

(2) For the purposes of sub-section (1)(a), the court competent to try offences under section 520,—

(a) which has been designated as a Special Court under this section, shall continue to try the offences before it or offences arising under this Act after such designation;

(b) which has not been designated as a Special Court, shall continue to try such offence pending before it till its disposal.

497. The Special Court, irrespective of anything contained in the Bharatiya Nagarik Suraksha Sanhita, 2023, shall try an offence under this Chapter punishable with imprisonment not exceeding two years or with fine, or with both, as a summons case, and the provisions of the Bharatiya Nagarik Suraksha Sanhita, 2023 as applicable in the case of trial of summons case, shall apply accordingly.

Trial of offences as summons case.

498. (1) Save as otherwise provided in this Act, the provisions of Bharatiya Nagarik Suraksha Sanhita, 2023 (including the provisions as to bails or bonds), shall apply to the proceedings before a Special Court and the person conducting the prosecution before the Special Court, shall be deemed to be a Public Prosecutor.

Application of Bharatiya Nagarik Suraksha Sanhita, 2023 to proceedings before Special Court.

(2) The Central Government may also appoint a Special Public Prosecutor for any case or class or group of cases.

(3) A person shall not be qualified to be appointed as a Public Prosecutor or a Special Public Prosecutor under this section unless he has been in practice as an advocate for not less than seven years, requiring special knowledge of law.

(4) Every person appointed as a Public Prosecutor or a Special Public Prosecutor under this section shall be deemed to be a Public Prosecutor within the meaning of section 2(v) of the Bharatiya Nagarik Suraksha Sanhita, 2023, and the provisions of that Sanhita shall have effect accordingly.

CHAPTER XXIII

MISCELLANEOUS

499. (1) Where, during the pendency of any proceeding under this Act or after the completion thereof, but before the service of notice by the Tax Recovery Officer as per the procedure specified under section 413, any assessee creates a charge on, or parts with the possession of, any of his assets in favour of any other person, such charge or transfer shall be void as against any claim in respect of any tax or any other sum payable by the assessee as a result of the completion of the said proceeding or otherwise.

Certain transfers to be void.

(2) The charge or transfer as referred to in sub-section (1) shall not be void if it is made—

(a) for adequate consideration and without notice of the pendency of such proceeding or, as the case may be, without notice of such tax or other sum payable by the assessee; or

(b) with the previous permission of the Assessing Officer.

(3) This section applies to cases where the amount of tax or other sum payable or likely to be payable exceeds five thousand rupees and the assets charged or transferred exceed ten thousand rupees in value.

(4) In this section,—

(a) “assets” means land, building, machinery, plant, shares, securities and fixed deposits in banks, virtual digital asset, to the extent to which any of the said assets does not form part of the stock-in-trade of the business of the assessee; and

(b) the modes of creating a charge on or parting with the possession of such assets shall include sale, mortgage, gift, exchange or any other mode of transfer.

500. (1) Where, during the pendency of any proceeding for—

(a) the assessment of any income or for the assessment or reassessment of any income, which has escaped assessment; or

(b) imposition of penalty under section 444, where the amount or aggregate of amounts of penalty likely to be imposed under the said section exceeds two crore rupees,

the Assessing Officer is of the opinion that for protecting the interests of the revenue it is necessary so to do, he may, with the previous approval of the Competent Authority by order in writing, attach provisionally any property belonging to the assessee in the manner prescribed in section 413.

(2) Every provisional attachment under sub-section (1) shall cease to have effect after the expiry of six months from the date of the order made under the said sub-section.

(3) The Competent Authority may, for reasons to be recorded in writing, extend the period referred to in sub-section (2) and the total period of such extension shall not exceed two years or sixty days after the date of order of assessment or reassessment, whichever is later.

(4) Where the assessee furnishes a guarantee from a scheduled bank for an amount not less than the fair market value of the property provisionally attached under sub-section (1), the Assessing Officer shall, by an order in writing, revoke such attachment.

(5) For the purposes of sub-section (4), where the Assessing Officer is satisfied that a guarantee from a scheduled bank for an amount lower than the fair market value of the property is sufficient to protect the interests of the revenue, he may accept such guarantee and revoke the attachment.

(6) The Assessing Officer may, for determining the value of the property provisionally attached under sub-section (1), make a reference to the Valuation Officer, who shall estimate the fair market value of the property in the manner provided under section 269(3) to (8), and submit a report of such estimate to the Assessing Officer within thirty days from the date of receipt of the reference.

(7) An order revoking the provisional attachment under sub-section (4) or (5) shall be made—

(a) within forty-five days from the date of receipt of the guarantee, where a reference to the Valuation Officer has been made under sub-section (6); or

(b) within fifteen days from the date of receipt of guarantee, in any other case.

(8) Where a notice of demand specifying a sum payable is served upon the assessee and the assessee fails to pay that sum within the time specified, the Assessing Officer may invoke the guarantee furnished under sub-section (4) or (5), wholly or in part, to recover the amount.

Provisional attachment to protect revenue in certain cases.

(9) The Assessing Officer shall, in the interests of revenue, invoke the bank guarantee, if the assessee fails to renew the guarantee referred to in sub-section (4) or (5), or fails to furnish a new guarantee from a scheduled bank for an equal amount, before fifteen days of its expiry.

5 (10) The amount realised by invoking the guarantee referred to in sub-section (4) or (5) shall be adjusted against—

(a) the existing demand which is payable by the assessee; and

10 (b) the balance amount, if any, shall be deposited in the Personal Deposit Account of the Principal Commissioner or Commissioner in the branch of the Reserve Bank of India or the State Bank of India or any bank as may be appointed by the Reserve Bank of India as its agent under section 45(1) of the Reserve Bank of India Act, 1934 at the place where the office of the Principal Commissioner or Commissioner is situated.

2 of 1934.

15 (11) Where the Assessing Officer is satisfied that the guarantee referred to in sub-section (4) or (5) is not required any more to protect the interests of the revenue, he shall release that guarantee forthwith.

(12) In this section, “Competent Authority” means the Principal Chief Commissioner or Chief Commissioner, Principal Commissioner or Commissioner, Principal Director General or Director General or Principal Director or Director.

20 **501.** (1) The service of a notice, or summon, or requisition, or order, or any other communication, under this Act may be made by delivering or transmitting a copy thereof, to the person therein named—

Service of notice, generally.

(a) by post or by such courier services as may be approved by the Board; or

5 of 1908.

25 (b) as provided under the Code of Civil Procedure, 1908 for the purposes of service of summons; or

21 of 2000.

(c) in the form of any electronic record as provided in Chapter IV of the Information Technology Act, 2000; or

(d) by any other means of transmission of documents, as prescribed.

30 (2) The Board may make rules providing for the addresses (including the address for electronic mail or electronic mail message) to which the communication referred to in sub-section (1) may be delivered or transmitted to the person therein named.

35 (3) In this section, “electronic mail” and “electronic mail message” means a message or information created or transmitted or received on a computer, computer system, computer resource or communication device including attachments in text, image, audio, video and any other electronic record, which may be transmitted with the message.

40 **502.** (1) Where this Act requires a notice or other document to be issued by any income-tax authority, such notice or other document shall be signed and issued in paper form or communicated in electronic form by that authority as per such procedure, as prescribed.

Authentication of notices and other documents.

45 (2) Every notice or other document to be issued, served or given under this Act by any income-tax authority, shall be deemed to be authenticated, if the name and office of a designated income-tax authority is printed, stamped or otherwise written thereon.

(3) In this section, “designated income-tax authority” means any income-tax authority authorised by the Board to issue, serve or give such notice or other document after authentication in the manner as provided in sub-section (2).

Service of notice when family is disrupted or firm etc., is dissolved.

503. (1) After a finding of total partition has been recorded by the Assessing Officer under section 315 for any Hindu family, notices under this Act in respect of the income of the Hindu family shall be served on the person, who was its last manager, or, if such person is dead, then on all adults who were members of the Hindu family immediately before the partition. 5

(2) Where a firm or other association of persons is dissolved, notices under this Act for the income of such firm or association may be served on any person, who was a partner (not being a minor) or member of the association, immediately before its dissolution.

Service of notice in case of discontinued business.

504. Where an assessment is to be made under section 320, the Assessing Officer may serve on the— 10

(a) person whose income is to be assessed; or

(b) person who was a member of a firm or association of persons at the time of its discontinuance, in the case of a firm or an association of persons; or 15

(c) principal officer, in case of a company,

a notice containing all or any of the requirements which may be included in a notice under section 268(1) and the provisions of this Act shall, so far as may be, apply accordingly as if the notice were a notice issued under that sub-section.

Submission of statement by a non-resident having liaison office.

505. Every person, being a non-resident, having a liaison office in India set up as per the guidelines issued by the Reserve Bank of India under the Foreign Exchange Management Act, 1999, shall, in respect of its activities in a tax year, prepare and deliver to the Assessing Officer having jurisdiction, within sixty days from the end of such tax year, a statement, in such form and containing such particulars, as prescribed. 20 42 of 1999. 25

Furnishing of information or documents by an Indian concern in certain cases.

506. Where,—

(a) any share of, or interest in, a company or an entity registered or incorporated outside India, derives, directly or indirectly, its value substantially from the assets located in India, as referred to in section 9(9)(a); and 30

(b) such company or, entity, holds, directly or indirectly, such assets in India through, or in, an Indian concern,

then, such Indian concern shall, for the determination of any income accruing or arising in India under the said clause, furnish within such period, the information or documents in such manner, as prescribed, to the prescribed income-tax authority. 35

Submission of statements by producers of cinematograph films or persons engaged in specified activity.

507. (1) Any person carrying on the production of a cinematograph film or engaged in any specified activity, or both, during the whole or any part of any tax year shall, furnish within such period, a statement in such form and in such manner, as prescribed, to the prescribed income-tax authority. 40

(2) The statement referred in sub-section (1) shall contain particulars of all payments of over fifty thousand rupees in the aggregate made by him or due from him to each such person as is engaged by him in such production or specified activity.

(3) In this section, “specified activity” means any event management, documentary production, production of programmes for telecasting on television or over the top platforms or any other similar platform, sports event management, other performing arts or any other activity as the Central Government may, by notification, specify. 45

508. (1) Any person, being—

Obligation to
furnish
statement of
financial
transaction or
reportable
account.

(a) an assessee; or

(b) the prescribed person, in the case of an office of Government; or

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

16 of 1908. 5 (d) the Registrar or Sub-Registrar appointed under section 6 of the Registration Act, 1908; or

59 of 1988. (e) the registering authority empowered to register motor vehicles under Chapter IV of the Motor Vehicles Act, 1988; or

43 of 2023. 10 (f) the Director General as referred to in section 2(a) of the Post Office Act, 2023; or

30 of 2013. (g) the Collector referred to in section 3(g) of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013; or

42 of 1956. 15 (h) the recognised stock exchange referred to in section 2(f) of the Securities Contracts (Regulation) Act, 1956; or

2 of 1934. (i) an officer of the Reserve Bank of India, constituted under section 3 of the Reserve Bank of India Act, 1934; or

22 of 1996. (j) a depository referred to in section 2(1)(e) of the Depositories Act, 1996; or

20 (k) a prescribed reporting financial institution; or

(l) any other person, as prescribed,

25 who is responsible for registering, or, maintaining books of account or other document containing a record of any specified financial transaction or any reportable account, as prescribed, under any law in force, shall furnish a statement regarding such specified financial transaction or such reportable account, which is registered or recorded or maintained by him and information relating to which is relevant and required for this Act, to the income-tax authority or such other authority or agency, as prescribed.

30 (2) The statement referred to in sub-section (1) shall be furnished for such period, within such time and in the form and manner, as prescribed.

(3) In sub-section (1), “specified financial transaction” means any transaction—

(a) of purchase, sale or exchange of goods or property or right or interest in a property; or

35 (b) for rendering any service; or

(c) under a works contract; or

(d) by way of an investment made or an expenditure incurred; or

(e) for taking or accepting any loan or deposit,

as prescribed.

40 (4) The Board may prescribe different values for different transactions specified in sub-section (3) for different persons having regard to the nature of such transaction.

(5) If the prescribed income-tax authority finds a defect in the statement furnished under sub-section (1), he may intimate the defect to the person furnishing such statement, to rectify the defect within thirty days from the date of such intimation, and at his discretion, extend the said period upon an application made for this purpose. 5

(6) If the defect mentioned in sub-section (5) remains unrectified within the initial period of thirty days or extended period as applicable, then, the provisions of this Act shall apply as if such person had furnished inaccurate information in the statement, irrespective of anything contained in any other provision of this Act.

(7) If a person required to furnish a statement under sub-section (1) fails to do so within the specified time, the prescribed income-tax authority may serve upon such person a notice requiring him to furnish such statement, within a period not exceeding thirty days from the date of service of notice, and he shall furnish the statement within the time specified therein. 10

(8) If a person, having furnished a statement under sub-section (1), or in pursuance of a notice issued under sub-section (7), becomes aware of any inaccuracy in the information provided, he shall within ten days, inform the prescribed income-tax authority or other authority or agency referred to in sub-section (1), of the inaccuracy and furnish the correct information in such manner, as prescribed. 15 20

(9) The Central Government may, specify by rules,—

(a) the persons referred to in sub-section (1) to be registered with the prescribed income-tax authority;

(b) the nature of information and the manner in which such information shall be maintained by the persons referred to in clause (a); and 25

(c) the due diligence to be carried out by the persons for the identification of any reportable account referred to in sub-section (1).

Obligation to
furnish
information on
transaction of
crypto-asset.

509. (1) Any person, being a reporting entity, as prescribed, in respect of a crypto-asset, shall furnish information in respect of a transaction of such crypto-asset in a statement, for such period, within such time, in such form and manner and to such income-tax authority, as prescribed. 30

(2) Where the prescribed income-tax authority considers that the statement furnished under sub-section (1) is defective, he may intimate the defect to the person who has furnished such statement and give him an opportunity of rectifying the defect within thirty days from the date of such intimation or such further period as may be allowed, and if the defect is not rectified within such period, the provisions of this Act shall apply as if such person had furnished inaccurate information in the statement. 35

(3) Where a person who is required to furnish a statement under sub-section (1) has not furnished the same within the specified time, the prescribed income-tax authority may serve upon such person a notice requiring him to furnish such statement within a period not exceeding thirty days from the date of service of such notice and he shall furnish the statement within the time specified in the notice. 40

(4) If any person, having furnished a statement under sub-section (1), or in pursuance of a notice issued under sub-section (3), comes to know or discovers any inaccuracy in the information provided in the statement, he shall within ten days inform the prescribed income-tax authority, the inaccuracy in such statement and furnish the correct information in such manner as prescribed. 45

(5) The Central Government may, by rules prescribe—

(a) the persons referred to in sub-section (1) to be registered with the prescribed income-tax authority;

(b) the nature of information and the manner in which such information shall be maintained by the persons referred to in clause (a); and

5 (c) the due diligence to be carried out by the persons referred to in sub-section (1) for the purpose of identification of any crypto-asset user or owner.

(6) In this section, “crypto-asset” shall have the meaning assigned to it in section 2(111)(d).

10 **510.** (1) The prescribed income-tax authority or the person authorised by such authority, shall upload in the registered account of the assessee an annual information statement in such form and manner, within such time and along with such information, which is in the possession of an income-tax authority, as prescribed.

Annual
information
statement.

15 (2) In sub-section (1), “registered account” means the electronic filing account registered by the assessee in the web portal, as may be designated by the prescribed income-tax authority or the person authorised by such authority.

20 **511.** (1) Every constituent entity resident in India, shall, if it is constituent of an international group, the parent entity of which is not resident in India, notify the prescribed income-tax authority in the form and manner, on or before such date, as prescribed,—

Furnishing of
report in respect
of international
group.

(a) whether it is the alternate reporting entity of the international group; or

25 (b) the details of the parent entity or the alternate reporting entity, if any, of the international group, and the country or territory of which the said entities are resident.

30 (2) Every parent entity or the alternate reporting entity, resident in India, shall, for every reporting accounting year, in respect of the international group of which it is a constituent, furnish a report, to the prescribed income-tax authority within twelve months from the end of the said reporting accounting year, in such form and manner, as prescribed.

(3) In sub-sections (2) and (4), the report in respect of an international group shall include—

35 (a) the aggregate information in respect of the amount of revenue, profit or loss before income-tax, amount of income-tax paid, amount of income-tax accrued, stated capital, accumulated earnings, number of employees and tangible assets not being cash or cash equivalents, with regard to each country or territory in which the group operates;

40 (b) the details of each constituent entity of the group including the country or territory in which such constituent entity is incorporated or organised or established and the country or territory where it is resident;

(c) the nature and details of the main business activity or activities of each constituent entity; and

(d) any other information, as prescribed.

45 (4) A constituent entity of an international group, resident in India, other than the entity referred to in sub-section (2), shall furnish the report referred to in the said sub-section, in respect of the international group for a reporting accounting year within the period, as prescribed, if the parent entity is resident of a country or territory,—

(a) where the parent entity is not obligated to file the report of the nature referred to in the said sub-section;

(b) with which India does not have an agreement providing for exchange of the report of the nature referred to in the said sub-section;

(c) where there has been a systemic failure and such failure has been 5
intimated by the prescribed income-tax authority to such constituent entity.

(5) If there are more than one such constituent entities of the group, resident in India, the report as mentioned in sub-section (4) shall be furnished by any one constituent entity, if—

(a) the international group has designated such entity to furnish the 10
report as per sub-section (2) on behalf of all the constituent entities resident in India; and

(b) the information has been conveyed in writing on behalf of the group to the prescribed income-tax authority.

(6) The provisions of sub-sections (4) and (5) shall not apply, if— 15

(a) an alternate reporting entity of the international group has furnished a report of the nature referred to in sub-section (2), with the tax authority of the country or territory in which such entity is resident, on or before the date specified by that country or territory; and

(b) the following conditions are satisfied:— 20

(i) the said report is required to be furnished under any law in force in the said country or territory;

(ii) the said country or territory has entered into an agreement with India providing for exchange of the said report;

(iii) the prescribed income-tax authority has not conveyed any 25
systemic failure in respect of the said country or territory to any constituent entity of the group that is resident in India;

(iv) the said country or territory has been informed in writing by the constituent entity that it is the alternate reporting entity on behalf of the international group; and 30

(v) the prescribed income-tax authority has been informed by the entity referred to in sub-sections (4) and (5) as per sub-section (1).

(7) The prescribed income-tax authority may, for determining the accuracy of the report furnished by any reporting entity, issue notice in writing, requiring the 35
entity to produce such information and document as specified in the notice within thirty days of the date of receipt of the notice and such period may be extended by up to an additional thirty days upon application by the entity.

(8) The provisions of this section shall not apply to an international group for an accounting year, if the total consolidated group revenue, as per the consolidated 40
financial statement for the accounting year preceding such accounting year, does not exceed the prescribed amount.

(9) The provisions of this section shall be applied as per such guidelines and subject to such conditions, as prescribed.

(10) In this section,— 45

(a) “accounting year” means,—

- (i) a tax year, in a case where the parent entity is resident in India; or
- (ii) an annual accounting period, with respect to which the parent entity of the international group prepares its financial statements under any law in force or the applicable accounting standards of the country or territory of which such entity is resident, in any other case; 5
- (b) “agreement” means a combination of all of the following agreements:—
- (i) an agreement entered into under section 159(1) or (2); and
- (ii) an agreement for exchange of the report referred to in sub-section (2) and notified by the Central Government; 10
- (c) “alternate reporting entity” means any constituent entity of the international group that has been designated by such group, in the place of the parent entity, to furnish the report of the nature referred to in sub-section (2) in the country or territory in which the said constituent entity is resident on behalf of such group; 15
- (d) “constituent entity” means—
- (i) any separate entity of an international group that is included in the consolidated financial statement of the said group for financial reporting purposes, or may be so included for the said purpose, if the equity share of any entity of the international group were to be listed on a stock exchange; 20
- (ii) any such entity that is excluded from the consolidated financial statement of the international group solely on the basis of size or materiality; or
- (iii) any permanent establishment of any separate business entity 25 of the international group included in sub-clause (i) or (ii), if such business unit prepares a separate financial statement for such permanent establishment for financial reporting, regulatory, tax reporting or internal management control purposes;
- (e) “group” includes a parent entity and all the entities in respect of which, for the reason of ownership or control, a consolidated financial statement for financial reporting purposes— 30
- (i) is required to be prepared under any law in force or the accounting standards of the country or territory of which the parent entity is resident; or 35
- (ii) would have been required to be prepared, had the equity shares of any of the enterprises were listed on a stock exchange in the country or territory of which the parent entity is resident;
- (f) “consolidated financial statement” means the financial statement of an international group in which the assets, liabilities, income, expenses and cash flows of the parent entity and the constituent entities are presented as those of a single economic entity; 40
- (g) “international group” means any group that includes—
- (i) two or more enterprises which are resident of different countries or territories; or 45
- (ii) an enterprise, being a resident of one country or territory, which carries on any business through a permanent establishment in other countries or territories;

(h) “parent entity” means a constituent entity, of an international group holding, directly or indirectly, an interest in one or more of the other constituent entities of the international group, such that—

(i) it is required to prepare a consolidated financial statement under any law in force or the accounting standards of the country or territory of which the entity is resident; or

(ii) it would have been required to prepare a consolidated financial statement had the equity shares of any of the enterprises were listed on a stock exchange,

and, there is no other constituent entity of such group which, due to ownership of any interest, directly or indirectly, in the first mentioned constituent entity, is required to prepare a consolidated financial statement, under the circumstances referred to in sub-clause (i) or (ii), that includes the separate financial statement of the first mentioned constituent entity;

(i) “permanent establishment” shall have the meaning assigned to it in section 173(c);

(j) “reporting accounting year” means the accounting year in respect of which the financial and operational results are required to be reflected in the report referred to in sub-sections (2), (4) and (5);

(k) “reporting entity” means the constituent entity including the parent entity or the alternate reporting entity, that is required to furnish a report of the nature referred to in sub-section (2);

(l) “systemic failure” with respect to a country or territory means that the country or territory has an agreement with India providing for exchange of report of the nature referred to in sub-section (2), but—

(i) in violation of the said agreement, it has suspended automatic exchange; or

(ii) has persistently failed to automatically provide to India the report in its possession in respect of any international group having a constituent entity resident in India.

Publication of information respecting assessee in certain cases.

512. (1) If the Central Government is of the opinion that it is necessary or expedient in the public interest to publish the names of any assessee and any other particulars relating to any proceedings or prosecutions under this Act in respect of such assessee, it may publish such names and particulars in such manner as it thinks fit.

(2) No publication under this section shall be made for any penalty imposed under this Act, until the time for filing an appeal under section 356 or 357 has expired and no appeal has been filed, or if an appeal is filed, it has been disposed of.

(3) The names of the partners of the firm, directors, managing agents, secretaries and treasurers, or managers of the company, or the members of the association, as the case may be, may also be published under sub-section (1), if, in the opinion of the Central Government, the circumstances of the case justify it.

Appearance by registered valuer in certain matters.

513. (1) Any assessee, entitled or required to attend before any income-tax authority or the Appellate Tribunal in matters relating to the valuation of any asset, may attend through a registered valuer.

(2) The provisions of sub-section (1) shall not apply, where the assessee is required to attend personally for examination on oath or affirmation under section 246.

(3) In this section, “registered valuer” means a person registered as a valuer under section 514.

514. (1) The Principal Chief Commissioner or Chief Commissioner, or the Principal Director General or Director General, shall maintain a register of valuers in which the names and addresses of persons registered under sub-section (2) shall be entered.

Registration of
valuers.

5 (2) Any person, possessing such qualification for valuing such class of assets, may apply to the Principal Chief Commissioner or Chief Commissioner, or the Principal Director General or Director General, for getting registered as a valuer, in such form, verified in such manner and accompanied by such fee, as prescribed, along with a declaration stating that the applicant will—

10 (a) conduct an impartial and true valuation of any asset required to be valued;

(b) furnish a valuation report in the prescribed form;

(c) charge fees not exceeding the prescribed rate or rates; and

15 (d) refrain from undertaking the valuation of any asset in which such person has a direct or indirect interest.

(3) The valuation report prepared by a registered valuer for any asset shall be in such form and verified in such manner, as prescribed.

515. (1) An assessee, entitled or required to attend before any income-tax authority or the Appellate Tribunal for any proceeding under this Act, may attend
20 through an authorised representative.

Appearance by
authorised
representative.

(2) The provisions of sub-section (1) shall not apply where an assessee is required to attend personally for examination on oath or affirmation under section 246.

(3) In this section,—

25 (a) “authorised representative” means a person authorised by the assessee, in writing, to appear on his behalf, being—

(i) a person related to or regularly employed by the assessee in any manner; or

30 (ii) any officer of a scheduled bank with which the assessee maintains a current account or has other regular dealings; or

(iii) any legal practitioner, who is entitled to practise in any civil court in India; or

(iv) an accountant; or

35 (v) any person, who has passed any accountancy examination recognised by the Board; or

(vi) any person, who has acquired such educational qualifications, as prescribed; or

43 of 1961. 40 (vii) any person who, before the coming into force of the Income-tax Act, 1961 in the Union territory of Dadra and Nagar Haveli, Goa, Daman and Diu, or Pondicherry, attended before an income-tax authority in the said territory on behalf of any assessee otherwise than as an employee or relative of that assessee; or

11 of 1922. 45 (viii) any other person who, immediately before the coming into force of the said Act, was an income-tax practitioner as per section 61(2)(iv) of the Indian Income-tax Act, 1922, and was actually practising as such;

(ix) any other person as prescribed;

(b) “accountant” means a chartered accountant as defined in section 2(I)(b) of the Chartered Accountants Act, 1949, who holds a valid certificate of practice under section 6(I) of that Act, but does not include [except for representing the assessee under sub-section (I)],— 38 of 1949

(i) in case of an assessee, being a company, a person who is not eligible for appointment as an auditor of the said company under section 141(3) of the Companies Act, 2013; or 5 18 of 2013.

(ii) in any other case,—

(A) the assessee himself, or in the case of being a firm or association of persons or a Hindu undivided family, any partner of such firm or a member of such association or such Hindu undivided family; 10

(B) for an assessee, being a trust or institution, any person referred to in section 355(h)(i) or (ii) or (iii) or (iv);

(C) for any person other than the persons referred to in sub-clauses (A) and (B), the person who is competent to verify the return under section 263 as per section 265; 15

(D) any relative of any of the persons referred to in sub-clauses (A), (B) and (C);

(E) an officer or employee of the assessee; 20

(F) an individual, who, is a partner, or who is in the employment, of an officer or employee of the assessee;

(G) an individual, who or his relative or partner—

(I) is holding any security of, or interest in, the assessee and the face value of such security or interest held by his relative does not exceed one lakh rupees; 25

(II) is indebted to the assessee, and such debt in case of his relative does not exceed one lakh rupees;

(III) has given a guarantee or provided security in connection with the indebtedness of a third person to the assessee and such relative gives a guarantee or provides security for an amount not exceeding one lakh rupees; 30

(H) a person who, whether directly or indirectly, has business relationship with the assessee of such nature, as prescribed;

(I) a person convicted by a court of an offence involving fraud and ten years has not elapsed from the date of such conviction. 35

(4) No person,—

(a) who has been dismissed or removed from Government service; or

(b) who has been convicted of an offence connected with any income-tax proceeding or on whom a penalty has been imposed under this Act, except a penalty imposed under section 275(I)(ii) of the Income-tax Act, 1961 or section 465(I)(d); or 40 43 of 1961.

