

# **THE FINANCE (No. 2) BILL, 2014**

**(AS INTRODUCED IN LOK SABHA)**

# THE FINANCE (No.2) BILL, 2014

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THE FINANCE (No. 2) BILL, 2014

A

BILL

to give effect to the financial proposals of the Central Government for the financial year 2014-2015.

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

CHAPTER I

PRELIMINARY

1. (1) This Act may be called the Finance (No. 2) Act, 2014. Short title and commencement.
- 5 (2) Save as otherwise provided in this Act, sections 2 to 71 shall be deemed to have come into force on the 1st day of April, 2014.

CHAPTER II

RATES OF INCOME-TAX

2. (1) Subject to the provisions of sub-sections (2) and (3), for the assessment year commencing on Income-tax.  
10 the 1st day of April, 2014, income-tax shall be charged at the rates specified in Part I of the First Schedule and such tax shall be increased by a surcharge, for purposes of the Union, calculated in each case in the manner provided therein.

- (2) In the cases to which Paragraph A of Part I of the First Schedule applies, where the assessee has, in the previous year, any net agricultural income exceeding five thousand rupees, in addition to  
15 total income, and the total income exceeds two lakh rupees, then,—

- (a) the net agricultural income shall be taken into account, in the manner provided in clause (b) [that is to say, as if the net agricultural income were comprised in the total income after the first two lakh rupees of the total income but without being liable to tax], only for the purpose of charging income-tax in respect of the total income; and

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

(i) the total income and the net agricultural income shall be aggregated and the amount of income-tax shall be determined in respect of the aggregate income at the rates specified in the said Paragraph A, as if such aggregate income were the total income;

- 25 (ii) the net agricultural income shall be increased by a sum of two lakh rupees, and the amount of income-tax shall be determined in respect of the net agricultural income as so increased at the rates specified in the said Paragraph A, as if the net agricultural income as so increased were the total income;

- 30 (iii) the amount of income-tax determined in accordance with sub-clause (i) shall be reduced by the amount of income-tax determined in accordance with sub-clause (ii) and the sum so arrived at shall be the income-tax in respect of the total income:

Provided that in the case of every individual, being a resident in India, who is of the age of sixty years or more but less than eighty years at any time during the previous year, referred to in item (II) of Paragraph A of Part I of the First Schedule, the provisions of this sub-section shall have effect as if for the words “two lakh rupees”, the words “two lakh fifty thousand rupees” had been substituted:

- 35 Provided further that in the case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the previous year, referred to in item (III) of Paragraph A of Part I of the First Schedule, the provisions of this sub-section shall have effect as if for the words “two lakh rupees”, the words “five lakh rupees” had been substituted.

- 40 (3) In cases to which the provisions of Chapter XII or Chapter XII-A or section 115JB or section 115JC or sub-section (1A) of section 161 or section 164 or section 164A or section 167B of the

Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act) apply, the tax chargeable shall be determined as provided in that Chapter or that section, and with reference to the rates imposed by sub-section (1) or the rates as specified in that Chapter or section, as the case may be:

43 of 1961.

Provided that the amount of income-tax computed in accordance with the provisions of section 111A or section 112 of the Income-tax Act, shall be increased by a surcharge, for purposes of the Union, as provided in Paragraph A, B, C, D or E, as the case may be, of Part I of the First Schedule:

Provided further that in respect of any income chargeable to tax under section 115A, 115AB, 115AC, 115ACA, 115AD, 115B, 115BB, 115BBA, 115BBC, 115BBD, 115BBE, 115E, 115JB or 115JC of the Income-tax Act, the amount of income-tax computed under this sub-section shall be increased by a surcharge, for purposes of the Union, calculated,—

(a) in the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, or co-operative society or firm or local authority, at the rate of ten per cent. of such income-tax, where the total income exceeds one crore rupees;

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

(i) at the rate of five per cent. of such income-tax, where the total income exceeds one crore rupees but does not exceed ten crore rupees;

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

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

(i) at the rate of two per cent. of such income-tax, where the total income exceeds one crore rupees but does not exceed ten crore rupees;

(ii) at the rate of five per cent. of such income-tax, where the total income exceeds ten crore rupees:

Provided also that in the case of persons mentioned in (a) above, having total income chargeable to tax under section 115JC of the Income-tax Act and such income exceeds one crore rupees, the total amount payable as income-tax on such income and surcharge thereon shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees:

Provided also that in the case of every company having total income chargeable to tax under section 115JB of the Income-tax Act, and such income exceeds one crore rupees but does not exceed ten crore rupees, the total amount payable as income-tax on such income and surcharge thereon, shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees:

Provided also that in the case of every company having total income chargeable to tax under section 115JB of the Income-tax Act, and such income exceeds ten crore rupees, the total amount payable as income-tax on such income and surcharge thereon, shall not exceed the total amount payable as income-tax and surcharge on a total income of ten crore rupees by more than the amount of income that exceeds ten crore rupees.

(4) In cases in which tax has to be charged and paid under section 115-O or section 115QA or sub-section (2) of section 115R or section 115TA of the Income-tax Act, the tax shall be charged and paid at the rates as specified in those sections and shall be increased by a surcharge, for purposes of the Union, calculated at the rate of ten per cent. of such tax.

(5) In cases in which tax has to be deducted under sections 193, 194, 194A, 194B, 194BB, 194D and 195 of the Income-tax Act, at the rates in force, the deductions shall be made at the rates specified in Part II of the First Schedule and shall be increased by a surcharge, for purposes of the Union, calculated in cases wherever prescribed, in the manner provided therein.

(6) In cases in which tax has to be deducted under sections 194C, 194DA, 194E, 194EE, 194F, 194G, 194H, 194-I, 194-IA, 194J, 194LA, 194LB, 194LBA, 194LC, 194LD, 196B, 196C and 196D of the Income-tax Act, the deductions shall be made at the rates specified in those sections and shall be increased by a surcharge, for purposes of the Union,—

(a) in the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, or co-operative society or firm, being a non-resident, calculated at the rate of ten per cent. of such tax, where the income or the

aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees;

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

5 (i) at the rate of two per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees but does not exceed ten crore rupees;

(ii) at the rate of five per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ten crore rupees.

10 (7) In cases in which tax has to be collected under the proviso to section 194B of the Income-tax Act, the collection shall be made at the rates specified in Part II of the First Schedule, and shall be increased by a surcharge, for purposes of the Union, calculated, in cases wherever prescribed, in the manner provided therein.

15 (8) In cases in which tax has to be collected under section 206C of the Income-tax Act, the collection shall be made at the rates specified in that section and shall be increased by a surcharge, for purposes of the Union,—

20 (a) in the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, or co-operative society or firm, being a non-resident, calculated at the rate of ten per cent. of such tax, where the amount or the aggregate of such amounts collected and subject to the collection exceeds one crore rupees;

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

(i) at the rate of two per cent. of such tax, where the amount or the aggregate of such amounts collected and subject to the collection exceeds one crore rupees but does not exceed ten crore rupees;

25 (ii) at the rate of five per cent. of such tax, where the amount or the aggregate of such amounts collected and subject to the collection exceeds ten crore rupees.

30 (9) Subject to the provisions of sub-section (10), in cases in which income-tax has to be charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 174A or section 175 or sub-section (2) of section 176 of the Income-tax Act or deducted from, or paid on, income chargeable under the head "Salaries" under section 192 of the said Act or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed at the rate or rates in force, such income-tax or, as the case may be, "advance tax" shall be so charged, deducted or computed at the rate or rates specified in Part III of the First Schedule and such tax shall be increased by a surcharge, for purposes of the Union, calculated in such cases and in such manner as provided therein:

35 Provided that in cases to which the provisions of Chapter XII or Chapter XII-A or section 115JB or section 115JC or Chapter XII-FA or sub-section (1A) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act apply, "advance tax" shall be computed with reference to the rates imposed by this sub-section or the rates as specified in that Chapter or section, as the case may be:

40 Provided further that the amount of "advance tax" computed in accordance with the provisions of section 111A or section 112 of the Income-tax Act shall be increased by a surcharge, for purposes of the Union, as provided in Paragraph A, B, C, D or E, as the case may be, of Part III of the First Schedule:

45 Provided also that in respect of any income chargeable to tax under sections 115A, 115AB, 115AC, 115ACA, 115AD, 115B, 115BB, 115BBA, 115BBC, 115BBD, 115BBE, 115E, 115JB and 115JC of the Income-tax Act, "advance tax" computed under the first proviso shall be increased by a surcharge, for purposes of the Union, calculated,—

50 (a) in the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, or co-operative society or firm or local authority, calculated at the rate of ten per cent. of such "advance tax", where the total income exceeds one crore rupees;

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

(i) at the rate of five per cent. of such "advance tax", where the total income exceeds one crore rupees but does not exceed ten crore rupees;



(ii) at the rate of ten per cent. of such “advance tax”, where the total income exceeds ten crore rupees;

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

(i) at the rate of two per cent. of such “advance tax”, where the total income exceeds one crore rupees but does not exceed ten crore rupees;

5

(ii) at the rate of five per cent. of such “advance tax”, where the total income exceeds ten crore rupees:

Provided also that in the case of persons mentioned in (a) above, having total income chargeable to tax under section 115JC of the Income-tax Act and such income exceeds one crore rupees, the total amount payable as “advance tax” on such income and surcharge thereon shall not exceed the total amount payable as “advance tax” on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees:

10

Provided also that in the case of every company having total income chargeable to tax under section 115JB of the Income-tax Act, and such income exceeds one crore rupees but does not exceed ten crore rupees, the total amount payable as “advance tax” on such income and surcharge thereon, shall not exceed the total amount payable as “advance tax” on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees:

15

Provided also that in the case of every company having total income chargeable to tax under section 115JB of the Income-tax Act, and such income exceeds ten crore rupees, the total amount payable as “advance tax” on such income and surcharge thereon, shall not exceed the total amount payable as “advance tax” and surcharge on a total income of ten crore rupees by more than the amount of income that exceeds ten crore rupees.

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(10) In cases to which Paragraph A of Part III of the First Schedule applies, where the assessee has, in the previous year or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than the previous year, in such other period, any net agricultural income exceeding five thousand rupees, in addition to total income and the total income exceeds two lakh fifty thousand rupees, then, in charging income-tax under sub-section (2) of section 174 or section 174A or section 175 or sub-section (2) of section 176 of the said Act or in computing the “advance tax” payable under Chapter XVII-C of the said Act, at the rate or rates in force,—

25

(a) the net agricultural income shall be taken into account, in the manner provided in clause (b) [that is to say, as if the net agricultural income were comprised in the total income after the first two lakh fifty thousand rupees of the total income but without being liable to tax], only for the purpose of charging or computing such income-tax or, as the case may be, “advance tax” in respect of the total income; and

30

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

35

(i) the total income and the net agricultural income shall be aggregated and the amount of income-tax or “advance tax” shall be determined in respect of the aggregate income at the rates specified in the said Paragraph A, as if such aggregate income were the total income;

(ii) the net agricultural income shall be increased by a sum of two lakh fifty thousand rupees, and the amount of income-tax or “advance tax” shall be determined in respect of the net agricultural income as so increased at the rates specified in the said Paragraph A, as if the net agricultural income were the total income;

40

(iii) the amount of income-tax or “advance tax” determined in accordance with sub-clause (i) shall be reduced by the amount of income-tax or, as the case may be, “advance tax” determined in accordance with sub-clause (ii) and the sum so arrived at shall be the income-tax or, as the case may be, “advance tax” in respect of the total income:

45

Provided that in the case of every individual, being a resident in India, who is of the age of sixty years or more but less than eighty years at any time during the previous year, referred to in item (II) of Paragraph A of Part III of the First Schedule, the provisions of this sub-section shall have effect as if for the words “two lakh fifty thousand rupees”, the words “three lakh rupees” had been substituted:

50

Provided further that in the case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the previous year, referred to in item (III) of Paragraph A of Part III of the First Schedule, the provisions of this sub-section shall have effect as if for the words “two lakh fifty thousand rupees”, the words “five lakh rupees” had been substituted:

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Provided also that the amount of income-tax or "advance tax" so arrived at, shall be increased by a surcharge for purposes of the Union calculated in each case, in the manner provided therein.

(11) The amount of income-tax as specified in sub-sections (1) to (10) and as increased by the applicable surcharge, for purposes of the Union, calculated in the manner provided therein, shall be further increased by an additional surcharge, for purposes of the Union, to be called the "Education Cess on income-tax", calculated at the rate of two per cent. of such income-tax and surcharge so as to fulfil the commitment of the Government to provide and finance universalised quality basic education:

Provided that nothing contained in this sub-section shall apply to cases in which tax is to be deducted or collected under the sections of the Income-tax Act mentioned in sub-sections (5), (6), (7) and (8), if the income subjected to deduction of tax at source or collection of tax at source is paid to a domestic company and any other person who is resident in India.

(12) The amount of income-tax as specified in sub-sections (1) to (10) and as increased by the applicable surcharge, for purposes of the Union, calculated in the manner provided therein, shall also be increased by an additional surcharge, for purposes of the Union, to be called the "Secondary and Higher Education Cess on income-tax", calculated at the rate of one per cent. of such income-tax and surcharge so as to fulfil the commitment of the Government to provide and finance secondary and higher education:

Provided that nothing contained in this sub-section shall apply to cases in which tax is to be deducted or collected under the sections of the Income-tax Act mentioned in sub-sections (5), (6), (7) and (8), if the income subjected to deduction of tax at source or collection of tax at source is paid to a domestic company and any other person who is resident in India.

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

(a) "domestic company" means an Indian company or any other company which, in respect of its income liable to income-tax under the Income-tax Act, for the assessment year commencing on the 1st day of April, 2014, has made the prescribed arrangements for the declaration and payment within India of the dividends (including dividends on preference shares) payable out of such income;

(b) "insurance commission" means any remuneration or reward, whether by way of commission or otherwise, for soliciting or procuring insurance business (including business relating to the continuance, renewal or revival of policies of insurance);

(c) "net agricultural income", in relation to a person, means the total amount of agricultural income, from whatever source derived, of that person computed in accordance with the rules contained in Part IV of the First Schedule;

(d) all other words and expressions used in this section and the First Schedule but not defined in this sub-section and defined in the Income-tax Act shall have the meanings, respectively, assigned to them in that Act.

### CHAPTER III

#### DIRECT TAXES

##### *Income-tax*

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

Amendment of section 2.

(I) after clause (13), the following clause shall be inserted with effect from the 1st day of October, 2014, namely:—

'(13A) "business trust" means a trust registered as an Infrastructure Investment Trust or a Real Estate Investment Trust, the units of which are required to be listed on a recognised stock exchange, in accordance with the regulations made under the Securities Exchange Board of India Act, 1992 and notified by the Central Government in this behalf;'

(II) in clause (14), with effect from the 1st day of April, 2015,—

(A) for the words in the opening portion ' "capital asset" means property of any kind held by an assessee, whether or not connected with his business or profession, but does not include—

(i) any stock-in-trade', the following shall be substituted, namely:—

' "capital asset" means—

(a) property of any kind held by an assessee, whether or not connected with his business or profession;

(b) any securities held by a Foreign Institutional Investor which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992,

15 of 1992.

but does not include—

(i) any stock-in-trade [other than the securities referred to in sub-clause (b)];’; 5

(B) the *Explanation* occurring at the end shall be numbered as “*Explanation 1*” thereof and after the *Explanation* as so numbered, the following *Explanation* shall be inserted, namely:—

‘*Explanation 2*.—For the purposes of this clause—

(a) the expression “Foreign Institutional Investor” shall have the meaning assigned to it in clause (a) of the *Explanation* to section 115AD; 10

(b) the expression “securities” shall have the meaning assigned to it in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956;’; 42 of 1956.

(III) for clause (15A), the following clause shall be substituted and shall be deemed to have been substituted with effect from the 1st day of June, 2013,—

‘(15A) “Chief Commissioner” means a person appointed to be a Chief Commissioner of Income-tax or a Principal Chief Commissioner of Income-tax under sub-section (1) of section 117;’; 15

(IV) for clause (16), the following clause shall be substituted and shall be deemed to have been substituted with effect from the 1st day of June, 2013,—

‘(16) “Commissioner” means a person appointed to be a Commissioner of Income-tax or a Director of Income-tax or a Principal Commissioner of Income-tax or a Principal Director of Income-tax under sub-section (1) of section 117;’; 20

(V) for clause (21), the following clause shall be substituted and shall be deemed to have been substituted with effect from the 1st day of June, 2013,—

‘(21) “Director General or Director” means a person appointed to be a Director General of Income-tax or a Principal Director General of Income-tax or, as the case may be, a Director of Income-tax or a Principal Director of Income-tax, under sub-section (1) of section 117, and includes a person appointed under that sub-section to be an Additional Director of Income-tax or a Joint Director of Income-tax or an Assistant Director or Deputy Director of Income-tax;’; 25

(VI) in clause (24), after sub-clause (xvi), the following sub-clause shall be inserted with effect from the 1st day of April, 2015, namely:— 30

“(xvii) any sum of money referred to in clause (ix) of sub-section (2) of section 56;”;

(VII) after clause (34), the following clauses shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 2013,—

‘(34A) “Principal Chief Commissioner of Income-tax” means a person appointed to be a Principal Chief Commissioner of Income-tax under sub-section (1) of section 117; 35

(34B) “Principal Commissioner of Income-tax” means a person appointed to be a Principal Commissioner of Income-tax under sub-section (1) of section 117;

(34C) “Principal Director of Income-tax” means a person appointed to be a Principal Director of Income-tax under sub-section (1) of section 117;

(34D) “Principal Director General of Income-tax” means a person appointed to be a Principal Director General of Income-tax under sub-section (1) of section 117;’; 40

(VIII) in clause (42A),—

(A) in the proviso, with effect from the 1st day of April, 2015,—

(i) for the words “a share held in a company or any other security listed in a recognised stock exchange in India”, the words and brackets “a security (other than a unit) listed in a recognised stock exchange in India” shall be substituted; 45

(ii) for the words, brackets, figures and letter “a unit of a Mutual Fund specified under clause (23D) of section 10”, the words “a unit of an equity oriented fund” shall be substituted;

(B) in the *Explanation 1*, in clause (i), after sub-clause (hb), the following sub-clause shall be inserted with effect from the 1st day of October, 2014, namely:— 50

“(hc) in the case of a capital asset, being a unit of a business trust, allotted pursuant to transfer of share or shares as referred to in clause (xvii) of section 47, there shall be included the period for which the share or shares were held by the assessee;”;

(C) after *Explanation 3*, the following *Explanation* shall be inserted with effect from the 1st day of April, 2015, namely:—

*Explanation 4.*—For the purposes of this clause, the expression “equity oriented fund” shall have the meaning assigned to it in the *Explanation* to clause (38) of section 10;’.

- 5      4. In the Income-tax Act, save as otherwise expressly provided, and unless the context otherwise requires, the reference to any income-tax authority specified in column (1) of the Table below shall be substituted and shall be deemed to have been substituted with effect from the 1st day of June, 2013 by reference to the authority or authorities specified in the corresponding entry in column (2) of the said Table and such consequential changes as the rules of grammar may require shall be made:

10

Table

| Sl. No. | (1)                | (2)  |
|---------|--------------------|--|
| 1.      | Commissioner       | Principal Commissioner or Commissioner             |
| 2.      | Director           | Principal Director or Director                     |
| 3.      | Chief Commissioner | Principal Chief Commissioner or Chief Commissioner |
| 4.      | Director General   | Principal Director General or Director General     |

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5. In section 10 of the Income-tax Act, with effect from the 1st day of April, 2015,—

Amendment of section 10.

(a) in clause (23C),—

(i) after sub-clause (iiia), the following *Explanation* shall be inserted, namely:—

20      “*Explanation.*—For the purposes of sub-clauses (iiia) and (iiib), any university or other educational institution, hospital or other institution referred therein, shall be considered as being substantially financed by the Government for any previous year, if the Government grant to such university or other educational institution, hospital or other institution exceeds such percentage of the total receipts including any voluntary contributions, as may be prescribed, of such university or other educational institution, hospital or other institution, as the case may be, during the relevant previous year.”;

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(ii) after the seventeenth proviso, the following proviso and the *Explanation* shall be inserted, namely:—

30      ‘Provided also that where the fund or institution referred to in sub-clause (iv) or the trust or institution referred to in sub-clause (v) has been notified by the Central Government or approved by the prescribed authority, as the case may be, or any university or other educational institution referred to in sub-clause (vi) or any hospital or other medical institution referred to in sub-clause (via), has been approved by the prescribed authority, and the notification or the approval is in force for any previous year, then, nothing contained in any other provision of this section [other than clause (1) thereof] shall operate to exclude any income received on behalf of such fund or trust or institution or university or other educational institution or hospital or other medical institution, as the case may be, from the total income of the person in receipt thereof for that previous year.

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40      *Explanation.*—In this clause, where any income is required to be applied or accumulated, then, for such purpose the income shall be determined without any deduction or allowance by way of depreciation or otherwise in respect of any asset, acquisition of which has been claimed as an application of income under this clause in the same or any other previous year;’;

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

‘(23FC) any income of a business trust by way of interest received or receivable from a special purpose vehicle.

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*Explanation.*—For the purposes of this clause, the expression “special purpose vehicle” means an Indian company in which the business trust holds controlling interest and any specific percentage of shareholding or interest, as may be required by the regulations under which such trust is granted registration;

50      (23FD) any distributed income, referred to in section 115UA, received by a unit holder from the business trust, not being that proportion of the income which is of the same nature as the income referred to in clause (23FC);’;

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(c) in clause (38),—

(i) after the words “unit of an equity oriented fund”, the words “or a unit of a business trust” shall be inserted;

(ii) after the proviso but before the *Explanation*, the following proviso shall be inserted, namely:—

“Provided further that the provisions of this clause shall not apply in respect of any income arising from transfer of units of a business trust which were acquired in consideration of a transfer referred to in clause (xvii) of section 47.”. 5

Amendment of section 10AA. 6. In section 10AA of the Income-tax Act, after sub-section (9) but before the *Explanation 1*, the following sub-section shall be inserted with effect from the 1st day of April, 2015, namely:—

“(10) Where a deduction under this section is claimed and allowed in respect of profits of any of the specified business, referred to in clause (c) of sub-section (8) of section 35AD, for any assessment year, no deduction shall be allowed under the provisions of section 35AD in relation to such specified business for the same or any other assessment year.”. 10

Amendment of section 11. 7. In section 11 of the Income-tax Act, after sub-section (5), the following sub-sections shall be inserted with effect from the 1st day of April, 2015, namely:— 15

“(6) In this section where any income is required to be applied or accumulated or set apart for application, then, for such purposes the income shall be determined without any deduction or allowance by way of depreciation or otherwise in respect of any asset, acquisition of which has been claimed as an application of income under this section in the same or any other previous year.

(7) Where a trust or an institution has been granted registration under clause (b) of sub-section (1) of section 12AA or has obtained registration at any time under section 12A [as it stood before its amendment by the Finance (No. 2) Act, 1996] and the said registration is in force for any previous year, then, nothing contained in section 10 [other than clause (1) and clause (23C) thereof] shall operate to exclude any income derived from the property held under trust from the total income of the person in receipt thereof for that previous year.”. 20 33 of 1996. 25

Amendment of section 12A. 8. In section 12A of the Income-tax Act, in sub-section (2), the following provisos shall be inserted with effect from the 1st day of October, 2014, namely:—

“Provided that where registration has been granted to the trust or institution under section 12AA, then, the provisions of sections 11 and 12 shall apply in respect of any income derived from property held under trust of any assessment year preceding the aforesaid assessment year, for which assessment proceedings are pending before the Assessing Officer as on the date of such registration and the objects and activities of such trust or institution remain the same for such preceding assessment year: 30

Provided further that no action under section 147 shall be taken by the Assessing Officer in case of such trust or institution for any assessment year preceding the aforesaid assessment year only for non-registration of such trust or institution for the said assessment year: 35

Provided also that provisions contained in the first and second proviso shall not apply in case of any trust or institution which was refused registration or the registration granted to it was cancelled at any time under section 12AA.”.

Amendment of section 12AA. 9. In section 12AA of the Income-tax Act, after sub-section (3), the following sub-section shall be inserted with effect from the 1st day of October, 2014, namely:— 40

“(4) Without prejudice to the provisions of sub-section (3), where a trust or an institution has been granted registration under clause (b) of sub-section (1) or has obtained registration at any time under section 12A [as it stood before its amendment by the Finance (No. 2) Act, 1996] and subsequently it is noticed that the activities of the trust or the institution are being carried out in a manner that the provisions of sections 11 and 12 do not apply to exclude either whole or any part of the income of such trust or institution due to operation of sub-section (1) of section 13, then, the Principal Commissioner or the Commissioner may by an order in writing cancel the registration of such trust or institution: 45 33 of 1996.

Provided that the registration shall not be cancelled under this sub-section, if the trust or institution proves that there was a reasonable cause for the activities to be carried out in the said manner.”. 50

Amendment of section 24. 10. In section 24 of the Income-tax Act, in clause (b), in the second proviso, for the words “one lakh fifty thousand rupees”, the words “two lakh rupees” shall be substituted with effect from the 1st day of April, 2015.

11. In section 32AC of the Income-tax Act, with effect from the 1st day of April, 2015,—

Amendment of  
section 32AC.

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

“(1A) Where an assessee, being a company, engaged in the business of manufacture or production of any article or thing, acquires and installs new assets and the amount of actual cost of such new assets acquired and installed during any previous year exceeds twenty-five crore rupees, then, there shall be allowed a deduction of a sum equal to fifteen per cent. of the actual cost of such new assets for the assessment year relevant to that previous year:

Provided that no deduction under this sub-section shall be allowed for the assessment year commencing on the 1st day of April, 2015 to the assessee, which is eligible to claim deduction under sub-section (1) for the said assessment year.

(1B) No deduction under sub-section (1A) shall be allowed for any assessment year commencing on or after the 1st day of April, 2018.”;

(ii) in sub-section (2), after the words, brackets and figure “allowed under sub-section (1)”, the words, brackets, figure and letter “or sub-section (1A)” shall be inserted.

12. In section 35AD of the Income-tax Act, with effect from the 1st day of April, 2015,—

Amendment of  
section 35AD.

(a) in sub-section (3), after the words “no deduction shall be allowed under the provisions of”, the words, figures and letters “section 10AA and” shall be inserted;

(b) in sub-section (5),—

(i) in clause (ah), the word “and” occurring at the end, shall be omitted;

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

“(a) on or after the 1st day of April, 2014, where the specified business is in the nature of laying and operating a slurry pipeline for the transportation of iron ore;

(aj) on or after the 1st day of April, 2014, where the specified business is in the nature of setting up and operating a semi-conductor wafer fabrication manufacturing unit, and which is notified by the Board in accordance with such guidelines as may be prescribed; and”;

(c) after sub-section (7), the following sub-sections shall be inserted, namely:—

(7A) Any asset in respect of which a deduction is claimed and allowed under this section shall be used only for the specified business, for a period of eight years beginning with the previous year in which such asset is acquired or constructed.

(7B) Where any asset, in respect of which a deduction is claimed and allowed under this section, is used for a purpose other than the specified business during the period specified in sub-section (7A), otherwise than by way of a mode referred to in clause (vii) of section 28, the total amount of deduction so claimed and allowed in one or more previous years, as reduced by the amount of depreciation allowable in accordance with the provisions of section 32, as if no deduction under this section was allowed, shall be deemed to be the income of the assessee chargeable under the head “Profits and gains of business or profession” of the previous year in which the asset is so used.

(7C) Nothing contained in sub-section (7B) shall apply to a company which has become a sick industrial company under sub-section (1) of section 17 of the Sick Industrial Companies (Special Provisions) Act, 1985, during the period specified in sub-section (7A).’;

(d) in sub-section (8), in clause (c), after sub-clause (xi), the following sub-clauses shall be inserted, namely:—

“(xii) laying and operating a slurry pipeline for the transportation of iron ore;

(xiii) setting up and operating a semi-conductor wafer fabrication manufacturing unit notified by the Board in accordance with such guidelines as may be prescribed.”.

13. In section 37 of the Income-tax Act, in sub-section (1), the *Explanation* shall be numbered as *Explanation 1* thereof and after *Explanation 1* as so numbered, the following *Explanation* shall be inserted with effect from the 1st day of April, 2015, namely:—

Amendment of  
section 37.

“*Explanation 2.*—For the removal of doubts, it is hereby declared that for the purposes of sub-section (1), any expenditure incurred by an assessee on the activities relating to corporate social responsibility referred to in section 135 of the Companies Act, 2013 shall not be deemed to be an expenditure incurred by the assessee for the purposes of the business or profession.”.

