation, agency, scientific research, legal or accounting service;

(e) a transaction of business restructuring or reorganisation, entered into by an enterprise with an associated enterprise, irrespective of the fact that it has bearing on the profit, income, losses or assets of such enterprises at the time of the transaction or at any future date;

- 50 (ii) the expression “intangible property” shall include—

(a) marketing related intangible assets, such as, trademarks, trade names, brand names, logos;

(b) technology related intangible assets, such as, process patents, patent applications, technical documentation such as laboratory notebooks, technical know-how;

(c) artistic related intangible assets, such as, literary works and copyrights, musical compositions, copyrights, maps, engravings;

(d) data processing related intangible assets, such as, proprietary computer software, software copyrights, automated databases, and integrated circuit masks and masters;

(e) engineering related intangible assets, such as, industrial design, product patents, trade secrets, engineering drawing and schematics, blueprints, proprietary documentation; 5

(f) customer related intangible assets, such as, customer lists, customer contracts, customer relationship, open purchase orders;

(g) contract related intangible assets, such as, favourable supplier, contracts, licence agreements, franchise agreements, non-compete agreements; 10

(h) human capital related intangible assets, such as, trained and organised work force, employment agreements, union contracts;

(i) location related intangible assets, such as, leasehold interest, mineral exploitation rights, easements, air rights, water rights;

(j) goodwill related intangible assets, such as, institutional goodwill, professional practice goodwill, personal goodwill of professional, celebrity goodwill, general business going concern value; 15

(k) methods, programmes, systems, procedures, campaigns, surveys, studies, forecasts, estimates, customer lists, or technical data;

(l) any other similar item that derives its value from its intellectual content rather than its physical attributes.' 20

Insertion of new section 92BA.

**35.** After section 92B of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2013, namely:—

Meaning of specified domestic transaction.

'92BA. For the purposes of this section and sections 92, 92C, 92D and 92E, "specified domestic transaction" in case of an assessee means any of the following transactions, not being an international transaction, namely:— 25

(i) any expenditure in respect of which payment has been made or is to be made to a person referred to in clause (b) of sub-section (2) of section 40A;

(ii) any transaction referred to in section 80A;

(iii) any transfer of goods or services referred to in sub-section (8) of section 80-IA; 30

(iv) any business transacted between the assessee and other person as referred to in sub-section (10) of section 80-IA;

(v) any transaction, referred to in any other section under Chapter VI-A or section 10AA, to which provisions of sub-section (8) or sub-section (10) of section 80-IA are applicable; or

(vi) any other transaction as may be prescribed, 35

and where the aggregate of such transactions entered into by the assessee in the previous year exceeds a sum of five crore rupees.'

Amendment of section 92C.

**36.** In section 92C of the Income-tax Act,—

(a) in sub-section (2),—

(i) in the second proviso, for the words "does not exceed such percentage of latter as may be notified", the words "does not exceed such percentage not exceeding three per cent. of the latter, as may be notified" shall be substituted with effect from the 1st day of April, 2013; 40

(ii) after the second proviso, the following *Explanation* shall be inserted and shall be deemed to have been inserted with effect from the 1st day of October, 2009, namely:—

"*Explanation.*—For the removal of doubts, it is hereby clarified that the provisions of the second proviso shall also be applicable to all assessment or reassessment proceedings pending before an Assessing Officer as on the 1st day of October, 2009."; 45

(b) after sub-section (2), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2002, namely:—

"(2A) Where the first proviso to sub-section (2) as it stood before its amendment by the Finance (No. 2) Act, 2009, is applicable in respect of an international transaction for an assessment year 50

and the variation between the arithmetical mean referred to in the said proviso and the price at which such transaction has actually been undertaken exceeds five per cent. of the arithmetical mean, then, the assessee shall not be entitled to exercise the option as referred to in the said proviso.”;

- 5 (c) after sub-section (2A) as so inserted, the following sub-section shall be inserted with effect from the 1st day of July, 2012, namely:—

“(2B) Nothing contained in sub-section (2A) shall empower the Assessing Officer either to assess or reassess under section 147 or pass an order enhancing the assessment or reducing a refund already made or otherwise increasing the liability of the assessee under section 154 for any assessment year the proceedings of which have been completed before the 1st day of October, 2009.”.

37. In sections 92C, 92D and section 92E of Chapter X of the Income-tax Act, for the words “international transaction” wherever they occur, the words “international transaction or specified domestic transaction” shall respectively be substituted with effect from the 1st day of April, 2013. Amendment of Chapter X.

- 15 38. In section 92CA of the Income-tax Act,— Amendment of section 92CA.

(a) in sub-sections (1), (2) and (3), for the words “international transaction”, wherever they occur, the words “international transaction or specified domestic transaction” shall respectively be substituted with effect from the 1st day of April, 2013;

- 20 (b) after sub-section (2A), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 2002, namely:—

“(2B) Where in respect of an international transaction, the assessee has not furnished the report under section 92E and such transaction comes to the notice of the Transfer Pricing Officer during the course of the proceeding before him, the provisions of this Chapter shall apply as if such transaction is an international transaction referred to him under sub-section (1).”.

- 25 (c) after sub-section (2B), as so inserted, the following sub-section shall be inserted with effect from the 1st day of July, 2012, namely:—

“(2C) Nothing contained in sub-section (2B) shall empower the Assessing Officer either to assess or reassess under section 147 or pass an order enhancing the assessment or reducing a refund already made or otherwise increasing the liability of the assessee under section 154, for any assessment year, proceedings for which have been completed before the 1st day of July, 2012.”.

39. After section 92CB of the Income-tax Act, the following sections shall be inserted with effect from the 1st day of July, 2012, namely:— Insertion of new sections 92CC and 92CD.

‘92CC. (1) The Board, with the approval of the Central Government, may enter into an advance pricing agreement with any person, determining the 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. Advance pricing agreement.

(2) The manner of determination of arm’s length price referred to in sub-section (1), may include the methods referred to in sub-section (1) of section 92C or any other method, with such adjustments or variations, as may be necessary or expedient so to do.

40 (3) Notwithstanding anything contained in section 92C or section 92CA, the arm’s length price of any international transaction, in respect of which the advance pricing agreement has been entered into, shall be determined in accordance with the advance pricing agreement so entered.

(4) The agreement referred to in sub-section (1) shall be valid for such period not exceeding five consecutive previous years as may be specified in the agreement.

- 45 (5) The advance pricing agreement entered into shall be binding—

(a) on the person in whose case, and in respect of the transaction in relation to which, the agreement has been entered into; and

(b) on the Commissioner, and the income-tax authorities subordinate to him, in respect of the said person and the said transaction.

50 (6) The agreement referred to in sub-section (1) shall not be binding if there is a change in law or facts having bearing on the agreement so entered.

(7) The Board may, with the approval of the Central Government, by an order, declare an agreement to be void *ab initio*, if it finds that the agreement has been obtained by the person by fraud or misrepresentation of facts.

(8) Upon declaring the agreement void *ab initio*,—

(a) all the provisions of the Act shall apply to the person as if such agreement had never been entered into; and

(b) notwithstanding anything contained in the Act, for the purpose of computing any period of limitation under this Act, the period beginning with the date of such agreement and ending on the date of order under sub-section (7) shall be excluded: 5

Provided that where immediately after the exclusion of the aforesaid period, the period of limitation, referred to in any provision of this Act, is less than sixty days, such remaining period shall be extended to sixty days and the aforesaid period of limitation shall be deemed to be extended accordingly.

(9) The Board may, for the purposes of this section, prescribe a scheme specifying therein the manner, form, procedure and any other matter generally in respect of the advance pricing agreement. 10

(10) Where an application is made by a person for entering into an agreement referred to in sub-section (1), the proceeding shall be deemed to be pending in the case of the person for the purposes of the Act.

Effect to  
advance  
pricing  
agreement.

92CD. (1) Notwithstanding anything to the contrary contained in section 139, where any person has entered into an agreement and prior to the date of entering into the agreement, any return of income has been furnished under the provisions of section 139 for any assessment year relevant to a previous year to which such agreement applies, such person shall furnish, within a period of three months from the end of the month in which the said agreement was entered into, a modified return in accordance with and limited to the agreement. 15  
20

(2) Save as otherwise provided in this section, all other provisions of this Act shall apply accordingly as if the modified return is a return furnished under section 139.

(3) If the assessment or reassessment proceedings for an assessment year relevant to a previous year to which the agreement applies have been completed before the expiry of period allowed for furnishing of modified return under sub-section (1), the Assessing Officer shall, in a case where modified return is filed in accordance with the provisions of sub-section (1), proceed to assess or reassess or recompute the total income of the relevant assessment year having regard to and in accordance with the agreement. 25

(4) Where the assessment or reassessment proceedings for an assessment year relevant to the previous year to which the agreement applies are pending on the date of filing of modified return in accordance with the provisions of sub-section (1), the Assessing Officer shall proceed to complete the assessment or reassessment proceedings in accordance with the agreement taking into consideration the modified return so furnished. 30

(5) Notwithstanding anything contained in section 153 or section 153B or section 144C,—

(a) the order of assessment, reassessment or recomputation of total income under sub-section (3) shall be passed within a period of one year from the end of the financial year in which the modified return under sub-section (1) is furnished; 35

(b) the period of limitation as provided in section 153 or section 153B or section 144C for completion of pending assessment or reassessment proceedings referred to in sub-section (4) shall be extended by a period of twelve months. 40

(6) For the purposes of this section,—

(i) “agreement” means an agreement referred to in sub-section (1) of section 92CC;

(ii) the assessment or reassessment proceedings for an assessment year shall be deemed to have been completed where—

(a) an assessment or reassessment order has been passed; or 45

(b) no notice has been issued under sub-section (2) of section 143 till the expiry of the limitation period provided under the said section.’

Insertion of  
new  
Chapter X-A.

40. After Chapter X of the Income-tax Act, the following Chapter shall be inserted with effect from the 1st day of April, 2013, namely:—

#### ‘CHAPTER X-A

#### GENERAL ANTI-AVOIDANCE RULE

Applicability  
of General  
Anti-Avoidance  
Rule.

