(*vii*) Ahmedabad urban agglomeration;

(*viii*) District of Faridabad;

(*ix*) District of Gurgaon;

(*x*) District of Gautam Budh Nagar;

(*xi*) District of Ghaziabad;

(*xii*) District of Gandhinagar; and

(*xiii*) City of Secunderabad;

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

(*12*) Where any undertaking of an Indian company which is entitled to the deduction under this section is transferred, before the expiry of the period specified in this section, to another Indian company in a scheme of amalgamation or demerger—

(*a*) no deduction shall be admissible under this section to the amalgamating or the demerged company for the previous year in which the amalgamation or the demerger takes place; and

(*b*) the provisions of this section shall, as far as may be, apply to the amalgamated or the resulting company as they would have applied to the amalgamating or the demerged company if the amalgamation or demerger had not taken place.

(*13*) The provisions contained in sub-section (*5*) and sub-sections (*7*) to (*12*) of section 80-IA shall, so far as may be, apply to the eligible business under this section.

(*14*) For the purposes of this section,—

[1][(*a*) "built-up area" means the inner measurements of the residential unit at the floor level, including the projections and balconies, as increased by the thickness of the walls but does not include the common areas shared with other residential units;]

[2][(*aa*)]"cold chain facility" means a chain of facilities for storage or transportation of agricultural produce under scientifically controlled conditions including refrigeration and other facilities necessary for the preservation of such produce;

[3][[4][(*ab*)]"convention centre" means a building of a prescribed area comprising of convention halls to be used for the purpose of holding conferences and seminars, being of such size and number and having such other facilities and amenities, as may be prescribed;]

(*b*) "hilly area" means any area located at a height of one thousand metres or more above the sea level;

(*c*) "initial assessment year"—

(*i*) in the case of an industrial undertaking or cold storage plant or ship or hotel, means the assessment year relevant to the previous year in which the industrial undertaking begins to manufacture or produce articles or things, or to operate its cold storage plant or plants or the cold chain facility or the ship is first brought into use or the business of the hotel starts functioning;

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1. Ins. by Act 23 of 2004, s. 18 (w.e.f. 1-4-2005).

2. Clause (*a*) re-lettered as clause (*aa*) thereof by s. 18, *ibid.* (w.e.f. 1-4-2005).

3. Ins. by Act 20 of 2002, s. 34 (w.e.f. 1-4-2003).

4. Clause (*aa*) re-lettered as clause (*ab*) thereof by Act 23 of 2004, s. 18 (w.e.f. 1-4-2005).

(*ii*) in the case of a company carrying on scientific and industrial research and development, means the assessment year relevant to the previous year in which the company is approved by the prescribed authority for the purposes of sub-section (*8*);

(*iii*) in the case of an undertaking engaged in the business of commercial production or refining of mineral oil referred to in sub-section (*9*), means the assessment year relevant to the previous year in which the undertaking commences the commercial production or refining of mineral oil;

[1][(*iv*) in the case of an undertaking engaged [2][in the business of processing, preservation and packaging of fruits or vegetables or] in the integrated business of handling, storage and transportation of foodgrains, means the assessment year relevant to the previous year in which the undertaking begins such business;]

[3][(*v*) in the case of a multiplex theatre, means the assessment year relevant to the previous year in which a cinema hall, being a part of the said multiplex theatre, starts operating on a commercial basis;

(*vi*) in the case of a convention centre, means the assessment year relevant to the previous year in which the convention centre starts operating on a commercial basis;]

[2][(*vii*) in the case of an undertaking engaged in operating and maintaining a hospital in a rural area, means the assessment year relevant to the previous year in which the undertaking begins to provide medical services;]

(*d*) "North-Eastern Region" means the region comprising the States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura;

[3][(*da*) "multiplex theatre" means a building of a prescribed area, comprising of two or more cinema theatres and commercial shops of such size and number and having such other facilities and amenities as may be prescribed;]

(*e*) "place of pilgrimage" means a place where any temple, mosque, gurdwara, church or other place of public worship of renown throughout any State or States is situated;

(*f*) "rural area" means any area other than—

(*i*) an area which is comprised within the jurisdiction of a municipality (whether known as a municipality, municipal corporation, notified area committee, town area committee or by any other name) or a cantonment board and which has a population of not less than ten thousand according to the preceding census of which relevant figures have been published before the first day of the previous year; or

(*ii*) an area within such distance not being more than fifteen kilometres from the local limits of any municipality or cantonment board referred to in sub-clause (*i*), as the Central Government may, having regard to the stage of development of such area including the extent of, and scope for, urbanisation of such area and other relevant considerations specify in this behalf by notification in the Official Gazette;

(*g*) "small-scale industrial undertaking" means an industrial undertaking which is, as on the last day of the previous year, regarded as a small-scale industrial undertaking under section 11B of the Industries (Development and Regulation) Act, 1951 (65 of 1951).

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1. Ins. by Act 14 of 2001, s. 45 (w.e.f. 1-4-2002).
2. Ins. by Act 23 of 2004, s. 18 (w.e.f. 1-4-2005).
3. Ins. by Act 20 of 2002, s. 34 (w.e.f. 1-4-2003).

[1][**80-IBA. Deductions in respect of profits and gains from housing projects.**—(*1*) Where the gross total income of an assessee includes any profits and gains derived from the business of developing and building housing projects, there shall, subject to the provisions of this section, be allowed, a deduction of an amount equal to hundred per cent of the profits and gains derived from such business.

(*2*) For the purposes of sub-section (*1*), a housing project shall be a project which fulfils the following conditions, namely:—

(*a*) the project is approved by the competent authority after the 1st day of June, 2016, but on or before the 31st day of March, [2][2020];

(*b*) the project is completed within a period of [3]**[**five years] from the date of approval by the competent authority:

Provided that,—

(*i*) where the approval in respect of a housing project is obtained more than once, the project shall be deemed to have been approved on the date on which the building plan of such housing project was first approved by the competent authority; and

(*ii*) the project shall be deemed to have been completed when a certificate of completion of project as a whole is obtained in writing from the competent authority;

(*c*) the [4][carpet area] of the shops and other commercial establishments included in the housing project does not exceed three per cent. of the aggregate [4][carpet area];

(*d*) the project is on a plot of land measuring not less than—

(*i*) one thousand square metres, where the project is located within the cities of Chennai, Delhi, Kolkata or Mumbai [5]*******; or

(*ii*) two thousand square metres, where the project is located in any other place;

(*e*) the project is the only housing project on the plot of land as specified in clause (*d*);

(*f*) the [4][carpet area] of the residential unit comprised in the housing project does not exceed—

(*i*) thirty square metres, where the project is located within the cities of Chennai, Delhi, Kolkata or Mumbai [5]***; or

(*ii*) sixty square metres, where the project is located in any other place;

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1. Ins. by Act 28 of 2016, s. 44 (w.e.f. 1-4-2017).

2. Subs. by Act 7 of 2019, s. 7, for "2019" (w.e.f. 1-4-2020).

3. Subs. by Act 7 of 2017, s. 37, for "three years" (w.e.f. 1-4-2018).

4. Subs. by 37, *ibid.*, for "built-up area" (w.e.f. 1-4-2018).

5. The words "or within the distance, measured aerially, of twenty-five kilometres from the municipal limits of these cities" omitted by s. 37, *ibid.*, (w.e.f. 1-4-2018).

(*g*) where a residential unit in the housing project is allotted to an individual, no other residential unit in the housing project shall be allotted to the individual or the spouse or the minor children of such individual;

(*h*) the project utilises—

(*i*) not less than ninety per cent of the floor area ratio permissible in respect of the plot of land under the rules to be made by the Central Government or the State Government or the local authority, as the case may be, where the project is located within the cities of Chennai, Delhi, Kolkata or Mumbai [1]*** , or

(*ii*) not less than eighty per cent of such floor area ratio where such project is located in any place other than the place referred to in sub-clause (*i*); and

(*i*) the assessee maintains separate books of account in respect of the housing project.

(*3*) Nothing contained in this section shall apply to any assessee who executes the housing project as a works-contract awarded by any person (including the Central Government or the State Government).

(*4*) Where the housing project is not completed within the period specified under clause (*b*) of sub-section (*2*) and in respect of which a deduction has been claimed and allowed under this section, the total amount of deduction so claimed and allowed in one or more previous years, 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 period for completion so expires.

(*5*) Where any amount of profits and gains derived from the business of developing and building housing projects is claimed and allowed under this section for any assessment year, deduction to the extent of such profit and gains shall not be allowed under any other provisions of this Act.

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

[2][(*a*) "carpet area" shall have the same meaning as assigned to it in clause (*k*) of section 2 of the Real Estate (Regulation and Development) Act, 2016 (16 of 2016).]

(*b*) "competent authority" means the authority empowered to approve the building plan by or under any law for the time being in force;

(*c*) "floor area ratio" means the quotient obtained by dividing the total covered area of plinth area on all the floors by the area of the plot of land;

(*d*) "housing project" means a project consisting predominantly of residential units with such other facilities and amenities as the competent authority may approve subject to the provisions of this section;

(*e*) "residential unit" means an independent housing unit with separate facilities for living, cooking and sanitary requirements, distinctly separated from other residential units within the building, which is directly accessible from an outer door or through an interior door in a shared hallway and not by walking through the living space of another household.]

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1. The words "or within the distance, measured aerially, of twenty-five kilometres from the municipal limits of these cities" omitted by Act 7 of 2017, s. 37 (w.e.f. 1-4-2018).

2. Subs. by s. 37, *ibid.*, for clause (*a*) (w.e.f. 1-4-2018).

[1][**80-IC. Special provisions in respect of certain undertakings or enterprises in certain special category States.**—(*1*) Where the gross total income of an assessee includes any profits and gains derived by an undertaking or an enterprise from any business referred to in sub-section (*2*), there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction from such profits and gains, as specified in sub-section (*3*).

(*2*) This section applies to any undertaking or enterprise,—

(*a*) which has begun or begins to manufacture or produce any article or thing, not being any article or thing specified in the Thirteenth Schedule, or which manufactures or produces any article or thing, not being any article or thing specified in the Thirteenth Schedule and undertakes substantial expansion during the period beginning—

(*i*) on the 23rd day of December, 2002 and ending before the [2][1st day of April, 2007], in any Export Processing Zone or Integrated Infrastructure Development Centre or Industrial Growth Centre or Industrial Estate or Industrial Park or Software Technology Park or Industrial Area or Theme Park, as notified by the Board in accordance with the scheme framed and notified by the Central Government in this regard, in the State of Sikkim; or

(*ii*) on the 7th day of January, 2003 and ending before the 1st day of April, 2012, in any Export Processing Zone or Integrated Infrastructure Development Centre or Industrial Growth Centre or Industrial Estate or Industrial Park or Software Technology Park or Industrial Area or Theme Park, as notified by the Board in accordance with the scheme framed and notified by the Central Government in this regard, in the State of Himachal Pradesh or the State of Uttaranchal; or

(*iii*) on the 24th day of December, 1997 and ending before the 1st day of April, 2007, in any Export Processing Zone or Integrated Infrastructure Development Centre or Industrial Growth Centre or Industrial Estate or Industrial Park or Software Technology Park or Industrial Area or Theme Park, as notified by the Board in accordance with the scheme framed and notified by the Central Government in this regard, in any of the North-Eastern States;

(*b*) which has begun or begins to manufacture or produce any article or thing, specified in the Fourteenth Schedule or commences any operation specified in that Schedule, or which manufactures or produces any article or thing, specified in the Fourteenth Schedule or commences any operation specified in that Schedule and undertakes substantial expansion during the period beginning—

(*i*) on the 23rd day of December, 2002 and ending before the [2][1st day of April, 2007], in the State of Sikkim; or

(*ii*) on the 7th day of January, 2003 and ending before the 1st day of April, 2012, in the State of Himachal Pradesh or the State of Uttaranchal; or

(*iii*) on the 24th day of December, 1997 and ending before the 1st day of April, 2007, in any of the North-Eastern States.

(*3*) The deduction referred to in sub-section (*1*) shall be—

(*i*) in the case of any undertaking or enterprise referred to in sub-clauses (*i*) and (*iii*) of clause (*a*) or sub-clauses (*i*) and (*iii*) of clause (*b*), of sub-section (*2*), one hundred per cent. of such profits and gains for ten assessment years commencing with the initial assessment year;

(*ii*) in the case of any undertaking or enterprise referred to in sub-clause (*ii*) of clause (*a*) or sub-clause (*ii*) of clause (*b*), of sub-section (*2*), one hundred per cent of such profits and gains for five assessment years commencing with the initial assessment year and thereafter, twenty-five per cent. (or thirty per cent. where the assessee is a company) of the profits and gains.

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1. Ins. by Act 32 of 2003, s. 40 (w.e.f. 1-4-2004).
2. Subs. by Act 22 of 2007, s. 30, for "1st day of April, 2012" (w.e.f. 1-4-2008).

(*4*) This section applies to any undertaking or enterprise which fulfils all the following conditions, namely:—

(*i*) it is not formed by splitting up, or the reconstruction, of a business already in existence :

Provided that this condition shall not apply in respect of an undertaking which is formed as a result of the re-establishment, reconstruction or revival by the assessee of the business of any such undertaking as is referred to in section 33B, in the circumstances and within the period specified in that section;

(*ii*) it is not formed by the transfer to a new business of machinery or plant previously used for any purpose.

Explanation.—The provisions of *Explanations* 1 and 2 to sub-section (*3*) of sectopm 80-IA shall apply for the purposes of clause (*ii*) of this sub-section as they apply for the purposes of clause (*ii*) of that sub-section.

(*5*) Notwithstanding anything contained in any other provision of this Act, in computing the total income of the assessee, no deduction shall be allowed under any other section contained in Chapter VIA or in section 10A or section 10B, in relation to the profits and gains of the undertaking or enterprise.

(*6*) Notwithstanding anything contained in this Act, no deduction shall be allowed to any undertaking or enterprise under this section, where the total period of deduction inclusive of the period of deduction under this section, or under the second proviso to sub-section (*4*) of section 80-IB or under section 10C, as the case may be, exceeds ten assessment years.

(*7*) The provisions contained in sub-section (*5*) and sub-sections (*7*) to (*12*) of section 80-IA shall, so far as may be, apply to the eligible undertaking or enterprise under this section.

(*8*) For the purposes of this section,—

(*i*) "Industrial Area" means such areas, which the Board, may, by notification in the Official Gazette, specify in accordance with the scheme framed and notified by the Central Government;

(*ii*) "Industrial Estate" means such estates, which the Board, may, by notification in the Official Gazette, specify in accordance with the scheme framed and notified by the Central Government;

(*iii*) "Industrial Growth Centre" means such centres, which the Board, may, by notification in the Official Gazette, specify in accordance with the scheme framed and notified by the Central Government;

(*iv*) "Industrial Park" means such parks, which the Board, may, by notification in the Official Gazette, specify in accordance with the scheme framed and notified by the Central Government;

(*v*) "Initial assessment year" means the assessment year relevant to the previous year in which the undertaking or the enterprise begins to manufacture or produce articles or things, or commences operation or completes substantial expansion;

(*vi*) "Integrated Infrastructure Development Centre" means such centres, which the Board, may, by notification in the Official Gazette, specify in accordance with the scheme framed and notified by the Central Government;

(*vii*) "North-Eastern States" means the States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura;

(*viii*) "Software Technology Park" means any park set up in accordance with the Software Technology Park Scheme notified by the Government of India in the Ministry of Commerce and Industry;

(*ix*) "Substantial expansion" means increase in the investment in the plant and machinery by at least fifty per cent of the book value of plant and machinery (before taking depreciation in any year), as on the first day of the previous year in which the substantial expansion is undertaken;

(*x*) "Theme Park" means such parks, which the Board, may, by notification in the Official Gazette, specify in accordance with the scheme framed and notified by the Central Government.]

[1][**80-ID. Deduction in respect of profits and gains from business of hotels and convention centres in specified area.**—(*1*) Where the gross total income of an assessee includes any profits and gains derived by an undertaking from any business referred to in sub-section (*2*) (such business being hereinafter referred to as the eligible business), there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction of an amount equal to hundred per cent of the profits and gains derived from such business for five consecutive assessment years beginning from the initial assessment year.

(*2*) This section applies to any undertaking,—

(*i*) engaged in the business of hotel located in the specified area, if such hotel is constructed and has started or starts functioning at any time during the period beginning on the 1st day of April, 2007 and ending on [2][the 31st day of July, 2010]; or

(*ii*) engaged in the business of building, owning and operating a convention centre, located in the specified area, if such convention centre is constructed at any time during the period beginning on the 1st day of April, 2007 and ending on [2][the 31st day of July, 2010];

[3][(*iii*) engaged in the business of hotel located in the specified district having a World Heritage Site, if such hotel is constructed and has started or starts functioning at any time during the period beginning on the 1st day of April, 2008 and ending on the 31st day of March, 2013.]

(*3*) The deduction under sub-section (*1*) shall be available only if—

(*i*) the eligible business is not formed by the splitting up, or the reconstruction, of a business already in existence;

(*ii*) the eligible business is not formed by the transfer to a new business of a building previously used as a hotel or a convention centre, as the case may be;

(*iii*) the eligible business is not formed by the transfer to a new business of machinery or plant previously used for any purpose.

Explanation.—The provisions of *Explanations* 1 and 2 to sub-section (*3*) of section 80-IA shall apply for the purposes of clause (iii) of this sub-section as they apply for the purposes of clause (*ii*) of that sub-section;

(*iv*) the assessee furnishes along with the return of income, the report of an audit in such form and containing such particulars as may be prescribed, and duly signed and verified by an accountant, as defined in the Explanation below sub-section (*2*) of section 288, certifying that the deduction has been correctly claimed.

(*4*) Notwithstanding anything contained in any other provision of this Act, in computing the total income of the assessee, no deduction shall be allowed under any other section contained in Chapter VIA or section 10AA, in relation to the profits and gains of the undertaking.

(*5*) The provisions contained in sub-section (*5*) and sub-sections (*8*) to (*11*) of section 80-IA shall, so far as may be, apply to the eligible business under this section.

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

(*a*) "convention centre" means a building of a prescribed area comprising of convention halls to be used for the purpose of holding conferences and seminars, being of such size and number and having such other facilities and amenities, as may be prescribed;

(*b*) "hotel" means a hotel of two-star, three-star or four-star category as classified by the Central Government;

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1. Ins. by Act 22 of 2007, s. 31 (w.e.f. 1-4-2008).
2. Subs. by Act 14 of 2010, s. 28, for "the 31st day of March, 2010" (w.e.f. 1-4-2011).
3. Ins. by Act 18 of 2008, s. 19 (w.e.f. 1-4-2009).

(*c*) "initial assessment year"—

(*i*) in the case of a hotel, means the assessment year relevant to the previous year in which the business of the hotel starts functioning;

(*ii*) in the case of a convention centre, means the assessment year relevant to the previous year in which the convention centre starts operating on a commercial basis;

(*d*) "specified area" means the National Capital Territory of Delhi and the districts of Faridabad, Gurgaon, Gautam Budh Nagar and Ghaziabad;]

[1][(*e*) "specified district having a World Heritage Site" means districts, specified in column (2) of the Table below, of the States, specified in the corresponding entry in column (3) of the said Table:

TABLE

S.No.	Name of district	Name of State
(*1*)	(*2*)	(*3*)
1.	Agra	Uttar Pradesh
2.	Jalgaon	Maharashtra
3.	Aurangabad	Maharashtra
4.	Kancheepuram	Tamil Nadu
5.	Puri	Orissa
6.	Bharatpur	Rajasthan
7.	Chhatarpur	Madhya Pradesh
8.	Thanjavur	Tamil Nadu
9.	Bellary	Karnataka
10.	South 24 Parganas (excluding areas falling within the Kolkata urban agglomeration on the basis of the 2001 census)	West Bengal
11.	Chamoli	Uttarakhand
12.	Raisen	Madhya Pradesh
13.	Gaya	Bihar
14.	Bhopal	Madhya Pradesh
15.	Panchmahal	Gujarat
16.	Kamrup	Assam
17.	Goalpara	Assam
18.	Nagaon	Assam
19.	North Goa	Goa
20.	South Goa	Goa
21.	Darjeeling	West Bengal
22.	Nilgiri	Tamil Nadu.]

1. Ins. by Act 18 of 2008, s. 19 (w.e.f. 1-4-2009).

[1][**80-IE. Special provisions in respect of certain undertakings in North-Eastern States.**—(*1*) Where the gross total income of an assessee includes any profits and gains derived by an undertaking, to which this section applies, from any business referred to in sub-section (*2*), there shall be allowed, in computing the total income of the assessee, a deduction of an amount equal to hundred per cent of the profits and gains derived from such business for ten consecutive assessment years commencing with the initial assessment year.

(*2*) This section applies to any undertaking which has, during the period beginning on the 1st day of April, 2007 and ending before the 1st day of April, 2017, begun or begins, in any of the North-Eastern States,—

(*i*) to manufacture or produce any eligible article or thing;

(*ii*) to undertake substantial expansion to manufacture or produce any eligible article or thing;

(*iii*) to carry on any eligible business.

(*3*) This section applies to any undertaking which fulfils all the following conditions, namely:—

(*i*) it is not formed by splitting up, or the reconstruction, of a business already in existence:

Provided that this condition shall not apply in respect of an undertaking which is formed as a result of the re-establishment, reconstruction or revival by the assessee of the business of any such undertaking as referred to in section 33B, in the circumstances and within the period specified in the said section;

(*ii*) it is not formed by the transfer to a new business of machinery or plant previously used for any purpose.

Explanation.—The provisions of *Explanations* 1 and 2 to sub-section (*3*) of section 80-IA shall apply for the purposes of clause (*ii*) of this sub-section as they apply for the purposes of clause (*ii*) of that sub-section.

(*4*) Notwithstanding anything contained in any other provision of this Act, in computing the total income of the assessee, no deduction shall be allowed under any other section contained in Chapter VIA or in section 10A or section 10AA or section 10B or section 10BA, in relation to the profits and gains of the undertaking.

(*5*) Notwithstanding anything contained in this Act, no deduction shall be allowed to any undertaking under this section, where the total period of deduction inclusive of the period of deduction under this section, or under section 80-IC or under the second proviso to sub-section (*4*) of section 80-IB or under section 10C, as the case may be, exceeds ten assessment years.

(*6*) The provisions contained in sub-section (*5*) and sub-sections (*7*) to (*12*) of section 80-IA shall, so far as may be, apply to the eligible undertaking under this section.

1. Ins. by Act 22 of 2007, s. 32 (w.e.f. 1-4-2008).

(*7*) For the purposes of this section,—

(*i*) "initial assessment year" means the assessment year relevant to the previous year in which the undertaking begins to manufacture or produce articles or things, or completes substantial expansion;

(*ii*) "North-Eastern States" means the States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura;

(*iii*) "substantial expansion" means increase in the investment in the plant and machinery by at least twenty-five per cent of the book value of plant and machinery (before taking depreciation in any year), as on the first day of the previous year in which the substantial expansion is undertaken;

(*iv*) "eligible article or thing" means the article or thing other than the following :—

(*a*) goods falling under Chapter 24 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986), which pertains to tobacco and manufactured tobacco substitutes;

(*b*) pan masala as covered under Chapter 21 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986);

(*c*) plastic carry bags of less than 20 microns as specified by the Ministry of Environment and Forests vide Notification No. S.O. 705(E), dated the 2nd September, 1999 and S.O. 698(E), dated the 17th June, 2003; and

(*d*) goods falling under Chapter 27 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986), produced by petroleum oil or gas refineries;

(*v*) "eligible business" means the business of,—

(*a*) hotel (not below two star category);

(*b*) adventure and leisure sports including ropeways;

(*c*) providing medical and health services in the nature of nursing home with a minimum capacity of 25 beds;

(*d*) running an old-age home;

(*e*) operating vocational training institute for hotel management, catering and food craft, entrepreneurship development, nursing and para-medical, civil aviation related training, fashion designing and industrial training;

(*f*) running information technology related training centre;

(*g*) manufacturing of information technology hardware; and

(*h*) bio-technology.]

80J. [**Deduction in respect of profits and gains from newly established industrial undertakings or ships or hotel business in certain cases**].—*Omitted by the Finance* (*No.* 2) *Act,* 1996 (33 *of* 1996), *s.* 29 (*w.r.e.f.* 1-4-1989).

80JJ. [**Deduction in respect of profits and gains from business of poultry farming**].—*Omitted by the Finance Act,* 1997 (26 of 1997), s. 26 (*w.e.f.* 1-4-1998).

[1][**80JJA. Deduction in respect of profits and gains from business of collecting and processing of bio-degradable waste.**—Where the gross total income of an assessee includes any profits and gains derived from the business of collecting and processing or treating of bio-degradable waste for generating power [2][or producing bio-fertilizers, bio-pesticides or other biological agents or for producing bio-gas or] making pellets or briquettes for fuel or organic manure, there shall be allowed, in computing the total income of the assessee, [3][a deduction of an amount equal to the whole of such profits and gains for a period of five consecutive assessment years beginning with the assessment year relevant to the previous year in which such business commences].

[4][**80JJAA. Deduction in respect of employment of new employees.**—(*1*) Where the gross total income of an assessee to whom section 44AB applies, includes any profits and gains derived from business, there shall, subject to the conditions specified in sub-section (*2*), be allowed a deduction of an amount equal to thirty per cent. of additional employee cost incurred in the course of such business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided.

(*2*) No deduction under sub-section (*1*) shall be allowed,—

(*a*) if the business is formed by splitting up, or the reconstruction, of an existing business:

Provided that nothing contained in this clause shall apply in respect of a business which is formed as a result of re-establishment, reconstruction or revival by the assessee of the business in the circumstances and within the period specified in section 33B;

(*b*) if the business is acquired by the assessee by way of transfer from any other person or as a result of any business reorganisation;

(*c*) unless the assessee furnishes alongwith the return of income the report of the accountant, as defined in the Explanation to section 288 giving such particulars in the report as may be prescribed.

Explanation.—For the purposes of this section,—

(*i*) "additional employee cost" means total emoluments paid or payable to additional employees employed during the previous year:

Provided that in the case of an existing business, the additional employee cost shall be nil, if—

(*a*) there is no increase in the number of employees from the total number of employees employed as on the last day of the preceding year;

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1. Ins. by Act 21 of 1998, s. 35 (w.e.f. 1-4-1999). Earlier section 80JJA was inserted by Act 21 of 1979, s. 13 (w.e.f. 1-4-1980) and later omitted by Act 11 of 1983, s. 27 (w.e.f. 1-4-1984).

2. Subs. by Act 27 of 1999, s. 51, for ", producing bio-gas" (w.e.f. 1-4-2000).

3. Subs. by s. 51, *ibid*., for "a deduction from such profits and gains of an amount equal to the whole of such income, or five lakh rupees, whichever is less" (w.e.f. 1-4-2000).

4. Subs. by Act 28 of 2016, s. 45, for section 80JJAA (w.e.f. 1-4-2017). Earlier section 80JJAA was inserted by Act 21 of 1998, s. 36 (w.e.f. 1-4-1999).