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|----------------------------------|--|--|
| Amendment<br>of section 40.      | <p><b>14.</b> In section 40 of the Income-tax Act, in clause (a), with effect from the 1st day of April, 2015,—</p> <p>(a) in sub-clause (i),—</p> <p>(i) for the portion beginning with the words “during the previous year” and ending with the words, brackets and figures “sub-section (1) of section 200”, the words, brackets and figures “on or before the due date specified in sub-section (1) of section 139” shall be substituted;</p> <p>(ii) for the proviso, the following proviso shall be substituted, namely:—</p> <p>“Provided that where in respect of any such sum, tax has been deducted in any subsequent year, or has been deducted during the previous year but paid after the due date specified in sub-section (1) of section 139, such sum shall be allowed as a deduction in computing the income of the previous year in which such tax has been paid.”;</p> <p>(b) in sub-clause (ia),—</p> <p>(i) for the portion beginning with the words “any interest, commission or brokerage” and ending with the words and brackets “for carrying out any work (including supply of labour for carrying out any work)”, the words “thirty per cent. of any sum payable to a resident” shall be substituted;</p> <p>(ii) in the first proviso, after the words, brackets and figures “sub-section (1) of section 139,”, the words “thirty per cent. of” shall be inserted.</p> | <p>5</p> <p>10</p> <p>15</p>                     |
| Amendment<br>of section 43.      | <p><b>15.</b> In section 43 of the Income-tax Act, in clause (5), in the proviso, in clause (e), for the words “recognised association”, the words and figures “recognised association, which is chargeable to commodities transaction tax under Chapter VII of the Finance Act, 2013” shall be substituted.</p>   | <p>17 of 2013.</p>                               |
| Amendment<br>of section<br>44AE. | <p><b>16.</b> In section 44AE of the Income-tax Act, with effect from the 1st day of April, 2015,—</p> <p>(i) for sub-section (2), the following sub-section shall be substituted, namely:—</p> <p>“(2) For the purpose of sub-section (1), the profits and gains from each goods carriage shall be an amount equal to seven thousand five hundred rupees for every month or part of a month during which the goods carriage is owned by the assessee in the previous year or an amount claimed to have been actually earned from the vehicle, whichever is higher.”;</p> <p>(ii) in the <i>Explanation</i>, for clause (a), the following clause shall be substituted, namely:—</p> <p>‘(a) the expression “goods carriage” shall have the meaning assigned to it in section 2 of the Motor Vehicles Act, 1988;’.</p>   | <p>20</p> <p>25</p> <p>59 of 1988.</p>           |
| Amendment<br>of section 45.      | <p><b>17.</b> In section 45 of the Income-tax Act, in sub-section (5), after clause (b), the following proviso shall be inserted with effect from the 1st day of April, 2015, namely:—</p> <p>‘Provided that any amount of compensation received in pursuance of an interim order of a court, Tribunal or other authority shall be deemed to be income chargeable under the head “Capital gains” of the previous year in which the final order of such court, Tribunal or other authority is made;’.</p>   | <p>30</p>  |
| Amendment<br>of section 47.      | <p><b>18.</b> In section 47 of the Income-tax Act, with effect from the 1st day of April, 2015,—</p> <p>(a) after clause (viiia), the following shall be inserted, namely:—</p> <p>‘(viiib) any transfer of a capital asset, being a Government Security carrying a periodic payment of interest, made outside India through an intermediary dealing in settlement of securities, by a non-resident to another non-resident.</p> <p><i>Explanation.</i>—For the purposes of this clause, “Government Security” shall have the meaning assigned to it in clause (b) of section 2 of the Securities Contracts (Regulation) Act, 1956;’;</p> <p>(b) after clause (xvi), the following shall be inserted, namely:—</p> <p>‘(xvii) any transfer of a capital asset, being share of a special purpose vehicle to a business trust in exchange of units allotted by that trust to the transferor.</p> <p><i>Explanation.</i>—For the purposes of this clause, the expression “special purpose vehicle” shall have the meaning assigned to it in the <i>Explanation</i> to clause (23FC) of section 10.’.</p>  | <p>35</p> <p>40</p> <p>42 of 1956.</p> <p>45</p> |
| Amendment<br>of section 48.      | <p><b>19.</b> In section 48 of the Income-tax Act, in the <i>Explanation</i>, in clause (v), for the words “Consumer Price Index for urban non-manual employees”, the words and brackets “Consumer Price Index (Urban)” shall be substituted with effect from the 1st day of April, 2016.</p>  |  |
| Amendment<br>of section 49.      | <p><b>20.</b> In section 49 of the Income-tax Act, after sub-section (2AB), the following sub-section shall be inserted with effect from the 1st day of April, 2015,—</p> <p>“(2AC) Where the capital asset, being a unit of a business trust, became the property of the assessee in consideration of a transfer as referred to in clause (xvii) of section 47, the cost of acquisition of the</p>  | <p>50</p>  |

asset shall be deemed to be the cost of acquisition to him of the share referred to in the said clause.”.

21. In section 51 of the Income-tax Act, the following proviso shall be inserted with effect from the 1st day of April, 2015, namely:— Amendment of section 51.
- 5       “Provided that where any sum of money, received as an advance or otherwise in the course of negotiations for transfer of a capital asset, has been included in the total income of the assessee for any previous year in accordance with the provisions of clause (ix) of sub-section (2) of section 56, then, such sum shall not be deducted from the cost for which the asset was acquired or the written down value or the fair market value, as the case may be, in computing the cost of acquisition.”.
- 10       22. In section 54 of the Income-tax Act, in sub-section (1), for the words “constructed, a residential house”, the words “constructed, one residential house in India” shall be substituted with effect from the 1st day of April, 2015. Amendment of section 54.
23. In section 54EC, in sub-section (1), after the proviso, the following proviso shall be inserted with effect from the 1st day of April, 2015, namely:— Amendment of section 54EC.
- 15       “Provided further that the investment made by an assessee in the long-term specified asset, from capital gains arising from transfer of one or more original assets, during the financial year in which the original asset or assets are transferred and in the subsequent financial year does not exceed fifty lakh rupees.”.
24. In section 54F of the Income-tax Act, in sub-section (1), for the words “constructed, a residential house”, the words “constructed, one residential house in India” shall be substituted with effect from the 1st day of April, 2015. Amendment of section 54F.
- 20       25. In section 56 of the Income-tax Act, in sub-section (2), after clause (viii), the following clause shall be inserted with effect from the 1st day of April, 2015, namely:— Amendment of section 56.
- 25       “(ix) any sum of money received as an advance or otherwise in the course of negotiations for transfer of a capital asset, if,—
- (a) such sum is forfeited; and
- (b) the negotiations do not result in transfer of such capital asset.”.
26. In section 73 of the Income-tax Act, in the *Explanation*, for the words “the principal business of which is the business of banking”, the words “the principal business of which is the business of trading in shares or banking” shall be substituted with effect from the 1st day of April, 2015. Amendment of section 73.
- 30       27. In section 80C of the Income-tax Act, in sub-section (1), for the words “one lakh rupees”, the words “one hundred and fifty thousand rupees” shall be substituted with effect from the 1st day of April, 2015. Amendment of section 80C.
28. In section 80CCD of the Income-tax Act, in sub-section (1), with effect from the 1st day of April, 2015,— Amendment of section 80CCD.
- 35       (i) for the words, figures and letters “Where an assessee, being an individual employed by the Central Government or any other employer on or after the 1st day of January, 2004”, the words, figures and letters “Where an assessee, being an individual employed by the Central Government on or after the 1st day of January, 2004 or, being an individual employed by any other employer” shall be substituted;
- 40       (ii) after sub-section (1), the following sub-section shall be inserted, namely:—
- “(1A) The amount of deduction under sub-section (1) shall not exceed one hundred thousand rupees.”.
29. In section 80CCE of the Income-tax Act, for the words “one lakh rupees”, the words “one hundred and fifty thousand rupees” shall be substituted with effect from the 1st day of April, 2015. Amendment of section 80CCE.
- 45       30. In section 80-IA of the Income-tax Act, in sub-section (4), in clause (iv), in sub-clauses (a), (b) and (c), for the words, figures and letters “the 31st day of March, 2014”, the words, figures and letters “the 31st day of March, 2017” shall respectively be substituted with effect from the 1st day of April, 2015. Amendment of section 80-IA.



- Amendment of section 92B. **31.** In section 92B of the Income-tax Act, in sub-section (2), with effect from the 1st day of April, 2015,—
- (i) for the words “deemed to be a transaction”, the words “deemed to be an international transaction” shall be substituted;
- (ii) after the words “determined in substance between such other person and the associated enterprise”, the words “where the enterprise or the associated enterprise or both of them are non-residents irrespective of whether such other person is a non-resident or not” shall be inserted. 5
- Amendment of section 92CC. **32.** In section 92CC of the Income-tax Act, after sub-section (9), the following sub-section shall be inserted with effect from the 1st day of October, 2014, namely:—
- “(9A) The agreement referred to in sub-section (1), may, subject to such conditions, procedure and manner as may be prescribed, provide for determining the arm’s length price or specify the manner in which arm’s length price shall be determined in relation to the international transaction entered into by the person during any period not exceeding four previous years preceding the first of the previous years referred to in sub-section (4), and the arm’s length price of such international transaction shall be determined in accordance with the said agreement.”. 10 15
- Amendment of section 111A. **33.** In section 111A of the Income-tax Act, in sub-section (1), with effect from the 1st day of April, 2015,—
- (A) after the words “unit of an equity oriented fund”, the words “or a unit of a business trust” shall be inserted;
- (B) after the proviso, the following proviso shall be inserted, namely:— 20
- “Provided further that the provisions of this sub-section shall not apply in respect of any income arising from transfer of units of a business trust which were acquired by the assessee in consideration of a transfer as referred to in clause (xvii) of section 47.”.
- Amendment of section 112. **34.** In section 112 of the Income-tax Act, in sub-section (1), with effect from the 1st day of April, 2015,— 25
- (a) in the proviso, occurring after clause (d), for the words “being listed securities or unit”, the words and brackets “being listed securities (other than a unit)” shall be substituted;
- (b) in the *Explanation*, clause (b) shall be omitted.
- Amendment of section 115A. **35.** In section 115A of the Income-tax Act, in sub-section (1), in clause (a), with effect from the 1st day of April, 2015,— 30
- (I) after sub-clause (iiab), the following sub-clause shall be inserted, namely:—
- “(iiac) distributed income being interest referred to in sub-section (2) of section 194LBA;”;
- (II) in item (BA), after the word, brackets, figures and letters “sub-clause (iiab)”, the words, brackets, figures and letters “or sub-clause (iiac)” shall be inserted;
- (III) in item (D), after the word, brackets, figures and letters “sub-clause (iiab)”, the word, brackets, figures and letters “, sub-clause (iiac)” shall be inserted. 35
- Amendment of section 115BBC. **36.** In section 115BBC of the Income-tax Act, in sub-section (1), for clause (ii), the following clause shall be substituted with effect from the 1st day of April, 2015, namely:—
- “(ii) the amount of income-tax with which the assessee would have been chargeable had his total income been reduced by the aggregate of anonymous donations received in excess of the amount referred to in sub-clause (A) or sub-clause (B) of clause (i), as the case may be.”. 40
- Amendment of section 115BBD. **37.** In section 115BBD of the Income-tax Act, in sub-section (1), the words, figures and letters “for the previous year relevant to the assessment year beginning on the 1st day of April, 2012 or beginning on the 1st day of April, 2013 or beginning on the 1st day of April, 2014” shall be omitted with effect from the 1st day of April, 2015. 45
- Amendment of section 115JC. **38.** In section 115JC of the Income-tax Act, in sub-section (2), with effect from the 1st day of April, 2015,—
- (a) in clause (i), the word “and” occurring at the end, shall be omitted;
- (b) in clause (ii), for the words, figures and letters “under section 10AA”, the words, figures and letters “under section 10AA; and” shall be substituted; 50

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

“(iii) deduction claimed, if any, under section 35AD as reduced by the amount of depreciation allowable in accordance with the provisions of section 32 as if no deduction under section 35AD was allowed in respect of the assets on which the deduction under that section is claimed.”.

- 5     **39.** In section 115JEE of the Income-tax Act, with effect from the 1st day of April, 2015,—     Amendment of section 115JEE.
- (A) in sub-section (1), for clause (b), the following clauses shall be substituted, namely:—
- “(b) section 10AA; or
- (c) section 35AD.”;
- (B) after sub-section (2), the following sub-section shall be inserted, namely:—
- 10     “(3) Notwithstanding anything contained in sub-section (1) or sub-section (2), the credit for tax paid under section 115JC shall be allowed in accordance with the provisions of section 115JD.”.
- 40.** In section 115-O of the Income-tax Act, after the *Explanation* to sub-section (1A), the following sub-section shall be inserted with effect from the 1st day of October, 2014, namely:—     Amendment of section 115-O.
- 15     “(1B) For the purposes of determining the tax on distributed profits payable in accordance with this section, any amount by way of dividends referred to in sub-section (1) as reduced by the amount referred to in sub-section (1A) [hereafter referred to as net distributed profits], shall be increased to such amount as would, after reduction of the tax on such increased amount at the rate specified in sub-section (1), be equal to the net distributed profits.”.
- 20     **41.** In section 115R of the Income-tax Act,—     Amendment of section 115R.
- (a) after the *Explanation* to sub-section (2), the following sub-section shall be inserted with effect from the 1st day of October, 2014, namely:—
- “(2A) For the purposes of determining the additional income-tax payable in accordance with sub-section (2), the amount of distributed income referred therein shall be increased to such amount as would, after reduction of the additional income-tax on such increased amount at the rate specified in sub-section (2), be equal to the amount of income distributed by the Mutual Fund.”;
- 25     (b) sub-section (3A) shall be omitted with effect from the 1st day of April, 2015.
- 42.** In section 115TA of the Income-tax Act, sub-section (3) shall be omitted with effect from the 1st day of April, 2015.     Amendment of section 115TA.
- 30     **43.** After Chapter XII-F of the Income-tax Act, the following Chapter shall be inserted with effect from the 1st day of April, 2015, namely:—     Insertion of new Chapter XII-FA.

## “CHAPTER XII-FA

### SPECIAL PROVISIONS RELATING TO BUSINESS TRUSTS

- 35     115UA. (1) Notwithstanding anything contained in any other provisions of this Act, any income distributed by a business trust to its unit holders shall be deemed to be of the same nature and in the same proportion in the hands of the unit holder as it had been received by, or accrued to, the business trust.     Tax on income of unit holder and business trust.
- (2) Subject to the provisions of section 111A and section 112, the total income of a business trust shall be charged to tax at the maximum marginal rate.
- 40     (3) If in any previous year, the distributed income or any part thereof, received by a unit holder from the business trust is of the nature as referred to in clause (23FC) of section 10, then, such distributed income or part thereof shall be deemed to be income of such unit holder and shall be charged to tax as income of the previous year.
- 45     (4) Any person responsible for making payment of the income distributed on behalf of a business trust to a unit holder shall furnish a statement to the unit holder and the prescribed authority, within such time and in such form and manner as may be prescribed, giving the details of the nature of the income paid during the previous year and such other details as may be prescribed.”.

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|---|--|----------------------------|
| Amendment of section 116.   | <p><b>44.</b> In section 116 of the Income-tax Act,—</p> <p>(i) after clause (a), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 2013,—</p> <p>“(aa) Principal Directors General of Income-tax or Principal Chief Commissioners of Income-tax,”;</p> <p>(ii) after clause (b), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 2013,—</p> <p>“(ba) Principal Directors of Income-tax or Principal Commissioners of Income-tax,”.</p>  | 5                          |
| Amendment of section 133A.  | <p><b>45.</b> In section 133A of the Income-tax Act, with effect from the 1st day of October, 2014,—</p> <p>(i) after sub-section (2), the following sub-section shall be inserted, namely:—</p> <p>“(2A) Without prejudice to the provisions of sub-section (1), an income-tax authority acting under this sub-section may for the purpose of verifying that tax has been deducted or collected at source in accordance with the provisions under sub-heading B of Chapter XVII or under sub-heading BB of Chapter XVII, as the case may be, enter, after sunrise and before sunset, any office, or any other place where business or profession is carried on, within the limits of the area assigned to him, or any place in respect of which he is authorised for the purposes of this section by such income-tax authority who is assigned the area within which such place is situated, where books of account or documents are kept and require the deductor or the collector or any other person who may at that time and place be attending in any manner to such work,—</p> <p>(i) to afford him the necessary facility to inspect such books of account or other documents as he may require and which may be available at such place, and</p> <p>(ii) to furnish such information as he may require in relation to such matter.”;</p> <p>(II) in sub-section (3), in clause (ia), in the proviso, for clause (b), the following clause shall be substituted, namely:—</p> <p>“(b) retain in his custody any such books of account or other documents for a period exceeding fifteen days (exclusive of holidays) without obtaining the approval of the Principal Chief Commissioner or the Chief Commissioner or the Principal Director General or the Director General or the Principal Commissioner or the Commissioner or the Principal Director or the Director therefor, as the case may be,”;</p> <p>(III) in sub-section (3), the following proviso shall be inserted, namely:—</p> <p>“Provided that no action under clause (ia) or clause (ii) shall be taken by an income-tax authority acting under sub-section (2A).”.</p> | 10<br>15<br>20<br>25<br>30 |
| Insertion of new section 133C.<br>Power to call for information by prescribed income-tax authority. | <p><b>46.</b> After section 133B of the Income-tax Act, the following shall be inserted with effect from the 1st day of October, 2014, namely:—</p> <p>‘133C. The prescribed income-tax authority, may for the purposes of verification of information in its possession relating to any person, issue a notice to such person requiring him, on or before a date to be specified therein, to furnish information or documents verified in the manner specified therein, which may be useful for, or relevant to, any inquiry or proceeding under this Act.</p> <p><i>Explanation.</i>—In this section, the term “proceeding” shall have the meaning assigned to it in clause (b) of the <i>Explanation</i> to section 133A.’.</p>   | 35<br>40                   |
| Amendment of section 139.   | <p><b>47.</b> In section 139 of the Income-tax Act, with effect from the 1st day of April, 2015,—</p> <p>(a) in sub-section (4C),—</p> <p>(i) after clause (e), the following clauses shall be inserted, namely:—</p> <p>“(ea) Mutual Fund referred to in clause (23D) of section 10;</p> <p>(eb) securitisation trust referred to in clause (23DA) of section 10;</p> <p>(ec) venture capital company or venture capital fund referred to in clause (23FB) of section 10;”;</p> <p>(ii) after the words “or infrastructure debt fund”, the words “or Mutual Fund or securitisation trust or venture capital company or venture capital fund” shall be inserted;</p> <p>(b) after sub-section (4D), the following sub-section shall be inserted, namely:—</p> <p>“(4E) Every business trust, which is not required to furnish return of income or loss under any other provisions of this section, shall furnish the return of its income in respect of its income or loss in every previous year and all the provisions of this Act shall, so far as may be, apply if it were a return required to be furnished under sub-section (1).”.</p>  | 45<br>50                   |

48. In section 140 of the Income-tax Act, with effect from the 1st day of October, 2014,—

Amendment of section 140.

(i) in the marginal heading, for the word “signed”, the word “verified” shall be substituted;

(ii) for the words “signed and verified”, wherever they occur, the word “verified” shall be substituted;

(iii) for the words “sign and verify”, wherever they occur, the word “verify” shall be substituted;

5 (iv) in clause (a),—

(a) in sub-clause (iv), for the word “sign”, the word “verify” shall be substituted;

(b) in the proviso, for the word “signing”, the word “verifying” shall be substituted.

49. For section 142A of the Income-tax Act, the following section shall be substituted with effect from the 1st day of October, 2014, namely:—

Substitution of new section for section 142A.

10 '142A. (1) The Assessing Officer may, for the purposes of assessment or reassessment, make a reference to a Valuation Officer to estimate the value, including fair market value, of any asset, property or investment and submit a copy of report to him.

Estimation of value of assets by Valuation Officer.

(2) The Assessing Officer may make a reference to the Valuation Officer under sub-section (1) whether or not he is satisfied about the correctness or completeness of the accounts of the assessee.

15 (3) The Valuation Officer, on a reference made under sub-section (1), shall, for the purpose of estimating the value of the asset, property or investment, have all the powers that he has under section 38A of the Wealth-tax Act, 1957.

27 of 1957.

(4) The Valuation Officer shall, estimate the value of the asset, property or investment after taking into account such evidence as the assessee may produce and any other evidence in his possession gathered, after giving an opportunity of being heard to the assessee.

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(5) The Valuation Officer may estimate the value of the asset, property or investment to the best of his judgment, if the assessee does not co-operate or comply with his directions.

(6) The Valuation Officer shall send a copy of the report of the estimate made under sub-section (4) or sub-section (5), as the case may be, to the Assessing Officer and the assessee, within a period of six months from the end of the month in which a reference is made under sub-section (1).

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(7) The Assessing Officer may, on receipt of the report from the Valuation Officer, and after giving the assessee an opportunity of being heard, take into account such report in making the assessment or reassessment.

*Explanation.*—In this section, “Valuation Officer” has the same meaning as in clause (r) of section 2 of the Wealth-tax Act, 1957.

27 of 1957.

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50. In section 145 of the Income-tax Act, with effect from the 1st day of April, 2015,—

Amendment of section 145.

(i) in sub-section (2), for the words “accounting standards”, the words “income computation and disclosure standards” shall be substituted;

35 (ii) in sub-section (3), for the words, brackets and figure “or accounting standards as notified under sub-section (2), have not been regularly followed by the assessee”, the words, brackets and figure “has not been regularly followed by the assessee, or income has not been computed in accordance with the standards notified under sub-section (2)” shall be substituted.

51. In section 153 of the Income-tax Act, in *Explanation 1*, after clause (iii), the following clause shall be inserted with effect from the 1st day of October, 2014, namely:—

Amendment of section 153.

40 “(iv) the period commencing from the date on which the Assessing Officer makes a reference to the Valuation Officer under sub-section (1) of section 142A and ending with the date on which the report of the Valuation Officer is received by the Assessing Officer, or”.

52. In section 153B of the Income-tax Act, in the *Explanation*, after clause (ii), the following clause shall be inserted with effect from the 1st day of October, 2014, namely:—

Amendment of section 153B.

45 “(iia) the period commencing from the date on which the Assessing Officer makes a reference to the Valuation Officer under sub-section (1) of section 142A and ending with the date on which the report of the Valuation Officer is received by the Assessing Officer, or”.

53. In section 153C of the Income-tax Act, in sub-section (1), for the words, figures and letter “and that Assessing Officer shall proceed against each such other person and issue such other person notice and assess or reassess income of such other person in accordance with the provisions of

Amendment of section 153C.

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section 153A”, occurring at the end but before the first proviso, the words, brackets, figures and letter “and that Assessing Officer shall proceed against each such other person and issue notice and assess or reassess the income of the other person in accordance with the provisions of section 153A, if, that Assessing Officer is satisfied that the books of account or documents or assets seized or requisitioned have a bearing on the determination of the total income of such other person for the relevant assessment year or years referred to in sub-section (1) of section 153A” shall be substituted with effect from the 1st day of October, 2014. 5

Amendment of section 194A. **54.** In section 194A of the Income-tax Act, in sub-section (3), after clause (x), the following clause shall be inserted with effect from the 1st day of October 2014, namely:—

“(x) to any income by way of interest referred to in clause (23FC) of section 10.”. 10

Insertion of new section 194DA. **55.** After section 194D of the Income-tax Act, the following section shall be inserted with effect from the 1st day of October, 2014, namely:—

Payment in respect of life insurance policy. “194DA. Any person responsible for paying to a resident any sum under a life insurance policy, including the sum allocated by way of bonus on such policy, other than the amount not includible in the total income under clause (10D) of section 10, shall, at the time of payment thereof, deduct income-tax thereon at the rate of two per cent. 15

Provided that no deduction under this section shall be made where the amount of such payment or, as the case may be, the aggregate amount of such payments to the payee during the financial year is less than one hundred thousand rupees.”.

Insertion of new section 194LBA. **56.** After section 194LB of the Income-tax Act, the following section shall be inserted with effect from the 1st day of the October, 2014, namely:— 20

Certain income from units of a business trust. “194LBA. (1) Where any distributed income referred to in section 115UA, being of the nature referred to in clause (23FC) of section 10, is payable by a business trust to its unit holder being a resident, the person responsible for making the payment shall at the time of credit of such payment to the account of the payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of ten per cent. 25

(2) Where any distributed income referred to in section 115UA, being of the nature referred to in clause (23FC) of section 10, is payable by a business trust to its unit holder, being a non-resident, not being a company or a foreign company, the person responsible for making the payment shall at the time of credit of such payment to the account of the payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of five per cent.”. 30

Amendment of section 194LC. **57.** In section 194LC of the Income-tax Act, with effect from the 1st day of October, 2014,—

(A) in sub-section (1), after the words “by a specified company”, the words “or a business trust” shall be inserted; 35

(B) in sub-section (2),—

(a) in the opening portion, after the words “by the specified company”, the words “or the business trust” shall be inserted;

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

“(i) in respect of monies borrowed by it in foreign currency from a source outside India,— 40

(a) under a loan agreement at any time on or after the 1st day of July, 2012 but before the 1st day of July, 2017; or

(b) by way of issue of long-term infrastructure bonds at any time on or after the 1st day of July, 2012 but before the 1st day of October, 2014; or

(c) by way of issue of any long-term bond including long-term infrastructure bond at any time on or after the 1st day of October, 2014 but before the 1st day of July, 2017, 45

as approved by the Central Government in this behalf; and”.

Amendment of section 200. **58.** In section 200 of the Income-tax Act, in sub-section (3), the following proviso shall be inserted with effect from the 1st day of October, 2014, namely:—

“Provided that the person may also deliver to the prescribed authority a correction statement for rectification of any mistake or to add, delete or update the information furnished in the statement delivered under this sub-section in such form and verified in such manner as may be specified by the authority.”. 50

**59.** In section 200A of the Income-tax Act, in sub-section (1), after the words “where a statement of tax deduction at source”, the words “or a correction statement” shall be inserted with effect from the 1st day of October, 2014. Amendment of section 200A.

**60.** In section 201 of the Income-tax Act, for sub-section (3), the following sub-section shall be substituted with effect from the 1st day of October, 2014, namely:— Amendment of section 201.

“(3) No order shall be made under sub-section (1) deeming a person to be an assessee in default for failure to deduct the whole or any part of the tax from a person resident in India, at any time after the expiry of seven years from the end of the financial year in which payment is made or credit is given.”.

**61.** In section 206AA of the Income-tax Act, in sub-section (7), the word “infrastructure” shall be omitted with effect from the 1st day of October, 2014. Amendment of section 206AA.

**62.** In section 220 of the Income-tax Act, with effect from the 1st day of October, 2014,— Amendment of section 220.

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

“(1A) Where any notice of demand has been served upon an assessee and any appeal or other proceeding, as the case may be, is filed or initiated in respect of the amount specified in the said notice of demand, then, such demand shall be deemed to be valid till the disposal of the appeal by the last appellate authority or disposal of the proceedings, as the case may be, and any such notice of demand shall have the effect as specified in section 3 of the Taxation Laws (Continuation and Validation of Recovery Proceedings) Act, 1964.”;

(ii) in sub-section (2),—

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

“Provided further that where as a result of an order under sections specified in the first proviso, the amount on which interest was payable under this section had been reduced and subsequently as a result of an order under said sections or section 263, the amount on which interest was payable under this section is increased, the assessee shall be liable to pay interest under sub-section (2) from the day immediately following the end of the period mentioned in the first notice of demand, referred to in sub-section (1) and ending with the day on which the amount is paid.”;

(b) in the second proviso, for the words “Provided further”, the words “Provided also” shall be substituted.

**63.** In section 269SS of the Income-tax Act, in the opening portion, after the words “cheque or account payee bank draft”, the words “or use of electronic clearing system through a bank account” shall be inserted with effect from the 1st day of April, 2015. Amendment of section 269SS.

**64.** In section 269T of the Income-tax Act, in the opening portion, after the words “cheque or account payee bank draft drawn in the name of the person who has made the loan or deposit”, the words “or by use of electronic clearing system through a bank account” shall be inserted with effect from the 1st day of April, 2015. Amendment of section 269T.

**65.** In section 271FA of the Income-tax Act, with effect from the 1st day of April, 2015,— Amendment of section 271FA.