95. Notwithstanding anything contained in the Act, an arrangement entered into by an assessee may be declared to be an impermissible avoidance arrangement and the consequence in relation to tax arising therefrom may be determined subject to the provisions of this Chapter. 50

*Explanation.*—For the removal of doubts, it is hereby declared that the provisions of this Chapter may be applied to any step in, or a part of, the arrangement as they are applicable to the arrangement.

96. (1) An impermissible avoidance arrangement means an arrangement, the main purpose or one of the main purposes of which is to obtain a tax benefit and it—
- 5 (a) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length;
- (b) results, directly or indirectly, in the misuse, or abuse, of the provisions of this Act;
- (c) lacks commercial substance or is deemed to lack commercial substance under section 97, in whole or in part; or
- 10 (d) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for *bona fide* purposes.
- (2) An arrangement which results in any tax benefit (but for the provisions of this Chapter) shall be presumed to have been entered into, or carried out, for the main purpose of obtaining a tax benefit unless the person obtaining the tax benefit proves that obtaining the tax benefit was not the
- 15 main purpose of the arrangement.
- (3) An arrangement shall be presumed to have been entered into, or carried out, for the main purpose of obtaining a tax benefit, if the main purpose of a step in, or a part of, the arrangement is to obtain a tax benefit, notwithstanding the fact that the main purpose of the whole arrangement is not to obtain a tax benefit.
- 20 97. (1) An arrangement shall be deemed to lack commercial substance if—
- (a) the substance or effect of the arrangement as a whole, is inconsistent with, or differs significantly from, the form of its individual steps or a part; or
- (b) it involves or includes—
- (i) round trip financing;
- 25 (ii) an accommodating party;
- (iii) elements that have effect of offsetting or cancelling each other; or
- (iv) a transaction which is conducted through one or more persons and disguises the value, location, source, ownership or control of funds which is the subject matter of such transaction; or
- 30 (c) it involves the location of an asset or of a transaction or of the place of residence of any party which would not have been so located for any substantial commercial purpose other than obtaining a tax benefit (but for the provisions of this Chapter) for a party.
- (2) For the purposes of sub-section (1), round trip financing includes any arrangement in which, through a series of transactions—
- 35 (a) funds are transferred among the parties to the arrangement; and
- (b) such transactions do not have any substantial commercial purpose other than obtaining the tax benefit (but for the provisions of this Chapter),
- without having any regard to—
- (A) whether or not the funds involved in the round trip financing can be traced to any funds
- 40 transferred to, or received by, any party in connection with the arrangement;
- (B) the time, or sequence, in which the funds involved in the round trip financing are transferred or received; or
- (C) the means by, or manner in, or mode through, which funds involved in the round trip financing are transferred or received.
- 45 (3) For the purposes of this Chapter, a party to an arrangement shall be an accommodating party, if the main purpose of the direct or indirect participation of that party in the arrangement, in whole or in part, is to obtain, directly or indirectly, a tax benefit (but for the provisions of this Chapter) for the assessee whether or not the party is a connected person in relation to any party to the arrangement.
- (4) The following shall not be taken into account while determining whether an arrangement lacks
- 50 commercial substance or not, namely:—
- (i) the period or time for which the arrangement (including operations therein) exists;

Impermissible avoidance arrangement.

Arrangement to lack commercial substance.

(ii) the fact of payment of taxes, directly or indirectly, under the arrangement;

(iii) the fact that an exit route (including transfer of any activity or business or operations) is provided by the arrangement.

Consequence of impermissible avoidance arrangement.

98. (1) If an arrangement is declared to be an impermissible avoidance arrangement, then the consequences, in relation to tax, of the arrangement, including denial of tax benefit or a benefit under a tax treaty, shall be determined, in such manner as is deemed appropriate, in the circumstances of the case, including by way of but not limited to the following, namely:—

(a) disregarding, combining or recharacterising any step in, or a part or whole of, the impermissible avoidance arrangement;

(b) treating the impermissible avoidance arrangement as if it had not been entered into or carried out;

(c) disregarding any accommodating party or treating any accommodating party and any other party as one and the same person;

(d) deeming persons who are connected persons in relation to each other to be one and the same person for the purposes of determining tax treatment of any amount;

(e) reallocating amongst the parties to the arrangement—

(i) any accrual, or receipt, of a capital or revenue nature; or

(ii) any expenditure, deduction, relief or rebate;

(f) treating—

(i) the place of residence of any party to the arrangement; or

(ii) the *situs* of an asset or of a transaction,

at a place other than the place of residence, location of the asset or location of the transaction as provided under the arrangement; or

(g) considering or looking through any arrangement by disregarding any corporate structure.

(2) For the purposes of sub-section (1),—

(i) any equity may be treated as debt or *vice versa*;

(ii) any accrual, or receipt, of a capital nature may be treated as of revenue nature or *vice versa*; or

(iii) any expenditure, deduction, relief or rebate may be recharacterised.

Treatment of connected person and accommodating party.

99. For the purposes of this Chapter, in determining whether a tax benefit exists—

(i) the parties who are connected persons in relation to each other may be treated as one and the same person;

(ii) any accommodating party may be disregarded;

(iii) such accommodating party and any other party may be treated as one and the same person;

(iv) the arrangement may be considered or looked through by disregarding any corporate structure.

Application of Chapter.

100. The provisions of this Chapter shall apply in addition to, or in lieu of, any other basis for determination of tax liability.

Framing of guidelines.

101. The provisions of this Chapter shall be applied in accordance with such guidelines and subject to such conditions and the manner as may be prescribed.

Definitions.

102. In this Chapter, unless the context otherwise requires,—

(1) “arrangement” means any step in, or a part or whole of, any transaction, operation, scheme, agreement or understanding, whether enforceable or not, and includes the alienation of any property in such transaction, operation, scheme, agreement or understanding;

(2) “asset” includes property, or right, of any kind;

(3) “associated person”, in relation to a person, means—

(a) any relative of the person, if the person is an individual;

(b) any director of the company or any relative of such director, if the person is a company;

(c) any partner or member of a firm or association of persons or body of individuals or any relative of such partner or member if the person is a firm or association of persons or body of individuals;

5 (d) any member of the Hindu undivided family or any relative of such member, if the person is a Hindu undivided family;

(e) any individual who has a substantial interest in the business of the person or any relative of such individual;

10 (f) a company, firm or an association of persons or a body of individuals, whether incorporated or not, or a Hindu undivided family having a substantial interest in the business of the person or any director, partner, or member of the company, firm or association of persons or body of individuals or family, or any relative of such director, partner or member;

15 (g) a company, firm or association of persons or body of individuals, whether incorporated or not, or a Hindu undivided family, whose director, partner, or member have a substantial interest in the business of the person, or family or any relative of such director, partner or member;

(h) any other person who carries on a business, if—

(i) the person being an individual, or any relative of such person, has a substantial interest in the business of that other person; or

20 (ii) the person being a company, firm, association of persons, body of individuals, whether incorporated or not, or a Hindu undivided family, or any director, partner or member of such company, firm or association of persons or body of individuals or family, or any relative of such director, partner or member, has a substantial interest in the business of that other person;

(4) “benefit” includes a payment of any kind whether in tangible or intangible form;

25 (5) “connected person” means any person who is connected directly or indirectly to another person and includes associated person;

(6) “fund” includes—

(a) any cash;

(b) cash equivalents; and

30 (c) any right, or obligation, to receive, or pay, the cash or cash equivalent;

(7) “party” means any person including a permanent establishment which participates or takes part in an arrangement;

(8) “relative” shall have the meaning assigned to it in the *Explanation* to clause (vi) of sub-section (2) of section 56;

35 (9) a person shall be deemed to have a substantial interest in the business, if—

(a) in a case where the business is carried on by a company, such person is, at any time during the financial year, the beneficial owner of equity shares carrying twenty per cent. or more, of the voting power; or

40 (b) in any other case, such person is, at any time during the financial year, beneficially entitled to twenty per cent. or more, of the profits of such business;

(10) “step” includes a measure or an action, particularly one of a series taken in order to deal with or achieve a particular thing or object in the arrangement;

(11) “tax benefit” means—

(a) a reduction or avoidance or deferral of tax or other amount payable under this Act; or

45 (b) an increase in a refund of tax or other amount under this Act; or

(c) a reduction or avoidance or deferral of tax or other amount that would be payable under this Act, as a result of a tax treaty; or

(d) an increase in a refund of tax or other amount under this Act as a result of a tax treaty; or

50 (e) a reduction in total income including increase in loss,

in the relevant previous year or any other previous year.

(12) "tax treaty" means an agreement referred to in sub-section (1) of section 90 or sub-section (1) of section 90A.'