(*b*) emoluments are paid otherwise than by an account payee cheque or account payee bank draft or by use of electronic clearing system through a bank account:

Provided further that in the first year of a new business, emoluments paid or payable to employees employed during that previous year shall be deemed to be the additional employee cost;

(*ii*) "additional employee" means an employee who has been employed during the previous year and whose employment has the effect of increasing the total number of employees employed by the employer as on the last day of the preceding year, but does not include,—

(*a*) an employee whose total emoluments are more than twenty-five thousand rupees per month; or

(*b*) an employee for whom the entire contribution is paid by the Government under the Employees' Pension Scheme notified in accordance with the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (19 of 1952); or

(*c*) an employee employed for a period of less than two hundred and forty days during the previous year; or

(*d*) an employee who does not participate in the recognised provident fund:

[1][Provided that in the case of an assessee who is engaged in the business of manufacturing of apparel, [2][or footwear or leather products] the provisions of sub-clause (*c*) shall have effect as if for the words "two hundred and forty days", the words "one hundred and fifty days" had been substituted:]

[1][Provided further that where an employee is employed during the previous year for a period of less than two hundred and forty days or one hundred and fifty days, as the case may be, but is employed for a period of two hundred and forty days or one hundred and fifty days, as the case may be, in the immediately succeeding year, he shall be deemed to have been employed in the succeeding year and the provisions of this section shall apply accordingly;]

(*iii*) "emoluments" means any sum paid or payable to an employee in lieu of his employment by whatever name called, but does not include—

(*a*) any contribution paid or payable by the employer to any pension fund or provident fund or any other fund for the benefit of the employee under any law for the time being in force; and

(*b*) any lump-sum payment paid or payable to an employee at the time of termination of his service or superannuation or voluntary retirement, such as gratuity, severance pay, leave encashment, voluntary retrenchment benefits, commutation of pension and the like.

(*3*) The provisions of this section, as they stood immediately prior to their amendment by the Finance Act, 2016, shall apply to an assessee eligible to claim any deduction for any assessment year commencing on or before the 1st day of April, 2016.]

80K. [**Deduction in respect of dividends attributable to profits and gains from new industrial undertakings or ships or hotel business**]**.**—*Omitted by the Finance Act,* 1986 (23 *of* 1986), *s*. 19 (*w.e.f.* 1-4-1987).

1. Ins. by Act 47 of 2016, s. 3 (w.e.f. 1-4-2017).
2. Ins. by Act 13 of 2018, s. 29 (w.e.f. 1-4-2019).

80L. [**Deductions in respect of interest on certain securities, dividends, etc**]**.**—*Omitted by the Finance Act*, 2005 (18 *of* 2005), *s.* 28 (*w.e.f.* 1-4-2006).

[1][**80LA. Deductions in respect of certain incomes of Offshore Banking Units and International Financial Services Centre.**—(*1*) Where the gross total income of an assessee,—

(*i*) being a scheduled bank, or, any bank incorporated by or under the laws of a country outside India; and having an Offshore Banking Unit in a Special Economic Zone; or

(*ii*) being a Unit of an International Financial Services Centre,

includes any income referred to in sub-section (*2*), there shall be allowed, in accordance with and subject to the provisions of this section, a deduction from such income, of an amount equal to—

(*a*) one hundred per cent of such income for five consecutive assessment years beginning with the assessment year relevant to the previous year in which the permission, under clause (*a*) of sub-section (*1*) of section 23 of the Banking Regulation Act, 1949 (10 of 1949) or permission or registration under the Securities and Exchange Board of India Act, 1992 (15 of 1992) or any other relevant law was obtained, and thereafter;

(*b*) fifty per cent. of such income for five consecutive assessment years.

(*2*) The income referred to in sub-section (*1*) shall be the income—

(*a*) from an Offshore Banking Unit in a Special Economic Zone; or

(*b*) from the business referred to in sub-section (*1*) of section 6 of the Banking Regulation Act, 1949 (10 of 1949) with an undertaking located in a Special Economic Zone or any other undertaking which develops, develops and operates or develops, operates and maintains a Special Economic Zone; or

(*c*) from any Unit of the International Financial Services Centre from its business for which it has been approved for setting up in such a Centre in a Special Economic Zone.

(*3*) No deduction under this section shall be allowed unless the assessee furnishes along with the return of income,—

(*i*) the report, in the form specified by the Central Board of Direct Taxes under clause (*i*) of sub-section (*2*) of section 80LA, as it stood immediately before its substitution by this section, of an accountant as defined in the *Explanation* below sub-section (*2*) of section 288, certifying that the deduction has been correctly claimed in accordance with the provisions of this section; and

(*ii*) a copy of the permission obtained under clause (*a*) of sub-section (*1*) of section 23 of the Banking Regulation Act, 1949 (10 of 1949).

1. Subs. by Act 28 of 2005, s. 27 and the Second Schedule, for section 80LA (w.e.f. 10-2-2006). Earlier inserted by 32 of 2003, s. 42 (w.e.f. 1-4-2004).

Explanation.—For the purposes of this section,—

(*a*) "International Financial Services Centre" shall have the same meaning as assigned to it in clause (*q*) of section 2 of the Special Economic Zones Act, 2005;

(*b*) "scheduled bank" shall have the same meaning as assigned to it in clause (*e*) of section 2 of the Reserve Bank of India Act, 1934 (2 of 1934);

(*c*) "Special Economic Zone" shall have the same meaning as assigned to it in clause (*za*) of section 2 of the Special Economic Zones Act, 2005;

(*d*) "Unit" shall have the same meaning as assigned to it in clause (*zc*) of section 2 of the Special Economic Zones Act, 2005.]

80M. [**Deduction in respect of certain inter-corporate dividends].**—*Omitted by the Finance Act*, 2003 (32 *of* 2003), *s*. 43 (*w.e.f.* 1-4-2004).

80MM. [Deduction in the case of an Indian company in respect of royalties, etc., received from any concern in India].—*Omitted by the Finance Act*, 1983 (11 *of* 1983), *s*. 29 (*w.e.f.* 1-4-1984). *Original section was inserted by the Finance Act*, 1969 (14 *of* 1969), *s*. 9 (*w.e.f.* 1-4-1970).

80N. [Deduction in respect of dividends received from certain foreign companies].—*Omitted by the Finance Act*, 1985 (32 *of* 1985), *s*. 22 (*w.e.f.* 1-4-1986). *Section 85B which was inserted by the Finance Ac*t, 1966 (13 *of* 1966), *s*. 17 (*w.e.f.* 1-4-1966). *Omitted section 80N was inserted in place of section* 85B *which was deleted by the Finance* (*No*. 2) *Act*, 1967 (20 *of* 1967), s. 33 *and the Third Schedule* (*w.e.f.* 1-4-1968).

[1][**80-O.Deduction in respect of royalties, etc., from certain foreign enterprises.**—[2][Where the gross total income of an assessee, being an Indian company] [3][or a person (other than a company) who is resident in India],] includes [4][any income received by the assessee from the Government of a foreign State or foreign enterprise in consideration for the use outside India of any patent, invention, design or registered trade mark] [5]*** [6][and such income is received in convertible foreign exchange in India, or having been received in convertible foreign exchange outside India, or having been converted into convertible foreign exchange outside India, is brought into India, by or on behalf of the assessee in accordance with any law for the time being in force for regulating payments and dealings in foreign exchange, there shall be allowed, in accordance with and subject to the provisions of this section, [7][a deduction of an amount equal to—

(*i*) forty per cent. for an assessment year beginning on the 1st day of April, 2001;

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1. Subs. by Act 32 of 1971, s. 21, for section 80-O (w.e.f. 1-4-1972). Earlier was inserted by Act 13 of 1966, s. 17 (w.e.f. 1-4-1966). Section 80N was inserted in place of section 85B which was deleted by the Finance (No. 2) Act, 1967 (20 of 1967), s. 33 and the Third Schedule (w.e.f. 1-4-1968).
2. Subs. by Act 20 of 1974, s. 9, for "(*1*) Where the gross total income of an assessee, being an Indian company or a person (other than a company) who is resident in India," (w.e.f. 1-4-1975).
3. Ins. by Act 49 of 1991, s. 34 (w.e.f. 1-4-1992).
4. Subs. by Act 26 of 1997, s. 29, for certain words (w.e.f. 1-4-1998). Earlier amended by Act 49 of 1991, s. 34 (w.e.f. 1-4-1992).
5. The words "under an agreement approved in this behalf by the Chief Commissioner or the Director General;" omitted by Act 49 of 1991, s. 34 (w.e.f. 1-4-1992).Earlier these words were substituted by Act 26 of 1988, s. 26 (w.e.f. 1-4-1989).
6. Subs. by Act 26 of 1988, s. 26, for certain words (w.e.f. 1-4-1988). Earlier section was amended by Act 20 of 1974, s. 9 (w.e.f. 1-4-1972). Later on amended by Act 21 of 1984, s. 18 (w.e.f. 1-4-1985).
7. Subs. by Act 10 of 2000, s. 41, for certain words (w.e.f. 1-4-2001).

(*ii*) thirty per cent. for an assessment year beginning on the 1st day of April, 2002;

(*iii*) twenty per cent. for an assessment year beginning on the 1st day of April, 2003;

(*iv*) ten per cent. for an assessment year beginning on the 1st day of April, 2004,

of the income so received in, or brought into, India, in computing the total income of the assessee and no deduction shall be allowed in respect of the assessment year beginning on the 1st day of April, 2005 and any subsequent assessment year]]:

[1]* * * * *

[2][[3][Provided] that such income is received in India within a period of six months from the end of the previous year, or [4][within such further period as the competent authority may allow in this behalf]:]

[5][Provided further that no deduction under this section shall be allowed unless the assessee furnishes a certificate, in the prescribed form, along with the return of income, certifying that the deduction has been correctly claimed in accordance with the provisions of this section.]

[6][*Explanation.*—For the purposes of this section,—

(*i*) "convertible foreign exchange" means foreign exchange which is for the time being treated by the Reserve Bank of India as convertible foreign exchange for the purposes of the law for the time being in force for regulating payments and dealings in foreign exchange;

[2][(*ii*) "foreign enterprise" means a person who is a non-resident;]]

[7][(*iii*) services rendered or agreed to be rendered outside India shall include services rendered from India but shall not include services rendered in India;]

[8][(*iv*) "competent authority" means the Reserve Bank of India or such other authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange.]

[9]* * * * *

[**80P. Deduction in respect of income of co-operative societies.**—(*1*) Where, in the case of an assessee being a co-operative society, the gross total income includes any income referred to in sub-section (*2*), there shall be deducted, in accordance with and subject to the provisions of this section, the sums specified in sub-section (*2*), in computing the total income of the assessee.

(*2*) The sums referred to in sub-section (*1*) shall be the following, namely:—

(*a*) in the case of a co-operative society engaged in—

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1. The provisos omitted by Act 49 of 1991, s. 34 (w.e.f. 1-4-1992).

2. Ins. by Act 11 of 1987, s. 36 (w.e.f. 1-4-1988).

3. Subs. by Act 49 of 1991, s. 34, for "Provided also" (w.e.f. 1-4-1992).

4. Subs. by Act 27 of 1999, s. 53, for certain words (w.e.f. 1-6-1999).earlier amended by Act 20 of 1974, s. 9 (w.e.f. 1-4-1975).

5. Ins. by s. 53, *ibid*. (w.e.f. 1-6-1999).

6. Subs. by Act 32 of 1985, s. 36, for *Explanation* (w.e.f. 1-4-1986).

7. Ins. by Act 49 of 1991, s. 34 (w.e.f. 1-4-1992).

8. Ins. by Act 27 of 1999, s. 53 (w.e.f. 1-6-1999).

9. Sub-section (*2*) omitted by Act 20 of 1974, s. 9 (w.e.f. 1-4-1975).

(*i*) carrying on the business of banking or providing credit facilities to its members, or

(*ii*) a cottage industry, or

[1][(*iii*) the marketing of agricultural produce grown by its members, or]

(*iv*) the purchase of agricultural implements, seeds, livestock or other articles intended for agriculture for the purpose of supplying them to its members, or

(*v*) the processing, without the aid of power, of the agricultural produce of its members, or

[2][(*vi*) the collective disposal of the labour of its members, or

(*vii*) fishing or allied activities, that is to say, the catching, curing, processing, preserving, storing or marketing of fish or the purchase of materials and equipment in connection therewith for the purpose of supplying them to its members,]

the whole of the amount of profits and gains of business attributable to any one or more of such activities:

[2][Provided that in the case of a co-operative society falling under sub-clause (*vi*), or sub-clause (*vii*), the rules and bye-laws of the society restrict the voting rights to the following classes of its members, namely:—

(*1*) the individuals who contribute their labour or, as the case may be, carry on the fishing or allied activities;

(*2*) the co-operative credit societies which provide financial assistance to the society;

(*3*) the State Government;]

[3][(*b*) in the case of a co-operative society, being a primary society engaged in supplying milk, oilseeds, fruits or vegetables raised or grown by its members to—

(*i*) a federal co-operative society, being a society engaged in the business of supplying milk, oilseeds, fruits, or vegetables, as the case may be; or

(*ii*) the Government or a local authority; or

(*iii*) a Government company as defined in section 617 of the Companies Act, 1956 (1 of 1956), or a corporation established by or under a Central, State or Provincial Act (being a company or corporation engaged in supplying milk, oilseeds, fruits or vegetables, as the case may be, to the public),

the whole of the amount of profits and gains of such business;]

(*c*) in the case of a co-operative society engaged in activities other than those specified in clause (*a*) or clause (*b*) (either independently of, or in addition to, all or any of the activities so specified), [4][so much of its profits and gains attributable to such activities as does not exceed,—

1. Subs. by Act 11 of 1999, s. 8, for sub-clause (*iii*) (w.r.e.f. 1-4-1968).
2. Ins. by Act 32 of 1971, s. 22 (w.e.f. 1-4-1972).
3. Subs. by Act 11 of 1983, s. 30, for clause (*b*) (w.e.f. 1-4-1984). Earlier substituted by Act 19 of 1978, s. 18 (w.e.f. 1-4-1979).
4. Subs. by Act 21 of 1979, s. 14, for "does not exceed twenty thousand rupees" (w.e.f. 1-4-1980). Earlier substituted by Act 14 of 1969, s. 10 (w.e.f. 1-4-1970).

(*i*) where such co-operative society is a consumers' co-operative society, [1][one hundred thousand rupees]; and

(*ii*) in any other case, [2][fifty thousand rupees].

Explanation.—In this clause, "consumers' co-operative society" means a society for the benefit of the consumers;]

(*d*) in respect of any income by way of interest or dividends derived by the co-operative society from its investments with any other co-operative society, the whole of such income;

(*e*) in respect of any income derived by the co-operative society from the letting of godowns or warehouses for storage, processing or facilitating the marketing of commodities, the whole of such income;

(*f*) in the case of a co-operative society, not being a housing society or an urban consumers' society or a society carrying on transport business or a society engaged in the performance of any manufacturing operations with the aid of power, where the gross total income does not exceed twenty thousand rupees, the amount of any income by way of interest on securities [3]*** or any income from house property chargeable under section 22.

Explanation.—For the purposes of this section, an "urban consumers' co-operative society" means a society for the benefit of the consumers within the limits of a municipal corporation, municipality, municipal committee, notified area committee, town area or cantonment.

(*3*) In a case where the assessee is entitled also to the deduction under [4][[5]*** [6][section 80HH or section 80HHA] [7][or section 80HHB [8][or section 80HHC [9][or section 80HHD]]] [10][or section 80-I] [11][or section 80-IA]] [12]*** [13]***], the deduction under sub-section (*1*) of this section, in relation to the sums specified in clause (*a*) or clause (*b*) or clause (*c*) of sub-section (*2*), shall be allowed with reference to the income, if any, as referred to in those clauses included in the gross total income as reduced by the [14][deductions under [15][section 80HH, [16][section HHA, [17][section 80HHB, section HHC, [18][section 80HHD], section 80-I, [19][section 80-IA], [20][section 80J and section 80JJ]]].

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1. Subs. by Act 21 of 1998, s. 37, for "forty thousand rupees" (w.e.f. 1-4-1999).
2. Subs. by s. 37, *ibid*., for "twenty thousand rupees" (w.e.f. 1-4-1999).
3. The word "chargeable under section 18" omitted by Act 26 of 1988, s. 27 (w.e.f. 1-4-1989).
4. Subs.by Act 26 of 1974, s. 11, for "section 80H or section 80J" (w.e.f. 1-4-1974).
5. The words, figures, and letter "section 80H or" omitted by Act 41 of 1975, s. 24 (w.e.f. 1-4-1976).
6. Subs. by Act 29 of 1977, s. 29, for "section 80HH or section 80J" (w.e.f. 1-4-1978).
7. Ins. by Act 14 of 1982, s. 32 (w.e.f. 1-4-1983).
8. Ins. by Act 11 of 1983, s. 39 (w.e.f. 1-4-1983).
9. Ins. by Act 3 of 1989, s. 57 (w.e.f. 1-4-1989).
10. Ins. by Act 44 of 1980, s. 35 (w.e.f. 1-4-1981).
11. Ins. by Act 38 of 1993, s. 18 (w.e.f. 1-4-1991).
12. Now section 80J omitted by Act 33 of 1996, s. 29 (w.r.e.f. 1-4-1989).
13. The words, figures and letters "or section 80JJA" omitted by Act 11 of 1983, s. 39 (w.e.f. 1-4-1984). Earlier which was inserted by Act 21 of 1979, s. 22 (w.e.f 1-4-1976).
14. Subs. by Act 41 of 1975, s. 24, for "deduction under section 80H, section 80HH, section 80J and section 80JJ" (w.e.f. 1-4-1976). Section 80J also omitted by s. 25 (w.e.f. 1-4-1976).
15. Subs. by Act 29 of 1977, s. 29, for "section 80HH or section 80J" (w.e.f. 1-4-1978).
16. Subs. by Act 16 of 1981, s. 25,for "section 80HHA, section 80J" (w.e.f. 1-4-1981).
17. Subs. by Act 11 of 1983, s. 39, for "section 80J, section 80JJ or section 80 JJA" (w.e.f. 1-4-1983).
18. Ins. by Act 3 of 1989, s. 57 (w.e.f. 1-4-1989).
19. Ins. by Act 38 of 1993, s. 18 (w.e.f. 1-4-1991).
20. Subs. by Act 11 of 1983, s. 39, for "section 80J, section 80JJ and section 80JJA" (w.e.f. 1-4-1984). Now, section 80J omitted by Act 33 of 1996, s. 29 (w.e.f. 1-4-1989) and section 80JJ omitted by Act 26 of 1997, s. 26 (w.e.f. 1-4-1998).

[1][(*4*) The provisions of this section shall not apply in relation to any co-operative bank other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank.

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

(*a*) "co-operative bank" and "primary agricultural credit society" shall have the meanings respectively assigned to them in Part V of the Banking Regulation Act, 1949 (10 of 1949);

(*b*) "primary co-operative agricultural and rural development bank"means a society having its area of operation confined to a taluk and the principal object of which is to provide for long-term credit for agricultural and rural development activities.]

[2][**80PA. Deduction in respect of certain income of Producer Companies.—**(*1*) Where the gross total income of an assessee, being a Producer Company having a total turnover of less than one hundred crore rupees in any previous year, includes any profits and gains derived from eligible business, there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction of an amount equal to one hundred per cent. of the profits and gains attributable to such business for the previous year relevant to an assessment year commencing on or after the 1st day of April, 2019, but before the 1st day of April, 2025.

(*2*) In a case where the assessee is entitled also to deduction under any other provision of this Chapter, the deduction under this section shall be allowed with reference to the income, if any, as referred to in this section included in the gross total income as reduced by the deductions under such other provision of this Chapter.

Explanation.—For the purposes of this section,—

(*i*) "eligible business" means—

(*a*) the marketing of agricultural produce grown by the members; or

(*b*) the purchase of agricultural implements, seeds, livestock or other articles intended for agriculture for the purpose of supplying them to the members; or

(*c*) the processing of the agricultural produce of the members;

(*ii*) "member" shall have the meaning assigned to it in clause (*d*) of section 581A of the Companies Act, 1956;

(*iii*) "Producer Company" shall have the meaning assigned to it in clause (*l*) of section 581A of the Companies Act, 1956.]

[3][**80Q. Deduction in respect of profits and gains from the business of publication of books.**—(*1*) Where in the case of an assessee the gross total income of the previous year relevant to the assessment year commencing on the 1st day of April, 1992, or to any one of the four assessment years next following that assessment year, includes any profits and gains derived from a business carried on in India of printing and publication of books or publication of books, there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction from such profits and gains of an amount equal to twenty per cent thereof.

(*2*) In a case where the assessee is entitled also to the deduction under section 80HH or section 80HHA or section 80HHC or section 80-I or section 80-IA or section 80J or section 80P, in relation to any part of the profits and gains referred to in sub-section (*1*), the deduction under sub-section (*1*) shall be allowed with reference to such profits and gains included in the gross total income as reduced by the deductions under section 80HH, section 80HHA, section 80HHC, section 80-I, section 80-IA, section 80J and section 80P.

(*3*) For the purposes of this section, "books" shall not include newspapers, journals, magazines, diaries, brochures, tracts, pamphlets and other publications of a similar nature by whatever name called.]

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1. Ins. by Act 21 of 2006, s. 19 (w.e.f. 1-4-2007).

2. Ins. by Act 13 of 2018, s. 30 (w.e.f. 1-4-2019).

3. Ins. by Act 49 of 1991, s. 35 (w.e.f. 1-4-1992). Earlier section 80Q omitted by Act 16 of 1972, s. 21 (w.e.f. 1-4-1973).

80QQ. [Deduction in respect of profits and gains from the business of publication of books].—*Omitted by the Direct Tax Laws* (*Amendment*) Act, 1987 (4 *of* 1987), *s.* 26 (*w.e.f.* 1-4-1989). *Original section was inserted by the Taxation* Laws (*Amendment*) *Act*, 1970 (42 *of* 1970), *s.* 21 (*w.e.f.* 1-4-1971).

[1][**80QQA. Deduction in respect of professional income of authors of text books in Indian languages.**—(*1*) Where, in the case of an individual resident in India, being an author, the gross total income of the previous year relevant to the assessment year [2][commencing on—

(*a*) the 1st day of April, 1980, or to any one of the nine assessment years next following that assessment year; or

(*b*) the 1st day of April, 1992, or to any one of the four assessment years next following that assessment year,]

includes any income derived by him in the exercise of his profession on account of any lump sum consideration for the assignment or grant of any of his interests in the copyright of any book, or of royalties or copyright fees (whether receivable in lump sum or otherwise) in respect of such book, there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction from such income of an amount equal to twenty-five per cent. thereof.

(*2*) No deduction under sub-section (*1*) shall be allowed unless—

(*a*) the book is either in the nature of a dictionary, thesaurus or encyclopaedia or is one that has been prescribed or recommended as a text book, or included in the curriculum, by any University, for a degree or post-graduate course of that University; and

(*b*) the book is written in any language specified in the Eighth Schedule to the Constitution or in any such other language as the Central Government may, by notification in the Official Gazette, specify in this behalf having regard to the need for promotion of publication of books of the nature referred to in clause (*a*) in that language and other relevant factors.

Explanation.—For the purposes of this section,—

(*i*) "author" includes a joint author;

(*ii*) "lump sum", in regard to royalties or copyright fees, includes an advance payment on account of such royalties or copyright fees which is not returnable;

(*iii*) "University" shall have the same meaning as in the *Explanation* to clause (*ix*) of section 47.]

[3][**80QQB. Deduction in respect of royalty income, etc., of authors of certain books other than text-books.**—(*1*) Where, in the case of an individual resident in India, being an author, the gross total income includes any income, derived by him in the exercise of his profession, on account of any lump sum consideration for the assignment or grant of any of his interests in the copyright of any book being a work of literary, artistic or scientific nature, or of royalty or copyright fees (whether receivable in lump sum or otherwise) in respect of such book, there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction from such income, computed in the manner specified in sub-section (*2*).

(*2*) The deduction under this section shall be equal to the whole of such income referred to in sub-section (*1*), or an amount of three lakh rupees, whichever is less:

Provided that where the income by way of such royalty or the copyright fee, is not a lump sum consideration in lieu of all rights of the assessee in the book, so much of the income, before allowing expenses attributable to such income, as is in excess of fifteen per cent. of the value of such books sold during the previous year shall be ignored:

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1. Ins. by Act 21 of 1979, s. 15 (w.e.f. 1-4-1980).
2. Subs. by Act 49 of 1991, s. 36, for "commencing on the 1st day of April, 1980, or to any one of the nine assessment years next following that assessment year, includes" (w.e.f. 1-4-1992). Earlier "nine" was substituted for "four" by Act 32 of 1985, s. 23 (w.e.f. 1-4-1985).
3. Ins. by Act 32 of 2003, s. 44 (w.e.f. 1-4-2004).

Provided further that in respect of any income earned from any source outside India, so much of the income shall be taken into account for the purpose of this section as is brought into India by, or on behalf of, the assessee in convertible foreign exchange within a period of six months from the end of the previous year in which such income is earned or within such further period as the competent authority may allow in this behalf.

(*3*) No deduction under this section shall be allowed unless the assessee furnishes a certificate in the prescribed form and in the prescribed manner, duly verified by any person responsible for making such payment to the assessee as referred to in sub-section (*1*), along with the return of income, setting forth such particulars as may be prescribed.

(*4*) No deduction under this section shall be allowed in respect of any income earned from any source outside India, unless the assessee furnishes a certificate, in the prescribed form from the prescribed authority, along with the return of income in the prescribed manner.

(*5*) Where a deduction for any previous year has been claimed and allowed in respect of any income referred to in this section, no deduction in respect of such income shall be allowed under any other provision of this Act in any assessment year.

Explanation.—For the purposes of this section,—

(*a*) "author" includes a joint author;

(*b*) "books" shall not include brochures, commentaries, diaries, guides, journals, magazines, newspapers, pamphlets, text-books for schools, tracts and other publications of similar nature, by whatever name called;

(*c*) "competent authority" means the Reserve Bank of India or such other authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange;

(*d*) "lump sum", in regard to royalties or copyright fees, includes an advance payment on account of such royalties or copyright fees which is not returnable.]

80R. Deduction in respect of remuneration from certain foreign sources in the case of professors, teachers, etc.—Where the gross total income of an individual who is a citizen of India includes any remuneration received by him outside India from any University or other educational institution established outside India or [1][any other association or body established outside India], for any service rendered by him during his stay outside India in his capacity as a professor, teacher or research worker in such University, institution, association or body, there shall be [2][allowed, in computing the total income of the individual, [3][a deduction from such remuneration of an amount equal to—

(*i*) sixty per cent. of such remuneration for an assessment year beginning on the 1st day of April, 2001;

(*ii*) forty-five per cent. of such remuneration for an assessment year beginning on the 1st day of April, 2002;

(*iii*) thirty per cent. of such remuneration for an assessment year beginning on the 1st day of April, 2003;

(*iv*) fifteen per cent. of such remuneration for an assessment year beginning on the 1st day of April, 2004,

as is brought into India by, or on behalf of, the assessee in convertible foreign exchange within a period of six months from the end of the previous year or within such further period as the competent authority may

1. Subs. by Act 11 of 1983, s. 31, for "such other association or body established outside India as may be notified in this behalf by the Central Government in the Official Gazette" (w.e.f. 1-4-1984).
2. Subs. by Act 12 of 1990, s. 27, for "allowed a deduction from such remuneration of an amount equal to fifty per cent. thereof, in computing the total income of the individual" (w.e.f. 1-4-1991).
3. Subs. by Act 10 of 2000, s. 42, for certain words (w.e.f. 1-4-2001).

allow in this behalf and no deduction shall be allowed in respect of the assessment year beginning on the 1st day of April, 2005 and any subsequent assessment year:]]

Provided that no deduction under this section shall be allowed unless the assessee furnishes a certificate, in the prescribed form, along with the return of income, certifying that the deduction has been correctly claimed in accordance with the provisions of this section.]