(i) in the marginal heading, for the words “annual information return”, the words “statement of financial transaction or reportable account” shall be substituted;

(ii) for the words “an annual information return”, the words “a statement of financial transaction or reportable account” shall be substituted;

(iii) for the word “return”, wherever it occurs, the word “statement” shall be substituted.

|   |   |   |
|---|---|---|
| Insertion of new section 271FAA.  | <b>66.</b> After section 271FAA of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2015, namely:—  |   |
| Penalty for furnishing inaccurate statement of financial transaction or reportable account. | <p>“271FAA. If a person referred to in clause (k) of sub-section (1) of section 285BA, who is required to furnish a statement under that section, provides inaccurate information in the statement, and where—</p> <p>(a) the inaccuracy is due to a failure to comply with the due diligence requirement prescribed under sub-section (7) of section 285BA or is deliberate on the part of that person; or</p> <p>(b) the person knows of the inaccuracy at the time of furnishing the statement of financial transaction or reportable account, but does not inform the prescribed income-tax authority or such other authority or agency; or</p> <p>(c) the person discovers the inaccuracy after the statement of financial transaction or reportable account is furnished and fails to inform and furnish correct information within the time specified under sub-section (6) of section 285BA,</p> <p>then, the prescribed income-tax authority may direct that such person shall pay, by way of penalty, a sum of fifty thousand rupees.”.</p> | 5<br>10   |
| Amendment of section 271G.  | <b>67.</b> In section 271G of the Income-tax Act, after the words “the Assessing Officer”, the words, figures and letters “or the Transfer Pricing Officer as referred to in section 92CA” shall be inserted with effect from the 1st day of October, 2014.   | 15  |
| Amendment of section 271H.  | <b>68.</b> In section 271H of the Income-tax Act, in sub-section (1), in the opening portion, for the words “a person shall be liable to pay”, the words “the Assessing Officer may direct that a person shall pay by way of” shall be substituted with effect from the 1st day of October, 2014.   | 20  |
| Amendment of section 276D.  | <b>69.</b> In section 276D of the Income-tax Act, for the words “or with fine equal to a sum calculated at a rate which shall not be less than four rupees or more than ten rupees for every day during which the default continues, or with both”, the words “and with fine” shall be substituted with effect from the 1st day of October, 2014.   |   |
| Amendment of section 281B.  | <b>70.</b> In section 281B of the Income-tax Act, in sub-section (2), with effect from the 1st day of October, 2014,—   | 25  |
|   | <p>(i) in the first proviso, for the words “two years”, the words “two years or sixty days after the date of order of assessment or reassessment, whichever is later” shall be inserted;</p> <p>(ii) the second and third proviso shall be omitted.</p>   |   |
| Substitution of new section for section 285BA.  | <b>71.</b> For section 285BA of the Income-tax Act, the following section shall be substituted with effect from the 1st day of April, 2015, namely:—  | 30  |
| Obligation to furnish statement of financial transaction or reportable account.             | <p>‘285BA. (1) Any person, being—</p> <p>(a) an assessee; or</p> <p>(b) the prescribed person in the case of an office of Government; or</p> <p>(c) a local authority or other public body or association; or</p> <p>(d) the Registrar or Sub-Registrar appointed under section 6 of the Registration Act, 1908; or</p> <p>(e) the registering authority empowered to register motor vehicles under Chapter IV of the Motor Vehicles Act, 1988; or</p> <p>(f) the Post Master General as referred to in clause (j) of section 2 of the Indian Post Office Act, 1898; or</p> <p>(g) the Collector referred to in clause (g) of section 3 of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013; or</p> <p>(h) the recognised stock exchange referred to in clause (f) of section 2 of the Securities Contracts (Regulation) Act, 1956; or</p>  | 35<br>16 of 1908.<br>59 of 1988.<br>40 6 of 1898.<br>30 of 2013.<br>42 of 1956. |

- 2 of 1934. (i) an officer of the Reserve Bank of India, constituted under section 3 of the Reserve Bank of India Act, 1934; or
- 22 of 1996. (j) a depository referred to in clause (e) of sub-section (1) of section 2 of the Depositories Act, 1996; or
- 5 (k) a prescribed reporting financial institution,  
 who is responsible for registering, or, maintaining books of account or other document containing a record of any specified financial transaction or any reportable account as may be prescribed under any law for the time being in force, shall furnish a statement in respect of such specified financial transaction or such reportable account which is registered or recorded or maintained by  
 10 him and information relating to which is relevant and required for the purposes of this Act, to the income-tax authority or such other authority or agency as may be prescribed.
- (2) The statement referred to in sub-section (1) shall be furnished for such period, within such time and in the form and manner, as may be prescribed.
- (3) For the purposes of sub-section (1), "specified financial transaction" means any—
- 15 (a) transaction of purchase, sale or exchange of goods or property or right or interest in a property; or
- (b) transaction for rendering any service; or
- (c) transaction under a works contract; or
- (d) transaction by way of an investment made or an expenditure incurred; or
- 20 (e) transaction for taking or accepting any loan or deposit,  
 which may be prescribed:
- Provided that the Board may prescribe different values for different transactions in respect of different persons having regard to the nature of such transaction:
- Provided further that the value or, as the case may be, the aggregate value of such transactions  
 25 during a financial year so prescribed shall not be less than fifty thousand rupees.
- (4) Where the prescribed income-tax authority considers that the statement furnished under sub-section (1) is defective, he may intimate the defect to the person who has furnished such statement and give him an opportunity of rectifying the defect within a period of thirty days from the date of such intimation or within such further period which, on an application made in this behalf, the said  
 30 income-tax authority may, in his discretion, allow; and if the defect is not rectified within the said period of thirty days or, as the case may be, the further period so allowed, then, notwithstanding anything contained in any other provision of this Act, such statement shall be treated as an invalid statement and the provisions of this Act shall apply as if such person had failed to furnish the statement.
- 35 (5) Where a person who is required to furnish a statement under sub-section (1) has not furnished the same within the specified time, the prescribed income-tax authority may serve upon such person a notice requiring him to furnish such statement within a period not exceeding thirty days from the date of service of such notice and he shall furnish the statement within the time specified in the notice.
- 40 (6) If any person, having furnished a statement under sub-section (1), or in pursuance of a notice issued under sub-section (5), comes to know or discovers any inaccuracy in the information provided in the statement, he shall within a period of ten days inform the income-tax authority or other authority or agency referred to in sub-section (1), the inaccuracy in such statement and furnish the correct information in such manner as may be prescribed.
- 45 (7) The Central Government may, by rules made under this section, specify—
- (a) the persons referred to in sub-section (1) to be registered with the prescribed income-tax authority;
- (b) the nature of information and the manner in which such information shall be maintained by the persons referred to in clause (a); and
- 50 (c) the due diligence to be carried out by the persons for the purpose of identification of any reportable account referred to in sub-section (1).<sup>1</sup>.



CHAPTER IV  
INDIRECT TAXES

*Customs*

Substitution of new authorities. **72.** In the Customs Act, 1962 (hereinafter referred to as the Customs Act), or in any other law for the time being in force, the reference to any authority specified in column (1) of the Table below shall be substituted by reference to the authority or authorities specified in the corresponding entry in column (2) of the said Table and such consequential changes as the rules of grammar may require shall also be made:— 52 of 1962.

**TABLE**

| Sl. No. | (1)                           | (2)  |    |
|---------|-------------------------------|--|----|
| 1.      | Chief Commissioner of Customs | Principal Chief Commissioner of Customs<br>or<br>Chief Commissioner of Customs | 10 |
| 2.      | Commissioner of Customs       | Principal Commissioner of Customs<br>or<br>Commissioner of Customs.            | 15 |

Amendment of section 3. **73.** In the Customs Act, in section 3, for clauses (a), (b), (c), (cc), (d), (e) and (f), the following clauses shall be substituted, namely:—

- “(a) Principal Chief Commissioners of Customs;
- (b) Chief Commissioners of Customs; 20
- (c) Principal Commissioners of Customs;
- (d) Commissioners of Customs;
- (e) Commissioners of Customs (Appeals);
- (f) Joint Commissioners of Customs;
- (g) Deputy Commissioners of Customs; 25
- (h) Assistant Commissioners of Customs;
- (i) such other class of officers of customs as may be appointed for the purposes of this Act.”

Amendment of section 15. **74.** In the Customs Act, in section 15, in sub-section (1), in the proviso, after the words “the aircraft”, the words “or the vehicle” shall be inserted.

Amendment of section 25. **75.** In the Customs Act, in section 25, after sub-section (6), the following sub-sections shall be inserted, namely:— 30

“(7) The mineral oils (including petroleum and natural gas) extracted or produced in the continental shelf of India or exclusive economic zone of India as referred to in section 6 and section 7, respectively, of the Territorial Waters, Continental Shelf, Exclusive Economic Zone and Other Maritime Zones Act, 1976, and imported prior to the 7th day of February, 2002 shall be deemed to be and shall always be deemed to have been exempted from the whole of the duties of customs leviable on such mineral oils and accordingly, notwithstanding anything contained in any judgment, decree or order of any court, tribunal or other authority, no suit or other proceedings in respect of such mineral oils shall be maintained or continued in any court, tribunal or other authority. 35 80 of 1976.

(8) Notwithstanding the exemption provided under sub-section (7), no refund of duties of customs paid in respect of the mineral oils specified therein shall be made.” 40

Amendment of section 46. **76.** In the Customs Act, in section 46, in sub-section (3),—

- (i) the first proviso shall be omitted;
  - (ii) for the second proviso, the following proviso shall be substituted, namely:—
- “Provided that a bill of entry may be presented even before the delivery of such manifest or report, if the vessel or the aircraft or the vehicle by which the goods have been shipped for importation into India is expected to arrive within thirty days from the date of such presentation.” 45

Amendment of section 127A. **77.** In the Customs Act, in section 127A, in clause (f), for the words “Customs and Central Excise Settlement Commission”, the words “Customs, Central Excise and Service Tax Settlement Commission” shall be substituted. 50

- 78.** In the Customs Act, in section 127B,—  
*(i)* in sub-section (1), in the first proviso, for clause (a), the following clause shall be substituted, namely:—  
 5 “(a) the applicant has filed a bill of entry, or a shipping bill, or a bill of export, or made a baggage declaration, or a label or declaration accompanying the goods imported or exported through post or courier, as the case may be, and in relation to such document or documents, a show cause notice has been issued to him by the proper officer;”;  
*(ii)* in clause (c), for the word, figures and letters “section 28AB”, the word, figures and letters “section 28AA” shall be substituted;  
 10 *(iii)* sub-section (2) shall be omitted.
- 79.** In the Customs Act, in section 127L, in sub-section (1), in clause (i), the following *Explanation* shall be inserted, namely:—  
 “*Explanation.*— In this clause, the concealment of particulars of duty liability relates to any such concealment made from the officer of customs.”.
- 80.** In the Customs Act, in section 129A,—  
 15 *(i)* in sub-section (1), in the second proviso, for the words “fifty thousand rupees”, the words “two lakh rupees” shall be substituted;  
*(ii)* in sub-section (1B), in clause (i), for the words “by notification in the Official Gazette”, the words “by order” shall be substituted.
- 81.** In the Customs Act, in section 129B, in sub-section (2A), the first, second and third proviso shall be omitted.
- 82.** In the Customs Act, in section 129D, in sub-section (3), the following proviso shall be inserted, namely:—  
 20 “Provided that the Board may, on sufficient cause being shown, extend the said period by another thirty days.”.
- 83.** In the Customs Act, for section 129E, the following section shall substituted, namely:—  
 “129E. The Tribunal or the Commissioner (Appeals), as the case may be, shall not entertain any appeal,—  
 25 *(i)* under sub-section (1) of section 128, unless the appellant has deposited seven and a half per cent. of the duty demanded or penalty imposed or both, in pursuance of a decision or an order passed by an officer of customs lower in rank than the Commissioner of Customs;  
*(ii)* against the decision or order referred to in clause (a) of sub-section (1) of section 129A, unless the appellant has deposited seven and a half per cent. of the duty demanded or penalty imposed or both, in pursuance of the decision or order appealed against;  
 30 *(iii)* against the decision or order referred to in clause (b) of sub-section (1) of section 129A, unless the appellant has deposited ten per cent. of the duty demanded or penalty imposed or both, in pursuance of the decision or order appealed against:  
 Provided that the amount required to be deposited under this section shall not exceed rupees ten crores:  
 40 Provided further that the provisions of this section shall not apply to the stay applications and appeals pending before any appellate authority prior to the commencement of the Finance (No. 2) Act, 2014.”.
- 84.** In the Customs Act, in section 131BA, in sub-section (4), for the words “The Appellate Tribunal or court”, the words and brackets “The Commissioner (Appeals) or the Appellate Tribunal or the court” shall be substituted.
- 85.** (1) The notification of the Government of India in the Ministry of Finance (Department of Revenue) number G.S.R. 185 (E), dated the 17th March, 2012, issued under sub-section (1) of section 25 of the Customs Act, as specified in column (1) of the Second Schedule, shall stand amended and shall be deemed to have been amended, retrospectively, in the manner specified in column (2) of that Schedule, on and from and up to the corresponding date specified in column (3) of the said Schedule.  
 50 (2) For the purposes of sub-section (1), the Central Government shall have and shall be deemed to

have the power to amend the notification with retrospective effect as if the Central Government had the power to amend the said notification under sub-section (1) of section 25 of the Customs Act retrospectively, at all material times.

(3) The refund shall be made of all such duty of customs which has been collected but which would not have been so collected, had the notification referred to in sub-section (1) been in force at all material times, subject to the provision of section 27 of the Customs Act. 5

(4) Notwithstanding anything contained in section 27 of the Customs Act, an application for the claim of refund of duty of customs under sub-section (3) shall be made within the period of six months from the date on which the Finance (No. 2) Bill, 2014 receives the assent of the President.

(5) No act or omission on the part of any person shall be punishable as an offence which would not have been so punishable had the notification referred to in sub-section (1) not been amended retrospectively. 10

*Explanation.*— For the purposes of sub-section (1), the “corresponding date”, in relation to tariff items specified against S.No.141, means the 8th February, 2013 to 10th July, 2014 (both days inclusive).

#### *Customs Tariff* 15

Amendment of section 8B. **86.** In the Customs Tariff Act, 1975 (hereinafter referred to as the Customs Tariff Act), in section 8B, in sub-section (2A),— 51 of 1975.

(a) for the portion beginning with the words “unless specifically made applicable” and ending with the words “in a special economic zone”, the following shall be substituted, namely:—

“shall not apply to articles imported by a hundred per cent. export-oriented undertaking or a unit in a special economic zone unless,— 20

(i) specifically made applicable in such notifications or such impositions, as the case may be; or

(ii) the article imported is either cleared as such into the domestic tariff area or used in the manufacture of any goods that are cleared into the domestic tariff area and in such cases safeguard duty shall be levied on that portion of the article so cleared or so used as was leviable when it was imported into India.”; 25

(b) in the *Explanation*, the words “free trade zone” shall be omitted.

Amendment of First Schedule. **87.** In the Customs Tariff Act, the First Schedule shall be amended in the manner specified in the Third Schedule. 30

#### *Excise*

Substitution of new authorities. **88.** In the Central Excise Act, 1944 (hereinafter referred to as the Central Excise Act) or in Chapter V of the Finance Act, 1994 or in any other law for the time being in force, the reference to any authority specified in column (1) of the Table below shall be substituted by reference to the authority or authorities specified in the corresponding entry in column (2) of the said Table and such consequential changes as the rules of grammar may require shall also be made:— 35 1 of 1944. 32 of 1994.

#### TABLE

| Sl. No. | (1)                                  | (2)  |    |
|---------|--------------------------------------|--|----|
| 1.      | Chief Commissioner of Central Excise | Principal Chief Commissioner of Central Excise<br>or<br>Chief Commissioner of Central Excise | 40 |
| 2.      | Commissioner of Central Excise       | Principal Commissioner of Central Excise<br>or<br>Commissioner of Central Excise.            | 45 |

Amendment of section 2. **89.** In the Central Excise Act, in section 2, in clause (b), for the words “Chief Commissioner of Central Excise”, the words “Principal Chief Commissioner of Central Excise, Chief Commissioner of Central Excise, Principal Commissioner of Central Excise” shall be substituted.

Insertion of new sections 15A and 15B. **90.** In the Central Excise Act, after section 15, the following sections shall be inserted, namely:— 50

Obligation to furnish information return.

“15A. (1) Any person, being—

(a) an assessee; or

(b) a local authority or other public body or association; or

(c) any authority of the State Government responsible for the collection of value added tax or sales tax; or

- 43 of 1961. (d) an income tax authority appointed under the provisions of the Income-tax Act, 1961; or
- 2 of 1934. 5 (e) a banking company within the meaning of clause (a) of section 45A of the Reserve Bank of India Act, 1934; or
- 36 of 2003. (f) a State Electricity Board; or an electricity distribution or transmission licensee under the Electricity Act, 2003, or any other entity entrusted, as the case may be, with such functions by the Central Government or the State Government; or
- 16 of 1908. (g) the Registrar or Sub-Registrar appointed under section 6 of the Registration Act, 1908; or
- 18 of 2013. 10 (h) a Registrar within the meaning of the Companies Act, 2013; or
- 59 of 1988. (i) the registering authority empowered to register motor vehicles under Chapter IV of the Motor Vehicles Act, 1988; or
- 30 of 2013. (j) the Collector referred to in clause (c) of section 3 of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013; or
- 42 of 1956. 15 (k) the recognised stock exchange referred to in clause (f) of section 2 of the Securities Contracts (Regulation) Act, 1956; or
- 22 of 1996. (l) a depository referred to in clause (e) of sub-section (1) of section 2 of the Depositories Act, 1996; or
- 2 of 1934. 20 (m) an officer of the Reserve Bank of India, constituted under section 3 of the Reserve Bank of India Act, 1934,

who is responsible for maintaining record of registration or statement of accounts or any periodic return or document containing details of payment of tax and other details or transaction of goods or services or transactions related to a bank account or consumption of electricity or transaction of purchase, sale or exchange of goods or property or right or interest in a property, under any law for the time being in force, shall furnish an information return of the same in respect of such periods, within such time, form (including electronic form) and manner, to such authority or agency as may be prescribed.

(2) Where the prescribed authority considers that the information submitted in the information return is defective, he may intimate the defect to the person who has furnished such information return and give him an opportunity of rectifying the defect within a period of thirty days from the date of such intimation or within such further period which, on an application made in this behalf, the prescribed authority may allow and if the defect is not rectified within the said period of thirty days or, as the case may be, the further period so allowed, then, notwithstanding anything contained in any other provision of this Act, such information return shall be treated as not submitted and the provisions of this Act shall apply.

(3) Where a person who is required to furnish information return has not furnished the same within the time specified in sub-section (1) or sub-section (2), the prescribed authority may serve upon him a notice requiring furnishing of such information return within a period not exceeding ninety days from the date of service of the notice and such person shall furnish the information return.

40 15B. If a person who is required to furnish an information return under section 15A fails to do so within the period specified in the notice issued under sub-section (3) thereof, the prescribed authority may direct that such person shall pay, by way of penalty, a sum of one hundred rupees for each day of the period during which the failure to furnish such return continues.”. Penalty for failure to furnish information return.

45 91. In the Central Excise Act, in section 31, in clause (g), for the words “Customs and Central Excise Settlement Commission”, the words “Customs, Central Excise and Service Tax Settlement Commission” shall be substituted. Amendment of section 31.

92. In the Central Excise Act, in section 32, in sub-section (1), for the words “the Customs and Central Excise Settlement Commission”, the words “the Customs, Central Excise and Service Tax Settlement Commission” shall be substituted. Amendment of section 32.

50 93. In the Central Excise Act, in section 32E,— Amendment of section 32E.

(i) in sub-section (1),—

(a) in the first proviso, in clause (d), for the word, figures and letters “section 11AB”, the word, figures and letters “section 11AA” shall be substituted;

(b) in the second proviso, for the words “Provided further that”, the following shall

be substituted, namely:—

“Provided further that the Settlement Commission, if it is satisfied that the circumstances exist for not filing the returns referred to in clause (a) of the first proviso to sub-section (1), may after recording the reasons therefor, allow the applicant to make such application:

Provided also that”;

(ii) sub-section (2) shall be omitted.

Amendment of section 32-O. **94.** In the Central Excise Act, in section 32-O, in sub-section (1), in clause (i), the following *Explanation* shall be inserted, namely:—

“*Explanation.*— In this clause, the concealment of particulars of duty liability relates to any such concealment made from the Central Excise Officer.”.

Amendment of section 35B. **95.** In the Central Excise Act, in section 35B,—

(a) in sub-section (1), in the second proviso, for the words “fifty thousand rupees”, the words “two lakh rupees” shall be substituted;

(b) in sub-section (1B), in clause (i), for the words “by notification in the Official Gazette”, the words “by order” shall be substituted.

Amendment of section 35C. **96.** In the Central Excise Act, in section 35C, in sub-section (2A), the first, second and third proviso shall be omitted.

Amendment of section 35E. **97.** In the Central Excise Act, in section 35E, in sub-section (3), the following proviso shall be inserted, namely:—

“Provided that the Board may, on sufficient cause being shown, extend the said period by another thirty days.”.

Substitution of new section for section 35F. **98.** In the Central Excise Act, for section 35F, the following section shall be substituted, namely:—

Deposit of certain percentage of duty demanded or penalty imposed before filing appeal. **“35F.** The Tribunal or the Commissioner (Appeals), as the case may be, shall not entertain any appeal,—

(i) under sub-section (1) of section 35, unless the appellant has deposited seven and a half per cent. of the duty demanded or penalty imposed or both, in pursuance of a decision or an order passed by an officer of Central Excise lower in rank than the Commissioner of Central Excise;

(ii) against the decision or order referred to in clause (a) of sub-section (1) of section 35B, unless the appellant has deposited seven and a half per cent. of the duty demanded or penalty imposed or both, in pursuance of the decision or order appealed against;

(iii) against the decision or order referred to in clause (b) of sub-section (1) of section 35B, unless the appellant has deposited ten per cent. of the duty demanded or penalty imposed or both, in pursuance of the decision or order appealed against:

Provided that the amount required to be deposited under this section shall not exceed rupees ten crores:

Provided further that the provisions of this section shall not apply to the stay applications and appeals pending before any appellate authority prior to the commencement of the Finance (No.2) Act, 2014.

*Explanation.*— For the purposes of this section “duty demanded” shall include,—

(i) amount determined under section 11D;

(ii) amount of erroneous Cenvat credit taken;

(iii) amount payable under rule 6 of the Cenvat Credit Rules, 2001 or the Cenvat Credit Rules, 2002 or the Cenvat Credit Rules, 2004.

Amendment of section 35L. **99.** In the Central Excise Act, section 35L shall be numbered as sub-section (1) thereof, and after sub-section (1) as so numbered, the following sub-section shall be inserted, namely:—

“(2) For the purposes of this Chapter, the determination of any question having a relation to the rate of duty shall include the determination of taxability or excisability of goods for the purpose of assessment.”.

Amendment of section 35R. **100.** In the Central Excise Act, in section 35R, in sub-section (4), for the words “The Appellate

Tribunal or court”, the words “The Commissioner (Appeals) or the Appellate Tribunal or court” shall be substituted.

- 15 **101.** (1) In the Pan Masala Packing Machines (Capacity Determination and Collection of Duty) Rules, 2008, as published in the Official Gazette *vide* notification of the Government of India in the Ministry of Finance (Department of Revenue) number G.S.R. 127 (E), dated the 1st July, 2008, rule 8 shall stand amended and shall be deemed to have been amended retrospectively, in the manner specified in column (2) of the Fourth Schedule, on and from the date specified in column (3) of that Schedule. Amendment of Pan Masala Packing Machines (Capacity Determination and Collection of Duty) Rules, 2008.
- 10 (2) For the purposes of sub-section (1), the Central Government shall have and shall be deemed to have the power to make rules with retrospective effect as if the Central Government had the power to make rules under sub-sections (2) and (3) of section 3A of the Central Excise Act, retrospectively, at all material times.
- 15 (3) The refund shall be made of all such duty of excise which has been collected but which would not have been so collected, had the rule referred to in sub-section (1), been in force at all material times, subject to the provisions of section 11B of the Central Excise Act.
- (4) Notwithstanding anything contained in section 11B of the Central Excise Act, an application for the claim of refund of duty of excise under sub-section (3) shall be made within a period of six months from the date on which the Finance (No. 2) Bill, 2014 receives the assent of the President.
- 20 (5) No act or omission on the part of any person shall be punishable as an offence which would not have been so punishable had the rule referred to in sub-section (1) not been amended retrospectively.
- 25 **102.** (1) The notification of the Government of India in the Ministry of Finance (Department of Revenue) number G.S.R. 95 (E), dated the 1st March, 2006 (herein referred to as the first notification) which was superseded *vide* number G.S.R. 163 (E), dated the 17th March, 2012 (herein referred to as the second notification), issued under sub-section (1) of section 5A of the Central Excise Act, shall, in so far as it relates to the first notification, stand amended and shall be deemed to have been amended retrospectively, in the manner as specified in column (2) of the Fifth Schedule, on and from— Amendment of notification number G.S.R. 95 (E), dated 1st March, 2006 issued under section 5A of Central Excise Act.
- (a) the 29th June, 2010 and up to 16th March, 2012 (both days inclusive) in relation to Chapter 54 or Chapter 55 specified therein, covered under the first notification, that is the date prior to the date of the second notification; and
- 30 (b) the 1st March, 2011 and up to 16th March, 2012 (both days inclusive) in relation to Chapter 71 specified therein, covered under the first notification, that is the date prior to the date of the second notification,
- as specified in column (3) of the Schedule, against the notification specified in column (1) of that Schedule.
- 35 (2) For the purposes of sub-section (1), the Central Government shall have and shall be deemed to have the power to amend the said notification with retrospective effect as if the Central Government had the power to amend the said notification under sub-section (1) of section 5A of the Central Excise Act, retrospectively, at all material times.
- 40 (3) The refund shall be made of all such duty of excise which has been collected but which would not have been so collected, had the notification referred to in sub-section (1) been in force at all material times, subject to the provisions of section 11B of the Central Excise Act.
- (4) Notwithstanding anything contained in section 11B of the Central Excise Act, an application for the claim of refund of duty of excise under sub-section (3) shall be made within six months from the date on which the Finance (No. 2) Bill, 2014 receives the assent of the President.
- 45 (5) No act or omission on the part of any person shall be punishable as an offence which would not have been so punishable had the said notification not been amended retrospectively.
- 50 **103.** (1) The notification of the Government of India in the Ministry of Finance (Department of Revenue) number G.S.R. 163 (E), dated the 17th March, 2012, issued under sub-section (1) of section 5A of the Central Excise Act, as specified in column (1) of the Sixth Schedule, shall stand amended and shall be deemed to have been amended retrospectively, in the manner specified in column (2) of that Schedule, on and from and up to the corresponding dates specified in column (3) of the said Schedule. Amendment of notification number G.S.R. 163 (E), dated 17th March, 2012 issued under section 5A of Central Excise Act.
- 55 (2) For the purposes of sub-section (1), the Central Government shall have and shall be deemed to have the power to amend the said notification with retrospective effect as if the Central Government had the power to amend the said notification under sub-section (1) of section 5A of the Central Excise Act, retrospectively, at all material times.

(3) The refund shall be made of all such duty of excise which has been collected but which would not have been so collected, had the notification referred to in sub-section (1) been in force at all material times, subject to the provisions of section 11B of the Central Excise Act.

(4) Notwithstanding anything contained in section 11B of the Central Excise Act, an application for the claim of refund of duty of excise under sub-section (3) shall be made within six months from the date on which the Finance (No. 2) Bill, 2014 receives the assent of the President. 5

(5) No act or omission on the part of any person shall be punishable as an offence which would not have been so punishable had the said notification not been amended retrospectively.

*Explanation.*— For the purposes of sub-section (1), the “corresponding date” in relation to—

(i) tariff items specified against S.No.81, means the 8th February, 2013 to 10th July, 2014 (both days inclusive); and

(ii) Chapters specified against S.No.172A, means the 17th March, 2012 to 10th July, 2014 (both days inclusive).

Amendment of Third Schedule. **104.** In the Central Excise Act, the Third Schedule shall be amended in the manner specified in the Seventh Schedule. 15

*Central Excise Tariff*

Amendment of First Schedule. **105.** In the Central Excise Tariff Act, 1985, the First Schedule shall be amended in the manner specified in the Eighth Schedule. 5 of 1986.

CHAPTER V

*Service Tax* 20

Amendment of Act 32 of 1994. **106.** In the Finance Act, 1994,—

(A) in section 65B, with effect from such date as the Central Government may, by notification in the Official Gazette, appoint,—

(i) in clause (32), after the words “the rules made thereunder”, the words “but does not include radio taxi” shall be inserted; 25

(ii) after clause (39), the following clause shall be inserted, namely:—

‘(39a) “print media” means,—

(i) “book” as defined in sub-section (1) of section 1 of the Press and Registration of Books Act, 1867, but does not include business directories, yellow pages and trade catalogues which are primarily meant for commercial purposes; 25 of 1867. 30

(ii) “newspaper” as defined in sub-section (1) of section 1 of the Press and Registration of Books Act, 1867;’; 25 of 1867.