(c) who has become an insolvent; or

(d) who has been convicted by a court for an offence involving fraud, 45

shall be qualified to represent an assessee under sub-section (1), for—

(i) all times, in case of a person referred to in clause (a);

5 (ii) for such time as the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner may by order determine, in case of a person referred to in clause (b);

(iii) for the period during which the insolvency continues, in case of a person referred to in clause (c); and

10 (iv) for ten years from the date of conviction, in case of a person referred to in clause (d).

(5) If a person,—

15 (a) who is a legal practitioner or an accountant, is found guilty of misconduct in his professional capacity by any authority authorised to institute disciplinary proceedings against him, the order passed by that authority shall affect his right to attend before an income-tax authority in the same manner as it affects his right to practise as a legal practitioner or accountant, as the case may be;

20 (b) who is not a legal practitioner or an accountant, and is found guilty of misconduct in any income-tax proceedings by the prescribed income-tax authority, may be directed by such authority that he shall henceforth be disqualified from representing an assessee under sub-section (1).

(6) Every order or direction under sub-section (4)(b) or (5)(b) shall be subject to the following conditions:—

25 (a) no such order or direction shall be made against any person unless he has been given a reasonable opportunity of being heard;

(b) any person against whom such an order or direction is made may, within one month of the said order or direction, appeal to the Board to have the order or direction cancelled; and

30 (c) no such order or direction shall take effect until one month has passed from the making thereof, or, if an appeal has been filed, until the disposal of the appeal.

11 of 1922.
43 of 1961.

(7) A person disqualified to represent an assessee by virtue of section 61(3) of the Indian Income-tax Act, 1922 or section 288(5) of the Income-tax Act, 1961 shall be disqualified to represent an assessee under sub-section (1).

35 (8) In this section, “relative”, in relation to an individual, means—

(a) spouse of the individual;

(b) brother or sister of the individual;

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

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

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

(f) spouse of a person referred to in clauses (b), (c), (d) or (e);

(g) any lineal descendant of a brother or sister of either the individual or the spouse of the individual.

45 **516.** The amount of total income computed or any amount payable or refundable under this Act, shall be rounded off to the nearest multiple of ten rupees ignoring any part of a rupee consisting of paise and thereafter if such amount is not a multiple of ten, then—

Rounding off of amount of total income, or tax payable or refundable.

(a) such amount shall be increased to the next higher amount which is a multiple of ten, if the last figure in that amount is five or more; or

(b) such amount shall be reduced to the next lower amount which is a multiple of ten, if the last figure is less than five,

and the amount so rounded off shall be deemed to be the total income of the assessee or the amount payable and refund due, under this Act. 5

Receipt to be given.

517. A receipt shall be given for any money paid or recovered under this Act.

Indemnity.

518. Every person deducting, retaining, or paying any tax in pursuance of this Act in respect of an income belonging to another person shall be indemnified for the deduction, retention, or payment thereof. 10

Power to tender immunity from prosecution.

519. (1) The Central Government may, if it is of the opinion that with a view to obtaining the evidence of any person appearing to have been directly or indirectly concerned in or privy to the concealment of income or to the evasion of payment of tax on income it is necessary or expedient so to do, for reasons to be recorded in writing, tender to such person,— 15

(a) immunity from prosecution for any offence under this Act or under the Bharatiya Nyaya Sanhita, 2023, or under any other Central Act in force; and 45 of 2023.

(b) from imposition of any penalty under this Act on condition of his making a full and true disclosure of the whole circumstances relating to the concealment of income or evasion of payment of tax on income. 20

(2) A tender of immunity made to, and accepted by, the person concerned, shall, to the extent to which the immunity extends, render him immune from prosecution for any offence in respect of which the tender was made, or from the imposition of any penalty under this Act. 25

(3) If it appears to the Central Government that any person to whom immunity has been tendered under this section—

(a) has not complied with the conditions on which the tender was made; or

(b) is wilfully concealing anything; or

(c) is giving false evidence, 30

the Central Government may record a finding to that effect, and thereupon the immunity shall be deemed to have been withdrawn.

(4) The person whose immunity has been withdrawn under sub-section (3) may be tried for the offence in respect of which the tender of immunity was made or for any other offence of which he appears to have been guilty in connection with the same matter and shall also become liable to imposition of any penalty under this Act to which he would otherwise have been liable. 35

Cognizance of offences.

520. No court inferior to that of a Judicial Magistrate of the first class shall try any offence under this Act.

Probation of Offenders Act, 1958 and section 401 of Bharatiya Nagarik Suraksha Sanhita, 2023, not to apply.

521. The provisions of section 401 of the Bharatiya Nagarik Suraksha Sanhita, 2023 and the Probation of Offenders Act, 1958 shall not apply to a person convicted of an offence under this Act unless that person is under eighteen years of age. 40 20 of 1958. 46 of 2023.

522. No return of income, assessment, notice, summons or other proceeding, furnished or made or issued or taken, or purported to have been furnished or made or issued or taken, in pursuance of any of the provisions of this Act, shall be invalid or shall be considered to be invalid merely by reason of any mistake, defect or omission in such return of income, assessment, notice, summons or other proceeding, if such return of income, assessment, notice, summons or other proceeding is in substance and effect in conformity with or according to the intent and purposes of this Act.

Return of income, etc., not to be invalid on certain grounds.

523. (1) Where an assessee has appeared in any proceeding or co-operated in any inquiry relating to an assessment or reassessment, it shall be deemed that any notice under this Act, which is required to be served upon him, has been duly served upon him in time as per the provisions of this Act and such assessee shall be precluded from taking any objection in any proceeding or inquiry under this Act that the notice was—

Notice deemed to be valid in certain circumstances.

- (a) not served upon him; or
- (b) not served upon him in time; or
- (c) served upon him in an improper manner.

(2) The provisions of sub-section (1) shall not apply where the assessee has raised such objection before the completion of such assessment or reassessment.

524. (1) Where any books of account, other documents money, bullion, jewellery, virtual digital asset or other valuable article or thing, is found in the possession or control of any person in the course of a search under section 247 or survey under section 253, it may, in any proceeding under this Act, be presumed—

Presumption as to assets, books of account, etc.

- (a) that such books of account, other document, money, bullion, jewellery, virtual digital asset or other valuable article or thing belong or belongs to such person;
- (b) that the contents of such books of account and other document are true;
- (c) that the signature and every other part of such books of account and other document, which purports to be in the handwriting of any particular person, or which may reasonably be assumed to have been signed by, or to be in the handwriting of, any particular person, are in the handwriting of that person; and
- (d) in the case of a document stamped, executed or attested, that it was duly stamped and executed or attested by the person by whom it purports to have been so executed or attested article or thing belong or belongs to such person;

(2) Where any books of account, other documents or assets have been delivered to the requisitioning officer as per section 248, then, the provisions of sub-section (1) shall apply as if such books of account, other documents or assets, which had been taken into custody from the person referred to in sub-section (1)(a) or (b) or (c) of the said section, had been found in the possession or control of that person in the course of a search under section 247.

525. (1) Irrespective of anything contained in this Act,—

- (a) it shall not be necessary to issue an authorisation under section 247 or make a requisition under section 248 separately in the name of each person;

Authorisation and assessment in case of search or requisition.

(b) where an authorisation under section 247 has been issued or requisition under section 248 has been made mentioning therein the name of more than one person, the mention of such names of more than one person on such authorisation or requisition shall not be considered to construe that it was issued in the name of an association of persons or body of individuals consisting of such persons. 5

(2) Irrespective of an authorisation issued under section 247 or a requisition made under section 248 mentioning therein the name of more than one person, the assessment or reassessment shall be made separately in the name of each of the persons mentioned in such authorisation or requisition. 10

Bar of suits in civil courts.

526. No suit shall be brought in any civil court to set aside or modify any proceeding taken or order made under this Act, and no prosecution, suit or other proceeding shall lie against the Government or any officer of the Government for anything in good faith done or intended to be done under this Act.

Power to make exemption, etc., in relation to participation in business of prospecting for, extraction, etc., of mineral oils.

527. (1) If the Central Government is satisfied that it is necessary or expedient in the public interest, it may, by notification, make an exemption, reduction in rate, or other modification of income-tax for any class of persons specified in sub-section (2) or in regard to the whole or any part of the income of such class of persons or the status in which such class of persons or the members thereof are to be assessed on their income from the business referred to in sub-section (2)(a), effective from tax year beginning on or after 1st April, 1992. 15 20

(2) The persons referred to in sub-section (1) shall be the following:—

(a) persons with whom the Central Government has entered into agreements for the association or participation of that Government, or any person authorised by that Government in any business of prospecting for or extraction or production of mineral oils; 25

(b) persons providing any services or facilities or supplying any ship, aircraft, machinery or plant (whether by sale or hire) for any business consisting of the prospecting for or extraction or production of mineral oils carried on by that Government, or any person specified by that Government by notification; and 30

(c) employees of the persons referred to in clause (a) or (b).

(3) Every notification issued under this section shall be laid before each House of Parliament.

(4) In this section,— 35

(a) “mineral oil” includes petroleum and natural gas;

(b) “status” means the category of person as defined in section 2(77) under which the assessee is assessed.

Power of Central Government or Board to condone delays in obtaining approval.

528. Where, the approval of the Central Government or the Board is required to be obtained before a specified date under this Act, it shall be open to the Central Government or the Board to condone, for sufficient cause, any delay in obtaining such approval. 40

Power to withdraw approval.

529. Where the Central Government or the Board or an income-tax authority, has the power to grant any approval under any provision of this Act to any assessee, the Central Government or the Board or such income-tax authority may, withdraw such approval at any time after recording the reasons therefor, even if such provision does not specifically allow for its withdrawal, after giving such assessee a reasonable opportunity of being heard. 45

530. If on the 1st April in any tax year, provision has not yet been made by a Central Act for the charging of income-tax for that tax year, this Act shall nevertheless have effect until such provision is so made, as if the provision in force in the preceding tax year or the provision proposed in the Bill then before Parliament, whichever is more favourable to the assessee, were actually in force.

Act to have effect pending legislative provision for charge of tax.

531. Where the Central Government considers it necessary or expedient so to do may, by general or special order, rescind an exemption, reduction in rate or other modification in respect of income-tax or super-tax in favour of any assessee or class of assessee or in regard to the whole or any part of the income of any assessee or class of assesses, made as per the provisions of section 294A of the Income-tax Act, 1961.

Power to rescind exemption in relation to certain Union territories already granted under section 294A of the Income-tax Act, 1961.

532. (1) The Central Government may, by notification, make a scheme for any of the purposes of this Act, so as to impart greater efficiency, transparency and accountability by—

Power to frame schemes.

(a) eliminating the interface with the assessee or any other person to the extent technologically feasible;

(b) optimising utilisation of the resources through economies of scale and functional specialisation.

(2) The Central Government may, for the purposes of giving effect to the scheme made under sub-section (1), by notification, direct that any of the provisions of this Act shall not apply or shall apply with such exceptions, modifications and adaptations as specified in the notification.

(3) Where a scheme has been notified under the provisions of the Income-tax Act, 1961 with a view to eliminating the interface with the assessee or any other person, the Central Government may by notification amend or modify the said scheme as per the provisions of sub-section (1), and the provisions of sub-section (2) shall apply accordingly.

(4) Every notification issued under sub-sections (1), (2) and (3) shall, as soon as may be after the notification is issued, be laid before each House of Parliament.

533. (1) The Board may, subject to the control of the Central Government, by notification, make rules for carrying out the purposes of this Act.

Power to make rules.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters:—

(a) the ascertainment and determination of any class of income;

(b) the manner in which and the procedure by which the income shall be arrived at in the case of—

(i) income derived in part from agriculture and in part from business;

(ii) persons residing outside India;

(iii) operations carried out in India by a non-resident;

(iv) transactions or activities of a non-resident;

(v) an individual who is liable to be assessed under section 99(3) and (4);

(c) the determination of the value of any perquisite chargeable to tax under this Act in such manner and on such basis as appears to the Board to be proper and reasonable;

(d) the percentage on the written down value which may be allowed as depreciation for buildings, machinery, plant or furniture;

(e) the matters specified in section 62;

(f) the conditions or limitations subject to which any payment of rent made by an assessee shall be deducted under section 134; 5

(g) the matters specified in Chapter XI;

(h) the time within which any person may apply for the allotment of a Permanent Account Number, the form and the manner in which such application may be made and the particulars which such application shall contain and the transactions with respect to which Permanent Account Number shall be quoted on documents relating to such transactions under section 262; 10

(i) the documents, statements, receipts, certificates or audited reports which may not be furnished along with the return but shall be produced before the Assessing Officer on demand under section 263(2)(a); 15

(j) the class or classes of persons who shall be required to furnish the return of income in electronic form; the form and the manner of furnishing the said return in electronic form; documents, statements, receipts, certificates or reports which shall not be furnished with the return in electronic form and the computer resource or electronic record to which such return may be transmitted under section 263(2)(a); 20

(k) the cases, the nature and value of assets, the limits and heads of expenditure and the outgoings, which are required to be prescribed under section 263(2)(b);

(l) the form of the report of audit or inventory valuation and the particulars which such report shall contain under section 268(5); 25

(m) remuneration of Chairperson and members of the Approving Panel under section 274(21) and procedure and manner for constitution of, functioning and disposal of references by, the Approving Panel under section 274(24); 30

(n) the form and manner in which the information relating to payment of any sum may be furnished under section 397(3)(d);

(o) the authority to be prescribed for any of the purposes of this Act;

(p) the procedure for giving effect to any agreement for the granting of relief in respect of double taxation or for the avoidance of double taxation entered into by the Central Government under this Act; 35

(q) the procedure for granting of relief or deduction, of any income-tax paid in any country or specified territory outside India, under section 159 or 160, against the income-tax payable under this Act;

(r) the form and manner in which any application, claim, return or information may be made or furnished and the fees that may be levied in respect of any application or claim; 40

(s) the manner in which any document required to be filed under this Act may be verified;

(t) the procedure to be followed on applications for refunds; 45

(u) the procedure for calculating interest payable by assesseees or by the Government to assesseees under this Act, including the rounding off of periods when a fraction of a month is involved, and specifying the circumstances under which and the extent to which petty amounts of interest payable by assesseees may be ignored;

(v) the regulation of any matter for which provision is made in section 420;

(w) the form and manner in which any appeal or cross-objection may be filed under this Act, the fee payable in respect thereof and the manner in which intimation referred to in section 358(3)(b) may be served;

(x) the circumstances, conditions and the manner in which, the Joint Commissioner (Appeals) or the Commissioner (Appeals) may permit an appellant to produce evidence which he did not produce or which he was not allowed to produce before the Assessing Officer;

(y) the form in which the statement under section 507 shall be delivered to the Assessing Officer;

(z) the maintenance of a register of persons other than legal practitioners or accountants practising before income-tax authorities and for the constitution of and the procedure to be followed by the authority referred to in section 515(5);

(za) the issue of certificate verifying the payment of tax by assesseees;

(zb) any other matter which by this Act is to be, or may be, prescribed.

(3) In cases, where the income liable to tax cannot be definitely ascertained, or can be ascertained only with an amount of trouble and expense to the assessee, which is unreasonable, the rules made under this section may—

(a) prescribe methods by which an estimate of such income may be made; and

(b) in cases of income derived in part from agriculture and in part from business, specify the proportion of the income which shall be considered to be income liable to tax,

and an assessment based on such estimate or proportion shall be considered to be duly made as per this Act.

(4) The power to make rules conferred by this section shall include the power to give retrospective effect, from a date not earlier than the date of commencement of this Act, to the rules or any of them and, unless the contrary is permitted (whether expressly or by necessary implication), no retrospective effect shall be given to any rule so as to prejudicially affect the interests of assesseees.

534. The Central Government shall cause—

(a) every rule made under this Act;

(b) rules of procedure framed by the Appellate Tribunal under section 364; or

(c) every notification issued under sections 263(3) and 264 and Chapter XIII-G,

Laying before
Parliament.

to be laid, as soon as may be after it is made or issued, before each House of Parliament while it is in session for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in such rule, or notification 5 or both Houses agree that the rule, should not be made or the notification should not be issued, the rule or notification shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule or notification. 10

Removal of difficulties.

535. (1) If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by general or special order, do anything not inconsistent with the provisions which appears to it to be necessary or expedient for the purpose of removing the difficulty.

(2) In particular, and without prejudice to the generality of the foregoing power, 15 any order referred to in sub-section (1) may provide for the adaptations or modifications subject to which the Income-tax Act, 1961 shall apply in relation to the assessments for 43 of 1961. the tax year ending on the 31st March, 2026, or any earlier tax year.

(3) No order under sub-section (1) shall be made after the expiration of three 20 years from the 1st April, 2026.

(4) Every order made under this section shall be laid, as soon as may be, after it is made, before each House of Parliament.

Repeal and savings.

536. (1) The Income-tax Act, 1961 is hereby repealed. 43 of 1961.

(2) Irrespective of the repeal of the Income-tax Act, 1961 (hereinafter referred 43 of 1961. to as the repealed Income-tax Act), and subject to sub-section (3)— 25

(a) affect the previous operation of the repealed Act and orders or anything duly done or suffered thereunder; or

(b) affect any right, privilege, obligation or liability acquired, accrued or incurred under the repealed Act or orders under such repealed Act;

(c) the provisions of the repealed Income-tax Act shall continue to apply 30 to any proceedings (including notices, assessment, re-assessment, rectification, penalty, reference, revision and appeals) in respect of any tax year beginning before the 1st April, 2026 and such proceedings shall be carried out as per the procedure specified in the repealed Income-tax Act;

(d) any proceeding for the imposition of a penalty in respect of any tax 35 year beginning before the 1st April, 2026, may be initiated and any such penalty may be imposed under the repealed Income-tax Act, as if this Act had not been enacted;

(e) any proceeding pending on the commencement of this Act before any income-tax authority or any other authority constituted under the repealed 40 Income-tax Act, Appellate Tribunal, or any court, by way of application, appeal, reference or revision or by any other means, shall be continued and disposed of as if this Act had not been enacted;

(f) any election or declaration made, or option exercised, by an assessee 45 under any provision of the repealed Income-tax Act and in force immediately before the commencement of this Act shall be deemed to have been an election or declaration made, or option exercised, under the corresponding provision of this Act;

(g) where in respect of any proceeding relating to any tax year beginning before the 1st April, 2026,—

(i) a refund falls due after commencement of this Act; or

5 (ii) default is made after such commencement in the payment of any sum due under such proceeding,

the provisions of this Act, relating to interest payable by the Central Government on refunds and interest payable by the assessee for default, shall apply for the period after the commencement of this Act;

10 (h) where any deduction has been allowed or any amount has not been included in the total income of any person, subject to fulfilment of certain conditions for any tax year beginning before the 1st April, 2026, and in case of violation of such conditions in any tax year beginning on or after 1st April, 2026, any sum (on account of deduction earlier allowed or amount not included) was required to be included in the total income of such
15 subsequent tax year under the repealed Income-tax Act if it had not been so repealed, then such sum shall be—

(i) deemed to be the income of the tax year in which the violation takes place; and

20 (ii) included in the total income of the said person under the same head of income as it would have been included under the repealed Income-tax Act;

(i) any sum payable under the repealed Income-tax Act may be recovered under this Act without prejudice to any action already taken for the recovery of such sum under repealed Income-tax Act;

25 (j) any agreement entered into, appointment made, approval given, recognition granted, direction, instruction, notification, order or rule issued under any provision of the repealed Income-tax Act shall, so far as it is not inconsistent with the corresponding provisions of this Act, be deemed to have been entered into, made, granted, given or issued under the corresponding
30 provision of this Act and shall continue in force accordingly;

(k) where the period provided for any application, appeal, reference or revision under the repealed Income-tax Act had expired on or before the commencement of this Act, nothing in this Act shall be construed as enabling any such application, appeal, reference or revision to be made under this Act
35 by reason only of the fact that a longer period therefor is prescribed or provision is made for extension of time in suitable cases by the appropriate authority;

(l) any amount of credit, in respect of tax paid, allowable to be carried forward in the case of an assessee, under the provisions of section 115 JAA or 115JD of the repealed Income-tax Act for the tax year beginning before the
40 1st April 2026, had the Income-tax Act, 1961 not been repealed,—

43 of 1961.

(i) shall be deemed to be the amount eligible for credit under corresponding provision of this Act in the case of said assessee; and

45 (ii) credit for the tax paid under the repealed Income-tax Act shall be allowed under this Act for the period for which it would have been allowed under the repealed Income-tax Act if the assessee otherwise continues to satisfy the conditions as specified in the corresponding provisions of this Act in such tax years;

(m) any amount of loss under the source or head of income specified in column B of the Table given below and referred to in the section of the repealed Income-tax Act specified in column C of the said Table, brought forward for the tax year beginning before the 1st April, 2026 had the Income-tax Act not been repealed, shall be set off and carried forward against the income computed under this Act, in the manner provided in the respective section of the repealed Income-tax Act specified in column C of the said table, for the tax years beginning on or after the 1st April, 2026: 5

Table

Sl. No.	Source or head of income under the repealed Income-tax Act	Section of the repealed Income-tax Act	10
A	B	C	
1.	Income from house property.	71B.	
2.	Profits and gains of business or profession.	72.	
3.	Speculation business.	73.	15
4.	Specified Business.	73A.	
5.	Activity of owning and maintaining race horses.	74A.	

(n) any amount of loss under the head capital gains, whether related to a long-term capital asset or a short term capital asset, referred to in section 74 of the repealed Income-tax Act, brought forward from the tax year beginning before the 1st April, 2026 had the Income-tax Act, 1961 not been repealed, shall be set off and carried forward against the income under the head “Capital gains” computed under this Act for any tax year beginning on or after the 1st April, 2026 upto eight financial years immediately succeeding the financial year in which such loss was first computed under the repealed Income-tax Act; 20
43 of 1961. 25

(o) any set off of loss or allowance for depreciation made in any tax year beginning before the 1st April, 2026 in the hands of the amalgamated company, successor company or the successor limited liability partnership, in accordance with the provisions of section 72A of the repealed Income-tax Act, shall be deemed to be the income of the amalgamated company, successor company or the successor limited liability partnership, as the case may be, chargeable to tax under this Act for the year in which any of the conditions specified in that section are not complied with; 30

(p) any set off of accumulated loss or unabsorbed depreciation allowed in any tax year beginning before the 1st April, 2026 to the successor co-operative bank, in accordance with the provisions of section 72AB of the repealed Income-tax Act, shall be deemed to be the income of the successor co-operative bank chargeable to tax under this Act for the year in which any of the conditions specified in that section are not complied with; 35

(q) any amount of profits or gains arising out of transfer of capital asset not charged under the head capital gains by virtue of the provisions contained in section 47(iv), (v), (xiii), (xiiib) or (xiv) of the repealed Income-tax Act in any tax year beginning before the 1st April, 2026 shall be deemed to be the income chargeable under the head “Capital gains” under this Act, if any of the conditions laid down in section 47A(I)(i) or (ii) of the repealed Income-tax Act are satisfied or conditions laid down in section 47(xiii), (xiiib) or (xiv), as the case may be, of the repealed Income-tax Act are not complied with, for the tax year in which such conditions are satisfied or not complied with, as the case may be; 40
45

(*r*) where any allowance or part thereof, under section 32(2) or 35(4) of the repealed Income-tax Act, is to be carried forward to tax year beginning on the 1st April, 2026, had the Income-tax Act not been repealed, then, the allowance or part thereof shall be added to the amount of capital allowances referred to corresponding provisions of this Act for the tax year beginning on the 1st April, 2026 and deemed to be part of that allowance, or if there is no such allowance for that tax year, be deemed to be allowance for that tax year;

(*s*) the deduction referred to in section 35ABB, 35D, 35DD, 35DDA, 35E or the first proviso to section 36(I)(ix) of the repealed Income-tax Act, shall, on fulfilment of the conditions mentioned in the said provisions, continue to be allowed under this Act for tax year beginning on or after the 1st April, 2026 had the Income-tax Act not been repealed and such deduction shall be added to the amount of deferred revenue expenditure allowance referred to corresponding provisions of this Act for the tax year beginning on or after the 1st April, 2026 and deemed to be part of that allowance, or if there is no such allowance for a tax year, be deemed to be that allowance for that tax year;

(*t*) credit balance in the provision for bad and doubtful debts account made under section 36(I)(viiia) of the repealed Income-tax Act standing on the last day of the tax year beginning on 1st April, 2025 shall be added to the amount credited to the provision for bad and doubtful debts accounts referred to in the corresponding provisions of this Act for the tax year beginning on the 1st April, 2026 and deemed to be part of amount credited to the provision for bad and doubtful debts accounts, or if there is no such amount credited for that tax year, be deemed to be amount credited for that tax year;

(*u*) any scheme which has been notified under the provisions of the repealed Income-tax Act with a view to eliminating the interface with the assessee or any other person, the said scheme shall be deemed to have been made—

(i) under the corresponding provisions of this Act; or

(ii) under section 294B where there is no such corresponding provision,

and shall continue in force accordingly; and

(*v*) where a search has been initiated under section 132 or requisition is made under section 132A prior to the 1st April, 2026, the provisions of repealed Income-tax Act, shall continue to apply to any proceedings connected in respect of such search or requisition, as the case may be, as if this Act has not been enacted.

(3) Without prejudice to the provisions of sub-section (2), the provisions of section 6 of the General Clauses Act, 1897 shall apply with regard to the effect of repeal.

SCHEDULE I

[See section 9(12)]

CONDITIONS FOR CERTAIN ACTIVITIES NOT TO CONSTITUTE BUSINESS CONNECTION IN INDIA.

1. (1) The eligible investment fund referred to in section 9(12), means a fund established or incorporated or registered outside India, which collects funds from its members for investing it for their benefit and fulfils the following conditions:—

(a) the fund is not a person resident in India;

(b) the fund is—

(i) a resident of a country or a specified territory with which an agreement referred to in section 159(1) or (2) has been entered into; or

(ii) established or incorporated or registered in a country or a specified territory as notified in this behalf;

(c) the aggregate participation or investment in the fund, directly or indirectly, by persons resident in India does not exceed 5% of the corpus of the fund as on the 1st April and the 1st October of the tax year, subject to the conditions that—

(i) for the purposes of calculation of such aggregate participation or investment in the fund, any contribution made by the eligible fund manager during the first three years of operation of the fund, not exceeding twenty-five crore rupees, shall not be taken into account;

(ii) where the aforesaid aggregate participation or investment in the fund exceeds 5% on the 1st April or the 1st October of the tax year, the condition mentioned in this clause shall be deemed to be satisfied, if it is satisfied, within four months of the 1st April or the 1st October of such tax year;

(d) the fund and its activities are subject to applicable investor protection regulations in the country or specified territory where it is established or incorporated or is a resident;

(e) the fund has a minimum of twenty-five members who are, directly or indirectly, not connected persons;

(f) any member of the fund along with connected persons shall not have any participation interest, directly or indirectly, in the fund exceeding 10%;

(g) the aggregate participation interest, directly or indirectly, of ten or less members along with their connected persons in the fund, shall be less than 50%;

(h) the fund shall not invest more than 25% of its corpus in any entity;

(i) the fund shall not make any investment in its associate entity;

(j) the monthly average of the corpus of the fund shall not be less than one hundred crore rupees subject to the following:—

(i) if the fund has been established or incorporated in the tax year, then corpus of fund shall not be less than one hundred crore rupees at the end of twelve months from the last day of the month of its establishment or incorporation; and

(ii) this clause shall not apply to a fund which has been wound up in the tax year;

(k) the fund shall not carry on or control and manage, directly or indirectly, any business in India;

(l) the fund is neither engaged in any activity which constitutes a business connection in India nor has any person acting on its behalf whose activities constitute a business connection in India other than the activities undertaken by the eligible fund manager on its behalf;

(m) the remuneration paid by the fund to an eligible fund manager in respect of fund management activity undertaken by him on its behalf is not less than the amount calculated in such manner, as prescribed.