[1]* * * * *

[2][*Explanation*.—For the purposes of this section, the expression "competent authority" means the Reserve Bank of India or such other authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange.]

[3][**80RR. Deduction in respect of professional income from foreign sources in certain cases.**—Where the gross total income of an individual resident in India, being an author, playwright, artist, [4][musician, actor or sportsman (including an athlete)], includes any income derived by him in the exercise of his profession from the Government of a foreign State or any person not resident in India, [5][there shall be allowed, in computing the total income of the individual, [6][a deduction from such income of an amount equal to—

(*i*) sixty per cent. of such income for an assessment year beginning on the 1st day of April, 2001;

(*ii*) forty-five per cent. of such income for an assessment year beginning on the 1st day of April, 2002;

(*iii*) thirty per cent. of such income for an assessment year beginning on the 1st day of April, 2003;

(*iv*) fifteen per cent. of such income for an assessment year beginning on the 1st day of April, 2004,

as is brought into India by, or on behalf of, the assessee in convertible foreign exchange within a period of six months from the end of the previous year or within such further period as the competent authority may allow in this behalf and no deduction shall be allowed in respect of the assessment year beginning on the 1st day of April, 2005 and any subsequent assessment year:]

Provided that no deduction under this section shall be allowed unless the assessee furnishes a certificate, in the prescribed form, along with the return of income, certifying that the deduction has been correctly claimed in accordance with the provisions of this section.]]]

[7][*Explanation*.—For the purposes of this section, the expression "competent authority" means the Reserve Bank of India or such other authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange.]

[8][**80RRA. Deduction in respect of remuneration received for services rendered outside India.**—(*1*) Where the gross total income of an individual who is a citizen of India includes any remuneration received by him in foreign currency from any employer (being a foreign employer or an Indian concern) for any service rendered by him outside India, there shall, in accordance with and subject

1. The proviso omitted by Act 12 of 1990, s. 27 (w.e.f. 1-4-1991).
2. Ins. by Act 27 of 1999, s. 54 (w.e.f. 1-6-1999).
3. Ins. by Act 14 of 1969, s. 11 (w.e.f. 1-4-1970).
4. Subs. by Act 44 of 1980, s. 20, for "musician or actor" (w.e.f. 1-4-1980).
5. Subs. by Act 12 of 1990, s. 28, for "and such income is received in, or brought into, India by him or on his behalf in accordance with the Foreign Exchange Regulation Act, 1947, and any rules made thereunder, there shall be allowed a deduction from such income of an amount equal to twenty-five per cent. of the income. so received or brought, in computing the total income of the individual" (w.e.f. 1-4-1991).
6. Subs. by Act 10 of 2000, s. 43, for certain words (w.e.f. 1-4-2001).
7. Ins. by Act 27 of 1999, s. 55 (w.e.f. 1-6-1999).
8. Subs. by Act 29 of 1977, s. 19, for section 80RRA (w.e.f. 1-4-1978). Earlier section 80RRA inserted by Act 25 of 1975, s. 17 (w.e.f. 1-4-1975).

to the provisions of this section, be allowed, in computing the total income of the individual, [1][a deduction from such remuneration of an amount equal to—

(*i*) sixty per cent. of such remuneration for an assessment year beginning on the 1st day of April, 2001;

(*ii*) forty-five per cent. of such remuneration for an assessment year beginning on the 1st day of April, 2002;

(*iii*) thirty per cent. of such remuneration for an assessment year beginning on the 1st day of April, 2003;

(*iv*) fifteen per cent. of such remuneration for an assessment year beginning on the 1st day of April, 2004,

as is brought into India by, or on behalf of, the assessee in convertible foreign exchange within a period of six months from the end of the previous year or within such further period as the competent authority may allow in this behalf and no deduction shall be allowed in respect of the assessment year beginning on the 1st day of April, 2005 and any subsequent assessment year:]

Provided that no deduction under this sub-section shall be allowed unless the assessee furnishes a certificate, in the prescribed form, along with the return of income, certifying that the deduction has been correctly claimed in accordance with the provisions of this section.]

[2]* * * * *

(*2*) The deduction under this section shall be allowed—

(*i*) in the case of an individual who is or was, immediately before undertaking such service, in the employment of the Central Government or any State Government, only if such service is sponsored by the Central Government;

(*ii*) in the case of any other individual, only if he is a technician and the terms and conditions of his service outside India are approved in this behalf by the Central Government or the prescribed authority.

Explanation.—For the purposes of this section,—

(*a*) "foreign currency" shall have the meaning assigned to it in the [3][Foreign Exchange Management Act, 1999 (42 of 1999)];

(*b*) "foreign employer" means,—

(*i*) the Government of a foreign State; or

(*ii*) a foreign enterprise; or

(*iii*) any association or body established outside India;

(*c*) "technician" means a person having specialised knowledge and experience in—

(*i*) constructional or manufacturing operations or mining or the generation or distribution of electricity or any other form of power; or

(*ii*) agriculture, animal husbandry, dairy farming, deep sea fishing or ship building; or

(*iii*) public administration or industrial or business management; or

(*iv*) accountancy; or

(*v*) any field of natural or applied science (including medical science) or social science; or

(*vi*) any other field which the Board may prescribe in this behalf,

who is employed in a capacity in which such specialised knowledge and experience are actually utilised;

[4][(*d*) "competent authority" means the Reserve Bank of India or such other authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange.]

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1. Subs. by Act 10 of 2000, s. 44, for certain words (w.e.f. 1-4-2001).
2. The proviso omitted by Act 12 of 1990, s. 29 (w.e.f. 1-4-1991).
3. Subs. by Act 17 of 2013, s. 4, for "the Foreign Exchange Regulation Act, 1973 (46 of 1973)" (w.e.f. 1-4-2013).
4. Ins. by Act 27 of 1999, s. 56 (w.e.f. 1-6-1999).

[1][**80RRB. Deduction in respect of royalty on patents.**—(*1*) Where in the case of an assessee, being an individual, who is—

(*a*) resident in India;

(*b*) a patentee;

(*c*) in receipt of any income by way of royalty in respect of a patent registered on or after the 1st day of April, 2003 under the Patents Act, 1970 (39 of 1970), and

his gross total income of the previous year includes royalty, there shall, in accordance with and subject to the provisions of this section, be allowed a deduction, from such income, of an amount equal to the whole of such income or three lakh rupees, whichever is less:

Provided that where a compulsory licence is granted in respect of any patent under the Patents Act, 1970 (39 of 1970), the income by way of royalty for the purpose of allowing deduction under this section shall not exceed the amount of royalty under the terms and conditions of a licence settled by the Controller under that Act:

Provided further that in respect of any income earned from any source outside India, so much of the income, shall be taken into account for the purpose of this section as is brought into India by, or on behalf of, the assessee in convertible foreign exchange within a period of six months from the end of the previous year in which such income is earned or within such further period as the competent authority referred to in clause (*c*) of the *Explanation* to section 80QQB may allow in this behalf.

(*2*) No deduction under this section shall be allowed unless the assessee furnishes a certificate in the prescribed form, duly signed by the prescribed authority, along with the return of income setting forth such particulars as may be prescribed.

(*3*) No deduction under this section shall be allowed in respect of any income earned from any source outside India, unless the assessee furnishes a certificate in the prescribed form, from the authority or authorities, as may be prescribed, along with the return of income.

(*4*) Where a deduction for any previous year has been claimed and allowed in respect of any income referred to in this section, no deduction in respect of such income shall be allowed, under any other provision of this Act in any assessment year.

Explanation.—For the purposes of this section,—

(*a*) "Controller" shall have the meaning assigned to it in clause (*b*) of sub-section (*1*) of section 2 of the Patents Act, 1970 (39 of 1970);

(*b*) "lump sum" includes an advance payment on account of such royalties which is not returnable;

(*c*) "patent" means a patent (including a patent of addition) granted under the Patents Act, 1970 (39 of 1970);

(*d*) "patentee" means the person, being the true and first inventor of the invention, whose name is entered on the patent register as the patentee, in accordance with the Patents Act, 1970 (39 of 1970), and includes every such person, being the true and first inventor of the invention, where more than one person is registered as patentee under that Act in respect of that patent;

(*e*) "patent of addition" shall have the meaning assigned to it in clause (*q*) of sub-section (*1*) of section 2 of the Patents Act, 1970 (39 of 1970);

(*f*) "patented article" and "patented process" shall have the meanings respectively assigned to them in clause (*o*) of sub-section (*1*) of section 2 of the Patents Act, 1970 (39 of 1970);

1. Ins. by Act 32 of 2003, s. 45 (w.e.f. 1-4-2004).

(*g*) "royalty", in respect of a patent, means consideration (including any lump sum consideration but excluding any consideration which would be the income of the recipient chargeable under the head "Capital gains" or consideration for sale of product manufactured with the use of patented process or of the patented article for commercial use) for—

(*i*) the transfer of all or any rights (including the granting of a licence) in respect of a patent; or

(*ii*) the imparting of any information concerning the working of, or the use of, a patent; or

(*iii*) the use of any patent; or

(*iv*) the rendering of any services in connection with the activities referred to in sub-clauses (*i*) to (*iii*);

(*h*) "true and first inventor" shall have the meaning assigned to it in clause (*y*) of sub-section (*1*) of section 2 of the Patents Act, 1970 (39 of 1970).]

80S. [*Deduction in respect of compensation for termination of managing agency, etc., in the case of assessees other than companies*.] *Omitted by the Finance Act*, 1986 (23 *of* 1986), *s*. 22 (*w.e.f*. 1-4-1987). *Original section was introduced in place of old section* 112 *by the Finance* (*No*. 2) *Act*, 1967 (20 *of* 1967), *s*. 33 *and the Third Schedule* (*w.e.f*. 1-4-1968).

80T. [*Deduction in respect of long-term capital gains in the case of assessees other than companies*.] *Omitted by the Finance Act*, 1987 (11 *of* 1987), *s*. 38 (*w.e.f*. 1-4-1988). *Original section was inserted by the Finance* (*No*. 2) *Act*, 1967 (20 *of* 1967), *s*. 33 *and the Third Schedule* (*w.e.f*. 1-4-1968) *in replacement of section* 114.

80TT. [*Deduction in respect of winnings from lottery*.] *Omitted by the Finance Act*, 1986 (23 *of* 1986), *s*. 24 (*w.e.f*. 1-4-1987). *Original section was inserted by the Finance Act*, 1972 (16 of 1972), s. 22 (w.e.f. 1-4-1972) *and amended by the Finance* (*No*. 2) *Act*, 1980, (*w.e.f*. 1-4-1981).

[1][*CA.—Deductions in respect of other incomes*

80TTA.Deduction in respect of interest on deposits in savings account.—(*1*) Where the gross total income of an assesse [2][(other than the assessee referred to in section 80TTB)], being an individual or a Hindu undivided family, includes any income by way of interest on deposits (not being time deposits) in a savings account with—

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

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

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

1. Ins. by Act 23 of 2012, s. 31 (w.e.f. 1-4-2013).

2. Ins. by Act 13 of 2018, s. 31 (w.e.f. 1-4-2019).

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

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

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

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

Explanation.—For the purposes of this section, "time deposits" means the deposits repayable on expiry of fixed periods.]

[1][**80TTB. Deduction in respect of interest on deposits in case of senior citizens.**—(*1*) Where the gross total income of an assessee, being a senior citizen, includes any income by way of interest on deposits with—

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

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

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

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

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

(*ii*) in any other case, fifty thousand rupees.

(*2*) Where the income referred to in sub-section (*1*) is derived from any deposit held by, or on behalf of, a firm, an association of persons or a body of individuals, no deduction shall be allowed under this section in respect of such income in computing the total income of any partner of the firm or any member of the association or any individual of the body.

Explanation.—For the purposes of this section, "senior citizen" means an individual resident in India who is of the age of sixty years or more at any time during the relevant previous year.]

[2][*D.—Other deductions*

80U. [3][**Deduction in case of a person with disability.**—[4][(*1*) In computing the total income of an individual, being a resident, who, at any time during the previous year, is certified by the medical authority to be a person with disability, there shall be allowed a deduction of a sum of seventy-five thousand rupees:

1. Ins. by Act 13 of 2018, s. 32 (w.e.f. 1-4-2019).

2. Ins. by Act 19 of 1968, s. 30 and the Third Schedule (w.e.f. 1-4-1969).

3. Subs. by Act 32 of 2003, s. 46, for section 80U (w.e.f. 1-4-2004). Earlier substituted by Act 49 of 1991, s. 37 (w.e.f. 1-4-1992).

4. Subs. by Act 20 of 2015, s. 24, for sub-section (*1*) (w.e.f. 1-4-2016).

Provided that where such individual is a person with severe disability, the provisions of this sub-section shall have effect as if for the words "seventy-five thousand rupees", the words "one hundred and twenty-five thousand rupees" had been substituted.]

(*2*) Every individual claiming a deduction under this section shall furnish a copy of the certificate issued by the medical authority in the form and manner, as may be prescribed, along with the return of income under section 139, in respect of the assessment year for which the deduction is claimed :

Provided that where the condition of disability requires reassessment of its extent after a period stipulated in the aforesaid certificate, no deduction under this section shall be allowed for any assessment year relating to any previous year beginning after the expiry of the previous year during which the aforesaid certificate of disability had expired, unless a new certificate is obtained from the medical authority in the form and manner, as may be prescribed, and a copy thereof is furnished along with the return of income under section 139.

[1][*Explanation.*—For the purposes of this section,—

(*a*) "disability" shall have the meaning assigned to it in clause (*i*) of section 2 of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 (1 of 1996), and includes "autism", "cerebral palsy" and "multiple disabilities" referred to in clauses (*a*), (*c*) and (*h*) of section 2 of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 (44 of 1999);

(*b*) "medical authority" means the medical authority as referred to in clause (*p*) of section 2 of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 (1 of 1996), or such other medical authority as may, by notification, be specified by the Central Government for certifying "autism", "cerebral palsy", "multiple disabilities", "person with disability" and "severe disability" referred to in clauses (*a*), (*c*), (*h*), (*j*) and (*o*) of section 2 of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 (44 of 1999);

(*c*) "person with disability" means a person referred to in clause (*t*) of section 2 of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 (1 of 1996), or clause (*j*) of section 2 of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 (44 of 1999);

(*d*) "person with severe disability" means—

(*i*) a person with eighty per cent or more of one or more disabilities, as referred to in sub-section (*4*) of section 56 of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 (1 of 1996); or

(*ii*) a person with severe disability referred to in clause (*o*) of section 2 of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 (44 of 1999).]]

80V. [*Deduction from gross total income of the parent in certain cases*.] *Omitted by the Finance Act,* 1994 (32 *of* 1994), *s*. 28(*w.e.f.* 1-4-1995).

80VV. [*Deduction in respect of expenses incurred in connection with certain proceedings under the Act*.] *Omitted by the Finance Act*, 1985 (32 *of* 1985), *s*. 25 (*w.e.f.* 1-4-1986). *Original section was inserted by the Taxation Laws* (*Amendment*) *Act*, 1975 (41 *of* 1975), *s.* 26(*w.e.f.* 1-4-1976).

1. Subs. by Act 23 of 2004, s. 19, for the *Explanation* (w.e.f. 1-4-2005).

CHAPTER VI-B

RESTRICTION ON CERTAIN DEDUCTIONS IN THE CASE OF COMPANIES

[Chapter VI-B, *omitted by the Finance Act*, 1987 (11 *of* 1987), *s*. 40 (*w.e.f*. 1-4-1988). *Original Chapter was inserted by the Finance Act*, 1983 (11 of 1983), s. 32 (*w.e.f*. 1-4-1984) *and amended by the Finance Act*, 1985, (*w.e.f*. 1-4-1986) *and Finance Act*, 1986 (32 *of* 1985), *s*. 25(*w.e.f*. 1-4-1987).]

CHAPTER VII

INCOMES FORMING PART OF TOTAL INCOME ON WHICH NO INCOME-TAX IS PAYABLE

81. to **85C.** *Omitted by the Finance* (No. 2) Act, 1967 (20 of 1967), s. 33 *and the Third Schedule* (w.e.f. 1-4-1968). *Provisions of sections* 81, 82, 83, 84, 85, 85A, 85B *and* 85C *were incorporated from the same date in sections* 80P, 80Q, 10(29), 80J (*now omitted*), 80*K* (*now omitted*), 80M (*now omitted*), 80N (*now omitted*) *and* 80-O, *respectively*.

[1]**[86.Share of member of an association of persons or body of individuals in the income of the association or body.**—Where the assessee is a member of an association of persons or body of individuals (other than a company or a co-operative society or a society registered under the Societies Registration Act, 1860 (21 of 1860), or under any law corresponding to that Act in force in any part of India),income-tax shall not be payable by the assessee in respect of his share in the income of the association or body computed in the manner provided in section 67A:

Provided that,—

(*a*) where the association or body is chargeable to tax on its total income at the maximum marginal rate or any higher rate under any of the provisions of this Act, the share of a member computed as aforesaid shall not be included in his total income;

(*b*) in any other case, the share of a member computed as aforesaid shall form part of his total income:

Provided further that where no income-tax is chargeable on the total income of the association or body, the share of a member computed as aforesaid shall be chargeable to tax as part of his total income and nothing contained in this section shall apply to the case.]

86A. [*Deduction from tax on certain securities.] Omitted by the Finance Act*, 1988 (26 *of* 1988), *s*. 28 (*w.e.f*. 1-4-1989). *Original section was inserted by the Finance Act*, 1965 (10 *of* 1985), *s*. 22 (*w.e.f*. 1-4-1965).

CHAPTER VIII

[2][REBATES AND RELIEFS]

[3][*A.—Rebate of income-tax*]

87. Rebate to be allowed in computing income-tax.—(*1*) In computing the amount of income-tax on the total income of an assessee with which he is chargeable for any assessment year, there shall be allowed from the amount of income-tax (as computed before allowing the deductions under this Chapter), in accordance with and subject to the provisions of [4][[5][sections 87A, 88], 88A, 88B, 88C, 88D and 88E], the deductions specified in those sections.

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1. Subs. by Act 18 of 1992, s. 49, for section 86 (w.e.f. 1-4-1993).

2. Subs. by Act 12 of 1990, s. 30, for Heading (w.e.f. 1-4-1991).

3. Ins. by s. 30, *ibid*. (w.e.f. 1-4-1991).

4. Subs. by Act 23 of 2004, s. 20, for "section 88, 88A, 88B and 88C" (w.e.f. 1-4-2005). Earlier section amended by Act 18 of 1992, s. 50 (w.e.f. 1-4-1993) and Act

5. Subs. by Act 17 of 2013, s. 21, for "sections 88" (w.e.f. 1-4-2014).

(*2*) The aggregate amount of the deductions under [1][section 87A or section 88] or section 88A [2][or section 88B] [3][or section 88C] [4][or section 88D or section 88E] shall not, in any case, exceed the amount of income-tax (as computed before allowing the deductions under this Chapter) on the total income of the assessee with which he is chargeable for any assessment year.

[5]**[87A. Rebate of income-tax in case of certain individuals.**—An assessee, being an individual resident in India, whose total income does not exceed [6][[7][five hundred thousand] rupees], shall be entitled to a deduction, from the amount of income-tax (as computed before allowing the deductions under this Chapter) on his total income with which he is chargeable for any assessment year, of an amount equal to hundred per cent of such income-tax or an amount of [8]**[**[9][twelve thousand and five hundred] rupees], whichever is less.]

88. Rebate on life insurance premia, contribution to provident fund, etc.—[10][(*1*) Subject to the provisions of this section, an assessee, being an individual, or a Hindu undivided family, shall be entitled to a deduction, from the amount of income-tax (as computed before allowing the deductions under this Chapter) on his total income with which he is chargeable for any assessment year, of an amount equal to—

(*i*) in the case of an individual or a Hindu undivided family, whose gross total income before giving effect to deductions under Chapter VI-A, is one lakh fifty thousand rupees or less, twenty per cent of the aggregate of the sums referred to in sub-section (*2*):

Provided that an individual shall be entitled to a deduction of an amount equal to thirty per cent of the aggregate of the sums referred to in sub-section (*2*) if his income under the head "Salaries"—

(*a*) does not exceed one lakh rupees during the previous year before allowing the deduction under section 16; and

(*b*) is not less than ninety per cent of his gross total income, as defined in sub-section (*5*) of section 80B;

(*ii*) in the case of an individual or a Hindu undivided family, whose gross total income before giving effect to deductions under Chapter VI-A, is more than one lakh fifty thousand rupees but does not exceed five lakh rupees, fifteen per cent of the aggregate of the sums referred to in sub-section (*2*);

(*iii*) in the case of an individual or a Hindu undivided family, whose gross total income before giving effect to deductions under Chapter VI-A, exceeds five lakh rupees, nil.]

(*2*) The sums referred to in sub-section (*1*) shall be any sums paid or deposited in the previous year by the assessee [11]***—

(*i*) to effect or to keep in force an insurance on the life of persons specified in sub-section (*4*);

(*ii*) to effect or to keep in force a contract for a deferred annuity, [12][not being an annuity plan referred to in clause (*xiiia*)], on the life of persons specified in sub-section (*4*):

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1. Subs. by Act 17 of 2013, s. 21, for "section 88" (w.e.f. 1-4-2014).
2. Ins. by Act 18 of 1992, s. 50 (w.e.f. 1-4-1993).
3. Ins. by Act 10 of 2000, s. 45 (w.e.f. 1-4-2001).
4. Ins. by Act 23 of 2004, s. 20 (w.e.f. 1-4-2005).
5. Ins. by Act 17 of 2013, s. 21 (w.e.f. 1-4-2014).
6. Subs. by Act 7 of 2017, s. 38, for "five hundred thousand rupees" w.e.f. 1-4-2018).
7. Subs. by Act 7 of 2019, s. 8, for "three hundred fifty thousand" (w.e.f. 1-4-2020).
8. Subs. by Act 7 of 2017, s. 38, for "five thousand rupees" (w.e.f. 1-4-2018) and by Act 28 of 2016, s. 46, for "two thousand rupees" (w.e.f. 1-4-2017).
9. Subs. by Act 7 of 2019, s. 8, for "two thousand and five hundred" (w.e.f. 1-4-2020).
10. Subs. by Act 20 of 2002, s. 37, for sub-section (*1*) (w.e.f. 1-4-2003). Earlier sub-section (*1*) was amended by Act 12 of 1990, s. 30 (w.e.f. 1-4-1991), Act 18 of 1992, s. 51 (w.e.f. 1-4-1993), Act 32 of 1994, s. 29 (w.r.e.f. 1-4-1991) and Act 14 of 2001, s. 47 (w.e.f. 1-4-2002).
11. The words "out of his income chargeable to tax" omitted by Act 20 of 2002, s. 37 (w.e.f. 1-4-2003).
12. Subs. by Act 18 of 1992, s. 51, for "not being an annuity plan referred to in clause (*ii*) of sub-section (*1*) of section 80CCA" (w.e.f. 1-4-1993).

Provided that such contract does not contain a provision for the exercise by the insured of an option to receive a cash payment in lieu of the payment of the annuity;

(*iii*) by way of deduction from the salary payable by or on behalf of the Government to any individual being a sum deducted in accordance with the conditions of his service, for the purpose of securing to him a deferred annuity or making provision for his wife or children, in so far as the sum so deducted does not exceed one-fifth of the salary;

(*iv*) as a contribution by an individual to any provident fund to which the Provident Funds Act, 1925 (19 of 1925), applies;

(*v*) as a contribution to any provident fund set up by the Central Government and notified by it in this behalf in the Official Gazette, where such contribution is to an account standing in the name of any person specified in sub-section (*4*);

(*vi*) as a contribution by an employee to a recognised provident fund;

(*vii*) as a contribution by an employee to an approved superannuation fund;

(*viii*) in a ten-year account or a fifteen-year account under the Post Office Savings Bank (Cumulative Time Deposits) Rules, 1959, as amended from time to time, where such sums are deposited in an account standing in the name of the persons specified in sub-section (*4*);

(*ix*) as subscription to any such security of the Central Government [1][or any such deposit scheme] as that Government may, by notification in the Official Gazette, specify in this behalf;

(*x*) as subscription to the National Savings Certificates (VI Issue) and National Savings Certificates (VII Issue) issued under the Government Savings Certificates Act, 1959 (46 of 1959);

(*xi*) as subscription to any such savings certificate as defined in clause (*c*) of section 2 of the Government Savings Certificates Act, 1959 (46 of 1959), as the Central Government may, by notification in the Official Gazette, specify in this behalf;

(*xii*) as a contribution, [2][in the name of any person] specified in sub-section (*4*), for participation in the Unit-linked Insurance Plan, 1971 (hereafter in this section referred to as the Unit-linked Insurance Plan) deemed to have been made under sub-clause (*a*) of clause (*8*) of section 19 of the Unit Trust of India Act, 1963 (52 of 1963);

(*xiii*) as a contribution [3][in the name of any person specified in sub-section (*4*)] for participation in any such unit-linked insurance plan of the LIC Mutual Fund notified under clause (*23D*) of section 10, as the Central Government may, by notification in the Official Gazette, specify in this behalf;

[1][(*xiiia*) to effect or to keep in force a contract for such annuity plan of the Life Insurance Corporation [4][or any other insurer] as the Central Government may, by notification in the Official Gazette, specify;

(*xiiib*) as subscription, not exceeding ten thousand rupees, to any units of any Mutual Fund notified under clause (*23D*) of section 10 or the Unit Trust of India established under the Unit Trust of India Act, 1963 (52 of 1963), under any plan formulated in accordance with such scheme as the Central Government may, by notification in the Official Gazette, specify in this behalf;

(*xiiic*) as a contribution by an individual to any pension fund set up by any Mutual Fund notified under clause (*23D*) of section 10 [5][or by the Unit Trust of India established under the Unit Trust of India Act, 1963 (52 of 1963)], as the Central Government may, by notification in the Official Gazette, specify in this behalf;]

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1. Ins. by Act 18 of 1992, s. 51 (w.e.f. 1-4-1993).
2. Subs. by Act 32 of 1994, s. 29, for "by any person" (w.e.f. 1-4-1991)
3. Subs. by s. 29, *ibid*., for "by any individual" (w.e.f. 1-4-1991).
4. Ins. by Act 14 of 2001, s. 47 (w.e.f. 1-4-2002).
5. Ins. by Act 32 of 1994, s. 29 (w.e.f. 1-4-1995).

