

(ii) 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

(iii) a Post Office as defined in section 2(k) of the Post Office Act, 2023.

43 of 2023.

(2) The deduction under sub-section (1) shall be allowed for a tax year as follows:— 5

(a) in case of assessee mentioned in sub-section 1(a) or (c), the whole of the interest up to a maximum amount of ten thousand rupees on deposits in a savings account, excluding time deposits;

(b) in case of assessee mentioned in sub-section (1)(b), the whole of the interest up to a maximum amount of fifty thousand rupees on deposits in a savings account, including time deposits. 10

(3) 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 15 of the association or any individual of the body.

(4) In this section, “time deposits” means the deposits repayable on expiry of fixed periods.

E.—Other deductions

Deduction in case of a person with disability.

154. (1) An individual, being resident in India, who is certified by a medical authority, at any time during the tax year, as a person with disability or person with severe disability, shall be allowed a deduction of seventy-five thousand rupees or one lakh and twenty-five thousand rupees, respectively, while computing his total income. 20

(2) The deduction under sub-section (1) shall be allowed only if all of the following conditions are fulfilled:— 25

(a) the individual furnishes a copy of the certificate issued by the medical authority;

(b) if the certificate specifies that the disability needs reassessment of its extent after a period stipulated in it, the deduction shall not be allowed for any tax year succeeding the tax year in which the certificate expires, unless a new disability certificate is obtained and submitted; and 30

(c) the certificate referred to in clauses (a) and (b) of this sub-section shall be furnished in the form and manner, as prescribed, along with the return of income under section 263 for the tax year in which the deduction is claimed. 35

(3) For the purposes of this section, “disability”, “medical authority”, “person with disability” or “person with severe disability” shall have the same meanings as provided in section 127.

CHAPTER IX

REBATES AND RELIEFS

40

A.—Rebates and reliefs

Rebate to be allowed in computing income-tax.

155. (1) In computing income-tax on the total income of an assessee with which he is chargeable for any tax year, there shall be allowed from income-tax (as computed before allowing the deductions under this Chapter), subject to the provisions of section 156, the deductions specified therein. 45

(2) The deduction under section 156, shall not, in any case, exceed 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 tax year.

5 **156.** (1) A resident individual assessee shall be entitled to a deduction of 100% of income-tax payable or twelve thousand five hundred rupees, whichever is less, from the income-tax (computed before allowing the deduction under this section) chargeable on the total income for any tax year if the total income does not exceed five lakh rupees.

Rebate of income-tax in case of certain individuals.

(2) Where the total income of a resident individual assessee for any tax year is chargeable to tax under section 202(1), then from income-tax (computed before allowing the deduction under this section) following deductions shall be allowed, if—

10 (a) the income does not exceed twelve lakh rupees, 100% of the income-tax payable or sixty thousand rupees, whichever is less;

(b) the income exceeds twelve lakh rupees, the income-tax payable on the total income, reduced by total income which is in excess of twelve lakh rupees.

(3) The deduction under sub-section (2), shall not exceed income-tax payable as per the rates provided in section 202(1).

15 **157.** (1) Where the total income of an assessee is assessed at a rate higher than the rate at which it would otherwise have been assessed, due to the following receipts,—

Relief when salary, etc., is paid in arrears or in advance.

(a) a sum in the nature of arrear or advance salary; or

(b) salary for more than twelve months in any one tax year; or

20 (c) a payment in the nature of “profits *in lieu* of salary” under section 18(1); or

(d) arrears of “family pension” as defined in section 93(1)(d),

the Assessing Officer shall on an application made to him by the assessee in this behalf, grant such relief, as prescribed.

25 (2) No relief shall be granted on any income on which deduction has been claimed by the assessee in section 19(1)(Table: Sl. No. 12) for any amount mentioned therein, for such, or any other, tax year.

158. (1) The income accrued in a specified account, maintained in a notified country by a specified person, shall be taxed in a tax year, as prescribed.

Relief from taxation in income from retirement benefit account maintained in a notified country.

(2) In this section,—

30 (a) “notified country” means a country as notified by the Central Government;

(b) “specified account” means an account maintained in a notified country by the specified person for his retirement benefits, which is taxed by that notified country at the time of withdrawal or redemption and, not on accrual basis;

35 (c) “specified person” means a person resident in India having opened a specified account in a notified country while being non-resident in India and resident in that country.

B.—Double taxation relief

159. (1) The Central Government may enter into an agreement with the Government of—

Agreement with foreign countries or specified territories and adoption by Central Government of agreement between specified associations for double taxation relief.

40 (a) any other country; or

(b) any specified territory,

for the purposes mentioned in sub-section (3), and may, by notification, make such provisions as necessary for implementing the agreement.