(2) The conditions specified in paragraph (1)(e), (f) and (g) shall not apply, in case of—

(a) an investment fund set up by the Government or the Central Bank of a foreign State or a sovereign fund; or

(b) such other fund as the Central Government may, by notification, specify in this behalf, subject to conditions, if any.

(3) The eligible fund manager, referred to in section 9(12), in respect of an eligible investment fund, means any person who is engaged in the activity of fund management and fulfils the following conditions:—

(a) the person is not an employee of the eligible investment fund or a connected person of the fund;

(b) the person is registered as a fund manager or an investment advisor in accordance with the regulations as specified;

(c) the person is acting in the ordinary course of his business as a fund manager;

(d) the person along with his connected persons shall not be entitled, directly or indirectly, to more than 20% of the profits accruing or arising to the eligible investment fund from the transactions carried out by the fund through the fund manager.

(4) Every eligible investment fund shall, in respect of its activities in a tax year, furnish within ninety days from the end of the tax year, a statement in the prescribed form to the prescribed income-tax authority, containing information relating to the fulfilment of the conditions specified in this Schedule, and also provide such other relevant information or documents, as prescribed.

(5) The provisions of this Schedule shall apply as per such guidelines and in such manner as the Board may prescribe in this behalf.

(6) The Central Government may, by notification, specify that any one or more of the conditions specified in sub-paragraph (1) (other than at paragraph (1)(c)) or (3) shall not apply or shall apply with such modifications, as specified in case of an eligible investment fund and its eligible fund manager, if—

(i) the eligible fund manager is located in an International Financial Services Centre; and

(ii) has commenced its operations on or before the 31st March, 2030.

2. In this Schedule,—

(a) “associate” means an entity in which a director or a trustee or a partner or a member or a fund manager of the investment fund, or a director or a trustee or a partner or a member of the fund manager of such fund, holds, either individually or collectively, share or interest, being more than 15% of its share capital or interest, as the case may be;

(b) “connected person” shall have the meaning assigned to it in section 184(5);

(c) “corpus” means the total amount of funds raised for the purpose of investment by the eligible investment fund as on a particular date;

(d) “entity” means any entity in which an eligible investment fund makes an investment; and

(e) “specified regulations” means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993 or the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013, or such other regulations made under the Securities and Exchange Board of India Act, 1992 (15 of 1992), which may be notified in this regard.

SCHEDULE II

(See section 11)

INCOME NOT TO BE INCLUDED IN TOTAL INCOME

In computing the total income of a person for a tax year, the income mentioned in column B of the Table below shall not be included, subject to fulfilment of the conditions mentioned in column C of the said Table, and the expressions used in columns B and C of the said Table, shall have the meaning respectively assigned to them in the Notes below the said Table.

Table

Sl. No.	Income not to be included in total income	Conditions																		
A	B	C																		
1.	Agricultural income.	<i>Nil.</i>																		
2.	Any sum received under a life insurance policy, including the sum allocated by way of bonus on such policy.	<p>(a) The insurance policies, issued during the period mentioned in column B of the table below, except where such sum is received on the death of a person, or under a life insurance policy issued by the International Financial Services Centre insurance intermediary office, including the sum allocated by way of bonus on such policy, shall fulfil the conditions mentioned in Column C thereof:</p> <table> <tr> <th>Sl. No.</th><th>Period of issue of insurance policy</th><th>Conditions of issuance policy</th></tr> <tr> <th>A</th><th>B</th><th>C</th></tr> <tr> <td>1.</td><td>1st April, 2003 to 31st March, 2012.</td><td>Premium to sum assured ratio is $\leq 20\%$</td></tr> <tr> <td>2.</td><td>1st April, 2012 to 31st March, 2013.</td><td>Premium to sum assured ratio is $\leq 10\%$</td></tr> <tr> <td>3.</td><td>1st April, 2013 to 31st January, 2021.</td><td>Premium to sum assured ratio is $\leq 15\%$ for special policies; and 10% for other policies.</td></tr> <tr> <td>4.</td><td>1st February, 2021 to 31st March, 2023.</td><td>Unit linked insurance policy:— (A) premium to sum assured ratio is $\leq 15\%$ for special policies; and 10% for other policies; and</td></tr> </table>	Sl. No.	Period of issue of insurance policy	Conditions of issuance policy	A	B	C	1.	1st April, 2003 to 31st March, 2012.	Premium to sum assured ratio is $\leq 20\%$	2.	1st April, 2012 to 31st March, 2013.	Premium to sum assured ratio is $\leq 10\%$	3.	1st April, 2013 to 31st January, 2021.	Premium to sum assured ratio is $\leq 15\%$ for special policies; and 10% for other policies.	4.	1st February, 2021 to 31st March, 2023.	Unit linked insurance policy:— (A) premium to sum assured ratio is $\leq 15\%$ for special policies; and 10% for other policies; and
Sl. No.	Period of issue of insurance policy	Conditions of issuance policy																		
A	B	C																		
1.	1st April, 2003 to 31st March, 2012.	Premium to sum assured ratio is $\leq 20\%$																		
2.	1st April, 2012 to 31st March, 2013.	Premium to sum assured ratio is $\leq 10\%$																		
3.	1st April, 2013 to 31st January, 2021.	Premium to sum assured ratio is $\leq 15\%$ for special policies; and 10% for other policies.																		
4.	1st February, 2021 to 31st March, 2023.	Unit linked insurance policy:— (A) premium to sum assured ratio is $\leq 15\%$ for special policies; and 10% for other policies; and																		

A	B	C
	A	B
		C
		<p>(B) aggregate of premium for all such policies (in all of the tax years during the term of all of such policies) is $\leq ₹ 2,50,000$.</p> <p>Other than unit linked insurance policy:—</p> <p>Premium to sum assured ratio is $\leq 15\%$ for special policies; and 10% for other policies.</p>
5.	On or after the 1st April, 2023.	<p>Unit linked insurance policy:—</p> <p>(a) premium to sum assured ratio is $\leq 15\%$ for special policies; and 10% for other policies; and</p> <p>(b) aggregate of premium for all such policies (in all of the tax years during the term of all of such policies) $\leq ₹ 2,50,000$.</p> <p>Other than Unit linked insurance policy:—</p> <p>(i) premium to sum assured ratio is $\leq 15\%$ for special policies; and 10% for other policies; and</p> <p>(ii) aggregate of premium for all such policies (in all of the tax years during the term of all of such policies) is $\leq ₹ 5,00,000$;</p>
		<p>(b) the following sums shall not be eligible for exclusion from total income:—</p> <p>(i) any sum received under section 127; and</p> <p>(ii) any sum received under a Keyman insurance policy.</p>
		<p>Note:— For removal of difficulties, the Board may issue guidelines with the previous approval of the Central Government, which shall be binding on the income-tax authorities and the assessee and every guideline issued by the Board under this clause shall be laid before each House of Parliament.</p>

A	B	C
3. Any payment from a provident fund to which the Provident Funds Act, 1925 (19 of 1925) applies, or from any other provident fund set up by the Central Government and notified by it in this behalf.	<p>(a) The income by way of interest accrued during the tax year shall not be eligible for exclusion from total income where,—</p> <p>(i) it is attributable to the contribution (including aggregate thereof) made on or after the 1st April, 2021; and</p> <p>(ii) such contribution exceeds—</p> <p>(A) ₹5,00,000 in a tax year in such fund where no contribution is made by the employer of such person;</p> <p>(B) ₹2,50,000 in other cases; and</p> <p>(b) the amount of income to be excluded from total income as referred to in clause (a) shall be computed in such manner, as prescribed.</p>	
4. The accumulated balance due and becoming payable to an employee participating in a recognised provident fund to the extent provided in paragraph 8 of Part A of the Schedule XI	<p>(a) The income by way of interest accrued during the tax year shall not be eligible for exclusion from total income where,—</p> <p>(i) it is attributable to contribution (including aggregate thereof) made on or after the 1st April, 2021; and</p> <p>(ii) such contribution exceeds—</p> <p>(A) ₹ 5,00,000 in a financial year in such fund where no contribution is made by the employer of such person; or</p> <p>(B) ₹ 2,50,000 in other cases; and</p> <p>(b) the amount of income to be excluded from total income as referred to in clause (a) shall be computed in such manner as prescribed.</p>	
5. Any payment from any account opened as per the Sukanya Samriddhi Account Scheme, 2019 made under the Government Savings Promotion Act, 1873 (5 of 1873).		<i>Nil.</i>
6. Any payment from the National Pension System Trust.	<p>(a) Such payment is on closure of account of the assessee or on his opting out of the pension scheme referred to in section 124; and</p> <p>(b) income shall be excluded to the extent it does not exceed 60% of the total amount payable at the time of such closure or his opting out of the scheme.</p>	

A	B	C
7.	Any payment from the <i>Agniveer</i> Corpus Fund to a person enrolled under the <i>Agnipath</i> Scheme or to his nominee.	<i>Nil.</i>
8.	Any payment from an approved superannuation fund.	<p>Such payment is made—</p> <p>(a) on the death of a beneficiary; or</p> <p>(b) to an employee in <i>lieu</i> of or in commutation of an annuity on his retirement at or after a specified age or on his becoming incapacitated prior to such retirement; or</p> <p>(c) by way of refund of contributions on the death of a beneficiary; or</p> <p>(d) by way of refund of contributions to an employee on his leaving the service in connection with which the fund is established otherwise than by retirement at or after a specified age or on his becoming incapacitated prior to such retirement, to the extent to which such payment does not exceed the contributions made prior to the commencement of this Act and any interest thereon; or</p> <p>(e) by way of transfer to the account of the employee under a pension scheme referred to in section 124 and notified by the Central Government in this behalf.</p>
9.	Scholarships.	Such scholarship is granted to meet the cost of education.
10.	Any payment made, whether in cash or in kind for any award or reward.	<p>Such payment is made—</p> <p>(a) in pursuance of any award instituted in the public interest by the Central Government or any State Government or instituted by any other body and approved by the Central Government in this behalf; or</p> <p>(b) as a reward by the Central Government or any State Government for such purposes as may be approved by the Central Government in this behalf in public interest.</p>
11.	Income by way of interest, premium on redemption or other payment on such securities, bonds, annuity certificates, savings certificates, other certificates issued by the Central Government and deposits.	<p>(a) It is notified by the Central Government; and</p> <p>(b) exclusion from total income shall be allowed subject to such conditions and limits as specified in the said notification.</p>

A	B	C
12.	Interest on Gold Deposit Bonds issued under the Gold Deposit Scheme, 1999 or deposit certificates issued under the Gold Monetisation Scheme, 2015 notified by the Central Government.	<i>Nil.</i>
13.	Interest on bonds issued by a local authority or by a State Pooled Finance Entity.	As specified by the Central Government, by notification.
14.	Any income arising from the transfer of a capital asset, being a unit of the Unit Scheme, 1964 referred to in Schedule I to the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 (58 of 2002).	The transfer of such asset takes place on or after the 1st April, 2002.
15.	Any income arising from any specified service provided on or after the date on which the provisions of Chapter VIII of the Finance Act, 2016 (28 of 2016) comes into force and chargeable to equalisation levy under that Chapter	Such income shall not include any income which is chargeable to tax as royalty or fees for technical services in India under this Act read with the agreement notified by the Central Government under section 159.
16.	Any income covered under section 10(15)(iii) or (15)(iv)(c), (15)(iv)(d), (15)(iv)(e), (15)(iv)(f), (15)(iv)(g) or (15)(iv)(h) or (36) of the Income-tax Act, 1961, subject to the conditions as provided therein.	

Note 1: For the purposes of Sl. No. 2,—

(a) “Keyman insurance policy” means a life insurance policy—

(i) taken by a person on the life of another person; and

(ii) such person is or was the employee of the first-mentioned person or is or was connected in any manner with the business of the first-mentioned person; and

(iii) includes such policy which has been assigned to a person at any time during the term of the policy, with or without any consideration;

(b) “actual capital sum assured” shall have the meaning assigned to it in paragraph 2(2) of Schedule XV;

(c) “United Linked Insurance Policy” means a unit linked life insurance policy,—

(i) which has components of both investment and insurance; and

(ii) is linked to a unit as defined in clause (ee) of regulation 3 of the Insurance Regulatory and Development Authority of India (Unit Linked Insurance Products) Regulations, 2019 made under the Insurance Regulatory and Development Authority Act, 1999(41 of 1999);

(d) “premium to sum assured ratio” shall mean the highest percentage of annual premium payable to the actual capital sum assured, during the term of the policy;

(e) “special policy” means any policy issued on life of any person, who is—

(i) a person with disability or a person with severe disability as referred to in section 154; or

(ii) suffering from disease or ailment as specified in the rules made under .

Note 2: For the purposes of Sl. No. 7,—

“Agniveer Corpus Fund” and “Agnipath Scheme” shall have the meanings respectively assigned to them in section 125.

Note 3: For the purposes of Sl. No. 11,—

“interest” includes hedging transaction charges on account of currency fluctuation.

Note 4: For the purposes of Sl. No. 13,—

“State Pooled Finance Entity” means such entity which is set up as per the guidelines for the Pooled Finance Development Scheme notified by the Central Government in the Ministry of Housing and Urban Affairs.

Note 5: For the purposes of Sl. No. 15,—

“specified service” shall have the same meaning as assigned to it in clause (i) of section 164 of the Finance Act, 2016 (28 of 2016).

SCHEDULE III

(See section 11)

INCOME NOT TO BE INCLUDED IN TOTAL INCOME OF ELIGIBLE PERSONS

In computing the total income of a tax year of any eligible person mentioned in column C of the Table below, the income mentioned in column B of the said Table shall not be included, subject to the conditions mentioned in column D of the said Table, and the expressions used in columns B to D therein shall have the meanings respectively assigned to them in the Notes below the said Table.

Table

Sl. No.	Income not to be included in total income	Eligible persons	Conditions
A	B	C	D
1.	Any sum received by a member from Hindu undivided family.	An individual who is a member of a Hindu undivided family.	(a) Such sum is not covered under the provisions of section 99(3) and (4); and (b) such sum has been paid out of— (i) the income of the family; or (ii) the income of the estate belonging to the family, in the case of any impartible estate.
2.	Any sum received by a partner towards his share in the total income of the firm.	A person who is a partner of a firm separately assessed as such—	The sum received is as per the profit-sharing ratio provided in the partnership deed.
3.	Any amount received or receivable from the Central Government or a State Government or a local authority by way of compensation on account of any disaster.	Any individual or his legal heir.	No deduction of this amount was allowed earlier under this Act on account of any loss or damage caused by such disaster to such individual or his legal heir.
4.	Any payment from the National Pension System Trust under the pension scheme referred to in section 121.	Any employee, or an assessee, being the guardian or parent of a minor.	(a) Such payment is on partial withdrawal made out of his account or the account of the minor, as per the terms and conditions specified under the Pension Fund Regulatory and Development Authority Act, 2013 (23 of 2013) and the regulations made thereunder; and (b) exclusion shall not exceed 25% of the amount of contributions made by him.
5.	Daily allowance received	Any person by reason of his membership of Parliament or of any State Legislature or of any Committee thereof.	<i>Nil.</i>

A	B	C	D
6.	Any allowance received.	Any person by reason of his membership of Parliament under the Members of Parliament (Constituency Allowance) Rules, 1986 made under the Salary, Allowances and Pension of Members of Parliament Act, 1954 (30 of 1954).	<i>Nil.</i>
7.	Any constituency allowance received.	Any person by reason of his membership of any State Legislature under any State Act or rules made thereunder.	<i>Nil.</i>
8.	The value of any travel concession or assistance.	An individual.	<p>(a) Such sum is received by, or due to, such individual—</p> <p>(i) from his employer for himself and his family, in connection with his proceeding on leave to any place in India;</p> <p>(ii) from his employer or former employer for himself and his family, in connection with his proceeding to any place in India after retirement from service or after the termination of his service;</p> <p>(b) Such sum is subject to such conditions as prescribed (including conditions as to number of journeys and the amount which shall be exempt per head);</p> <p>(c) The conditions in clause (b) shall have regard to the travel concession or assistance granted to the employees of the Central Government; and</p> <p>(d) Sum not included in the total income shall in no case exceed the amount of expenses actually incurred for the purpose of such travel.</p>
9.	Any allowances or perquisites paid or allowed as such outside India by the Government.	A citizen of India.	Such sum is paid or allowed for rendering service outside India.

A	B	C	D
10.	Income in the nature of a perquisite.	An employee, being an individual.	<p>(a) Such perquisite is not provided for by way of monetary payment, within the meaning of section 17(I);</p> <p>(b) the tax on such income actually paid by his employer, at the option of the employer, on behalf of such employee; and</p> <p>(c) such perquisite is paid irrespective of section 200 of the Companies Act, 1956 (1 of 1956).</p>
11.	Any special allowance from employer.	An assessee.	<p>(a) Such allowance is specifically granted to meet expenditure actually incurred on payment of rent (by whatever name called) in respect of residential accommodation occupied by the assessee;</p> <p>(b) such allowance is to such extent as prescribed having regard to the area or place in which such accommodation is situate and other relevant considerations;</p> <p>(c) the residential accommodation occupied by the assessee is not owned by him; and</p> <p>(d) the assessee has actually incurred expenditure on payment of rent (by whatever name called) in respect of the residential accommodation occupied by him.</p>
12.	Any special allowance or benefit to the extent to which such expenses are actually incurred for that purpose.	An assessee.	<p>(a) Such allowance or benefit is not in the nature of a perquisite within the meaning of section 17(I);</p> <p>(b) Such allowance or benefit is specifically granted to meet expenses wholly, necessarily and exclusively incurred in the performance of the duties of an office or employment of profit, as prescribed.</p>
13.	Any allowance.	An assessee.	<p>(a) Such allowance is granted to the assessee to meet his personal expenses:—</p> <p>(i) at the place where the duties of his office; or</p> <p>(ii) at the place employment of profit are ordinarily performed by him; or</p>

A	B	C	D
			<p>(iii) at the place where he ordinarily resides; or</p> <p>(iv) to compensate him for the increased cost of living,</p> <p>to the extent as prescribed; and</p> <p>(b) personal allowance to remunerate or compensate for performing duties of a special nature relating to office or employment shall not be excluded from total income unless such allowance is related to the place of his posting or residence.</p>
14.	Pension received	An individual who has been in the service of the Central Government or State Government and has been awarded "Param Vir Chakra" or "Maha Vir Chakra" or "Vir Chakra" or such other gallantry award as the Central Government may, by notification, specify in this behalf.	<i>Nil.</i>
15.	Family pension received.	Any member of the family of an individual referred against serial number 14.	<i>Nil.</i>
16.	Family pension received.	Widow or children or nominated heirs of a member of the armed forces (including paramilitary forces) of the Union.	The death of such member has occurred in the course of operational duties in such circumstances and subject to such conditions, as prescribed.
17.	Any income includible in the total income under section 99 (1)(d).	In case of an assessee referred to in that sub-section	Exclusion of such income from the total income is to the extent such income does not exceed ₹ 1,500 in respect of each minor child whose income is so includible.
18.	Any income chargeable under the head "Capital gains" arising from the transfer of agricultural land.	An individual or a Hindu undivided family.	<p>(a) Such land is situated in any area referred to in section 2(22)(iii);</p> <p>(b) such land, during the period of two years immediately preceding the date of transfer, was being used for agricultural purposes by such Hindu undivided family or individual or a parent of his;</p>

A	B	C	D
			(c) such transfer is by way of compulsory acquisition under any law, or a transfer, the consideration for which is determined or approved by the Central Government or the Reserve Bank of India; and
			(d) such income has arisen from the compensation or consideration for such transfer received by such assessee on or after the 1st April, 2004.
19.	Any income which accrues or arises— (a) from any source in the areas or States mentioned in column C; or (b) by way of dividend or interest on securities.	A member of a Scheduled Tribe,— (a) as defined in article 366(25) of the Constitution; and (b) residing in any area specified in Part I or II of the Table appended to paragraph 20 of the Sixth Schedule to the Constitution or in the States of Arunachal Pradesh, Manipur, Mizoram, Nagaland and Tripura or in the areas covered by notification No. TAD/R/35/50/109, dated the 23rd February, 1951, issued by the Governor of Assam under the proviso to the said paragraph 20(3) [as it stood immediately before the commencement of the North-Eastern Areas (Reorganisation) Act, 1971 (18 of 1971) or in the Union territory of Ladakh].	<i>Nil.</i>
20.	Any income which accrues or arises— (a) from any source in the State of Sikkim; or (b) by way of dividend or interest on securities	An individual, being a Sikkimese.	<i>Nil.</i>

A	B	C	D
21.	The amount of any subsidy received from or through the concerned Board under a scheme.	An assessee who carries on the business of growing and manufacturing tea, rubber, coffee, cardamom or such other commodity in India as notified by the Central Government.	<p>(a) Such scheme is for replantation or replacement of tea bushes, rubber plants, coffee plants, cardamom plants or plants for the growing of such other commodity or for rejuvenation or consolidation of areas used for cultivation of tea, rubber, coffee, cardamom or such other commodity;</p> <p>(b) such scheme is notified by the Central Government; and</p> <p>(c) the assessee furnishes to the Assessing Officer, along with his return of income for the tax year concerned or within such further time as the Assessing Officer may allow, a certificate from the concerned Board, as to the amount of such subsidy paid to the assessee during the tax year.</p>
22.	The income which is chargeable under the head "Income from house property", "Capital gains" or "Income from other sources" or from a trade or business.	Any authority.	<p>local Income from trade or business is eligible for exclusion from total income if such income accrues or arises from the supply of—</p> <p>(a) a commodity or service (not being water or electricity) within its own jurisdictional area; or</p> <p>(b) water or electricity within or outside its own jurisdictional area.</p>
23.	Any income of a research association.	A research association for the time being approved for the purpose of section 45(3)(a).	<p>(a) Applies its income or accumulates it for application, wholly and exclusively to the objects for which it is established;</p> <p>(b) invests its funds received in the forms or modes specified in section 350;</p> <p>(c) satisfies such conditions as prescribed; and.</p> <p>(d) the procedure for withdrawal of approval granted shall be in such manner as prescribed.</p>
24.	Any income (other than income chargeable under the head "Income from house property" or any income received for rendering any specific services or income by way of interest or dividends derived from its investments)	An association or institution established in India having as its object the control, supervision, regulation or encouragement of the profession of, law, medicine, accountancy, engineering or	<p>(a) the association or institution applies its income, or accumulates it for application, solely to the objects for which it is established;</p> <p>(b) the association or institution is for the time being approved by the Central Government by general or special order; and</p> <p>(c) the procedure for withdrawal of approval granted shall be in such manner, as prescribed.</p>

A	B	C	D
		architecture or such other profession as the Central Government may, by notification specify in this behalf	
25.	Any income attributable to the business of production, sale, or marketing, of khadi or products of village industries.	An institution constituted as a public charitable trust or registered under the Societies Registration Act, 1860 (21 of 1860), or under any other law corresponding to that Act in force in any part of India.	<p>(a) Such institution exists solely for the development of khadi or village industries or both, and not for profit;</p> <p>(b) such institution applies its income, or accumulates it for application, solely for the development of khadi or village industries, or both;</p> <p>(c) such institution is approved for such purpose by the Khadi and Village Industries Commission for a period not exceeding 3 tax years at any one time; and</p> <p>(d) the procedure for withdrawal of approval granted shall be in such manner as prescribed.</p>
26.	Any income from the activity of securitisation.	A securitisation trust.	
27.	Any income, by way of contributions received from recognised stock exchanges and the members thereof.	Any Investor Protection Fund set up by recognised stock exchanges in India, either jointly or separately.	<p>(a) Such fund is notified by the Central Government; and</p> <p>(b) where any amount standing to the credit of the Fund and not charged to income-tax during any tax year is shared, either wholly or in part, with a recognised stock exchange, the whole of the amount so shared shall be deemed to be the income of the tax year in which such amount is so shared and shall accordingly be chargeable to income-tax.</p>
28.	Any income, by way of contributions received from commodity exchanges and the members thereof.	Any Investor Protection Fund set up by commodity exchanges in India, either jointly or separately.	<p>(a) Such fund is notified by the Central Government; and</p> <p>(b) where any amount standing to the credit of the said Fund and not charged to income-tax during any tax year is shared, either wholly or in part, with a commodity exchange, the whole of the amount so shared shall be deemed to be the income of the tax year in which such amount is so shared and shall accordingly be chargeable to income-tax.</p>

A	B	C	D
29.	Any income, by way of contributions received from a depository.	Any Investor Protection Fund set up as per the regulations by a depository.	(a) Such fund is notified by the Central Government; and (b) where any amount standing to the credit of the Fund and not charged to income-tax during any tax year is shared, either wholly or in part with a depository, the whole of the amount so shared shall be deemed to be the income of the tax year in which such amount is so shared and shall, accordingly, be chargeable to income-tax.
30.	(a) Any income by way of contribution received from specified persons; (b) any income by way of penalties imposed by the recognised clearing corporation and credited to the Core Settlement Guarantee Fund. (c) any income from investment made by the Fund.	Any Core Settlement Guarantee Fund, set up by a recognised clearing corporation.	(a) Such fund is notified by the Central Government; and (b) where any amount standing to the credit of the Fund and not charged to income-tax during any tax year is shared, either wholly or in part with the specified person, the whole of the amount so shared shall be deemed to be the income of the tax year in which such amount is so shared and shall, accordingly, be chargeable to income-tax.
31.	Any income chargeable under the heads "Income from house property" and "Income from other sources".	(a) A registered union within the meaning of the Trade Unions Act, 1926 (16 of 1926), formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen; or (b) an association of registered unions referred to in clause (a).	
32.	Any interest on securities, and any capital gains of the fund arising from the sale, exchange or transfer of such securities.	Provident Fund to which the Provident Funds Act, 1925 (19 of 1925) applies.	Such securities are held by, or are the property of such Provident Fund.
33.	Any income of the nature and to the extent, arising from the international sporting event held in India.	Any person notified by the Central Government.	(a) Such international sporting event— (i) is approved by the international body regulating the international sport relating to such event;

A	B	C	D
			<p>(ii) has participation by more than two countries; and</p> <p>(iii) is notified by the Central Government for the purposes of this clause; and</p> <p>(b) nature and extent of such income is notified by the Central Government.</p>
34.	Any income, of the nature and to the extent, which the Central Government may notify in this behalf.	A body or authority which has been established or constituted or appointed under a treaty or an agreement entered into by the Central Government with two or more countries or a convention signed by the Central Government.	<p>Such body or authority—</p> <p>(a) is established or constituted or appointed not for the purposes of profit; and</p> <p>(b) is notified by the Central Government.</p>
35.	Any amount received as a loan, either in lump sum or in instalment, in a transaction of reverse mortgage referred to in section 70(1)(zh)	Any individual.	<i>Nil.</i>
36.	Any income of the nature and to the extent which the Central Government may, by notification, specify in this behalf.	A body or authority or Board or Trust or Commission (by whatever name called), or a class thereof, other than those covered under Schedule VII (Table: Sl. No. 42)	<p>Such body or authority or Board or Trust or Commission—</p> <p>(a) has been established or constituted by or under a Central Act, State or Provincial Act, or constituted by the Central Government or a State Government, with the object of regulating or administering any activity for the benefit of the general public;</p> <p>(b) is not engaged in any commercial activity; and</p> <p>(c) is notified by the Central Government.</p>
37.	Any income accruing or arising as a result of arrangement for replenishment of crude oil stored in its storage facility in pursuance of the directions of the Central Government in this behalf.	Indian Strategic Petroleum Reserves Limited, being a wholly owned subsidiary of the Oil Industry Development Board under the Ministry of Petroleum and Natural Gas.	It shall not apply to an arrangement, if the crude oil is not replenished in the storage facility within three years from the end of the tax year in which the crude oil was removed from the storage facility for the first time.