(*xiv*) as subscription to any such deposit scheme of [1][, or as a contribution to any such pension fund set up by], the National Housing Bank established under section 3 of the National Housing Bank Act, 1987 (53 of 1987) (hereafter in this section referred to as the National Housing Bank), as the Central Government may, by notification in the Official Gazette, specify in this behalf;

[2][(*xiva*) as subscription to any such deposit scheme of—

(*a*) a public sector company which is engaged in providing long-term finance for construction or purchase of houses in India for residential purposes; or

(*b*) any authority constituted in India by or under any law enacted either for the purpose of dealing with and satisfying the need for housing accommodation or for the purpose of planning, development or improvement of cities, towns and villages, or for both,

not being a scheme the interest on deposits whereunder qualifies for the purposes of computing the deduction under section 80L, as the Central Government may, by notification in the Official Gazette, specify in this behalf;]

[3][(*xivb*) as tuition fees (excluding any payment towards any development fees or donation or payment of similar nature), whether at the time of admission or thereafter,—

(*a*) to any university, college, school or other educational institution situated within India;

(*b*) for the purpose of full-time education of any of the persons specified in sub-section (*4*);]

(*xv*) for the purposes of purchase or construction of a residential house property [4]*** the income from which is chargeable to tax under the head "Income from house property" (or which would, if it had not been used for the assessee's own residence, have been chargeable to tax under that head), where such payments are made towards or by way of—

(*a*) any instalment or part payment of the amount due under any self-financing or other scheme of any development authority, housing board or other authority engaged in the construction and sale of house property on ownership basis; or

(*b*) any instalment or part payment of the amount due to any company or co-operative society of which the assessee is a shareholder or member towards the cost of the house property allotted to him; or

(*c*) repayment of the amount borrowed by the assessee from—

(*1*) the Central Government or any State Government, or

(*2*) any bank, including a co-operative bank, or

(*3*) the Life Insurance Corporation, or

(*4*) the National Housing Bank, or

(*5*) any public company formed and registered in India with the main object of carrying on the business of providing long-term finance for construction or purchase of houses in India for residential purposes [5][which is eligible for deduction under clause (*viii*) of sub-section (*1*) of section 36], or

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1. Ins. by Act 18 of 1992, s. 51 (w.e.f. 1-4-1993).
2. Ins. by Act 49 of 1991, s. 38 (w.e.f. 1-4-1992).
3. Ins. by Act 32 of 2003, s. 47 (w.e.f. 1-4-2004).
4. The words "construction of which is completed after the 31st day of March, 1987, and the" omitted by Act 49 of 1991, s. 38 (w.e.f. 1-4-1992).
5. Subs. by Act 10 of 2000, s. 46, for "which is approved for the purposes of clause (*viii*) of sub-section (*1*) of section 36 (w.e.f. 1-4-2000).

(*6*) any company in which the public are substantially interested or any co-operative society, where such company or co-operative society is engaged in the business of financing the construction of houses, or

[1][(*6A*) the assessee's employer where such employer is an authority or a board or a corporation or any other body established or constituted under a Central or State Act, or]

(*7*) the assessee's employer where such employer is a public company or a public sector company or a University established by law or a college affiliated to such University or a local authority [2][or a co-operative society];

(*d*) stamp duty, registration fee and other expenses for the purpose of transfer of such house property to the assessee,

but shall not include any payment towards or by way of—

(*A*) the admission fee, cost of share and initial deposit which a shareholder of a company or a member of a co-operative society has to pay for becoming such shareholder or member; or

[3]* * * * *

(*C*) the cost of any addition or alteration to, or renovation or repair of, the house property which is carried out after the issue of the completion certificate in respect of the house property by the authority competent to issue such certificate or after the house property or any part thereof has either been occupied by the assessee or any other person on his behalf or been let out; or

(*D*) any expenditure in respect of which deduction is allowable under the provisions of section 24;

[4][(*xvi*) as subscription to equity shares or debentures forming part of any eligible issue of capital approved by the Board on an application made by a public company [5][or as subscription to any eligible issue of capital by any public financial institution] in the prescribed form:

Provided that where a deduction is claimed and allowed under this clause with reference to the cost of any equity shares or debentures, the cost of such shares or debentures shall not be taken into account for the purposes of sections 54EA and 54EB.

[6][*Explanation*.—For the purposes of this clause,—

(*i*) "eligible issue of capital" means an issue made by a public company formed and registered in India or a public financial institution and the entire proceeds of the issue are utilised wholly and exclusively for the purposes of any business referred to in sub-section (*4*) of section 80-IA;

(*ii*) "public company" shall have the meaning assigned to it in section 3 of the Companies Act, 1956 (1 of 1956);

(*iii*) "public financial institution" shall have the meaning assigned to it in section 4A of the Companies Act, 1956 (1 of 1956);]]

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1. Ins. by Act 23 of 2004, s. 21 (w.e.f. 1-4-2005).
2. Ins. by Act 18 of 1992, s. 51 (w.e.f. 1-4-1992).
3. Clause (*B*) omitted by Act 49 of 1991, s. 38 (w.e.f. 1-4-1992).
4. Ins. by Act 33 of 1996, s. 34 (w.e.f. 1-4-1997).
5. Ins. by Act 26 of 1997, s. 30 (w.e.f. 1-4-1998).
6. Subs. by Act 32 of 2003, s. 47, for the *Explanation* (w.e.f. 1-4-2004). Earlier it was amended by Act 33 of 1996, s. 34 (w.e.f. 1-4-1997), Act 26 of 1997, s. 30 (w.e.f. 1-4-1998), Act 27 of 1999, s. 90 (w.e.f. 1-4-2000).

(*xvii*) as subscription to any units of any mutual fund referred to in clause (*23D*) of section 10 and approved by the Board on an application made by such mutual fund in the prescribed form:

Provided that where a deduction is claimed and allowed under this clause with reference to the cost of units, the cost of such units shall not be taken into account for the purposes of sections 54EA and 54EB:

Provided further that this clause shall apply if the amount of subscription to such units is subscribed only in the eligible issue of capital of any company.

Explanation.—For the purposes of this clause "eligible issue of capital" means an issue referred to in clause (*i*) of the Explanation to clause (*xvi*) of sub-section (*2*) of section 88.

[1][(*2A*) The provisions of sub-section (*2*) shall apply only to so much of any premium or other payment made on an insurance policy other than a contract for a deferred annuity as is not in excess of twenty per cent of the actual capital sum assured.

Explanation.—In calculating any such actual capital sum, no account shall be taken—

(*i*) of the value of any premiums agreed to be returned, or

(*ii*) of any benefit by way of bonus or otherwise over and above the sum actually assured, which is to be, or, may be, received under the policy by any person.]

[2][(*3*) The sums referred to in sub-section (*2*) shall be paid or deposited at any time during the previous year, and the assessee, being an individual or a Hindu undivided family, shall be entitled to a deduction under sub-section (*1*) on so much of the aggregate of such sums paid or deposited as does not exceed the total income of the assessee, chargeable to tax during the relevant previous year.]

(*4*) The persons referred to in sub-section (*2*) shall be the following, namely:—

[3][(*a*) for the purposes of clauses (*i*), (*v*), (*xii*) and (*xiii*) of that sub-section,—

(*i*) in the case of an individual, the individual, the wife or husband and any child of such individual, and

(*ii*) in the case of a Hindu undivided family, any member thereof;]

(*b*) for the purposes of clause (*ii*) of that sub-section,—

(*i*) in the case of an individual, the individual, the wife or husband and any child of such individual, and

[4]* * * * *

(*c*) for the purposes of [5][clause (*viii*)] of that sub-section,—

(*i*) in the case of an individual, such individual or a minor of whom he is the guardian;

(*ii*) in the case of a Hindu undivided family, any member of the family;

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1. Ins. by Act 32 of 2003, s. 47 (w.e.f. 1-4-2004).

2. Ins. by Act 20 of 2002, s. 37 (w.e.f. 1-4-2003). Earlier sub-section (*3*) was omitted by Act 22 of 1995, s. 22 (w.e.f. 1-4-1996).

3. Subs. by Act 32 of 1994, s. 29, for clause (*a*) (w.e.f. 1-4-1991).

4. Sub-clause (*ii*) omitted by s. 29, *ibid*. (w.e.f. 1-4-1991).

5. Subs. by s. 29, *ibid*., for "clauses (*v*) and (*viii*)" (w.e.f. 1-4-1991).

[1]* * * * *

[2][(*d*) for the purpose of clause (*xivb*) of that sub-section, in the case of an individual, any two children of such individual.]

[3][(*5*) Where the aggregate of any sums specified in clause (*i*) to clause (*xvii*) of sub-section (*2*) exceeds an amount of one hundred thousand rupees, a deduction under sub-section (*1*) shall be allowed with reference to so much of the aggregate as does not exceed an amount of one hundred thousand rupees:

Provided that where the aggregate of any sums specified in clause (*i*) to clause (*xv*) of sub-section (*2*) exceeds an amount of seventy thousand rupees, a deduction under sub-section (*1*) in respect of such sums shall be allowed with reference to so much of the aggregate as does not exceed an amount of seventy thousand rupees:

Provided further that where the aggregate of any sums specified in clause (*xv*) of sub-section (*2*) exceeds an amount of twenty thousand rupees, a deduction under sub-section (*1*) in respect of such sums shall be allowed with reference to so much of the aggregate as does not exceed an amount of twenty thousand rupees:

[4][Provided also that where the aggregate of any sum specified in clause (*xivb*) of sub-section (*2*) exceeds an amount of twelve thousand rupees in respect of a child, a deduction under sub-section (*1*) in respect of such sum shall be allowed with reference to so much of the aggregate as does not exceed an amount of twelve thousand rupees in respect of such child.]

[5]* * * * *

(*7*) Where, in any previous year, an assessee—

(*i*) terminates his contract of insurance referred to in clause (*i*) of sub-section (*2*), by notice to that effect or where the contract ceases to be in force by reason of failure to pay any premium, by not reviving [6][contract of insurance,—

(*a*) in case of any single premium policy, within two years after the date of commencement of insurance; or

(*b*) in any other case, before premiums have been paid for two years; or]

(*ii*) terminates his participation in any unit-linked insurance plan referred to in clause (*xii*) or clause (*xiii*) of sub-section (*2*), by notice to that effect or where he ceases to participate by reason of failure to pay any contribution, by not reviving his participation, before contributions in respect of such participation have been paid for five years; or

(*iii*) transfers the house property referred to in clause (*xv*) of sub-section (*2*) before the expiry of five years from the end of the financial year in which possession of such property is obtained by him, or receives back, whether by way of refund or otherwise, any sum specified in that clause,

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1. Sub-clause (*iii*) omitted by Act 32 of 1994, s. 29 (w.e.f. 1-4-1991).
2. Ins. by Act 32 of 2003, s. 47 (w.e.f. 1-4-2004). Earlier clause (*d*) omitted by Act 32 of 1994, s. 29 (w.e.f. 1-4-1991).
3. Subs. by Act 20 of 2002, s. 37, for sub-section (*5*) (w.e.f. 1-4-2003).
4. Ins. by Act 32 of 2003, s. 47 (w.e.f. 1-4-2004).
5. Sub-sections (*5A*) and (*6*) omitted by Act 20 of 2002, s. 37 (w.e.f. 1-4-2003).
6. Subs. by Act 22 of 1995, s. 22, for "contract of insurance, before premiums have been paid for two years; or" (w.e.f. 1-4-1996).

then,—

(*a*) no deduction shall be allowed to the assessee under sub-section (*1*) with reference to any of the sums, referred to in clauses (*i*), (*xii*), (*xiii*) and (*xv*) of sub-section (*2*), paid in such previous year; and

(*b*) the aggregate amount of the deductions of income-tax so allowed in respect of the previous year or years preceding such previous year, shall be deemed to be tax payable by the assessee in the assessment year relevant to such previous year and shall be added to the tax on the total income of the assessee with which he is chargeable for such assessment year.

[1][(*7A*) If any equity shares or debentures, with reference to the cost of which a deduction is allowed under sub-section (*1*), are sold or otherwise transferred by the assessee to any person at any time within a period of three years from the date of their acquisition, the aggregate amount of the deductions of income-tax so allowed in respect of such equity shares or debentures in the previous year or years preceding the previous year in which such sale or transfer has taken place shall be deemed to be tax payable by the assessee for the assessment year relevant to such previous year and shall be added to the amount of income-tax on the total income of the assessee with which he is chargeable for such assessment year.

Explanation.—A person shall be treated as having acquired any shares or debentures on the date on which his name is entered in relation to those shares or debentures in the register of members or of debenture-holders, as the case may be, of the public company.]

(*8*) In this section,—

(*i*) "contribution" to any fund shall not include any sums in repayment of loan;

(*ii*) "insurance" shall include—

(*a*) a policy of insurance on the life of an individual or the spouse or the child of such individual or a member of a Hindu undivided family securing the payment of specified sum on the stipulated date of maturity, if such person is alive on such date notwithstanding that the policy of insurance provides only for the return of premiums paid (with or without any interest thereon) in the event of such person dying before the said stipulated date;

(*b*) a policy of insurance effected by an individual or a member of a Hindu undivided family for the benefit of a minor with the object of enabling the minor, after he has attained majority to secure insurance on his own life by adopting the policy and on his being alive on a date (after such adoption) specified in the policy in this behalf;

(*iii*) "Life Insurance Corporation" means the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956 (31 of 1956);

(*iv*) "public company" shall have the same meaning as in section 3 of the Companies Act, 1956 (1 of 1956);

(*v*) "security" means a Government security as defined in clause (*2*) of section 2 of the Public Debt Act, 1944 (18 of 1944);

(*vi*) "transfer" shall be deemed to include also the transactions referred to in clause (*f*) of section 269UA.

[2][(*9*) No deduction from the amount of income-tax shall be allowed under this section to an assessee, being an individual or a Hindu undivided family for the assessment year beginning on the 1st day of April, 2006 and subsequent years.]

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1. Ins. by Act 33 of 1996, s. 34 (w.e.f. 1-4-1997).

2. Ins. by Act 18 of 2005, s. 29 (w.e.f. 1-4-2006).

88A. [**Rebate in respect of investment in certain new shares or units**].—*Omitted by the Finance* (*No*. 2) *Act* (33 *of* 1996), *s*. 35 (*w.e.f*. 1-4-1994).

88B. [**Rebate of income-tax in case of individuals of sixty-five years or above].**—*Omitted by the Finance Act*, 2005 (18 *of* 2005), *s*. 30 (*w.e.f*. 1-4-2006).

88C. [Rebate of income-tax in case of women below sixty-five years].—*Omitted by s.* 31, *ibid.*, (*w.e.f.* 1-4-2006).

88D. [**Rebate of income-tax in case of certain individuals].**—*Omitted by s.*32, *ibid.*, (*w.e.f.* 1-4-2006).

[1]**[88E. Rebate in respect of securities transaction tax.**—(*1*) Where the total income of an assessee in a previous year includes any income, chargeable under the head "Profits and gains of business or profession", arising from taxable securities transactions, he shall be entitled to a deduction, from the amount of income-tax on such income arising from such transactions, computed in the manner provided in sub-section (*2*), of an amount equal to the securities transaction tax paid by him in respect of the taxable securities transactions entered into in the course of his business during that previous year:

Provided that no deduction under this sub-section shall be allowed unless the assessee furnishes along with the return of income, evidence of payment of securities transaction tax in the prescribed form:

Provided further that the amount of deduction under this sub-section shall not exceed the amount of income-tax on such income computed in the manner provided in sub-section (*2*).

(*2*) For the purposes of sub-section (*1*), the amount of income-tax on the income arising from the taxable securities transactions, referred to in that sub-section, shall be equal to the amount calculated by applying the average rate of income-tax on such income.

[2][(*3*) No deduction under this section shall be allowed in, or after, the assessment year beginning on the 1st day of April, 2009.]

Explanation.—For the purposes of this section, the expressions, "taxable securities transaction" and "securities transaction tax" shall have the same meanings respectively assigned to them under Chapter VII of the Finance (No. 2) Act, 2004.]

B.—Relief for income-tax]

[3]**[89. Relief when salary, etc., is paid in arrears or in advance.**—Where an assessee is in receipt of a sum in the nature of salary, being paid in arrears or in advance or is in receipt, in any one financial year, of salary for more than twelve months or a payment which under the provisions of clause (*3*) of section 17 is a profit in lieu of salary, or is in receipt of a sum in the nature of family pension as defined in the *Explanation* to clause (*iia*) of section 57, being paid in arrears, due to which his total income is assessed at a rate higher than that at which it would otherwise have been assessed, the Assessing Officer shall, on an application made to him in this behalf, grant such relief as may be prescribed:]

[4][Provided that no such relief shall be granted in respect of any amount received or receivable by an assessee on his voluntary retirement or termination of his service, in accordance with any scheme or schemes of voluntary retirement or in the case of a public sector company referred to in sub-clause (*i*) of clause (*10C*) of section 10, a scheme of voluntary separation, if an exemption in respect of any amount received or receivable on such voluntary retirement or termination of his service or voluntary separation has been claimed by the assessee under clause (*10C*) of section 10 in respect of such, or any other, assessment year.]

1. Subs. by Act 23 of 2004, s. 23, for section 88E (w.e.f. 1-4-2005).
2. Ins. by Act 18 of 2008, s. 20 (w.e.f. 1-4-2008).
3. Subs. by Act 20 of 2002, s.38, for section 89 (w.e.f. 1-4-1996). Earlier section substituted by42 of 1970, s. 23 (w.e.f. 1-4-1971).
4. Ins. by Act 33 of 2009, s. 39 (w.e.f. 1-4-2010).

89A. [**Tax relief in relation to export turnover**].—*Omitted by the Finance Act,* 1983 (11 *of* 1983), *s.* 33 (*w.e.f.* 1-4-1983). *The provisions of this section were later substituted by scheme contained in section* 80*HHC, inserted by the Finance Act,* 1983 (11 *of* 1983), *s.* 24 (*w.e.f.* 1-4-1983). *Originally section* 89*A was inserted by the Finance Act,* 1982 (29 *of* 1983), *s.* 22 (*w.e.f.* 1-6-1982).

CHAPTER IX

DOUBLE TAXATION RELIEF

[1]**[90. Agreement with foreign countries or specified territories.**—(*1*) The Central Government may enter into an agreement with the Government of any country outside India or specified territory outside India,—

(*a*) for the granting of relief in respect of—

(*i*) income on which have been paid both income-tax under this Act and income-tax in that country or specified territory, as the case may be, or

(*ii*) income-tax chargeable under this Act and under the corresponding law in force in that country or specified territory, as the case may be, to promote mutual economic relations, trade and investment, or

(*b*) for the avoidance of double taxation of income under this Act and under the corresponding law in force in that country or specified territory, as the case may be, or

(*c*) for exchange of information for the prevention of evasion or avoidance of income-tax chargeable under this Act or under the corresponding law in force in that country or specified territory, as the case may be, or investigation of cases of such evasion or avoidance, or

(*d*) for recovery of income-tax under this Act and under the corresponding law in force in that country or specified territory, as the case may be,

and may, by notification in the Official Gazette, make such provisions as may be necessary for implementing the agreement.

(*2*) Where the Central Government has entered into an agreement with the Government of any country outside India or specified territory outside India, as the case may be, under sub-section (*1*) for granting relief of tax, or as the case may be, avoidance of double taxation, then, in relation to the assessee to whom such agreement applies, the provisions of this Act shall apply to the extent they are more beneficial to that assessee.

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

(*3*) Any term used but not defined in this Act or in the agreement referred to in sub-section (*1*) shall, unless the context otherwise requires, and is not inconsistent with the provisions of this Act or the agreement, have the same meaning as assigned to it in the notification issued by the Central Government in the Official Gazette in this behalf.

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1. Subs. by Act 33 of 2009, s. 40, for section 90 (w.e.f. 1-10-2009). Earlier section amended by Act 16 of 1972, s. 23 (w.e.f. 1-4-1972). Further amended by Act 49 of 1991, s. 39 (w.e.f. 1-4-1972). Earlier substituted by Act 14 of 2001, s. 90 (w.e.f. 1-4-1962).
2. Ins. by Act 17 of 2013, s. 23 (w.e.f. 1-4-2016). Earlier inserted by Act 23 of 2012, s. 33 (w.e.f. 1-4-2013), and later on omitted by Act 17 of 2013, s. 23 (w.e.f. 1-4-2013).

[1][(*4*) An assessee, not being a resident, to whom an agreement referred to in sub-section (*1*) applies, shall not be entitled to claim any relief under such agreement unless [2][a certificate of his being a resident] in any country outside India or specified territory outside India, as the case may be, is obtained by him from the Government of that country or specified territory.]

[3][(*5*) The assessee referred to in sub-section (*4*) shall also provide such other documents and information, as may be prescribed.]

Explanation 1.—For the removal of doubts, it is hereby declared that the charge of tax in respect of a foreign company at a rate higher than the rate at which a domestic company is chargeable, shall not be regarded as less favourable charge or levy of tax in respect of such foreign company.

Explanation 2.—For the purposes of this section, "specified territory" means any area outside India which may be notified as such by the Central Government.

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

[5][*Explanation 4*.—For the removal of doubts, it is hereby declared that where any term used in an agreement entered into under sub-section (*1*) is defined under the said agreement, the said term shall have the same meaning as assigned to it in the agreement; and where the term is not defined in the said agreement, but defined in the Act, it shall have the same meaning as assigned to it in the Act and explanation, if any, given to it by the Central Government.]

[6]**[90A. Adoption by Central Government of agreement between specified associations for double taxation relief.**—(*1*) Any specified association in India may enter into an agreement with any specified association in the specified territory outside India and the Central Government may, by notification in the Official Gazette, make such provisions as may be necessary for adopting and implementing such agreement—

(*a*) for the granting of relief in respect of—

(*i*) income on which have been paid both income-tax under this Act and income-tax in any specified territory outside India; or

(*ii*) income-tax chargeable under this Act and under the corresponding law in force in that specified territory outside India to promote mutual economic relations, trade and investment, or

(*b*) for the avoidance of double taxation of income under this Act and under the corresponding law in force in that specified territory outside India, or

(*c*) for exchange of information for the prevention of evasion or avoidance of income-tax chargeable under this Act or under the corresponding law in force in that specified territory outside India, or investigation of cases of such evasion or avoidance, or

1. Ins. by Act 23 of 2012, s. 32 (w.e.f. 1-4-2013).
2. Subs. by Act 17 of 2013, s. 23, for "a certificate, containing such particulars as may be prescribed, of his being a resident" (w.e.f. 1-4-2013).
3. Ins. by s. 23, *ibid*. (w.e.f. 1-4-2013).
4. The *Explanation* 3 inserted by Act 23 of 2012, s. 32 (w.e.f. 1-10-2009).
5. Ins. by Act 7 of 2017, s. 39 (w.e.f. 1-4-2018).
6. Ins. by Act 21 of 2006, s. 20 (w.e.f. 1-6-2006).

(*d*) for recovery of income-tax under this Act and under the corresponding law in force in that specified territory outside India.

(*2*) Where a specified association in India has entered into an agreement with a specified association of any specified territory outside India under sub-section (*1*) and such agreement has been notified under that sub-section, for granting relief of tax, or as the case may be, avoidance of double taxation, then, in relation to the assessee to whom such agreement applies, the provisions of this Act shall apply to the extent they are more beneficial to that assessee.

[1][(*2A*) Notwithstanding anything contained in sub-section (*2*), the provisions of Chapter XA of the Act shall apply to the assessee even if such provisions are not beneficial to him.]

(*3*) Any term used but not defined in this Act or in the agreement referred to in sub-section (*1*) shall, unless the context otherwise requires, and is not inconsistent with the provisions of this Act or the agreement, have the same meaning as assigned to it in the notification issued by the Central Government in the Official Gazette in this behalf.

[2][(*4*) An assessee, not being a resident, to whom the agreement referred to in sub-section (*1*) applies, shall not be entitled to claim any relief under such agreement unless [3][a certificate of his being a resident] in any specified territory outside India, is obtained by him from the Government of that specified territory.]

[4][(*5*) The assessee referred to in sub-section (*4*) shall also provide such other documents and information, as may be prescribed.]

Explanation 1.—For the removal of doubts, it is hereby declared that the charge of tax in respect of a company incorporated in the specified territory outside India at a rate higher than the rate at which a domestic company is chargeable, shall not be regarded as less favourable charge or levy of tax in respect of such company.

Explanation 2.—For the purposes of this section, the expressions—

(*a*) "specified association" means any institution, association or body, whether incorporated or not, functioning under any law for the time being in force in India or the laws of the specified territory outside India and which may be notified as such by the Central Government for the purposes of this section;

(*b*) "specified territory" means any area outside India which may be notified as such by the Central Government for the purposes of this section.

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

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1. Ins. by Act 17 of 2013, s. 24 (w.e.f. 1-4-2016). Earlier sub-section (*2A*) was inserted by Act 23 of 2012, s. 33 (w.e.f. 1-4-2013) and later omitted by Act 17 of 2013, s. 24 (w.e.f. 1-4-2013).
2. Ins. by Act 23 of 2012, s. 33 (w.e.f. 1-4-2013).
3. Subs. by Act 17 of 2013, s. 24, for "a certificate, containing such particulars as may be prescribed, of his being a resident" (w.e.f. 1-4-2013).
4. Ins. by s. 24, *ibid*. (w.e.f. 1-4-2013).
5. Ins. by Act 23 of 2012, s. 33 (w.e.f. 1-6-2006).

[1][*Explanation* 4.—For the removal of doubts, it is hereby declared that where any term used in an agreement entered into under sub-section (*1*) is defined under the said agreement, the said term shall have the same meaning as assigned to it in the agreement; and where the term is not defined in the said agreement, but defined in the Act, it shall have the same meaning as assigned to it in the Act and explanation, if any, given to it by the Central Government.]

91. Countries with which no agreement exists.—(*1*) If any person who is resident in India in any previous year proves that, in respect of his income which accrued or arose during that previous year outside India (and which is not deemed to accrue or arise in India), he has paid in any country with which there is no agreement under section 90 for the relief or avoidance of double taxation, income-tax, by deduction or otherwise, under the law in force in that country, he shall be entitled to the deduction from the Indian income-tax payable by him of a sum calculated on such doubly taxed income at the Indian rate of tax or the rate of tax of the said country, whichever is the lower, or at the Indian rate of tax if both the rates are equal.

(*2*) If any person who is resident in India in any previous year proves that in respect of his income which accrued or arose to him during that previous year in Pakistan he has paid in that country, by deduction or otherwise, tax payable to the Government under any law for the time being in force in that country relating to taxation of agricultural income, he shall be entitled to a deduction from the Indian income-tax payable by him—

(*a*) of the amount of the tax paid in Pakistan under any law aforesaid on such income which is liable to tax under this Act also; or

(*b*) of a sum calculated on that income at the Indian rate of tax;

whichever is less.

(*3*) If any non-resident person is assessed on his share in the income of a registered firm assessed as resident in India in any previous year and such share includes any income accruing or arising outside India during that previous year (and which is not deemed to accrue or arise in India) in a country with which there is no agreement under section 90 for the relief or avoidance of double taxation and he proves that he has paid income-tax by deduction or otherwise under the law in force in that country in respect of the income so included he shall be entitled to a deduction from the Indian income-tax payable by him of a sum calculated on such doubly taxed income so included at the Indian rate of tax or the rate of tax of the said country, whichever is the lower, or at the Indian rate of tax if both the rates are equal.