(B) in section 66D, with effect from such date as the Central Government may, by notification in the Official Gazette, appoint,—

(i) for clause (g), the following clause shall be substituted, namely:— 35

“(g) selling of space for advertisements in print media;”;

(ii) in clause (o), for sub-clause (vi), the following sub-clause shall be substituted, namely:—

“(vi) metered cabs or auto rickshaws;”;

(C) in section 67A, for the *Explanation*, the following *Explanation* shall be substituted with effect from such date as the Central Government may, by notification in the Official Gazette, appoint, 40

namely:—

“*Explanation.*— For the purposes of this section, “rate of exchange” means the rate of exchange determined in accordance with such rules as may be prescribed.”;

(D) in section 73, after sub-section (4A), the following sub-section shall be inserted, namely:—

“(4B) The Central Excise Officer shall determine the amount of service tax due under sub-section (2)— 45

(a) within six months from the date of notice where it is possible to do so, in respect of cases whose limitation is specified as eighteen months in sub-section (1);

(b) within one year from the date of notice, where it is possible to do so, in respect of cases falling under the proviso to sub-section (1) or the proviso to sub-section (4A).”;

(E) in section 80, in sub-section (1), for the words, figures and brackets “section 77 or first proviso to sub-section (1) of section 78”, the words and figures “or section 77” shall be substituted;

5 (F) in section 82, for sub-section (1), the following sub-section shall be substituted, namely:—

“(1) Where the Joint Commissioner of Central Excise or Additional Commissioner of Central Excise or such other Central Excise officer as may be notified by the Board has reasons to believe that any documents or books or things, which in his opinion shall be useful for or relevant to any proceedings under this Chapter, are secreted in any place, he may authorise in writing any  
10 Central Excise officer to search for and seize or may himself search and seize such documents or books or things.”;

(G) in section 83,—

(i) for the words, brackets, figures and letter “sub-section (2) of section 9A”, the words, brackets, figures and letters “sub-section (2A) of section 5A, sub-section (2) of section 9A” shall be substituted;  
15

(ii) for section “15”, the sections “15, 15A, 15B” shall be substituted;

(H) in section 86,—

(i) in sub-section (1A), in clause (i), for the words “by notification in the Official Gazette”, the words “by order” shall be substituted;

20 (ii) in sub-section (6A), in clause (a), the words “for grant of stay or” shall be omitted;

(I) in section 87, in clause (c), the following proviso shall be inserted, namely:—

“Provided that where the person (hereinafter referred to as predecessor) from whom the service tax or any other sums of any kind, as specified in this section, is recoverable or due, transfers or otherwise disposes of his business or trade in whole or in part, or effects any change in the ownership thereof, in consequence of which he is succeeded in such business or trade by any other person, all goods, in the custody or possession of the person so succeeding may also be attached and sold by such officer empowered by the Central Board of Excise and Customs, after obtaining the written approval of the Commissioner of Central Excise, for the purposes of recovering such service tax or other sums recoverable or due from such predecessor at the time of such transfer or otherwise disposal or change.”;  
25  
30

(J) in section 94, in sub-section (2), for clause (k), the following clauses shall be substituted, namely:—

“(k) imposition, on persons liable to pay service tax, for the proper levy and collection of the tax, of duty of furnishing information, keeping records and the manner in which such records shall be verified;

35 (l) make provisions for withdrawal of facilities or imposition of restrictions (including restrictions on utilisation of CENVAT credit) on provider of taxable service or exporter, for dealing with evasion of tax or misuse of CENVAT credit;

(m) authorisation of the Central Board of Excise and Customs or Chief Commissioners of Central Excise to issue instructions, for any incidental or supplemental matters for the implementation of the provisions of this Act;  
40

(n) any other matter which by this Chapter is to be or may be prescribed.”;

(K) in section 95, after sub-section (1J), the following sub-section shall be inserted, namely:—

“(1K) If any difficulty arises in giving effect to section 106 of the Finance (No. 2) Act, 2014, in so far as it relates to amendments made by the said Act, in this Chapter, the Central Government may, by an order, published in the Official Gazette, not inconsistent with the provisions of this Chapter, remove the difficulty:  
32 of 1994. 45

Provided that no such order shall be made after the expiry of a period of one year from the date on which the Finance (No. 2) Bill, 2014 receives the assent of the President.”;

(L) after section 99, the following section shall be inserted, namely:—

50 “100. Notwithstanding anything contained in section 66 as it stood prior to the 1st day of July, 2012, no service tax shall be levied or collected in respect of taxable services provided by the Employees’ State Insurance Corporation set up under the Employees’ State Insurance Act, 1948, during the period prior to the 1st day of July, 2012.”.  
34 of 1948. Special provision for taxable services provided by Employees’ State Insurance Corporation.



|  |   |             |
|--|---|-------------|
| Amendment of Act 14 of 2001.               | <b>107.</b> In the Seventh Schedule to the Finance Act, 2001, the tariff item 2402 20 60 and the entries relating thereto shall be omitted.   |             |
| Amendment of section 13 of Act 58 of 2002. | <b>108.</b> In the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002, in section 13, in sub-section (1), for the words, figures and letters “the 31st day of March, 2014”, the words, figures and letters “the 31st day of March, 2019” shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 2014. | 5           |
| Amendment of Finance (No. 2) Act, 2004.    | <b>109.</b> In the Finance (No. 2) Act, 2004, in Chapter VII, with effect from the 1st day of October, 2014,—   | 23 of 2004. |
|  | (A) in section 97,—   | 10          |
|  | (i) after clause (3), the following clause shall be inserted, namely:—  |             |
|  | ‘(3A) “business trust” shall have the meaning assigned to it in clause (13A) of section 2 of the Income-tax Act, 1961;’;  | 43 of 1961. |
|  | (ii) in clause (13), in sub-clause (a), after the words “unit of an equity oriented fund”, the words “or a unit of a business trust” shall be inserted;   | 15          |
|  | (B) in section 98, in the Table, in column (2),—  |             |
|  | (I) in the entry at Sl. No. 1,—   |             |
|  | (i) after the words “equity share in a company”, the words “or a unit of a business trust” shall be inserted;   |             |
|  | (ii) in clause (b), after the word “share” at both the places where they occur, the words “or unit” shall be inserted;  | 20          |
|  | (II) in the entry at Sl.No. 2,—   |             |
|  | (i) after the words “equity share in a company”, the words “or a unit of a business trust” shall be inserted;   |             |
|  | (ii) in clause (b), after the word “share” at both the places where they occur, the words “or unit” shall be inserted;  | 25          |
|  | (III) in the entry at Sl.No. 3, after the words “unit of an equity oriented fund”, the words “or a unit of a business trust” shall be inserted.   |             |
| Amendment of Act 18 of 2005.               | <b>110.</b> In the Finance Act, 2005,—  |             |
|  | (a) in section 85, in the marginal heading, for the brackets and words “(pan masala and certain tobacco products)”, the words “on certain goods” shall be substituted;  | 30          |
|  | (b) the Seventh Schedule shall be amended in the manner specified in the Ninth Schedule.  |             |
| Amendment of Act 14 of 2010.               | <b>111.</b> In the Finance Act, 2010, in section 83, in sub-section (3), for the portion beginning with the words “for the purposes of” and ending with the words “for any other purpose relating thereto”, the following shall be substituted, namely:—  | 35          |
|  | “for the purposes of financing and promoting clean environment and energy initiatives, funding research in the area of clean environment or clean energy, or for any other purpose relating thereto.”.  |             |
| Repeal.                                    | <b>112.</b> The Finance Act, 2014 is hereby repealed and shall be deemed never to have been enacted.  | 11 of 2014. |

#### Declaration under the Provisional Collection of Taxes Act, 1931

It is hereby declared that it is expedient in the public interest that the provisions of clauses 86, 87 [S.Nos (1) and (9)(ii) of the Third Schedule], 104, 105 (S.No.1 of the Eighth Schedule), 107 and 110 of this Bill shall have immediate effect under the Provisional Collection of Taxes Act, 1931. 40  
16 of 1931.

THE FIRST SCHEDULE  
(See section 2)

PART I

INCOME-TAX

5

*Paragraph A*

(I) In the case of every individual other than the individual referred to in items (II) and (III) of this Paragraph or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies,—

10

*Rates of income-tax*

- |           |   |  |
|-----------|---|--|
| (1)       | where the total income does not exceed Rs. 2,00,000                           | <i>Nil</i> ;   |
| (2)       | where the total income exceeds Rs. 2,00,000 but does not exceed Rs. 5,00,000  | 10 per cent. of the amount by which the total income exceeds Rs. 2,00,000;                           |
| 15<br>(3) | where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000 | Rs. 30,000 <i>plus</i> 20 per cent. of the amount by which the total income exceeds Rs. 5,00,000;    |
| (4)       | where the total income exceeds Rs. 10,00,000                                  | Rs. 1,30,000 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 10,00,000. |

(II) In the case of every individual, being a resident in India, who is of the age of sixty years or more but less than eighty years at any time during the previous year,—

20

*Rates of income-tax*

- |           |   |  |
|-----------|---|--|
| (1)       | where the total income does not exceed Rs. 2,50,000                           | <i>Nil</i> ;   |
| (2)       | where the total income exceeds Rs. 2,50,000 but does not exceed Rs. 5,00,000  | 10 per cent. of the amount by which the total income exceeds Rs. 2,50,000;                           |
| 25<br>(3) | where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000 | Rs. 25,000 <i>plus</i> 20 per cent. of the amount by which the total income exceeds Rs. 5,00,000;    |
| (4)       | where the total income exceeds Rs. 10,00,000                                  | Rs. 1,25,000 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 10,00,000. |

(III) In the case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the previous year,—

30

*Rates of income-tax*

- |           |   |  |
|-----------|---|--|
| (1)       | where the total income does not exceed Rs. 5,00,000                           | <i>Nil</i> ;   |
| (2)       | where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000 | 20 per cent. of the amount by which the total income exceeds Rs. 5,00,000;                           |
| 35<br>(3) | where the total income exceeds Rs. 10,00,000                                  | Rs. 1,00,000 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 10,00,000. |

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or in section 111A or section 112, shall, in the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, having a total income exceeding one crore rupees, be increased by a surcharge for the purposes of the Union calculated at the rate of ten per cent. of such income-tax:

40

Provided that in the case of persons mentioned above having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

*Paragraph B*

In the case of every co-operative society,—

*Rates of income-tax*

- |   |  |   |
|---|--|---|
| (1) where the total income does not exceed Rs.10,000                        | 10 per cent. of the total income;  |   |
| (2) where the total income exceeds Rs.10,000 but does not exceed Rs. 20,000 | Rs.1,000 <i>plus</i> 20 per cent. of the amount by which the total income exceeds Rs.10,000;   | 5 |
| (3) where the total income exceeds Rs. 20,000                               | Rs. 3,000 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 20,000. |   |

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or in section 111A or section 112, shall, in the case of every co-operative society, having a total income exceeding one crore rupees, be increased by a surcharge for the purposes of the Union calculated at the rate of ten per cent. of such income-tax: 10

Provided that in the case of every co-operative society mentioned above having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees. 15

*Paragraph C*

In the case of every firm,—

*Rate of income-tax*

On the whole of the total income 30 per cent.

*Surcharge on income-tax*

20

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or in section 111A or section 112, shall, in the case of every firm, having a total income exceeding one crore rupees, be increased by a surcharge for the purposes of the Union calculated at the rate of ten per cent. of such income-tax:

Provided that in the case of every firm mentioned above having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees. 25

*Paragraph D*

In the case of every local authority,—

*Rate of income-tax*

On the whole of the total income 30 per cent.

30

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or in section 111A or section 112, shall, in the case of every local authority, having a total income exceeding one crore rupees, be increased by a surcharge for the purposes of the Union calculated at the rate of ten per cent. of such income-tax:

Provided that in the case of every local authority mentioned above having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees. 35

*Paragraph E*

In the case of a company,—

*Rates of income-tax*

40

- |   |                                   |  |
|---|-----------------------------------|--|
| I. In the case of a domestic company                        | 30 per cent. of the total income; |  |
| II. In the case of a company other than a domestic company— |                                   |  |

(i) on so much of the total income as consists of,—

(a) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976; or

5 (b) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976,

and where such agreement has, in either case, been approved by the Central  
10 Government 50 per cent.;

(ii) on the balance, if any, of the total income 40 per cent.

#### *Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or in section 111A or section 112, shall, in the case of every company, be increased by a surcharge for the purposes of the Union calculated,—

15 (i) in the case of every domestic company—

(a) having a total income exceeding one crore rupees, but not exceeding ten crore rupees, at the rate of five per cent. of such income-tax; and

(b) having a total income exceeding ten crore rupees, at the rate of ten per cent. of such income-tax;

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

20 (a) having a total income exceeding one crore rupees but not exceeding ten crore rupees, at the rate of two per cent. of such income-tax; and

(b) having a total income exceeding ten crore rupees, at the rate of five per cent. of such income-tax:

25 Provided that in the case of every company having a total income exceeding one crore rupees but not exceeding ten crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees:

Provided further that in the case of every company having a total income exceeding ten crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax and surcharge on a total income of ten crore rupees by more than the amount of income that exceeds ten crore rupees.

## PART II

### 30 RATES FOR DEDUCTION OF TAX AT SOURCE IN CERTAIN CASES

In every case in which under the provisions of sections 193, 194, 194A, 194B, 194BB, 194D and 195 of the Income-tax Act, tax is to be deducted at the rates in force, deduction shall be made from the income subject to the deduction at the following rates:—

|    |   | <i>Rate of income-tax</i> |
|----|---|---------------------------|
| 35 | 1. In the case of a person other than a company—  |                           |
|    | (a) where the person is resident in India—  |                           |
|    | (i) on income by way of interest other than "Interest on securities"  | 10 per cent.;             |
|    | (ii) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort   | 30 per cent.;             |
| 40 | (iii) on income by way of winnings from horse races   | 30 per cent.;             |
|    | (iv) on income by way of insurance commission   | 10 per cent.;             |
|    | (v) on income by way of interest payable on—  | 10 per cent.;             |
| 45 | (A) any debentures or securities for money issued by or on behalf of any local authority or a corporation established by a Central, State or Provincial Act;  |                           |
|    | (B) any debentures issued by a company where such debentures are listed on a recognised stock exchange in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and any rules made thereunder; |                           |

|   |               |    |
|---|---------------|----|
| (C) any security of the Central or State Government;  |               |    |
| (vi) on any other income  | 10 per cent.; |    |
| (b) where the person is not resident in India—  |               |    |
| (i) in the case of a non-resident Indian—   |               | 5  |
| (A) on any investment income  | 20 per cent.; |    |
| (B) on income by way of long-term capital gains referred to in section 115E or sub-clause (iii) of clause (c) of sub-section (1) of section 112   | 10 per cent.; |    |
| (C) on income by way of short-term capital gains referred to in section 111A  | 15 per cent.; |    |
| (D) on other income by way of long-term capital gains [not being long-term capital gains referred to in clauses (33), (36) and (38) of section 10]  | 20 per cent.; | 10 |
| (E) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency (not being income by way of interest referred to in section 194LB or section 194LC)   | 20 per cent.; | 15 |
| (F) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the first proviso to sub-section (1A) of section 115A of the Income-tax Act, to the Indian concern, or in respect of any computer software referred to in the second proviso to sub-section (1A) of section 115A of the Income-tax Act, to a person resident in India | 25 per cent.; | 20 |
| (G) on income by way of royalty [not being royalty of the nature referred to in sub-item (b)(i)(F)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy  | 25 per cent.; | 25 |
| (H) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy  | 25 per cent.; | 30 |
| (I) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy  | 25 per cent.; | 35 |
| (J) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort  | 30 per cent.; |    |
| (K) on income by way of winnings from horse races   | 30 per cent.; |    |
| (L) on the whole of the other income  | 30 per cent.; | 40 |
| (ii) in the case of any other person—   |               |    |
| (A) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency (not being income by way of interest referred to in section 194LB or section 194LC)   | 20 per cent.; | 45 |
| (B) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the first proviso to sub-section (1A) of section 115A of the Income-tax Act, to the Indian concern, or in respect of any computer software referred to in the second proviso to sub-section (1A) of section 115A of the Income-tax Act, to a person resident in India | 25 per cent.; | 50 |

|    | <i>Rate of income-tax</i>  |               |
|----|--|---------------|
| 5  | (C) on income by way of royalty [not being royalty of the nature referred to in sub-item (b)(i)(B)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy   | 25 per cent.; |
| 10 | (D) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy   | 25 per cent.; |
| 15 | (E) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort   | 30 per cent.; |
|    | (F) on income by way of winnings from horse races  | 30 per cent.; |
|    | (G) on income by way of short-term capital gains referred to in section 111A   | 15 per cent.; |
| 20 | (H) on income by way of long-term capital gains referred to in sub-clause (iii) of clause (c) of sub-section (1) of section 112  | 10 per cent.; |
|    | (I) on income by way of other long-term capital gains [not being long-term capital gains referred to in clauses (33), (36) and (38) of section 10]   | 20 per cent.; |
|    | (J) on the whole of the other income   | 30 per cent.  |
| 25 | 2. In the case of a company—   |               |
|    | (a) where the company is a domestic company—   |               |
|    | (i) on income by way of interest other than “Interest on securities”   | 10 per cent.; |
|    | (ii) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort  | 30 per cent.; |
| 30 | (iii) on income by way of winnings from horse races  | 30 per cent.; |
|    | (iv) on any other income   | 10 per cent.; |
|    | (b) where the company is not a domestic company—   |               |
|    | (i) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort   | 30 per cent.; |
| 35 | (ii) on income by way of winnings from horse races   | 30 per cent.; |
|    | (iii) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency (not being income by way of interest referred to in section 194LB or section 194LC)  | 20 per cent.; |
| 40 | (iv) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1976 where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the first proviso to sub-section (1A) of section 115A of the Income-tax Act, to the Indian concern, or in respect of any computer software referred to in the second proviso to sub-section (1A) of section 115A of the Income-tax Act, to a person resident in India | 25 per cent.; |
| 45 |  |               |
| 50 | (v) on income by way of royalty [not being royalty of the nature referred to in sub-item (b)(iv)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy—  |               |

|  | <i>Rate of income-tax</i> |    |
|--|---------------------------|----|
| (A) where the agreement is made after the 31st day of March, 1961 but before the 1st day of April, 1976  | 50 per cent.;             |    |
| (B) where the agreement is made after the 31st day of March, 1976  | 25 per cent.;             |    |
| (vi) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy— |                           | 5  |
| (A) where the agreement is made after the 29th day of February, 1964 but before the 1st day of April, 1976   | 50 per cent.;             |    |
| (B) where the agreement is made after the 31st day of March, 1976  | 25 per cent.;             |    |
| (vii) on income by way of short-term capital gains referred to in section 111A   | 15 per cent.;             |    |
| (viii) on income by way of long-term capital gains referred to in sub-clause (iii) of clause (c) of sub-section (1) of section 112   | 10 per cent.;             | 15 |
| (ix) on income by way of other long-term capital gains [not being long-term capital gains referred to in clauses (33), (36) and (38) of section 10]  | 20 per cent.;             |    |
| (x) on any other income  | 40 per cent.              |    |
| <i>Explanation.</i> — For the purpose of item 1(b)(i) of this Part, “investment income” and “non-resident Indian” shall have the meanings assigned to them in Chapter XII-A of the Income-tax Act.   |                           | 20 |

#### *Surcharge on income-tax*

The amount of income-tax deducted in accordance with the provisions of—

- (i) item 1 of this Part, shall be increased by a surcharge, for the purposes of the Union, in the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act or co-operative society or firm or local authority, being a non-resident, calculated at the rate of ten per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees; 25
- (ii) item 2 of this Part, shall be increased by a surcharge, for purposes of the Union, in the case of every company other than a domestic company, calculated,— 30
- (a) at the rate of two per cent. of such income-tax where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees but does not exceed ten crore rupees; and
- (b) at the rate of five per cent. of such income-tax where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ten crore rupees.

#### PART III

35

#### *RATES FOR CHARGING INCOME-TAX IN CERTAIN CASES, DEDUCTING INCOME-TAX FROM INCOME CHARGEABLE UNDER THE HEAD “SALARIES” AND COMPUTING “ADVANCE TAX”*

In cases in which income-tax has to be charged under sub-section (4) of section 172 of the Income-tax Act or sub-section (2) of section 174 or section 174A or section 175 or sub-section (2) of section 176 of the said Act or deducted from, or paid on, from income chargeable under the head “Salaries” under section 192 of the said Act or in which the “advance tax” payable under Chapter XVII-C of the said Act has to be computed at the rate or rates in force, such income-tax or, as the case may be, “advance tax” [not being “advance tax” in respect of any income chargeable to tax under Chapter XII or Chapter XII-A or income chargeable to tax under section 115JB or section 115JC or Chapter XII-FA or sub-section (1A) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act at the rates as specified in that Chapter or section or surcharge, wherever applicable, on such “advance tax” in respect of any income chargeable to tax under section 115A or section 115AB or section 115AC or section 115ACA or section 115AD or section 115B or section 115BB or section 115BBA or section 115BBC or section 115BBD or section 115BBE or section 115E or section 115JB or section 115JC] shall be charged, deducted or computed at the following rate or rates:— 40

#### Paragraph A

(i) In the case of every individual other than the individual referred to in items (ii) and (iii) of this Paragraph or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies,— 50

*Rates of income-tax*

- |       |   |  |
|-------|---|--|
| (1)   | where the total income does not exceed Rs. 2,50,000                           | <i>Nil</i> ;   |
| (2)   | where the total income exceeds Rs. 2,50,000 but does not exceed Rs. 5,00,000  | 10 per cent. of the amount by which the total income exceeds Rs. 2,50,000;                           |
| 5 (3) | where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000 | Rs. 25,000 <i>plus</i> 20 per cent. of the amount by which the total income exceeds Rs. 5,00,000;    |
| (4)   | where the total income exceeds Rs. 10,00,000                                  | Rs. 1,25,000 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 10,00,000. |

(II) In the case of every individual, being a resident in India, who is of the age of sixty years or more but less than eighty years at any time during the previous year,—

*Rates of income-tax*

- |        |   |  |
|--------|---|--|
| (1)    | where the total income does not exceed Rs. 3,00,000                           | <i>Nil</i> ;   |
| (2)    | where the total income exceeds Rs. 3,00,000 but does not exceed Rs. 5,00,000  | 10 per cent. of the amount by which the total income exceeds Rs. 3,00,000;                           |
| 15 (3) | where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000 | Rs. 20,000 <i>plus</i> 20 per cent. of the amount by which the total income exceeds Rs. 5,00,000;    |
| (4)    | where the total income exceeds Rs. 10,00,000                                  | Rs. 1,20,000 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 10,00,000. |

(III) In the case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the previous year,—

*Rates of income-tax*

- |        |   |  |
|--------|---|--|
| (1)    | where the total income does not exceed Rs. 5,00,000                           | <i>Nil</i> ;   |
| (2)    | where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000 | 20 per cent. of the amount by which the total income exceeds Rs. 5,00,000;                           |
| 25 (3) | where the total income exceeds Rs. 10,00,000                                  | Rs. 1,00,000 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 10,00,000. |

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or in section 111A or section 112, shall, in the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, having a total income exceeding one crore rupees, be increased by a surcharge for the purposes of the Union calculated at the rate of ten per cent. of such income-tax:

Provided that in the case of persons mentioned above having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

*Paragraph B*

In the case of every co-operative society,—

*Rates of income-tax*

- |        |  |  |
|--------|--|--|
| (1)    | where the total income does not exceed Rs. 10,000                        | 10 per cent. of the total income;  |
| 40 (2) | where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000 | Rs. 1,000 <i>plus</i> 20 per cent. of the amount by which the total income exceeds Rs. 10,000; |
| (3)    | where the total income exceeds Rs. 20,000                                | Rs. 3,000 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 20,000. |

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or in section 111A or section 112, shall, in the case of every co-operative society, having a total income exceeding one crore rupees, be increased by a surcharge for the purposes of the Union calculated at the rate of ten per cent. of such income-tax:



Provided that in the case of every co-operative society mentioned above having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

*Paragraph C*

In the case of every firm,—

5

*Rate of income-tax*

On the whole of the total income 30 per cent.

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or in section 111A or section 112, shall, in the case of every firm, having a total income exceeding one crore rupees, be increased by a surcharge for the purposes of the Union calculated at the rate of ten per cent. of such income-tax: 10

Provided that in the case of firm mentioned above having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

*Paragraph D*

15

In the case of every local authority,—

*Rate of income-tax*

On the whole of the total income 30 per cent.

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or in section 111A or section 112, shall, in the case of every local authority, having a total income exceeding one crore rupees, be increased by a surcharge for the purposes of the Union calculated at the rate of ten per cent. of such income-tax: 20

Provided that in the case of local authority mentioned above having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees. 25

*Paragraph E*

In the case of a company,—

*Rates of income-tax*

I. In the case of a domestic company 30 per cent. of the total income;

II. In the case of a company other than a domestic company— 30

(i) on so much of the total income as consists of,—

(a) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976; or 35

(b) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976,

and where such agreement has, in either case, been approved by the Central Government 50 per cent.; 40

(ii) on the balance, if any, of the total income 40 per cent.

*Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or in section 111A or section 112, shall, be increased by a surcharge for the purposes of the Union calculated,— 45

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

(a) having a total income exceeding one crore rupees but not exceeding ten crore rupees, at the rate of five per cent. of such income-tax; and

(b) having a total income exceeding ten crore rupees, at the rate of ten per cent. of such income-tax;

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

(a) having a total income exceeding one crore rupees but not exceeding ten crore rupees, at the rate of two per cent. of such income-tax; and

5 (b) having a total income exceeding ten crore rupees, at the rate of five per cent. of such income-tax:

Provided that in the case of every company having a total income exceeding one crore rupees but not exceeding ten crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees:

10 Provided further that in the case of every company having a total income exceeding ten crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax and surcharge on a total income of ten crore rupees by more than the amount of income that exceeds ten crore rupees.

#### PART IV

[See section 2(13)(c)]

#### 15 RULES FOR COMPUTATION OF NET AGRICULTURAL INCOME

*Rule 1.*— Agricultural income of the nature referred to in sub-clause (a) of clause (1A) of section 2 of the Income-tax Act shall be computed as if it were income chargeable to income-tax under that Act under the head “Income from other sources” and the provisions of sections 57 to 59 of that Act shall, so far as may be, apply accordingly:

20 Provided that sub-section (2) of section 58 shall apply subject to the modification that the reference to section 40A therein shall be construed as not including a reference to sub-sections (3) and (4) of section 40A.

*Rule 2.*— Agricultural income of the nature referred to in sub-clause (b) or sub-clause (c) of clause (1A) of section 2 of the Income-tax Act [other than income derived from any building required as a dwelling-house by the receiver of the rent or revenue of the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c)] shall be computed as if it were income chargeable to income-tax under that Act under the head “Profits and gains of business or profession” and the provisions of sections 30, 31, 32, 36, 37, 38, 40, 40A [other than sub-sections (3) and (4) thereof], 41, 43, 43A, 43B and 43C of the Income-tax Act shall, so far as may be, apply accordingly.

30 *Rule 3.*— Agricultural income of the nature referred to in sub-clause (c) of clause (1A) of section 2 of the Income-tax Act, being income derived from any building required as a dwelling-house by the receiver of the rent or revenue or the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c) shall be computed as if it were income chargeable to income-tax under that Act under the head “Income from house property” and the provisions of sections 23 to 27 of that Act shall, so far as may be, apply accordingly.

*Rule 4.*—Notwithstanding anything contained in any other provisions of these rules, in a case—

35 (a) where the assessee derives income from sale of tea grown and manufactured by him in India, such income shall be computed in accordance with rule 8 of the Income-tax Rules, 1962, and sixty per cent. of such income shall be regarded as the agricultural income of the assessee;

40 (b) where the assessee derives income from sale of centrifuged latex or cenex or latex based crepes (such as pale latex crepe) or brown crepes (such as estate brown crepe, re-milled crepe, smoked blanket crepe or flat bark crepe) or technically specified block rubbers manufactured or processed by him from rubber plants grown by him in India, such income shall be computed in accordance with rule 7A of the Income-tax Rules, 1962, and sixty-five per cent. of such income shall be regarded as the agricultural income of the assessee;

(c) where the assessee derives income from sale of coffee grown and manufactured by him in India, such income shall be computed in accordance with rule 7B of the Income-tax Rules, 1962, and sixty per cent. or seventy-five per cent., as the case may be, of such income shall be regarded as the agricultural income of the assessee.

45 *Rule 5.*— Where the assessee is a member of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) which in the previous year has either no income chargeable to tax under the Income-tax Act or has total income not exceeding the maximum amount not chargeable to tax in the case of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) but has any agricultural income, then, the agricultural income or loss of the association or body shall be computed in accordance with these rules and the share of the assessee in the agricultural income or loss so computed shall be regarded as the agricultural income or loss of the assessee.

50 *Rule 6.*— Where the result of the computation for the previous year in respect of any source of agricultural income is a loss, such loss shall be set off against the income of the assessee, if any, for that previous year from any other source of agricultural income:

55 Provided that where the assessee is a member of an association of persons or a body of individuals and the share of the assessee in the agricultural income of the association or body, as the case may be, is a loss, such loss shall not be set off against any income of the assessee from any other source of agricultural income.

*Rule 7.*—Any sum payable by the assessee on account of any tax levied by the State Government on the agricultural income shall be deducted in computing the agricultural income.

*Rule 8.*—(1) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 2014, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013, is a loss, then, for the purposes of sub-section (2) of section 2 of this Act,— 5

(i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2006, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013, 10

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2007, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013, 15

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2008, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2009, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013, 20

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2010, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013, 25

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2011, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2012 or the 1st day of April, 2013,

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2012, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2013, 30

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2013, shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 2014. 35

(2) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 2015, or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than the previous year, in such other period, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous year relevant to the assessment years commencing on the 1st day of April, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013 or the 1st day of April, 2014, is a loss, then, for the purposes of sub-section (10) of section 2 of this Act,— 40

(i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2007, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013 or the 1st day of April, 2014, 45

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2008, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013 or the 1st day of April, 2014, 50

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2009, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013 or the 1st day of April, 2014,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2010, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013 or the 1st day of April, 2014, 55

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2011, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2012 or the 1st day of April, 2013 or the 1st day of April, 2014,

5 (vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2012, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2013 or the 1st day of April, 2014,

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2013, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2014,

10 (viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2014, shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 2015.

15 (3) Where any person deriving any agricultural income from any source has been succeeded in such capacity by another person, otherwise than by inheritance, nothing in sub-rule (1) or sub-rule (2) shall entitle any person, other than the person incurring the loss, to have it set off under sub-rule (1) or, as the case may be, sub-rule (2).

20 (4) Notwithstanding anything contained in this rule, no loss which has not been determined by the Assessing Officer under the provisions of these rules or the rules contained in the First Schedule to the Finance Act, 2006 (21 of 2006) or of the First Schedule to the Finance Act, 2007 (22 of 2007) or of the First Schedule to the Finance Act, 2008 (18 of 2008) or of the First Schedule to the Finance (No.2) Act, 2009 (33 of 2009) or of the First Schedule to the Finance Act, 2010 (14 of 2010) or of the First Schedule to the Finance Act, 2011 ( 8 of 2011) or of the First Schedule to the Finance Act, 2012 ( 23 of 2012) or of the First Schedule to the Finance Act, 2013 (17 of 2013) shall be set off under sub-rule (1) or, as the case may be, sub-rule (2).

*Rule 9.*—Where the net result of the computation made in accordance with these rules is a loss, the loss so computed shall be ignored and the net agricultural income shall be deemed to be *nil*.

25 *Rule 10.*—The provisions of the Income-tax Act relating to procedure for assessment (including the provisions of section 288A relating to rounding off of income) shall, with the necessary modifications, apply in relation to the computation of the net agricultural income of the assessee as they apply in relation to the assessment of the total income.

*Rule 11.*—For the purposes of computing the net agricultural income of the assessee, the Assessing Officer shall have the same powers as he has under the Income-tax Act for the purposes of assessment of the total income.