A	B	C	D
38.	Any gratuity computed as per the provisions of section 19(1)(Table: Sl. No. 3.C) to (Table: Sl. No. 6.C)	Any widow, children or dependants on death of an employee.	
39.	Any income falling under section 10(15)(iic) or (15)(iv)(i) or (19A) or (40) of the Income-tax Act, 1961(43 of 1961), shall be subject to the conditions as provided therein.		

Note 1: For the purposes of Sl. No. 3,—

“disaster” shall have the same meaning as assigned to it in section 2(d) of the Disaster Management Act, 2005.

Note 2: For the purposes of Sl. No. 8 and 15,—

“family” in relation to an individual, means—

(i) the spouse and children of the individual; and

(ii) the parents, brothers and sisters of the individual or any of them, wholly or mainly dependent on the individual.

Note 3: For the purposes of Sl. No. 18,—

“compensation or consideration” includes the compensation or consideration enhanced or further enhanced by any court, Tribunal or other authority.

Note 4: For the purposes of Sl. No. 20,—

“Sikkimese” means—

(i) an individual, whose name is recorded in the register maintained under the Sikkim Subjects Regulation, 1961 read with the Sikkim Subject Rules, 1961 (hereinafter referred to as the “Register of Sikkim Subjects”), immediately before the 26th April, 1975; or

(ii) an individual, whose name is included in the Register of Sikkim Subjects by virtue of the Government of India Order No. 26030/36/90-I.C.I., dated the 7th August, 1990 and Order of even number dated the 8th April, 1991; or

(iii) any other individual, whose name does not appear in the Register of Sikkim Subjects, but it is established beyond doubt that the name of the father or husband or paternal grand-father or brother from the same father of such individual has been recorded in that register; or

(iv) any other individual, whose name does not appear in the Register of Sikkim Subjects but it is established that such individual was domiciled in Sikkim on or before the 26th April, 1975; or

(v) any other individual, who was not domiciled in Sikkim on or before the 26th April, 1975, but it is established beyond doubt that the father or husband or paternal grand-father or brother from the same father of such individual was domiciled in Sikkim on or before the 26th April, 1975.

Note 5: For the purposes of Sl. No. 21,—

“concerned Board” means—

(i) in relation to tea, the Tea Board shall mean the Tea Board established under section 4 of the Tea Act, 1953 (29 of 1953);

(ii) in relation to rubber, the Rubber Board constituted under section 4 of the Rubber Act, 1947 (24 of 1947);

(iii) in relation to coffee, the Coffee Board constituted under section 4 of the Coffee Act, 1942 (7 of 1942);

(iv) in relation to cardamom, the Spices Board constituted under section 3 of the Spices Board Act, 1986 (10 of 1986);

(v) in relation to any other commodity, any Board or other authority established under any law for the time being in force which the Central Government may, by notification, specify in this behalf.

Note 6: For the purposes of Sl. No. 22,—

“local authority” means—

(i) Panchayat as referred to in article 243(d) of the Constitution; or

(ii) Municipality as referred to in article 243P(e) of the Constitution; or

(iii) Municipal Committee and District Board,

legally entitled to, or entrusted by the Government with, the control or management of a Municipal or local fund; or

(iv) Cantonment Board constituted under section 12 of the Cantonments Act, 2006 (4 of 2006).

Note 7: For the purposes of Sl. No. 25,—

(a) “Khadi and Village Industries Commission” means the Khadi and Village Industries Commission established under the Khadi and Village Industries Commission Act, 1956 (91 of 1956); and

(b) “khadi” and “village industries” shall have the same meanings as respectively assigned to them in that Act.

Note 8: For the purposes of Sl. No. 26,—

(a) “securitisation” shall have the same meaning as assigned to it,—

(i) in regulation 2(I)(r) of the Securities and Exchange Board of India (Public Offer and Listing of Securitised Debt Instruments) Regulations, 2008 made under the Securities and Exchange Board of India Act, 1992 (15 of 1992) and the Securities Contracts (Regulation) Act, 1956 (42 of 1956); or

(ii) in section 2(I)(z) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (54 of 2002); or

(iii) under the guidelines on securitisation of standard assets issued by the Reserve Bank of India;

(b) “securitisation trust” shall have the meaning assigned to it in section 221 (6)(d).

Note 9: For the purposes of Sl. No. 28,—

“commodity exchange” shall mean a registered association as defined in section 2(jj) of the Forward Contracts (Regulation) Act, 1952 (74 of 1952).

Note10: For the purposes of Sl. No. 29,—

(a) “depository” shall have the same meaning as assigned to it in section 2(1)(e) of the Depositories Act, 1996 (22 of 1996);

(b) “regulations” shall mean the regulations made under the Securities and Exchange Board of India Act, 1992 (15 of 1992) and the Depositories Act, 1996.

Note11: For the purposes of Sl. No. 30—

(a) “recognised clearing corporation” shall have the same meaning as assigned to it in—

(i) regulation 2(1)(o) of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 made under the Securities Contracts (Regulation) Act, 1956 (42 of 1956); or

(ii) regulation 2(1)(n) of the International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021 made under the International Financial Services Centres Authority Act, 2019 (50 of 2019);

(b) “regulations” means—

(i) the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 made under the Securities Contracts (Regulation) Act, 1956 (42 of 1956); or

(ii) the International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021 made under the International Financial Services Centres Authority Act, 2019 (50 of 2019);

(c) “specified person” means—

(i) any recognised clearing corporation which establishes and maintains the Core Settlement Guarantee Fund;

(ii) any recognised stock exchange, being a shareholder in such recognised clearing corporation, or a contributor to the Core Settlement Guarantee Fund; and

(iii) any clearing member contributing to the Core Settlement Guarantee Fund.

SCHEDULE IV

(See section 11)

INCOME NOT TO BE INCLUDED IN TOTAL INCOME OF ELIGIBLE NON-RESIDENTS, FOREIGN COMPANIES AND OTHER SUCH PERSONS

In computing the total income of a tax year of any eligible person mentioned in column C of the Table below, the income mentioned in column B of the said Table shall not be included, subject to the conditions mentioned in column D of the said Table, and the expressions used in columns B to D shall have the meanings respectively assigned to them in the Notes below the said Table.

Table

Sl. No.	Income not to be included in total income	Eligible persons	Conditions
A	B	C	D
1.	Any income by way of interest.	<p>(a) A person being an individual, who is a resident outside India as defined in section 2(w) of the Foreign Exchange Management Act, 1999 (42 of 1999); or</p> <p>(b) a person being an individual who has been permitted by the Reserve Bank of India to maintain the said account.</p>	Such interest is on moneys standing to the credit of such person in a Non-Resident (External) Account in any bank in India as per the said Act and the rules made thereunder.
2.	Any remuneration received for service in the capacity as an official mentioned in column C, not being a citizen of India.	An official, by whatever name called, of an embassy, high commission, legation, commission, consulate or the trade representation of a foreign State, or as a member of the staff of any of these officials.	<p>(a) The remuneration received as a trade commissioner or other official representative in India of the government of a foreign State (not holding office as such in an honorary capacity), or as members of the staff, if any, of the government, resident for similar purposes in the country concerned enjoy a similar exemption in that country; and</p> <p>(b) the members of the staff are subjects of the country represented and are not engaged in any business or profession or employment in India otherwise than as members of such staff.</p>
3.	Any remuneration received as an employee for services rendered by him during his stay in India	A person who is an employee of a foreign enterprise, not being a citizen of India.	<p>(a) The foreign enterprise is not engaged in any trade or business in India;</p> <p>(b) his stay in India does not exceed in the aggregate a period of ninety days in such tax year; and</p> <p>(c) such remuneration is not liable to be deducted from the income of the employer chargeable under this Act.</p>

A	B	C	D
4.	Any income chargeable under the head “Salaries”, received or due as remuneration for services rendered in connection with his employment on a foreign ship.	Any individual being a non-resident, not being a citizen of India.	The total stay of such individual in India does not exceed in the aggregate a period of ninety days in the tax year.
5.	Any remuneration received as an employee of the Government of a foreign State.	An employee of the Government of a foreign State, not being a citizen of India.	Such remuneration is received during his stay in India in connection with his training in any establishment or office of, or in any undertaking owned by— <p>(a) the Government; or</p> <p>(b) any company in which the entire paid-up share capital is held by the Central Government or any State Government or State Governments, or partly by the Central Government and partly by one or more State Governments; or</p> <p>(c) any company which is a subsidiary of a company referred to in clause (b); or</p> <p>(d) any corporation established by or under a Central Act or State Act or Provincial Act; or</p> <p>(e) any society registered under the Societies Registration Act, 1860 (21 of 1860), or under any other law and wholly financed by the Central Government, or any State Government or State Governments, or partly by the Central Government and partly by one or more State Governments.</p>
6.	Any income arising by way of royalty or fees for technical services.	Any foreign company.	(a) Such company is notified by the Central Government; and (b) such income is received in pursuance of an agreement entered into with the Central Government for providing services in or outside India in projects connected with security of India.

A	B	C	D
7.	Any income arising by way of royalty from, or fees for technical services rendered in or outside India.	A non-resident, not being a company, or a foreign company.	<p>(a) Such royalty is received from the National Technical Research Organisation; or.</p> <p>(b) such fees is for technical services rendered to the National Technical Research Organisation.</p>
8.	Interest received.	Non-resident or a person who is not ordinarily resident in India.	Such interest is on a deposit made on or after the 1st April, 2005 in an Offshore Banking Unit referred to in section 2(u) of the Special Economic Zones Act, 2005 (28 of 2005).
9.	Income from lease rentals, by whatever name called, of a cruise ship.	Foreign company.	<p>(a) Such income is received from a specified company which operates such ship or ships in India;</p> <p>(b) such foreign company and the specified company are subsidiaries of the same holding company; and</p> <p>(c) such income is received or accrues or arises in India for any relevant tax year beginning on or before the 1st April, 2029.</p>
10.	Any income derived in India by way of interest, dividends or Capital gains from investments made.	The European Economic Community.	Such investments made out of its funds under such scheme as the Central Government may, by notification specify.
11.	Any income received in India in Indian currency.	A foreign company.	<p>(a) Such income is on account of sale of crude oil or any other goods or rendering of services, as notified by the Central Government in this behalf, to any person in India;</p> <p>(b) receipt of such income in India by the foreign company is pursuant to an agreement or an arrangement entered into by the Central Government or approved by the Central Government;</p> <p>(c) such agreement is entered with the foreign company, having regard to the national interest, and the agreement or arrangement is notified by the Central Government; and</p> <p>(d) such foreign company is not engaged in any activity in India, other than activity resulting in such income.</p>
12.	Any income accruing or arising on account of storage of crude oil in a facility in India and sale of such crude oil to any person resident in India.	A foreign company.	(a) Such storage and sale by the foreign company is pursuant to an agreement or an arrangement entered into by the Central Government or approved by the Central Government; and

A	B	C	D
			(b) such agreement is entered with the foreign company, having regard to the national interest, and the agreement or arrangement is notified by the Central Government.
13.	Any income accruing or arising to on account of sale of leftover stock of crude oil, if any, from the facility in India after the expiry of the agreement or arrangement referred to against serial number 12 or on termination of the said agreement or arrangement.	A foreign company.	Such sale shall be as per the terms mentioned in the said agreement, subject to such conditions as notified by the Central Government in this behalf.
14.	Any income falling under section 10(6A), (6B), (6BB), (15A), (15)(iiia), (15)(iiib), (15)(iiic) or (15)(iv)(a), (15)(iv)(b) or (15)(iv)(fa) of the Income-tax Act, 1961 (43 of 1961) subject to the conditions as specified therein.		

Note 1: For the purposes of Sl. No. 9,—

(a) “specified company” means any company, other than a domestic company which operates cruise ships in India and opts to pay tax as per the provisions of section 61(2)(Table: Sl. No. 2);

(b) “holding company”, in relation to a foreign company or a specified company, means a company of which such companies are subsidiary companies; and

(c) “subsidiary company” or “subsidiary”, in relation to a holding company, means a company in which the holding company exercises or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiary companies.

Note 2: For the purposes of Sl. No. 10,—

“European Economic Community” means the European Economic Community established by the Treaty of Rome of 25th March, 1957.

SCHEDULE V

(See section 11)

INCOME NOT TO BE INCLUDED IN TOTAL INCOME OF CERTAIN ELIGIBLE PERSONS INCLUDING INVESTMENT FUNDS, BUSINESS TRUSTS AND THEIR UNIT HOLDERS

In computing the total income of a tax year of any eligible person mentioned in column C of the Table below, the income mentioned in column B of the said Table shall not be included, subject to the conditions mentioned in column D of the said Table, and the expressions used in columns B to D of the said Table shall have the meanings respectively assigned to them in Notes below the said table.

Table

Sl. No.	Income not to be included in total income	Eligible persons	Conditions
A	B	C	D
1.	Any income other than the income chargeable under the head "Profits and gains of business or profession".	An investment fund.	
2.	Any income referred to in section 224, accruing or arising to, or received being that proportion of income which is of the same nature as income chargeable under the head "Profits and gains of business or profession".	A unit holder of an investment fund.	<i>Nil.</i>
3.	Any income by way of— (a) interest received or receivable from a special purpose vehicle; or (b) dividend received or receivable from a special purpose vehicle.	A business trust.	
4.	Any income by way of renting or leasing or letting out any real estate asset owned directly by such business trust.	A business trust, being a real estate investment trust.	
5.	Any distributed income referred to in section 223	Any unit holder of a business trust.	Exemption shall not be allowed on that proportion of the income which is of the same nature as— (a) interest received or receivable from a special purpose vehicle by the business trust; or

A	B	C	D
			<p>(b) dividend received or receivable from a special purpose vehicle by the business trust (in a case where the special purpose vehicle has exercised the option under section 200; or</p> <p>(c) income of a business trust by way of renting or leasing or letting out any real estate asset owned directly by such business trust.</p>
6.	Any income from investment in a venture capital undertaking.	Venture capital company or venture capital fund other than being an investment fund specified in section 224(10)(a).	
7.	<p>Any income of the nature of—</p> <p>(a) dividend;</p> <p>(b) interest;</p> <p>(c) any sum referred to in section 92(2)(k); or</p> <p>(d) long-term capital gains (whether or not such capital gains are deemed as short term capital gains under section 76),</p> <p>arising from an investment made by a specified person in India, whether in the form of debt or share capital or unit.</p>	Any specified person.	<p>(a) Such investment—</p> <p>(i) is made on or after the 1st April, 2020 but on or before the 31st March, 2030;</p> <p>(ii) is held for at least three years; and</p> <p>(iii) is in,—</p> <p>(A) a business trust;</p> <p>(B) an eligible infrastructure entity;</p> <p>(C) an eligible Alternate Investment Fund;</p> <p>(D) an eligible domestic company; or</p> <p>(E) an eligible Non-banking Financial Company;</p> <p>(b) The provisions of this clause shall be governed by guidelines issued by the Board, if any difficulty arises in interpreting or implementing the provisions of this clause;</p> <p>(c) such Guidelines shall be—</p> <p>(i) issued with the previous approval of the Central Government;</p> <p>(ii) every Guideline issued by the Board under this clause shall be laid before each House of Parliament; and</p> <p>(iii) shall be binding on the Income-tax Authority and the specified person;</p>

A	B	C	D
			<p>(d) where any income has not been included in the total income of the specified person, and subsequently during any tax year the specified person fails to satisfy any of these conditions so that the said income would not have been eligible for such non-inclusion, such income shall be chargeable to income-tax as the income of the specified person of that tax year;</p> <p>(e) where an eligible Alternate Investment Fund has investment of less than 100% in one or more of eligible infrastructure entity or eligible domestic company or eligible Non-Banking Financial Company or in an eligible InvIT, income accrued or arisen or received or attributable to such investment, directly or indirectly, which is exempt shall be calculated proportionately to that investment made in one or more of the eligible infrastructure entity or eligible domestic company or eligible Non-Banking Financial Company or in an eligible InvIT, in such manner as prescribed;</p> <p>(f) where an eligible domestic company has investment of less than 100% in one or more of the eligible infrastructure entity, income accrued or arisen or received or attributable to such investments, directly or indirectly, which is exempt herein shall be calculated proportionately to the investment made in one or more of the eligible infrastructure entity, in such manner, as prescribed;</p> <p>(g) where an eligible Non-Banking Financial Company has lending of less than 100% in one or more of the eligible infrastructure entity, income accrued or arisen or received or attributable to such lending, directly or indirectly, which is exempt herein shall be calculated proportionately to the lending made in eligible infrastructure entity, in such manner, as prescribed;</p> <p>(h) in case a sovereign wealth fund or pension fund has loans or borrowings, directly or indirectly, for the purposes of making investment in India, such fund shall be deemed to be not eligible for exclusion from total income.</p>

A	B	C	D
8.	Any income falling under section 10(23F) and (23FA) of the Income-tax Act, 1961 (43 of 1961), subject to the conditions as specified therein.		
	Note 1: For the purposes of Sl. Nos. 1 and 2,—		
	“investment fund” shall have the meaning assigned to it in section 224(10)(a).		
	Note 2: For the purposes of Sl. No. 3,—		
	“special purpose vehicle” means an Indian company in which the business trust holds controlling interest and any specific percentage of shareholding or interest, as may be required by the law under which such trust is granted registration.		
	Note 3: For the purposes of Sl. No. 4,—		
	“real estate asset” shall have the same meaning as assigned to it in regulation 2(1)(zj) of the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 made under the Securities and Exchange Board of India Act, 1992 (15 of 1992).		
	Note 4: For the purposes of Sl. No. 6,—		
	(a) “venture capital company” means a company which—		
	(i) has been granted a certificate of registration, before the 21st May, 2012, as a Venture Capital Fund and is regulated under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 (hereinafter referred to as the Venture Capital Funds Regulations) made under the Securities and Exchange Board of India Act, 1992 (15 of 1992); or		
	(ii) has been granted a certificate of registration as Venture Capital Fund as a sub-category of Category I Alternative Investment Fund and is regulated under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 (hereinafter referred to as the Alternative Investment Funds Regulations) made under the Securities and Exchange Board of India Act, 1992 (15 of 1992), and which fulfils the following conditions:—		
	(A) it is not listed on a recognised stock exchange;		
	(B) it has invested not less than two-thirds of its investible funds in unlisted equity shares or equity linked instruments of venture capital undertaking; and		
	(C) it has not invested in any venture capital undertaking in which its director or a substantial shareholder (being a beneficial owner of equity shares exceeding 10% of its equity share capital) holds, either individually or collectively, equity shares in excess of 15% of the paid-up equity share capital of such venture capital undertaking;		
	(b) “venture capital fund” means a fund—		
	(i) operating under a trust deed registered under the provisions of the Registration Act, 1908 (16 of 1908), which—		

(A) has been granted a certificate of registration, before the 21st May, 2012, as a Venture Capital Fund and is regulated under the Venture Capital Funds Regulations; or

(B) has been granted a certificate of registration as Venture Capital Fund as a sub-category of Category I Alternative Investment Fund under the Alternative Investment Funds Regulations or as referred to regulation 18(2) of the International Financial Services Centres Authority (Fund Management) Regulations, 2022 made under the International Financial Services Centres Authority Act, 2019 (50 of 2019), and which fulfils the following conditions:—

(I) it has invested not less than two-thirds of its investible funds in unlisted equity shares or equity linked instruments of venture capital undertaking;

(II) it has not invested in any venture capital undertaking in which its trustee or the settler holds, either individually or collectively, equity shares in excess of 15% of the paid-up equity share capital of such venture capital undertaking; and

(III) the units, if any, issued by it are not listed in any recognised stock exchange; or

(IV) any other condition as prescribed; or

(ii) operating as a venture capital scheme made by the Unit Trust of India ;

(c) "venture capital undertaking" means—

(i) a venture capital undertaking as defined in clause (n) of regulation 2 of the Venture Capital Funds Regulations; or

(ii) a venture capital undertaking as defined in clause (aa) of regulation 2(I) of the Alternative Investment Funds Regulations.

Note 5: For the purposes of Sl. No. 7,—

(a) “specified person” means—

(i) a wholly owned subsidiary of the Abu Dhabi Investment Authority, which—

(A) is a resident of the United Arab Emirates; and

(B) makes investment, directly or indirectly, out of the fund owned by the Government of Abu Dhabi;

(ii) a sovereign wealth fund, which satisfies the following conditions, namely:—

(A) it is wholly owned and controlled, directly or indirectly, by the government of a foreign country;

(B) it is set up and regulated under the law of such foreign country;

(C) the earnings of the said fund are credited either to the account of the government of that foreign country or to any other account designated by that government so that, no portion of the earnings inures any benefit to any private person;

(D) the asset of the said fund vests in the government of such foreign country upon dissolution;

(E) the provisions of items (C) and (D) shall not apply to any payment made to creditors or depositors for loan taken or borrowing for the purposes other than for making investment in India;

(F) it does not participate in the day-to-day operations of investee but the monitoring mechanism to protect the investment with the investee including the right to appoint directors or executive director shall not be considered as participation in the day to day operations of the investee; and

(G) it is specified by the Central Government, by notification for this purpose and fulfils the conditions specified in such notification;

(iii) a pension fund, which—

(A) is created or established under the law of a foreign country including the laws made by any of its political constituents, being a province, State or local body, by whatever name called;

(B) is not liable to tax in such foreign country or if liable to tax, exemption from taxation for all its income has been provided by such foreign country;

(C) it does not participate in the day-to-day operations of investee but the monitoring mechanism to protect the investment with the investee including the right to appoint directors or executive director shall not be considered as participation in day-to-day operations of the investee;

(D) is specified by the Central Government, by notification for this purpose and fulfils conditions specified in such notification; and

(E) satisfies such other conditions as prescribed;

(b) “investee” means a business trust or eligible infrastructure entity or eligible Alternate Investment Fund or eligible domestic company or eligible Non-Banking Financial Company, in which the sovereign wealth fund or the pension fund has made the investment directly or indirectly as provided herein;

(c) “loan and borrowing” means—

(i) any loan taken, or borrowing by a sovereign wealth fund from, or any deposit or investment made in a sovereign wealth fund by any person other than the Government of the country in which the sovereign wealth fund is set up;

(ii) any loan taken, or borrowing by a pension fund from, or any deposit or investment made in a pension fund by any person, but shall not include—

(A) the deposit or investment which represents statutory obligations and defined contributions of one or more funds or plans established for providing retirement, social security, employment, disability or death benefits; or

(B) any similar compensation to the participants or beneficiaries of such funds or plans, as the case may be;

(d) “eligible infrastructure entity” means a company or enterprise or an entity carrying on the business of—

(i) developing;

(ii) operating and maintaining; or

(iii) developing, operating and maintaining an infrastructure facility as defined in section 138(11) or such other business as the Central Government may, by notification, specify in this behalf;

(e) “eligible Alternate Investment Fund” means Category-I or Category-II Alternative Investment Fund—

(i) regulated under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 made under the Securities and Exchange Board of India Act, 1992 (15 of 1992);

(ii) having not less than 50% investment in one or more of the eligible infrastructure entity or eligible domestic company or eligible Non-Banking Financial Company or in an eligible InvIT, computed in such manner as prescribed;

(f) “eligible domestic company” means a domestic company—

(i) set up and registered on or after the 1st April, 2021; and

(ii) having minimum 75% investments in one or more of the eligible infrastructure entities, computed in such manner, as prescribed;

(g) “eligible Non-Banking Financial Company” means—

(i) a non-banking financial company registered as an Infrastructure Finance Company as referred to in notification number RBI/2009-10/316 issued by the Reserve Bank of India or in an Infrastructure Debt Fund or a non-banking finance company as referred to in the Infrastructure Debt Fund - Non-Banking Financial Companies (Reserve Bank) Directions, 2011, issued by the Reserve Bank of India; and

(ii) having minimum 90% lending to one or more of eligible infrastructure entities, computed in such manner, as prescribed; and

(h) “eligible InvIT” means an Infrastructure Investment Trust referred to in section 2(21)(a).

SCHEDULE VI

(See section 11)

INCOME NOT TO BE INCLUDED IN TOTAL INCOME OF CERTAIN ELIGIBLE PERSONS IN INTERNATIONAL FINANCIAL SERVICES CENTRE OR HAVING INCOME THEREFROM

In computing the total income of a tax year of any eligible person, as mentioned in column C of the Table below, the income mentioned in column B of the said Table and the income as mentioned in savings clause shall not be included, subject to the conditions mentioned in column D of the said Table, and the expressions used in columns B to D of the said Table, shall have the meanings respectively assigned to them in the Notes below the said Table.

Table

Sl. No.	Income not to be included in total income	Eligible persons	Conditions
A	B	C	D
1.	Any income accrued or arisen to, or received, as a result of transfer of capital asset referred to in section 70(1)(r) where such transfer takes place on a recognised stock exchange located in any International Financial Services Centre.	Any specified fund.	<p>(a) Consideration is paid or payable in convertible foreign exchange;</p> <p>(b) Income shall not be included in the total income to the extent such income is attributable to—</p> <p>(i) units held by non-resident (not being the permanent establishment of a non-resident in India); or</p> <p>(ii) the investment division of offshore banking unit; and</p> <p>(c) The income exempt shall be computed in such manner as prescribed.</p>
2.	Any income accrued or arisen to, or received, as a result of transfer of securities (other than shares in a company resident in India).	Any specified fund.	As specified in clauses (b) and (c) of Column D against Sl. No. 1.
3.	Any income from securities issued by a non-resident where such securities are not issued by a permanent establishment of a non-resident in India.	Any specified fund.	<p>(a) Such income otherwise does not accrue or arise in India;</p> <p>(b) As specified in clauses (b) and (c) of Column D against Sl. No. 1.</p>
4.	Any income from a securitisation trust, which is chargeable under the head "Profits and gains of business or profession".	Any specified fund.	As specified in clauses (b) and (c) of Column D against Sl. No. 1.