Explanation.—In this section,—

(*i*) the expression "Indian income-tax" means income-tax [2]*** charged in accordance with the provisions of this Act;

(*ii*) the expression "Indian rate of tax" means the rate determined by dividing the amount of Indian income-tax after deduction of any relief due under the provisions of this Act but before deduction of [3][any relief due under this Chapter], by the total income;

(*iii*) the expression "rate of tax of the said country" means income-tax and super-tax actually paid in the said country in accordance with the corresponding laws in force in the said country after deduction of all relief due, but before deduction of any relief due in the said country in respect of double taxation, divided by the whole amount of the income as assessed in the said country;

1. Ins. by Act 7 of 2017, s. 40 (w.e.f. 1-4-2018).

2. The words "and super-tax" omitted by Act 10 of 1965, s. 28 (w.e.f. 1-4-1965).

3. Subs. by Act 5 of 1964, s. 20, for "any relief due under this section" (w.e.f. 1-4-1964).

(*iv*) the expression "income-tax" in relation to any country includes any excess profits tax or business profits tax charged on the profits by the Government of any part of that country or a local authority in that country.

CHAPTER X

SPECIAL PROVISIONS RELATING TO AVOIDANCE OF TAX

[1][**92. Computation of income from international transaction having regard to arm's length price.—**(*1*) Any income arising from an international transaction shall be computed having regard to the arm's length price.

Explanation.—For the removal of doubts, it is hereby clarified that the allowance for any expense or interest arising from an international transaction shall also be determined having regard to the arm's length price.

(*2*) Where in an [2][international transaction or specified domestic transaction], two or more associated enterprises enter into a mutual agreement or arrangement for the allocation or apportionment of, or any contribution to, any cost or expense incurred or to be incurred in connection with a benefit, service or facility provided or to be provided to any one or more of such enterprises, the cost or expense allocated or apportioned to, or, as the case may be, contributed by, any such enterprise shall be determined having regard to the arm's length price of such benefit, service or facility, as the case may be.

[3][(*2A*) Any allowance for an expenditure or interest or allocation of any cost or expense or any income in relation to the specified domestic transaction shall be computed having regard to the arm's length price.]

(*3*) The provisions of this section shall not apply in a case where the computation of income under[4][sub-section (*1*) or sub-section (*2A*)] or the determination of the allowance for any expense or interest under [5][sub-section (*1*) or sub-section (*2A*)], or the determination of any cost or expense allocated or apportioned, or, as the case may be, contributed under sub-section (*2*) [3][or sub-section (*2A*)], has the effect of reducing the income chargeable to tax or increasing the loss, as the case may be, computed on the basis of entries made in the books of account in respect of the previous year in which the [2][international transaction or specified domestic transaction] was entered into.]

92A. Meaning of associated enterprise.—(*1*) For the purposes of this section andsections 92, 92B, 92C, 92D, 92E and 92F, "associated enterprise", in relation to another enterprise, means an enterprise—

(*a*) which participates, directly or indirectly, or through one or more intermediaries, in the management or control or capital of the other enterprise; or

(*b*) in respect of which one or more persons who participate, directly or indirectly, or through one or more intermediaries, in its management or control or capital, are the same persons who participate, directly or indirectly, or through one or more intermediaries, in the management or control or capital of the other enterprise.

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1. Subs. by Act 20 of 2002, s. 39, for section 92 (w.e.f. 1-4-2002).earlier subs. by Act 14 of 2001, s. 49 (w.e.f. 1-4-2002).

2. Subs. by Act 23 of 2012, s. 34, for "international transaction" (we.f. 1-4-2013).

3. Ins. by s. 34, *ibid*. (we.f. 1-4-2013).

4. Subs. by s. 34, *ibid*., for "sub-section (*1*)" (we.f. 1-4-2013).

5. Subs. by s. 34, *ibid*., for "that sub-section" (we.f. 1-4-2013).

[1][(*2*) For the purposes of sub-section (*1*), two enterprises shall be deemed to be associated enterprises if, at any time during the previous year,—]

(*a*) one enterprise holds, directly or indirectly, shares carrying not less than twenty-six per cent. of the voting power in the other enterprise; or

(*b*) any person or enterprise holds, directly or indirectly, shares carrying not less than twenty-six per cent. of the voting power in each of such enterprises; or

(*c*) a loan advanced by one enterprise to the other enterprise constitutes not less than fifty-one per cent of the book value of the total assets of the other enterprise; or

(*d*) one enterprise guarantees not less than ten per cent. of the total borrowings of the other enterprise; or

(*e*) more than half of the board of directors or members of the governing board, or one or more executive directors or executive members of the governing board of one enterprise, are appointed by the other enterprise; or

(*f*) more than half of the directors or members of the governing board, or one or more of the executive directors or members of the governing board, of each of the two enterprises are appointed by the same person or persons; or

(*g*) the manufacture or processing of goods or articles or business carried out by one enterprise is wholly dependent on the use of know-how, patents, copyrights, trade-marks, licences, franchises or any other business or commercial rights of similar nature, or any data, documentation, drawing or specification relating to any patent, invention, model, design, secret formula or process, of which the other enterprise is the owner or in respect of which the other enterprise has exclusive rights; or

(*h*) ninety per cent or more of the raw materials and consumables required for the manufacture or processing of goods or articles carried out by one enterprise, are supplied by the other enterprise, or by persons specified by the other enterprise, and the prices and other conditions relating to the supply are influenced by such other enterprise; or

(*i*) the goods or articles manufactured or processed by one enterprise, are sold to the other enterprise or to persons specified by the other enterprise, and the prices and other conditions relating thereto are influenced by such other enterprise; or

(*j*) where one enterprise is controlled by an individual, the other enterprise is also controlled by such individual or his relative or jointly by such individual and relative of such individual; or

(*k*) where one enterprise is controlled by a Hindu undivided family, the other enterprise is controlled by a member of such Hindu undivided family or by a relative of a member of such Hindu undivided family or jointly by such member and his relative; or

(*l*) where one enterprise is a firm, association of persons or body of individuals, the other enterprise holds not less than ten per cent interest in such firm, association of persons or body of individuals; or

(*m*) there exists between the two enterprises, any relationship of mutual interest, as may be prescribed.

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1. Subs. by Act 20 of 2002, s. 40, for "(*2*) Two enterprises shall be deemed to be associated enterprises, if, at any time during the previous year,—" (w.e.f. 1-4-2002).

92B. Meaning of international transaction.—(*1*) For the purposes of this section and sections 92, 92C, 92D and 92E, "international transaction" means 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 money, or any other transaction having a bearing on the profits, income, losses or assets of such enterprises, and shall include a mutual agreement or arrangement between two or more associated enterprises for the allocation or apportionment of, or any contribution to, any cost or expense incurred or to be incurred in connection with a benefit, service or facility provided or to be provided to any one or more of such enterprises.

(*2*) A transaction entered into by an enterprise with a person other than an associated enterprise shall, for the purposes of sub-section (*1*), be [1][deemed to be an international transaction] entered into between two associated enterprises, if there exists a prior agreement in relation to the relevant transaction between such other person and the associated enterprise, or the terms of the relevant transaction are determined in substance between such other person and the associated enterprise [2][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].

[3][*Explanation*.—For the removal of doubts, it is hereby clarified that—

(*i*) the expression "international transaction" shall include—

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

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

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

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

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

(*ii*) the expression "intangible property" shall include—

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

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

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1. Subs. by Act 25 of 2014, s. 31, for "deemed to be a transaction" (w.e.f. 1-4-2015).

2. Ins. by s. 31, *ibid*. (w.e.f. 1-4-2015).

3. Ins. by Act 23 of 2012, s. 35 (w.e.f. 1-4-2002).

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

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

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

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

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

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

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

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

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

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

[1][**92BA. Meaning of specified domestic transaction.**—For the purposes of this section and sections 92, 92C, 92D and 92E, "specified domestic transaction" in case of an assessee means any of the following transactions, not being an international transaction, namely:—

[2]* * * * *

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

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

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

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

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

and where the aggregate of such transactions entered into by the assessee in the previous year exceeds a sum of [3][twentycrore rupees].]

1. Ins. by Act 23 of 2012, s. 36 (w.e.f. 1-4-2013).

2. Clause (*i*) omitted by Act 7 of 2017, s. 41 (w.e.f. 1-4-2017).

3. Subs. by Act 20 of 2015, s. 25, for "five crore rupees" (w.e.f. 1-4-2016).

92C. Computation of arm's length price.—(*1*) The arm's length price in relation to an [1][international transaction or specified domestic transaction] shall be determined by any of the following methods, being the most appropriate method, having regard to the nature of transaction or class of transaction or class of associated persons or functions performed by such persons or such other relevant factors as the Board may prescribe, namely:—

(*a*) comparable uncontrolled price method;

(*b*) resale price method;

(*c*) cost plus method;

(*d*) profit split method;

(*e*) transactional net margin method;

(*f*) such other method as may be prescribed by the Board.

(*2*) The most appropriate method referred to in sub-section (*1*) shall be applied, for determination of arm's length price, in the manner as may be prescribed:

[2][Provided that where more than one price is determined by the most appropriate method, the arm's length price shall be taken to be the arithmetical mean of such prices:

Provided further that if the variation between the arm's length price so determined and price at which the [1][international transaction or specified domestic transaction] has actually been undertaken does not exceed [3][such percentage [4][not exceeding three per cent.] of the latter], as may be notified] by the Central Government in the Official Gazette in this behalf, the price at which the [1][international transaction or specified domestic transaction] has actually been undertaken shall be deemed to be the arm's length price:]

[5][Provided also that where more than one price is determined by the most appropriate method, the arm's length price in relation to an international transaction or specified domestic transaction undertaken on or after the 1st day of April, 2014, shall be computed in such manner as may be prescribed and accordingly the first and second proviso shall not apply.]

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

[7][(*2A*) Where the first proviso to sub-section (*2*) as it stood before its amendment by the Finance (No. 2) Act, 2009 (33 of 2009), is applicable in respect of an international transaction for an assessment year and the variation between the arithmetical mean referred to in the said proviso and the price at which such transaction has actually been undertaken exceeds five per cent of the arithmetical mean, then, the assessee shall not be entitled to exercise the option as referred to in the said proviso.]

[8][(*2B*) Nothing contained in sub-section (*2A*) shall empower the Assessing Officer either to assess or reassess under section 147 or pass an order enhancing the assessment or reducing a refund already made or otherwise increasing the liability of the assessee under section 154 for any assessment year the proceedings of which have been completed before the 1st day of October, 2009.]

(*3*) Where during the course of any proceeding for the assessment of income, the Assessing Officer is, on the basis of material or information or document in his possession, of the opinion that—

(*a*) the price charged or paid in an [1][internationaltransaction or specified domestic transaction] has not been determined in accordance with sub-sections (*1*) and (*2*); or

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1. Subs. by Act 23 of 2012, s. 38, for "international transaction" (w.e.f. 1-4-2013).
2. Ins. by Act 33 of 2009, s. 41 (w.e.f. 1-10-2009). Earlier substituted by Act 20 of 2002, s. 41, for proviso (w.e.f. 1-4-2002).
3. Subs. by Act 8 of 2011, s. 13, for "five per cent. of the latter" (w.e.f. 1-4-2012).
4. Subs. by Act 23 of 2012, s. 37, for "does not exceed such percentage of latter as may be notified" (w.e.f. 1-4-2013)
5. Ins. by Act 25 of 2014, s. 32 (w.e.f. 1-4-2015).
6. Ins. by Act 23 of 2012, s. 37 (w.r.e.f. 1-10-2009).
7. Ins. by s. 37, *ibid.* (w.r.e.f. 1-4-2002).
8. Ins. by Act 23 of 2012, s. 37 (w.e.f. 1-7-2012).

(*b*) any information and document relating to an [1][internationaltransaction or specified domestic transaction] have not been kept and maintained by the assessee in accordance with the provisions contained in sub-section (*1*) of section 92D and the rules made in this behalf; or

(*c*) the information or data used in computation of the arm's length price is not reliable or correct; or

(*d*) the assessee has failed to furnish, within the specified time, any information or document which he was required to furnish by a notice issued under sub-section (*3*) of section 92D,

the Assessing Officer may proceed to determine the arm's length price in relation to the said [1][internationaltransaction or specified domestic transaction] in accordance with sub-sections (*1*) and (*2*), on the basis of such material or information or document available with him:

Provided that an opportunity shall be given by the Assessing Officer by serving a notice calling upon the assessee to show cause, on a date and time to be specified in the notice, why the arm's length price should not be so determined on the basis of material or information or document in the possession of the Assessing Officer.

(*4*) Where an arm's length price is determined by the Assessing Officer under sub-section (*3*), the Assessing Officer may compute the total income of the assessee having regard to the arm's length price so determined:

Provided that no deduction under section 10A or [2][section 10AA] or section 10B or under Chapter VI-A shall be allowed in respect of the amount of income by which the total income of the assessee is enhanced after computation of income under this sub-section:

Provided further that where the total income of an associated enterprise is computed under this sub-section on determination of the arm's length price paid to another associated enterprise from which tax has been deducted [3][or was deductible] under the provisions of Chapter XVIIB, the income of the other associated enterprise shall not be recomputed by reason of such determination of arm's length price in the case of the first mentioned enterprise.

[4][**92CA.Reference to Transfer Pricing Officer.**—(*1*) Where any person, being the assessee, has entered into an [1][international transaction or specified domestic] transaction in any previous year, and the Assessing Officer considers it necessary or expedient so to do, he may, with the previous approval of the [5][Principal Commissioner or Commissioner], refer the computation of the arm's length price in relation to the said [1][international transaction or specified domestic] transaction under section 92C to the Transfer Pricing Officer.

(*2*) Where a reference is made under sub-section (*1*), the Transfer Pricing Officer shall serve a notice on the assessee requiring him to produce or cause to be produced on a date to be specified therein, any evidence on which the assessee may rely in support of the computation made by him of the arm's length price in relation to the [1][international transaction or specified domestic] transaction referred to in sub-section (*1*).

[6][(*2A*) Where any other international transaction [other than an international transaction referred under sub-section (*1*),] comes to the notice of the Transfer Pricing Officer during the course of the proceedings before him, the provisions of this Chapter shall apply as if such other international transaction is an international transaction referred to him under sub-section (*1*).]

[7][(*2B*) Where in respect of an international transaction, the assessee has not furnished the report under section 92E and such transaction comes to the notice of the Transfer Pricing Officer during the course of the proceeding before him, the provisions of this Chapter shall apply as if such transaction is an international transaction referred to him under sub-section (*1*).]

1. Subs. by Act 23 of 2012, s. 38, for "international transaction" (w.e.f. 1-4-2013).
2. Subs. by Act 21 of 2006, s. 21, for "section 10A or section 10M or section 10B" (w.e.f. 1-4-2007).
3. Ins. by Act 20 of 2002, s. 41 (w.e.f. 1-4-2002).
4. Ins. by s. 42, *ibid.* (1-6-2012).
5. Subs. by Act 25 of 2014, s. 4, for "Commissioner" (w.e.f. 1-6-2013).
6. Ins. by Act 8 of 2011, s. 14 (w.e.f. 1-6-2011).
7. Ins. by Act 23 of 2012, s. 39 (w.e.f. 1-6-2002).

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

(*3*) On the date specified in the notice under sub-section (*2*), or as soon thereafter as may be, after hearing such evidence as the assessee may produce, including any information or documents referred to in sub-section (*3*) of section 92D and after considering such evidence as the Transfer Pricing Officer may require on any specified points and after taking into account all relevant materials which he has gathered, the Transfer Pricing Officer shall, by order in writing, determine the arm's length price in relation to the [2][internationaltransaction or specified domestic] transaction in accordance with sub-section (*3*) of section 92C and send a copy of his order to the Assessing Officer and to the assessee.

[3][(*3A*) Wherea reference was made under sub-section (*1*) before the 1st day of June, 2007 but the order under sub-section (*3*) has not been made by the Transfer Pricing Officer before the said date, or a reference under sub-section (*1*) is made on or after the 1st day of June, 2007, an order under sub-section (*3*) may be made at any time before sixty days prior to the date on which the period of limitation referred to in section 153, or as the case may be, in section 153B for making the order of assessment or reassessment or recomputation or fresh assessment, as the case may be, expires:]

[4][Provided that in the circumstances referred to in clause (*ii*) or clause (*x*) of *Explanation* 1 to section 153, if the period of limitation available to the Transfer Pricing Officer for making an order is less than sixty days, such remaining period shall be extended to sixty days and the aforesaid period of limitation shall be deemed to have been extended accordingly.**]**

[3][(*4*) On receipt of the order under sub-section (*3*), the Assessing Officer shall proceed to compute the total income of the assessee under sub-section (*4*) of section 92C in conformity with the arm's length price as so determined by the Transfer Pricing Officer.]

(*5*) With a view to rectifying any mistake apparent from the record, the Transfer Pricing Officer may amend any order passed by him under sub-section (*3*), and the provisions of section 154 shall, so far as may be, apply accordingly.

(*6*) Where any amendment is made by the Transfer Pricing Officer under sub-section (*5*), he shall send a copy of his order to the Assessing Officer who shall thereafter proceed to amend the order of assessment in conformity with such order of the Transfer Pricing Officer.

(*7*) The Transfer Pricing Officer may, for the purposes of determining the arm's length price under this section, exercise all or any of the powers specified in clauses (*a*) to (*d*) of sub-section (*1*) ofsection 131 or sub-section (*6*) of section 133 [5][or section 133A].

Explanation.—For the purposes of this section, "Transfer Pricing Officer" means a Joint Commissioner or Deputy Commissioner or Assistant Commissioner authorised by the Board to perform all or any of the functions of an Assessing Officer specified in section 92C and 92D in respect of any person or class of persons.]

[6]**[92CB.Power of Board to make safe harbour rules.**—(*1*) The determination of arm's length price under section 92C or section 92CA shall be subject to safe harbour rules.

(*2*) The Board may, for the purposes of sub-section (*1*), make rules for safe harbour.

Explanation.—For the purposes of this section, "safe harbour" means circumstances in which the income-tax authorities shall accept the transfer price declared by the assessee.]

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1. Ins. by Act 23 of 2012, s. 39 (w.e.f. 1-7-2012).
2. Subs. by s. 38, *ibid*., for "international transaction" (w.e.f. 1-4-2013).
3. Ins. by Act 22 of 2007, s. 33 (w.e.f. 1-6-2007).
4. Ins. by Act 28 of 2016, s. 47 (w.e.f. 1-6-2016).
5. Ins. by Act 8 of 2011, s. 14 (w.e.f. 1-6-2011).
6. Ins. by Act 33 of 2009, s. 41 (w.e.f. 1-4-2009).

[1][**92CC. Advance pricing agreement.—**(*1*) The Board, with the approval of the Central Government, may enter into an advance pricing agreement with any person, determining the arm's length price or specifying the manner in which arm's length price is to be determined, in relation to an international transaction to be entered into by that person.

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

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

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

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

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

(*b*) on the [2][Principal Commissioner or] Commissioner, and the income-tax authorities subordinate to him, in respect of the said person and the said transaction.

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

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

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

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

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

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

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

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1. Ins. by Act 23 of 2012, s. 40 (w.e.f. 1-7-2012).

2. Subs. by Act 25 of 2014, s. 4, for "Commissioner" (w.e.f. 1-6-2013).

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

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

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

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

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

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

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

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

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

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

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

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

1. Ins. by Act 25 of 2014, s. 33 (w.e.f. 1-10-2014).

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

[1][**92CE. Secondary adjustment in certain cases.—**(*1*) Where a primary adjustment to transfer price,—

(*i*) has been made suomotu by the assessee in his return of income;

(*ii*) made by the Assessing Officer has been accepted by the assessee;

(*iii*) is determined by an advance pricing agreement entered into by the assessee under section 92CC;

(*iv*) is made as per the safe harbour rules framed under section 92CB; or

(*v*) is arising as a result of resolution of an assessment by way of the mutual agreement procedure under an agreement entered into under section 90 or section 90A for avoidance of double taxation,

the assessee shall make a secondary adjustment:

Provided that nothing contained in this section shall apply, if,—

(*i*) the amount of primary adjustment made in any previous year does not exceed one crore rupees; and

(*ii*) the primary adjustment is made in respect of an assessment year commencing on or before the 1st day of April, 2016.

(*2*) Where, as a result of primary adjustment to the transfer price, there is an increase in the total income or reduction in the loss, as the case may be, of the assessee, the excess money which is available with its associated enterprise, if not repatriated to India within the time as may be prescribed, shall be deemed to be an advance made by the assessee to such associated enterprise and the interest on such advance, shall be computed in such manner as may be prescribed.

(*3*) For the purposes of this section,—

(*i*) "associated enterprise" shall have the meaning assigned to it in sub-section (*1*) and sub-section (*2*) of section 92A;

(*ii*) "arm's length price" shall have the meaning assigned to it in clause (*ii*) of section 92F;

(*iii*) "excess money" means the difference between the arm's length price determined in primary adjustment and the price at which the international transaction has actually been undertaken;

(*iv*) "primary adjustment" to a transfer price, means the determination of transfer price in accordance with the arm's length principle resulting in an increase in the total income or reduction in the loss, as the case may be, of the assessee;

(*v*) "secondary adjustment" means an adjustment in the books of account of the assessee and its associated enterprise to reflect that the actual allocation of profits between the assessee and its associated enterprise are consistent with the transfer price determined as a result of primary adjustment, thereby removing the imbalance between cash account and actual profit of the assessee.]

1. Ins. by Act 7 of 2017, s. 42 (w.e.f. 1-4-2018).

92D. Maintenance and keeping of information and document by persons entering into an [1][**international** transaction **or specified domestic transaction].**—(*1*) Every person who has entered into an [1][international transaction or specified domestic transaction] shall keep and maintain such information and document in respect thereof, as may be prescribed.

[2][Provided thatthe person, being a constituent entity of an international group, shall also keep and maintain such information and document in respect of an international group as may be prescribed.

Explanation.—For the purposes of this section,—

(*A*) "constituent entity" shall have the meaning assigned to it in clause (*d*) of sub-section (*9*) of section 286;

(*B*) "international group" shall have the meaning assigned to it in clause (*g*) of sub-section (*9*) of section 286.]

(*2*) Without prejudice to the provisions contained in sub-section (*1*), the Board may prescribe the period for which the information and document shall be kept and maintained under that sub-section.

(*3*) The Assessing Officer or the Commissioner (Appeals) may, in the course of any proceeding under this Act, require any person who has entered into an [1][international transaction or specified domestic transaction] to furnish any information or document in respect thereof, as may be prescribed under sub-section (*1*), within a period of thirty days from the date of receipt of a notice issued in this regard:

Provided that the Assessing Officer or the Commissioner (Appeals) may, on an application made by such person, extend the period of thirty days by a further period not exceeding thirty days.

[2][(*4*) Withoutprejudice to the provisions of sub-section (*3*), the person referred to in the proviso to sub-section (*1*) shall furnish the information and document referred to in the said proviso to the authority prescribed under sub-section (*1*) of section 286, in such manner, on or before the date, as may be prescribed.]

92E.Report from an accountant to be furnished by persons entering into [1]**[international** transaction **or specified domestic transaction].**—Every person who has entered into an[1][internationaltransaction or specified domestic transaction] during a previous year shall obtain a report from an accountant and furnish such report on or before the specified date in the prescribed form duly signed and verified in the prescribed manner by such accountant and setting forth such particulars as may be prescribed.

92F.Definitions of certain terms relevant to computation of arm's length price, etc.—In section 92, 92A, 92B, 92C, 92D and 92E, unless the context otherwise requires,—

(*i*) "accountant" shall have the same meaning as in the *Explanation* below sub-section (*2*) of section 288;

(*ii*) "arm's length price" means a price which is applied or proposed to be applied in a transaction between persons other than associated enterprises, in uncontrolled conditions;

(*iii*) "enterprise" means a person (including a permanent establishment of such person) who is, or has been, or is proposed to be, engaged in any activity, relating to the production, storage, supply, distribution, acquisition or control of articles or goods, or know-how, patents, copyrights, trade-marks, licences, franchises or any other business or commercial rights of similar nature, or any data, documentation, drawing or specification relating to any patent, invention, model, design, secret formula or process, of which the other enterprise is the owner or in respect of which the other

1. Subs. by Act 23 of 2012, s. 38, for "international transaction" (w.e.f. 1-3-2013).
2. Ins. by Act 28 of 2016, s. 48 (w.e.f. 1-4-2017).

enterprise has exclusive rights, or the provision of services of any kind, [1][or in carrying out any work in pursuance of a contract,] or in investment, or providing loan or in the business of acquiring, holding, underwriting or dealing with shares, debentures or other securities of any other body corporate, whether such activity or business is carried on, directly or through one or more of its units or divisions or subsidiaries, or whether such unit or division or subsidiary is located at the same place where the enterprise is located or at a different place or places;

[1][(*iiia*) "permanent establishment", referred to in clause (*iii*), includes a fixed place of business through which the business of the enterprise is wholly or partly carried on;]

[2][(*iv*) "specified date" shall have the same meaning as assigned to "due date" in *Explanation* 2 below sub-section (*1*) of section 139;

(*v*) "transaction" includes an arrangement, understanding or action in concert,—

(*A*) whether or not such arrangement, understanding or action is formal or in writing; or

(*B*) whether or not such arrangement, understanding or action is intended to be enforceable by legal proceeding.]

93. Avoidance of income-tax by transactions resulting in transfer of income to non-residents.—(*1*) Where there is a transfer of assets by virtue or in consequence whereof, either alone or in conjunction with associated operations, any income becomes payable to a non-resident, the following provisions shall apply—

(*a*) where any person has, by means of any such transfer, either alone or in conjunction with associated operations, acquired any rights by virtue of which he has, within the meaning of this section, power to enjoy, whether forthwith or in the future, any income of a non-resident person which, if it were income of the first-mentioned person, would be chargeable to income-tax, that income shall, whether it would or would not have been chargeable to income-tax apart from the provisions of this section, be deemed to be income of the first-mentioned person for all the purposes of this Act;

(*b*) where, whether before or after any such transfer, any such first-mentioned person receives or is entitled to receive any capital sum the payment whereof is in any way connected with the transfer or any associated operations, then any income which, by virtue or in consequence of the transfer, either alone or in conjunction with associated operations, has become the income of a non-resident shall, whether it would or would not have been chargeable to income-tax apart from the provisions of this section, be deemed to be the income of the first-mentioned person for all the purposes of this Act.

Explanation.—The provisions of this sub-section shall apply also in relation to transfers of assets and associated operations carried out before the commencement of this Act.

(*2*) Where any person has been charged to income-tax on any income deemed to be his under the provisions of this section and that income is subsequently received by him, whether as income or in any other form, it shall not again be deemed to form part of his income for the purposes of this Act.

(*3*) The provisions of this section shall not apply if the first-mentioned person in sub-section (*1*) shows to the satisfaction of the [3][Assessing Officer] that—

(*a*) neither the transfer nor any associated operation had for its purpose or for one of its purposes the avoidance of liability to taxation; or

(*b*) the transfer and all associated operations were bona fide commercial transactions and were not designed for the purpose of avoiding liability to taxation.