Amendment of section 111A.	<b>41.</b> In section 111A of the Income-tax Act, in sub-section (1), in the proviso, for the words "ten per cent.", the words "fifteen per cent." shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 2009.	5
Amendment of section 115A.	<b>42.</b> In section 115A of the Income-tax Act, with effect from the 1st day of July, 2012, in sub-section (1), in clause (a),— (a) in sub-clause (ii), for the word, brackets, figures and letter "clause (iia)", the words, brackets, figures and letters "sub-clause (iia) or sub-clause (iiaa)" shall be substituted; (b) after sub-clause (iia), the following sub-clause shall be inserted, namely:— " (iiaa) interest of the nature and extent referred to in section 194LC; or"; (c) in item (BA), after the word, brackets, figures and letter "sub-clause (iia)", the words, brackets, figures and letters "or sub-clause (iiaa)" shall be inserted; (d) in item (D), after the word, brackets, figures and letter "sub-clause (iia)", the word, brackets, figures and letters ", sub-clause (iiaa)" shall be inserted.	10 15
Amendment of section 115BBA.	<b>43.</b> In section 115BBA of the Income-tax Act, with effect from the 1st day of April, 2013,— (a) in sub-section (1),— (i) in clause (b), the word "; or" shall be inserted at the end; (ii) after clause (b), and before the words "the income-tax payable by the assessee", the following clause shall be inserted, namely:— "(c) being an entertainer, who is not a citizen of India and is a non-resident, includes any income received or receivable from his performance in India,"; (iii) for the words, brackets and letters "clause (a) or clause (b)", wherever they occur, the words, brackets and letters "clause (a) or clause (b) or clause (c)" shall respectively be substituted; (iv) after the words "the income-tax payable by the assessee shall be the aggregate of—", in clause (i), for the words "ten per cent.", the words "twenty per cent." shall be substituted; (b) in sub-section (2), in clause (a), for the words, brackets and letters "clause (a) or clause (b)", the words, brackets and letters "clause (a) or clause (b) or clause (c)" shall be substituted.	20 25
Amendment of section 115BBD.	<b>44.</b> In section 115BBD of the Income-tax Act, in sub-section (1), after the words, figures and letters "the 1st day of April, 2012", the words, figures and letters "or beginning on the 1st day of April, 2013" shall be inserted with effect from the 1st day of April, 2013.	30
Insertion of new section 115BBE.	<b>45.</b> After section 115BBD of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2013, namely:— "115BBE. (1) Where the total income of an assessee includes any income referred to in section 68, section 69, section 69A, section 69B, section 69C or section 69D, the income-tax payable shall be the aggregate of— (a) the amount of income-tax calculated on income referred to in section 68, section 69, section 69A, section 69B, section 69C or section 69D, at the rate of thirty per cent.; and (b) the amount of income-tax with which the assessee would have been chargeable had his total income been reduced by the amount of income referred to in clause (a). (2) Notwithstanding anything contained in this Act, no deduction in respect of any expenditure or allowance shall be allowed to the assessee under any provision of this Act in computing his income referred to in clause (a) of sub-section (1)."	35 40
Tax on income referred to in section 68 or section 69 or section 69A or section 69B or section 69C or section 69D.		
Amendment of section 115JB.	<b>46.</b> In section 115JB of the Income-tax Act, in sub-section (2), with effect from the 1st day of April, 2013,— (i) for the portion beginning with the words "Every assessee," and ending with the words and figures "the Companies Act, 1956:", the following shall be substituted, namely:— "Every assessee,— (a) being a company, other than a company referred to in clause (b), shall, for the purposes of this section, prepare its profit and loss account for the relevant previous year in accordance with the provisions of Part II of Schedule VI to the Companies Act, 1956; or	45 1 of 1956. 50 1 of 1956.

(b) being a company, to which the proviso to sub-section (2) of section 211 of the Companies Act, 1956 is applicable, shall, for the purposes of this section, prepare its profit and loss account for the relevant previous year in accordance with the provisions of the Act governing such company.”;

- 5 (ii) in *Explanation 1*, after clause (i), for the words, brackets and letters “if any amount referred to in clauses (a) to (i) is debited to the profit and loss account, and as reduced by,—”, the following shall be substituted, namely:—

“(j) the amount standing in revaluation reserve relating to revalued asset on the retirement or disposal of such asset,

- 10 if any amount referred to in clauses (a) to (i) is debited to the profit and loss account or if any amount referred to in clause (j) is not credited to the profit and loss account, and as reduced by,—”.

47. In Chapter XII-BA of the Income-tax Act, in the heading, for the words “LIMITED LIABILITY PARTNERSHIPS”, the words “PERSONS OTHER THAN A COMPANY” shall be substituted with effect from the 1st day of April, 2013. Amendment of Chapter XII-BA.

- 15 48. For section 115JC of the Income-tax Act, the following section shall be substituted with effect from the 1st day of April, 2013, namely:— Substitution of new section for section 115JC.

‘115JC. (1) Notwithstanding anything contained in this Act, 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. Special provisions for payment of tax by certain persons other than a company.

- 20 (2) Adjusted total income referred to in sub-section (1) shall be the total income before giving effect to this Chapter as increased by—

25 (i) deductions claimed, if any, under any section (other than section 80P) included in Chapter VI-A under the heading “C.—*Deductions in respect of certain incomes*”; and

(ii) deduction claimed, if any, under section 10AA.

- 30 (3) Every person to whom this 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 of furnishing of return of income under sub-section (1) of section 139.’

49. In section 115JD of the Income-tax Act, in sub-section (1), for the words, figures and letters “a limited liability partnership under section 115JC shall be allowed to it”, the words, figures and letters “a person under section 115JC shall be allowed to him” shall be substituted with effect from the 1st day of April, 2013. Amendment of section 115JD.

- 35 50. In section 115JE of the Income-tax Act, for the words “a limited liability partnership”, the words “a person” shall be substituted with effect from the 1st day of April, 2013. Amendment of section 115JE.

51. After section 115JE of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2013, namely:— Insertion of new section 115JEE.

- 40 ‘115JEE. (1) The provisions of this Chapter shall apply to a person who has claimed any deduction under— Application of this Chapter to certain persons.

(a) any section (other than section 80P) included in Chapter VI-A under the heading “C.—*Deductions in respect of certain incomes*”; or

(b) section 10AA.

- 45 (2) The provisions of this Chapter shall not apply to an individual or a Hindu undivided family or an association of persons or a body of individuals, whether incorporated or not, or an artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2, if the adjusted total income of such person does not exceed twenty lakh rupees.’

52. In section 115JF of the Income-tax Act, with effect from the 1st day of April, 2013,—

(i) clause (c) shall be omitted;

- 50 (ii) in clause (d), for the words “a limited liability partnership on its total income”, the words “a person on his total income” shall be substituted. Amendment of section 115JF.

Amendment of section 115-O. **53.** In section 115-O of the Income-tax Act, in sub-section (1A), in clause (i), with effect from the 1st day of July, 2012,—

(i) in sub-clause (a), the word “and” shall be inserted at the end;

(ii) in sub-clause (b), for the words “paid tax under this section on such dividend; and”, the words “paid the tax which is payable under this section on such dividend:” shall be substituted; 5

(iii) sub-clause (c) shall be omitted.

Amendment of section 115U. **54.** In section 115U of the Income-tax Act,—

(i) with effect from the 1st day of April, 2013,—

(a) in sub-section (1), for the words “income received”, at both the places where they occur, the words “income accruing or arising to or received” shall respectively be substituted; 10

(b) in sub-section (2),—

(i) for the words “The person responsible for making”, the words “The person responsible for crediting or making” shall be substituted;

(ii) for the words “to the person receiving such income”, the words “to the person who is liable to tax in respect of such income” shall be substituted; 15

(iii) for the words “income paid”, the words “income paid or credited” shall be substituted;

(c) in sub-section (3),—

(i) for the words “income paid”, the words “income paid or credited” shall be substituted;

(ii) for the words “the person receiving such income as it had been”, the words, brackets and figure “the person referred to in sub-section (1) as it had been” shall be substituted; 20

(iii) for the words “had accrued”, the words “had accrued or arisen” shall be substituted;

(d) for sub-section (4), the following sub-section shall be substituted, namely:—

“(4) The income accruing or arising to or received by the venture capital company or venture capital fund, during a previous year, from investments made in venture capital undertaking if not paid or credited to the person referred to in sub-section (1), shall be deemed to have been credited to the account of the said person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the income had it been paid in the previous year.”; 25

(ii) the *Explanation* shall be numbered as *Explanation 1* thereof and after *Explanation 1* as so numbered, the following *Explanation* shall be inserted with effect from the 1st day of July, 2012, namely:— 30

“*Explanation 2.*—For the removal of doubts, it is hereby declared that any income which has been included in total income of the person referred to in sub-section (1) in a previous year, on account of it having accrued or arisen in the said previous year, shall not be included in the total income of such person in the previous year in which such income is actually paid to him by the venture capital company or the venture capital fund.”. 35

Amendment of section 115VG. **55.** In section 115VG of the Income-tax Act, in sub-section (3), for the Table, the following Table shall be substituted with effect from the 1st day of April, 2013, namely:—

“TABLE

Qualifying ship having net tonnage	Amount of daily tonnage income	
(1)	(2)	
up to 1,000	Rs. 70 for each 100 tons	
exceeding 1,000 but not more than 10,000	Rs. 700 plus Rs. 53 for each 100 tons exceeding 1,000 tons	
exceeding 10,000 but not more than 25,000	Rs. 5,470 plus Rs. 42 for each 100 tons exceeding 10,000 tons	45
exceeding 25,000	Rs. 11,770 plus Rs. 29 for each 100 tons exceeding 25,000 tons.”.	

- 56.** In section 139 of the Income-tax Act, in sub-section (1),— Amendment  
of section  
139.
- (a) after the third proviso, the following proviso shall be inserted, namely:—
- “Provided also that a person, being a resident, who is not required to furnish a return under this sub-section and who during the previous year has any asset (including any financial interest in any entity) located outside India or signing authority in any account located outside India, shall furnish, on or before the due date, a return in respect of his income or loss for the previous year in such form and verified in such manner and setting forth such other particulars as may be prescribed.”.
- (b) in *Explanation 2*,—
- (i) in clause (a),—
- (A) after the words “the assessee”, the words, brackets and letters “other than an assessee referred to in clause (aa)” shall be inserted;
- (B) in sub-clause (i), the words, brackets and letters “other than a company referred to in clause (aa)” shall be omitted;
- (ii) in clause (aa), for the words “being a company, which”, the word “who” shall be substituted.
- 57.** In section 140A of the Income-tax Act, with effect from the 1st day of April, 2013,— Amendment  
of section  
140A.
- (i) in sub-section (1), in clause (v), after the word, figures and letters “section 115JAA”, the words, figures and letters “or section 115JD” shall be inserted;
- (ii) in sub-section (1A), in clause (i), in sub-clause (e), after the word, figures and letters “section 115JAA”, the words, figures and letters “or section 115JD” shall be inserted;
- (iii) in sub-section (1B), in the *Explanation*, in clause (iv), after the word, figures and letters “section 115JAA”, the words, figures and letters “or section 115JD” shall be inserted.”.
- 58.** In section 143 of the Income-tax Act,— Amendment  
of section  
143.
- (a) after sub-section (1C), the following sub-section shall be inserted with effect from the 1st day of July, 2012, namely:—
- “(1D) Notwithstanding anything contained in sub-section (1), the processing of a return shall not be necessary, where a notice has been issued to the assessee under sub-section (2).”.
- (b) in sub-section (3), after the second proviso, the following proviso shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2009, namely:—
- “Provided also that notwithstanding anything contained in the first and the second proviso, no effect shall be given by the Assessing Officer to the provisions of clause (23C) of section 10 in the case of a trust or institution for a previous year, if the provisions of the first proviso to clause (15) of section 2 become applicable in the case of such person in such previous year, whether or not the approval granted to such trust or institution or notification issued in respect of such trust or institution has been withdrawn or rescinded.”.
- 59.** After section 144B of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2013, namely:— Insertion of  
new section  
144BA.  
  