A	B	C	D
5.	Any income accrued or arisen to, or received as a result of— (a) transfer of non-deliverable forward contracts or offshore derivative instruments or over-the-counter derivatives; or (b) distribution of income on offshore derivative instruments.	Non-resident.	(a) Such contract, instrument or derivative is entered into with an offshore banking unit of an International Financial Services Centre or any Foreign Portfolio Investor being a unit of an International Financial Services Centre; and (b) it fulfils such conditions, as prescribed.
6.	Any income by way of royalty or interest on account of lease of an aircraft or a ship in a tax year.	Non-resident.	(a) Such royalty or interest is paid by a unit of an International Financial Services Centre; and (b) such unit has commenced its operations on or before the 31st March, 2030.
7.	Any income received from— (a) portfolio of securities or financial products or funds, managed or administered by any portfolio manager on behalf of the non-resident; or (b) such activity carried out by such person, as notified by the Central Government.	Non-resident.	(a) Such income is received in an account maintained with an Offshore Banking Unit in any International Financial Services Centre; and (b) the income not to be included in the total income shall be to the extent such income accrues or arises outside India and is not deemed to accrue or arise in India.
8	Any income by way of Capital gains arising from the transfer of equity shares of domestic company where such domestic company is a Unit of an International Financial Services Centre.	A non-resident, or a Unit of an International Financial Services Centre, engaged primarily in the business of leasing of aircraft or ship.	(a) The domestic company— (i) it is engaged primarily in the business of leasing of aircraft or ship; (ii) has commenced operations on or before the 31st March, 2030; and (b) exclusion from total income shall be available for capital gains arising from the transfer of equity shares of such domestic company in a tax year falling within— (i) ten tax years beginning with the tax year in which the domestic company has commenced operations; or

A	B	C	D
			(ii) ten tax years beginning with the tax year commencing on the 1st April, 2023, where the period referred to in sub-clause (i) ends before the 1st April, 2033.
9.	Any income accruing or arising to, or received from a specified fund or on transfer of units in a specified fund.	A unit holder of a specified fund.	
10.	Any income of the nature of Capital gains, arising or received on account of transfer of share of a company resident in India.	Any non-resident or a specified fund.	<p>(a) The Capital gain is on account of transfer of shares by the resultant fund or a specified fund; and</p> <p>(b) such shares were transferred from the original fund, or from its wholly owned special purpose vehicle, to the resultant fund in relocation, and the Capital gains on such shares were not chargeable to tax if that relocation had not taken place; and</p> <p>(c) income not to be included in the total income shall be to the extent attributable to units held by the non-resident (not being a permanent establishment of a non-resident in India) in such manner, as prescribed.</p>
11.	Any income by way of dividends from a company being a Unit of an International Financial Services Centre primarily engaged in the business of leasing of an aircraft or ship.	A Unit of any International Financial Services Centre.	Such Unit is primarily engaged in the business of leasing of aircraft or ship.
12.	Any income by way of interest payable.	Non-resident.	Such interest is payable by a Unit of an International Financial Services Centre in respect of monies borrowed by it on or after the 1st September, 2019.

Note 1: For the purposes of Sl. Nos. 1 to 4,—

(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 the Foreign Exchange Management Act, 1999 and the rules made thereunder;

(b) “investment division of offshore banking unit” means an investment division of a banking unit of a non-resident located in an International Financial Services Centre and which has commenced its operations on or before the 31st March, 2030;

(c) “manager” shall have the same meaning as assigned to it in regulation 2(1)(q) of the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 made under the Securities and Exchange Board of India Act, 1992 (15 of 1992);

(d) “permanent establishment” shall have the meaning assigned to it in section 173 (c);

(e) “securities” shall have the same meaning as assigned to it in section 2(h) of the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and shall also include such other securities or instruments as notified by the Central Government in this behalf;

(f) “securitisation trust” shall have the meaning assigned to it in section 221 (6)(d);

(g) “specified fund” means—

(i) a fund established or incorporated in India in the form of a trust or a company or a limited liability partnership or a body corporate,—

(A) which has been granted a certificate of registration as a Category III Alternative Investment Fund and is regulated—

(I) under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 made under the Securities and Exchange Board of India Act, 1992; or

(II) regulated under the International Financial Services Centres Authority (Fund Management) Regulations, 2022 made under the International Financial Services Centres Authority Act, 2019 (50 of 2019);

(B) which has been granted a certificate as a retail scheme or an Exchange Traded Fund, and is regulated under the International Financial Services Centres Authority (Fund Management) Regulations, 2022 made under the International Financial Services Centres Authority Act, 2019 (50 of 2019), and satisfies such conditions, as prescribed;

(C) which is located in any International Financial Services Centre; and

(D) of which all the units are held by non-residents except—

(I) the unit held by a sponsor or manager;

(II) where any unit holder or holders, being non-resident during the tax year when such unit or units were issued, becomes resident under section 6(2) or (3) or (4) or (5) or (6) or (7) in any tax year subsequent to that year;

(III) in case of sub-item (II), aggregate value and the number of units held by such resident unit holder or holders do not exceed 5% of the total units issued and shall fulfil such other conditions as prescribed; or

(ii) investment division of an offshore banking unit, which has been—

(A) granted a certificate of registration as a Category-I foreign portfolio investor under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 made under the Securities Exchange Board of India Act, 1992 (15 of 1992) and which has commenced its operations on or before the 31st March, 2025; and

(B) fulfils such conditions including maintenance of separate accounts for its investment division, as prescribed;

(h) “sponsor” shall have the same meaning as assigned to it in regulation 2(I)(w) of the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 made under the Securities and Exchange Board of India Act, 1992;

(i) “trust” means a trust established under the Indian Trusts Act, 1882 or under any other law;

(j) “unit” means beneficial interest of an investor in the fund and shall include shares or partnership interests.

Note 2: For the purposes of Sl. No. 5,—

“Foreign Portfolio Investor” shall mean a person registered as per the provisions of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 made under the Securities and Exchange Board of India Act, 1992.

Note 3: For the purposes of Sl. Nos. 6, 8 and 11,—

(a) “aircraft” means an aircraft or a helicopter, or an engine of an aircraft or a helicopter, or any part thereof;

(b) “ship” means a ship or an ocean vessel, engine of a ship or ocean vessel, or any part thereof.

Note 4: For the purposes of Sl. No. 7,—

“portfolio manager” shall have the same meaning as assigned to it in regulation 2(I)(z) of the International Financial Services Centres Authority (Capital Market Intermediaries) Regulations, 2021 made under the International Financial Services Centres Authority Act, 2019.

Note 5: For the purposes of Sl. No. 9,—

(a) “specified fund” shall have the same meaning as assigned to it in Note 1(g);

(b) “unit” means beneficial interest of an investor in the fund and shall include shares or partnership interests.

Note 6: For the purposes of Sl. No. 10,—

(a) “original fund”, “relocation” and “resultant fund” shall have the meanings respectively assigned to them in section 70(2);

(b) “specified fund” shall have the meaning assigned to it in Note 1(g).

Note 7: For the purposes of Sl. No. 12,—

“Unit” shall have the same meaning as assigned to it in section 2(zc) of the Special Economic Zones Act, 2005.

SCHEDULE VII

(See section 11)

PERSONS EXEMPT FROM TAX

Persons not liable to pay tax on total income.—Any eligible person, mentioned in column B of the Table below, shall not be liable to pay income-tax on the total income for any tax year, subject to the conditions mentioned in column C of the said Table, and the expression used in columns B and C of the said Table, shall have the meanings respectively assigned to them in the Notes below the said Table.

Table

Sl. No.	Eligible persons	Conditions
A	B	C
1.	Any regimental Fund or Non-public Fund established by the armed forces of the Union.	Such Fund is for the welfare of the past and present members of the armed forces or their dependants.
2.	Any fund established for such purposes as may be notified by the Board for the welfare of employees or their dependants and such employees are members of such fund.	<p>(a) Such fund—</p> <p style="padding-left: 20px;">(i) applies its income or accumulates it for application, wholly and exclusively to the objects for which it is established; and</p> <p style="padding-left: 20px;">(ii) invests its funds and contributions and other sums received by it in the forms or modes specified in section 350;</p> <p>(b) such fund is approved by the Principal Commissioner or Commissioner in such manner as prescribed; and such approval shall at any one time have effect for such tax year or years not exceeding three tax years as specified in the order of approval.</p>
3.	Any fund, by whatever name called, set up by the Life Insurance Corporation of India on or after the 1st August, 1996 or any other insurer under a pension scheme.	<p>(a) The contribution is made to such pension scheme by any person for the purpose of receiving pension from such fund; and</p> <p>(b) such scheme is approved by the Controller of Insurance or the Insurance Regulatory and Development Authority established under section 3(1) of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999).</p>
4.	An authority (whether known as the Khadi and Village Industries Board or by any other name).	Such authority is established in a State by or under a State Act or Provincial Act for the development of khadi or village industries in the State.

A	B	C
5.	Any body or authority (whether or not a body corporate or corporation sole) established, constituted or appointed by or under any Central Act or State Act or Provincial Act.	<p>(a) Such body or authority provides for the administration of any one or more of public religious or charitable trusts or endowments (including mosques, temples, gurudwaras, wakfs, churches, synagogues, agiaries or other places of public religious worship) or societies for religious or charitable purposes, registered under the Societies Registration Act, 1860 (21 of 1860), or any other law; and</p> <p>(b) exclusion from total income as provided herein shall not be available to any trust, endowment or society referred to therein.</p>
6.	SAARC Fund for Regional Projects set up by Colombo Declaration issued on the 21st December, 1991 by the Heads of State or Government of the Member Countries of South Asian Association for Regional Cooperation established on the 8th December, 1985 by the Charter of the South Asian Association for Regional Cooperation.	
7.	Insurance Regulatory and Development Authority established under section 3(1) of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999).	
8.	Central Electricity Regulatory Commission constituted under section 76(1) of the Electricity Act, 2003 (36 of 2003).	
9.	Prasar Bharati (Broadcasting Corporation of India) established section 3(1) of the Prasar Bharati (Broadcasting Corporation of India) Act, 1990 (25 of 1990).	
10.	The Prime Minister's National Relief Fund or the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES FUND).	
11.	The Prime Minister's Fund (Promotion of Folk Art).	
12.	The Prime Minister's Aid to Students Fund.	
13.	The National Foundation for Communal Harmony.	
14.	The Swachh Bharat Kosh, set up by the Central Government.	
15.	The Clean Ganga Fund set up by the Central Government.	

A	B	C
16.	The Chief Minister's Relief Fund or the Lieutenant Governor's Relief Fund in respect of any State or Union territory as referred to in section 133(I)(a)(xv).	
17.	Any University or other educational institution wholly or substantially financed by the Government.	<p>(a) It exists solely for educational purposes and not for purposes of profit; and</p> <p>(b) if the Government grant to such University or other educational institution exceeds such percentage of the total receipts including any donations, as prescribed, of such University or other educational institution, it shall be considered as being substantially financed by the Government during the relevant tax year.</p>
18.	Any hospital or other institution wholly or substantially financed by the Government.	<p>(a) It is for the reception and treatment of persons suffering from illness or mental defectiveness, or for the reception and treatment of persons during convalescence or of persons requiring medical attention or rehabilitation;</p> <p>(b) it exists solely for philanthropic purposes and not for profit; and</p> <p>(c) if the Government grant to such hospital or other institution exceeds such percentage of the total receipts including any donations, as prescribed, of such hospital or other institution, it shall be considered as being substantially financed by the Government during the relevant tax year.</p>
19.	<p>(a) Any University or other educational institution;</p> <p>(b) any hospital or other institution.</p>	<p>(a) Such University or other educational institution exists solely for educational purposes and not for profit;</p> <p>(b) such hospital or other institution is for the reception and treatment of persons suffering from illness or mental defectiveness, or for the reception and treatment of persons during convalescence or of persons requiring medical attention or rehabilitation;</p> <p>(c) such hospital or other institution exists solely for philanthropic purposes and not for profit; and</p> <p>(d) the aggregate of annual receipts of the person from such University or Universities or educational institution or institutions, as well as, from such hospital or hospitals or institution or institutions, does not exceed ₹ 5,00,00,000.</p>

A	B	C
20.	A Mutual Fund registered under the Securities and Exchange Board of India Act, 1992 (15 of 1992) or regulations made thereunder.	
21.	Any Mutual Fund set up by a public sector bank or a public financial institution or authorised by the Reserve Bank of India.	Such conditions as the Central Government may, by notification, specify.
22.	A recognised provident fund.	
23.	An approved superannuation fund.	
24.	An approved gratuity fund.	
25.	Deposit-linked Insurance Fund established under section 3G of the Coal Mines Provident Funds and Miscellaneous Provisions Act, 1948 (46 of 1948).	
26.	Deposit-linked Insurance Fund established under section 6C of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (19 of 1952).	
27.	Employees' State Insurance Fund set up under the provisions of the Employees' State Insurance Act, 1948 (34 of 1948).	
28.	An agricultural produce market committee or board constituted under any law.	Such committee or board is constituted for the purpose of regulating the marketing of agricultural produce.
29.	A corporation established by a Central Act or State Act or Provincial Act or of any other body, institution or association (being a body, institution or association wholly financed by the Government).	Such corporation or other body or institution or association has been established or formed for promoting the interests of the members of the Scheduled Castes or the Scheduled Tribes or backward classes, or of any two, or all of them.
30.	A corporation established by the Central Government or any State Government for promoting the interests of the members of a minority community.	
31.	Any corporation established by a Central Act or State Act or Provincial Act for the welfare and economic upliftment of ex-servicemen being the citizens of India.	
32.	Any co-operative society formed for promoting the interests of the members of either the Scheduled Castes or Scheduled Tribes, or both.	Membership of such co-operative society shall consist of only other co-operative societies formed for similar purposes and the finances of the society are provided by the Government and such other societies.
33.	Coffee Board constituted under section 4 of the Coffee Act, 1942 (7 of 1942).	

A	B	C
34.	Rubber Board constituted under section 4(<i>I</i>) of the Rubber Board Act, 1947 (24 of 1947).	
35.	Tea Board established under section 4 of the Tea Act, 1953 (29 of 1953).	
36.	Tobacco Board constituted under the Tobacco Board Act, 1975 (4 of 1975).	
37.	Marine Products Export Development Authority established under section 4 of the Marine Products Export Development Authority Act, 1972 (13 of 1972).	
38.	Agricultural and Processed Food Products Export Development Authority established under section 4 of the Agricultural and Processed Food Products Export Development Act, 1985 (2 of 1986).	
39.	Spices Board constituted under section 3(<i>I</i>) of the Spices Board Act, 1986 (10 of 1986).	
40.	Coir Board established under section 4 of the Coir Industry Act, 1953 (45 of 1953).	
41.	New Pension System Trust established on the 27th February, 2008 under the provisions of the Indian Trusts Act, 1882 (2 of 1882).	
42.	Any body or authority or Board or Trust or Commission, not being a company, which has been established or constituted by or under a Central Act or State Act with one or more of the following purposes,—	Such body or authority or Board or Trust or Commission is notified by the Central Government.
	(a) dealing with and satisfying the need for housing accommodation;	
	(b) planning, development or improvement of cities, towns and villages;	
	(c) regulating, or regulating and developing, any activity for the benefit of the general public; or	
	(d) regulating any matter, for the benefit of the general public, arising out of the object for which it has been created.	
43.	National Credit Guarantee Trustee Company Limited, being a company established and wholly financed by the Central Government for the purposes of operating credit guarantee funds established and wholly financed by the Central Government.	
44.	A credit guarantee fund established and wholly financed by the Central Government and managed by the National Credit Guarantee Trustee Company Limited.	

A	B	C
45.	Credit Guarantee Fund Trust for Micro and Small Enterprises, being a trust created by the Central Government and the Small Industries Development Bank of India established under section 3(I) of the Small Industries Development Bank of India Act, 1989 (39 of 1989).	
46.	An infrastructure debt fund.	Such fund is set up as per the guidelines issued by the Central Government, by notification.
47.	An institution established for financing the infrastructure and development set up under an Act of Parliament.	Such exclusion from total income is ten consecutive tax years, beginning from the tax year in which such institution is set up and such institution is notified by the Central Government.
48.	A developmental financing institution, licensed by the Reserve Bank of India under an Act of Parliament referred to against serial number 47.	<p>(a) Such institution is notified by the Central Government;</p> <p>(b) exclusion of such income from the total income is for five consecutive tax years beginning from the tax year in which the developmental financing institution is set up; and</p> <p>(c) the Central Government may, by notification extend the period of exclusion for a further period, not exceeding five more consecutive tax years, subject to fulfilment of such conditions as specified in the said notification.</p>

Note 1: For the purposes of Sl. No 3,—

“Controller of Insurance” shall have the same meaning as assigned to it in section 2(5B) of the Insurance Act, 1938 (4 of 1938).

Note 2: For the purposes of Sl. No 4,—

“khadi” and “village industries” shall have the meanings respectively assigned to them in the Khadi and Village Industries Commission Act, 1956 (61 of 1956).

Note 3: For the purposes of Sl. No 21,—

“public financial institution” shall have the same meaning as assigned to it in section 2(72) of the Companies Act, 2013 (18 of 2013).

Note 4: For the purposes of Sl. No 29,—

(a) “Scheduled Castes” and “Scheduled Tribes” shall have the meanings respectively assigned to them in article 366(24) or (25) of the Constitution;

(b) “backward classes” means such classes of citizens, other than the Scheduled Castes and the Scheduled Tribes, as notified by the Central Government or any State Government.

Note 5: For the purposes of Sl. No 30,—

“minority community” means a community notified as such by the Central Government.

Note 6: For the purposes of Sl. No 31,—

“ex-servicemen” means persons—

(i) who have served in any rank, whether as combatant or non-combatant;

(ii) in the armed forces of the Union or armed forces of the Indian States before the commencement of the Constitution (but excluding the Assam Rifles, Defence Security Corps, General Reserve Engineering Force, Lok Sahayak Sena, Jammu and Kashmir Militia and Territorial Army);

(iii) for a continuous period of not less than six months after attestation;

(iv) have been released, otherwise than by way of dismissal or discharge on account of misconduct or inefficiency; and

(v) includes their wife, children, father, mother, minor brother, widowed daughter and widowed sister, wholly dependant upon such ex-servicemen, immediately before their death or incapacitation, in case of deceased or incapacitated ex-servicemen.

SCHEDULE VIII

[See section 12]

INCOME NOT TO BE INCLUDED IN THE TOTAL INCOME OF POLITICAL PARTIES AND ELECTORAL TRUSTS

In computing the total income of a tax year of any eligible person, being a political party or an electoral trust, as mentioned in column C of the Table below, the income mentioned in column B of the said Table shall not be included, subject to the conditions mentioned in column D of the said Table, and the expressions used in columns B to D of the said Table, shall have the meanings respectively assigned to them in the Note below the said Table:

Table

Sl. No.	Income not to be included in total income	Eligible persons	Conditions
A	B	C	D
1.	Any income which is chargeable under the head “Income from house property” or “Income from other sources” or “Capital gains” or any income by way of voluntary contributions received from any person.	A political party registered under section 29(a) of the Representation of the People Act, 1951 (43 of 1951)	<p>(a) Such political party keeps and maintains such books of account and other documents as would enable the Assessing Officer to properly deduce its income therefrom;</p> <p>(b) in respect of each such voluntary contribution other than contribution by way of electoral bond in excess of ₹ 20,000, such political party keeps and maintains a record of such contribution and the name and address of the person who has made such contribution;</p> <p>(c) the accounts of such political party are audited by an accountant;</p> <p>(d) no donation exceeding ₹ 2,000 is received by such political party otherwise than by an account payee cheque drawn on a bank or an account payee bank draft or use of electronic clearing system through a bank account or through such other electronic mode as prescribed or through electoral bond;</p> <p>(e) the treasurer of such political party or any other person authorised by that political party in this behalf submits a report under section 29C (3) of the Representation of the People Act, 1951 (43 of 1951) for such tax year; and</p> <p>(f) such political party furnishes a return of income for the tax year as per the provisions of section 263(1)(a)(iii) on or before the due date under that section.</p>
2.	Any voluntary contributions received.	An electoral trust.	<p>(a) Such electoral trust distributes to any political party, registered under section 29A of the Representation of the People Act, 1951 (43 of 1951), during the said tax year, 95% of the aggregate donations received by it during the said tax year along with the surplus, if any, brought forward from any earlier tax year; and</p> <p>(b) such electoral trust functions as per the rules made by the Central Government.</p>

Note: For the purposes of this Schedule, “electoral bond” means a bond referred to in the Explanation to sub-section (3) of section 31 of the Reserve Bank of India Act, 1934 (2 of 1934).

SCHEDULE IX

(See section 48)

DEDUCTION FOR TEA DEVELOPMENT ACCOUNT, COFFEE DEVELOPMENT ACCOUNT AND RUBBER DEVELOPMENT ACCOUNT FOR COMPUTING INCOME UNDER THE HEAD “PROFITS AND GAINS OF BUSINESS OR PROFESSION”

1. Quantum of deduction.—(1) An assessee shall be allowed deduction of,—

(a) the amount or aggregate of the amounts deposited by the assessee in the account as specified in paragraph 2; or

(b) 40 % of the profits of such business computed under the head “Profits and gains of business or profession” before making any deduction under this paragraph,

whichever is less.

(2) The deduction shall be allowed before allowing set off of loss, if any, brought forward from earlier tax years as per section 110.

2. Conditions for claiming deduction.—(1) The deduction under paragraph 1 shall be allowed if the assessee—

(a) is carrying on the business of growing and manufacturing tea or coffee or rubber in India during the tax year; and

(b) has deposited any amount in the specified account being,—

(i) a special account maintained with the National Bank in accordance with, and for the purposes specified in the special scheme; or

(ii) a deposit account in accordance with, and for the purposes specified in the deposit scheme;

(c) gets the accounts of such business for the relevant tax year audited by an accountant before the specified date referred to in section 63 and furnishes the audit report, in such form and manner as prescribed and verified by such accountant, by that date.

(2) Where the assessee is required, by or under any other law, to get his accounts audited, then it shall be sufficient compliance of sub-paragraph (1)(c), if such person—

(a) gets the accounts of such business audited under such law before the specified date referred to in section 63; and

(b) furnishes by that date the report of such audit along with report by an accountant in the form referred to in sub-paragraph (1)(c).

(3) If any deduction has been allowed under paragraph 1 in any tax year, no deduction shall be allowed in respect of such amount in any other tax year.

(4) Where the assessee referred to in paragraph 1 is a firm or an association of persons or body of individuals, deduction under paragraph 1 shall not be allowed in computing the income of any of the partners or members of such assessee.

3. Withdrawal from special account or deposit account.—(1) Any amount standing to the credit of the assessee in the specified account shall not be allowed to be withdrawn except for the purpose specified in the special scheme or, in the deposit scheme, or in the circumstances specified below:—

- (a) closure of business; or
- (b) death of an assessee; or
- (c) partition of a Hindu undivided family; or
- (d) dissolution of a firm; or
- (e) liquidation of a company.

(2) If any amount standing to the credit of the assessee in the specified account, is withdrawn during any tax year by the assessee in the circumstance referred to in sub-paragraph (1)(a) and (1)(d), the whole of such amount shall be deemed to be the profits and gains of business or profession of that tax year and shall accordingly be charged to income-tax for that tax year, as if the business had not been closed or, the firm had not been dissolved respectively.

(3) Irrespective of anything contained in sub-paragraph (1), if —

(a) any amount standing to the credit of the assessee in the specified account is released by the National Bank or withdrawn by the assessee from the Deposit account, during any tax year; and

(b) such amount is utilised for the purchase of specified articles or thing, then whole of such amount so utilised shall be deemed to be the profits and gains of business of that tax year and shall accordingly be charged to income-tax for that tax year.

(4) If any amount standing to the credit of the assessee in the specified account which is—

(a) released by the National Bank; or

(b) withdrawn by the assessee from the deposit account,

during any tax year for utilisation for the purposes of such business as per the special scheme or deposit scheme and the same is not so utilised, either wholly or partly, within that tax year, such amount not so utilised shall be deemed to be the profits and gains of business of that tax year and shall accordingly be charged to income-tax for that tax year.

(5) The provisions of sub-paragraph (4) shall not apply in cases where amount is released during any tax year on closure of the account in circumstances referred to in sub-paragraph (1)(b), (1)(c) and (1)(e).

(6) In sub-paragraph (3), “specified article or thing” means—

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

(b) any office appliances (not being computers);

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

(d) any new machinery or plant to be installed in an industrial undertaking for the purposes of business of construction, manufacture or production of any article or thing specified in the list in Schedule XIII.

4. No deduction of expenditure met through the amount withdrawn from specified account.—If the amount standing to the credit of the assessee in specified account is utilised to incur any expenditure for the purpose of such business as per the special scheme or deposit scheme, no deduction against such expenditure shall be allowed in computing the income chargeable under the head “Profits and gains of business or profession”.

5. Sale or transfer of asset acquired as per special scheme or deposit scheme.—

(1) Any asset,—

(a) which is acquired in accordance with the special scheme or the deposit scheme; and

(b) is sold or transferred to any person in the tax year at any time before expiry of eight years from the end of tax year in which such asset was acquired,

then, the part of cost of asset which is relatable to the deduction allowed under paragraph 1 shall be deemed to be the profits and gains of business of the tax year in which such asset is sold or transferred and shall accordingly be charged to income-tax for that tax year.

(2) The provisions of sub-paragraph (1) shall not apply, if the asset is sold or transferred—

(a) by the assessee to the specified person; or

(b) by a firm to a company in view of succession of business or profession of the firm by such company subject to the following conditions:—

(i) the provisions of specified scheme or deposit scheme is applicable to the company in the same manner as it applied to the firm;

(ii) all the properties of the firm relating to the business or profession immediately before the succession become the properties of the company;

(iii) all the liabilities of the firm relating to the business or profession immediately before the succession become the liabilities of the company; and

(iv) all the shareholders of the company were partners of the firm immediately before the succession.

(3) In this paragraph, “specified person” means,—

(a) Government; or

(b) a local authority; or

(c) a corporation established by or under a Central, State or Provincial Act; or

(d) a Government company as defined in section 2(45) of the Companies Act, 2013 (18 of 2013).

6. Interpretation.—In this Schedule,—

(a) “Coffee Board” means the Coffee Board constituted under section 4 of the Coffee Act, 1942 (7 of 1942);

(b) “deposit account” means an account opened by the assessee for making deposits by the assessee in accordance with and for the purposes specified in the deposit scheme;

(c) “deposit scheme” means the scheme made by the Tea Board or the Coffee Board or the Rubber Board, with the prior approval of the Central Government;

(d) “National Bank” means the National Bank for Agriculture and Rural Development established under section 3 of the National Bank for Agriculture and Rural Development Act, 1981 (61 of 1981);

(e) “Rubber Board” means the Rubber Board constituted under section 4(1) of the Rubber Act, 1947 (34 of 1947);

(f) “Special account” means an account maintained by the assessee with the National Bank for making deposits in accordance with and for the purposes specified in the special scheme;

(g) “specified account” means a special account or a deposit account;

(h) “Tea Board” means the Tea Board established under section 4 of the Tea Act, 1953 (29 of 1953).

SCHEDULE-X

(See section 49)

DEDUCTION FOR SITE RESTORATION FUND FOR COMPUTING INCOME UNDER THE HEAD “PROFITS AND GAINS OF BUSINESS OR PROFESSION”

1. Quantum of deduction.—(1) An assessee shall be allowed deduction of,—

(a) the amount or aggregate of the amount deposited by the assessee in the account maintained with the State Bank of India as specified in paragraph 2; or

(b) 20% of the profits of such business computed under the head “Profits and gains of business or profession” before making any deduction under this paragraph,

whichever is less.

(2) The deduction shall be allowed before allowing set off of loss, if any, brought forward from earlier tax years as per section 112.

(3) Any interest credited in the specified account shall be deemed to be a deposit.

2. Conditions for claiming deduction.—(1) Deduction under paragraph 1 shall be allowed if the assessee—

(a) is, during the tax year, carrying on the business consisting of the prospecting for, or extraction or production of, petroleum or natural gas, or both in India, and has entered into an agreement with the Central Government for such business;

(b) has, before the end of the tax year, deposited any amount in the specified account, being,—

(i) a special account in accordance with, and for the purposes specified in the special scheme; or

(ii) a site restoration account in accordance with, and for the purposes specified in the deposit scheme; and

(c) gets the accounts of such business for the relevant tax year audited by an accountant before the specified date referred to in section 63 and furnishes the audit report, in such form and manner, as prescribed and verified by such accountant, by that date.