THE SECOND SCHEDULE

(See section 85)

| Notification No.<br>and date  | Amendment  | Period of effect<br>of amendment  |            |     |     |     |     |      |  |   |            |   |     |  |    |
|---|--|---|------------|-----|-----|-----|-----|------|--|---|------------|---|-----|--|----|
| (1)   | (2)  | (3)   |            |     |     |     |     |      |  |   |            |   |     |  |    |
| G.S.R.185(E), dated the 17th March, 2012[12/2012-Customs, dated the 17th March, 2012] | In the said notification, in the Table, for S. No. 141 and the entries relating thereto, the following S. No. and entries shall be substituted and shall be deemed to have been substituted with effect from the date specified in column (3), namely:-  | From 8th February, 2013 to 10th July, 2014 (both days inclusive)  | 5          |     |     |     |     |      |  |   |            |   |     |  |    |
|   | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">(1)</th> <th style="text-align: center;">(2)</th> <th style="text-align: center;">(3)</th> <th style="text-align: center;">(4)</th> <th style="text-align: center;">(5)</th> <th style="text-align: center;">(6)</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;">"141</td> <td style="vertical-align: top;">2711 12 00,<br/>2711 13 00,<br/>2711 19 00</td> <td style="vertical-align: top;">Liquefied propane and butane mixture, liquefied propane, liquefied butane and liquefied petroleum gases (LPG) imported by the Indian Oil Corporation Limited, Hindustan Petroleum Corporation Limited or Bharat Petroleum Corporation Limited for supply to household domestic consumers or to non-domestic exempted category (NDEC) customers.</td> <td style="vertical-align: top;"><i>Nil</i></td> <td style="vertical-align: top;">-</td> <td style="vertical-align: top;">-";</td> </tr> </tbody> </table> | (1)   | (2)        | (3) | (4) | (5) | (6) | "141 | 2711 12 00,<br>2711 13 00,<br>2711 19 00 | Liquefied propane and butane mixture, liquefied propane, liquefied butane and liquefied petroleum gases (LPG) imported by the Indian Oil Corporation Limited, Hindustan Petroleum Corporation Limited or Bharat Petroleum Corporation Limited for supply to household domestic consumers or to non-domestic exempted category (NDEC) customers. | <i>Nil</i> | - | -"; |  | 10 |
| (1)   | (2)  | (3)   | (4)        | (5) | (6) |     |     |      |  |   |            |   |     |  |    |
| "141  | 2711 12 00,<br>2711 13 00,<br>2711 19 00   | Liquefied propane and butane mixture, liquefied propane, liquefied butane and liquefied petroleum gases (LPG) imported by the Indian Oil Corporation Limited, Hindustan Petroleum Corporation Limited or Bharat Petroleum Corporation Limited for supply to household domestic consumers or to non-domestic exempted category (NDEC) customers. | <i>Nil</i> | -   | -"; |     |     |      |  |   |            |   |     |  |    |
|   |  |   | 15         |     |     |     |     |      |  |   |            |   |     |  |    |
|   |  |   | 20         |     |     |     |     |      |  |   |            |   |     |  |    |
|   |  |   | 25         |     |     |     |     |      |  |   |            |   |     |  |    |

## THE THIRD SCHEDULE

(See section 87)

In the First Schedule to the Customs Tariff Act,—

(1) in Chapter 24, the tariff item 2402 20 60 and the entries relating thereto shall be omitted;

5 (2) in Chapter 40, in tariff item 4015 90 20, for the entry in column (3), the entry “kg.” shall be substituted;

(3) in Chapter 41, for the entry in column (3) occurring against all the tariff items of heading 4102, the entry “kg.” shall be substituted;

(4) in Chapter 49, for the entry in column (3) occurring against all the tariff items of headings 4901, 4909 and 4910, the entry “u” shall be substituted;

10 (5) in Chapter 73, for the entry in column (3) occurring against all the tariff items of headings 7308, 7323 and 7324, the entry “u” shall be substituted;

(6) in Chapter 82, for the entry in column (3) occurring against all the tariff items of headings 8205 and 8208, the entry “u” shall be substituted;

15 (7) in Chapter 83, for the entry in column (3) occurring against all the tariff items of heading 8301, the entry “u” shall be substituted;

(8) in Chapter 84,—

(i) for the entry in column (3) occurring against all the tariff items of headings 8405 and 8466, the entry “u” shall be substituted;

20 (ii) in tariff items 8418 61 00, 8418 69 10, 8418 69 20, 8418 69 30, 8418 69 40, 8418 69 50, 8418 69 90, 8421 91 00, 8421 99 00, 8432 80 10, 8432 80 20, 8432 80 90, 8432 90 10, 8432 90 90, 8473 30 10, 8473 30 20, 8473 30 30, 8473 30 40, 8473 30 91, 8473 30 92, 8473 30 99, 8473 40 10, 8473 40 90, 8473 50 00 and 8483 90 00, for the entry in column (3) against each of them, the entry “u” shall be substituted;

(9) in Chapter 85,—

25 (i) for the entry in column (3) occurring against all the tariff items of headings 8503, 8529, 8532, 8533, 8534, 8535 and 8536, the entry “u” shall be substituted;

(ii) for the entries in column (4) occurring against tariff items 8517 62 90 and 8517 69 90, the entry “10%” shall be substituted;

(iii) in tariff items 8517 70 10, 8518 90 00 and 8538 10 10, for the entry in column (3) against each of them, the entry “u” shall be substituted;

30 (iv) for the entry in column (3) occurring against all the tariff items of heading 8544, the entry “m” shall be substituted;

(10) in Chapter 90, in tariff items 9004 90 90, 9005 80 90, 9026 90 00, 9031 10 00, 9031 20 00, 9031 41 00, 9031 49 00 and 9031 90 00, for the entry in column (3) against each of them, the entry “u” shall be substituted;

(11) in Chapter 91, in tariff items 9110 12 00, 9110 19 00, 9110 90 00 and 9113 10 00, for the entry in column (3) against each of them, the entry “u” shall be substituted.

THE FOURTH SCHEDULE  
(See section 101)

| (1)  | (2)  | (3)                         |              |
|--|--|-----------------------------|--------------|
| Provisions of the Pan Masala Packing Machines (Capacity Determination and Collection of Duty) Rules, 2008 to be amended  | Amendment  | Date of effect of amendment | 5            |
| Rule 8 of the Pan Masala Packing Machines (Capacity Determination and Collection of Duty) Rules, 2008, published <i>vide</i> notification number G.S.R.127 (E), dated the 1st July, 2008 [30/2008-Central Excise (N.T.), dated the 1st July, 2008] | In the Pan Masala Packing Machines (Capacity Determination and Collection of Duty) Rules, 2008, in rule 8, for the first proviso, the following proviso shall be substituted with effect from the date specified in column (3), namely:—<br><br>“Provided that where a manufacturer uses an operating machine to produce pouches of different retail sale prices during a month, he shall be liable to pay the duty applicable to the pouch bearing the highest retail sale price for the whole month:”. | 13th April, 2010.           | 10<br><br>15 |

THE FIFTH SCHEDULE

(See section 102)

|   | Notification No.<br>and date  | Amendment   | Period of effect<br>of amendment                                |     |     |   |            |     |          |  |            |   |  |  |  |            |     |  |
|---|---|---|---|-----|-----|---|------------|-----|----------|--|------------|---|--|--|--|------------|-----|--|
|   | (1)   | (2)   | (3)   |     |     |   |            |     |          |  |            |   |  |  |  |            |     |  |
| 5   | G.S.R. 95(E), dated the<br>1st March, 2006<br>[5/2006-Central Excise,<br>dated the 1st March,<br>10 2006] | (1) In the said notification, in the Table, after serial number 2B and the<br>entries relating thereto, the following serial number and entries shall<br>be inserted and shall be deemed to have been inserted with effect from<br>the date and up to the period specified in column (3), namely:—  | 29th June, 2010 to<br>16th March, 2012 (both<br>days inclusive) |     |     |   |            |     |          |  |            |   |  |  |  |            |     |  |
|   |   | <table border="1"> <thead> <tr> <th>(1)</th> <th>(2)</th> <th>(3)</th> <th>(4)</th> <th>(5)</th> </tr> </thead> <tbody> <tr> <td>"2C</td> <td>54 or 55</td> <td>(1) Polyester staple fibre or<br/>polyester filament yarn<br/>manufactured from plastic<br/>scrap or plastic waste<br/>including waste polyethylene<br/>terephthalate bottles</td> <td><i>Nil</i></td> <td>-</td> </tr> <tr> <td></td> <td></td> <td>(2) Tow manufactured and<br/>captively consumed within<br/>the factory of its production for<br/>the manufacture of goods<br/>specified in entry (1)</td> <td><i>Nil</i></td> <td>-";</td> </tr> </tbody> </table> | (1)   | (2) | (3) | (4)   | (5)        | "2C | 54 or 55 | (1) Polyester staple fibre or<br>polyester filament yarn<br>manufactured from plastic<br>scrap or plastic waste<br>including waste polyethylene<br>terephthalate bottles | <i>Nil</i> | - |  |  | (2) Tow manufactured and<br>captively consumed within<br>the factory of its production for<br>the manufacture of goods<br>specified in entry (1) | <i>Nil</i> | -"; |  |
| (1)   | (2)   | (3)   | (4)   | (5) |     |   |            |     |          |  |            |   |  |  |  |            |     |  |
| "2C   | 54 or 55  | (1) Polyester staple fibre or<br>polyester filament yarn<br>manufactured from plastic<br>scrap or plastic waste<br>including waste polyethylene<br>terephthalate bottles  | <i>Nil</i>  | -   |     |   |            |     |          |  |            |   |  |  |  |            |     |  |
|   |   | (2) Tow manufactured and<br>captively consumed within<br>the factory of its production for<br>the manufacture of goods<br>specified in entry (1)  | <i>Nil</i>  | -"; |     |   |            |     |          |  |            |   |  |  |  |            |     |  |
| 15  |   |   |   |     |     |   |            |     |          |  |            |   |  |  |  |            |     |  |
| 20  |   |   |   |     |     |   |            |     |          |  |            |   |  |  |  |            |     |  |
| 25  |   | (2) In the said notification, in the Table, against Chapter 71 of Sl.No. 24,<br>in columns (3), (4) and (5), the following entries shall be inserted and<br>shall be deemed to have been inserted with effect from the date and<br>up to the period specified in column (3), namely:—   | 1st March, 2011 to 16th<br>March, 2012 (both days<br>inclusive) |     |     |   |            |     |          |  |            |   |  |  |  |            |     |  |
|   |   | <table border="1"> <thead> <tr> <th>(3)</th> <th>(4)</th> <th>(5)</th> </tr> </thead> <tbody> <tr> <td>"(I) Articles of —<br/>(a) gold,<br/>(b) silver,<br/>(c) platinum,<br/>(d) palladium,<br/>(e) rhodium,<br/>(f) iridium,<br/>(g) osmium, or<br/>(h) ruthenium,<br/>not bearing a brand name</td> <td><i>Nil</i></td> <td>8";</td> </tr> </tbody> </table>   | (3)   | (4) | (5) | "(I) Articles of —<br>(a) gold,<br>(b) silver,<br>(c) platinum,<br>(d) palladium,<br>(e) rhodium,<br>(f) iridium,<br>(g) osmium, or<br>(h) ruthenium,<br>not bearing a brand name | <i>Nil</i> | 8"; |          |  |            |   |  |  |  |            |     |  |
| (3)   | (4)   | (5)   |   |     |     |   |            |     |          |  |            |   |  |  |  |            |     |  |
| "(I) Articles of —<br>(a) gold,<br>(b) silver,<br>(c) platinum,<br>(d) palladium,<br>(e) rhodium,<br>(f) iridium,<br>(g) osmium, or<br>(h) ruthenium,<br>not bearing a brand name | <i>Nil</i>  | 8";   |   |     |     |   |            |     |          |  |            |   |  |  |  |            |     |  |
| 30  |   |   |   |     |     |   |            |     |          |  |            |   |  |  |  |            |     |  |
| 35  |   |   |   |     |     |   |            |     |          |  |            |   |  |  |  |            |     |  |



THE SIXTH SCHEDULE  
(See section 103)

| Notification No.<br>and date  | Amendment   |  |   |            |     | Period of effect<br>of amendment                                 |    |
|---|---|--|---|------------|-----|--|----|
| (1)   | (2)   |  |   |            |     | (3)  | 5  |
| G.S.R. 163(E), dated the 17th March, 2012<br>[12/2012-Central Excise, dated the 17th March, 2012] | (1) In the said notification, in the Table, for serial number 81 and the entries relating thereto, the following serial number and entries shall be substituted and shall be deemed to have been substituted with effect from the date and up to the period specified in column (3), namely:—   |  |   |            |     | From 8th February, 2013 to 10th July, 2014 (both days inclusive) | 5  |
|   | (1)   | (2)                                      | (3)   | (4)        | (5) |  | 10 |
|   | "81   | 2711 12 00,<br>2711 13 00,<br>2711 19 00 | Liquefied Propane and Butane mixture, Liquefied Propane, Liquefied Butane and Liquefied Petroleum Gases (LPG) for supply to household domestic consumers or to Non-Domestic Exempted Category (NDEC) customers by the Indian Oil Corporation Limited, Hindustan Petroleum Corporation Limited or Bharat Petroleum Corporation Limited | <i>Nil</i> | -"; |  | 15 |
|   |   |  |   |            |     |  | 20 |
|   |   |  |   |            |     |  | 25 |
|   | (2) In the said notification, in the Table, for serial number 172A and the entries relating thereto, the following serial number and entries shall be substituted and shall be deemed to have been substituted with effect from the date and up to the period specified in column (3), namely:— |  |   |            |     | From 17th March, 2012 to 10th July, 2014 (both days inclusive)   |    |
|   | (1)   | (2)                                      | (3)   | (4)        | (5) |  | 30 |
|   | "172A   | 54 or 55                                 | (1) Polyester staple fibre or polyester filament yarn manufactured from plastic scrap or plastic waste including waste polyethylene terephthalate bottles<br>(2) Tow manufactured and captively consumed within the factory of its production for the manufacture of goods specified in entry (1)                                     | <i>Nil</i> | -   |  | 35 |
|   |   |  |   | <i>Nil</i> | -"; |  | 40 |

**THE SEVENTH SCHEDULE**

(See section 104)

In the Third Schedule to the Central Excise Act,–

(i) in S.No. 15, for the entry in column (2), the entry “2101 11 or 2101 12 00” shall be substituted;

5 (ii) after S.No. 30 and the entries relating thereto, the following S. No. and entries shall be inserted, namely:–

| S.No. | Heading, sub-heading or tariff item | Description of goods   |
|-------|-------------------------------------|--|
| (1)   | (2)                                 | (3)  |
| “30A. | 3002 20 or 3002 30 00               | Vaccines (other than those specified under the National Immunisation Program); |

10 (iii) after S.No. 36 and the entries relating thereto, the following S. Nos. and entries shall be inserted, namely:–

| (1)   | (2)        | (3)              |
|-------|------------|------------------|
| “36A. | 3215 90 10 | Fountain pen ink |
| 36B.  | 3215 90 20 | Ball pen ink     |
| 36C.  | 3215 90 40 | Drawing ink”;    |

15 (iv) after S.No. 38 and the entries relating thereto, the following S. No. and entries shall be inserted , namely:–

| (1)   | (2)        | (3)            |
|-------|------------|----------------|
| “38A. | 3306 10 10 | Tooth powder”; |

(v) after S.No. 53 and the entries relating thereto, the following S. Nos. and entries shall be inserted , namely:–

| (1)      | (2)      | (3)   |
|----------|----------|---|
| 20 “53A. | 39 or 40 | Nipples for feeding bottles                                   |
| 53B.     | 4015     | Surgical rubber gloves or medical examination rubber gloves”; |

(vi) after S.No. 62 and the entries relating thereto, the following S. No. and entries shall be inserted, namely:–

| (1)      | (2)                               | (3)  |
|----------|-----------------------------------|--|
| 25 “62A. | 7310 or 7326 or any other Chapter | Mathematical boxes, geometry boxes and colour boxes, pencil sharpeners”; |

(vii) after S.No. 65 and the entries relating thereto, the following S. No. and entries shall be inserted, namely:–

| (1)   | (2)  | (3)         |
|-------|------|-------------|
| “65A. | 8215 | All goods”; |

30 (viii) in S.No.68, for the entry in column (3), the entry “All goods except goods specified in sub-heading 8415 20” shall be substituted;

(ix) for S.No.69 and the entries relating thereto, the following S.No. and entries shall be substituted, namely :–

| (1)     | (2)   | (3)         |
|---------|---|-------------|
| 35 “69. | 8418 21 00, 8418 29 00, 8418 30 90,<br>8418 69 20 | All goods”; |

(x) in S.No.70, for the entry in column (2), the entry "8421 21" shall be substituted;

(xi) after S.No. 70 and the entries relating thereto, the following S. No. and entries shall be inserted, namely:—

| (1)   | (2)                    | (3)  |   |
|-------|------------------------|--|---|
| "70A. | 8421 21 20, 8421 99 00 | Water filters functioning without electricity and replaceable kits thereof"; | 5 |

(xii) in S.No.73, for the entry in column (3), the entry "Typewriters" shall be substituted;

(xiii) in S.No.76, for the entry in column (3), the entry "All goods other than parts falling under tariff item 8506 90 00" shall be substituted;

(xiv) in S.No.76A, for the entry in column (3), the entry "All goods other than parts falling under tariff item 8508 70 00" shall be substituted; 10

(xv) in S.No.77, for the entry in column (3), the entry "All goods other than parts falling under tariff item 8509 90 00" shall be substituted;

(xvi) in S.No.78, for the entry in column (3), the entry "All goods other than parts falling under tariff item 8510 90 00" shall be substituted;

(xvii) in S.No.79, for the entry in column (3), the entry "All goods other than parts falling under tariff item 8513 90 00" shall be substituted; 15

(xviii) in S.No.81, for the entry in column (3), the entry "Telephone sets including telephones with cordless handsets and for cellular networks or for other wireless networks; videophones" shall be substituted;

(xix) after S.No. 81B and the entries relating thereto, the following S. No. and entries shall be inserted , namely:—

| (1)   | (2)  | (3)   |    |
|-------|------|---|----|
| "81C. | 8517 | Wireless data modem cards with PCMCIA or USB or PCI express ports"; | 20 |

(xx) in S.No.84, for the entry in column (3), the entry "All goods except goods specified in tariff items 8523 21 00, 8523 29 60 to 8523 29 90, 8523 41 20 to 8523 41 50, 8523 49 30, 8523 49 50 to 8523 49 90, 8523 52 10, 8523 59, 8523 80 20, 8523 80 30 and 8523 80 60" shall be substituted; 25

(xxi) after S.No. 84 and the entries relating thereto, the following S.No. and entries shall be inserted, namely:—

| (1)   | (2)        | (3)  |    |
|-------|------------|--|----|
| '84A. | 8523 80 20 | Packaged software or canned software.  |    |
|       |            | <i>Explanation.—</i> For the purposes of this Schedule, "Packaged software or canned software" means a software developed to meet the needs of variety of users, and which is intended for sale or capable of being sold off the shelf.; | 30 |

(xxii) for S.No.89 and the entries relating thereto, the following S.No. and entries shall be substituted, namely :—

| (1)  | (2)             | (3)  |    |
|------|-----------------|--|----|
| "89. | 8517 or 8525 60 | Mobile handsets including Cellular Phones and Radio trunking terminals"; | 35 |

(xxiii) in S.No.94, for the entry in column (3), the entry "All goods except lamps for automobiles" shall be substituted.

(xxiv) after S.No. 94 and the entries relating thereto, the following S.No. and entries shall be inserted, namely:—

| (1)   | (2)              | (3)   |    |
|-------|------------------|---|----|
| "94A. | Chapter 84 or 85 | Goods capable of performing two or more functions of items specified at S.Nos. 67 to 94"; | 40 |

(xxv) after S.No. 99 and the entries relating thereto, the following S.No. and entries shall be inserted, namely:—

| (1)   | (2)  | (3)         |    |
|-------|------|-------------|----|
| "99A. | 9619 | All goods". | 45 |

THE EIGHTH SCHEDULE  
(See section 105)

In the First Schedule to the Central Excise Tariff Act, 1985,—

1. in Chapter 24,—

5 (a) for the entries in column (4) occurring against tariff items 2401 10 10, 2401 10 20, 2401 10 30, 2401 10 40, 2401 10 50, 2401 10 60, 2401 10 70, 2401 10 80, 2401 10 90, 2401 20 10, 2401 20 20, 2401 20 30, 2401 20 40, 2401 20 50, 2401 20 60, 2401 20 70, 2401 20 80 and 2401 20 90, the entry “55%” shall be substituted;

(b) in tariff items 2402 10 10 and 2402 10 20, for the entry in column (4), the entry “12 % or Rs. 2250 per thousand, whichever is higher” shall be substituted;

10 (c) in tariff item 2402 20 10, for the entry in column (4), the entry “Rs. 990 per thousand” shall be substituted;

(d) in tariff item 2402 20 20, for the entry in column (4), the entry “Rs. 1995 per thousand” shall be substituted;

(e) in tariff item 2402 20 30, for the entry in column (4), the entry “Rs. 990 per thousand” shall be substituted;

(f) in tariff item 2402 20 40, for the entry in column (4), the entry “Rs. 1490 per thousand” shall be substituted;

(g) in tariff item 2402 20 50, for the entry in column (4), the entry “Rs. 1995 per thousand” shall be substituted;

15 (h) the tariff item 2402 20 60 and the entries relating thereto shall be omitted;

(i) in tariff item 2402 90 10, for the entry in column (4), the entry “Rs. 2250 per thousand” shall be substituted;

(j) in tariff items 2402 90 20 and 2402 90 90, for the entry in column (4), the entry “12% or Rs. 2250 per thousand, whichever is higher” shall be substituted;

20 (k) in the heading 2403, in sub-heading 2403 19, after the tariff item 2403 19 10, for the tariff item occurring as “2403 19”, the tariff item “2403 19 21” shall be substituted;

(l) for the entries in column (4) occurring against tariff items 2403 99 10, 2403 99 30 and 2403 99 90, the entry “70%” shall be substituted.

2. in Chapter 40, in tariff item 4015 90 20, for the entry in column (3), the entry “kg.” shall be substituted;

25 3. in Chapter 41, for the entry in column (3) occurring against all the tariff items of heading 4102, the entry “kg.” shall be substituted;

4. in Chapter 49, for the entry in column (3) occurring against all the tariff items of headings 4901, 4909 and 4910, the entry “u” shall be substituted;

5. in Chapter 73, for the entry in column (3) occurring against all the tariff items of headings 7308, 7323 and 7324, the entry “u” shall be substituted;

30 6. in Chapter 82, for the entry in column (3) occurring against all the tariff items of headings 8205 and 8208, the entry “u” shall be substituted;

7. in Chapter 83, for the entry in column (3) occurring against all the tariff items of heading 8301, the entry “u” shall be substituted;

8. in Chapter 84,—

35 (i) for the entry in column (3) occurring against all the tariff items of headings 8405 and 8466, the entry “u” shall be substituted;

(ii) in tariff items 8418 61 00, 8418 69 10, 8418 69 20, 8418 69 30, 8418 69 40, 8418 69 50, 8418 69 90, 8421 91 00, 8421 99 00, 8432 80 10, 8432 80 20, 8432 80 90, 8432 90 10, 8432 90 90, 8473 30 10, 8473 30 20, 8473 30 30, 8473 30 40, 8473 30 91, 8473 30 92, 8473 30 99, 8473 40 10, 8473 40 90, 8473 50 00 and 8483 90 00, for the entry in column (3) against each of them, the entry “u” shall be substituted;

40 9. in Chapter 85,—

(i) for the entry in column (3) occurring against all the tariff items of heading 8503, 8529, 8532, 8533, 8534, 8535 and 8536, the entry “u” shall be substituted;

45 (ii) in tariff items 8517 70 10, 8518 90 00 and 8538 10 10, for the entry in column (3) against each of them, the entry “u” shall be substituted;

(iii) for the entry in column (3) occurring against all the tariff items of heading 8544, the entry “m” shall be substituted;

10. in Chapter 90, in tariff items 9004 90 90, 9005 80 90, 9026 90 00, 9031 10 00, 9031 20 00, 9031 41 00, 9031 49 00 and 9031 90 00, for the entry in column (3) against each of them, the entry “u” shall be substituted;

50 11. in Chapter 91, in tariff items 9110 12 00, 9110 19 00, 9110 90 00 and 9113 10 00 for the entry in column (3) against each of them, the entry “u” shall be substituted.

THE NINTH SCHEDULE

[See section 110 (b)]

In the Seventh Schedule to the Finance Act, 2005,—

(i) after tariff item 2106 90 20 and the entries relating thereto, the following sub-heading and entries shall be inserted, namely:—

5

| Tariff item | Description of goods   | Unit | Rate of duty |
|-------------|--|------|--------------|
| (1)         | (2)  | (3)  | (4)          |
| "2202 10    | Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured: | l    | 5%";         |

10

(ii) tariff item 2402 20 60 and the entries relating thereto shall be omitted.

## STATEMENT OF OBJECTS AND REASONS

The object of the Bill is to give effect to the financial proposals of the Central Government for the financial year 2014-2015. The notes on clauses explain the various provisions contained in the Bill.

ARUN JAITLEY.

NEW DELHI;  
*The 7th July, 2014.*

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### PRESIDENT'S RECOMMENDATION UNDER ARTICLES 117 AND 274 OF THE CONSTITUTION OF INDIA

[Copy of letter No.F.2(8)-B(D)/2014, dated the 7th July, 2014 from Shri Arun Jaitley, Minister of Finance, to the Secretary-General, Lok Sabha.]

The President, having been informed of the subject matter of the proposed Bill, recommends, under clauses (1) and (3) of article 117, read with clause (1) of article 274, of the Constitution of India, the introduction of the Finance (No.2) Bill, 2014 to the Lok Sabha and also recommends to the Lok Sabha the consideration of the Bill.

2. The Bill will be introduced in the Lok Sabha immediately after the presentation of the Budget on the 10th July, 2014.

Notes on clauses

*Income-tax*

Clause 2, read with the First Schedule to the Bill, specifies the rates at which income-tax is to be levied on income chargeable to tax for the assessment year 2014-15. Further, it lays down the rates at which tax is to be deducted at source during the financial year 2014-15 from income other than "Salaries" subject to such deductions under the Income-tax Act; and the rates at which "advance tax" is to be paid, tax is to be deducted at source from, or paid on, income chargeable under the head "Salaries" and tax is to be calculated and charged in special cases for the financial year 2014-15.

*Rates of income-tax for the assessment year 2014-15*

Part I of the First Schedule to the Bill specifies the rates at which income is liable to tax for the assessment year 2014-15. These rates are the same as those specified in Part III of the First Schedule to the Finance Act, 2013, for the purposes of deduction of tax at source from "Salaries", computation of "advance tax" and charging of income-tax in special cases during the financial year 2013-14.

*Rates for deduction of tax at source during the financial year 2014-15 from income other than "Salaries"*

Part II of the First Schedule to the Bill specifies the rates at which income-tax is to be deducted at source during the financial year 2014-15 from income other than "Salaries". The rates are the same, as those specified in Part II of the First Schedule to the Finance Act, 2013 for the purposes of deduction of income-tax at source during the financial year 2013-14.

The amount of tax so deducted shall be increased by a surcharge in the case of—

(i) every non-resident (other than a company) at the rate of ten per cent. where the income or the aggregate of income paid or likely to be paid and subject to deduction exceeds one crore rupees;

(ii) every company other than a domestic company at the rate of two per cent. where the income or the aggregate of income paid or likely to be paid and subject to deduction exceeds one crore rupees but does not exceed ten crore rupees;

(iii) every company other than a domestic company at the rate of five per cent. where the income or the aggregate of income paid or likely to be paid and subject to deduction exceeds ten crore rupees.

*Rates for deduction of tax at source from "Salaries", computation of "advance tax" and charging of income-tax in special cases during the financial year 2014-15*

Part III of the First Schedule to the Bill specifies the rates at which income-tax is to be deducted at source from, or paid on, income under the head "Salaries" and also the rates at which "advance tax" is to be paid and income-tax is to be calculated or charged in special cases for the financial year 2014-15.

Paragraph A of this Part specifies the rates of income-tax as under:—

(i) in the case of every individual [other than those specifically mentioned in sub-paras (ii) and (iii)] or Hindu undivided family or every association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of

section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies:—

|                               |               |
|-------------------------------|---------------|
| Up to Rs.2,50,000             | <i>Nil</i>    |
| Rs. 2,50,001 to Rs. 5,00,000  | 10 per cent.  |
| Rs. 5,00,001 to Rs. 10,00,000 | 20 per cent.  |
| Above Rs. 10,00,000           | 30 per cent.; |

(ii) in the case of every individual, being a resident in India, who is of the age of sixty years or more but less than the age of eighty years at any time during the previous year :—

|                               |               |
|-------------------------------|---------------|
| Up to Rs.3,00,000             | <i>Nil</i>    |
| Rs. 3,00,001 to Rs. 5,00,000  | 10 per cent.  |
| Rs. 5,00,001 to Rs. 10,00,000 | 20 per cent.  |
| Above Rs. 10,00,000           | 30 per cent.; |

(iii) in the case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the previous year :—

|                               |              |
|-------------------------------|--------------|
| Up to Rs.5,00,000             | <i>Nil</i>   |
| Rs. 5,00,001 to Rs. 10,00,000 | 20 per cent. |
| Above Rs. 10,00,000           | 30 per cent. |

The surcharge in cases of persons referred to in this paragraph, having income above one crore rupees, shall be levied at the rate of ten per cent. Marginal relief will be provided.

Paragraph B of this Part specifies the rates of income-tax in the case of every co-operative society. In such cases, the rates of tax will continue to be the same as those specified for the assessment year 2014-15. The surcharge in cases of co-operative societies, having income above one crore rupees shall be levied at the rate of ten per cent. Marginal relief will be provided.

Paragraph C of this Part specifies the rate of income-tax in the case of every firm. In such cases, the rate of tax will continue to be the same as that specified for the assessment year 2014-15. The surcharge in cases of firms, having income above one crore rupees shall be levied at the rate of ten per cent. Marginal relief will be provided.

Paragraph D of this Part specifies the rate of income-tax in the case of every local authority. In such cases, the rate of tax will continue to be the same as that specified for the assessment year 2014-15. The surcharge in cases of local authorities, having income above one crore rupees shall be levied at the rate of ten per cent. Marginal relief will be provided.

Paragraph E of this Part specifies the rates of income-tax in the case of companies. In both the cases of domestic companies and companies other than domestic companies, the rate of tax will continue to be the same as that specified for the assessment year 2014-15.

Surcharge in the case of domestic companies having total income above one crore rupees but not above ten crore rupees shall be levied at the rate of five per cent. In the case of domestic companies having total income above ten crore rupees, surcharge shall be levied at the rate of ten per cent. In the case of companies other than domestic companies having total income above one crore rupees but not above ten crore rupees, surcharge shall be levied at the rate of two per cent. In the case of companies other than domestic companies having

total income above ten crore rupees surcharge shall be levied at the rate of five per cent. Marginal relief will be provided.

In all other cases (including sections 115JB, 115-O, 115QA, 115R, 115TA, etc.) the surcharge will be applicable at the rate of ten per cent.

“Education Cess” at the rate of two per cent. and “Secondary and Higher Education Cess” at the rate of one per cent. shall continue to be levied in all cases covered under Part III of the First Schedule. In the cases covered under Part II of the First Schedule, there will be no levy of the Education Cess and Secondary and Higher Education Cess on tax deducted or collected at source in the case of domestic company and any other person who is resident in India. Both the cesses would continue to apply on tax deducted at source in the case of salary payments. These would also continue to be levied in the cases of persons not resident in India and companies other than domestic company.