Reference to  
Commissioner  
in certain  
cases.
- “144BA. (1) If, the Assessing Officer, at any stage of the assessment or reassessment proceedings before him having regard to the material and evidence available, considers that it is necessary to declare an arrangement as an impermissible avoidance arrangement and to determine the consequence of such an arrangement within the meaning of Chapter X-A, then, he may make a reference to the Commissioner in this regard.
- (2) The Commissioner shall, on receipt of a reference under sub-section (1), if he is of the opinion that the provisions of Chapter X-A are required to be invoked, issue a notice to the assessee, setting out the reasons and basis of such an opinion, for submitting objections, if any, and providing an opportunity of being heard to the assessee within such period, not exceeding sixty days, as may be specified in the notice.
- (3) If the assessee does not furnish any objection to the notice within the time specified in the notice issued under sub-section (2), the Commissioner shall issue such directions as it deems fit in respect of declaration of the arrangement to be an impermissible avoidance arrangement.

(4) In case the assessee objects to the proposed action, and the Commissioner, after hearing the assessee in the matter, is not satisfied by the explanation of the assessee, then, he shall make a reference in the matter to the Approving Panel for the purpose of declaration of the arrangement as an impermissible avoidance arrangement.

(5) If the Commissioner is satisfied, after having heard the assessee that the provisions of Chapter X-A are not to be invoked, he shall by an order in writing communicate the same to the Assessing Officer with a copy to the assessee. 5

(6) The Approving Panel, on receipt of reference from the Commissioner under sub-section (4) shall issue such directions, as it deems fit, in respect of the declaration of the arrangement as an impermissible avoidance arrangement in accordance with the provisions of Chapter X-A including specifying the previous year or years to which such declaration of an arrangement as an impermissible avoidance arrangement shall apply. 10

(7) No direction under sub-section (6) shall be issued unless an opportunity of being heard is given to the assessee and the Assessing Officer on such directions which are prejudicial to the interest of the assessee or the interest of the revenue, as the case may be. 15

(8) The Approving Panel may, before issuing any direction under sub-section (6),—

(i) if it is of the opinion that any further inquiry in the matter is necessary, direct the Commissioner to make such further inquiry or cause to make such further inquiry to be made by any other income-tax authority and furnish a report containing the results of such inquiry to it; or

(ii) call for and examine such records related to the matter as it deems fit; or 20

(iii) require the assessee to furnish such document and evidence as it may so direct.

(9) If the members of the Approving Panel differ in opinion on any point, the point shall be decided according to the opinion of the majority of the members.

(10) Every direction, issued by the Approving Panel under sub-section (6) or the Commissioner under sub-section (3), shall be binding on the Assessing Officer and the Assessing Officer on receipt of the directions shall proceed to complete the proceedings referred to in sub-section (1) in accordance with the directions and provisions of Chapter X-A. 25

(11) If any direction issued under sub-section (6) specifies that declaration of the arrangement as impermissible avoidance arrangement is applicable for any previous year to which the proceeding referred to in sub-section (1) pertains, then, the Assessing Officer while completing any assessment or reassessment proceedings of the assessment year relevant to such other previous year shall do so in accordance with such directions and the provisions of Chapter X-A and it shall not be necessary for him to seek fresh direction on the issue for the relevant assessment year. 30

(12) No order of assessment or reassessment shall be passed by the Assessing Officer without the prior approval of the Commissioner if any tax consequences have been determined in the order under the provisions of Chapter X-A pursuant to a direction issued under sub-section (6) or sub-section (3) declaring the arrangement as impermissible avoidance arrangement. 35

(13) No direction under sub-section (6) shall be issued after a period of six months from the end of the month in which the reference under sub-section (4) was received by the Approving Panel.

(14) The Board shall, for the purposes of this section, constitute an Approving Panel consisting of not less than three members being the income tax authorities of the rank of Commissioner and above. 40

(15) The Board may make rules for the purposes of the efficient functioning of the Approving Panel and expeditious disposal of the references received under sub-section (4).".

Amendment of section 144C. 60. In section 144C of the Income-tax Act,— 45

(a) in sub-section (4), for the words and figures "in section 153", the words, figures and letter "in section 153 or section 153B" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of October, 2009;

(b) after sub-section (8), the following *Explanation* shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2009, namely:—

5 “*Explanation.*—For the removal of doubts, it is hereby declared that the power of the Dispute Resolution Panel to enhance the variation shall include and shall be deemed always to have included the power to consider any matter arising out of the assessment proceedings relating to the draft order, notwithstanding that such matter was raised or not by the eligible assessee.”;

(c) in sub-section (13), for the words and figures “in section 153”, the words, figures and letter “in section 153 or section 153B” shall be substituted and shall be deemed to have been substituted with effect from the 1st day of October, 2009;

10 (d) after sub-section (14), the following sub-section shall be inserted with effect from the 1st day of April, 2013, namely:—

“(14A) The provisions of this section shall not apply to any assessment or reassessment order passed by the Assessing Officer with the prior approval of the Commissioner under sub-section (12) of section 144BA.”.

15 **61.** In section 147 of the Income-tax Act, with effect from the 1st day of July, 2012—

Amendment  
of section  
147.

(i) after the first proviso, the following proviso shall be inserted, namely:—

“Provided further that nothing contained in the first proviso shall apply in a case where any income in relation to any asset (including financial interest in any entity) located outside India, chargeable to tax, has escaped assessment for any assessment year.”;

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

(iii) in *Explanation 2*,—

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

25 “(ba) where the assessee has failed to furnish a report in respect of any international transaction which he was so required under section 92E.”.

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

“(d) where a person is found to have any asset (including financial interest in any entity) located outside India.”;

(iv) after *Explanation 3*, the following *Explanation* shall be inserted, namely:—

30 “*Explanation 4.*—For the removal of doubts, it is hereby clarified that the provisions of this section, as amended, by the Finance Act, 2012, shall also be applicable for any assessment year beginning on or before the 1st day of April, 2012.”.

**62.** In section 149 of the Income-tax Act, with effect from the 1st day of July, 2012,—

Amendment  
of section  
149.

(A) in sub-section (1),—

35 (i) in clause (a), after the word, brackets and letter “clause (b)”, the words, brackets and letter “or clause (c)” shall be inserted;

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

40 “(c) if four years, but not more than sixteen years, have elapsed from the end of the relevant assessment year unless the income in relation to any asset (including financial interest in any entity) located outside India, chargeable to tax, has escaped assessment.”;

(B) in sub-section (3), for the words “two years”, the words “six years” shall be substituted;

(C) after sub-section (3), the following *Explanation* shall be inserted, namely:—

45 “*Explanation.*—For the removal of doubts, it is hereby clarified that the provisions of sub-sections (1) and (3), as amended by the Finance Act, 2012, shall also be applicable for any assessment year beginning on or before the 1st day of April, 2012.”.

**63.** In section 153 of the Income-tax Act,—

## (A) with effect from the 1st day of July, 2012,—

## (i) in sub-section (1),—

(a) in the first proviso, for the words, figures and letters “on the 1st day of April, 2004 or any subsequent assessment year”, the words, figures and letters “on or after the 1st day of April, 2004 but before the 1st day of April, 2010” shall be substituted; 5

(b) in the second proviso, for the words, figures and letters “on the 1st day of April, 2005 or any subsequent assessment year”, the words, figures and letters “on or after the 1st day of April, 2005 but before the 1st day of April, 2009” shall be substituted;

(c) after the second proviso, the following proviso shall be inserted, namely:— 10

‘Provided also that in case the assessment year in which the income was first assessable is the assessment year commencing on the 1st day of April, 2009 or any subsequent assessment year and during the course of the proceeding for the assessment of total income, a reference under sub-section (1) of section 92CA—

(i) is made before the 1st day of July, 2012, but an order under sub-section (3) of that section has not been made before such date; or 15

(ii) is made on or after the 1st day of July, 2012,

the provisions of clause (a) shall, notwithstanding anything contained in the first proviso, have effect as if for the words “two years”, the words “three years” had been substituted;’;

(ii) in sub-section (2),— 20

(a) in the second proviso, after the words, figures and letters “on or after the 1st day of April, 2005”, the words, figures and letters “but before the 1st day of April, 2011” shall be inserted;

(b) in the third proviso, after the words, figures and letters “the 1st day of April, 2006”, the words, figures and letters “but before the 1st day of April, 2010” shall be inserted;

(c) after the third proviso, the following proviso shall be inserted, namely:— 25

‘Provided also that where the notice under section 148 was served on or after the 1st day of April, 2010 and during the course of the proceedings for the assessment or reassessment or recomputation of total income, a reference under sub-section (1) of section 92CA—

(i) is made before the 1st day of July, 2012, but an order under sub-section (3) of that section has not been made before such date; or 30

(ii) is made on or after the 1st day of July, 2012,

the provisions of this sub-section shall, notwithstanding anything contained in the second proviso, have effect as if for the words “one year”, the words “two years” had been substituted;’;

(iii) in sub-section (2A),—

(a) in the second proviso, after the words, figures and letters “the 1st day of April, 2005”, the words, figures and letters “but before the 1st day of April, 2011” shall be inserted; 35

(b) in the third proviso, after the words, figures and letters “the 1st day of April, 2006”, the words, figures and letters “but before the 1st day of April, 2010” shall be inserted;

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

‘Provided also that where the order under section 254 is received by the Chief Commissioner or Commissioner or, as the case may be, the order under section 263 or section 264 is passed by the Commissioner on or after the 1st day of April, 2010, and during the course of the proceedings for the fresh assessment of total income, a reference under sub-section (1) of section 92CA— 40

(i) is made before the 1st day of July, 2012, but an order under sub-section (3) of section 92CA has not been made before such date; or 45

(ii) is made on or after the 1st day of July, 2012,

the provisions of this sub-section shall, notwithstanding anything contained in the second proviso, have effect as if for the words “one year”, the words “two years” had been substituted;’;

(B) in *Explanation 1*,— 50

(a) in clause (viii), for the words “six months”, the words “one year” shall be substituted with effect from the 1st day of July, 2012;

(b) after clause (viii) and before the words “shall be excluded”, the following clause shall be inserted with effect from the 1st day of April, 2013, namely:—

5 “(ix) the period commencing from the date on which a reference for declaration of an arrangement to be impermissible avoidance arrangement is received by the Commissioner under sub-section (1) of section 144BA and ending on the date on which a direction under sub-section (3) or sub-section (6) or an order under sub-section (5) of the said section is received by the Assessing Officer.”.