(2) Where the assessee is required, by or under any other law, to get his accounts audited, then it shall be sufficient compliance of sub-paragraph (1)(c), if such person—

(a) gets the accounts of such business audited under such law before the specified date referred to in section 63; and

(b) furnishes by that date the report of such audit along with report by an accountant in such form referred to in sub-paragraph (1)(c).

(3) If any deduction has been allowed under paragraph 1 in any tax year, no deduction shall be allowed in respect of such amount in any other tax year.

(4) Where the assessee referred to in paragraph 1 is a firm or an association of persons or body of individuals, deduction under paragraph 1 shall not be allowed in computing the income of any of the partners or members of such assessee.

3. Withdrawal from specified account.—(1) Any amount standing to the credit of the assessee in the specified account shall not be allowed to be withdrawn except for the purposes specified in the special scheme or in the deposit scheme.

(2)(a) Irrespective of anything contained in sub-paragraph (1), if—

(i) any amount standing to the credit of the assessee in the specified account is released or withdrawn from the special account or the site restoration account, during any tax year; and

(ii) the amount is utilised for the purchase of specified articles or things, then, whole of such amount so utilised shall be deemed to be the profits and gains of business of that tax year and shall accordingly be charged to income-tax for that tax year;

(b) for the purposes of this paragraph, “specified article or thing” means—

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

(ii) any office appliances (except computers);

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

(iv) any new machinery or plant for constructing or manufacturing or producing any items listed in the Schedule XIII.

(3) Where any amount standing to the credit of the assessee in specified account is withdrawn on closure of such account in any tax year, then the amount computed as under shall be deemed to be the profits and gains of business or profession for the tax year and accordingly the following sum shall be charged to income-tax for that tax year:

$$A = B - C$$

where,—

A = deemed profits and gains of business or profession of that tax year;

B = amount withdrawn from the specified account on its closure; and

C = amount, if any, payable to the Central Government by way of profit or production share as provided in agreement referred to in section 54.

(4) Where any amount is withdrawn on closure of specified account in a tax year in which the business of the assessee is no longer in existence, sub-paragraph (3) shall apply as if the business is in existence in that tax year.

(5) If any amount standing to the credited of the assessee in the specified account which is—

(a) released by the State Bank of India; or

(b) withdrawn by the assessee from the site restoration account,

during any tax year for utilisation for the purposes of such business as per the special scheme or deposit scheme and the same is not so utilised, either wholly or in part, shall be deemed to be the profits and gains of business of that tax year and accordingly be charged to income-tax for that tax year.

4. No deduction of expenditure met through amount withdrawn from specified account.—(1) If the amount standing credit to the assessee in the specified account is utilised to incur any expenditure for the purpose of business as per the special scheme or deposit scheme, no deduction against such expenditure shall be allowed in computing the income chargeable under the head “Profits and gains of business or profession”.

(2) In this paragraph, “amount standing credit to the assessee in the specified account” includes interest to such accounts.

5. Sale or transfer of asset acquired as per special scheme or deposit scheme.—

(1) Any asset,—

(a) which is acquired as per the special scheme or the deposit scheme;
and

(b) sold or transferred to any person in the tax year at any time before the expiry of eight years from the end of tax year in which it was acquired,

then, the part of cost of asset as is relatable to the deduction allowed under paragraph 1 shall be deemed to be the profits and gains of business of the tax year in which such asset is sold or transferred and shall accordingly be charged to income-tax for that tax year.

(2) Sub-paragraph (1) shall not apply, if the asset is sold or transferred by—

(a) the assessee to the specified person; or

(b) a firm to a company in view of succession of business or profession of the firm by such company subject to the following conditions:—

(i) the provisions of special scheme or deposit scheme is applicable to the company in the same manner as it applied to the firm;

(ii) all the properties of the firm relating to the business or profession immediately before the succession becomes the properties of the company;

(iii) all the liabilities of the firm relating to the business or profession immediately before the succession becomes the liabilities of the company; and

(iv) all the shareholders of the company were partners of the firm immediately before the succession.

(3) In this paragraph, “specified person” means—

(a) Government; or

(b) a local authority; or

(c) a corporation established by or under a Central, State or Provincial Act; or

(d) a Government company as defined in section 2(45) of the Companies Act, 2013 (18 of 2013).

6. Interpretation.—For the purposes of this Schedule,—

(a) “amount standing to the credit of the assessee” pertaining to the specified account includes interest accrued to such accounts;

(b) “deposit scheme” means a scheme made in this behalf by the Ministry of Petroleum and Natural Gas;

(c) “specified account” means a special account or site restoration account;

(d) “special account” means an account maintained with the State Bank of India for making deposits in accordance with, and for the purposes specified in the special scheme;

(e) “special scheme” means a scheme approved in this behalf by the Government of India in the Ministry of Petroleum and Natural Gas;

(f) “site restoration account” means an account opened by the assessee for making deposits in accordance with, and for the purposes specified in the deposit scheme;

(g) “State Bank of India” means the State Bank of India constituted under the State Bank of India Act, 1955 (23 of 1955).

SCHEDULE XI

[See section 2(91)]

PART A

RECOGNISED PROVIDENT FUNDS

1. Application of Part.— This Part shall not apply to any provident fund to which the Provident Funds Act, 1925(19 of 1925), applies.

2. Definitions.—In this Part, unless the context otherwise requires,—

(a) “approving authority” means the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner;

(b) “employer” means any person who maintains a provident fund for the benefit of his or its employees, being—

(i) a Hindu undivided family, company, firm or other association of persons, or

(ii) an individual engaged in a business or profession, the profits and gains whereof are assessable to income-tax under the head “Profits and gains of business or profession”;

(c) “employee” means an employee participating in a provident fund, excluding personal or domestic servant;

(d) “contribution” means any sum credited by or on behalf of any employee from his salary, or by an employer from his own funds, to the individual account of an employee, excluding any sum credited as interest;

(e) “balance to the credit of an employee” means the total amount to the credit of his individual account in a provident fund at any time;

(f) “annual accretion”, in relation to the balance to the credit of an employee means the yearly increase to such balance, from contributions and interest;

(g) “accumulated balance due to an employee” means the balance to his credit, or portion thereof claimable by the employee under the regulations of the fund, on the day he ceases to be an employee of the employer maintaining the fund;

(h) “regulations of a fund” means the specific regulations governing the constitution and administration of a particular provident fund; and

(i) “salary” includes dearness allowance, if provided for in the terms of employment, but excludes all other allowances and perquisites.

3. Recognition to provident fund and its withdrawal.—(1) The approving authority may grant recognition to a provident fund, which in his opinion, satisfies the conditions prescribed in paragraph 4 and the rules made by the Board in this regard and may, at any time, withdraw such recognition if, in his opinion, the provident fund violates any of those conditions

(2) An order granting recognition shall take effect on such date specified by the approving authority as per any rules made by Board in this behalf, such date not being later than the last day of the tax year in which the order is made.

(3) An order withdrawing recognition shall take effect from the date on which it is made.

(4) An order according recognition to a provident fund shall not, unless the approving authority otherwise directs, be affected by the fact that—

(a) the fund is subsequently amalgamated with another provident fund on the occurrence of an amalgamation of the undertakings in connection with which the two funds are maintained; or

(b) the fund subsequently absorbs the whole or a part of another provident fund belonging to an undertaking which is wholly or in part transferred to or merged in the undertaking of the employer maintaining the first-mentioned fund.

4. Conditions to be satisfied by recognised provident funds.—In order to receive and retain recognition, a provident fund, shall, subject to the provisions of paragraph 5, satisfy the following conditions and any other conditions as prescribed —

(a) all employees shall be employed in India, or employed by an employer whose principal place of business is in India;

(b) the contributions of an employee in any year shall be a fixed proportion of his salary for that year, deducted by the employer from each periodical payment of salary in that proportion and credited to the employee's individual account in the fund;

(c) the employer's contributions to the employee's account in any year shall not exceed the employee's contribution in year, and shall be credited to the employee's account at intervals not exceeding one year;

(d) the fund shall be vested in two or more trustees or the Official Trustee under a trust which shall not be revocable, except with the consent of all the beneficiaries;

(e) the fund shall consist only of—

(i) contributions as specified above, received by the trustees;

(ii) accumulations thereof;

(iii) interest credited in respect of such contributions and accumulations;

(iv) securities purchased there with; and

(v) any capital gains arising from the transfer of capital assets of the fund;

(f) the fund shall be the fund of an establishment—

(i) to which the provisions of section 1(3) of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (19 of 1952) apply; or

(ii) notified by the Central Provident Fund Commissioner under section 1(4) of the said Act,

and such establishment shall be exempted from the operation of all or any of the provisions of any scheme mentioned in section 17 of the said Act;

(g) the employer, subject to clause (h), shall not be entitled to recover any sum from the fund, except when the employee—

(i) is dismissed for misconduct; or

(ii) voluntarily leaves his employment otherwise than due to ill-health or other unavoidable cause before the end of the term of service specified in the regulations of the fund;

(h) for the purposes of clause (g), the recovery made by the employer shall be limited to—

(i) the contributions made by him to the individual account of the employee;

(ii) interest credited in respect of such contributions as per the regulations of the fund; and

(iii) the accumulations thereof;

(i) the accumulated balance due to an employee shall be payable on the day he ceases to be an employee of the employer maintaining the fund;

(j) except as provided in clause (i) or as per conditions and restrictions prescribed, no portion of the balance to the credit of an employee shall be payable to him.

5. Relaxation of conditions.—(1) Irrespective of anything contained in paragraph 4(a), the approving authority may, if he thinks fit and subject to such conditions that he thinks proper to attach to such recognition, record recognition to a fund which is—

(a) maintained by an employer whose principal place of business is outside India; and

(b) the proportion of employees employed outside India does not exceed 10 %.

(2) Irrespective of anything contained in paragraph 4(b), an employee who retains his employment—

(a) while serving in the armed forces of the Union; or

(b) when taken into or employed in the national service under any law for the time being in force,

may, contribute to the fund during such service in the armed forces or employment in the national service, a sum not exceeding the amount he would have contributed had he continued to serve the employer, whether he received any salary or not from the employer.

(3) Irrespective of anything contained in paragraph 4(e) or paragraph 4(i),—

(a) at the request made in writing by the employee who ceases to be an employee of the employer maintaining the fund, the trustees of the fund may agree to retain the whole or any part of the accumulated balance to be drawn by him at any time on demand;

(b) when the accumulated balance due to such employee is retained in the fund as per clause (a), the fund may also include interest in respect of such accumulated balance; and

(c) the fund may also consist of any amount and interest thereof transferred from the employee's individual account in any recognised provident fund maintained by his former employer.

(4) Subject to any rules made by the Board, the approving authority may relax the provisions of paragraph 4(c) for any particular fund,—

(a) to permit the payment of larger contributions by an employer to the employee's individual account whose salary does not exceed five hundred rupees per month; and

(b) to permit the employers to credit the employees' individual accounts with periodical bonuses or contributions of a contingent nature, when the calculation and payment of such bonuses or contributions is provided for on definite principles by the regulations of the fund.

(5) Irrespective of anything contained in paragraph 4(j), in order to allow an employee to pay the amount of tax assessed on his total income under paragraph 11(4), such employee shall be allowed to withdraw from the balance amount to his credit in the recognised provident fund, a sum not exceeding the difference between such amount and the amount to which he would have been assessed if the transferred balance referred to in paragraph 11(2) had not been included in the total income.

6. Employer's annual contributions, when deemed to be income received by employee.—The portion of the annual accretion in the tax year to the employee's balance in a recognised provident fund consisting of—

(a) contributions made by the employer exceeding 12% of the employee's salary; and

(b) interest credited on the balance to the credit of an employee in so far as it is allowed at a rate exceeding such rate as fixed by the Central Government by notification,

shall be deemed to have been received by the employee and included in his total income for that tax year and shall be liable to income tax.

7. Exemption for employee's contributions.—An employee participating in a recognised provident fund shall, in respect of his own contributions to his individual account in the fund in the tax year, be entitled to a deduction in the computation of his total income of an amount determined as per section 123.

8. Exclusion from total income of accumulated balance.—(1) Subject to the provisions of sub-paragraph (2), the accumulated balance due and payable to an employee shall be excluded from the computation of his total income—

(a) if the employee has rendered continuous service with his employer for five years or more;

(b) even if, the employee has not served continuously, the service was terminated due to—

(i) the employee's ill-health; or

(ii) by the contraction or closure of the employer's business; or

(iii) other cause beyond the control of the employee;

(c) if, on the cessation of his employment, the employee obtains employment with any other employer, to the extent the accumulated balance due and becoming payable to him is transferred to his individual account in any recognised provident fund maintained by such other employer; or

(d) the entire balance standing to the employee's credit is transferred to his account under a pension scheme referred to in section 124 and notified by the Central Government;

(2) Where the accumulated balance due and payable to an employee includes any amount transferred from another recognised provident fund or funds of a previous employer or employers, the continuous service period for the purposes of sub-paragraph (1)(a) or (g) shall include the period or periods served under the aforesaid previous employer or employers.

9. Tax on accumulated balance.—Where the accumulated balance due to an employee is included in his total income owing to the provisions of paragraph 8 not being applicable, then—

(a) the Assessing Officer shall calculate the total of the various sums of tax which would have been payable by the employee in respect of his total income for each of the years concerned if the fund had not been a recognised provident fund; and

(b) the amount by which such total exceeds the total of all sums paid by or on behalf of such employee by way of tax for such years shall be payable by the employee in addition to any other tax for which he may be liable for the tax year in which the accumulated balance due to him becomes payable.

10. Deduction at source of tax payable on accumulated balance.—In cases where paragraph 9 applies—

- (a) the trustees of a recognised provident fund; or
- (b) any person authorised by the regulations of the fund to make payment of accumulated balances due to employees,

shall deduct from the accumulated balance at the time of payment, the amount payable under the rule and the provisions of Chapter XIX-B shall apply as if the accumulated balance were income chargeable under the head “Salaries”.

11. Treatment of balance in newly recognised provident fund.—(1) Where recognition is accorded to a provident fund with existing balances, an account shall be made of the fund up to the day immediately preceding the day on which the recognition takes effect,—

- (a) showing the balance to the credit of each employee on such day; and
- (b) containing such further particulars as prescribed.

(2) The account shall also show in respect of balance to the credit of each employee—

- (a) the amount thereof to be transferred to the employee’s account in the recognised provident fund (hereinafter called his transferred balance); and
- (b) such “transferred balance” shall be shown as balance to his credit in the recognised provident fund on the date on which the recognition takes effect, and sub-paragraph (4) and paragraph 5(5) shall apply accordingly.

(3) Any part of the balance to the credit of each employee in the existing fund not transferred to the recognised fund shall be excluded from the recognised fund’s account and shall be liable to income-tax as per the provisions of this Act, other than this Part.

(4) Subject to rules made by the Board in this behalf,—

(a) the Assessing Officer shall calculate the aggregate of all amounts in the transferred balance that would have been liable to income-tax if this Part had been in force since the fund’s institution, without regard to any tax which may have been paid on any amount;

(b) the aggregate of amounts in a transferred balance, if any, shall be deemed to be income received by the employee in the tax year in which the recognition of the fund takes effect and shall be included in the employee’s total income for that tax year;

(c) for the purposes of assessment, the remainder of the transferred balance shall be disregarded, but no other exemption or relief, by way of refund or otherwise, shall be granted in respect of any sum comprised in such transferred balance.

(5) In cases of serious accounting difficulty, the approving authority may, subject to rules, make a summary calculation of the aggregate as provided in sub-paragraph (4).

(6) Nothing in this paragraph shall affect the rights of the persons administering an unrecognised provident fund or dealing with it, or with the balance to the credit of any individual employee prior to recognition, in any manner permitted by law.

12. Accounts of recognised provident funds.—(1) The accounts of a recognised provident fund shall be maintained by the trustees of the fund in such form, for such period, and contain such particulars, as prescribed.

(2) The accounts shall be available to inspection by the income-tax authorities at all reasonable times, and the trustees shall provide the Assessing Officer with the abstracts of such accounts as prescribed.

13. Appeals.—(1) An employer objecting to an order of the approving authority not granting recognition or withdrawing recognition from a provident fund may appeal to the Board, within sixty days of such order

(2) The appeal shall be in such form and verified in such manner, and subject to the payment of such fee as prescribed.

14. Treatment of fund transferred by employer to trustee.—(1) When an employer who maintains a provident fund, whether recognised or not, for the benefit of his employees and has not transferred the fund or portion of it, transfers such fund or portion to trustees in trust for the participating employees, the transferred amount shall be deemed to be of the nature of capital expenditure.

(2) When an employee receives the accumulated balance due to him from the fund, any portion of such balance representing the employee's share of the amount transferred to the trustees (without addition of interest and exclusive of employee's contributions and interest thereon) shall be deemed to be,—

(a) employer's expenditure under 34;

(b) incurred in the tax year in which the accumulated balance due to the employee is paid,

provided an arrangement for deduction of tax at source has been made from the amount of such share by the employer.

PART B

APPROVED SUPERANNUATION FUNDS AND GRATUITY FUNDS

[See sections 2(9) and (10)]

1. Interpretation.—In this Part, unless the context otherwise requires, “approving authority”, “employer”, “employee”, “contribution” and “salary”, in relation to superannuation funds and gratuity funds shall have, the meanings as assigned to those expressions in paragraph 2(a), (b), (c), (d) and (i) of Part A in relation to provident funds.

2. According approval to superannuation fund and its withdrawal.—(1) The approving authority may grant approval to any superannuation fund or its part, or any gratuity fund, as the case may be, which in his opinion satisfies the conditions prescribed in paragraph 3, and may withdraw such approval at any time, if, in his opinion, the circumstances cease to warrant such approval.

(2) The approving authority shall inform the trustees of the fund, in writing, the grant of approval with the date on which the approval is to take effect and the conditions subject to which such approval is granted, if any.

(3) The approving authority shall inform the trustees of the fund, in writing, any withdrawal of approval along with the reasons and the date on which the withdrawal is to take effect.

(4) The approving authority shall not refuse or withdraw any approval without giving the trustees a reasonable opportunity of being heard.

3. Conditions for approval.—In order to receive and retain approval, a superannuation fund or a gratuity fund, as the case may be, shall satisfy the following conditions, and any other conditions as prescribed:—

(a) the fund shall be established under an irrevocable trust in connection with a trade or an undertaking carried on in India, with at least 90% employees employed in India;

(b) the sole purpose of the fund shall be to the provision of annuities or gratuity, as the case may be, for employees in the trade or undertaking—

(i) upon their retirement at or after a specified age;

(ii) upon incapacitation before retirement;

(iii) on termination of employment after a minimum period of service specified in the rules of the gratuity fund; or

(iv) for the widows, children or dependants of such employees on their death;

(c) the employer in the trade or undertaking shall contribute to the fund; and

(d) all annuities, pensions and other benefits, granted from the fund shall be payable only in India.

4. Application for approval.—(1) An application for approval of a superannuation fund or part of it, or any gratuity fund, as the case may be, shall be made in writing by the trustees to the Assessing Officer by whom the employer is assessable, and shall be accompanied by—

(a) a copy of the instrument establishing the fund and two copies of the rules thereof; and

(b) two copies of the accounts of the fund relating to such earlier year or years (not more than three years immediately preceding the year in which the said application is made) for which the accounts have been made up, if the fund has been in existence before the financial year in which the application for approval is made.

(2) In addition to the documents referred to in sub-paragraph (1), the approving authority may require such further information to be furnished as he thinks proper.

(3) If any alteration is made to the rules, constitution, objects or conditions of the fund after the date of the application for approval,—

(a) the trustees shall immediately inform such alterations to the Assessing Officer mentioned in sub-paragraph (1); and

(b) failure to inform such alterations may result in the approval given, if any, be deemed to be withdrawn from the date on which the alteration took effect, unless the approving authority orders otherwise.

5. Contributions by employer when deemed to be income of employer.—If a gratuity is paid to an employee during his lifetime, the gratuity shall be treated as salary paid to the employee for the purposes of this Act.

6. Amount deemed to be income of employer.—When contributions by an employer (including the interest, if any) are repaid to the employer, the amount so repaid shall be deemed for the purposes of income-tax to be the income of the employer of the tax year in which they are so repaid.

7. Deduction of tax on contributions paid to an employee.—(1) When any contributions made by an employer to an approved superannuation fund, including interest are paid to an employee during his lifetime under conditions other than those specified in Schedule II (Table: Sl. No. 8), tax on the amounts so paid shall be deducted at the average rate of tax applicable to the employee—

(a) during the previous three years; or

(b) during the period for which the employee was a member of the fund, if the period is less than three years.

(2) The trustees shall pay the tax so deducted to the Central Government within the time and manner, as prescribed.

8. Deduction from pay of an contributions on behalf of employee to be included in return.—When an employer deducts contributions from the emoluments of the employee or pays on his behalf any contributions to an approved superannuation fund, all such deductions or payments shall be included in the statement which is required under section 397(3)(b).

9. Appeal.—(1) An employer objecting to an order of the approving authority refusing to grant approval to a superannuation fund, or a gratuity fund, as the case may be, or withdrawing such approval may appeal to the Board within sixty days of such order.

(2) The appeal shall be in such form and verified in such manner and subject to the payment of such fee, as prescribed.

10. Liability of trustees on cessation of approval.—If a fund or a part of a fund for any reason ceases to be an approved superannuation fund, the trustees of the fund shall nevertheless remain liable to tax on any sum paid on account of returned contributions (including interest on contributions, if any), in so far as the sum so paid is in respect of contributions made before the fund or part of the fund ceased to be an approved superannuation fund under the provisions of this Part.

11. Liabilities of trustees.—If a gratuity fund for any reason ceases to be an approved gratuity fund, the trustees shall nevertheless remain liable to tax on any gratuity paid to any employee.

12. Particulars to be furnished in respect of superannuation funds.—The trustees of an approved superannuation fund or an approved gratuity fund and any employer who contributes to such a fund shall furnish such returns, statement, particulars or information, as required by notice from the Assessing Officer within the specified period, not being less than twenty-one days from the date of the notice.

PART C

POWER TO MAKE RULES FOR PROVIDENT FUNDS, SUPERANNUATION FUNDS AND GRATUITY FUNDS

1. Power of Board to make rules for fund.—In addition to powers granted by Part A and Part B of this Schedule, the Board may make rules for a fund (provident fund or superannuation fund or gratuity fund) in respect of the following:—

(a) to provide for the statements and information to be submitted along with an application for approval or recognition for a fund;

(b) to provide for the returns, statements, particulars, or information which the Assessing Officer may require from the trustees of an approved superannuation fund or from the employer;

(c) to limit the ordinary annual and other contributions of an employer to the gratuity fund or an approved superannuation fund;

(d) to limit the contributions to a recognised provident fund by employees who are shareholders in the company;

(e) to regulate investment or deposit of the moneys of a recognised or an approved fund, subject to the condition that no rule shall require more than 50% of the fund's money to be invested in Government securities as defined in section 2 of the Public Debt Act, 1944;

(f) to provide for the assessment by way of penalty of any consideration received by an employee for an assignment of, or creation of a charge upon, his beneficial interest in a recognised or an approved fund;

(g) to determine the extent and manner of exemption from payment of tax on contributions and interest credited to the individual account of the employee in a provident fund from which recognition has been withdrawn;

(h) to determine the extent and manner of exemption from payment of tax on any payment made from a superannuation fund from which approval has been withdrawn;

(i) to provide for the withdrawal of the approval of a superannuation fund or gratuity fund, which ceases to satisfy the requirements of this Part or the rules made thereunder; and

(j) to carry out any other the purpose of this Part and to secure such further control over the recognition or approval of the funds and the administration of such funds as it may deem requisite.

2. Rules to be subject section 534.—All rules made under this Part shall be subject to section 534.

SCHEDULE XII

(See section 51)

PART A

MINERALS

1. Aluminium ores.
2. Apatite and phosphatic ores.
3. Beryl.
4. Chrome ore.
5. Coal and lignite.
6. Columbite, Samarskite and other minerals of the “rare earths” group.
7. Copper.
8. Gold.
9. Gypsum.
10. Iron ore.
11. Lead.
12. Manganese ore.
13. Molybdenum.
14. Nickel ores.
15. Platinum and other precious metals and their ores.
16. Pitchblende and other uranium ores.
17. Precious stones.
18. Rutile.
19. Silver.
20. Sulphur and its ores.
21. Tin.
22. Tungsten ores.
23. Uraniferous allanite, monazite and other thorium minerals.
24. Uranium bearing tailings left over from ores after extraction of copper and gold, ilmenite and other titanium ores.
25. Vanadium ores.
26. Zinc.
27. Zircon.

PART B

GROUPS OF ASSOCIATED MINERALS

1. Apatite, Beryl, Cassiterite, Columbite, Emerald, Felspar, Lepidolite, Mica, Pitchblende, Quartz, Samarskite, Scheelite, Topaz, Tantalite, Tourmaline.
2. Iron, Manganese, Titanium, Vanadium and Nickel minerals.

3. Lead, Zinc, Copper, Cadmium, Arsenic, Antimony, Bismuth, Cobalt, Nickel, Molybdenum, and Uranium minerals, and Gold and Silver, Arsenopyrite, Chalcopyrite, Pyrite, Pyrrhotite and Pentlandite.
4. Chromium, Osmiridium, Platinum and Nickel minerals.
5. Kyanite, Sillimanite, Corundum, Dumortierite and Topaz.
6. Gold, Silver, Tellurium, Selenium and Pyrite.
7. Barytes, Fluorite, Chalcocite, Selenium, and minerals of Zinc, Lead and Silver.
8. Tin and Tungsten minerals.
9. Limestone, Dolomite and Magnesite.
10. Ilmenite, Monazite, Zircon, Rutile, Garnet and Sillimanite.
11. Sulphides of Copper and Iron.
12. Coal, Fire clay and Shale.
13. Magnetite and Apatite.
14. Magnesite and Chromite.
15. Talc (Soapstone and Steatite) and Dolomite.
16. Bauxite, Laterite, Aluminous Clays, Lithomarge, Titanium, Vanadium, Gallium and Columbium minerals.

SCHEDULE XIII

[See sections 45(2)(c) and (d)]

LIST OF ARTICLES OR THINGS

1. Beer, wine and other alcoholic spirits.
2. Tobacco and tobacco preparations, such as, cigars and cheroots, cigarettes, biris, smoking mixtures for pipes and cigarettes, chewing tobacco and snuff.
3. Cosmetics and toilet preparations.
4. Tooth paste, dental cream, tooth powder and soap.
5. Aerated waters in the manufacture of which blended flavouring concentrates (including synthetic essence) in any form are used.
6. Confectionery and chocolates.
7. Gramophones, including record players, and gramophone records.
8. Projectors.
9. Photographic apparatus and goods.
10. Office machines and apparatus such as typewriters, calculating machines, cash registering machines, cheque writing machines, intercom machines and teleprinters including all machines and apparatus used in offices, shops, factories, workshops, educational institutions, railway stations, hotels and restaurants for doing office work and for data processing including calculating machines and calculating devices not being computers.
11. Steel furniture, whether made partly or wholly of steel.
12. Safes, strong boxes, cash and deed boxes and strong room doors.
13. Latex foam sponge and polyurethane foam.
14. Crown corks, or other fittings of cork, rubber, polyethylene or any other material.
15. Pilfer-proof caps for packaging or other fittings of cork, rubber, polyethylene or any other material.