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1. Ins. by Act 20 of 2002, s. 43 (w.e.f. 1-4-2002).
2. Subs. by s. 43, *ibid.*, for clause (*iv*) (w.e.f. 1-4-2002).
3. Subs. by Act 4 of 1988, s. 2, for "Income-tax Officer" (w.e.f. 1-4-1988).

Explanation.—For the purposes of this section,—

(*a*) references to assets representing any assets, income or accumulations of income include references to shares in or obligation of any company to which, or obligation of any other person to whom, those assets, that income or those accumulations are or have been transferred;

(*b*) any body corporate incorporated outside India shall be treated as if it were a non-resident;

(*c*) a person shall be deemed to have power to enjoy the income of a non-resident if—

(*i*) the income is in fact so dealt with by any person as to be calculated at some point of time and, whether in the form of income or not, to ensure for the benefit of the first-mentioned person in sub-section (*1*), or

(*ii*) the receipt or accrual of the income operates to increase the value to such first-mentioned person of any assets held by him or for his benefit, or

(*iii*) such first-mentioned person receives or is entitled to receive at any time any benefit provided or to be provided out of that income or out of moneys which are or will be available for the purpose by reason of the effect or successive effects of the associated operations on that income and assets which represent that income, or

(*iv*) such first-mentioned person has power by means of the exercise of any power of appointment or power of revocation or otherwise to obtain for himself, whether with or without the consent of any other person, the beneficial enjoyment of the income, or

(*v*) such first-mentioned person is able, in any manner whatsoever and whether directly or indirectly, to control the application of the income;

(*d*) in determining whether a person has power to enjoy income, regard shall be had to the substantial result and effect of the transfer and any associated operations, and all benefits which may at any time accrue to such person as a result of the transfer and any associated operations shall be taken into account irrespective of the nature or form of the benefits.

(*4*) (*a*) "Assets" includes property or rights of any kind and "transfer" in relation to rights includes the creation of those rights;

(*b*) "associated operation", in relation to any transfer, means an operation of any kind effected by any person in relation to—

(*i*) any of the assets transferred, or

(*ii*) any assets representing, whether directly or indirectly, any of the assets transferred, or

(*iii*) the income arising from any such assets, or

(*iv*) any assets representing, whether directly or indirectly, the accumulations of income arising from any such assets;

(*c*) "benefit" includes a payment of any kind;

(*d*) "capital sum" means—

(*i*) any sum paid or payable by way of a loan or repayment of a loan; and

(*ii*) any other sum paid or payable otherwise than as income, being a sum which is not paid or payable for full consideration in money or money's worth.

94. Avoidance of tax by certain transactions in securities.—(*1*) Where the owner of any securities [in this sub-section and in sub-section (*2*) referred to as "the owner"] sells or transfers those securities, and buys back or reacquires the securities, then, if the result of the transaction is that any interest becoming payable in respect of the securities is receivable otherwise than by the owner, the interest payable as aforesaid shall, whether it would or would not have been chargeable to income-tax apart from the provisions of this sub-section, be deemed, for all the purposes of this Act, to be the income of the owner and not to be the income of any other person.

Explanation.—The references in this sub-section to buying back or reacquiring the securities shall be deemed to include references to buying or acquiring similar securities, so, however, that where similar securities are bought or acquired, the owner shall be under no greater liability to income-tax than he would have been under if the original securities had been bought back or reacquired.

(*2*) Where any person has had at any time during any previous year any beneficial interest in any securities, and the result of any transaction relating to such securities or the income thereof is that, in respect of such securities within such year, either no income is received by him or the income received by him is less than the sum to which the income would have amounted if the income from such securities had accrued from day to day and been apportioned accordingly, then the income from such securities for such year shall be deemed to be the income of such person.

(*3*) The provisions of sub-section (*1*) or sub-section (*2*) shall not apply if the owner, or the person who has had a beneficial interest in the securities, as the case may be, proves to the satisfaction of the [1][Assessing Officer]—

(*a*) that there has been no avoidance of income-tax, or

(*b*) that the avoidance of income-tax was exceptional and not systematic and that there was not in his case in any of the three preceding years any avoidance of income-tax by a transaction of the nature referred to in sub-section (*1*) or sub-section (*2*).

(*4*) Where any person carrying on a business which consists wholly or partly in dealing in securities, buys or acquires any securities and sells back or retransfers the securities, then, if the result of the transaction is that interest becoming payable in respect of the securities is receivable by him but is not deemed to be his income by reason of the provisions contained in sub-section (*1*), no account shall be taken of the transaction in computing for any of the purposes of this Act the profits arising from or loss sustained in the business.

(*5*) Sub-section (*4*) shall have effect, subject to any necessary modifications, as if references to selling back or retransferring the securities included references to selling or transferring similar securities.

(*6*) The [1][Assessing Officer] may, by notice in writing, require any person to furnish him within such time as he may direct (not being less than twenty-eight days), in respect of all securities of which such person was the owner or in which he had a beneficial interest at any time during the period specified in the notice, such particulars as he considers necessary for the purposes of this section and for the purpose of discovering whether income-tax has been borne in respect of the interest on all those securities.

[2][(*7*) Where—

(*a*) any person buys or acquires any securities or unit within a period of three months prior to the record date;

[3][(*b*) such person sells or transfers—

(*i*) such securities within a period of three months after such date; or

(*ii*) such unit within a period of nine months after such date;]

(*c*) the dividend or income on such securities or unit received or receivable by such person is exempt,

then, the loss, if any, arising to him on account of such purchase and sale of securities or unit, to the extent such loss does not exceed the amount of dividend or income received or receivable on such securities or unit, shall be ignored for the purposes of computing his income chargeable to tax.]

1. Subs. by Act 4 of 1988, s. 2, for "Income-tax Officer" (w.e.f. 1-4-1988).
2. Ins. by Act 14 of 2001, s. 50 (w.e.f. 1-4-2002).
3. Subs. by Act 23 of 2004, s. 25, for clause (*b*) (w.e.f. 1-4-2005).

[1][(*8*) Where—

(*a*) any person buys or acquires any units within a period of three months prior to the record date;

(*b*) such person is allotted additional units without any payment on the basis of holding of such units on such date;

(*c*) such person sells or transfers all or any of the units referred to in clause (*a*) within a period of nine months after such date, while continuing to hold all or any of the additional units referred to in clause (*b*),

then, the loss, if any, arising to him on account of such purchase and sale of all or any of such units shall be ignored for the purposes of computing his income chargeable to tax and notwithstanding anything contained in any other provision of this Act, the amount of loss so ignored shall be deemed to be the cost of purchase or acquisition of such additional units referred to in clause (*b*) as are held by him on the date of such sale or transfer.]

Explanation.—For the purposes of this section,—

(*a*) "interest" includes a dividend;

[2][(*aa*) "record date" means such date as may be fixed by—

(*i*) a company for the purposes of entitlement of the holder of the securities to receive dividend; or

(*ii*) a Mutual Fund or the Administrator of the specified undertaking or the specified company as referred to in the *Explanation* to clause (*35*) of section 10, for the purposes of entitlement of the holder of the units to receive income, or additional unit without any consideration, as the case may be;

(*b*) "securities" includes stocks and shares;

(*c*) securities shall be deemed to be similar if they entitle their holders to the same rights against the same persons as to capital and interest and the same remedies for the enforcement of those rights, notwithstanding any difference in the total nominal amounts of the respective securities or in the form in which they are held or in the manner in which they can be transferred;

[2][(*d*) "unit" shall have the meaning assigned to it in clause (*b*) of the *Explanation* to section 115AB.]

[3]**[94A. Special measures in respect of transactions with persons located in notified jurisdictional area.**—(*1*) The Central Government may, having regard to the lack of effective exchange of information with any country or territory outside India, specify by notification in the Official Gazette such country or territory as a notified jurisdictional area in relation to transactions entered into by any assessee.

(*2*) Notwithstanding anything to the contrary contained in this Act, if an assessee enters into a transaction where one of the parties to the transaction is a person located in a notified jurisdictional area, then—

(*i*) all the parties to the transaction shall be deemed to be associated enterprises within the meaning of section 92A;

(*ii*) any transaction in the nature of purchase, sale or lease of tangible or intangible property or provision of service or lending or borrowing money or any other transaction having a bearing on the profits, income, losses or assets of the assessee including a mutual agreement or arrangement for allocation or apportionment of, or any contribution to, any cost or expense incurred or to be incurred in connection with a benefit, service or facility provided or to be provided by or to the assessee shall be deemed to be an international transaction within the meaning of section 92B,

and the provisions of sections 92, 92A, 92B, 92C except the second proviso to sub-section (*2*), 92CA,92CB, 92CD, 92E and 92F shall apply accordingly.

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1. Ins. by Act 23 of 2004, s. 25 (w.e.f. 1-4-2005).
2. Ins. by Act 14 of 2001, s. 50 (w.e.f. 1-4-2002).
3. Ins. by Act 8 of 2011, s. 15 (w.e.f. 1-6-2011).

(*3*) Notwithstanding anything to the contrary contained in this Act, no deduction,—

(*a*) in respect of any payment made to any financial institution located in a notified jurisdictional area shall be allowed under this Act, unless the assessee furnishes an authorisation in the prescribedform authorisingthe Board or any other income-tax authority acting on its behalf to seek relevant information from the said financial institution on behalf of such assessee; and

(*b*) in respect of any other expenditure or allowance (including depreciation) arising from the transaction with a person located in a notified jurisdictional area shall be allowed under any other provision of this Act, unless the assessee maintains such other documents and furnishes such information as may be prescribed, in this behalf.

(*4*) Notwithstanding anything to the contrary contained in this Act, where, in any previous year, the assessee has received or credited any sum from any person located in a notified jurisdictional area and the assessee does not offer any explanation about the source of the said sum in the hands of such person or in the hands of the beneficial owner (if such person is not the beneficial owner of the said sum) or the explanation offered by the assessee, in the opinion of the Assessing Officer, is not satisfactory, then, such sum shall be deemed to be the income of the assessee for that previous year.

(*5*) Notwithstanding anything contained in any other provisions of this Act, where any person located in a notified jurisdictional area is entitled to receive any sum or income or amount on which tax is deductible under Chapter XVIIB, the tax shall be deducted at the highest of the following rates, namely:—

(*a*) at the rate or rates in force;

(*b*) at the rate specified in the relevant provisions of this Act;

(*c*) at the rate of thirty per cent.

(*6*) In this section,—

(*i*) "person located in a notified jurisdictional area" shall include,—

(*a*) a person who is resident of the notified jurisdictional area;

(*b*) a person, not being an individual, which is established in the notified jurisdictional area; or

(*c*) a permanent establishment of a person not falling in sub-clause (*a*) or sub-clause (*b*), in the notified jurisdictional area;

(*ii*) "permanent establishment" shall have the same meaning as defined in clause (*iiia*) of section 92F;

(*iii*) "transaction" shall have the same meaning as defined in clause (*v*) of section 92F.]

[1]**[94B. Limitation on interest deduction in certain cases.—**(*1*) Notwithstanding anything contained in this Act, where an Indian company, or a permanent establishment of a foreign company in India, being the borrower, incurs any expenditure by way of interest or of similar nature exceeding one crore rupees which is deductible in computing income chargeable under the head "Profits and gains of business or profession" in respect of any debt issued by a nonresident, being an associated enterprise of such borrower, the interest shall not be deductible in computation of income under the said head to the extent that it arises from excess interest, as specified in sub-section (*2*):

Provided that where the debt is issued by a lender which is not associated but an associated enterprise either provides an implicit or explicit guarantee to such lender or deposits a corresponding and matching amount of funds with the lender, such debt shall be deemed to have been issued by an associated enterprise.

1. Ins. by Act 7 of 2017, s. 43 (w.e.f. 1-4-2018).

(*2*) For the purposes of sub-section (*1*), the excess interest shall mean an amount of total interest paid or payable in excess of thirty per cent. of earnings before interest, taxes, depreciation and amortisation of the borrower in the previous year or interest paid or payable to associated enterprises for that previous year, whichever is less.

(*3*) Nothing contained in sub-section (*1*) shall apply to an Indian company or a permanent establishment of a foreign company which is engaged in the business of banking or insurance.

(*4*) Where for any assessment year, the interest expenditure is not wholly deducted against income under the head "Profits and gains of business or profession", so much of the interest expenditure as has not been so deducted, shall be carried forward to the following assessment year or assessment years, and it shall be allowed as a deduction against the profits and gains, if any, of any business or profession carried on by it and assessable for that assessment year to the extent of maximum allowable interest expenditure in accordance with sub-section (*2*):

Provided that no interest expenditure shall be carried forward under this sub-section for more than eight assessment years immediately succeeding the assessment year for which the excess interest expenditure was first computed.

(*5*) For the purposes of this section, the expressions—

(*i*) "associated enterprise" shall have the meaning assigned to it in sub-section (*1*) and sub-section (*2*) of section 92A;

(*ii*) "debt" means any loan, financial instrument, finance lease, financial derivative, or any arrangement that gives rise to interest, discounts or other finance charges that are deductible in the computation of income chargeable under the head "Profits and gains of business or profession";

(*iii*) "permanent establishment" includes a fixed place of business through which the business of the enterprise is wholly or partly carried on.'.]

[1][CHAPTER XA

GENERAL ANTI-AVOIDANCE RULE

95. Applicability of GeneralAnti-Avoidance Rule.—[2]**[**(*1*)] Notwithstanding anything contained in the Act, an arrangement entered into by an assessee may be declared to be an impermissible avoidance arrangement and the consequence in relation to tax arising therefrom may be determined subject to the provisions of this Chapter.

[3][(*2*) This Chapter shall apply in respect of any assessment year beginning on or after the 1st day of April, 2018.]

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

96. Impermissible avoidance arrangement.—(*1*) An impermissible avoidance arrangement means an arrangement, the main purpose of which is to obtain a tax benefit, and it—

(*a*) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length;

(*b*) results, directly or indirectly, in the misuse, or abuse, of the provisions of this Act;

(*c*) lacks commercial substance or is deemed to lack commercial substance under section 97, in whole or in part; or

1. Ins. by Act 17 of 2013, s. 26 (w.e.f. 1-4-2016). Earlier inserted by Act 23 of 2012, s. 41 (w.e.f. 1-4-2014)
2. Section 95 renumbered as sub-section (*1*) thereof by Act 20 of 2015, s. 26 (w.e.f. 1-4-2015).
3. Ins. by s. 26, *ibid.* (w.e.f. 1-4-2015).

(*d*) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes.

(*2*) An arrangement shall be presumed, unless it is proved to the contrary by the assessee, to have been entered into, or carried out, for the main purpose of obtaining a tax benefit, if the main purpose of a step in, or a part of, the arrangement is to obtain a tax benefit, notwithstanding the fact that the main purpose of the whole arrangement is not to obtain a tax benefit.

97. Arrangement to lack commercial substance.—(*1*) An arrangement shall be deemed to lack commercial substance, if—

(*a*) the substance or effect of the arrangement as a whole, is inconsistent with, or differs significantly from, the form of its individual steps or a part; or

(*b*) it involves or includes—

(*i*) round trip financing;

(*ii*) an accommodating party;

(*iii*) elements that have effect of offsetting or cancelling each other; or

(*iv*) a transaction which is conducted through one or more persons and disguises the value, location, source, ownership or control of funds which is the subject matter of such transaction; or

(*c*) it involves the location of an asset or of a transaction or of the place of residence of any party which is without any substantial commercial purpose other than obtaining a tax benefit (but for the provisions of this Chapter) for a party; or

(*d*) it does not have a significant effect upon the business risks or net cash flows of any party to the arrangement apart from any effect attributable to the tax benefit that would be obtained (but for the provisions of this Chapter).

(*2*) For the purposesof sub-section (*1*), round trip financing includes any arrangement in which, through a series of transactions—

(*a*) funds are transferred among the parties to the arrangement; and

(*b*) such transactions do not have any substantial commercial purpose other than obtaining the tax benefit (but for the provisions of this Chapter),

without having any regard to—

(*A*) whether or not the funds involved in the round trip financing can be traced to any funds transferred to, or received by, any party in connection with the arrangement;

(*B*) the time, or sequence, in which the funds involved in the round trip financing are transferred or received; or

(*C*) the means by, or manner in, or mode through, which funds involved in the round trip financing are transferred or received.

(*3*) For the purposes of this Chapter, a party to an arrangement shall be an accommodating party, if the main purpose of the direct or indirect participation of that party in the arrangement, in whole or in part, is to obtain, directly or indirectly, a tax benefit (but for the provisions of this Chapter) for the assessee whether or not the party is a connected person in relation to any party to the arrangement.

(*4*) For the removal of doubts, it is hereby clarified that the following may be relevant but shall not be sufficient for determining whether an arrangement lacks commercial substance or not, namely:—

(*i*) the period or time for which the arrangement (including operations therein) exists;

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

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

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

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

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

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

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

(*e*) reallocating amongst the parties to the arrangement—

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

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

(*f*) treating—

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

(*ii*) thesitus of an asset or of a transaction,

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

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

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

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

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

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

99. Treatment of connected person and accommodating party.—For the purposes of this Chapter, in determining whether a tax benefit exists,—

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

(*ii*) any accommodating party may be disregarded;

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

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

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

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

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

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

(*2*) "asset" includes property, or right, of any kind;

(*3*) "benefit" includes a payment of any kind whether in tangible or intangible form;

(*4*) "connected person" means any person who is connected directly or indirectly to another person and includes,—

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

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

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

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

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

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

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

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

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

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

(*5*) "fund" includes—

(*a*) any cash;

(*b*) cash equivalents; and

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

(*6*) "party" includes a person or a permanent establishment which participates or takes part in an arrangement;

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

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

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

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

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

(*10*) "tax benefit" includes,—

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

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

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

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

(*e*) a reduction in total income; or

(*f*) an increase in loss,

in the relevant previous year or any other previous year;

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

103. Original CHAPTER XI dealing with Additional Income-tax on Undistributed Profits contained sections 95 to 109, sub-headings "A.—General", "B.—Incomes forming part of total income on which no supertax is payable", "C.—Rebate of super-tax" and "D.—Additional super-tax on undistributed fits" and sections 95 to 103 (both inclusive) were omitted by Act 9 of 1965, s. 29 (w.e.f. 1-4-1965). Subsequently Chapter XI containing remaining sections 104 to 109 was omitted by Act 21 of 1987, s. 41 (w.e.f. 1-4-1988).

104. [**Income-tax on undistributed income of certain companies.**]—*Omitted by the Finance Act,* 1987 (11 *of* 1987), *s*. 41 (*w.e.f.* 1-4-1988).

105. [**Special provisions for certain companies.**]—*Omitted by the Finance Act,* 1987 (11 *of* 1987), *s*. 41 (*w.e.f.* 1-4-1988).

106. [**Period of limitation for making orders under section 104.]**—*Omitted by the Finance Act,* 1987 (11 *of* 1987), *s*. 41 (*w.e.f.* 1-4-1988).

107. [**Approval of Inspecting Assistant Commissioner for orders under section 104.]**—*Omitted by the Finance Act,* 1987 (11 *of* 1987), *s*. 41 (*w.e.f.* 1-4-1988).

107A. [**Reduction of minimum distribution in certain cases.]**—*Omitted by the Finance Act,* 1987 (11 *of* 1987), *s*. 41 (*w.e.f.* 1-4-1988). *Earlier s*. 107A *was inserted by the Finance Act,* 1964 (20 *of* 1964), *s*. 26 (*w.e.f.* 1-4-1964).

108. [**Savings for company in which public are substantially interested.**]—*Omitted by the Finance Act,* 1987 (11 *of* 1987), *s*. 41 (*w.e.f.* 1-4-1988).

109. [**"Distributable income", "investment company" and "statutory percentage" defined.**]—*Omitted by the Finance Act,* 1987 (11 *of* 1987), *s*. 41 (*w.e.f.* 1-4-1988).

CHAPTER XII

DETERMINATION OF TAX IN CERTAIN SPECIAL CASES

[1]**[110. Determination of tax where total income includes income on which no tax is payable.**—Where there is included in the total income of an assessee any income on which no income-tax is payable under the provisions of this Act, the assessee shall be entitled to a deduction, from the amount of income-tax with which he is chargeable on his total income, of an amount equal to the income-tax calculated at the average rate of income-tax on the amount on which no income-tax is payable.]

1. Subs. by Act 10 of 1965, s. 32, for section 110 (w.e.f. 1-4-1965).

111. Tax on accumulated balance of recognised provident fund.—(*1*) Where the accumulated balance due to an employee participating in a recognised provident fund is included in his total income, owing to the provisions of rule 8 of Part A of the Fourth Schedule not being applicable, the [1][Assessing Officer] shall calculate the total of the various sums of [2][tax] in accordance with the provisions of sub-rule (*1*) of rule 9 thereof.

(*2*) Where the accumulated balance due to an employee participating in a recognised provident fund which is not included in his total income under the provisions of rule 8 of Part A of the Fourth Schedule becomes payable, super-tax shall be calculated in the manner provided in sub-rule (*2*) of rule 9 thereof.

[3][**111A. Tax on short-term capital gains in certain cases.**—(*1*) Where the total income of an assessee includes any income chargeable under the head "Capital gains", arising from the transfer of a short-term capital asset, being an equity share in a company or a unit of an equity oriented fund [4][or a unit of a business trust] and—

(*a*) the transaction of sale of such equity share or unit is entered into on or after the date on which Chapter VII of the Finance (No. 2) Act, 2004 comes into force; and

(*b*) such transaction is chargeable to securities transaction tax under that Chapter,

the tax payable by the assessee on the total income shall be the aggregate of—

(*i*) the amount of income-tax calculated on such short-term capital gains at the rate of [5][fifteen per cent.]; and

(*ii*) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income of the assessee:

Provided that in the case of an individual or a Hindu undivided family, being a resident, where the total income as reduced by such short-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such short-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such short-term capital gains shall be computed at the rate of [6][fifteen per cent.].

[7][Provided further that nothing contained in clause (*b*) shall apply to a transaction undertaken on a recognised stock exchange located in any International Financial Services Centre and where the consideration for such transaction is paid or payable in foreign currency.]

(*2*) Where the gross total income of an assessee includes any short-term capital gains referred to in sub-section (*1*), the deduction under Chapter VIA shall be allowed from the gross total income as reduced by such capital gains.

(*3*) Where the total income of an assessee includes any short-term capital gains referred to in sub-section (*1*), the rebate under section 88 shall be allowed from the income-tax on the total income as reduced by such capital gains.

[8][*Explanation*.—For the purposes of this section,—

(*a*) "equity oriented fund" shall, have the meaning assigned to it in the *Explanation* to clause (*38*) of section 10;

(*b*) "International Financial Services Centre" shall have the same meaning as assigned to it in clause (*q*) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005);

(*c*) "recognised stock exchange" shall have the meaning assigned to it in clause (*ii*) of the *Explanation* 1 to sub-section (*5*) of section 43.]]

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1. Subs. by Act 4 of 1988, s. 2, for "Income-tax Officer" (w.e.f. 1-4-1988).
2. Subs. by Act 10 of 1965, s. 33, for "income-tax and super-tax" (w.e.f. 1-4-1965).
3. Ins. by Act 23 of 2004, s. 26 (w.e.f. 1-4-2005).
4. Ins. by Act 25 of 2014, s. 34 (w.e.f. 1-4-2015).
5. Subs. by Act 18 of 2008, s. 21, for "ten per cent." (w.e.f. 1-4-2009).
6. Subs. by Act 23 of 2012, s. 42, for "ten per cent." (w.e.f. 1-4-2009).
7. Ins. by Act 28 of 2016, s. 49 (w.e.f. 1-4-2017). The second proviso omitted by Act 20 of 2015, s. 27 (w.e.f. 1-4-2016). Earlier the same proviso was inserted by Act 25 of 2014, s. 34 (w.e.f. 1-4-2015).
8. Subs. by s. 49, *ibid.*, for the *Explanation* (w.e.f. 1-4-2017).

[1][**112. Tax on long-term capital gains.**—(*1*) Where the total income of an assessee includes any income, arising from the transfer of a long-term capital asset, which is chargeable under the head "Capital gains", the tax payable by the assessee on the total income shall be the aggregate of,—

(*a*) in the case of an individual or a Hindu undivided family, [2][being a resident,]—

(*i*) the amount of income-tax payable on the total income as reduced by the amount of such long-term capital gains, had the total income as so reduced been his total income; and

(*ii*) the amount of income-tax calculated on such long-term capital gains at the rate of twenty per cent.:

Provided that where the total income as reduced by such long-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such long-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate of twenty per cent.;

(*b*) in the case of a [3][domestic company],—

(*i*) the amount of income-tax payable on the total income as reduced by the amount of such long-term capital gains, had the total income as so reduced been its total income; and

(*ii*) the amount of income-tax calculated on such long-term capital gains at the rate of [4][twenty per cent.]:

[5]* * * * *

[2][(*c*) in the case of a non-resident (not being a company) or a foreign company,—

(*i*) the amount of income-tax payable on the total income as reduced by the amount of such long-term capital gains, had the total income as so reduced been its total income; and

[6][(*ii*) the amount of income-tax calculated on long-term capital gains [except where such gain arises from transfer of capital asset referred to in sub-clause (*iii*)] at the rate of twenty per cent.; and]

(*iii*) the amount of income-tax on long-term capital gains arising from the transfer of a capital asset, being [7][unlisted securities or shares of a company not being a company in which the public are substantially interested**]**, calculated at the rate of ten per cent. on the capital gains in respect of such asset as computed without giving effect to the first and second proviso to section 48;]]

[8][(*d*)] in any other case [9][of a resident],—

(*i*) the amount of income-tax payable on the total income as reduced by the amount of long-term capital gains, had the total income as so reduced been its total income; and

(*ii*) the amount of income-tax calculated on such long-term capital gains at the rate of [10][twenty per cent.; and]

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1. Ins. by Act 18 of 1992, s. 53 (w.e.f. 1-4-1993). Earlier section 112 was omitted by 20 of 1967, s. 33 and the Third Schedule (w.e.f. 1-4-1968)
2. Ins. by 32 of 1994, s. 31 (w.e.f. 1-4-1995).
3. Subs. by s. 31, *ibid*., for "company" (w.e.f. 1-4-1995).
4. Subs. by Act 33 of 1996, s. 37, for "thirty per cent." (w.e.f. 1-4-1997).Earlier substituted by Act 32 of 1994, s. 31, for "forty per cent." (w.e.f. 1-4-1995).
5. Proviso omitted by Act 22 of 1995, s. 23 (w.e.f. 1-4-1996). Prior to its omission, the proviso, as amended by the 22 of 1995, s. 23 (w.e.f. 1-4-1996). Prior to its omission, the proviso, as amended by the 32 of 1994, s. 31 (1-4-1995).
6. Subs. by Act 23 of 2012, s. 43, for sub-clause (*ii*) (w.e.f. 1-4-2013).
7. Subs. by 28 of 2016, s. 50, for "unlisted securities" (w.e.f. 1-4-2017).
8. Clause (*c*) relettered as Clause (*d*) thereof by Act 32 of 1994, s. 31 (w.e.f. 1-4-1995).
9. Ins. by s. 31, *ibid*., (w.e.f. 1-4-1995).
10. Subs. by Act 33 of 1996, s. 37, for "thirty per cent." (w.e.f. 1-4-1997).