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

It is proposed to amend the said section so as to insert a new clause (13A) to define “business trust” to mean a trust registered as an Infrastructure Investment Trust or a Real Estate Investment Trust, the units of which are required to be listed on a recognised stock exchange, in accordance with the regulations made under the Securities Exchange Board of India Act, 1992 and notified by the Central Government in this behalf.

This amendment will take effect from 1st October, 2014.

The existing provisions of clause (14) of section 2 defines the term “capital asset”. The term is defined to include property of any kind held by an assessee whether or not connected with his business or profession but does not include any stock-in-trade or personal assets as provided in the definition.

It is further proposed to amend the said clause (14) so as to provide that the term “capital asset” shall include any security held by a Foreign Institutional Investor which has invested in such security in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992.

This amendment will take effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent years.

It is also proposed to amend section 2 so as to substitute the definitions of clause (15A), clause (16) and clause (21) relating to “Chief Commissioner”, “Commissioner” and “Director General” or “Director”. It is further proposed to insert clauses (34A), (34B), (34C) and (34D) so as to define the terms “Principal Chief Commissioner of Income-tax”, “Principal Commissioner of Income-tax”, “Principal Director General of Income-tax” and “Principal Director of Income-tax” to mean a person appointed to be an income-tax authority under section 117 of the Act.

These amendments will take effect retrospectively from 1st June, 2013.

The existing provisions contained in clause (24) of section 2 defines the term “income”. It is proposed to amend the said clause (24) so as to include any sum of money referred to in clause (ix) of sub-section (2) of section 56 in the definition of income.

This amendment will take effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent years.

The existing provisions contained in clause (42A) of section 2 provide that short-term capital asset means a capital asset held by an assessee for not more than thirty-six months immediately preceding the date of its transfer. However, in the case of a share held in a company or any other security listed in a recognised stock exchange in India or a unit of the Unit Trust of India or a unit of a Mutual Fund or a zero coupon bond, the period of holding for qualifying it as short-term capital asset is twelve months.

It is proposed to amend the aforesaid clause so as to provide that in case of a share held in a company which is not listed in a recognised stock exchange, the period of holding for the purpose of its qualification as a short-term capital asset, shall not be more than thirty-six months and for that purpose the words “a share held in a company or any other security listed in a recognised stock exchange in India” shall be substituted with the words “a security (other than a unit) listed in a recognised stock exchange in India”. Further, in the case of a unit corresponding period of holding of twelve months, shall be limited to a unit of an equity oriented fund.

It is further proposed to insert an *Explanation* to define the expression “equity oriented fund”.

This amendment will take effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent years.

It is also proposed to provide in clause (42A) of section 2 that in the case of capital asset being units of a business trust, allotted pursuant to transfer of share or shares as referred to in clause (xvii) of section 47, there shall be included the period for which such share or shares were held by the assessee.

This amendment will take effect from 1st October, 2014.

Clause 4 of the Bill seeks to make consequential amendments in the Income-tax Act in view of the amendments made in section 2 of the said Act relating to definitions of the expressions “Chief Commissioner”, “Commissioner” and “Director General or Director”.

These amendments will take effect retrospectively from 1st June, 2013.

Clause 5 of the Bill seeks to amend section 10 of the Income-tax Act relating to incomes not included in total income.

Under the existing provisions contained in clause (23C) of the aforesaid section, exemption is provided in respect of income of university or other educational institutions, hospital or any other institution mentioned therein, if such university or other educational institution, hospital or any other institution are wholly or substantially financed by the Government.

It is proposed to amend the aforesaid clause so as to insert an *Explanation* to provide that any university or other educational institution, hospital or other institution referred therein, shall be considered as being substantially financed by the Government for any previous year, if the Government grant to such university or other educational institution, hospital or other institution exceeds such percentage of the total receipts including any voluntary contributions as may be prescribed, of such university or other educational institution, hospital or other institution, as the case may be, during the relevant previous year.

It is further proposed to amend the said clause to provide that where the fund or institution referred to in sub-clause (iv) or trust or institution referred to in sub-clause (v) or any university or other educational institution referred to in sub-clause (vi) or any hospital or other medical institution referred to in sub-clause



(via), has been notified by the Central Government or approved by the prescribed authority and the notification or the approval is in force for any previous year, then nothing contained in any other provision of this section [other than clause (1) thereof] shall operate to exclude any income received on behalf of such fund or trust or institution or university or other educational institution or hospital or other medical institution, as the case may be, from the total income of the person in receipt thereof for that previous year.

It is also proposed to provide that income for the purposes of application shall be determined without any deduction or allowance by way of depreciation or otherwise in respect of any asset, acquisition of which has been claimed as an application of income under clause (23C) of section 10 or section 11 in any previous year.

It is proposed to insert a new clause (23FC) in section 10 so as to provide that any income of a business trust by way of interest received or receivable from a special purpose vehicle would not be included in the total income of the trust. It is further proposed to define the term "special purpose vehicle" to mean an Indian company in which the business trust holds controlling interest and any specific percentage of shareholding or interest, as may be required by the regulations under which such trust is granted registration.

It is proposed to insert a new clause (23FD) in section 10 so as to provide that any distributed income, referred to in section 115UA, received by a unit holder from the business trust, not being that proportion of the income which is of the same nature as the income referred to in clause (23FC) of this section, shall not be included in the total income of such unit holder.

It is proposed to amend clause (38) of section 10 so as to provide that the provisions of the said clause shall also be applicable to units of a business trust as it is applicable to units of an equity oriented fund. It is also proposed to provide that the provisions of this clause shall not apply in respect of any income arising from transfer of any units of a business trust which were acquired in consideration of a transfer referred to in clause (xvii) of section 47.

These amendments will take effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent years.

Clause 6 of the Bill seeks to amend section 10AA of the Income-tax Act, relating to special provision in respect of newly established Units in Special Economic Zones.

The existing provisions contained in aforesaid section 10AA, *inter alia*, provide for a deduction in respect of the profits and gains derived from the export of articles or things or from providing services.

It is proposed to amend the said section 10AA by inserting a new sub-section (10) so as to provide that where deduction under section 10AA has been availed by any specified business for any assessment year, no deduction under section 35AD shall be allowed in relation to such specified business for the same or any other assessment year.

This amendment will take effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent years.

Clause 7 of the Bill seeks to amend section 11 of the Income-tax Act relating to income from property held for charitable or religious purposes.

The existing provisions of the aforesaid section contain a primary condition that for grant of exemption in respect of income derived from property held under trust, such income should be applied for the charitable purposes in India, and where such income cannot be so applied during the previous year, it has to be accumulated in the prescribed modes.

It is proposed to insert sub-sections (6) and (7) in the said section so as to provide that—

(i) where any income is required to be applied or accumulated or set apart for application, then, for such purposes the income shall be determined without any deduction or allowance by way of depreciation or otherwise in respect of any asset, acquisition of which has been claimed as an application of income under this section in any previous year, and

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

This amendment will take effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent years.

Clause 8 of the Bill seeks to amend section 12A of the Income-tax Act relating to conditions for applicability of sections 11 and 12.

Under the existing provisions of aforesaid section 12A, conditions to be fulfilled by a trust or an institution before it can claim exemption have been provided under sections 11 and 12 of the Act. It is provided that before any benefit of exemption is claimed, the trust or institution should apply for registration under section 12AA and only after such registration has been granted such trust or institution shall be eligible to claim the benefit of such exemption. In case of trusts or institutions which apply for registration after the 1st day of June, 2007, the registration shall be effective only for the assessment years following the financial year in which application has been made.

It is proposed to amend the said section so as to provide that once a registration under section 12AA is granted to a charitable organisation in a financial year, then, such registration would also entitle the entity for the benefits of sections 11 and 12 in cases for prior years where the assessment proceedings are pending before the Assessing Officer on the date of registration, if the objects and the activities are the same which have been considered by the Commissioner while granting registration.

No action under section 147 shall be taken by the Assessing Officer in case of such trust or institution for any assessment year preceding first assessment year for which the registration applies, merely for the reason that such trust or institution has not obtained registration under section 12AA for the said assessment year.

Further, the above benefits would not be available where the registration to the trust or institution has been refused or cancelled by the Commissioner at any time.

These amendments will take effect from 1st October, 2014.

*Clause 9* of the Bill seeks to amend section 12AA of the Income-tax Act relating to procedure for registration.

Under the existing provisions contained in sub-section (3) of the aforesaid section, where a trust or an institution has been granted registration and subsequently the Commissioner is satisfied that the activities of such trust or institution are not genuine or are not being carried out in accordance with the objects of the trust or institution, as the case may be, then he shall pass an order in writing, cancelling the registration of such trust or institution.

It is proposed to insert a new sub-section (4) in section 12AA so as to provide that where a trust or an institution has been granted registration and subsequently it is noticed that the activities of the trust or the institution are being carried out in a manner that the provisions of sections 11 and 12 do not apply to exclude either whole or any part of the income of such trust or institution due to operation of sub-section (1) of section 13, then the Commissioner or Principal Commissioner may by order in writing cancel the registration of such trust or institution. However, the registration shall not be cancelled under the said sub-section, if the aforesaid trust or institution proves that there was a reasonable cause for the activities to be carried out in the said manner.

This amendment will take effect from 1st October, 2014.

*Clause 10* of the Bill seeks to amend section 24 of the Income-tax Act relating to deductions from income from house property.

The existing provisions contained in section 24 provide that income chargeable under the head "income from house property" shall be computed after making a deduction of a sum equal to thirty per cent. of the annual value and where the property is acquired with borrowed capital, the amount of any interest payable on such capital. The second proviso to clause (b) of the said section, *inter alia*, provides that in case of a self-occupied property where the acquisition or construction of the property is completed within three years from the end of financial year in which the capital is borrowed, the amount of deduction under that clause shall not exceed one lakh fifty thousand rupees.

It is proposed to amend the second proviso to clause (b) of section 24, so as to increase the limit of deduction on account of interest in respect of property referred to in sub-section (2) of section 23 to two lakh rupees.

This amendment will take effect from 1st April, 2015 and, will accordingly apply, in relation to the assessment year 2015-16 and subsequent years.

*Clause 11* of the Bill seeks to amend section 32AC of the Income-tax Act relating to Investment in new plant or machinery.

The existing provisions contained in sub-section (1) of aforesaid section provide that where an assessee, being a company, engaged in the business of manufacture or production of any article or thing, acquires and installs new asset after the 31st day of March, 2013 but before the 1st day of April, 2015 and the aggregate amount of actual cost of such new assets exceeds one hundred crore rupees, then, there shall be allowed a deduction,—

(a) for the assessment year commencing on the 1st April, 2014, of a sum equal to fifteen per cent. of the actual cost of new assets acquired and installed after the 31st March, 2013 but before the 1st April, 2014, if the

aggregate amount of actual cost of such new assets exceeds one hundred crore rupees; and

(b) for the assessment year commencing on the 1st April, 2015, of a sum equal to fifteen per cent. of the actual cost of new assets acquired and installed after the 31st March, 2013 but before the 1st April, 2015, as reduced by the amount of deduction allowed, if any, under clause (a).

It is proposed to insert a new sub-section (1A) in section 32AC so as to provide that where an assessee, being a company, engaged in the business of manufacture or production of any article or thing, acquires and installs new asset and the amount of actual cost of the new assets acquired and installed during any previous year exceeds twenty-five crore rupees, then, there shall be allowed a deduction of a sum equal to fifteen per cent. of the actual cost of such new assets for the assessment year relevant to that previous year.

It is further proposed to insert a proviso so as to provide that no deduction under sub-section (1A) shall be allowed for the assessment year beginning on the 1st day of April, 2015 to the assessee who is eligible to claim deduction under sub-section (1) of the said section for the said assessment year.

It is also proposed to insert a new sub-section (1B) in the said section 32AC so as to provide that no deduction under sub-section (1A) shall be allowed for any assessment year commencing on or after the 1st day of April, 2018.

Sub-section (2) of the aforesaid section provides that if any new asset acquired and installed by the assessee is sold or otherwise transferred, except in connection with the amalgamation or demerger, within a period of five years from the date of its installation, the amount of deduction allowed under sub-section (1) in respect of such new asset shall be deemed to be the income of the assessee chargeable under the head "Profits and gains of business or profession" of the previous year in which such new asset is sold or otherwise transferred, in addition to taxability of gains, arising on account of transfer of such new asset.

It is proposed to amend sub-section (2) of section 32AC to make a reference to sub-section (1A) so as to bring the assessee under the said newly inserted sub-section into the purview of said sub-section (2).

These amendments will take effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent years.

*Clause 12* of the Bill seeks to amend section 35AD of the Income-tax Act relating to deduction in respect of expenditure on specified business.

The existing provisions contained in section 35AD, *inter alia*, provide a deduction in respect of any expenditure of capital nature incurred, other than expenditure incurred on the acquisition of any land or goodwill or financial instrument, wholly and exclusively for the purposes of any specified business carried on by the assessee during the previous year in which such expenditure is incurred. The said section also provides that deduction under the provisions of Chapter VI-A under the heading "C.—Deductions in respect of certain incomes" shall not be available to any specified business which has claimed deduction under the said section.

It is proposed to amend sub-section (3) of the aforesaid section so as to provide that no deduction shall be allowed to the specified business under section 10AA for any assessment

year if such specified business has claimed any deduction under section 35AD.

It is further proposed to insert new clauses (ai) and (aj) in sub-section (5) of the aforesaid section to specify that the date of commencement of operation shall be on or after the 1st April, 2014 where the specified business is in the nature of laying and operating a slurry pipeline for the transportation of iron ore or in the nature of setting up and operating a semi-conductor wafer fabrication manufacturing unit and which is notified by the Board in accordance with such guidelines as may be prescribed.

It is also proposed to insert a new sub-section (7A) in section 35AD so as to provide that any asset in respect of which a deduction is claimed and allowed under this section shall be used only for the specified business, for a period of eight years beginning with the previous year in which such asset is acquired or constructed.

It is also proposed to insert a new sub-section (7B) in the aforesaid section so as to provide that where any asset, in respect of which a deduction is claimed and allowed under this section is used for a purpose other than the specified business during the period specified in sub-section (7A) otherwise than by way of a mode referred to in clause (vii) of section 28, the total amount of deduction so claimed and allowed in one or more previous years, as reduced by the amount of depreciation allowable in accordance with the provisions of section 32 as if no deduction under said section 35AD was allowed, shall be deemed to be the income of the assessee chargeable under the head "Profits and gains of business or profession" of the previous year in which the asset is so used.

It is also proposed to insert a new sub-section (7C) in the aforesaid section so as to provide that nothing contained in sub-section (7B) shall apply to a company which has become a sick industrial company under sub-section (1) of section 17 of the Sick Industrial Companies (Special Provisions) Act, 1985, during the period specified in sub-section (7A).

It is also proposed to amend sub-section (8) of section 35AD so as to include the following businesses as specified business for the purposes of deduction under this section,—

- (i) laying and operating a slurry pipeline for the transportation of iron ore;
- (ii) setting up and operating a semi-conductor wafer fabrication manufacturing unit notified by the Board in accordance with the prescribed guidelines.

These amendments will take effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent assessment years.

*Clause 13* of the Bill seeks to amend section 37 of the Income-tax Act relating to general expenditure.

The existing provisions contained in sub-section (1) of the aforesaid section provide that any expenditure (not being expenditure of the nature described in sections 30 to 36 and not being in the nature of capital expenditure or personal expenses of the assessee), laid out or expended wholly and exclusively for the purposes of the business or profession shall be allowed in computing the income chargeable under the head "Profits and gains of business or profession".

It is proposed to insert a new *Explanation* in sub-section (1) of section 37 so as to clarify that for the purposes of sub-section (1) of the said section, any expenditure incurred by an assessee on the activities relating to corporate social

responsibility referred to in section 135 of the Companies Act, 2013 shall not be deemed to be an expenditure incurred by the assessee for the purposes of the business or profession.

This amendment will take effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent years.

*Clause 14* of the Bill seeks to amend section 40 of the Income-tax Act relating to amounts not deductible.

The provisions of section 40 specify the amounts which shall not be deducted in computing the income chargeable under the head "Profits and gains of business or profession".

The existing provisions contained in sub-clause (i) of clause (a) of aforesaid section provide that payment of any sum by way of interest (not being interest on a loan issued for public subscription before the 1st day of April, 1938), royalty, fees for technical services or other sum chargeable under this Act which are payable outside India or in India to a non-resident, not being a company or a foreign company on which tax is deductible under Chapter XVII-B, shall be disallowed in case of non-deduction of tax or non-payment of tax after deduction during the previous year, or in the subsequent year before the expiry of time prescribed under sub-section (1) of section 200.

It is proposed to amend sub-clause (i) of clause (a) of aforesaid section to provide that disallowance under the said sub-clause will be attracted, if, after deduction of tax during the previous year, the same has not been paid on or before the due date of filing of return of income specified in sub-section (1) of section 139.

The existing proviso to the aforesaid sub-clause provides that where in respect of any such sum, tax has been deducted in any subsequent year or, has been deducted in the previous year but paid in any subsequent year after the expiry of the time prescribed under sub-section (1) of section 200, such sum shall be allowed as a deduction in computing the income of the previous year in which such tax has been paid.

It is proposed to substitute the said proviso so as to provide that where in respect of any such sum, tax has been deducted in any subsequent year, or has been deducted during the previous year but paid after the due date specified in sub-section (1) of section 139, such sum shall be allowed as a deduction in computing the income of the previous year in which such tax has been paid.

The existing provisions contained in sub-clause (ia) of clause (a) of the aforesaid section provide that payment of any sum by way of interest, commission or brokerage, rent, royalty, fees for professional services or fees for technical services payable to a resident on which tax is deductible under Chapter XVII-B, or amounts payable to a contractor or sub-contractor, being resident, for carrying out any work (including supply of labour for carrying out any work) on which tax is deductible under Chapter XVII-B, shall be disallowed in case of non-deduction of tax or after deduction if the same is not paid on or before the due date of filing of return of income specified in sub-section (1) of section 139.

It is further proposed to amend sub-clause (ia) of clause (a) of aforesaid section to provide that disallowance under the said sub-clause shall be restricted to thirty per cent. and the provisions of this section shall be applicable to all expenditure, which is payable to a resident, on which tax is deductible under the sub-heading "B.-Deduction at source" of Chapter XVII.

The existing provisions contained in first proviso of

sub-clause (ia) of clause (a) of aforesaid section provide that where in respect of any such sum, tax has been deducted in any subsequent year, or has been deducted during the previous year but paid after the due date specified in sub-section (1) of section 139, such sum shall be allowed as a deduction in computing the income of the previous year in which such tax has been paid.

It is also proposed to amend first proviso of sub-clause (ia) of clause (a) of aforesaid section to provide that where in respect of any such sum, tax has been deducted in any subsequent year, or has been deducted during the previous year but paid after the due date specified in sub-section (1) of section 139, thirty per cent. of such sum shall be allowed as a deduction in computing the income of the previous year in which such tax has been paid.

These amendments will take effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent years.

Clause 15 of the Bill seeks to amend section 43 of the Income-tax Act relating to definitions of certain terms relevant to income from profits and gains of business or profession.

The existing provisions contained in clause (5) of section 43 define the term speculative transaction. The proviso to the said clause (5) excludes certain category of transactions as speculative transactions. Clause (e) of the said proviso provides that eligible transaction in respect of trading in commodity derivatives carried out in a recognised association shall not be considered to be a speculative transaction.

It is proposed to amend clause (e) of the said proviso so as to provide that eligible transaction in respect of trading in commodity derivatives carried out in a recognised association which is chargeable to commodities transaction tax under Chapter VII of the Finance Act, 2013 shall not be considered to be a speculative transaction.

This amendment will take effect retrospectively from 1st April, 2014 and, will accordingly, apply in relation to the assessment year 2014-15 and subsequent assessment years.

Clause 16 of the Bill seeks to amend section 44AE of the Income-tax Act, relating to special provision for computing profits and gains of business of plying, hiring or leasing goods carriages.

Under the existing provisions contained in sub-section (1) of the aforesaid section, in the case of an assessee, who owns not more than ten goods carriages and who is engaged in the business of plying, hiring or leasing such goods carriages, the income of such business chargeable to tax under the head "Profits and gains of business or profession" is deemed to be the aggregate of the profits and gains from all the goods carriages owned by him in the previous year. Sub-section (2) of the aforesaid section *inter alia* provides that in the case of heavy goods vehicles, the profits and gains from each such goods carriages shall be deemed to be an amount equal to five thousand rupees, and four thousand five hundred rupees in the case of vehicles other than heavy goods vehicles, for every month or part of a month during which the vehicles are owned by the assessee or an amount higher than the aforesaid amount as declared by him in his return of income.

It is proposed to substitute the said sub-section (2) so as to provide that for the purposes of sub-section (1) amount of profit and gains for all types of goods carriages shall be seven thousand five hundred rupees per month or part of a month for each goods carriage or the amount claimed to be actually earned

by the assessee, whichever is higher.

It is further proposed to make consequential amendment in the *Explanation* to said section to omit the reference to heavy goods vehicle.

These amendments will take effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent years.

Clause 17 of the Bill seeks to amend section 45 of the Income-tax Act relating to capital gains.

The existing provisions contained in section 45 provide for charging of any profits or gains arising from transfer of a capital asset. Sub-section (5) provides for taxation of capital gains arising from transfer by way of compulsory acquisition, where the compensation is enhanced or further enhanced by a court, Tribunal or other authority. Clause (b) of the said sub-section provides that where the amount of compensation is enhanced by any court, Tribunal or other authority, it shall be deemed to be income chargeable of the previous year in which amount is received by the assessee.

It is proposed to insert a proviso to said clause (b) of sub-section (5) of the aforesaid section, so as to provide that any amount of compensation received in pursuance of an interim order of a court, Tribunal or other authority shall be deemed to be income chargeable under the head "Capital gains" of the previous year in which the final order of such court, Tribunal or other authority is made.

This amendment will take effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent years.

Clause 18 of the Bill seeks to amend section 47 of the Income-tax Act relating to transactions not regarded as transfer.

The existing provision contained in section 47 provides that certain transactions shall not be considered as transfer for the purpose of charging capital gains.

It is proposed to insert a new clause (viib) in the said section so as to provide that any transfer of a capital asset, being a Government Security carrying a periodic payment of interest, made outside India through an intermediary dealing in settlement of securities, by a non-resident to another non-resident shall not be considered as transfer for the purpose of charging capital gains. It is also proposed to define the term "Government Security".

It is further proposed to amend the said section by inserting a new clause (vii) so as to provide that any transfer of a capital asset, being share of a special purpose vehicle, to a business trust in exchange of units allotted by that trust to the transferor shall not be regarded as transfer for the purposes of section 45. The special purpose vehicle will have the same meaning as provided in *Explanation* to clause (23FC) of section 10.

This amendment will take effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent years.

Clause 19 of the Bill seeks to amend section 48 of the Income-tax Act relating to mode of computation.

The existing provisions contained in section 48 prescribe the mode of computation of income chargeable under the head capital gains. Clause (v) of the *Explanation* to the said section defines the term "Cost Inflation Index" in relation to the previous year, means Index as may be prescribed having regard to seventy-five per cent. of average rise in the Consumer Price Index for

urban non-manual employees for the immediately preceding previous year to such previous year.

It is proposed to amend the said clause so as to provide that "Cost Inflation Index" in relation to the previous year, means Index as may be prescribed having regard to seventy-five per cent. of average rise in the Consumer Price Index (Urban) for the immediately preceding previous year to such previous year.

This amendment will take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent assessment years.

*Clause 20* of the Bill seeks to amend section 49 of the Income-tax Act relating to cost with reference to certain modes of acquisition.

The existing provisions of the aforesaid section provide for the ways of determining cost with reference to certain modes of acquisition.

It is proposed to amend section 49 so as to provide that where the capital asset, being a unit of a business trust, became the property of the assessee in consideration of a transfer referred to in clause (xvii) of section 47, the cost of acquisition of the asset shall be deemed to be the cost of acquisition to him of the share referred to in the said clause.

This amendment will take effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent years.

*Clause 21* of the Bill seeks to amend section 51 of the Income-tax Act relating to advance money received.

The existing provisions contained in section 51 provide that where any capital asset was on any previous occasion the subject of negotiations for its transfer, any advance or other money received and retained by the assessee in respect of such negotiations shall be deducted from the cost for which the asset was acquired or the written down value or the fair market value, as the case may be, in computing the cost of acquisition.

It is proposed to insert a proviso in the said section, so as to provide that where any sum of money received as an advance or otherwise in the course of the negotiations for transfer of a capital asset has been included in the total income of the assessee for any previous year in accordance with the provisions of clause (ix) of sub-section (2) of section 56, then, such sum shall not be deducted from the cost for which the asset was acquired or the written down value or the fair market value, as the case may be, in computing the cost of acquisition.

This amendment will take effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent years.

*Clause 22* of the Bill seeks to amend section 54 of the Income-tax Act relating to profit on sale of property used for residence.

The existing provisions contained in sub-section (1) of section 54 provide that where capital gain arises from the transfer of a long-term capital asset, being a residential house, and the assessee within a period of one year before or two years after the date of transfer purchases, or within a period of three years after the date of transfer constructs, a residential house then the amount of capital gains to the extent invested in the new residential house is exempted.

It is proposed to amend the aforesaid sub-section so as to provide that the exemption is available, if the investment is made in purchase or construction of one residential house situated in India.

This amendment will take effect from 1st April, 2015 and will, accordingly, apply in relation to assessment year 2015-16 and subsequent years.

*Clause 23* of the Bill seeks to amend section 54EC of the Income-tax Act relating to capital gain not to be charged on investment in certain bonds.

The existing provisions contained in sub-section (1) of section 54EC provide that where capital gain arises from the transfer of a long-term capital asset and the assessee has within a period of six months invested the whole or part of capital gains in the long-term specified asset, the proportionate capital gains so invested in the long-term specified asset out of total capital gain shall not be charged to tax. The proviso to the said sub-section provides that the investment made in the long-term specified asset during any financial year shall not exceed fifty lakh rupees.

It is proposed to insert a proviso below first proviso in said sub-section (1) so as to provide that the investment made by an assessee in the long-term specified asset, from capital gains arising from transfer of one or more original assets, during the financial year in which the original asset or assets are transferred and in the subsequent financial year does not exceed fifty lakh rupees.

This amendment will take effect from 1st April, 2015 and will, accordingly, apply in relation to assessment year 2015-16 and subsequent years.

*Clause 24* of the Bill seeks to amend section 54F of the Income-tax Act relating to capital gain on transfer of certain capital assets not to be charged in case of investment in residential house.

The existing provisions contained in sub-section (1) of section 54F provide that where capital gain arises from transfer of a long-term capital asset, not being a residential house, and the assessee within a period of one year before or two years after the date of transfer purchases, or within a period of three years after the date of transfer constructs, a residential house then the portion of capital gains in the ratio of cost of new asset to the net consideration received on transfer is exempted.

It is proposed to amend the aforesaid sub-section so as to provide that the exemption is available if the investment is made in purchase or construction of one residential house situated in India.

This amendment will take effect from 1st April, 2015 and will, accordingly, apply in relation to assessment year 2015-16 and subsequent years.

*Clause 25* of the Bill seeks to amend section 56 of the Income-tax Act relating to income from other sources.

It is proposed to insert a new clause (ix) in sub-section (2) of the aforesaid section so as to provide that where any sum of money, received as an advance or otherwise in the course of the negotiations for transfer of a capital asset, is forfeited and the negotiations do not result in transfer of such capital asset, then, such sum shall be chargeable to income-tax under the head "income from other sources".

This amendment will take effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent years.

*Clause 26* of the Bill seeks to amend section 73 of the Income-tax Act relating to losses in speculation business.

The existing provisions of section 73 provide that losses incurred in respect of a speculation business cannot be set off or carried forward and set off except against the profits of any other speculation business. *Explanation* to section 73 provides that in case of a company deriving its income mainly under the head business (other than a company whose principal business is business of banking or granting of loans and advances), and where any part of its business consists of purchase or sale of shares such business shall be deemed to be speculation business for the purpose of this section.

It is proposed to amend the said *Explanation* to section 73 so as to provide that the provisions of the said *Explanation* shall also not be applicable to a company the principal business of which is the business of trading in shares.

This amendment will take effect from 1st April, 2015 and will, accordingly, apply in relation to assessment year 2015-16 and subsequent years.

*Clause 27* of the Bill seeks to amend section 80C of the Income-tax Act relating to deduction in respect of life insurance premia, deferred annuity, contributions to provident fund, subscription to certain equity shares or debentures, etc.

The existing provisions of sub-section (1) of section 80C provide that in computing the total income of an assessee, being an individual or a Hindu undivided family, there shall be deducted, in accordance with and subject to the provisions of the said section, the whole of the amount paid or deposited in the previous year, being the aggregate of the sums referred to in sub-section (2), as does not exceed one lakh rupees.

It is proposed to amend sub-section (1) so as to raise the limit of deduction from one lakh rupees to one hundred and fifty thousand rupees.

This amendment will take effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent years.

*Clause 28* of the Bill seeks to amend section 80CCD of the Income-tax Act relating to deduction in respect of contribution to pension scheme of Central Government.

The existing provisions contained in sub-section (1) of section 80CCD, *inter alia*, provide that in the case of an individual, employed by the Central Government or any other employer on or after 1st January, 2004, who has in the previous year paid or deposited any amount in his account under a pension scheme notified or as may be notified by the Central Government, a deduction of such amount not exceeding ten per cent. of salary is allowed. This is subject to a limit of one lakh rupees provided under section 80CCE.

It is proposed to amend sub-section (1) of the said section so as to provide that an individual employed by the Central Government on or after 1st January, 2004 or, being an individual employed by any other employer shall be allowed a deduction of the amount deposited by him in his account under a pension scheme notified or as may be notified by the Central Government to the extent it does not exceed ten per cent. of his salary.