SCHEDULE XIV

(See section 55)

INSURANCE BUSINESS

A.—Life insurance business

1. Profits of life insurance business to be computed separately.—If a person is engaged in life insurance business during the tax year, the profits and gains of such business shall be computed separately from profits and gains of any other business.

2. Computation of profits of life insurance business.—(1) The profits and gains from life insurance business shall be the annual average of the surplus after adjusting the surplus or deficit disclosed by the actuarial valuation made as per the Insurance Act, 1938 (4 of 1938) for the last inter-valuation period ending before the commencement of tax year, so as to exclude from it any surplus or deficit from any earlier inter-valuation period.

(2) Any expenditure which is inadmissible under section 34 in computing the profits and gains of a business, shall be added to such profits and gains of life insurance business.

3. Adjustment of tax paid by deduction at source.—When an assessment of the life insurance business profits is made based on the annual average of a surplus disclosed by a valuation for an inter-valuation period exceeding twelve months, then, in computing the income-tax, payable for that year credit shall—

(a) not be given as per section 386 for the income-tax paid in the preceding tax year;

(b) be given for the annual average of the income-tax paid by deduction at source from interest on securities or otherwise during such period.

B.—Other insurance business

4. Computation of profits and gains of other insurance business.—(1) The profits and gains of any insurance business other than life insurance shall be the profit before tax and appropriations as disclosed in the profit and loss account prepared as per the Insurance Act, 1938 (4 of 1938) or the rules made thereunder or the Insurance Regulatory and Development Authority Act, 1999 (4 of 1999) or the regulations made subject to the following adjustments:—

(a) any expenditure or allowance including any amount debited to profit and loss account either by way of a provision for any tax, dividend, reserve, or any other provision as prescribed, which is inadmissible under sections 28 to 54 shall be added back;

(b) gain or loss from realisation of investments shall be added or deducted, if not already credited or debited to the profit and loss account;

(c) provision for diminution in investment value debited to the profit and loss account, shall be added back; and

(d) such amount carried over to a reserve for unexpired risks as prescribed shall be allowed as a deduction.

(2) The amount payable under section 37, added under paragraph (1)(a) shall be allowed as deduction in the tax year in which it is actually paid.

C.—Other provisions

5. Profits and gains of non-resident person.—(1) The profits and gains of a non-resident person who is engaged in the insurance business through its branches in India may, in the absence of reliable data, be deemed to be that proportion of his global income which corresponds to the proportion the premium income derived from India bears to his total premium income.

(2) In this paragraph, the global income in relation to life insurance business of a person not resident in India shall be computed as per this Act for computing the profits and gains of life Insurance business carried on in India.

6. Interpretation.—(1) In this schedule,—

(a) “investments” includes securities, stocks and shares; and

(b) “life insurance business” means life insurance business as defined in section 2(11) of the Insurance Act, 1938 (4 of 1938).

(2) References of the Insurance Act, 1938 (4 of 1938) in this Schedule regarding the Life Insurance Corporation of India shall be treated as references to that Act or section 43 of the Life Insurance Corporation Act, 1956 (31 of 1956).

SCHEDULE XV

(See section 123)

DEDUCTION IN RESPECT OF LIFE INSURANCE PREMIA, CONTRIBUTION TO PROVIDENT FUND, SUBSCRIPTION TO CERTAIN EQUITY SHARES, ETC.

1. Sums qualifying as deduction.—The amounts paid or deposited in the tax year by the assessee, which qualify as deduction for the purpose of section 123 are—

(a) premium paid for a life insurance policy—

(i) in the case of an individual, on life of such individual, spouse of the individual and any child of the individual;

(ii) in the case of a Hindu undivided family, on life of any member of the Hindu undivided family,

subject to paragraph 2;

(b) sum paid under a deferred annuity contract other than the annuity plan referred to in clause (I) on life of the individual, spouse of the individual and any child of the individual, and such contract does not contain an option to receive cash payment *in lieu* of the annuity;

(c) sum deducted from salary payable by or on behalf of the Government to any individual for securing deferred annuity or making provision for his spouse or children, to the extent of 20% of salary;

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

(e) contribution to an account with any provident fund, set up and notified by the Central Government, in the name of,—

(i) in the case of an individual, such individual, spouse of the individual and any child of the individual;

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

(f) contribution by an employee to a recognised provident fund;

(g) contribution by an employee to an approved superannuation fund;

(h) subscription to any security or deposit scheme notified by the Central Government in the name of an individual or any girl child of that individual, or any girl child for whom such person is the legal guardian, if the scheme so specifies;

(i) subscription to savings certificate as mentioned in section 3(k) of the Government Savings Banks Act, 1873, (5 of 1873), as notified by the Central Government;

(j) contribution for participation in Unit-linked Insurance Plan, 1971 specified in Schedule II of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 (58 of 2002),—

(i) in the case of an individual, in the name of such individual, spouse of the individual and any child of the individual;

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

(k) contribution for participation in unit-linked insurance plan of Life Insurance Corporation Mutual Fund, referred to in Schedule VII (Table: Sl. No. 20 or 21), as notified by the Central Government,—

(i) in the case of an individual, in the name of such individual, spouse of the individual and any child of the individual;

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

(l) sum paid towards contract for annuity plan of the Life Insurance Corporation or any other insurer notified by the Central Government;

(m) subscription to any units of—

(i) any Mutual Fund referred to in serial number 20 or 21 of the Table in Schedule VII; or

(ii) the Administrator; or

(iii) the specified company,

under any plan formulated as per such scheme notified by the Central Government;

(n) contribution by an individual to any pension fund set up by—

(i) any Mutual Fund referred to in Schedule VII (Table: Sl. No. 20 or 21); or

(ii) the Administrator; or

(iii) the specified company,

as notified by the Central Government;

(o) subscription to a deposit scheme or contribution to a pension fund, set up by the National Housing Bank established under section 3 of the National Housing Bank Act, 1987 (53 of 1987), as notified by the Central Government;

(p) subscription to any deposit schemes of—

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

(ii) an authority constituted in India by any law, 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,

as notified by the Central Government;

(q) tuition fees (excluding any development fees or donation or payment of similar nature) paid by an individual to any University, college, school or other educational institution situated in India (at the time of admission or thereafter), for full time education of any two children of such individual;

(r) payment made for purchase or construction of a residential house property 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 own residence of the assessee, have been chargeable to tax under that head), subject to satisfaction of conditions laid down in paragraph 3;

(s) term deposit for a fixed period of not less than five years with a scheduled bank, and which is as per such scheme framed and notified by the Central Government;

(t) subscription to bonds issued by the National Bank for Agriculture and Rural Development, as notified by the Central Government;

(u) deposit in an account under the Senior Citizen Savings Scheme Rules, 2004;

(v) five years term deposit in an account under the Post Office Time Deposit Rules, 1981;

(w) contribution by an employee of the Central Government to an additional account referred to in section 20(3) of the Pension Fund Regulatory and Development Authority Act, 2013 (23 of 2013) of the pension scheme notified by the Central Government,—

(a) for a fixed period of not less than three years; and

(b) which is as per the scheme as notified by the Central Government for the purposes of this clause;

(x) contribution made from income chargeable to tax to effect or keep in force a contract for any annuity plan of Life Insurance Corporation of India or any other insurer for receiving pension from the fund referred to in Schedule VII (Table: Sl. No. 3);

(y) contribution made by an individual to a pension scheme notified by the Central Government, to the extent of—

(i) 10% of salary, including dearness allowance, if the terms of employment so provide, but excluding all other allowances and perquisites, during the tax year in the case of an employee of the Central Government or any other employer; or

(ii) 20% of gross total income during the tax year in the case of any other individual;

(z) subscription to—

(i) equity shares or debentures forming part of any eligible issue of capital approved by the Board on an application made by a public company or as subscription to any eligible issue of capital by any public financial institution in the prescribed form;

(ii) any units of any mutual fund referred to in Schedule VII (Table: Sl. No. 20 or 21) and approved by the Board on an application made by such mutual fund in the prescribed form and if the amount of subscription to such units is subscribed only in the eligible issue of capital of any company.

2. Payment on insurance policy.—(1) The deductions 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,—

(a) as is up to 20% of the actual capital sum assured, in respect of a policy issued on or before the 31st March, 2012;

(b) as is up to 10% of the actual capital sum assured, in respect of a policy issued on or after the 1st April, 2012;

(c) as is up to 15% of the actual capital sum assured, if the policy is issued on or after the 1st April, 2013 and where such policy covers the life of,—

(i) a person with a disability or severe disability as referred to in section 154; or

(ii) a person suffering from a disease or ailment specified in the rules made under section 128.

(2) In this paragraph, “actual capital sum assured” shall mean the minimum amount assured under the policy on happening of the insured event at any time during the term of the policy, not taking into account—

(a) the value of any premiums agreed to be returned; or

(b) 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.

3. Payments made for purchase or construction of residential house property.—
The deduction in respect of amount spent for purchase or construction of a residential house property as provided in paragraph 1(r) shall—

(a) include payments that are made towards or by way of—

(i) 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

(ii) 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

(iii) repayment of the amount borrowed by the assessee from—

(A) the Central Government or any State Government; or

(B) any bank, including a co-operative bank; or

(C) the Life Insurance Corporation; or

(D) the National Housing Bank; or

(E) 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 which is eligible for deduction under section 32(e); or

(F) 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

(G) the employer where such employer is an authority or a board or a corporation or any other body established or constituted under a Central Act or State Act; or

(H) the employer of the assessee 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 or a co-operative society; or

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

(b) not include any payment towards or by way of—

(i) 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

(ii) 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 it, 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.

(iii) any expenditure in respect of which deduction is allowable under section 22.

4. Withdrawal of deduction and taxation of deduction already allowed.—
The deductions in the nature of payments specified in column B of the Table below shall not be allowable in the tax year in which the conditions specified in column C of the said Table are fulfilled, and the aggregate amount of the deductions allowed thus far in the preceding tax year or tax years shall be deemed to be the income of the assessee and liable to tax in such tax year..

Table

Sl. No.	Nature of payment	Conditions for disallowance of the deduction in respect of payment provided in column B
A	B	C
1.	Premium paid for a life insurance policy.	Where the assessee terminates his contract of, 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 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.
2.	(a) Contribution for participation in the Unit-Linked Insurance Plan, 1971; (b) contribution for participation in the unit-linked insurance plan of Life Insurance Corporation Mutual Fund.	Where the assessee terminates his participation in such plan, 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.
3.	Certain payments made for purchase or construction of residential house property.	Where the assessee— (a) transfers the house property before the expiry of five years from the end of the tax year in which possession of such property is obtained by him; or (b) receives back, whether by way of refund or otherwise, any sum specified in that clause.
4.	Certain payments for subscription to any equity shares or debentures forming part of any eligible issue of capital by a public company or by any public financial institution and approved by Board.	(a) Where the assessee sells or otherwise transfers to any person at any time within a period of three years from the date of their acquisition; and (b) such shares or debentures shall be treated as having acquired by the person 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.

5. Taxation of receipts where deduction already allowed.—Where deductions in the nature of payments specified in column B of the Table below have been allowed, and the conditions specified in column C of the said Table are fulfilled in any tax year, the amounts received shall be taxed in such tax year in the manner as provided in column D of the said Table.

Table

Sl No.	Nature of payment	Condition for taxation	Manner and amount of taxation in the tax year in which condition in column C is fulfilled.
A	B	C	D
1.	<p>(a) Deposit in an account under the Senior Citizen Savings Scheme Rules, 2004</p> <p>(b) five year term deposit in an account under the Post Office Time Deposit Rules, 1981.</p>	<p>If any amount, including interest accrued, in respect of the account provided in column B, is withdrawn by the assessee, before the expiry of the period of five years from the date of its deposit.</p>	<p>(a) The amount so withdrawn shall be deemed to be the income of the assessee of the tax year in which the amount is withdrawn and shall be liable to tax in the said year;</p> <p>(b) the amount liable to tax, as referred in clause (a), shall not include the following amounts:—</p> <p>(i) any amount of interest, which has been included in the total income of the assessee of the tax year or years preceding such tax year; and</p> <p>(ii) any amount received by the nominee or legal heir of the assessee, on the death of such assessee, other than interest, if any, accrued thereon, which was not included in the total income of the assessee for the tax year or years preceding such tax year.</p>
2.	<p>Contribution to effect or keep in force a contract for any annuity plan of Life Insurance Corporation of India or any other insurer for receiving pension from the fund referred to in Schedule VII (Table: Sl. No. 3).</p>	<p>Where any amount standing to the credit of the assessee in the pension fund, in respect of which a deduction has been allowed, together with the interest or bonus accrued or credited to the of the assessee account, if any, is received by the assessee or his nominee,—</p> <p>(a) on account of the surrender of the annuity plan whether in whole or in part, in any tax year; or</p>	<p>An amount equal to the whole of the amount referred to in column C (a) or (b) shall be deemed to be the income of the assessee or his nominee, in the tax year in which such withdrawal is made or, pension is received, and shall be liable to tax in the said year.</p>

A	B	C	D
		(b) as pension received from the annuity plan.	
3.	Contribution by an individual to a pension scheme notified by the Central Government.	Where any amount standing to the credit of the assessee in the pension scheme, in respect of which a deduction has been allowed, together with the amount accrued thereon, if any, is received by the assessee or his nominee, in whole or in part, in any tax year, and if such amount is not used for purchasing an annuity plan in the same year— (a) on account of closure or his opting out of the pension scheme (except when received by the nominee on the death of the assessee); or (b) as pension received from the annuity plan purchased or taken on such closure or opting out.	The whole of the amount referred to in column C (a) or (b) shall be deemed to be the income of the assessee or his nominee, in the tax year in which such amount is received, and shall be liable to tax in the said year.

6. Interpretation.—In this Schedule,—

(a) “Administrator” means the Administrator as referred to in section 2(a) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 (58 of 2002);

(b) “contribution” to any fund shall not include any sums in repayment of loan;

(c) “insurance” shall include,—

(i) 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 irrespective 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;

(ii) 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;

(d) “Life Insurance Corporation” means the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956 (31 of 1956);

(e) “public company” shall have the same meaning as assigned to it in section 2(71) of the Companies Act, 2013 (18 of 2013);

(f) “security” means a Government security as defined in section 2(2) of the Public Debt Act, 1944 (18 of 1944);

(g) “specified company” means a company as referred to in section 2(h) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 (58 of 2002);

(h) “transfer” shall be deemed to include also the transactions referred to in section 269UA(f) of the Income-tax Act, 1961 (43 of 1961);

(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 section 135(9);

(j) “public financial institution” shall have the same meaning as assigned to it in section 2(72) of the Companies Act, 2013 (18 of 2013).

SCHEDULE XVI

(See section 350)

PERMITTED MODES OF INVESTMENT OR DEPOSITS

FORMS OR MODES OF INVESTMENT OR DEPOSITS BY A CHARITABLE OR RELIGIOUS TRUST OR INSTITUTION

The modes of investing or depositing the money referred to in section 350 shall be the following:—

(1) investment in savings certificates as defined in section 2(c) of the Government Savings Certificates Act, 1959 (46 of 1959), and any other securities or certificates issued by the Central Government under the Small Savings Schemes of that Government;

(2) deposit in any account with the Post Office Savings Bank;

(3) deposit in any account with a scheduled bank or 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);

(4) investment in units of the Unit Trust of India;

(5) investment in any security for money created and issued by the Central Government or a State Government;

(6) investment in debentures issued by, or on behalf of, any company or corporation both the principal whereof and the interest whereon are fully and unconditionally guaranteed by the Central Government or by a State Government;

(7) investment or deposit in any public sector company subject to the condition that where an investment or deposit in any public sector company has been made and such public sector company ceases to be a public sector company,—

(a) such investment made in the shares of such company shall be deemed to be an investment made under this clause for three years from the date on which such public sector company ceases to be a public sector company;

(b) such other investment or deposit shall be deemed to be an investment or deposit made under this clause for the period up to the date on which such investment or deposit becomes repayable by such company;

(8) deposits with or investment in any bonds issued by a financial corporation which is engaged in providing long-term finance for industrial development in India and which is eligible for deduction under section 32(1)(e);

(9) deposits with or investment in any bonds issued by a 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 and which is eligible for deduction under section 32(1)(e);

(10) deposits with or investment in any bonds issued by a public company formed and registered in India with the main object of carrying on the business of providing long-term finance for urban infrastructure in India;

(11) investment in immovable property;

(12) deposits with the Industrial Development Bank of India established under the Industrial Development Bank of India Act, 1964 (18 of 1964);

(13) investment in the units issued under any scheme of the mutual fund referred to in Schedule VII (Table: Sl. No.20) or (Table: Sl. No.21);

(14) any transfer of deposits to the Public Account of India;

(15) deposits made with an 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;

(16) investment by way of acquiring equity shares of a depository as defined in section 2(1)(e) of the Depositories Act, 1996 (22 of 1996);

(17) investment made by a recognised stock exchange referred to in section 2(f) of the Securities Contracts (Regulation) Act, 1956 (42 of 1956) (hereafter referred to as investor) in the equity share capital of a company (hereafter referred to as investee)—

(a) which is engaged in dealing with securities or mainly associated with the securities market;

(b) whose main object is to acquire the membership of another recognised stock exchange for the sole purpose of facilitating the members of the investor to trade on the said stock exchange through the investee as per the directions or guidelines issued under the Securities and Exchange Board of India Act, 1992 (15 of 1992) by the Securities and Exchange Board of India established under section 3 of that Act; and

(c) in which at least 51% of equity shares are held by the investor and the balance equity shares are held by members of such investor;

(18) investment made by a person, authorised under section 4 of the Payment and Settlement Systems Act, 2007 (51 of 2007), in the equity share capital or bonds or debentures of a company—

(a) which is engaged in operations of retail payments system or digital payments settlement or similar activities in India and abroad and is approved by the Reserve Bank of India for this purpose; and

(b) in which at least 51% of equity shares are held by National Payments Corporation of India;

(19) investment made by a person, authorised under section 4 of the Payment and Settlement Systems Act, 2007 (51 of 2007), in the equity share capital or bonds or debentures of Open Network for Digital Commerce Ltd, being a company incorporated under section 7(2) read with section 8(1) of the Companies Act, 2013 (18 of 2013), for participating in network based open protocol models which enable digital commerce and interoperable digital payments in India;

(20) investment by way of acquiring equity shares of an incubatee by an incubator;

(21) investment by way of acquiring shares of National Skill Development Corporation;

(22) investment in debt instruments issued by any infrastructure Finance Company registered with the Reserve Bank of India;

(23) investment in “Stock Certificate” as defined in clause (c) of paragraph 2 of the Sovereign Gold Bonds Scheme, 2015, published in the Official Gazette *vide* notification number G.S.R. 827(E), dated the 30th October, 2015;

(24) investment by way of Acquiring Units of Powergrid Infrastructure Investment Trust;

(25) shares in a public sector company;

(26) any assets held by the trust or institution where such assets form part of the corpus of the trust or institution as on the 1st June, 1973;

(27) any asset, being equity shares of a public company, held by any university or other educational institution or any hospital or other medical institution where such assets form part of the corpus of any university or other educational institution or any hospital or other medical institution as on the 1st June, 1998, where it was approved at that time under the provisions of section 10(23C) of the Income-tax Act, 1961 (43 of 1961);

(28) any accretion to the shares, forming part of the corpus mentioned in clause (1) or (2), by way of bonus shares allotted to the trust or institution;

(29) any assets (being debentures issued by, or on behalf of, any company or corporation) acquired by the trust or institution before the 1st March, 1983;

(30) any asset, not being an investment or deposit in any of the forms or modes specified in clause (1), where such asset is not so held after the expiry of one year from the end of the tax year in which such asset is acquired;

(31) any funds representing the profits and gains of business, being profits and gains of any tax year relevant to the tax year commencing on the 1st April, 1984 or any subsequent tax year so, however, where it has any other income in addition to profits and gains of business, these provisions shall not apply unless it maintains separate books of account in respect of such business;

(32) voluntary contributions received and maintained in the form of jewellery, furniture or any other article as the Board may, by notification specify;

(33) In this schedule,—

(a) “long-term finance” means any loan or advance where the terms under which moneys are loaned or advanced provide for repayment along with interest thereof during a period of not less than five years;

(b) “public company” shall have the same meaning as assigned to it in section 2(71) of the Companies Act, 2013 (18 of 2013);

(c) “urban infrastructure” means a project for providing potable water supply, sanitation and sewerage, drainage, solid waste management, roads, bridges and flyovers or urban transport;

(d) “Immovable property” does not include any machinery or plant (other than machinery or plant installed in a building for the convenient occupation of the building) even though attached to, or permanently fastened to, anything attached to the earth;

(e) “incubatee” shall mean such incubatee as may be notified by the Government of India in the Ministry of Science and Technology;

(f) “incubator” shall mean such Technology Business Incubator or Science and Technology Entrepreneurship Park as notified by the Government of India in the Ministry of Science and Technology.

STATEMENT OF OBJECTS AND REASONS

The Income-tax Act passed in 1961 has been subjected to numerous amendments since its passage sixty years ago. As a result of these amendments the basic structure of the Income-tax Act has been overburdened and language has become complex, increasing cost of compliance for taxpayers and hampering efficiency of direct-tax administration. Tax administrators, practitioners and taxpayers have also raised concerns about the complicated provisions and structure of the Income-tax Act.

Therefore, the Government in the budget in July 2024 announced that a time bound comprehensive review of the Income-tax Act, 1961 would be undertaken to make the Act concise, lucid, easy to read and understand. Accordingly, the Income-tax Bill, 2025 has been prepared which proposes to repeal and replace the Income-tax Act, 1961.

The Notes on clauses explain in detail the various provisions contained in the Bill.

NEW DELHI;
The 8th February, 2025.

NIRMALA SITHARAMAN.

PRESIDENT'S RECOMMENDATION UNDER ARTICLE 117 OF THE CONSTITUTION OF INDIA

**[Copy of letter No. 370134/18/2025 - TPL dated 10 February 2025 from
Smt. Nirmala Sitharaman, Minister of Finance and Corporate Affairs to the
Secretary General, Lok Sabha]**

The President, having been informed of the subject matter of the Income-tax Bill, 2025, recommends the introduction and consideration of the Bill in Lok Sabha under article 117(1) and (3), read with clause (1) of article 274 of the Constitution.

Notes on Clauses

Clause 1 of the Bill provides for the short title, extent and commencement of the proposed legislation.

Clause 2 of the Bill provides for definition of various terms and expressions used in the proposed legislation.

Clause 3 of the Bill provides for definition of “tax year”.

Clause 4 of the Bill provides for charge of income-tax.

Clause 5 of the Bill defines the scope of total income for a person who is a resident or a non-resident in India.

Clause 6 of the Bill seeks to provide for the conditions for determining the residential status of a person in India.

Clause 7 of the Bill seeks to deal with income deemed to be received.

Clause 8 of the Bill provides for income on receipt of capital asset or stock in trade by specified person from specified entity.

Clause 9 of the Bill provides for income deemed to accrue or arise in India, including those from a business connection and provides the source rule for income from Interest, dividend, royalty, fee for technical services, transfer of a capital asset situated in India, etc.

Clause 10 of the Bill deals with apportionment of income between spouses governed by Portuguese Civil Code.

Clause 11 of the Bill seeks to provide for incomes not included in total income and, *inter alia*, provides for details of certain income enumerated in Schedules II, III, IV, V and VI which are not to be included in computing the total income of any person for a tax year. It also deals with certain persons enumerated in Schedule VII who are not chargeable to tax under the proposed legislation for a tax year.

Clause 12 of the Bill provides for income not to be included in total income of political parties and electoral trust enumerated in Schedule VIII which are not to be included in computing their total income for a tax year.

Clause 13 of the Bill provides for classification under various heads of income for the purposes of charge of income-tax and computation of total income.

Clause 14 of the Bill provides for disallowance of certain expenditure incurred in relation to income which does not form part of the total income and expenditure in relation to such income.

Clause 15 of the Bill provides for under the head salaries.

Clause 16 of the Bill provides for different payments made by an employer to an employee which may be taxed under this head of income which include wages, annuity or pension, gratuity, commission, perquisites, profits in lieu of salary, leave encashment, etc.

Clause 17 of the Bill provides for exclusion of certain benefits from the definition of perquisites.

Clause 18 of the Bill seeks to define different payments in the nature of “profits in lieu of salary” and also seeks to specify the payments that are not to be regarded as “profits in lieu of salary”.

Clause 19 of the Bill provides for deductions available against salary income. It also seeks to provide for calculation of the eligible amount of deduction with the help of formula.

Clause 20 of the Bill provides for the charge of income-tax under the head “Income from house property” on the annual value of property consisting of any buildings or lands appurtenant thereto.

Clause 21 of the Bill provides for determination of annual value and also seeks to define the annual value of property.

Clause 22 of the Bill provides for deductions from income from house property.

Clause 23 of the Bill provides for taxability of arrears or unrealised rent received subsequently irrespective of ownership of the property in tax year.

Clause 24 of the Bill provides for taxability of co-owners of the property with definite and ascertainable shares.

Clause 25 of the Bill provides for interpretation relating to Chapter IV-C and definition of an “owner” in relation to a property.

Clause 26 of the Bill seeks to provide charging of income-tax on income under the head “Profits and gains of business or profession”. It further seeks to provide inclusive definition of income under the head “Profits and gains of business or profession”.

Clause 27 of the Bill provides for the manner of computing income under the head “Profits and gains of business or profession”.

Clause 28 of the Bill provides for deduction for expenses on account of rent, repairs, insurance premium, local taxes, etc.

Clause 29 of the Bill seeks to provide the deduction related to employee welfare including contribution to various funds, etc., that need to be allowed while computing the income under the head “Profits and gains of business or profession”.

Clauses 30 to 32 of the Bill provides for deduction on expenditure incurred towards insurance premium relating to destruction of stock, provision for bad debts, written off, bonus, commission paid to employees, interest paid on borrowed capital.

Clause 33 of the Bill provides for deduction in respect of tangible and intangible assets owned and used for the purposes of business.

Clause 34 of the Bill provides for general conditions for allowing expenditure (other than capital and personal expenditure) incurred wholly and exclusively for the purposes of business or profession being carried on by assessee.

Clauses 35 and 36 of the Bill provides for amounts not to be allowed while computing the income under the head “Profit and gains of business or profession”.

Clause 37 of the Bill provides for certain deductions allowed on certain expenditures which is to be made only on actual payment basis.

Clause 38 of the Bill provides for certain sums that are liable to be deemed as profit and gains of business or profession where the sums have been earlier allowed as expenditure or deduction for the purpose of computation of income.

Clause 39 of the Bill provides for certain definitions such as actual cost, written down value, speculative transactions, etc.

Clause 40 of the Bill provides for special provision for computation of cost of acquisition of certain assets.

Clause 41 of the Bill provides for written down value of depreciable asset and, inter alia, provides certain definitions such as actual cost, written down value, speculative transactions, etc.

Clauses 42 and 43 of the Bill provide for capitalising the impact of foreign exchange fluctuation and taxation of foreign exchange fluctuation at the time of acquisition of assets and payments therefor in foreign currency by appropriately adding or reducing the quantum of variation in such liability. The said clauses further provide for treating profits or loss on account of fluctuation in exchange rate.