64. In section 153A of the Income-tax Act, in sub-section (1), after the second proviso, the following proviso shall be inserted with effect from the 1st day of July, 2012, namely:— Amendment of section 153A.

10 “Provided also that the Central Government may by rules made by it and published in the Official Gazette (except in cases where any assessment or reassessment has abated under the second proviso), specify the class or classes of cases in which the Assessing Officer shall not be required to issue notice for assessing or reassessing the total income for six assessment years immediately preceding the assessment year relevant to the previous year in which search is conducted or requisition is made.”.

15 65. In section 153B of the Income-tax Act,— Amendment of section 153B.

(l) in sub-section (1) with effect from the 1st day of July, 2012,—

(i) in the second proviso, for the words, figures and letters “on the 1st day of April, 2004 or any subsequent financial year”, the words, figures and letters “on or after the 1st day of April, 2004 but before the 1st day of April, 2010” shall be substituted;

20 (ii) in the third proviso for the words, figures and letters “on the 1st day of April, 2005 or any subsequent financial year”, the words, figures and letters “on or after the 1st day of April, 2005 but before the 1st day of April, 2009” shall be substituted;

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

25 “Provided also that in case where the last of the authorisations for search under section 132 or for requisition under section 132A was executed during the financial year commencing on the 1st day of April, 2009 or any subsequent financial year and during the course of the proceedings for the assessment or reassessment of total income, a reference under sub-section (1) of section 92CA—

30 (i) was made before the 1st day of July, 2012, but an order under sub-section (3) of section 92CA has not been made before such date; or

(ii) is made on or after the 1st day of July, 2012,

the provisions of clause (a) or clause (b) of this sub-section, shall, notwithstanding anything contained in clause (i) of the second proviso, have effect as if for the words “two years”, the words “three years” had been substituted.’.

35 (iv) in the fourth proviso for the words, figures and letters “on the 1st day of April, 2005 or any subsequent financial year”, the words, figures and letters “on or after the 1st day of April, 2005 but before the 1st day of April, 2009” shall be substituted;

(v) after the fourth proviso, the following proviso shall be inserted, namely:—

40 “Provided also that in case where the last of the authorisations for search under section 132 or for requisition under section 132A was executed during the financial year commencing on the 1st day of April, 2009 or any subsequent financial year and during the course of proceedings for the assessment or reassessment of total income in case of other person referred to in section 153C, a reference under sub-section (1) of section 92CA—

45 (i) was made before the 1st day of July, 2012 but an order under sub-section (3) of section 92CA has not been made before such date; or

(ii) is made on or after the 1st day of July, 2012,

50 the period of limitation for making the assessment or reassessment in case of such other person shall, notwithstanding anything contained in clause (ii) of the second proviso, be the period of thirty-six months from the end of the financial year in which the last of the authorisations for search under section 132 or for requisition under section 132A was executed or twenty-four

months from the end of the financial year in which books of account or documents or assets seized or requisitioned are handed over under section 153C to the Assessing Officer having jurisdiction over such other person, whichever is later.”;

(II) in the *Explanation*,—

(a) in clause (viii), for the words “six months”, the words “one year” shall be substituted with effect from the 1st day of July, 2012; 5

(b) after clause (viii) and before the words “shall be excluded”, the following clause shall be inserted with effect from the 1st day of April, 2013, namely:—

“(ix) the period commencing from the date on which a reference for declaration of an arrangement to be impermissible avoidance arrangement is received by the Commissioner under sub-section (1) of section 144BA and ending on the date on which a direction under sub-section (3) or sub-section (6) or an order under sub-section (5) of the said section is received by the Assessing Officer.”. 10

Amendment of section 153C. **66.** In section 153C of the Income-tax Act, in sub-section (1), after the proviso, the following proviso shall be inserted with effect from the 1st day of July, 2012, namely:— 15

“Provided further that the Central Government may by rules made by it and published in the Official Gazette, specify the class or classes of cases in respect of such other person, in which the Assessing Officer shall not be required to issue notice for assessing or reassessing the total income for six assessment years immediately preceding the assessment year relevant to the previous year in which search is conducted or requisition is made except in cases where any assessment or reassessment has abated.”. 20

Amendment of section 154. **67.** In section 154 of the Income-tax Act, with effect from the 1st day of July, 2012,—

(a) in sub-section (1), after clause (b), the following clause shall be inserted, namely:—

“(c) amend any intimation under sub-section (1) of section 200A.”;

(b) in sub-section (2), in clause (b), for the words “by the assessee”, the words “by the assessee or by the deductor,” shall be substituted; 25

(c) in sub-section (3), for the words “the assessee”, wherever they occur, the words “the assessee or the deductor” shall respectively be substituted;

(d) for sub-section (5), the following sub-section shall be substituted, namely:—

“(5) Where any such amendment has the effect of reducing the assessment or otherwise reducing the liability of the assessee or the deductor, the Assessing Officer shall make any refund which may be due to such assessee or the deductor.”; 30

(e) in sub-section (6), for the words “already made, the Assessing Officer shall serve on the assessee”, the words “already made or otherwise increasing the liability of the assessee or the deductor, the Assessing Officer shall serve on the assessee or the deductor, as the case may be” shall be substituted; 35

(f) in sub-section (8), for the words “by the assessee”, the words “by the assessee or by the deductor” shall be substituted.

Amendment of section 156. **68.** In section 156 of the Income-tax Act, for the proviso, the following proviso shall be substituted with effect from the 1st day of July, 2012, namely:— 40

“Provided that where any sum is determined to be payable by the assessee or by the deductor under sub-section (1) of section 143 or sub-section (1) of section 200A, the intimation under those sub-sections shall be deemed to be a notice of demand for the purposes of this section.”.

Amendment of section 193. **69.** In section 193 of the Income-tax Act, in the proviso, for clause (v), the following clause shall be substituted with effect from the 1st day of July, 2012, namely:— 45

“(v) any interest payable to an individual or a Hindu undivided family, who is resident in India, on any debenture issued by a company in which the public are substantially interested, if—

(a) the amount of interest or, as the case may be, the aggregate amount of such interest paid or likely to be paid on such debenture during the financial year by the company to such individual or Hindu undivided family does not exceed five thousand rupees; and 50

(b) such interest is paid by the company by an account payee cheque;”.

70. In section 194E of the Income-tax Act, with effect from the 1st day of July, 2012,—

Amendment  
of section  
194E.

(a) after the words and brackets “is payable to a non-resident sportsman (including an athlete)”, the words “or an entertainer,” shall be inserted;

5 (b) for the words “ten per cent.”, the words “twenty per cent.” shall be substituted.

71. In section 194J of the Income-tax Act, in sub-section (1), after clause (b), the following clause shall be inserted with effect from the 1st day of July, 2012, namely:—

Amendment  
of section  
194J.

“(ba) 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”.

10 72. In section 194LA of the Income-tax Act, in the proviso, for the words “one hundred thousand rupees”, the words “two hundred thousand rupees” shall be substituted with effect from the 1st day of July, 2012.

Amendment  
of section  
194LA.

73. After section 194LA of the Income-tax Act, the following section shall be inserted with effect from the 1st day of October, 2012, namely:—

Insertion of  
new section  
194LAA.

15 “194LAA. (1) Any person, being a transferee, responsible for paying (other than the person referred to in section 194LA) to a resident transferor any sum by way of consideration for transfer of any immovable property (other than agricultural land), shall, at the time of credit of such sum to the account of the transferor or at the time of payment of such sum 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. of such sum as income-tax thereon.

Payment on  
transfer of  
certain  
immovable  
property other  
than  
agricultural  
land.

(2) No deduction under sub-section (1) shall be made where consideration paid or payable for the transfer of an immovable property is less than fifty lakh rupees in case such immovable property is situated in a specified area, or is less than twenty lakh rupees in case such immovable property is situated in any area other than the specified area.

25 (3) Where the consideration paid or payable for the transfer of an immovable property is less than the value adopted or assessed or assessable by any authority of a State Government for the purpose of payment of stamp duty in respect of transfer of such immovable property, the value so adopted or assessed or assessable shall, for the purposes of sub-section (1) or sub-section (2), be deemed to be the consideration paid or payable for the transfer of such immovable property.

30 (4) Notwithstanding anything contained in any other law for the time being in force, where any document required to be registered under the provisions of clause (a) to clause (e) of sub-section (1) or sub-section (1A) of section 17 of the Indian Registration Act, 1908, purports to transfer, assign, limit or extinguish the right, title or interest of any person to or in any immovable property and in respect of which tax is required to be deducted under sub-section (1), no registering officer shall register any such document, unless the transferee furnishes the proof of deduction of income-tax in accordance with the provisions of this section and payment of sum so deducted to the credit of the Central Government in the prescribed form.

16 of 1908.

(5) The provisions of section 203A shall not apply to a person required to deduct tax in accordance with the provisions of this section.