[1]* * * * *

[2][Provided that where the tax payable in respect of any income arising from the transfer of a long-term capital asset, [3][being listed securities (other than a unit)] [4][or zero coupon bond], exceeds ten per cent of the amount of capital gains before giving effect to the provisions of the second proviso to section 48, then, such excess shall be ignored for the purpose of computing the tax payable by the assessee:

[5][Provided further that where the tax payable in respect of any income arising from the transfer of a long-term capital asset, being a unit of a Mutual Fund specified under clause (*23D*) of section 10, during the period beginning on the 1st day of April, 2014 and ending on the 10th day of July, 2014, exceeds ten per cent. of the amount of capital gains, before giving effect to the provisions of the second proviso to section 48, then, such excess shall be ignored for the purpose of computing the tax payable by the assessee.]

[6][*Explanation.*—For the purposes of this sub-section,—

[7][(*a*) the expression "securities" shall have the meaning assigned to it in clause (*h*) of section 2 of the Securities Contracts (Regulation) Act, 1956 (32 of 1956);

(*aa*) "listed securities" means the securities which are listed on any recognised stock exchange in India;

(*ab*) "unlisted securities" means securities other than listed securities.

[8]* * * *]]]

(*2*) Where the gross total income of an assessee includes any income arising from the transfer of a long-term capital asset, the gross total income shall be reduced by the amount of such income and the deduction under Chapter VI-A shall be allowed as if the gross total income as so reduced were the gross total income of the assessee.

(*3*) Where the total income of an assessee includes any income arising from the transfer of a long-term capital asset, the total income shall be reduced by the amount of such income and the rebate under section 88 shall be allowed from the income-tax on the total income as so reduced.]

[9][**112A. Tax on longterm capital gains in certain cases.**—(*1*) Notwithstanding anything contained in section 112, the tax payable by an assessee on his total income shall be determined in accordance with the provisions of sub-section (*2*), if—

(*i*) the total income includes any income chargeable under the head "Capital gains";

(*ii*) the capital gains arise from the transfer of a long-term capital asset being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust;

(*iii*) securities transaction tax under Chapter VII of the Finance (No.2) Act, 2004 has,—

(*a*) in a case where the long-term capital asset is in the nature of an equity share in a company, been paid on acquisition and transfer of such capital asset; or

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1. The *Explanation* omitted by Act 22 of 1995, s. 23 (w.e.f. 1-4-1996).
2. Ins. by Act 27 of 1999, s. 57 (w.e.f. 1-4-2000).
3. Subs. by Act 25 of 2014, s. 35, "being listed securities or unit" (w.e.f. 1-4-2015).
4. Ins. by 18 of 2005, s. 33 (w.e.f. 1-4-2006).
5. Ins. by Act 25 of 2014, s. 35 (w.e.f. 1-4-2015).
6. Subs. by Act 10 of 2000, s. 49, for the *Explanation* (w.e.f. 1-4-2000). Prior to its Inserted by Act 27 of 1999, s. 57 (w.e.f. 1-4-2000).
7. Subs. by Act 23 of 2012, s. 43, for clause (*a*) (w.e.f. 1-4-2013).
8. Clause (*b*) omitted by Act 25 of 2014, s. 35 (w.e.f. 1-4-2015).
9. Ins. by Act 13 of 2018, s. 33 (w.e.f. 1-4-2019). Earlier omitted by the Finance Act (26 of 1988), s. 30 (w.e.f. 1-4-1989). Original section was inserted by Act 15 of 1965, s. 11 (w.e.f. 11-9-1965) and later on amended by Act 13 of 1966, s. 22 (w.e.f. 1-4-1966), 20 of 1967, s. 33 and the Third Schedule (w.e.f. 1-4-1968), 42 of 1970, s. 24 (w.e.f. 1-4-1968/1969) and 21 of 1973, s. 14 (*w.e.f.* 1-4-1972).

(*b*) in a case where the long-term capital asset is in the nature of a unit of an equity oriented fund or a unit of a business trust, been paid on transfer of such capital asset.

(*2*) The tax payable by the assessee on the total income referred to in sub-section (*1*) shall be the aggregate of—

(*i*) the amount of income-tax calculated on such long-term capital gains exceeding one lakh rupees at the rate of ten per cent.; and

(*ii*) the amount of income-tax payable on the total income as reduced by the amount of long-term capital gains referred to in sub-section (*1*) as if the total income so reduced were the total income of the assessee:

Provided that in the case of an individual or a Hindu undivided family, being a resident, where the total income as reduced by such long-term capital gains is below the maximum amount which is not chargeable to income-tax, then, the long-term capital gains, for the purposes of clause (*i*), shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax.

(*3*) The condition specified in clause (*iii*) of sub-section (*1*) shall not apply to a transfer undertaken on a recognised stock exchange located in any International Financial Services Centre and where the consideration for such transfer is received or receivable in foreign currency.

(*4*) The Central Government may, by notification in the Official Gazette, specify the nature of acquisition in respect of which the provisions of sub-clause (*a*) of clause (*iii*) of sub-section (*1*) shall not apply.

(*5*) Where the gross total income of an assessee includes any long-term capital gains referred to in sub-section (*1*), the deduction under Chapter VI-A shall be allowed from the gross total income as reduced by such capital gains.

(*6*) Where the total income of an assessee includes any long-term capital gains referred to in sub-section (*1*), the rebate under section 87A shall be allowed from the income-tax on the total income as reduced by tax payable on such capital gains.

Explanation.—For the purposes of this section,—

(*a*) "equity oriented fund" means a fund set up under a scheme of a mutual fund specified under clause (*23D*) of section 10 and,—

(*i*) in a case where the fund invests in the units of another fund which is traded on a recognised stock exchange,—

(*A*) a minimum of ninety per cent. of the total proceeds of such fund is invested in the units of such other fund; and

(*B*) such other fund also invests a minimum of ninety per cent. of its total proceeds in the equity shares of domestic companies listed on a recognised stock exchange; and

(*ii*) in any other case, a minimum of sixty-five per cent. of the total proceeds of such fund is invested in the equity shares of domestic companies listed on a recognised stock exchange:

Provided that the percentage of equity shareholding or unit held in respect of the fund, as the case may be, shall be computed with reference to the annual average of the monthly averages of the opening and closing figures;

(*b*) "International Financial Services Centre" shall have the meaning assigned to it in clause (*q*) of section 2 of the Special Economic Zones Act, 2005;

(*c*) "recognised stock exchange" shall have the meaning assigned to it in clause (*ii*) of *Explanation* 1 to clause (*5*) of section 43.

[1]**[113. Tax in the case of block assessment of search cases**.—The total undisclosed income of the block period, determined under section 158BC, shall be chargeable to tax at the rate of sixty per cent.:]

[2][Provided that the tax chargeable under this section shall be increased by a surcharge, if any, levied by any Central Act and applicable in the assessment year relevant to the previous year in which the search is initiated under section 132 or the requisition is made under section 132A.]

114. [**Tax on capital gains in cases of assessees other than companies**.]—*Omitted by the Finance* (*No*. 2) *Act*, 1967, *w.e.f.* 1-4-1968 *and reintroduced with material modifications in section 80T*. *Section* 114 *was substituted first by the Finance* (*No*. 2) *Act*, 1962, *w.e.f.* 1-4-1962 *and later on amended by the Finance Act*, 1964, *w.e.f.* 1-4-1964, *the Finance Act*, 1965, *w.e.f.* 1-4-1965, *the Finance* (*No*. 2) *Act*, 1965, *w.e.f.* 11-9-1965 *and the Finance Act*, 1966, *w.e.f.* 1-4-1966.

115. [**Tax on capital gains in case of companies.]**—*Omitted by the Finance Act*, 1987 (11 *of* 1987), s. 42 (*w.e.f.* 1-4-1988).

[3]**[115A. Tax on dividends, royalty and technical service fees in the case of foreign companies.**—[4][(*1*) Where the total income of—

(*a*) a non-resident (not being a company) or of a foreign company, includes any income by way of—

(*i*) [5][dividends other than dividends referred to in section 115-O]; or

(*ii*) interest received from Government or an Indian concern on monies borrowed or debt incurred by Government or the Indian concern in foreign currency [6][not being interest of the nature referred to in [7][sub-clause (*iia*) or sub-clause (*iiaa*)]]; or

[6][(*iia*) interest received from an infrastructure debt fund referred to in clause (*47*) of section 10; or]

[8][(*iiaa*) interest of the nature and extent referred to in section 194LC; or]

[9][(*iiab*) interest of the nature and extent referred to in section 194LD; or]

[10][(*iiac*) distributed income being interest referred to in sub-section (*2*) of section 194LBA;]

(*iii*) income received in respect of units, purchased in foreign currency, of a Mutual Fund specified under clause (*23D*) of section 10 or of the Unit Trust of India,

the income-tax payable shall be aggregate of—

(*A*) the amount of income-tax calculated on the amount of income by way of [5][dividends other than dividends referred to in section 115-O], if any, included in the total income, at the rate of twenty per cent;

(*B*) the amount of income-tax calculated on the amount of income by way of interest referred to in sub-clause (*ii*), if any, included in the total income, at the rate of twenty per cent.;

[6][(*BA*) the amount of income-tax calculated on the amount of income by way of interest referred to in sub-clause (*iia*) [11][or sub-clause (*iiaa*)] [9][or sub-clause (*iiab*)] [10][or sub-clause (*iiac*)], if any, included in the total income, at the rate of five per cent.;]

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1. Ins. by Act 22 of 1995, s. 24 (w.e.f. 1-7-1995). Earlier section 113 dealing with "Tax in the case of non-resident" omitted by Act 10 of 1965, s. 35 (w.e.f. 1-4-1965).
2. Ins. by Act 20 of 2002, s. 44 (w.e.f. 1-6-2002).
3. Ins. by Act 66 of 1976, s. 20 (w.e.f. 1-6-1976).
4. Subs. by Act 32 of 1994, s. 32, for sub-section (*1*) (w.e.f. 1-4-1995).
5. Subs. by Act 32 of 2003, s. 50, for "dividends" (w.e.f. 1-4-2004). Earlier the word "dividends" substituted by Act 26 of 1997, s. 32 (w.e.f. 1-4-1998) and the words, figures and letter "other than dividends referred to in section 115-O" omitted by Act 20 of 2002, s. 45 (w.e.f. 1-4-2003).
6. Ins. by Act 8 of 2011, s. 16 (w.e.f. 1-6-2011).
7. Subs. by Act 23 of 2012, s. 44, for "clause (*iia*)" (w.e.f. 1-7-2012).
8. Ins. by s. 44, *ibid* (w.e.f. 1-7-2012).
9. Ins. by Act 17 of 2013, s. 27 (w.e.f. 1-4-2014).
10. Ins. by Act 25 of 2014, s. 36 (w.e.f. 1-4-2015).
11. Ins. by Act 23 of 2012, s. 44 (w.e.f. 1-7-2012).

(*C*) the amount of income-tax calculated on the income in respect of units referred to in sub-clause (*iii*), if any, included in the total income, at the rate of twenty per cent; and

(*D*) the amount of income-tax with which he or it would have been chargeable had his or its total income been reduced by the amount of income referred to in sub-clause (*i*), sub-clause (*ii*) [1][, sub-clause (*iia*)] [2][, sub-clause (*iiaa*)] [3][, sub-clause (*iiab*)] [4][, sub-clause (*iiac*)] and sub-clause (*iii*);

(*b*) [5][a non-resident (not being a company) or a foreign company, includes any income by way of royalty or fees for technical services other than income referred to in sub-section (*1*) of section 44DA] received from Government or an Indian concern in pursuance of an agreement made by the foreign company with Government or the Indian concern after the 31st day of March, 1976, 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, then, subject to the provisions of sub-sections (*1A*) and (*2*), the income-tax payable shall be the aggregate of,—

[6][(*A*) the amount of income-tax calculated on the income by way of royalty, if any, included in the total income, at the rate of [7][ten per cent.];

(*B*) the amount of income-tax calculated on the income by way of fees for technical services, if any, included in the total income, at the rate of [7][ten per cent.]; and]

(*C*) the amount of income-tax with which it would have been chargeable had its total income been reduced by the amount of income by way of royalty and fees for technical services.

Explanation.—For the purposes of this section,—

(*a*) "fees for technical services" shall have the same meaning as in *Explanation 2* to clause (*vii*) of sub-section (*1*) of section 9;

(*b*) "foreign currency" shall have the same meaning as in the *Explanation* below item (*g*) of sub-clause (*iv*) of clause (*15*) of section 10;

(*c*) "royalty" shall have the same meaning as in *Explanation 2* to clause (*vi*) of sub-section (*1*) of section 9;

(*d*) "Unit Trust of India" means the Unit Trust of India established under the Unit Trust of India Act, 1963 (52 of 1963).]

[8][(*1A*) Where the royalty referred to in clause (*b*) of sub-section (*1*) is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book to an Indian concern [9][or in respect of any computer software to a person resident in India], the provisions of sub-section (*1*) shall apply in relation to such royalty as if the words [10][[11][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] occurring in the said clause had been omitted:

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1. Ins. by Act 8 of 2011, s. 16 (w.e.f. 1-6-2011).
2. Ins. by Act 23 of 2012, s. 44 (w.e.f. 1-7-2012).
3. Ins. by Act 17 of 2013, s. 27 (w.e.f. 1-4-2014).
4. Ins. by Act 25 of 2014, s. 36 (w.e.f. 1-4-2015).
5. Subs. by Act 32 of 2003, s. 50, for "a foreign company, includes any income by way of royalty or fees for technical services" (w.e.f. 1-4-2004).
6. Subs. by Act 17 of 2013, s. 27 for sub-clauses (*A*), (*AA*), (*B*) and (*BB*) (w.e.f. 1-4-2014).
7. Subs. by Act 20 of 2015, s. 28 for "Twenty-five per cent." (w.e.f. 1-4-2016).
8. Ins. by Act 29 of 1977, s. 22 (w.e.f. 1-4-1978).
9. Ins. by Act 49 of 1991, s. 40 (w.e.f. 1-4-1991).
10. Subs. by Act 18 of 1992, s. 54, for "and approved by the Central Government" (w.e.f. 1-6-1992).
11. Subs. by 32 of 1994, s. 32, for "approved by the Central Government or where the agreement relates to a matter" (w.e.f. 1-4-1995).

Provided that such book is on a subject, the books on which are permitted, according to the Import Trade Control Policy of the Government of India for the period commencing from the 1st day of April, 1977, and ending with the 31st day of March, 1978, to be imported into India under an Open General Licence:

[1][Provided further that such computer software is permitted according to the Import Trade Control Policy of the Government of India for the time being in force to be imported into India under an Open General Licence.]

[2][*Explanation 1*].—In this sub-section, "Open General Licence" means an Open General Licence issued by the Central Government in pursuance of the Imports (Control) Order, 1955.]

[3][*Explanation 2*.—In this sub-section, the expression "computer software" shall have the meaning assigned to it in clause (*b*) of the *Explanation* to section 80HHE.]

(*2*) Nothing contained in sub-section (*1*) shall apply in relation to any income by way of royalty received by a foreign company from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 31st day of March, 1976, if such agreement is deemed, for the [4][purposes of the first proviso] to clause (*vi*) of sub-section (*1*) of section 9, to have been made before the 1st day of April, 1976; and the provisions of the annual Finance Act for calculating, charging, deducting or computing income-tax shall apply in relation to such income as if such income had been received in pursuance of an agreement made before the 1st day of April, 1976.]

[5][(*3*) No deduction in respect of any expenditure or allowance shall be allowed to the assessee under sections 28 to 44C and section 57 in computing his or its income referred to in sub-section (*1*).

(*4*) Where in the case of an assessee referred to in sub-section (*1*),—

(*a*) the gross total income consists only of the income referred to in clause (*a*) of that sub-section, no deduction shall be allowed to him or it under Chapter VI-A;

(*b*) the gross total income includes any income referred to in clause (*a*) of that sub-section, the gross total income shall be reduced by the amount of such income and the deduction under Chapter VI-A shall be allowed as if the gross total income as so reduced were the gross total income of the assessee.

(*5*) It shall not be necessary for an assessee referred to in sub-section (*1*) to furnish under sub-section (*1*) of section 139 a return of his or its income if—

(*a*) his or its total income in respect of which he or it is assessable under this Act during the previous year consisted only of income referred to in clause (*a*) of sub-section (*1*); and

(*b*) the tax deductible at source under the provisions of Chapter XVII-B has been deducted from such income.]

[6]**[115AB. Tax on income from units purchased in foreign currency or capital gains arising from their transfer.**—(*1*) Where the total income of an assessee, being an overseas financial organisation (hereinafter referred to as Offshore Fund) includes—

(*a*) income received in respect of units purchased in foreign currency; or

(*b*) income by way of long-term capital gains arising from the transfer of units purchased in foreign currency,

the income-tax payable shall be the aggregate of—

(*i*) the amount of income-tax calculated on the income in respect of units referred to in clause (*a*), if any, included in the total income, at the rate of ten per cent;

(*ii*) the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (*b*), if any, included in the total income, at the rate of ten per cent; and

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1. Ins. by Act 49 of 1991, s. 40 (w.e.f. 1-4-1991).
2. The existing *Explanation* renumbered as *Explanation 1* by s. 40, *ibid* (w.e.f. 1-4-1991).
3. Ins. by s. 40, *ibid*. (w.e.f. 1-4-1991).
4. Subs. by s. 40, *ibid*., for "purposes of the proviso" (w.e.f. 1-4-1991).
5. Ins. by Act 32 of 1994, s. 32 (w.e.f. 1-4-1995).
6. Ins. by Act 49 of 1991, s. 41 (w.e.f. 1-4-1992).

(*iii*) the amount of income-tax with which the Offshore Fund would have been chargeable had its total income been reduced by the amount of income referred to in clause (*a*) and clause (*b*).

(*2*) Where the gross total income of the Offshore Fund,—

(*a*) consists only of income from units or income by way of long-term capital gains arising from the transfer of units, or both, no deduction shall be allowed to the assessee under sections 28 to 44C [1]*** or clause (*i*) or clause (*iii*) of section 57 or under Chapter VI-A [2][and nothing contained in the provisions of the second proviso to section 48 shall apply to income referred to in clause (*b*) of sub-section (*1*)];

(*b*) includes any income referred to in clause (*a*), the gross total income shall be reduced by the amount of such income and the deduction under Chapter VI-A shall be allowed as if the gross total income as so reduced were the gross total income of the assessee.

Explanation.—For the purposes of this section,—

(*a*) "overseas financial organisation" means any fund, institution, association or body, whether incorporated or not, established under the laws of a country outside India, which has entered into an arrangement for investment in India with any public sector bank or public financial institution or a mutual fund specified under clause (*23D*) of section 10 and such arrangement is approved by the [3][Securities and Exchange Board of India, established under the Securities and Exchange Board of India Act, 1992 (15 of 1992),] for this purpose;

(*b*) "unit" means unit of a mutual fund specified under clause (*23D*) of section 10 or of the Unit Trust of India;

(*c*) "foreign currency" shall have the meaning as in [4][the Foreign Exchange Management Act, 1999 (42 of 1999)];

(*d*) "public sector bank" shall have the meaning assigned to it in clause (*23D*) of section 10;

(*e*) "public financial institution" shall have the meaning assigned to it in section 4A of the Companies Act, 1956 (1 of 1956);

(*f*) "Unit Trust of India" means the Unit Trust of India established under the Unit Trust of India Act, 1963 (52 of 1963)].

[5]**[115AC. Tax on income from bonds or Global Depository Receipts purchased in foreign currency or capital gains arising from their transfer.**—(*1*) Where the total income of an assessee, being a non- resident, includes—

(*a*) income by way of interest on bonds of an Indian company issued in accordance with such scheme as the Central Government may, by notification in the Official Gazette, specify in this behalf, or on bonds of a public sector company sold by the Government, and purchased by him in foreign currency; or

(*b*) income by way of dividends [6][, other than dividends referred to in section 115-O,] on Global Depository Receipts—

(*i*) issued in accordance with such scheme as the Central Government may, by notification in the Official Gazette, specify in this behalf, against the initial issue of shares of an Indian company and purchased by him in foreign currency through an approved intermediary; or

(*ii*) issued against the shares of a public sector company sold by the Government and purchased by him in foreign currency through an approved intermediary; or

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1. The words, brackets and figures "or sub-section (*2*) of section 48" omitted by Act 18 of 1992, s. 55 (w.e.f. 1-4-1993).
2. Ins. by s. 55, *ibid*. (w.e.f. 1-4-1993).
3. Subs. by Act 14 of 2001, s. 51, for "Central Government" (w.e.f. 1-6-2001).
4. Subs. by Act 17 of 2013, s. 4, for "the Foreign Exchange Regulation Act, 1973 (46 of 1973)" (w.e.f. 1-4-2013).
5. Subs. by Act 14 of 2001, s. 52, for section 115AC (w.e.f. 1-4-2002).
6. Subs. by Act 32 of 2003, s. 50, for "dividends" (w.e.f. 1-4-2004). Earlier the words, figures and letter "other than dividends referred to in section 115-O" omitted by Act 20 of 2002, s. 45 (w.e.f. 1-4-2003).

(*iii*) [1][issued or re-issued] in accordance with such scheme as the Central Government may, by notification in the Official Gazette, specify in this behalf, against the existing shares of an Indian company purchased by him in foreign currency through an approved intermediary; or

[2]* * * * *

(*c*) income by way of long-term capital gains arising from the transfer of bonds referred to in clause (*a*) or, as the case may be, Global Depository Receipts referred to in clause (*b*),

the income-tax payable shall be the aggregate of—

(*i*) the amount of income-tax calculated on the income by way of interest or dividends [3][, other than dividends referred to in section 115-O], as the case may be, in respect of bonds referred to in clause (*a*) or Global Depository Receipts referred to in clause (*b*), if any, included in the total income, at the rate of ten per cent;

(*ii*) the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (*c*), if any, at the rate of ten per cent; and

(*iii*) the amount of income-tax with which the non-resident would have been chargeable had his total income been reduced by the amount of income referred to in clauses (*a*), (*b*) and (*c*).

(*2*) Where the gross total income of the non-resident—

(*a*) consists only of income by way of interest or dividends [2][, other than dividends referred to in section 115-O] in respect of bonds referred to in clause (*a*) of sub-section (*1*) or, as the case may be, Global Depository Receipts referred to in clause (*b*) of that sub-section, no deduction shall be allowed to him under sections 28 to 44C or clause (*i*) or clause (*iii*) of section 57 or under Chapter VI-A;

(*b*) includes any income referred to in clause (*a*) or clause (*b*) or clause (*c*) of sub-section (1), the gross total income shall be reduced by the amount of such income and the deduction under Chapter VI-A shall be allowed as if the gross total income as so reduced, were the gross total income of the assessee.

(*3*) Nothing contained in the first and second provisos to section 48 shall apply for the computation of long-term capital gains arising out of the transfer of long-term capital asset, being bonds or Global Depository Receipts referred to in clause (*c*) of sub-section (*1*).

(*4*) It shall not be necessary for a non-resident to furnish under sub-section (*1*) of section 139 a return of his income if—

(*a*) his total income in respect of which he is assessable under this Act during the previous year consisted only of income referred to in clauses (*a*) and (*b*) of sub-section (*1*); and

(*b*) the tax deductible at source under the provisions of Chapter XVII-B has been deducted from such income.

(*5*) Where the assessee acquired Global Depository Receipts or bonds in an amalgamated or resulting company by virtue of his holding Global Depository Receipts or bonds in the amalgamating or demerged company, as the case may be, in accordance with the provisions of sub-section (*1*), the provisions of that sub-section shall apply to such Global Depository Receipts or bonds.

Explanation.—For the purposes of this section,—

(*a*) "approved intermediary" means an intermediary who is approved in accordance with such scheme as may be notified by the Central Government in the Official Gazette;

(*b*) "Global Depository Receipts" shall have the same meaning as in clause (*a*) of the *Explanation* to section 115ACA.]

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1. Subs. by Act 20 of 2002, s. 46, for "re-issued" (w.e.f. 1-4-2002).
2. Sub-clause (*iv*) omitted by s. 46, *ibid* (w.e.f. 1-4-2002).
3. Subs. by Act 32 of 2003, s. 51, for "dividends" (w.e.f. 1-4-2004).

[1][**115ACA. Tax on income from Global Depository Receipts purchased in foreign currency or capital gains arising from their transfer.**—[2][(*1*) Where the total income of an assessee, being an individual, who is a resident and an employee of an Indian company engaged in specified knowledge based industry or service, or an employee of its subsidiary engaged in specified knowledge based industry or service (hereafter in this section referred to as the resident employee), includes—

(*a*) [3][income by way of dividends, other than dividends referred to in section 115-O], on Global Depository Receipts of an Indian company engaged in specified knowledge based industry or service, issued in accordance with such Employees' Stock Option Scheme as the Central Government may, by notification in the Official Gazette, specify in this behalf and purchased by him in foreign currency; or

(*b*) income by way of long-term capital gains arising from the transfer of Global Depository Receipts referred to in clause (*a*),

the income-tax payable shall be the aggregate of—

(*i*) the amount of income-tax calculated on the [3][income by way of dividends, other than dividends referred to in section 115-O], in respect of Global Depository Receipts referred to in clause (*a*), if any, included in the total income, at the rate of ten per cent;

(*ii*) the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (*b*), if any, at the rate of ten per cent; and

(*iii*) the amount of income-tax with which the resident employee would have been chargeable had his total income been reduced by the amount of income referred to in clauses (*a*) and (*b*).

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

(*a*) "specified knowledge based industry or service" means—

(*i*) information technology software;

(*ii*) information technology service;

(*iii*) entertainment service;

(*iv*) pharmaceutical industry;

(*v*) bio-technology industry; and

(*vi*) any other industry or service, as may be specified by the Central Government, by notification in the Official Gazette;

(*b*) "subsidiary" shall have the meaning assigned to it in section 4 of the Companies Act, 1956 (1 of 1956) and includes subsidiary incorporated outside India.]

(*2*) Where the gross total income of the resident employee—

(*a*) consists only of [3][income by way of dividends, other than dividends referred to in section 115-O], in respect of Global Depository Receipts referred to in clause (*a*) of sub-section (*1*), no deduction shall be allowed to him under any other provision of this Act;

(*b*) includes any income referred to in clause (*a*) or clause (*b*) of sub-section (*1*), the gross total income shall be reduced by the amount of such income and the deduction under any provision of this Act shall be allowed as if the gross total income as so reduced were the gross total income of the assessee.

(*3*) Nothing contained in the first and second provisos to section 48 shall apply for the computation of long-term capital gains arising out of the transfer of long-term capital asset, being Global Depository Receipts referred to in clause (*b*) of sub-section (*1*).

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1. Ins. by Act 27 of 1999, s. 59 (w.e.f. 1-4-2000).
2. Subs. by Act 14 of 2001, s. 53, for sub-section (*1*) (w.e.f. 1-4-2001).
3. Subs. by Act 32 of 2003, s. 52, for "income by way of dividends" (w.e.f. 1-4-2004).