It is further proposed to insert new sub-section (1A) so as to provide that the amount of deductions under sub-section (1) shall not exceed one hundred thousand rupees.

These amendments will take effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent years.

*Clause 29* of the Bill seeks to amend section 80CCE of the Income-tax Act relating to limit on deductions under sections 80C, 80CCC and 80CCD.

The existing provisions contained in the aforesaid section provide that the aggregate amount of deduction under section 80C, section 80CCC and section 80CCD shall not exceed one lakh rupees.

It is proposed to amend section 80CCE so as to raise the limit of deduction from one lakh rupees to one hundred and fifty thousand rupees.

This amendment will take effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent years.

*Clause 30* of the Bill seeks to amend section 80-IA of the Income-tax Act relating to deductions in respect of profits and gains from industrial undertakings or enterprises engaged in infrastructure development, etc.

The existing provisions contained in clause (iv) of sub-section (4) of section 80-IA provide that a deduction shall be allowed to an undertaking which,— (a) is set up in any part of India for the generation or generation and distribution of power if it begins to generate power at any time during the period beginning on 1st April, 1993 and ending on 31st March, 2014; (b) starts transmission or distribution by laying a network of new transmission or distribution lines at any time during the period beginning on 1st April, 1999 and ending on 31st March, 2014; (c) undertakes substantial renovation and modernisation of the existing network of transmission or distribution lines at any time during the period beginning on 1st April, 2004 and ending on 31st March, 2014.

It is proposed to amend sub-clauses (a), (b) and (c) of clause (iv) of the said sub-section so as to extend the time limit from 31st March, 2014 to 31st March, 2017.

These amendments will take effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent years.

*Clause 31* of the Bill seeks to amend section 92B of the Income-tax Act relating to meaning of international transaction.

The existing provisions of section 92B provide for the meaning of "international transaction" for the purposes of applicability of transfer pricing regime. Sub-section (1) defines International transaction as a transaction between two or more associated enterprises, either or both of whom are non-residents, in the nature of purchase, sale or lease of tangible or intangible property or provision of services or lending or borrowing of money or any transaction having a bearing on profits, income, losses or assets of such enterprises.

Sub-section (2) of the said section provides for deeming of a transaction between an enterprise and unrelated third party as a transaction between two associated enterprises subject to the condition that there exists a prior agreement in relation to the relevant transaction between the third party and associated enterprise or the terms of the relevant transaction are determined in substance between such third party and the associated enterprise.

It is proposed to amend the said sub-section (2) so as to provide that the relevant transaction shall be deemed to be an international transaction, where the enterprise or the associated enterprise or both of them are non-residents irrespective of whether such other person is a non-resident or not.

This amendment will take effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent years.

*Clause 32* of the Bill seeks to amend section 92CC of the Income-tax Act relating to advance pricing agreement.

The existing provisions of section 92CC empowers the Board to enter into an advance pricing agreement, with the approval of the Central Government, with any person for determining arm's length price or specifying the manner in which arm's length price is to be determined in relation to an international transaction which is to be entered into by such person. The agreement entered into is valid for a period, not exceeding five previous years, as may be mentioned in the agreement. Once the advance pricing agreement is entered into, the arm's length price of the international transaction, which is the subject matter of the same, is determined in accordance with such agreement. Sub-section (9) of the said section empowers the Board to prescribe the scheme specifying therein the manner, form, procedure and any other matter generally in respect of advance pricing agreement.

It is proposed to insert a new sub-section (9A) in section 92CC to provide that an advance pricing agreement may, subject to such conditions, procedure and manner as may be prescribed, provide for determining the arm's length price or specify the manner in which arm's length price shall be determined in relation to an international transaction entered into by the person during any period not exceeding four previous years preceding the first of the previous year for which the agreement applies in case of future transactions. It is further provided that where such agreement provides for determination in respect of past transactions, the arm's length price of such transactions shall be determined in accordance with the agreement.

This amendment will take effect from 1st October, 2014.

*Clause 33* of the Bill seeks to amend section 111A of the Income-tax Act relating to tax on short-term capital gains in certain cases.

The provisions of sub-section (1) of section 111A provide for the levy of tax at concessional rate of fifteen per cent. in certain cases.

It is proposed to amend the said sub-section so as to provide that the concessional rate of tax shall apply to the transfer of a unit of a business trust as they apply in case of a unit of an equity oriented fund. It is further proposed that the provisions of this sub-section shall not apply in respect of any income arising from transfer of units of a business trust which were acquired by the assessee in consideration of a transfer referred to in clause (xvii) of section 47.

This amendment will take effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent years.

*Clause 34* of the Bill seeks to amend section 112 of the Income-tax Act relating to tax on long-term capital gains.

The existing provisions contained in section 112 provide for tax payable in the case of income arising from the transfer of a long-term capital asset. The proviso to sub-section (1) provides that where the tax payable in respect of any income arising from transfer of a long-term capital asset, being listed securities or unit or zero coupon bond exceeds ten per cent. of the amount of capital gains without indexation adjustment, such excess shall be ignored.

It is proposed to amend the aforesaid proviso so as to provide that where the tax payable in respect of any income arising from

transfer of a long-term capital asset being listed securities (other than a unit) or zero coupon bond exceeds ten per cent. of the amount of capital gains without indexation adjustment, such excess shall be ignored.

This amendment will take effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent years.

*Clause 35* of the Bill seeks to amend section 115A of the Income-tax Act, relating to tax on dividends, royalty and technical service fees in the case of foreign companies.

The existing provisions of sub-section (1) of section 115A provide the rates at which income-tax shall be payable, where a total income of non-resident (not being a company) or a foreign company, includes any income by way of dividends (other than dividends referred to in section 115-O); or interest received from Government or an Indian concern or monies borrowed or debt incurred by the Government or the Indian concern in foreign currency; or interest received from an infrastructure debt fund referred to in clause (47) of section 10; or income received in respect of units, purchased in foreign currency, of a Mutual Fund specified under clause (23D) of section 10 or the Unit Trust of India.

It is proposed to amend clause (a) of sub-section (1) of section 115A to insert a new sub-clause (iiac) so as to provide that where the total income of a non-resident (not being a company) or a foreign company includes distributed income being interest referred to in sub-section (2) of section 194LBA such income shall be taxable at the rate of five per cent.

It is further proposed to make consequential amendments in item (BA) and item (D) of clause (a) of sub-section (1) of section 115A.

These amendments will take effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent years.

*Clause 36* of the Bill seeks to amend section 115BBC of the Income-tax Act relating to anonymous donations to be taxed in certain cases.

The existing provisions of section 115BBC of the Income-tax Act provide for computation of income-tax payable by an assessee, being a person in receipt of income on behalf of any university or other educational institution referred to in sub-clause (iiia) or sub-clause (vi) or any hospital; or other institution referred to in sub-clause (iiiae) or sub-clause (via) or any fund or institution referred to in sub-clause (v) of clause (23C) of section 10 or any trust or institution referred to in section 11, where such income includes any income by way of anonymous donation.

It is proposed to amend clause (ii) of the said section to provide that the income-tax payable shall be the aggregate of-

(i) the amount of income-tax calculated at the rate of thirty per cent. on the aggregate of anonymous donations received in excess of the higher of the following, namely:-

(A) five per cent. of the total donations received by the assessee; or

(B) one lakh rupees; and

(ii) the amount of income-tax with which the assessee would have been chargeable had his total income been reduced by the aggregate of the anonymous donations received in excess of the amount referred to in sub-clause (A) or sub-clause (B) of clause (i), as the case may be.

This amendment will take effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent years.

*Clause 37* of the Bill seeks to amend section 115BBD of the Income-tax Act relating to tax on certain dividends received from foreign companies.

The existing provisions of the aforesaid section provide that where the total income of an assessee, being an Indian company, for the previous year relevant to the assessment year beginning on the 1st day of April, 2012 or beginning on the 1st day of April, 2013 or beginning on the 1st day of April, 2014, includes any income by way of dividends declared, distributed or paid by a specified foreign company, the income-tax payable shall be the aggregate of the amount of income-tax calculated on the income by way of such dividends at the rate of fifteen per cent. and the amount of income-tax with which the assessee would have been chargeable had its total income been reduced by the amount of aforesaid income by way of dividends. It is further provided that no deductions in respect of any expenditure or allowance shall be allowed for computing its income by way of dividend.

It is proposed to amend section 115BBD to provide that the provisions of taxation of foreign dividends shall continue to apply to foreign dividends received during the financial year 2014-15 and subsequent years.

This amendment will take effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent years.

*Clause 38* of the Bill seeks to amend section 115JC of the Income-tax Act relating to the provisions for payment of tax by certain persons other than a company.

The existing provisions of section 115JC provide that the total income shall be increased by deductions claimed under Part C of Chapter VI-A and deductions claimed under section 10AA to arrive at adjusted total income.

It is proposed to insert a new clause (iii) in sub-section (2) so that the total income shall be increased by the deduction claimed under section 35AD as reduced by the amount of depreciation allowable in accordance with the provisions of section 32 to arrive at adjusted total income.

These amendments will take effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent years.

*Clause 39* of the Bill seeks to amend section 115JEE of the Income-tax Act relating to application of the Chapter XII-BA to certain persons.

The existing provisions of sub-section (1) of section 115JEE provide that the Chapter shall be applicable to any person who has claimed a deduction under Part C of Chapter VI-A or claimed a deduction under section 10AA. Further the present provisions of sub-section (2) of section 115JEE provide that the Chapter shall not be applicable to an individual or an Hindu undivided family or an association of persons or a body of individuals, whether incorporated or not, or an artificial juridical person, if the adjusted total income does not exceed twenty lakh rupees.

It is proposed to insert a new clause (c) in sub-section (1) so as to apply the Chapter to a person who has claimed deduction under section 35AD.

It is further proposed to insert a new sub-section (3) in section 115JEE so as to provide that notwithstanding anything contained

in sub-section (1) or sub-section (2), the credit for tax paid under section 115JC shall be allowed in accordance with the provisions of section 115JD.

These amendments will take effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent years.

*Clause 40* of the Bill seeks to amend section 115-O of the Income-tax Act relating to tax on distributed profits of domestic companies.

Sub-section (1) of the said section provides that any amount declared, distributed or paid by a domestic company by way of dividends shall be charged to additional income-tax at the rate of fifteen per cent.

It is proposed to amend the aforesaid section so as to provide that for the purposes of determining the tax on distributed profits payable in accordance with the said section, any amount by way of dividends referred to in sub-section (1) as reduced by the amount referred to in sub-section (1A) of the said section [referred to as net distributed profits], shall be increased to such amount as would, after reduction of the tax on such increased amount at the rate specified in sub-section (1), be equal to the net distributed profits.

This amendment will take effect from 1st October, 2014.

*Clause 41* of the Bill seeks to amend section 115R of the Income-tax Act relating to tax on distributed income to unit holders.

Sub-section (2) of aforesaid section provides that any amount of income distributed by the specified company or a Mutual Fund to its unit holder shall be charged to additional income-tax at the rate of twenty-five per cent., where the income is distributed to any person being an individual or a Hindu undivided family, and at the rate of thirty per cent. on income distributed to any person other than an individual or a Hindu undivided family. It is further provided that an additional tax at the rate of five per cent. shall be levied in case of income distributed by a Mutual Fund under an Infrastructure Debt Fund Scheme to a person who is non-resident.

It is proposed to amend the said section to provide that for the purposes of determining the additional income-tax payable in accordance with said sub-section (2), the amount of distributed income, referred to therein, shall be increased to such amount as would, after reduction of the additional income-tax on such increased amount at the rate specified in sub-section (2), be equal to the amount of income distributed by the Mutual Fund.

This amendment will take effect from 1st October, 2014.

The existing provisions contained in sub-section (3A) of section 115R provide that the person responsible for making payment of the income distributed by the Unit Trust of India or a Mutual Fund and the Unit Trust of India or the Mutual Fund, as the case may be, shall on or before the 15th September in each year, furnish to the prescribed income-tax authority, a statement in the prescribed form and verified in the prescribed manner, giving the details of the amount of income distributed to unit holders during the previous year, the tax paid thereon and such other relevant details as may be prescribed.

It is proposed to omit sub-section (3A) of the aforesaid section 115R.

This amendment will take effect from 1st April, 2015.

*Clause 42* of the Bill seeks to amend section 115TA of the Income-tax Act relating to tax on distributed income to investors.



The existing provisions contained in sub-section (3) of section 115TA provides that the person responsible for making payment of the income distributed by the securitisation trust shall, on or before the 15th September in each year, furnish to the prescribed income-tax authority, a statement in the prescribed form and verified in the prescribed manner, giving the details of the amount of income distributed to investors during the previous year, the tax paid thereon and such other relevant details as may be prescribed.

It is proposed to omit sub-section (3) of the aforesaid section 115TA.

This amendment will take effect from 1st April, 2015.

Clause 43 of the Bill seeks to insert a new Chapter XII-FA in the Income-tax Act which deals with "Special Provisions Relating to Business Trusts".

The said Chapter proposes—

(a) to provide that the distributed income in the hands of the unit holders will be of the same nature and in the same proportion as the income in the hands of the trust;

(b) to provide that the total income of the trust other than capital gain would be taxed in the hands of the trust at the maximum margin rate and capital gain would be taxed in accordance with sections 111A and 112;

(c) to provide that any distributed income or part thereof received by a unit holder from the business trust is of the same nature as the income referred to in clause (23FC) of section 10, then, such distributed income or part thereof shall be deemed to be the income of such unit holder and shall be charged to tax as income of the previous year;

(d) to provide that the person responsible for making payment of income or any part thereof distributed on behalf of a business trust to a unit holder, shall provide a statement to the unit holder and the prescribed authority in such time and in the form and manner as may be prescribed.

This amendment will take effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent years.

Clause 44 of the Bill seeks to amend section 116 of the Income-tax Act relating to income-tax authorities.

Section 116 specifies the income-tax authorities.

It is proposed to include Principal Chief Commissioners of Income-tax, Principal Commissioners of Income-tax, Principal Directors General of Income-tax and Principal Directors of Income-tax as income-tax authorities under the said section 116.

These amendments will take effect retrospectively from 1st June, 2013.

Clause 45 of the Bill seeks to amend section 133A of the Income-tax Act relating to power of survey.

The existing provision contained in section 133A empowers the income-tax authority to enter a premises in which business or profession is carried out for the purposes of survey.

It is proposed to amend section 133A so as to insert sub-section (2A) after sub-section (2) so as to provide that without prejudice to the provisions of sub-section (1), an income-tax authority acting under this sub-section may for the purpose of verifying that tax has been deducted or collected at source in accordance with the provisions under sub-heading B of Chapter

XVII or under sub-heading BB of Chapter XVII, as the case may be, enter, after sunrise and before sunset, any office, or any other place where business or profession is carried on, within the limits of the area assigned to him, or any place in respect of which he is authorised for the purposes of this section by such income-tax authority who is assigned the area within which such place is situated, where books of account or documents are kept and require the deductor or the collector or any other person who may at that time and place be attending in any manner to such work,-

(i) to afford him the necessary facility to inspect such books of account or other documents as he may require and which may be available at such place, and

(ii) to furnish such information as he may require in relation to such matter.

Under the existing provisions of clause (b) of the proviso to clause (ia) of sub-section (3) of the aforesaid section 133A, an income-tax authority acting under the section may retain in his custody any such books of account or other documents only for a period of ten days (exclusive holidays) without obtaining the approval of the Chief Commissioner or Director General therefor, as the case may be.

It is proposed to substitute the aforesaid clause (b) of the proviso to clause (ia) in sub-section (3) of aforesaid section 133A so as to provide that an income-tax authority under the said section shall not retain in his custody any such books of account or other documents for a period exceeding fifteen days (exclusive of holidays) without obtaining the approval of the Principal Chief Commissioner or Chief Commissioner or Principal Director General or Director General or Principal Commissioner or Commissioner or Principal Director or Director therefor, as the case may be.

It is also proposed to insert a new proviso in sub-section (3) so as to provide that no action under clause (ia) or clause (ii) shall be taken by an income-tax authority acting under sub-section (2A).

These amendments will take effect from 1st October, 2014.

Clause 46 of the Bill seeks to insert a new section 133C in the Income-tax Act relating to power to call for information by prescribed income-tax authority.

It is proposed to insert a new section 133C so as to provide that for the purposes of verification of information in its possession relating to any person, prescribed income-tax authority, may, issue a notice to such person requiring him, on or before a date to be specified, to furnish information or documents, verified in the manner specified therein which may be useful for, or relevant to, any enquiry or proceeding under this Act.

This amendment will take effect from 1st October, 2014.

Clause 47 of the Bill seeks to amend section 139 of the Income-tax Act relating to return of income.

The existing provisions contained in sub-section (4C) of section 139, *inter alia*, provide for filing return of income by certain entities whose income is exempt under section 10 of the Act.

It is proposed to amend sub-section (4C) of section 139 so as to provide that Mutual Fund referred to in clause (23D) of section 10 and securitisation trust referred to in clause (23DA) of section 10 and Venture Capital Company or Venture Capital Fund referred to in clause (23FB) of section 10 shall, if the total income in respect of which such fund, trust or company is

assessable, without giving effect to the provisions of section 10, exceeds the maximum amount which is not chargeable to income-tax, furnish a return of such income of the previous year in the prescribed form and verified in the prescribed manner and setting forth such other particulars as may be prescribed and all the provisions of the Act, so far as may be, apply as if it were a return required to be furnished under sub-section (1) of the said section 139.

It is also proposed to insert a new sub-section (4E) in section 139 so as to provide for filing of return of income by business trust which is not required to furnish return of income or loss under any other provision of the section.

These amendments will take effect from 1st April, 2015.

*Clause 48* of the Bill seeks to amend section 140 of the Income-tax Act relating to return by whom to be signed.

Section 140 of the Act relates to return by whom to be signed and verified. It is proposed to amend section 140 of the Act, so as to dispense with the condition of signing the income-tax return and accordingly to omit the statutory requirement of signing such return. With this amendment, only the condition of verifying of the income-tax return will apply.

This amendment will take effect from 1st October, 2014.

*Clause 49* of the Bill seeks to substitute section 142A of the Income-tax Act relating to estimate by Valuation Officer in certain cases.

Under the existing provisions contained in the said section, the Assessing Officer may, for the purpose of making an assessment or reassessment, require the Valuation Officer to make an estimate of the value of any investment, any bullion, jewellery or fair market value of any property. On receipt of the report of the Valuation Officer, the Assessing Officer may after giving the assessee an opportunity of being heard take into account such report for the purposes of assessment or reassessment.

It is proposed to substitute the said section 142A so as to provide that the Assessing Officer may, for the purposes of assessment or reassessment, make a reference to a Valuation Officer to estimate the value, including fair market value, of any asset, property or investment and submit a copy of report to him.

Sub-section (2) seeks to provide that the Assessing Officer may make a reference under sub-section (1) whether or not he is satisfied about the correctness or completeness of the accounts of the assessee.

Sub-section (3) seeks to provide that the Valuation Officer, on a reference made under sub-section (1), shall, for the purpose of estimating the value of the asset, property or investment, have all the powers that he has under section 38A of the Wealth-tax Act.

Sub-section (4) seeks to provide that the Valuation Officer shall, estimate the value of the asset, property or investment after taking into account the evidence produced by the assessee and any other evidence in his possession gathered, after giving an opportunity of being heard to the assessee.

Sub-section (5) seeks to provide that the Valuation Officer may estimate the value of the asset, property or investment to the best of his judgment, if the assessee does not co-operate or comply with his direction.

Sub-section (6) seeks to provide that the Valuation Officer shall send a copy of the report of the estimate made under sub-section (4) or sub-section (5) to the Assessing Officer and the assessee, within a period of six months from the end of the month in which a reference is made under sub-section (1).

Sub-section (7) seeks to provide that the Assessing Officer on receipt of the report from the Valuation Officer may, after giving the assessee an opportunity of being heard, take into account such report in making the assessment or reassessment.

*Explanation* occurring after the proposed sub-section (7) seeks to provide that the "Valuation Officer" shall have the same meaning as in clause (r) of section 2 of the Wealth-tax Act.

This amendment will take effect from 1st October, 2014.

*Clause 50* of the Bill seeks to amend section 145 of the Income-tax Act relating to method of accounting.

The existing provisions contained in sub-section (1) of the said section provide that Income chargeable under the head "Profits and gains of business or profession" or "Income from other sources" shall, subject to the provisions of sub-section (2) of the said section, be computed in accordance with either cash or mercantile system of accounting regularly employed by the assessee. The existing provisions contained in sub-section (2) of the said section provide that the Central Government may notify in the Official Gazette from time to time, the accounting standards to be followed by any class of assesseees or in respect of any class of income. The existing provision of sub-section (3) of the said section provides that where the Assessing Officer is not satisfied about the correctness or completeness of the accounts of the assessee, or where the method of accounting provided in sub-section (1) or accounting standards as notified under sub-section (2), have not been regularly followed by the assessee, the Assessing Officer may make an assessment in the manner provided in section 144.

It is proposed to amend sub-section (2) of section 145 to provide that the Central Government may notify in the Official Gazette from time to time income computation and disclosure standards to be followed by any class of assesseees or in respect of any class of income.

It is also proposed to amend sub-section (3) of the aforesaid section to provide that where the Assessing Officer is not satisfied with the correctness or completeness of the accounts of the assessee, or where the method of accounting provided in sub-section (1), has not been regularly followed by the assessee, or income has not been computed in accordance with the standards notified under sub-section (2), the Assessing Officer may make an assessment in the manner provided in section 144.

These amendments will take effect from 1st April, 2015 and will, accordingly, apply in relation to the assessment year 2015-16 and subsequent years.

*Clause 51* of the Bill seeks to amend section 153 of the Income-tax Act relating to time limit for completion of assessments and reassessments.

The existing provisions contained in *Explanation 1* to section 153 provide that certain periods specified therein are to be excluded while computing the period of limitation for the purposes of the said section.

It is proposed to insert a new clause (iv) in *Explanation 1* so as to provide that the period commencing from the date on which the Assessing Officer makes a reference to Valuation Officer under sub-section (1) of section 142A and ending with the date on which the report of the Valuation Officer is received by the Assessing Officer shall be excluded in computing the period of limitation for the purposes of section 153.

This amendment will take effect from 1st October, 2014.

*Clause 52* of the Bill seeks to amend section 153B of the Income-tax Act relating to time limit for completion of assessment under section 153A.

The existing provisions contained in the *Explanation* to section 153B provide that certain periods specified therein are to be excluded while computing the period of limitation laid down in the said section for completion of assessment under section 153A.

It is proposed to insert a new clause (iia) in the aforesaid *Explanation* so as to provide that the period commencing from the date on which the Assessing Officer makes a reference to Valuation Officer under sub-section (1) of section 142A of the Income-tax Act and ending with the date on which the report of the Valuation Officer is received by the Assessing Officer shall be excluded in computing the period of limitation for the purposes of section 153B.

This amendment will take effect from 1st October, 2014.

Clause 53 of the Bill seeks to amend section 153C of the Income-tax Act relating to assessment of income of any other person.

The existing provisions contained in sub-section (1) of the aforesaid section provide that notwithstanding anything contained in section 139, section 147, section 148, section 149, section 151 and section 153, where the Assessing Officer is satisfied that any money, bullion, jewellery or other valuable article or thing or books of account or documents seized or requisitioned belongs or belong to a person, other than the person referred to in section 153A, then the books of account or documents or assets seized or requisitioned shall be handed over to the Assessing Officer having jurisdiction over such other person and that Assessing Officer shall proceed against each such other person and issue such other person notice and assess or reassess income of such other person in accordance with the provisions of section 153A.

It is proposed to amend the said sub-section so as to provide that notwithstanding anything contained in section 139, section 147, section 148, section 149, section 151 and section 153, where the Assessing Officer is satisfied that any money, bullion, jewellery or other valuable article or thing or books of account or documents seized or requisitioned belongs or belong to a person, other than the person referred to in section 153A, then the books of account or documents or assets seized or requisitioned shall be handed over to the Assessing Officer having jurisdiction over such other person and that Assessing Officer shall proceed against each such other person and issue notice and assess or reassess the income of the other person in accordance with the provisions of section 153A, if, such Assessing Officer is satisfied that the books of account or documents or assets seized or requisitioned have a bearing on the determination of the total income of such other person for the relevant assessment year or years referred to in sub-section (1) of section 153A.

This amendment will take effect from 1st October, 2014.

Clause 54 of the Bill seeks to amend section 194A of the Income-tax Act relating to deduction of tax at source on interest other than "interest on securities".

It is proposed to insert a new clause (xi) in sub-section (3) of section 194A so as to exempt from deduction of tax at source, the interest income payable by special purpose vehicle to a business trust.

This amendment will take effect from 1st October, 2014.

Clause 55 of the Bill seeks to insert a new section 194DA in the Income-tax Act relating to payment in respect of life insurance policy.

It is proposed to insert a new section 194DA so as to provide that any person responsible for paying to a resident any sum under a life insurance policy, including the sum allocated by way of bonus on such policy, other than the amount not includible in the total income under clause (10D) of section 10, shall, at the time of payment thereof, deduct income-tax thereon at the rate of two per cent.

It is further proposed to provide that no deduction shall be made where the amount of such payment or, as the case may be, the aggregate amount of such payments to the payee during the financial year is less than one hundred thousand rupees.

This amendment will take effect from 1st October, 2014.

Clause 56 of the Bill seeks to insert a new section 194LBA in the Income-tax Act which relates to certain income from business trust.

The said new section proposes to provide for deduction of tax at the rate of five per cent. in case of non-resident unit holders and at the rate of ten per cent. in case of resident unit holders of business trust on that portion of distributed income of the trust which is taxable in the hands of unit holder.

This amendment will take effect from 1st October, 2014.

Clause 57 of the Bill seeks to amend section 194LC of the Income-tax Act relating to income by way of interest from Indian company.

Under the existing provisions of the aforesaid section, the beneficial provision of lower rate of withholding tax is available on payment made by an Indian company subject to the conditions provided therein.

It is proposed to amend the said section to provide for the benefit of reduced withholding tax on interest income in case of external commercial borrowings by business trust, subject to the same conditions provided in the section.

The existing provisions contained in sub-section (2) of section 194LC specify the interest eligible for lower withholding tax rate of five per cent. It shall be the interest income payable by the specified company on borrowings made by it in foreign currency from sources outside India by way of long-term infrastructure bonds or under a loan agreement subject to approval by the Central Government. The sub-section further provides that the borrowing should be made at any time on or after the 1st day of July, 2012 but before the 1st day of July, 2015.

It is proposed to amend sub-section (2) of the aforesaid section to provide that the borrowings can be made before 1st July, 2017 instead of currently provided cut-off date of 1st July, 2015. It is further proposed to provide that the benefit of the section would be available to all long-term bonds including long-term infrastructure bonds.

These amendments will take effect from 1st October, 2014.

Clause 58 of the Bill seeks to amend section 200 of the Income-tax Act relating to duty of person deducting tax.

The existing provisions contained in sub-section (3) of the aforesaid section provide that any person deducting any sum on or after 1st April, 2005 in accordance with the foregoing provisions of Chapter XVII or, as the case may be, any person being an employer referred to in sub-section (1A) of section 192 shall, after paying the tax deducted to the credit of the Central Government within the prescribed time, prepare such statements for such period as may be prescribed and deliver or cause to be delivered to the prescribed income-tax authority or the person

authorised by such authority such statement in such form and verified in such manner and setting forth such particulars and within such time as may be prescribed.

It is proposed to insert a proviso to the aforesaid sub-section so as to provide that the person who delivered statement under the aforesaid sub-section may also deliver to the prescribed authority a correction statement for rectification of any mistake or to add, delete or update the information furnished in the statement delivered under this sub-section in such form and verified in such manner as may be specified by the authority.

This amendment will take effect from 1st October, 2014.

*Clause 59* of the Bill seeks to amend section 200A of the Income-tax Act relating to processing of statements of tax deducted at source.

The existing provisions contained in sub-section (1) of the aforesaid section provide that where a statement of tax deduction at source has been made by a person deducting any sum under section 200, such statement shall be processed in the manner provided in the said sub-section.

It is proposed to amend sub-section (1) of the aforesaid section so as to include the correction statement in addition to the statement of tax deduction at source.

This amendment will take effect from 1st October, 2014.

*Clause 60* of the Bill seeks to amend section 201 of the Income-tax Act relating to consequences of failure to deduct or pay.

The existing provisions contained in sub-section (3) of section 201 provide that no order shall be made under sub-section (1) deeming a person to be an assessee in default for failure to deduct the whole or any part of the tax from a person resident in India, at any time after the expiry of two years from the end of the financial year in a case where the statement referred to in section 200 has been filed, and in any other case six years from the end of the financial year in which payment is made or credit is given.

It is proposed to substitute sub-section (3) of section 201 so as to provide that no order shall be made under sub-section (1) of the said section deeming a person to be an assessee in default for failure to deduct the whole or any part of the tax from a person resident in India, at any time after the expiry of seven years from the end of the financial year in which payment is made or credit is given.

This amendment will take effect from 1st October, 2014.

*Clause 61* of the Bill seeks to amend section 206AA of the Income-tax Act relating to requirement to furnish Permanent Account Number.

Under the existing provisions contained in sub-section (7) of the aforesaid section it is provided that section 206AA shall not apply in respect of payment of interest on long-term infrastructure bonds referred to in section 194LC of the Act.

It is proposed to amend sub-section (7) to provide that section 206AA shall not apply in respect of payment of interest on long-term bonds referred to in section 194LC of the Act.

This amendment will take effect from 1st October, 2014.

*Clause 62* of the Bill seeks to amend section 220 of the Income-tax Act relating to when tax payable and when assessee deemed in default.

The existing provision contained in sub-section (1) of the aforesaid section provides that any amount specified as payable

in a notice of demand under section 156 shall be paid within thirty days of the service of notice at the place and to the person mentioned in the notice.