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

(a) “agricultural land” means agricultural land in India, not being land situated in any area referred to in items (a) and (b) of sub-clause (iii) of clause (14) of section 2;

(b) “immovable property” means any land (other than agricultural land) or any building or part of a building;

45 (c) “specified area” shall mean an area comprising—

(i) Greater Mumbai urban agglomeration;

(ii) Delhi urban agglomeration;

(iii) Kolkata urban agglomeration;

(iv) Chennai urban agglomeration;

- (v) Hyderabad urban agglomeration;
- (vi) Bangaluru urban agglomeration;
- (vii) Ahmedabad urban agglomeration;
- (viii) District of Faridabad;
- (ix) District of Gurgaon;
- (x) District of Gautam Budh Nagar;
- (xi) District of Ghaziabad;
- (xii) District of Gandhinagar; and
- (xiii) City of Secunderabad;

5

(d) the area comprising an urban agglomeration shall be the area included in such urban agglomeration on the basis of the 2001 census.”. 10

Insertion of new section 194LC.

**74.** After section 194LB of the Income-tax Act, the following section shall be inserted with effect from the 1st day of July, 2012, namely:—

Income by way of interest from Indian company engaged in certain business.

‘194LC. (1) Where any income by way of interest referred to in sub-section (2) is payable to a non-resident, not being a company or to a foreign company by a specified company, the person responsible for making the payment, shall at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct the income-tax thereon at the rate of five per cent. 15

(2) The interest referred to in sub-section (1) shall be the income by way of interest payable by the specified company,— 20

(i) in respect of monies borrowed by it at any time on or after the 1st day of July, 2012 but before the 1st day of July, 2015 in foreign currency, from a source outside India under a loan agreement approved by the Central Government in this behalf; and

(ii) to the extent to which such interest does not exceed the amount of interest calculated at the rate approved by the Central Government in this behalf, having regard to the terms of the loan and its repayment. 25

*Explanation.*—For the purpose of this section—

(a) “foreign currency” shall have the meaning assigned to it in clause (m) of section 2 of the Foreign Exchange Management Act, 1999;

(b) “specified company” means an Indian company engaged in the business of— 30

(i) generation or distribution or transmission of power; or

(ii) operation of aircraft; or

(iii) manufacture or production of fertilizers; or

(iv) construction of road including toll road or bridge; or

(v) construction of port including inland port; or 35

(vi) construction of ships in a shipyard; or

(vii) construction of dam; or

(viii) developing and building a housing project as referred to in sub-clause (vii) of clause (c) of sub-section (8) of section 35AD.’.

Amendment of section 195.

**75.** In section 195 of the Income-tax Act,— 40

(a) in sub-section (1),—

(i) for the words “any interest”, the words, brackets, figures and letters “any interest (not being interest referred to in section 194LB or section 194LC)” shall be substituted;

(ii) the *Explanation* shall be numbered as *Explanation 1* thereof, and after *Explanation 1* as so numbered, the following *Explanation* shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1962, namely:— 45

“*Explanation 2.*—For the removal of doubts, it is hereby clarified that the obligation to comply with sub-section (1) and to make deduction thereunder applies and shall be deemed to have

always applied and extends and shall be deemed to have always extended to all persons, resident or non-resident, whether or not the non-resident person has—

- (i) a residence or place of business or business connection in India; or
- (ii) any other presence in any manner whatsoever in India.”;

5 (b) after sub-section (6), the following sub-section shall be inserted with effect from the 1st day of July, 2012, namely:—

10 “(7) Notwithstanding anything contained in sub-section (1) and sub-section (2), the Board may, by notification in the Official Gazette, specify a class of persons or cases, where the person responsible for paying to a non-resident, not being a company, or to a foreign company, any sum, whether or not chargeable under the provisions of this Act, shall make an application to the Assessing Officer to determine, by general or special order, the appropriate proportion of sum chargeable, and upon such determination, tax shall be deducted under sub-section (1) on that proportion of the sum which is so chargeable.”.

15 **76.** In section 197A of the Income-tax Act, in sub-section (1C), for the words “sixty-five years”, the words “sixty years” shall be substituted with effect from the 1st day of July, 2012. Amendment of section 197A.

**77.** In section 201 of the Income-tax Act,— Amendment of section 201.

(A) with effect from the 1st day of July, 2012,—

(i) in sub-section (1),—

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

20 “Provided that any person, including the principal officer of a company, who fails to deduct the whole or any part of the tax in accordance with the provisions of this Chapter on the sum paid to a resident or on the sum credited to the account of a resident shall not be deemed to be an assessee in default in respect of such tax if such resident—

(i) has furnished his return of income under section 139;

25 (ii) has taken into account such sum for computing income in such return of income; and

(iii) has paid the tax due on the income declared by him in such return of income,

and the person furnishes a certificate to this effect from an accountant in such form as may be prescribed.”;

30 (b) in the proviso, for the words “Provided that”, the words “Provided further that” shall be substituted;

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

35 “Provided that in case any person, including the principal officer of a company fails to deduct the whole or any part of the tax in accordance with the provisions of this Chapter on the sum paid to a resident or on the sum credited to the account of a resident but is not deemed to be an assessee in default under the first proviso of sub-section (1), the interest under clause (i) shall be payable from the date on which such tax was deductible to the date of furnishing of return of income by such resident.”;

40 (B) in sub-section (3), in clause (ii), for the words “four years”, the words “six years” shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 2010;

(C) after sub-section (4), the following *Explanation* shall be inserted with effect from the 1st day of July, 2012, namely:—

“*Explanation.*—For the purposes of this section, the expression “accountant” shall have the meaning assigned to it in the *Explanation* to sub-section (2) of section 288.”.

45 **78.** In section 204 of the Income-tax Act, after clause (iii) and before the *Explanation*, the following clause shall be inserted with effect from the 1st day of July, 2012, namely:— Amendment of section 204.

50 “(iv) in the case of credit, or as the case may be, payment of any sum chargeable under the provisions of this Act made by or on behalf of the Central Government or the Government of a State, the drawing and disbursing officer or any other person, by whatever name called, responsible for crediting, or as the case may be, paying such sum.”.

79. In section 206C of the Income-tax Act, with effect from the 1st day of July, 2012,—

(a) in sub-section (1), in the Table, after serial number (vi) and the entries relating thereto, the following serial number and entries shall be inserted, namely:—

Sl.No.	Nature of goods	Percentage	
(1)	(2)	(3)	
“(vii)”	Minerals, being coal or lignite or iron ore	one per cent.”;	5

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

“(1D) Every person, being a seller, who receives any amount in cash as consideration for sale of bullion or jewellery, shall, at the time of receipt of such amount in cash, collect from the buyer, a sum equal to one per cent. of sale consideration as income-tax, if the sale consideration exceeds two hundred thousand rupees.”;

(c) in sub-section (2), after the words, brackets, figure and letter “or sub-section (1C)”, the words, brackets, figure and letter “or sub-section (1D)” shall be inserted;

(d) in sub-section (3), after the words, brackets, figure and letter “or sub-section (1C)”, the words, brackets, figure and letter “or sub-section (1D)” shall be inserted;

(e) in sub-section (6A),—

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

“Provided that any person, other than a person referred to in sub-section (1D), responsible for collecting tax in accordance with the provisions of this section, who 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—

(i) has furnished his return of income under section 139;

(ii) has taken into account such amount for computing income in such return of income; and

(iii) has paid the tax due on the income declared by him in such return of income,

and the person furnishes a certificate to this effect from an accountant in such form as may be prescribed.”;

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

(f) in sub-section (7), the following proviso shall be inserted, namely:—

“Provided that in case any person, other than a person referred to in sub-section (1D), responsible for collecting tax in accordance with the provisions of this section, 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 but is not deemed to be an assessee in default under the first proviso of sub-section (6A), the interest shall be payable from the date on which such tax was collectible to the date of furnishing of return of income by such buyer or licensee or lessee.”;

(g) in sub-section (9), after the words, brackets, figure and letter “or sub-section (1C)” at both the places where they occur, the words, brackets, figure and letter “or sub-section (1D)” shall be inserted;

(h) in the *Explanation*, occurring at the end,—

(i) for clause (a), the following clauses shall be substituted, namely:—

(a) “accountant” shall have the meaning assigned to it in the *Explanation* to sub-section (2) of section 288;

(aa) “buyer” with respect to—

(i) sub-section (1) means a person who obtains in any sale, by way of auction, tender or any other mode, goods of the nature specified in the Table in sub-section (1) or the right to receive any such goods but does not include,—

(A) a public sector company, the Central Government, a State Government, and an

embassy, a High Commission, legation, commission, consulate and the trade representation, of a foreign State and a club; or

(B) a buyer in the retail sale of such goods purchased by him for personal consumption;

5 (ii) sub-section (1D) means a person who obtains in any sale, goods of the nature specified in the said sub-section;

(ab) "jewellery" shall have the meaning assigned to it in the *Explanation* to sub-clause (ii) of clause (14) of section 2.;

(II) in clause (c), after the words, brackets and figure "in sub-section (1)", the words, brackets, figure and letter "or sub-section (1D)" shall be inserted.

10 **80.** Section 207 of the Income-tax Act shall be renumbered as sub-section (1) thereof and after sub-section (1) as so renumbered, the following sub-section shall be inserted, namely:— Amendment of section 207.

"(2) The provisions of sub-section (1) shall not apply to an individual resident in India, who—

(a) does not have any income chargeable under the head "Profits and gains of business or profession"; and

15 (b) is of the age of sixty years or more at any time during the previous year."

**81.** In section 209 of the Income-tax Act, in sub-section (1), in clause (d), the following proviso shall be inserted, namely:— Amendment of section 209.

20 "Provided that for computing liability for advance tax, income-tax calculated under clause (a) or clause (b) or clause (c) shall not, in each case, be reduced by the aforesaid amount of income-tax which would be deductible or collectible at source during the said financial year under any provision of this Act from any income, if the person responsible for deducting tax has paid or credited such income without deduction of tax or it has been received or debited by the person responsible for collecting tax without collection of such tax."