(2) Any specified association in India may enter into an agreement with any specified association in the specified territory for the purposes mentioned in sub-section (3) and the Central Government may, by notification, make such provisions as may be necessary for adopting and implementing such agreement.

(3) The agreement mentioned in sub-section (1) or (2) may be entered for— 5

(a) the granting of relief in respect of—

(i) income on which income-tax has been paid both 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 10

(b) 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, without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty-shopping arrangements aimed at obtaining reliefs provided in the said agreement for the indirect benefit to residents of any other country or territory); 15

(c) exchange of information for— 20

(i) 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

(ii) investigation of cases of such evasion or avoidance; or

(d) 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. 25

(4) Where,—

(a) the Central Government has entered into an agreement with the Government of any country or specified territory, as the case may be, under sub-section (1); or 30

(b) a specified association in India has entered into an agreement with a specified association of any specified territory under sub-section (2) and such agreement has been notified under that sub-section,

for granting relief of tax, or 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. 35

(5) The charge of tax,—

(a) in respect of a foreign company at a rate higher than the rate at which a domestic company is chargeable; or

(b) in respect of a company incorporated in the specified territory at a rate higher than the rate at which a domestic company is chargeable, 40

shall not be regarded as less favourable charge or levy of tax in respect of such foreign company or such company incorporated in the specified territory, as the case may be.

(6) Irrespective of anything contained in sub-section (4), the provisions of Chapter XI shall apply to the assessee, even if such provisions are not beneficial to him. 45

(7) Where, any—

(a) term used in an agreement entered into under sub-section (1) or (2), is defined under the said agreement, the said term shall have the same meaning as assigned to it in that agreement and where the term is not defined in that agreement, but defined in this Act, it shall have the same meaning as assigned to it in this Act and the explanation, if any, given to it by the Central Government, and shall be deemed to have effect from the date on which that agreement came into force; or

(b) term is used but not defined in this Act or in the agreement referred to in sub-section (1) or (2), it shall, unless the context otherwise requires, and is not inconsistent with the provisions of this Act or the said agreement, have the same meaning as assigned to it in the notification issued by the Central Government in this behalf, and the meaning assigned to such term shall be deemed to have effect from the date on which that agreement came into force; or

(c) term is used in any agreement entered into under sub-section (1) or (2), and not defined under the said agreement or this Act, or in any notification issued under clause (b), then, unless the context otherwise requires, it shall have the same meaning as assigned to it—

(i) in any Act of the Central Government related to taxes; and

(ii) in any other case, in any other law of the Central Government, and shall be deemed to have effect from the date on which the said agreement came into force.

(8) An assessee, not being a resident, shall be entitled to claim any relief under an agreement mentioned in sub-section (1) or (2), only when—

(a) a certificate of his being a resident in any country or specified territory, is obtained by him from the Government of that country or Government of that specified territory, as the case may be, and

(b) he provides such other documents and information, as prescribed.

(9) In this section,—

(a) “specified associations” means any institution, association or body, whether incorporated or not—

(A) functioning under any law for the time being in force in India or the laws of the specified territory; and

(B) which may be notified as such by the Central Government; and

(b) “specified territory” means any area outside India which may be notified as such by the Central Government.

160. (1) If any person who is resident in India in any tax year proves that, in respect of his income which accrued or arose during that tax 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 159 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,—

Countries with which no agreement exists.

(a) at the Indian rate of tax or the rate of tax of the said country, whichever is the lower; or

(b) at the Indian rate of tax, if both the rates are equal.

(2) If any non-resident person is assessed on his share in the income of a registered firm assessed as resident in India in any tax year and such share includes any income accruing or arising outside India during that tax year (and which is not deemed to accrue or arise in India) in a country with which there is no agreement under section 159 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,—

(a) at the Indian rate of tax or the rate of tax of the said country, whichever is the lower; or

(b) at the Indian rate of tax, if both the rates are equal.

(3) In this section,—

(a) “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;

(b) “Indian income-tax” means income-tax charged as per this Act;

(c) “Indian rate of tax” means the rate determined by dividing Indian income-tax after deduction of any relief due under the provisions of this Act but before deduction of any relief due under this section, by the total income; and

(d) “rate of tax of the said country” means income-tax and super-tax actually paid in the said country as per 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.

CHAPTER X

SPECIAL PROVISIONS RELATING TO AVOIDANCE OF TAX

161. (1) Any income arising from an international transaction or a specified domestic transaction shall be determined having regard to the arm’s length price.

(2) Any allowance for any expense or interest arising from an international transaction or a specified domestic transaction shall also be determined having regard to the arm’s length price.

(3) If in an international transaction or specified domestic transaction, two or more associated enterprises enter into a mutual agreement or arrangement for—

(a) allocation or apportionment of 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; or

(b) 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,

Computation of income from international transaction and specified domestic transaction having regard to arm’s length price.