It is proposed to insert a new sub-section in the said section so as to provide that where any notice of demand has been served upon an assessee and any appeal or other proceeding, as the case may be, is filed or initiated in respect of the amount specified in the said notice of demand, then, such demand shall be deemed to be valid till the disposal of the appeal by the last appellate authority or disposal of the proceedings, as the case may be, and any such notice of demand shall have the effect as specified in section 3 of the Taxation Laws (Continuation and Validation of Recovery Proceedings) Act, 1964.

The first proviso to sub-section (2) of the said section provides that where as a result of an order under section 154, or section 155, or section 250, or section 254, or section 260, or section 262, or section 264 or an order of the Settlement Commission under sub-section (4) of section 245D, the amount on which interest was payable under this section had been reduced, the interest shall be reduced accordingly and the excess interest paid, if any, shall be refunded.

It is proposed to insert second proviso in the said section so as to provide that where as a result of an order under sections specified in the first proviso, the amount on which interest was payable under this section had been reduced and subsequently as a result of an order under said sections or section 263, the amount on which interest was payable under this section is increased, the assessee shall be liable to pay interest under sub-section (2) from the day immediately following the end of the period mentioned in the first notice of demand, referred to in sub-section (1) and ending with the day on which the amount is paid.

These amendments will take effect from the 1st October, 2014.

*Clause 63* of the Bill seeks to amend section 269SS of the Income-tax Act relating to mode of taking or accepting certain loans and deposits.

The existing provisions of the aforesaid section provide that no person shall take from any other person any loan or deposit otherwise than by an account payee cheque or account payee bank draft, if the amount of such loan or deposit or aggregate of such loans or deposits is twenty thousand rupees or more.

It is proposed to amend the aforesaid section so as to provide that no person shall take or accept from any other person any loan or deposit otherwise than by an account payee cheque or account payee bank draft or use of electronic clearing system through a bank account if, the amount of such loan or deposit or the aggregate amount of such loans or deposits is twenty thousand rupees or more.

This amendment will take effect from 1st April, 2015 and will, accordingly, apply in relation to assessment year 2015-16 and subsequent years.

*Clause 64* of the Bill seeks to amend section 269T of the Income-tax Act relating to mode of repayment of certain loans and deposits.

The existing provisions of the aforesaid section provide that no loan or deposit shall be repaid otherwise than by an account payee cheque or account payee bank draft, if the amount of such loan or deposit together with interest or the aggregate amount of such loans or deposits together with interest, if any payable thereon, is twenty thousand rupees or more.

It is proposed to amend section 269T so as to provide that no person shall repay any loan or deposit made with it otherwise than by an account payee cheque or account payee bank draft drawn in the name of the person who has made the loan or deposit or by use of electronic clearing system through a bank account if, the amount of the loan or deposit together with interest or the aggregate amount of such loans or deposits together with interest, if any payable thereon, is twenty thousand rupees or more.

This amendment will take effect from 1st April, 2015 and will, accordingly, apply in relation to assessment year 2015-16 and subsequent years.

*Clause 65* of the Bill seeks to amend section 271FA of the Income-tax Act relating to penalty for failure to furnish annual information return.

The existing provisions of section 271FA provides for penalty for failure to furnish an annual information return.

It is proposed to amend the said section so as to provide for penalty for failure to furnish statement of financial transaction or reportable account.

This amendment will take effect from 1st April, 2015.

*Clause 66* of the Bill seeks to insert a new section 271FAA in the Income-tax Act to provide for penalty for furnishing inaccurate statement of financial transaction or reportable account.

It is proposed to insert a new section 271FAA so as to provide that if a person referred to in clause (k) of sub-section (1) of section 285BA, who is required to furnish a statement of financial transaction or reportable account, provides inaccurate information in the statement and where (a) the inaccuracy is due to a failure to comply with the due diligence requirement prescribed under sub-section (7) of section 285BA or is deliberate on the part of that person; or (b) the person knows of the inaccuracy at the time of furnishing the statement of financial transaction or reportable account, but does not inform the prescribed income-tax authority or such other authority or agency; or (c) the person discovers the inaccuracy after the statement of financial transaction or reportable account is furnished and fails to inform and furnish correct information within the time specified under sub-section (6) of section 285BA, then, the prescribed income-tax authority may direct that such person shall pay, by way of penalty, a sum of fifty thousand rupees.

This amendment will take effect from 1st April, 2015.

*Clause 67* of the Bill seeks to amend section 271G of the Income-tax Act relating to levy of penalty for failure to furnish information or document under section 92D of the Act.

Under the existing provisions of section 271G, if any person who has entered into an international transaction or specified domestic transactions fails to furnish any such document or information as required by sub-section (3) of section 92D, then, such person shall be liable to a penalty of a sum equal to two per cent. of the value of international transaction or specified domestic transaction for each failure. The said section provides that the above penalty may be levied by the Assessing Officer or the Commissioner (Appeals).

It is proposed to amend section 271G to include Transfer Pricing Officer as referred to in section 92CA, as an authority competent to levy the penalty under the section 271G in addition to the Assessing Officer and the Commissioner (Appeals).

This amendment will take effect from 1st October, 2014.

*Clause 68* of the Bill seeks to amend section 271H of the Income-tax Act relating to penalty for failure to furnish statements, etc.

The existing provisions contained in sub-section (1) of section 271H provide the circumstances in which the person shall be liable to pay penalty.

It is proposed to amend sub-section (1) of section 271H so as to provide that the penalty levied under section 271H shall be levied by the Assessing Officer.

This amendment will take effect from 1st October, 2014.

*Clause 69* of the Bill seeks to amend section 276D of the Income-tax Act which relates to failure to produce accounts and documents.

The existing provisions of section 276D provide that if a person wilfully fails to produce accounts and documents as required in any notice issued under sub-section (1) of section 142 or wilfully fails to comply with a direction issued to him under sub-section (2A) of section 142, he shall be punishable with rigorous imprisonment for a term which may extend to one year or with fine equal to a sum calculated at a rate which shall not be less than four rupees or more than ten rupees for every day during which the default continues, or with both.

It is proposed to amend section 276D, so as to provide that if a person wilfully fails to produce accounts and documents as required in any notice issued under sub-section (1) of section 142 or wilfully fails to comply with a direction issued to him under sub-section (2A) of section 142, he shall be punishable with rigorous imprisonment for a term which may extend to one year and with fine.

This amendment will take effect from 1st October, 2014.

*Clause 70* of the Bill seeks to amend section 281B of the Income-tax Act relating to provisional attachment to protect revenue in certain cases.

The existing provisions of sub-section (1) of the aforesaid section provide that the Assessing Officer, during the pendency of any proceeding for assessment or reassessment, in order to protect the interests of revenue may, with the previous approval of the Chief Commissioner or Commissioner, attach provisionally any property belonging to the assessee in the manner provided in the Second Schedule. Sub-section (2) of the said section provides that the provisional attachment shall cease to have effect after the expiry of six months provided that the Chief Commissioner or Commissioner may extend the period upto a total period of two years.

It is proposed to amend sub-section (2) of the said section so as to provide that the provisional attachment shall cease to have effect after the expiry of six months provided that the Chief Commissioner or Commissioner may extend the period up to a total period of two years or sixty days after the date of assessment or reassessment, whichever is later.

This amendment will take effect from 1st October, 2014.

*Clause 71* of the Bill seeks to substitute section 285BA of the Income-tax Act relating to obligation to furnish annual information return with a new section.

The existing provisions of section 285BA provide for filing of an annual information return by specified persons in respect of specified financial transactions which is registered or recorded by them and which is relevant and required for the purposes of the Act to the prescribed income-tax authority.

It is proposed to amend the said section so as to provide for furnishing of statement of information by a prescribed reporting financial institution in respect of any specified financial transaction or reportable account to the prescribed income-tax authority. It is further proposed that the statement of information shall be furnished for such period, within such time, in the form and manner as may be prescribed.

It is also proposed to provide that where any person, who has furnished a statement of information under sub-section (1), or in pursuance of a notice issued under sub-section (5), comes to know or discovers any inaccuracy in the information provided in the statement, then, he shall, within a period of ten days, inform the income-tax authority or other authority or agency referred to in sub-section (1) the inaccuracy in such statement and furnish the correct information in the manner as may be prescribed.

It is also proposed that the Central Government may, by rules, specify,—

(a) the persons referred to in sub-section (1) to be registered with the prescribed income-tax authority;

(b) the nature of information and the manner in which such information shall be maintained by the persons referred to in clause (a); and

(c) the due diligence to be carried out by the persons for the purpose of identification of any reportable account referred to in sub-section (1).

This amendment will take effect from 1st April, 2015.

#### *Indirect Taxes*

##### *Customs*

*Clause 72* of the Bill seeks to amend the Customs Act so as to provide that a reference in the Customs Act to a Chief Commissioner of Customs or a Commissioner of Customs may also include a reference to the Principal Chief Commissioner of Customs or the Principal Commissioner of Customs, as the case may be.

*Clause 73* of the Bill seeks to amend section 3 of the Customs Act so as to provide for inclusion of Principal Chief Commissioner of Customs and Principal Commissioner of Customs in the class of officers of customs.

*Clause 74* of the Bill seeks to amend section 15 of the Customs Act to insert the words “or the vehicle” so as to determine the date of presentation of bill of entry for determining the rate of duty and tariff valuation of imported goods arrived by vehicles also along with other means of transportation.

*Clause 75* of the Bill seeks to amend section 25 of the Customs Act so as to insert sub-sections (7) and (8) therein to provide that mineral oils including petroleum and natural gas extracted or produced in the continental shelf of India or the exclusive economic zone of India as referred to in section 6 and section 7, respectively, of the Territorial Waters, Continental Shelf, Exclusive Economic Zone and Other Maritime Zones Act, 1976, which are imported prior to the 7th day of February, 2002 shall be deemed to be and shall be always deemed to have been exempted from duties of customs. It further provides that notwithstanding anything contained in any judgment, decree or order of any court, tribunal or other authority, no suit or other proceedings shall be maintained or continued in any court, tribunal or other authority in respect of such mineral oils. It also provides that notwithstanding such exemption in respect of

mineral oils specified therein, no refund of duties of customs paid in respect of such mineral oils shall be made.

*Clause 76* of the Bill seeks to amend sub-section (3) of section 46 of the Customs Act so as to omit the first proviso and to amend the second proviso with a view to enable advance filing of import declarations at Land Customs Stations to facilitate the advance risk assessment, processing and legitimate trade so as to bring the same at par with the practices at Sea Ports and Airports and also to be in line with global standards.

*Clause 77* of the Bill seeks to amend clause (f) of section 127A of the Customs Act so as to substitute the words “Customs, Central Excise and Service Tax” for the words “Customs and Central Excise” with a view to rename the Commission.

*Clause 78* of the Bill seeks to amend clause (a) of the first proviso to sub-section (1) of section 127B of the Customs Act so as to include certain more documents therein for the purpose of enabling the applicant to make application before the Settlement Commission on the basis of such documents. It further seeks to amend clause (c) thereof to substitute the figures and letters “28AA”, for the word, figures and letters “section 28AB” to align it with the existing provision on interest on delayed payment of duty. It also seeks to omit sub-section (2) as the same has become redundant and leads to different interpretations.

*Clause 79* of the Bill seeks to amend clause (i) of sub-section (1) of section 127L of the Customs Act so as to insert an *Explanation* thereto to clarify that the concealment of particulars of duty liability relates to any such concealment made from the officer of Customs, to avoid confusion as to whether the concealment is from officer of customs or Settlement Commission and making the provision clear.

*Clause 80* of the Bill seeks to substitute the words “rupees fifty thousand” with the words “rupees two lakhs” in the second proviso to sub-section (1) of section 129A of the Customs Act so as to enable the discretionary powers of the Tribunal to refuse admission of appeal in cases up to rupees two lakhs. It also seeks to enable the Board to constitute a committee by issuing an order instead of a notification to be published in the Official Gazette.

*Clause 81* of the Bill seeks to amend section 129B to omit first, second and third proviso of sub-section (2A) of section 129B so as to make consequential changes in view of substitution of a new section for section 129E.

*Clause 82* of the Bill seeks to insert a proviso in sub-section (3) of section 129D of the Customs Act so as to vest with the Board the power to extend the period, if it is satisfied that there is sufficient reason for not making an order within the period stipulated in the said sub-section.

*Clause 83* of the Bill seeks to substitute section 129E of the Customs Act so as to provide for deposit of certain percentage of duty demanded or penalty imposed or both before filing an appeal. It also seeks to provide that the provisions of this section shall not be applicable to stay applications and appeals pending before the Appellate Authorities prior to the enactment of the Bill.

*Clause 84* of the Bill seeks to insert the words “The Commissioner (Appeal)” in sub-section (4) of section 131BA of the Customs Act so as to enable the Commissioner (Appeal) hearing an appeal, application, revision or reference to take into consideration the circumstances under which the appeal, application, revision or reference was not filed by the Commissioner of customs pursuant to the orders or instructions or directions issued under sub-section (1) thereof.

*Clause 85* of the Bill seeks to amend notification issued under sub-section (1) of section 25 of the Customs Act bearing number G.S.R. 185 (E), dated the 17th March, 2012 in the manner specified in the Second Schedule retrospectively with effect from 8th February, 2013 and up to 10th July, 2014 so as to exempt liquefied propane and butane mixture, liquefied propane, liquefied butane and liquefied petroleum gases (LPG) imported by the Indian Oil Corporation Limited, Hindustan Petroleum Corporation Limited or Bharat Petroleum Corporation Limited for supply to household domestic consumers or to non-domestic exempted category (NDEC) customers.

#### *Customs Tariff*

*Clause 86* of the Bill seeks to amend sub-section (2A) of section 8B of the Customs Tariff Act so as to align the provisions with sub-section (2A) of section 9A of the Customs Tariff Act.

*Clause 87* of the Bill seeks to amend the First Schedule to the Customs Tariff Act in the manner specified in the Third Schedule so as to,—

- (a) omit a tariff item;
- (b) revise the rate of customs duty on certain tariff items; and
- (c) amend units specified in column (3) in respect of certain goods.

#### *Excise*

*Clause 88* of the Bill seeks to amend the Central Excise Act so that a reference in that Act to a Chief Commissioner of Central Excise or a Commissioner of Central Excise may also include a reference to the Principal Chief Commissioner of Central Excise or the Principal Commissioner of Central Excise, as the case may be.

*Clause 89* of the Bill seeks to amend clause (b) of section 2 of the Central Excise Act so as to provide for inclusion of Principal Chief Commissioner of Central Excise and Principal Commissioner of Central Excise in the definition of the Central Excise Officer.

*Clause 90* of the Bill seeks to insert a new section 15A in the Central Excise Act so as to empower the Central Government to prescribe an authority or agency to whom the information return shall be filed by the specified persons such as Income-tax authorities, State Electricity Boards, VAT or Sales Tax authorities, Registrar of Companies. Information can be collected for the purposes of the Act, such as, to identify tax evaders or recover confirmed dues. It also seeks to insert new section 15B which provides for imposition of penalty on failure to furnish information return.

*Clause 91* of the Bill seeks to amend clause (g) of section 31 of the Central Excise Act so as to substitute the words "Customs, Central Excise and Service Tax" for the words "Customs and Central Excise" with a view to rename the Commission.

*Clause 92* of the Bill seeks to amend sub-section (1) of section 32 of the Central Excise Act with a view to make consequential changes in view of the amendments in clause (g) of section 31.

*Clause 93* of the Bill seeks to amend sub-section (1) of section 32E of the Central Excise Act by inserting a proviso therein so as to allow the Settlement Commission to entertain an application by the applicant where returns are not filed by him. It further seeks to substitute the word, figures and letters "section 11AA" for the word, figures and letters "section 11AB" to align it with the existing provision on interest on delayed payment of duty. It also seeks to omit sub-section (2) of that section as the

same has become redundant and leads to different interpretations.

*Clause 94* of the Bill seeks to amend clause (i) of sub-section (1) of section 32-O of the Central Excise Act so as to insert an *Explanation* therein to clarify that the concealment of particulars of duty liability relates to any such concealment made from the Central Excise Officer, to avoid confusion as to whether the concealment is from Central Excise Officer or Settlement Commission and making the provision clear.

*Clause 95* of the Bill seeks to amend section 35B of the Central Excise Act so as to—

(i) amend the second proviso to sub-section (1) to substitute the words "rupees fifty thousand" with the words "rupees two lakhs" so as to enable the discretionary powers of the Tribunal to refuse admission of appeal in cases up to rupees two lakhs.

(ii) amend clause (i) of sub-section (1B) so as to enable the Board to constitute Committee by issuing an order instead of a notification to be published in the Official Gazette.

*Clause 96* of the Bill seeks to omit the first, second and third proviso to sub-section (2A) of section 35C of the Central Excise Act so as to make consequential changes in view of substitution of section 35F.

*Clause 97* of the Bill seeks to insert a proviso in sub-section (3) of section 35E of the Central Excise Act so as to vest with the Board the power to extend the period, if it is satisfied that there is sufficient reason for not making an order within the period stipulated in the said sub-section.

*Clause 98* of the Bill seeks to substitute section 35F of the Central Excise Act to provide for deposit of certain percentage of duty demanded or penalty imposed or both before filing an appeal. It also seeks to provide that the provisions of this section shall not be applicable to stay applications and appeals before the Appellate Authorities prior to the enactment of the Bill.

*Clause 99* of the Bill seeks to insert a new sub-section (2) in section 35L of the Central Excise Act so as to clarify that determination of disputes relating to taxability or excisability is covered under the expression "determination of any question having a relation to rate of duty".

*Clause 100* of the Bill seeks to insert the words "The Commissioner (Appeals)" in sub-section (4) of section 35R so as to enable the Commissioner (Appeals) hearing an appeal, application, revision or reference to take into consideration the circumstances under which the appeal, application, revision or reference was not filed by the Commissioner of Customs pursuant to the order, instruction or directions issued under sub-section (1) thereof.

*Clause 101* of the Bill seeks to amend rule 8 of the Pan Masala Packing Machines (Capacity Determination and Collection of Duty) Rules, 2008, published *vide* number G.S.R.127 (E), dated the 1st July, 2008 [No.30/2008-Central Excise (N.T.), dated the 1st July, 2008] in the manner specified in the Fourth Schedule retrospectively with effect from 13th day of April, 2010 so as to substitute the first proviso to the said rule.

*Clause 102* of the Bill seeks to amend notification issued under sub-section (1) of section 5A of the Central Excise Act published *vide* number G.S.R.95 (E), dated the 1st March, 2006 [No.5/2006-Central Excise, dated the 1st March, 2006] in the manner specified in the Fifth Schedule retrospectively—

- (a) with effect from 29th June, 2010 to 16th March, 2012 so as to exempt duty of excise—

(i) on polyester staple fibre/polyester filament yarn manufactured from plastic waste or scrap or plastic waste including waste polyethylene terephthalate bottles;

(ii) on tow manufactured and captively consumed within the factory of its production for the manufacture of goods at (i) above;

(b) with effect from 1st March, 2011 to 16th March, 2012 so as to exempt duty of excise on unbranded articles of precious metals.

*Clause 103* of the Bill seeks to amend notification issued under sub-section (1) of section 5A of the Central Excise Act *vide* number G.S.R. 163 (E), dated the 17th March, 2012 in the manner specified in the Sixth Schedule, retrospectively—

(i) with effect from 8th February, 2013 to 10th July, 2014 so as to exempt duty of excise on liquefied propane and butane mixture, liquefied butane and liquefied petroleum gases (LPG) for supply to non-domestic exempted category (NDEC) customers by the Indian Oil Corporation Limited, Hindustan Petroleum Corporation Limited or Bharat Petroleum Corporation Limited;

(ii) with effect from 17th March, 2012 to 7th May, 2012 so as to exempt duty of excise on polyester staple fibre/polyester filament yarn manufactured from plastic waste or scrap or plastic waste including waste polyethylene terephthalate bottles;

(iii) with effect from 17th March, 2012 to 10th July, 2014 so as to exempt duty of excise on tow manufactured and consumed within the factory of production for the manufacture of goods at (ii) above.

*Clause 104* of the Bill seeks to amend the Third Schedule to the Central Excise Act in the manner specified in the Seventh Schedule so as to insert and amend certain entries therein.

#### *Central Excise Tariff*

*Clause 105* of the Bill seeks to amend the First Schedule to the Central Excise Tariff Act in the manner specified in the Eighth Schedule so as to,—

(a) revise the rate of excise duty on certain tariff items;

(b) omit a tariff item;

(c) incorporate changes in a tariff item; and

(d) amend units specified in column (3) in respect of certain goods.

#### *Service tax*

*Clause 106* of the Bill seeks to amend certain provisions in Chapter V of the Finance Act, 1994, relating to service tax, in the following manner—

Sub-clause (A) seeks to amend clause (32) of section 65B so as to exclude radio taxi from the definition of “metered cab” and also to insert a new clause (39a) therein to provide for the definition of “print media”, with effect from such date as the Central Government may, by notification, appoint.

Sub-clause (B) seeks to amend section 66D so as to,—

(a) substitute clause (g) and specify sale of space for print media in the negative list of services;

(b) omit “radio taxis” from sub-clause (vi) of clause (o) so as to provide for levy of service tax on services by radio taxis, with

effect from such date as the Central Government may, by notification, appoint.

Sub-clause (C) seeks to amend section 67A so as to substitute the *Explanation* defining the “rate of exchange”, with effect from such date as the Central Government may, by notification, appoint.

Sub-clause (D) seeks to amend section 73 with a view to insert sub-section (4B) to specify a time limit for adjudication, as either six months or one year, depending on the nature of case, to be adhered to where it is possible.

Sub-clause (E) seeks to amend sub-section (1) of section 80 so as to omit the reference to the first proviso to sub-section (1) of section 78.

Sub-clause (F) seeks to amend sub-section (1) of section 82 so as to provide that where the Joint Commissioner of Central Excise or Additional Commissioner of Central Excise or such other Central Excise officer as may be notified by the Board has reasons to believe that any documents or books or things, which in his opinion shall be useful for or relevant to any proceedings under this Chapter, are secreted in any place, he may authorise in writing any Central Excise officer to search for and seize or may himself search and seize such documents or books or things.

Sub-clause (G) seeks to amend section 83 so as to include therein a reference to sub-section (2A) of section 5A, section 15A and section 15B of the Central Excise Act.

Sub-clause (H) seeks to amend clause (i) of sub-section (1A) of section 86 of the Finance Act, 1994 so as to enable the Board to constitute a Committee by issuing an order instead of a notification to be published in the Official Gazette. It also seeks to amend said section to omit the words “for grant of stay or” in clause (a) of sub-section (6A) thereof.

Sub-clause (I) seeks to amend section 87 with a view to insert a proviso in clause (c), so as to provide for recovery of dues of a predecessor from the assets of a successor.

Sub-clause (J) seeks to amend sub-section (2) of section 94 relating to power to make rules.

Sub-clause (K) seeks to amend section 95 of the said Act so as to empower the Central Government to issue orders for removal of difficulty in case of certain provisions inserted by the proposed legislation in this Chapter, up to one year from the date of enactment of the Finance (No.2) Bill, 2014.

Sub-clause (L) seeks to insert section 100 to provide for retrospective exemption in case of taxable services provided by the Employees’ State Insurance Corporation, prior to the 1st day of July, 2012.

#### *Miscellaneous*

*Clause 107* of the Bill seeks to amend the Seventh Schedule to the Finance Act, 2001 to omit tariff item 2402 20 60 and the entries relating thereto.

*Clause 108* of the Bill seeks to amend section 13 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002.

The existing provisions contained in sub-section (1) of section 13 of the aforesaid Act provide that notwithstanding anything contained in the Income-tax Act, 1961, or any other enactment for the time being in force relating to tax or income, profits or gains, no income-tax or any other tax shall be payable



by the Administrator up to the 31st day of March, 2014 in respect of any income, profits or gains derived, or any amount received in relation to the specified undertaking.

It is proposed to amend sub-section (1) of the said section so as to extend the income-tax exemption to the said undertaking from the period beginning on the 1st April, 2014 to 31st March, 2019.

This amendment will take effect retrospectively from 1st April, 2014.

*Clause 109* of the Bill seeks to amend Chapter VII of the Finance (No. 2) Act, 2004 which deals with levy of securities transaction tax on transaction of equity shares of a company on the stock exchange.

It is proposed to amend the said Chapter in order to provide levy of securities transaction tax on transactions in units of a

business trust on the same line as are applicable to transactions in equity shares in a company.

This amendment will take effect from 1st October, 2014.

*Clause 110* of the Bill seeks to amend the marginal heading of section 85 of the Finance Act, 2005 and also the Seventh Schedule thereto in the manner specified in the Ninth Schedule so as to impose a surcharge of 5 per cent. on aerated waters and other waters containing added sugar and to omit the tariff item 2402 20 60 relating to filter cigarettes.

*Clause 111* of the Bill seeks to amend section 83 of the Finance Act, 2010 so as to expand the scope of the purposes of levy of the Clean Energy Cess thereunder.

*Clause 112* of the Bill seeks to repeal the Finance Act, 2014.

## MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 5 of the Bill seeks to amend clause (23C) of section 10 of the Income-tax Act relating to incomes which do not form part of total income.

The proposed amendment seeks to insert an *Explanation* in clause (23C) of the said section so as to provide that for the purposes of sub-clauses (*iiiab*) and (*iiiac*) of the said clause, any university or other educational institution, hospital or other institution referred therein shall be considered as being substantially financed by the Government for any previous year, if the Government grant to such university or other educational institution, hospital or other institution exceeds such percentage of the total receipts including any voluntary contributions, as may be prescribed, of such university or other educational institution, hospital or other institution, as the case may be, during the relevant previous year.

Clause 12 of the Bill seeks to amend section 35AD of the Income-tax Act which relates to deduction in respect of expenditure on "specified business".

It is proposed to amend sub-section (5) and sub-section (8) of the said section so as to provide that the provisions of the said section shall apply to the specified business referred to in sub-section (2) of the said section if it commences its operations on or after the 1st day of April, 2014, where the specified business is in the nature of setting up and operating a semi-conductor wafer fabrication manufacturing unit, and which is notified by the Board in accordance with such guidelines as may be prescribed.

Clause 32 of the Bill seeks to insert a new sub-section (9A) in section 92CC of the Income-tax Act which relates to advance pricing agreement.

The proposed new sub-section (9A) of the said section provides that the agreement referred to in sub-section (1), may, subject to such conditions, procedure and manner as may be prescribed, provide for determining the arm's length price or specify the manner in which arm's length price shall be determined in relation to an international transaction entered into by the person during any period not exceeding four previous years preceding the first of the previous year referred to in sub-section (4), and the arm's length price of such international transaction shall be determined in accordance with the said agreement.

Clause 43 of the Bill seeks to insert a new Chapter XII-FA which deals with special provisions relating to business trusts.

Sub-section (4) of section 115UA of the said Chapter relating to tax on income of unit holder and business trust, provides that any person responsible for making payment of the income distributed on behalf of a business trust to a unit holder shall furnish a statement to the unit holder and the prescribed authority, within such time and in such form and manner as may be prescribed, giving details of the nature of the income paid during the previous year and such other details as may be prescribed.

Clause 46 of the Bill seeks to insert a new section 133C in the Income-tax Act relating to power to call for information by prescribed income-tax authority.

The proposed new section provides that the income-tax authority, as may be prescribed, may, for the purposes of verification of information in its possession relating to any person, issue a notice to such person requiring him to furnish information or documents verified in the manner specified therein relevant to any enquiry or proceeding under the Act.

Clause 66 of the Bill seeks to insert a new section 271FAA in the Income-tax Act relating to penalty for furnishing inaccurate statement of financial transaction or reportable account.

The proposed new section provides that if a person who is required to furnish a statement provides inaccurate information in the statement and where the person knows of the inaccuracy but does not inform the income-tax authority as may be prescribed, then the prescribed income-tax authority may direct that such person shall pay, by way of penalty, a sum of fifty thousand rupees.

Clause 71 of the Bill seeks to substitute a new section for section 285BA relating to obligation to furnish statement of financial transaction or reportable account.

Sub-section (1) of the proposed new section provides that any person including a prescribed reporting financial institution who is responsible for registering, or, maintaining books of account or other document containing a record of any specified financial transaction or any reportable account as may be prescribed under any law for the time being in force, shall furnish a statement in respect of such specified financial transaction or such reportable account which is registered or recorded or maintained by him and information relating to which is relevant and required for the purposes of this Act, to the income-tax authority or such other authority or agency as may be prescribed.

Sub-section (2) of the proposed new section provides that the statement referred to in sub-section (1) shall be furnished for such period, within such time and in the form and manner, as may be prescribed.

Sub-section (3) of the proposed new section provides that "specified financial transaction" means any transaction, which may be prescribed. The proviso to said sub-section provides that the value or, as the case may be, the aggregate value of such transactions during a financial year so prescribed shall not be less than fifty thousand rupees.

Sub-section (7) of the proposed new section provides that the Central Government, by rules made under this section, specify (a) the persons to be registered with prescribed income-tax authority, (b) the nature of information and the manner in which such information shall be maintained by the person referred to in

clause (a) of this sub-section, and (c) the due diligence to be carried out by the persons for the purpose of identification of any reportable account referred to in sub-section (1).

Clause 90 of the Bill seeks to insert two new sections 15A and 15B in the Central Excise Act. Section 15A empowers the Central Government to make rules to prescribe the periods for which, the time within which, the form and manner in which, and the authority or agency to which, the information return shall be furnished by the persons specified in sub-section (1).

Clause 106 of the Bill seeks to amend Chapter V of the Finance Act relating to service tax.

Sub-clause (C) of said clause seeks to substitute *Explanation* in section 67A for empowering the Central Government to make rules to provide for determination of rate of exchange.

Sub-clause (J) of said clause seeks to amend section 94

so as to empower the Central Government to make rules in respect of certain matters.

Sub-clause (K) of the said clause seeks to amend section 95 of the said Act so as to empower the Central Government to issue order for removal of any difficulty which may arise in implementing the amendments incorporated by the proposed legislation and that such power shall not be exercised beyond a period of one year from the date of the assent to the Bill.

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

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