25 **82.** In section 234A of the Income-tax Act, in sub-section (1), in clause (vi), after the word, figures and letters "section 115JAA", the words, figures and letters "or section 115JD" shall be inserted with effect from the 1st day of April, 2013. Amendment of section 234A.

**83.** In section 234B of the Income-tax Act, in sub-section (1), in *Explanation 1*, in clause (v), after the word, figures and letters "section 115JAA", the words, figures and letters "or section 115JD" shall be inserted with effect from the 1st day of April, 2013. Amendment of section 234B.

30 **84.** In section 234C of the Income-tax Act, in sub-section (1), in the *Explanation*, in clause (v), after the word, figures and letters "section 115JAA", the words, figures and letters "or section 115JD" shall be inserted with effect from the 1st day of April, 2013. Amendment of section 234C.

35 **85.** In section 234D of the Income-tax Act, the *Explanation* shall be numbered as *Explanation 1* thereof and after *Explanation 1* as so numbered, the following *Explanation* shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 2003, namely:— Amendment of section 234D.

"*Explanation 2.*—For the removal of doubts, it is hereby declared that the provisions of this section shall also apply to an assessment year commencing before the 1st day of June, 2003 if the proceedings in respect of such assessment year is completed after the said date."

40 **86.** After section 234D of the Income-tax Act, the following sub-heading and section shall be inserted with effect from the 1st day of July, 2012, namely:— Insertion of new section 234E.

"G.—*Levy of fee in certain cases*

45 234E. (1) Without prejudice to the provisions of the Act, where a person fails to deliver or cause to be delivered a statement within the time prescribed in sub-section (3) of section 200 or the proviso to sub-section (3) of section 206C, he shall be liable to pay, by way of fee, a sum of two hundred rupees for every day during which the failure continues. Fee for defaults in furnishing statements.

(2) The amount of fee referred to in sub-section (1) shall not exceed the amount of tax deductible or collectible, as the case may be.

(3) The amount of fee referred to in sub-section (1) shall be paid before delivering or causing to be delivered a statement in accordance with sub-section (3) of section 200 or the proviso to sub-section (3) of section 206C.

(4) The provisions of this section shall apply to a statement referred to in sub-section (3) of section 200 or the proviso to sub-section (3) of section 206C which is to be delivered or caused to be delivered for tax deducted at source or tax collected at source, as the case may be, on or after the 1st day of July, 2012.”. 5

Amendment  
of section  
245C.

87. In section 245C of the Income-tax Act, in sub-section (1), in the proviso, in the *Explanation*, in clause (b), for the words “at any time during the previous year”, at both the places where they occur, the words “on the date of search” shall respectively be substituted with effect from the 1st day of July, 2012. 10

Amendment  
of section  
245Q.

88. In section 245Q of the Income-tax Act, in sub-section (2), for the words “two thousand five hundred rupees”, the words “ten thousand rupees or such fee as may be prescribed in this behalf, whichever is higher” shall be substituted with effect from the 1st day of July, 2012.

Amendment  
of section  
246A.

89. In section 246A of the Income-tax Act, in sub-section (1),— 15

(i) for the words “Any assessee aggrieved”, the words “Any assessee or any deductor aggrieved” shall be substituted with effect from the 1st day of July, 2012;

(ii) in clause (a),—

(I) for the words and figures “section 143, where the assessee objects”, the words, figures, brackets and letter “section 143 or sub-section (1) of section 200A, where the assessee or the deductor objects” shall be substituted with effect from the 1st day of July, 2012; 20

(II) for the words “except an order passed in pursuance of directions of the Dispute Resolution Panel”, the brackets, words, figures and letters “[except an order passed in pursuance of directions of the Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA]” shall be substituted with effect from the 1st day of April, 2013; 25

(iii) in clause (b), for the words “except an order passed in pursuance of directions of the Dispute Resolution Panel”, the brackets, words, figures and letters “[except an order passed in pursuance of directions of the Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA]” shall be substituted with effect from the 1st day of April, 2013;

(iv) in clause (ba),— 30

(I) for the words, figures and letter “under section 153A”, the words, figures, letter and brackets “under section 153A [except an order passed in pursuance of directions of the Dispute Resolution Panel]” shall be substituted with effect from the 1st day of October, 2009;

(II) for the words “Dispute Resolution Panel”, the words, brackets, figures and letter, “Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA” shall be substituted with effect from the 1st day of April, 2013; 35

(v) after clause (ba), the following clause shall be inserted with effect from the 1st day of July, 2012, namely:—

“(bb) an order of assessment or reassessment under sub-section (3) of section 92CD;”;

(vi) in clause (c), after the words “either of the said sections”, the words, brackets, figures and letters “except where it is in respect of an order referred to in sub-section (12) of section 144BA” shall be inserted with effect from the 1st day of April, 2013. 40

(vii) in clause (j), in sub-clause (B), after the word, figures and letters “section 271AAA”, the word, figures and letters “, section 271AAB” shall be inserted with effect from the 1st day of July, 2012.

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

Amendment  
of section  
253.

(A) in sub-section (1),—

52 of 1962.

5

(i) in clause (d), for the word and figures “section 147”, the words, figures and letters “section 147 or section 153A or section 153C” shall be substituted with effect from the 1st day of October, 2009;

(ii) after clause (d), the following clause shall be inserted with effect from the 1st day of April, 2013, namely:—

10

“(e) an order passed by an Assessing Officer under sub-section (3) of section 143 or section 147 or section 153A or section 153C with the approval of the Commissioner as referred to in sub-section (12) of section 144BA or an order passed under section 154 or section 155 in respect of such order;”;

(B) with effect from the 1st day of July, 2012,—

(i) after sub-section (2), the following sub-section shall be inserted, namely:—

15

“(2A) The Commissioner may, if he objects to any direction issued by the Dispute Resolution Panel under sub-section (5) of section 144C in respect of any objection filed on or after the 1st day of July, 2012, by the assessee under sub-section (2) of section 144C in pursuance of which the Assessing Officer has passed an order completing the assessment or reassessment, direct the Assessing Officer to appeal to the Appellate Tribunal against the order.”;

(ii) after sub-section (3), the following sub-section shall be inserted, namely:—

20

“(3A) Every appeal under sub-section (2A) shall be filed within sixty days of the date on which the order sought to be appealed against is passed by the Assessing Officer in pursuance of the directions of the Dispute Resolution Panel under sub-section (5) of section 144C.”;

(iii) for sub-section (4), the following sub-section shall be substituted, namely:—

25

“(4) The Assessing Officer or the assessee, as the case may be, on receipt of notice that an appeal against the order of the Deputy Commissioner (Appeals) or, as the case may be, the Commissioner (Appeals) or the Assessing Officer in pursuance of the directions of the Dispute Resolution Panel has been preferred under sub-section (1) or sub-section (2) or sub-section (2A) by the other party, may, notwithstanding that he may not have appealed against such order or any part thereof; within thirty days of the receipt of the notice, file a memorandum of cross-objections, verified in the prescribed manner, against any part of the order of the Assessing Officer (in pursuance of the directions of the Dispute Resolution Panel) or Deputy Commissioner (Appeals) or, as the case may be, the Commissioner (Appeals), and such memorandum shall be disposed of by the Appellate Tribunal as if it were an appeal presented within the time specified in sub-section (3) or sub-section (3A).”.

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35 **91.** In section 254 of the Income-tax Act, in sub-section (2A), after the words, brackets and figures “under sub-section (1) or sub-section (2)”, the words, brackets, figure and letter “or sub-section (2A)” shall be inserted with effect from the 1st day of July, 2012. Amendment of  
section 254.

40 **92.** In section 271 of the Income-tax Act, in sub-section (1), in *Explanation 7*, for the words “international transaction”, the words “international transaction or specified domestic transaction” shall be substituted with effect from the 1st day of April, 2013. Amendment of  
section 271.

**93.** For section 271AA of the Income-tax Act, the following section shall be substituted with effect from the 1st day of July, 2012, namely:— Substitution of  
new section for  
section 271AA.

“271AA. Without prejudice to the provisions of section 271 or section 271BA, if any person in respect of an international transaction,—

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(i) fails to keep and maintain any such information and document as required by sub-section (1) or sub-section (2) of section 92D;

(ii) fails to report such transaction which he is required to do so; or

(iii) maintains or furnishes an incorrect information or document,

Penalty for  
failure to keep  
and maintain  
information  
and  
document,  
etc., in  
respect of  
certain  
transactions.

50 the Assessing Officer or Commissioner (Appeals) may direct that such person shall pay, by way of penalty, a sum equal to two per cent. of the value of each international transaction entered into by such person.”.

**94.** In section 271AA of the Income-tax Act, as so substituted by section 93 of this Act, for the words “international transaction”, the words “international transaction or specified domestic transaction” shall be substituted with effect from the 1st day of April, 2013. Amendment of  
section  
271AA.

Amendment of section 271AAA.

**95.** In section 271AAA of the Income-tax Act, in sub-section (1), after the words, figures and letters “on or after the 1st day of June, 2007”, the words, figures and letters “but before the 1st day of July, 2012” shall be inserted.

Insertion of new section 271AAB.

**96.** After section 271AAA of the Income-tax Act, the following section shall be inserted with effect from the 1st day of July, 2012, namely:—

Penalty where search has been initiated.

‘271AAB. (1) The Assessing Officer may, notwithstanding anything contained in any other provisions of this Act, direct that, in a case where search has been initiated under section 132 on or after the 1st day of July, 2012, the assessee shall pay by way of penalty, in addition to tax, if any, payable by him,—

(a) a sum computed at the rate of ten per cent. of the undisclosed income of the specified previous year, if such assessee—

(i) in the course of the search, in a statement under sub-section (4) of section 132, admits the undisclosed income and specifies the manner in which such income has been derived;

(ii) substantiates the manner in which the undisclosed income was derived; and

(iii) on or before the specified date—

(A) pays the tax, together with interest, if any, in respect of the undisclosed income; and

(B) furnishes the return of income for the specified previous year declaring such undisclosed income therein;

(b) a sum computed at the rate of twenty per cent. of the undisclosed income of the specified previous year, if such assessee—

(i) in the course of the search, in a statement under sub-section (4) of section 132, does not admit the undisclosed income; and

(ii) on or before the specified date—

(A) declares such income in the return of income furnished for the specified previous year; and

(B) pays the tax, together with interest, if any, in respect of the undisclosed income;

(c) a sum which shall not be less than thirty per cent. but which shall not exceed ninety per cent. of the undisclosed income of the specified previous year, if it is not covered by the provisions of clauses (a) and (b).