Explanation.—For the purposes of this section,—

(*a*) "Global Depository Receipts" means any instrument in the form of a depository receipt or certificate (by whatever name called) created by the Overseas Depository Bank outside India and [1][issued to investors against the issue of,—

(*i*) ordinary shares of issuing company, being a company listed on a recognised stock exchange in India; or

(*ii*) foreign currency convertible bonds of issuing company];

(*b*) "information technology service" means any service which results from the use of any information technology software over a system of information technology products for realising value addition;

(*c*) "information technology software" means any representation of instructions, data, sound or image, including source code and object code, recorded in a machine readable form and capable of being manipulated or providing inter-activity to a user, by means of an automatic data processing machine falling under heading information technology products but does not include non-information technology products;

(*d*) "Overseas Depository Bank" means a bank authorised by the issuing company to issue Global Depository Receipts against issue of Foreign Currency Convertible Bonds or ordinary shares of the issuing company.]

[2]**[115AD. Tax on income of Foreign Institutional Investors from securities or capital gains arising from their transfer.**—(*1*) Where the total income of a Foreign Institutional Investor includes—

[3][(*a*) [4][income other than income by way of dividends referred to in section 115-O] received in respect of securities (other than units referred to in section 115AB); or]

(*b*) income by way of short-term or long-term capital gains arising from the transfer of such securities,

the income-tax payable shall be the aggregate of—

(*i*) the amount of income-tax calculated on the income in respect of securities referred to in clause (*a*), if any, included in the total income, at the rate of twenty per cent:

[5][Provided that the amount of income-tax calculated on the income by way of interest referred to in section 194LD shall be at the rate of five per cent.;]

(*ii*) the amount of income-tax calculated on the income by way of short-term capital gains referred to in clause (*b*), if any, included in the total income, at the rate of thirty per cent:

[6][Provided that the amount of income-tax calculated on the income by way of short-term capital gains referred to in section 111A shall be at the rate of [7][fifteen per cent.];]

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1. Subs. by Act 20 of 2015, s. 29, for "issued to non-resident inventors against the issue of ordinary shares or foreign currency convertible bonds of issuing company" (w.e.f. 1-4-2016).
2. Ins. by Act 38 of 1993, s. 21 (w.e.f. 1-4-1993).
3. Subs. by Act 21 of 1998, s. 38, for clasue (*a*) (w.e.f. 1-4-1999).
4. Subs. by Act 32 of 2003, s. 53, for "income" (w.e.f. 1-4-2004).
5. Ins. by Act 17 of 2013, s. 28 (w.e.f. 1-4-2014).
6. Ins. by Act 23 of 2004, s. 27 (w.e.f. 1-4-2005).
7. Subs. by Act 18 of 2008, s. 22, for "ten per cent." (w.e.f. 1-4-2009).

(*iii*) the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (*b*), if any, included in the total income, at the rate of ten per cent.; [1]***

[2][Provided that in case of income arising from the transfer of a long-term capital asset referred to in section 112A, income-tax at the rate of ten per cent. shall be calculated on such income exceeding one lakh rupees; and]

(*iv*) the amount of income-tax with which the Foreign Institutional Investor would have been chargeable had its total income been reduced by the amount of income referred to in clause (*a*) and clause (*b*).

(*2*) Where the gross total income of the Foreign Institutional Investor—

(*a*) consists only of income in respect of securities referred to in clause (*a*) of sub-section (*1*), no deduction shall be allowed to it under sections 28 to 44C or clause (*i*) or clause (*iii*) of section 57 or under Chapter VIA;

(*b*) includes any income referred to in clause (*a*) or clause (*b*) of sub-section (*1*), the gross total income shall be reduced by the amount of such income and the deduction under Chapter VIA shall be allowed as if the gross total income as so reduced, were the gross total income of the Foreign Institutional Investor.

(*3*) Nothing contained in the first and second provisos to section 48 shall apply for the computation of capital gains arising out of the transfer of securities referred to in clause (*b*) of sub-section (*1*).

Explanation.—For the purposes of this section,—

(*a*) the expression "Foreign Institutional Investor" means such investor as the Central Government may, by notification in the Official Gazette, specify in this behalf;

(*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).]

115B. Tax on profits and gains of life insurance business.—[3][(*1*)] Where the total income of an assessee includes any profits and gains from life insurance business, the income-tax payable shall be the aggregate of—

(*i*) the amount of income-tax calculated on the amount of profits and gains of the life insurance business included in the total income, at the rate of twelve and one-half per cent; and

(*ii*) the amount of income-tax with which the assessee would have been chargeable had the total income of the assessee been reduced by the amount of profits and gains of the life insurance business.

[4][(*2*) Notwithstanding anything contained in sub-section (*1*) or in any other law for the time being in force or any instrument having the force of law, the assessee shall, in addition to the payment of income-tax computed under sub-section (*1*), deposit, during [5][the previous years relevant to the assessment years commencing on the 1st day of April, 1989 and the 1st day of April, 1990], an amount equal to thirty-three and one-third per cent of the amount of income-tax computed under clause (*i*) of sub-section (*1*), in such social security fund (hereafter in this sub-section referred to as the security fund), as the Central Government may, by notification in the Official Gazette, specify in this behalf:

1. The word "and" omitted by Act 13 of 2018, s. 34 (w.e.f. 1-4-2019).
2. Ins. by s. 34, *ibid*. (w.e.f. 1-4-2019).
3. Section 115B renumbered as sub-section (*1*) by Act 26 of 1988, s. 31 (w.e.f. 1-4-1989).
4. Ins. by s. 31, *ibid*. (w.e.f. 1-4-1989).
5. Subs. by Act 13 of 1989, s. 18, for "the previous year relevant to the assessment year commencing on the 1st day of April, 1989" (w.e.f. 1-4-1990).

Provided that where the assessee makes during the said [1][previous years] any deposit of an amount of not less than two and one-half per cent of the profits and gains of the life insurance business in the security fund, the amount of income-tax payable by the assessee under the said clause (*i*) shall be reduced by an amount equal to two and one-half per cent of such profits and gains and, accordingly, the deposit of thirty-three and one-third per cent required to be made under this sub-section shall be calculated on the income-tax as so reduced].]

[2]**[115BA. Tax on income of certain domestic companies.**—(*1*) Notwithstanding anything contained in this Act but subject to the [3][other provisions of this Chapter], the income-tax payable in respect of the total income of a person, being a domestic company, for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2017, shall, at the option of such person, be computed at the rate of twenty-five per cent, if the conditions contained in sub-section (*2*) are satisfied.

(*2*) For the purposes of sub-section (*1*), the following conditions shall apply, namely:—

(*a*) the company has been set-up and registered on or after the 1st day of March, 2016;

(*b*) the company is not engaged in any business other than the business of manufacture or production of any article or thing and research in relation to, or distribution of, such article or thing manufactured or produced by it; and

(*c*) the total income of the company has been computed,—

(*i*) without any deduction under the provisions of section 10AA or clause (*iia*) of sub-section (*1*) of section 32 or section 32AC or section 32AD or section 33AB or section 33ABA or sub-clause (*ii*) or sub-clause (*iia*) or sub-clause (*iii*) of sub-section (*1*) or sub-section (*2AA*) or sub-section (*2AB*) of section 35 or section 35AC or section 35AD or section 35CCC or section 35CCD or under any provisions of Chapter VIA under the heading "C.—Deductions in respect of certain incomes" other than the provisions of section 80JJAA;

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

(*iii*) depreciation under section 32, other than clause (*iia*) of sub-section (*1*) of the said section, is determined in the manner as may be prescribed.

(*3*) The loss referred to in sub-clause (*ii*) of clause (*c*) of sub-section (*2*) shall be deemed to have been already given full effect to and no further deduction for such loss shall be allowed for any subsequent year.

(*4*) Nothing contained in this section shall apply unless the option is exercised by the person in the prescribed manner on or before the due date specified under sub-section (*1*) of section 139 for furnishing the first of the returns of income which the person is required to furnish under the provisions of this Act:

Provided that once the option has been exercised for any previous year, it cannot be subsequently withdrawn for the same or any other previous year.]

[4]**[115BB. Tax on winnings from lotteries, crossword puzzles, races including horse races, card games and other games of any sort or gambling or betting of any form or nature whatsoever.—**Where the total income of an assessee includes any income by way of winnings from any lottery or crossword puzzle or race including horse race (not being income from the activity of owning and maintaining race horses) or card game and other game of any sort or from gambling or betting of any form or nature whatsoever, the income-tax payable shall be the aggregate of—

(*i*) the amount of income-tax calculated on income by way of winnings from such lottery or crossword puzzle or race including horse race or card game and other game of any sort or from gambling or betting of any form or nature whatsoever, at the rate of [5][thirty per cent.]; and

1. Subs. by Act 13 of 1989, s. 18, for "previous year" (w.e.f. 1-4-1990).
2. Ins. by Act 28 of 2016, s. 51 (w.e.f. 1-4-2017).
3. Subs. by Act 13 of 2018, s. 35, for "provisions of section 111A and section 112" (w.e.f. 1-4-2017).
4. Ins. by Act 3 of 1986, s. 26 (w.e.f. 1-4-1987).
5. Subs. by Act 14 of 2001, s. 54, for "forty per cent." (w.e.f. 1-4-2002).

(*ii*) the amount of income-tax with which the assessee would have been chargeable had his total income been reduced by the amount of income referred to in clause (*i*).

Explanation.—For the purposes of this section, "horse race" shall have the same meaning as in section 74A.]

[1][**115BBA. Tax on non-resident sportsmen or sports associations.—**(*1*) Where the total income of an assessee,—

(*a*) being a sportsman (including an athlete), who is not a citizen of India and is a non-resident, includes any income received or receivable by way of—

(*i*) participation in India in any game (other than a game the winnings wherefrom are taxable under section 115BB) or sport; or

(*ii*) advertisement; or

(*iii*) contribution of articles relating to any game or sport in India in newspapers, magazines or journals; or

(*b*) being a non-resident sports association or institution, includes any amount guaranteed to be paid or payable to such association or institution in relation to any game (other than a game the winnings wherefrom are taxable under section 115BB) or sport played in India [2][; or]

[2][(*c*) being an entertainer, who is not a citizen of India and is a non-resident, includes any income received or receivable from his performance in India,]

the income-tax payable by the assessee shall be the aggregate of—

(*i*) the amount of income-tax calculated on income referred to in [3][clause (*a*) or clause (*b*) or clause (*c*)] at the rate of [4][twenty per cent.]; and

(*ii*) the amount of income-tax with which the assessee would have been chargeable had the total income of the assessee been reduced by the amount of income referred to in [3][clause (*a*) or clause (*b*) or clause (*c*)]:

Provided that no deduction in respect of any expenditure or allowance shall be allowed under any provision of this Act in computing the income referred to in [3][clause (*a*) or clause (*b*) or clause (*c*)].

(*2*) It shall not be necessary for the assessee to furnish under sub-section (*1*) of section 139 a return of his income if—

(*a*) his total income in respect of which he is assessable under this Act during the previous year consisted only of income referred to in [3][clause (*a*) or clause (*b*) or clause (*c*)] of sub-section (*1*); and

(*b*) the tax deductible at source under the provisions of Chapter XVIIB has been deducted from such income.]

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1. Ins. by Act 36 of 1989, s. 10 (w.e.f. 1-4-1990).

2. Ins. by Act 23 of 2012, s. 45 (w.e.f. 1-4-2013).

3. Subs. by s. 45, *ibid*., for "clause (*a*) or clause (*b*)" (w.e.f. 1-4-2013).

4. Subs. by s. 45, *ibid*., for "ten per cent." (w.e.f. 1-4-2013).

[1][**115BBB. Tax on income from units of an open-ended equity oriented fund of the Unit Trust of India or of Mutual Funds.**—(*1*) Where the total income of an assessee includes any income from units of an open-ended equity oriented fund of the Unit Trust of India or of a Mutual Fund, the income-tax payable shall be the aggregate of—

(*a*) the amount of income-tax calculated on income from units of an open-ended equity oriented fund of the Unit Trust of India or of a Mutual Fund, at the rate of ten per cent; and

(*b*) the amount of income-tax with which the assessee would have been chargeable had his total income been reduced by the amount of income referred to in clause (*a*).

(*2*) Nothing contained in sub-section (*1*) shall apply in relation to any income from units of an open-ended equity oriented fund of the Unit Trust of India or of the Mutual Fund arising after the 31st day of March, 2003.

Explanation.—For the purposes of this section, the expressions "Mutual Fund", "open-ended equity oriented fund" and "Unit Trust of India" shall have the meanings respectively assigned to them in the *Explanation* to section 115T.]

[2][**115BBC. Anonymous donations to be taxed in certain cases.**—(*1*) Where the total income of an assessee, being a person in receipt of income on behalf of any university or other educational institution referred to in sub-clause (*iiiad*) 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 (*iv*) or any trust or institution referred to in sub-clause (*v*) of clause (*23C*) of section 10 or any trust or institution referred to in section 11, includes any income by way of any anonymous donation, the income-tax payable shall be the aggregate of—

[3][(*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]

[4][(*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.]

(*2*) The provisions of sub-section (*1*) shall not apply to any anonymous donation received by—

(*a*) any trust or institution created or established wholly for religious purposes;

(*b*) any trust or institution created or established wholly for religious and charitable purposes other than any anonymous donation made with a specific direction that such donation is for any university or other educational institution or any hospital or other medical institution run by such trust or institution.

(*3*) For the purposes of this section, "anonymous donation" means any voluntary contribution referred to in sub-clause (*iia*) of clause (*24*) of section 2, where a person receiving such contribution does not maintain a record of the identity indicating the name and address of the person making such contribution and such other particulars as may be prescribed.]

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1. Ins. by Act 20 of 2002, s. 49 (w.e.f. 1-4-2003).
2. Ins. by Act 21 of 2006, s. 22 (w.e.f. 1-4-2007).
3. Subs. by Act 33 of 2009, s. 43, for clause (*i*) (w.e.f. 1-4-2010).
4. Subs. by Act 25 of 2014, s. 37, for clause (*ii*) (w.e.f. 1-4-2015).

[1][**115BBD. Tax on certain dividends received from foreign companies.**—(*1*) Where the total income of an assessee, being an Indian company, [2]*** 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—

(*a*) the amount of income-tax calculated on the income by way of such dividends, at the rate of fifteen per cent; and

(*b*) the amount of income-tax with which the assessee would have been chargeable had its total income been reduced by the aforesaid income by way of dividends.

(*2*) Notwithstanding anything contained in this Act, no deduction in respect of any expenditure or allowance shall be allowed to the assessee under any provision of this Act in computing its income by way of dividends referred to in sub-section (*1*).

(*3*) In this section,—

(*i*) "dividends" shall have the same meaning as is given to "dividend" in clause (*22*) of section 2 but shall not include sub-clause (*e*) thereof;

(*ii*) "specified foreign company" means a foreign company in which the Indian company holds twenty-six per cent or more in nominal value of the equity share capital of the company.]

[3][**115BBDA. Tax on certain dividends received from domestic companies.**—(*1*) Notwithstanding anything contained in this Act, where the total income of [4][a specified assessee,] resident in India, includes any income in aggregate exceeding ten lakh rupees, by way of dividends declared, distributed or paid by a domestic company or companies, the income-tax payable shall be the aggregate of—

(*a*) the amount of income-tax calculated on the income by way of such dividends in aggregate exceeding ten lakh rupees, at the rate of ten per cent; and

(*b*) the amount of income-tax with which the assessee would have been chargeable had the total income of the assessee been reduced by the amount of income by way of dividends.

(*2*) No deduction in respect of any expenditure or allowance or set off of loss shall be allowed to the assessee under any provision of this Act in computing the income by way of dividends referred to in clause (*a*) of sub-section (*1*).

(*3*) In this section, "dividends" shall have the same meaning as is given to "dividend" in clause (*22*) of section 2 but shall not include sub-clause (*e*) thereof.]

[5][*Explanation*.—For the purposes of this section,—

(*a*) "dividend" shall have the meaning assigned to it in clause (*22*) of section 2 but shall not include sub-clause (*e*) thereof;

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1. Ins. by Act 8 of 2011, s. 17 (w.e.f. 1-4-2012).

2. The words "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" omitted by Act 25 of 2014, s. 38 (w.e.f. 1-4-2015).

3. Ins. by Act 28 of 2016, s. 52 (w.e.f. 1-4-2017).

4. Subs. by Act 7 of 2017, s. 44, for "an assessee, being an individual, a Hindu Undivided Family or a firm" (w.e.f. 1-4-2018).

5. Subs. by s. 44, *ibid.*, for the *Explanation* (w.e.f. 1-4-2018).

(*b*) "specified assessee" means a person other than,—

(*i*) a domestic company; or

(*ii*) a fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (*iv*) or sub-clause (*v*) or sub-clause (*vi*) or sub-clause (*via*) of clause (*23C*) of section 10; or

(*iii*) a trust or institution registered under section 12A or section 12AA.]

[1][**115BBE. Tax on income referred to in section 68 or section 69 or section 69A or section 69B or section 69C or section 69D.**—[2][(*1*) Where the total income of an assessee,—

(*a*) includes any income referred to in section 68, section 69, section 69A, section 69B, section 69C or section 69D and reflected in the return of income furnished under section 139; or

(*b*) determined by the Assessing Officer includes any income referred to in section 68, section 69, section 69A, section 69B, section 69C or section 69D, if such income is not covered under clause (*a*),

the income-tax payable shall be the aggregate of—

(*i*) the amount of income-tax calculated on the income referred to in clause (*a*) and clause (*b*), at the rate of sixty per cent; and

(*ii*) the amount of income-tax with which the assessee would have been chargeable had his total income been reduced by the amount of income referred to in clause (*i*).]

(*2*) Notwithstanding anything contained in this Act, no deduction in respect of any expenditure or allowance [3][or set off of any loss] shall be allowed to the assessee under any provision of this Act in computing his income referred to in clause (*a*) [4][and clause (*b*)] of sub-section (*1*).]

[5][**115BBF. Tax on income from patent**.—(*1*) Where the total income of an eligible assessee includes any income by way of royalty in respect of a patent developed and registered in India, the incometax payable shall be the aggregate of—

(*a*) the amount of income-tax calculated on the income by way of royalty in respect of the patent at the rate of ten per cent.; and

(*b*) the amount of income-tax with which the assessee would have been chargeable had his total income been reduced by the income referred to in clause (*a*).

(*2*) Notwithstanding anything contained in this Act, no deduction in respect of any expenditure or allowance shall be allowed to the eligible assessee under any provision of this Act in computing his income referred to in clause (*a*) of sub-section (*1*).

(*3*) The eligible assessee may exercise the option for taxation of income by way of royalty in respect of a patent developed and registered in India in accordance with the provisions of this section, in the prescribed manner, on or before the due date specified under sub-section (*1*) of section 139 for furnishing the return of income for the relevant previous year.

1. Ins. by Act 23 of 2012, s. 47 (w.e.f. 1-4-2013).
2. Subs. by Act 48 of 2016, s. 2, for section 115BBE (w.e.f. 1-4-2017).
3. Ins. by Act 28 of 2016, s. 53 (w.e.f. 1-4-2017).
4. Ins. by Act 13 of 2018, s. 36 (w.r.e.f. 1-4-2017).
5. Ins. by Act 28 of 2016, s. 54 (w.e.f. 1-4-2017).

(*4*) Where an eligible assessee opts for taxation of income by way of royalty in respect of a patent developed and registered in India for any previous year in accordance with the provisions of this section and the assessee offers the income for taxation for any of the five assessment years relevant to the previous year succeeding the previous year not in accordance with the provisions of sub-section (*1*), then, the assessee shall not be eligible to claim the benefit of the provisions of this section for five assessment years subsequent to the assessment year relevant to the previous year in which such income has not been offered to tax in accordance with the provisions of sub-section (*1*).

Explanation.—For the purposes of this section,—

(*a*) "developed" means at least seventy-five per cent. of the expenditure incurred in India by the eligible assessee for any invention in respect of which a patent is granted under the Patents Act, 1970 (herein referred to as the Patents Act);

(*b*) "eligibleassessee" means a person resident in India and who is a patentee;

(*c*) "invention" shall have the meaning assigned to it in clause (*j*) of sub-section (*1*) of section 2 of the Patents Act;

(*d*) "lump sum" includes an advance payment on account of such royalties which is not returnable;

(*e*) "patent" shall have the meaning assigned to it in clause (*m*) of sub-section (*1*) of section 2 of the Patents Act;

(*f*) "patentee" means the person, being the true and first inventor of the invention, whose name is entered on the patent register as the patentee, in accordance with the Patents Act, and includes every such person, being the true and first inventor of the invention, where more than one person is registered as patentee under that Act in respect of that patent;

(*g*) "patented article" and "patented process" shall have the meanings respectively assigned to them in clause (*o*) of sub-section (*1*) of section 2 of the Patents Act;

(*h*) "royalty", in respect of a patent, means consideration (including any lump sum consideration but excluding any consideration which would be the income of the recipient chargeable under the head "Capital gains" or consideration for sale of product manufactured with the use of patented process or the patented article for commercial use) for the—

(*i*) transfer of all or any rights (including the granting of a licence) in respect of a patent; or

(*ii*) imparting of any information concerning the working of, or the use of, a patent; or

(*iii*) use of any patent; or

(*iv*) rendering of any services in connection with the activities referred to in sub-clauses (*i*) to (*iii*);

(*i*) "true and first inventor" shall have the meaning assigned to it in clause (*y*) of sub-section (*1*) of section 2 of the Patents Act.]

[1]**[115BBG. Tax on income from transfer of carbon credits.**—(*1*) Where the total income of an assessee includes any income by way of transfer of carbon credits, the income-tax payable shall be the aggregate of—

(*a*) the amount of income-tax calculated on the income by way of transfer of carbon credits, at the rate of ten per cent; and

(*b*) the amount of income-tax with which the assessee would have been chargeable had his total income been reduced by the amount of income referred to in clause (*a*).

(*2*) Notwithstanding anything contained in this Act, no deduction in respect of any expenditure or allowance shall be allowed to the assessee under any provision of this Act in computing his income referred to in clause (*a*) of sub-section (*1*).

Explanation.—For the purposes of this section, "carbon credit" in respect of one unit shall mean reduction of one tonne of carbon dioxide emissions or emissions of its equivalent gases which is validated by the United Nations Framework on Climate Change and which can be traded in market at its prevailing market price.]

[2][CHAPTER XII-A

SPECIAL PROVISIONS RELATING TO CERTAIN INCOMES OF NON-RESIDENTS

115C. Definitions.—In this Chapter, unless the context otherwise requires,—

(*a*) "convertible foreign exchange" means foreign exchange which is for the time being treated by the Reserve Bank of India as convertible foreign exchange for the purposes of [3][the Foreign Exchange Management Act, 1999 (42 of 1999),] and any rules made thereunder;

(*b*) "foreign exchange asset" means any specified asset which the assessee has acquired or purchased with, or subscribed to in, convertible foreign exchange;

(*c*) "investment income" means any [4][income derived other than dividends referred to in section 115-O] from a foreign exchange asset;

(*d*) "long-term capital gains" means income chargeable under the head "Capital gains" relating to a capital asset, being a foreign exchange asset which is not a short-term capital asset;

(*e*) "non-resident Indian" means an individual, being a citizen of India or a person of Indian origin who is not a "resident".

Explanation.—A person shall be deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, was born in undivided India;

(*f*) "specified asset" means any of the following assets, namely:—

(*i*) shares in an Indian company;

(*ii*) debentures issued by an Indian company which is not a private company as defined in the Companies Act, 1956 (1 of 1956);

(*iii*) deposits with an Indian company which is not a private company as defined in the Companies Act, 1956 (1 of 1956);

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1. Ins. by Act 7 of 2017, s. 45 (w.e.f. 1-4-2018).
2. Ins. by Act 11 of 1983, s. 36 (w.e.f. 1-6-1983).
3. Subs. by Act 17 of 2013, s. 4, for "The Foreign Exchange Regulation Act, 1973 (46 of 1973)" (w.e.f. 1-4-2013).
4. Subs. by Act 32 of 2003, s. 54, for "income-derive" (w.e.f. 1-4-2004).

(*iv*) any security of the Central Government as defined in clause (*2*) of section 2 of the Public Debt Act, 1944 (18 of 1944);

(*v*) such other assets as the Central Government may specify in this behalf by notification in the Official Gazette.

115D. Special provision for computation of total income of non-residents.—(*1*) No deduction in respect of any expenditure or allowance shall be allowed under any provision of this Act in computing the investment income of a non-resident Indian.

(*2*) Where in the case of an assessee, being a non-resident Indian,—

(*a*) the gross total income consists only of investment income or income by way of long-term capital gains or both, no deduction shall be allowed to the assessee [1][under Chapter VI-A and nothing contained in the provisions of the second proviso to section 48 shall apply to income chargeable under the head "Capital gains"];

(*b*) the gross total income includes any income referred to in clause (*a*), the gross total income shall be reduced by the amount of such income and the deductions under Chapter VIA shall be allowed as if the gross total income as so reduced were the gross total income of the assessee.

[2][**115E. Tax on investment income and long-term capital gains.**—Where the total income of an assessee, being a non-resident Indian, includes—

(*a*) any income from investment or income from long-term capital gains of an asset other than a specified asset;

(*b*) income by way of long-term capital gains,

the tax payable by him shall be the aggregate of—

(*i*) the amount of income-tax calculated on the income in respect of investment income referred to in clause (*a*), if any, included in the total income, at the rate of twenty per cent;

(*ii*) the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (*b*), if any, included in the total income, at the rate of ten per cent; and

(*iii*) the amount of income-tax with which he would have been chargeable had his total income been reduced by the amount of income referred to in clauses (*a*) and (*b*).]

115F. Capital gains on transfer of foreign exchange assets not to be charged in certain cases.—(*1*) Where, in the case of an assessee being a non-resident Indian, any long-term capital gains arise from the transfer of a foreign exchange asset (the asset so transferred being hereafter in this section referred to as the original asset), and the assessee has, within a period of six months after the date of such transfer, invested [3]*** the whole or any part of the net consideration in any specified asset [4]***, or in any savings certificates referred to in clause (*4B*) of section 10 (such specified asset [5]***, or such savings certificates being hereafter in this section referred to as the new asset), the capital gain shall be dealt with in accordance with the following provisions of this section, that is to say,—

(*a*) if the cost of the new asset is not less than the net consideration in respect of the original asset, the whole of such capital gain shall not be charged under section 45;

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1. Subs. by Act 18 of 1992, s. 57, for "under sub-section (*2*) of section 48 or under Chapter VIA" (w.e.f. 1-4-1993).

2. Subs. by Act 26 of 1997, s. 36, for section 115E (w.e.f. 1-4-1998).

3. The words "or deposited" omitted by Act 26 of 1988, s. 32 (w.e.f. 1-4-1989).

4. The words, brackets, figure and letter "or in an account referred to in clause (*4A*)" omitted by s. 32, *ibid*. (w.e.f. 1-4-1989).

5. The words "or such deposit in the account aforesaid" omitted by s. 32, *ibid*. (w.e.f. 1-4-1989).