(2) No penalty under the provisions of clause (c) of sub-section (1) of section 271 shall be imposed upon the assessee in respect of the undisclosed income referred to in sub-section (1).

(3) The provisions of sections 274 and 275 shall, as far as may be, apply in relation to the penalty referred to in this section.

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

(a) “specified date” means the due date of furnishing of return of income under sub-section (1) of section 139 or the date on which the period specified in the notice issued under section 153A for furnishing of return of income expires, as the case may be;

(b) “specified previous year” means the previous year—

(i) which has ended before the date of search, but the date of furnishing the return of income under sub-section (1) of section 139 for such year has not expired before the date of search and the assessee has not furnished the return of income for the previous year before the date of search; or

(ii) in which search was conducted;

(c) “undisclosed income” means—

(i) any income of the specified previous year represented, either wholly or partly, by any money, bullion, jewellery or other valuable article or thing or any entry in the books of account or other documents or transactions found in the course of a search under section 132, which has—

(A) not been recorded on or before the date of search in the books of account or other documents maintained in the normal course relating to such previous year; or

(B) otherwise not been disclosed to the Chief Commissioner or Commissioner before

the date of search; or

(ii) any income of the specified previous year represented, either wholly or partly, by any entry in respect of an expense recorded in the books of account or other documents maintained in the normal course relating to the specified previous year which is found to be false and would not have been found to be so had the search not been conducted.'.

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- 97.** In section 271G of the Income-tax Act, for the words “international transaction”, at both the places where they occur, the words “international transaction or specified domestic transaction” shall respectively be substituted with effect from the 1st day of April, 2013. Amendment of section 271G.
- 10 **98.** After section 271G of the Income-tax Act, the following section shall be inserted with effect from the 1st day of July, 2012, namely:— Insertion of new section 271H.
- “271H. (1) Without prejudice to the provisions of the Act, a person shall be liable to pay penalty, if, he— Penalty for failure to furnish statements, etc.
- (a) fails to deliver or cause to be delivered a statement within the time prescribed in sub-section (3) of section 200 or the proviso to sub-section (3) of section 206C; or
- 15 (b) furnishes incorrect information in the statement which is required to be delivered or cause to be delivered under sub-section (3) of section 200 or the proviso to sub-section (3) of section 206C.
- (2) The penalty referred to in sub-section (1) shall be a sum which shall not be less than ten thousand rupees but which may extend to one lakh rupees.
- 20 (3) Notwithstanding anything contained in the foregoing provisions of this section, no penalty shall be levied for the failure referred to in clause (a) of sub-section (1), if the person proves that after paying tax deducted or collected along with the fee and interest, if any, to the credit of the Central Government, he had delivered or cause to be delivered the statement referred to in sub-section (3) of section 200 or the proviso to sub-section (3) of section 206C before the expiry of a period of one year from the time prescribed for delivering or causing to be delivered such statement.
- 25 (4) The provisions of this section shall apply to a statement referred to in sub-section (3) of section 200 or the proviso to sub-section (3) of section 206C which is to be delivered or caused to be delivered for tax deducted at source or tax collected at source, as the case may be, on or after the 1st day of July, 2012.”.
- 30 **99.** In section 272A of the Income-tax Act, in sub-section (2), after the proviso, the following proviso shall be inserted with effect from the 1st day of July, 2012, namely:— Amendment of section 272A.
- “Provided further that no penalty shall be levied under this section for the failure referred to in clause (k), if such failure relates to a statement referred to in sub-section (3) of section 200 or the proviso to sub-section (3) of section 206C which is to be delivered or caused to be delivered for tax deducted at source or tax collected at source, as the case may be, on or after the 1st day of July, 35 2012.”.
- 100.** In section 273B of the Income-tax Act, after the word, figures and letter “section 271G,”, the word, figures and letter “section 271H,” shall be inserted with effect from the 1st day of July, 2012. Amendment of section 273B.
- 101.** In section 276C of the Income-tax Act, with effect from the 1st day of July, 2012,— Amendment of section 276C.
- 40 (i) in sub-section (1),—
- (a) in clause (i), for the words “one hundred thousand rupees”, the words “twenty-five hundred thousand rupees” shall be substituted;
- (b) in clause (ii), for the words “three years”, the words “two years” shall be substituted;
- (ii) in sub-section (2), for the words “three years”, the words “two years” shall be substituted.
- 45 **102.** In section 276CC of the Income-tax Act, with effect from the 1st day of July, 2012,— Amendment of section 276CC.
- (a) in clause (i), for the words “one hundred thousand rupees”, the words “twenty-five hundred thousand rupees” shall be substituted;
- (b) in clause (ii), for the words “three years”, the words “two years” shall be substituted.
- 103.** In section 277 of the Income-tax Act, with effect from the 1st day of July, 2012,— Amendment of section 277.
- 50 (a) in clause (i), for the words “one hundred thousand rupees”, the words “twenty-five hundred thousand rupees” shall be substituted;
- (b) in clause (ii), for the words “three years”, the words “two years” shall be substituted.

Amendment of section 277A.	<b>104.</b> In section 277A of the Income-tax Act, for the words “three years”, the words “two years” shall be substituted with effect from the 1st day of July, 2012.		
Amendment of section 278.	<b>105.</b> In section 278 of the Income-tax Act, with effect from the 1st day of July, 2012,— (a) in clause (i), for the words “one hundred thousand rupees”, the words “twenty-five hundred thousand rupees” shall be substituted; (b) in clause (ii), for the words “three years”, the words “two years” shall be substituted.		5
Insertion of new sections 280A, 280B, 280C and 280D. Special Courts.	<b>106.</b> In Chapter XXII of the Income-tax Act, after section 280, the following sections shall be inserted, with effect from the 1st day of July, 2012, namely:— “280A.(1) The Central Government, in consultation with the Chief Justice of the High Court, may, for trial of offences punishable under this Chapter, by notification, designate one or more courts of Magistrates of the first class as Special Court for such area or areas or for such cases or class or group of cases as may be specified in the notification. <i>Explanation.</i> — In this sub-section, “High Court” means the High Court of the State in which a Magistrate of first class designated as Special Court was functioning immediately before such designation. (2) While trying an offence under this Act, a Special Court shall also try an offence, other than an offence referred to in sub-section (1), with which the accused may, under the Code of Criminal Procedure, 1973, be charged at the same trial.		10 15
Offences triable by Special Court.	<b>280B.</b> Notwithstanding anything contained in the Code of Criminal Procedure, 1973,— (a) the offences punishable under this Chapter shall be triable only by the Special Court, if so designated, for the area or areas or for cases or class or group of cases, as the case may be, in which the offence has been committed: Provided that a court competent to try offences under section 292,— (i) which has been designated as a Special Court under this section, shall continue to try the offences before it or offences arising under this Act after such designation; (ii) which has not been designated as a Special Court may continue to try such offence pending before it till its disposal; (b) a Special Court may, upon a complaint made by an authority authorised in this behalf under this Act take cognizance of the offence for which the accused is committed for trial.		2 of 1974. 2 of 1974.
Trial of offences as summons case.	<b>280C.</b> Notwithstanding anything contained in the Code of Criminal Procedure, 1973, the Special Court, shall try, an offence under this Chapter punishable with imprisonment not exceeding two years or with fine or with both, as a summons case, and the provisions of the Code of Criminal Procedure, 1973 as applicable in the case of trial of summons case, shall apply accordingly.		30 2 of 1974.
Application of Code of Criminal Procedure, 1973 to proceedings before Special Court.	<b>280D.(1)</b> Save as otherwise provided in this Act, the provisions of the Code of Criminal Procedure, 1973 (including the provisions as to bails or bonds), shall apply to the proceedings before a Special Court and the person conducting the prosecution before the Special Court, shall be deemed to be a Public Prosecutor: Provided that the Central Government may also appoint for any case or class or group of cases a Special Public Prosecutor. (2) A person shall not be qualified to be appointed as a Public Prosecutor or a Special Public Prosecutor under this section unless he has been in practice as an advocate for not less than seven years, requiring special knowledge of law. (3) Every person appointed as a Public Prosecutor or a Special Public Prosecutor under this section shall be deemed to be a Public Prosecutor within the meaning of clause (u) of section 2 of the Code of Criminal Procedure, 1973 and the provisions of that Code shall have effect accordingly.”		35 2 of 1974. 40 45 2 of 1974.
Insertion of new section 292CC.	<b>107.</b> After section 292C of the Income-tax Act, the following section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1976, namely:—		
Authorisation and assessment in case of search or requisition.	“292CC.(1) Notwithstanding anything contained in this Act,— (i) it shall not be necessary to issue an authorisation under section 132 or make a requisition under section 132A separately in the name of each person; (ii) where an authorisation under section 132 has been issued or requisition under section		50

132A has been made mentioning therein the name of more than one person, the mention of such names of more than one person on such authorisation or requisition shall not be deemed to construe that it was issued in the name of an association of persons or body of individuals consisting of such persons.

- 5 (2) Notwithstanding that an authorisation under section 132 has been issued or requisition under section 132A has been made mentioning therein the name of more than one person, the assessment or reassessment shall be made separately in the name of each of the persons mentioned in such authorisation or requisition.”.

- 10 **108.** In section 296 of the Income-tax Act, after the word and figures “section 139”, the words, brackets, figures and letter “or third proviso to sub-section (1) of section 153A or second proviso to sub-section (1) of section 153C” shall be inserted with effect from the 1st day of July, 2012. Amendment of section 296.