Clause 44 of the Bill provides for amortisation of certain preliminary expenses incurred by specified businesses before commencement of such businesses.

Clause 45 of the Bill provides for deduction of certain capital expenditure (other than cost of land) or revenue expenditure incurred for scientific research.

Clause 46 of the Bill provides for deduction of certain capital expenditure of specified business incurred subject to fulfilment of certain conditions.

Clause 47 of the Bill provides for deduction of expenses incurred for agricultural extension projects and skill development projects.

Clauses 48 and 49 of the Bill provide for tea development account, coffee development account and rubber development account and Site Restoration Fund which, *inter alia*, seek to deal with deduction of deposits in tea, coffee or rubber development accounts by the assessee or site restoration account engaged in prospecting or extracting or producing petroleum or natural gas or both.

Clause 50 of the Bill provides for deduction in the case of specified associations for the interest and welfare of members of such association when there is a shortfall in expenditure for the welfare of its members with reference to contributions by its members.

Clause 51 of the Bill provides for amortisation of expenditure for prospecting certain minerals.

Clause 52 of the Bill provides for amortisation of expenditure for telecommunications services, amalgamation, demerger, scheme of voluntary retirement, etc., and deductions for spectrum or license fee paid in the telecommunication business.

Clause 53 of the Bill provides for full value of consideration for transfer of assets other than capital assets in certain cases and for adoption of stamp duty value as full value of consideration at the time of transfer of assets (other than capital assets) in specific cases.

Clause 54 of the Bill provides for deduction of certain capital expenditure expenses incurred in business of prospecting for mineral oils

Clause 55 of the Bill provides for the manner of computation of profits or gains in cases of insurance business.

Clause 56 of the Bill provides for computation of interest income of specified financial institutions.

Clause 57 of the Bill provides for revenue recognition for construction and service contracts.

Clause 58 of the Bill provides for special provision for computing profits and gains of business of profession on presumptive basis in case of certain residents.

Clause 59 of the Bill provides for chargeability of royalty and fee for technical services in hands of non-residents.

Clause 60 of the Bill seeks to provide the manner for computation for allowing the deduction of head office expenditure in case of non-residents.

Clause 61 of the Bill provides for special provision for computation of income on presumptive basis in respect of certain business activities of certain non-residents

Clause 62 of the Bill provides for maintenance of books of accounts and seeks to deal with maintenance of books of account.

Clause 63 of the Bill provides for tax audit and also provides for auditing of books account by specified accountant under certain conditions.

Clause 64 of the Bill provides for facilitating payments in electronic modes.

Clause 65 of the Bill provides for special provision for computing deductions in case of business reorganisation of co-operative banks.

Clause 66 of the Bill provides for interpretation of Chapter IV-D which deals with various definitions related to income under the head “Profit and gains of business or profession”.

Clause 67 of the Bill provides for capital gains and also seeks to provide the chargeability of Income-tax under the head “Capital gains” for various kinds of transfer of capital assets.

Clause 68 of the Bill provides for capital gains on distribution of assets by companies in liquidation.

Clause 69 of the Bill provides for capital gains arising to shareholders or holders of specified securities, when a company purchases its own shares or specified securities.

Clause 70 of the Bill provides for delineation all the transactions which will not be regarded as transfer of capital asset for taxation as capital gains.

Clause 71 of the Bill provides for conditions wherein exemption from taxation as capital gains are withdrawn.

Clause 72 of the Bill provides for mode of computation of capital gains.

Clause 73 of the Bill provides for the cost of acquisition of the asset with reference to certain modes of acquisition.

Clause 74 of the Bill provides for special provision for computation of capital gains in case of depreciable assets. The said clause seeks to tabulate the methodology for arriving at the cost of acquisition for different capital assets.

Clause 75 of the Bill provides for computation of capital gains with respect to assets that are depreciable, as well as the provision for their cost of acquisition.

Clause 76 of the Bill provides for special provision for computation of capital gains in case of Market Linked Debenture.

Clause 77 of the Bill provides for the computation of capital gains in the scenario of a slump sale of a capital asset.

Clauses 78 and 79 of the Bill provide for special provision for full value of consideration in certain cases and special provision for full value of consideration for transfer of share other than quoted share, respectively.

Clause 80 of the Bill provides for the fair market value shall be deemed to the full value of consideration as a result of transfer of a capital asset by an assessee where the consideration is not ascertainable or cannot be determined.

Clause 81 of the Bill provides for advance money received regarding the transfer of a capital asset.

Clause 82 of the Bill provides for the capital gains arising from profits on sale of residential properties.

Clause 83 of the Bill provides for capital gains on transfer of land used for agricultural purposes not to be charged in certain cases.

Clause 84 of the Bill provides for capital gains on compulsory acquisition of lands and buildings not to be charged in certain cases.

Clause 85 of the Bill provides for capital gains not to be charged on investment in certain specific bonds.

Clause 86 of the Bill provides for non-chargeability of capital gains in specific scenarios of investment in residential house.

Clauses 87 and 88 of the Bill provide for exemption of capital gains on transfer of assets in cases of shifting of industrial undertaking from urban area and exemption of capital gains on transfer of assets in cases of shifting of industrial undertaking from urban area to any Special Economic Zone.

Clause 89 of the Bill provides for scenarios for extension of time for acquiring new assets or depositing or investing amounts, with respect to capital gains.

Clause 90 of the Bill provides for meaning of “adjusted”, “cost of improvement” and “cost of acquisition” and also seeks to delineate the meaning of terms and expressions with respect to capital gains.

Clause 91 of the Bill provides for reference to Valuation Officer for ascertaining the fair market value of a capital asset.

Clause 92 of the Bill provides for a non-exhaustive list of the incomes which are chargeable to tax under the head “Income from other sources”.

Clause 93 of the Bill provides for deductions for eligible expenses for computing the taxable income under the head “Income from other sources”.

Clause 94 of the Bill seeks to enumerate the deductions that are allowable to be set off against incomes referred to in clause 92.

Clause 95 of the Bill seeks to propose that any benefit in cash or otherwise obtained on account of remission or cessation of any liability, for which a deduction has been allowed in an earlier year, shall be taxable in the year in which the benefit has been obtained.

Clause 96 of the Bill seeks to provide that the income which is transferred to any other person without the transfer of the assets from which such income arises shall be clubbed in the income of the transferor but not the transferee (person to whom such income has been transferred).

Clause 97 of the Bill seeks to propose that the provisions relating to the clubbing of income in the hands of transferor and transferee in case where transfer of assets is revocable and the transfer of assets is irrevocable for a specified period.

Clause 98 of the Bill provides for definitions of the expressions “Transfer” and “revocable transfer”.

Clause 99 of the Bill provides for clubbing of income which means adding or including the income of another person (mostly family members) to one’s own income.

Clause 100 of the Bill provides for the tax liability of the person in respect of the income which is included in the income of any other person.

Clause 101 of the Bill provides that in computing the total income of an assessee, there shall be included all income on which no income-tax is payable under sub-part 4 of part A of Chapter XVII.

Clause 102 of the Bill provides for the circumstances or conditions in which any sum found credited in the books of account maintained by the assessee shall be considered as unexplained credits and be included in the total income of the assessee.

Clause 103 of the Bill provides for unexplained investment. It also seeks to provide the circumstances or conditions in which any investment made by the assessee shall be deemed as unexplained investment and be included in the total income of the assessee.

Clause 104 of the Bill provides for the circumstances or conditions in which any asset owned by or belonging to the assessee shall be deemed as unexplained asset and be included in the total income of the assessee.

Clause 105 of the Bill provides for the circumstances or conditions in which any expenditure incurred by the assessee shall be deemed to be unexplained expenditure and be included in the total income of the assessee.

Clause 106 of the Bill seeks to provide that where any amount is borrowed on a hundi and other instruments like hundi from, or any amount due thereon is repaid to, any person otherwise than through an account payee cheque drawn on a bank, the amount so borrowed or repaid shall be deemed to be the income of the person borrowing or repaying the amount.

Clause 107 of the Bill seeks to provide that income referred to in clauses 102, 103, 104, 105 and 106 shall be charged to tax as per the provisions of clause 195.

Clause 108 of the Bill provides for set off of losses under the same head of income in the manner specified therein.

Clause 109 of the Bill provides for set off of losses under any other head of income in the manner provided therein.

Clause 110 of the Bill provides for carry forward and set off of loss against income from house property.

Clause 111 of the Bill provides for carry forward and set off of loss from capital gains and seeks to provide for carry forward and set off of loss from capital gains. The said clause further defines “unabsorbed capital loss” for this purpose.

Clause 112 of the Bill provides for carry forward and set off of business loss. It further defines the expression “unabsorbed business loss”.

Clause 113 of the Bill provides for set off and carry forward of losses from speculation business and provides for set off and carry forward of losses from speculation business. It also defines the expressions “speculation business” and “unabsorbed speculation business loss”.

Clause 114 of the Bill provides for set off and carry forward of losses from specified business. The said clause also defines the expressions “specified business” and “unabsorbed loss from the specified business”.

Clause 115 of the Bill seeks to provide for set off and carry forward of losses from specified activity.

Clause 116 of the Bill seeks to provide for carry forward and set off of losses and unabsorbed depreciation in case of specified business amalgamation.

Clause 117 of the Bill provides that in a case of amalgamation the accumulated loss and depreciation of amalgamating entity shall be deemed to be loss and depreciation of amalgamated entity specified therein.

Clause 118 of the Bill seeks to provide for carry forward and set off of losses and unabsorbed depreciation in business reorganisation of co-operative banks.

Clause 119 of the Bill provides for carry forward and set off of losses not permissible in certain cases and also provides that subject to certain conditions specified therein, carry forward and set off of losses shall not be permissible in cases including constitution of firm and on succession of a business or profession by another person in such capacity or shall be permissible in case of change in shareholding of a company.

Clause 120 of the Bill seeks to provide that no set off of loss or unabsorbed depreciation shall be allowed against undisclosed income, consequent to search, requisition and survey.

Clause 121 of the Bill provides for submission of return for losses and also that no loss shall be carried forward and set off which has not been determined in pursuance of a return filed.

Clause 122 of the Bill provides for the statutory compliance requirements, time limits and overall limits for claiming the deductions enumerated in Chapter VIII to eligible.

Clause 123 of the Bill provides for deduction for insurance premia, deferred annuity, contributions to provident fund, etc. and to provide deduction to an assessee being an individual or Hindu undivided family in respect of payments made on account of insurance premia, deferred annuity, contribution to provident fund etc. specified in the relevant proposed Schedule.

Clause 124 of the Bill seeks to provide for deduction in respect of employer contribution to pension scheme of Central Government.

Clause 125 of the Bill seeks to provide for deduction in respect of contribution to *Agnipath* Scheme.

Clause 126 of the Bill seeks to provide for deduction in respect of health insurance premia.

Clause 127 of the Bill seeks to provide for deduction in respect of maintenance including medical treatment of a dependant who is a person with disability.

Clause 128 of the Bill seeks to provide for deduction in respect of medical treatment, etc.

Clause 129 of the Bill seeks to provide for deduction in respect of interest on loan taken for higher education.

Clause 130 of the Bill seeks to provide for deduction in respect of interest on loan taken for certain house property.

Clause 131 of the Bill provides for deduction in respect of interest on loan taken for certain house property and to provide for deduction in respect of interest on loan taken for certain house property in case of an individual to whom clause 130 is not applicable.

Clause 132 of the Bill seeks to provide for deduction in respect of purchase of electric vehicle.

Clause 133 of the Bill seeks to provide for deduction in respect of donations to certain funds, charitable institutions, etc.

Clause 134 of the Bill seeks to provide that deduction to an assessee being an individual in respect of any expenditure incurred by him towards payment of rent for any accommodation occupied by him for the purpose of his own residence.

Clause 135 of the Bill seeks to provide for deduction in respect of certain donations for scientific research or rural development.

Clause 136 of the Bill seeks to provide for deduction in respect of contributions given by companies to political parties.

Clause 137 of the Bill seeks to provide for deduction in respect of contributions given by any person to political parties.

Clause 138 of the Bill seeks to provide for deductions in respect of profits and gains from industrial undertakings or enterprises engaged in infrastructure development, etc.

Clause 139 of the Bill seeks to provide for deductions in respect of profits and gains by an undertaking or enterprise engaged in development of Special Economic Zone.

Clause 140 of the Bill seeks to provide deduction to eligible start up in respect of profits and gains of eligible businesses, which have high potential of employment generation, subject to certain conditions specified therein.

Clause 141 of the Bill provides for deduction in respect of profits and gains from certain industrial undertakings and provides for deduction for industrial undertakings in North-eastern region and also in respect of undertakings promoting housing projects.

Clause 142 of the Bill provides for deductions in respect of profits and gains of business of developing and building housing projects.

Clause 143 of the Bill provides for special provisions in respect of profits and gains of certain undertakings with respect to production of eligible article or things in North-Eastern States.

Clause 144 of the Bill provides for deduction in respect of profits and gains of newly established units in Special Economic Zones.

Clause 145 of the Bill seeks to provide for deduction for businesses engaged in collecting and processing of bio-degradable waste.

Clause 146 of the Bill provides for deduction in respect of additional employee cost and deduction in respect of additional employee cost in certain cases for specified period and shall be subject to conditions specified therein.

Clause 147 of the Bill provides for deductions for income of Offshore Banking Units and Units of International Financial Services Centre. The said clause also seeks to provide for deductions for income of Offshore Banking Units and Units of International Financial Services Centre.

Clause 148 of the Bill seeks to provide for deduction in respect of certain inter-corporate dividends.

Clause 149 of the Bill seeks to provide for deduction in respect of income of co-operative societies.

Clause 150 of the Bill seeks to provide for deduction in respect of certain income of Producer Companies.

Clause 151 of the Bill provides for deduction in respect of royalty income, etc., of authors of certain books other than text-books.

Clause 152 of the Bill provides for deduction in respect of royalty on patents.

Clause 153 of the Bill provides for certain deduction for interest on savings account deposits (excluding time deposits) for individuals and Hindu undivided families.

Clause 154 of the Bill provides for deduction in case of a person with disability and to provide for deduction for an individual resident who is certified by a medical authority as a person with disability or severe disability.

Clause 155 of the Bill seeks to provide for rebate to be allowed in computing income-tax.

Clause 156 of the Bill seeks to provide for rebate of income-tax in case of certain individuals.

Clause 157 of the Bill seeks to provide for relief when salary, etc, is paid in arrears or in advance.

Clause 158 of the Bill seeks to provide for relief from taxation in income from retirement benefit account maintained in a notified country.

Clause 159 of the Bill provides for agreement with foreign countries or specified territories and adoption by the Central Government of agreement between specified associations for double taxation relief. It also seeks to provide for double taxation relief where the Central Government has entered into an agreement with other countries. The said clause further provides for exchange of information for the prevention of evasion, avoidance and recovery of income-tax.

Clause 160 of the Bill seeks to provide for deduction from the Indian income-tax payable by a person who has paid tax outside India in a country with which no agreement exists in respect of his income which accrued or arose during that tax year outside India.

Clause 161 of the Bill provides for computation of income from international transaction and specified domestic transaction having regard to arm's length price.

Clause 162 of the Bill seeks to define the expression "associated enterprise".

Clause 163 of the Bill seeks to define the expression "international transaction".

Clause 164 of the Bill seeks to define the expression "specified domestic transaction".

Clause 165 of the Bill provides for determination of arm's length price and the methods for determining the arm's length price.

Clause 166 of the Bill provides for referral of cases by the Assessing Officer to the Transfer Pricing Officer for determining the arm's length price.

Clause 167 of the Bill provides for power of Board to make safe harbour rules to simplify compliance and reduce litigation.

Clause 168 of the Bill provides for advance pricing agreement between the taxpayer and the tax authorities to pre-determine the arm's length price for specified transactions.

Clause 169 of the Bill, *inter alia*, seeks to provide for giving effect to advance pricing agreement entered into by an assessee and consequential procedures.

Clause 170 of the Bill provides for secondary adjustment in certain cases to ensure that the actual allocation of profits between the associated enterprises aligns with the arm's length price.

Clause 171 of the Bill provides for maintenance, keeping and furnishing of information and document by certain persons and documents by entities involved in international or specified domestic transactions.

Clause 172 of the Bill provides for report from an accountant to be furnished by persons entering into international transaction or specified domestic transaction.

Clause 173 of the Bill provides for definitions of certain terms relevant to determination of arm's length price, etc.

Clause 174 of the Bill provides for avoidance of income-tax by transactions resulting in transfer of income to non-residents also that the income arising of such transaction be deemed to be income.

Clause 175 of the Bill provides for avoidance of tax by certain transactions in securities arising from such securities for such year shall be deemed to be the income of persons specified therein.

Clause 176 of the Bill seeks to provide for special measures in respect of transactions with persons located in notified jurisdictional area.

Clause 177 of the Bill seeks to provide for limitation on interest deduction in certain cases.

Clause 178 of the Bill provides for the framework for the applicability of General Anti-Avoidance Rule.

Clause 179 of the Bill seeks to define impermissible avoidance arrangements under the General Anti-Avoidance Rule.

Clause 180 of the Bill seeks to outline the conditions under which an arrangement shall be deemed to lack commercial substance.

Clause 181 of the Bill provides for consequences of impermissible avoidance arrangement under the General Anti-Avoidance Rule.

Clause 182 of the Bill provides for treatment of connected person and accommodating party under the General Anti-Avoidance Rule.

Clause 183 of the Bill seeks to provide for the applicability of General Anti-Avoidance Rule.

Clause 184 of the Bill seeks to provide for definition of General Anti-Avoidance Rule.

Clause 185 of the Bill seeks to provide, *inter alia*, for restrictions on taking or accepting loan, deposit and specified sum in cash with certain exceptions.

Clause 186 of the Bill provides, *inter alia*, for restriction on receiving an amount of rupees two lakh and above in the modes other than the modes specified therein.

Clause 187 of the Bill seeks to provide for accepting payment through prescribed electronic modes.

Clause 188 of the Bill provides, *inter alia*, for restrictions on repayment of certain loans, deposit or specified advance in cash with certain exceptions.

Clause 189 of the Bill seeks to provide for definitions of certain expressions which, *inter alia*, includes banking company, specified sum, etc.

Clause 190 of the Bill provides for the mode of computation of total income if it includes any income on which no income tax is payable.

Clause 191 of the Bill seeks to provide for tax on accumulated balance of recognised provident fund.

Clause 192 of the Bill provides for the tax liability on the total income in search cases.

Clause 193 of the Bill provides for, *inter alia*, for special rates of tax on resident individuals employed by an entity engaged in a specified knowledge-based industry or services on income from Global Depository Receipts.

Clause 194 of the Bill provides for taxation of earnings from lotteries, cross word puzzles, horse race, card games, online games, income from transfer of virtual digital assets. The said clause further provides for a concessional tax rate on royalty income on patents earned by a resident, income on transfer of carbon credits and profits and gains from insurance business.

Clause 195 of the Bill provides for tax on certain income referred to in clauses 102 to 106.

Clause 196 of the Bill provides for taxation of short-term capital gains in case of a transfer of short-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 subject to certain conditions.

Clause 197 of the Bill provides for taxation of long-term capital gains where the capital gains arise from the transfer of a long-term capital asset (other than an equity share in a company or a unit of an equity-oriented fund or a unit of a business trust).

Clause 198 of the Bill provides for taxation of long-term capital gains where 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.

Clause 199 of the Bill provides for beneficial rate of tax on manufacturing companies subject to satisfaction of certain conditions.

Clause 200 of the Bill provides for the (optional) concessional tax rate applicable to companies other than those covered under clauses 199 and 201, if they do not claim specific deductions. The said clause further provides for the manner of opting, method of computing the income and also implications for Unit in the International Financial Services Centre.

Clause 201 of the Bill provides for an incentivized tax rate on income of new manufacturing domestic companies subject to satisfaction of certain conditions.

Clause 202 of the Bill provides for a simplified tax regime for individuals, Hindu undivided families and other specified persons.

Clause 203 of the Bill provides for the (optional) concessional tax rate applicable to co-operative societies other than those covered under clause 204, if they do not claim specific deductions.

Clause 204 of the Bill provides for an incentivized tax rate of 15% on the manufacturing income of new manufacturing co-operative societies subject to satisfaction of certain conditions.

Clause 205 of the Bill provides for the conditions for the concessional rate of taxes applicable under clauses 199, 200, 201, 203 and 204.

Clause 206 of the Bill provides for provisions relating to taxation on book profits and deals with minimum alternate tax and alternate minimum tax.

Clause 207 of the Bill provides special rates of taxes for non-residents on certain types of income (like dividends, interest, distributed income, income in respect of units, royalties and fees for technical services).

Clause 208 of the Bill provides for special rates of taxes for offshore funds on investments made in foreign currency.

Clause 209 of the Bill provides for special rates of taxes for non-residents on Global Depository Receipts including income by way of interest, dividend and income on transfer of such Global Depository Receipts.

Clause 210 of the Bill provides for special rates of tax on income earned by Foreign Institutions Investors including dividend and interest on securities and capital gains on transfer of their securities.

Clause 211 of the Bill provides for special rates of tax on non-residents sportsmen or sports associations with respect to certain incomes earned in India.

Clause 212 of the Bill provides for Interpretation relating to Chapter XIII-E. The said clause seeks to provide the definitions of certain terms for the purposes of clauses 213 to 218.

Clause 213 of the Bill provides for the method of computing the taxable income for non-resident Indians.

Clause 214 of the Bill provides for the special rates of taxes on investment income and long terms capital gains earned by non-resident Indians.

Clause 215 of the Bill provides for the non-taxation of long term capital gains earned by non-resident Indians, if they make specific investment(s).

Clause 216 of the Bill provides for the exemption from filing of the return of income of non-resident Indians, if certain conditions are satisfied.

Clause 217 of the Bill provides for the optional grandfathering of the taxation of income from investments made by a non-resident Indian if he becomes a resident at a later year.

Clause 218 of the Bill provides for the method for opting out of the provisions of the clauses 212 to 217.

Clause 219 of the Bill provides for relaxation from capital gains tax and entitlement to carry forward losses, etc., when an Indian branch of a foreign bank is converted into an Indian company.

Clause 220 of the Bill provides for the implications where a foreign company is said to be a resident in India.

Clause 221 of the Bill provides for special taxation regime for income from a securitization trust earned by its investors.

Clause 222 of the Bill seeks to provide for tax on income in case of venture capital undertakings.

Clause 223 of the Bill provides for special taxation regime for Infrastructure Investment Trust under the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 and Real Estate Investment Trust under the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 and their unit holders.

Clause 224 of the Bill provides for special taxation regime for income of investment fund and its unit holders.

Clause 225 of the Bill seeks to provide for income from the business of operating qualifying ships and the option to tax payers to opt for the scheme of tonnage tax.

Clause 226 of the Bill seeks to provide for tonnage tax scheme and defines that a company operating ships and giving the manner of computation of income under tonnage tax scheme for a tonnage tax company for its tonnage income.

Clause 227 of the Bill seeks to provide for computation of tonnage income.

Clause 228 of the Bill seeks to provide for relevant shipping income and exclusion from book profit.

Clause 229 of the Bill provides for manner of calculation of depreciation along with treatment of capital gains in case of the transfer of capital asset forming part of qualifying assets as well as treatment given to the written down value of the qualifying assets and other assets whenever they are moved between the qualifying and non- qualifying businesses.

Clause 230 of the Bill seeks to provide for general exclusion of losses, deductions and set off including the accrued losses incurred or claimed prior to opting of tonnage tax scheme by the company.

Clause 231 of the Bill seeks to provide for the method of opting of tonnage tax scheme and validity.

Clause 232 of the Bill seeks to provide for certain conditions for applicability of tonnage tax scheme.

Clause 233 of the Bill seeks to provide for continuance of and validity of the scheme in the case of amalgamation and demerger.

Clause 234 of the Bill seeks to provide for avoidance of tax and exclusion from tonnage tax scheme in case of abuse of the provisions by way of any arrangement made to avail tax advantage.

Clause 235 of the Bill provides for definition of certain terms relating to tonnage tax scheme.

Clause 236 of the Bill provides for various classes of income-tax authorities beginning from, the Central Board of Direct Taxes and up to Inspectors of Income-tax.

Clause 237 of the Bill seeks to provide for the appointment of income-tax authorities by the Central Government by framing rules and orders for regulating conditions of service and to authorise the Board or subordinate authorities, to appoint income-tax authorities below the rank of a Deputy or Assistant Commissioner and also other executive or ministerial staff.

Clause 238 of the Bill provides for the income-tax authorities to be subordinate to another income-tax authorities as per the notification issued by the Board.

Clause 239 of the Bill provides for the power of the Board to issue orders, instructions and directions to other income-tax authorities.

Clause 240 of the Bill empowers the Board towards administration of Charter for Taxpayers.

Clause 241 of the Bill provides for the power and performance of the income-tax authorities in accordance with such directions as the Board may issue or by other income-tax authorities as specified by the Board.

Clause 242 of the Bill provides for jurisdiction of Assessing Officers over an area.

Clause 243 of the Bill provides for the power of the specified income-tax authority to transfer any case from one Assessing Officer to another Assessing Officer.

Clause 244 of the Bill provides for the jurisdiction of the succeeding income-tax authority to continue with any proceeding from the stage at which his predecessor has left.

Clause 245 of the Bill seeks to provide for the faceless jurisdiction of the income-tax authorities who will exercise all powers and performance assigned leading to greater efficiency, transparency and accountability among other things.

Clause 246 of the Bill seeks to provide for powers of income tax authorities regarding discovery or production of evidence etc. as are vested in court under Code of Civil Procedure, 1908 in respect of specified matters.

Clause 247 of the Bill provides for dealing with powers and procedures relating to search and seizure under the proposed legislation.

Clause 248 of the Bill provides for powers to requisition books of account, etc., which have been taken into custody by any officer or authority under any other law.

Clause 249 of the Bill provides for reasons for search and seizure not to be disclosed.

Clause 250 of the Bill seeks to provide for application of seized or requisitioned assets under the provisions of the proposed legislation.

Clause 251 of the Bill seeks to provide for authority and procedures to deal with books of accounts and documents seized or requisitioned under clauses 247 and 248 of the proposed legislation and provides time limitations for their retention by the authorities concerned.

Clause 252 of the Bill provides for power to call for information of the income-tax authorities to call for information.

Clause 253 of the Bill provides for powers of survey, i.e., entry into business premises of an assessee, restrictions imposed in exercises of this power and duties of the assesses during survey action.

Clause 254 of the Bill seeks to provide for powers of authorities to collect certain information which may be useful, or relevant to the purposes of the proposed legislation.

Clause 255 of the Bill seeks to provide for power to inspect registers of companies by income-tax authorities.

Clause 256 of the Bill seeks to provide for the powers of Assessing Officer under the proposed legislation in relation to making enquiries to competent authority, i.e., higher authorities.

Clause 257 of the Bill provides to treat proceedings before the income-tax authorities at par with the judicial proceedings.

Clause 258 of the Bill provides for restrictions on disclosure of information in respect of assessee by income-tax authorities.

Clause 259 of the Bill provides the power of income-tax authority to call for information by prescribed income-tax authority.

Clause 260 of the Bill empowers the Board to make any scheme by notification for faceless collection of information under certain clauses.

Clause 261 of the Bill provides for definitions of various expressions used in this Chapter XIV.

Clause 262 of the Bill seeks to provide for obtaining and quoting of Permanent Account Number and linking of Aadhar Number to Permanent Account Number.

Clause 263 of the Bill provides for obligation of persons to file return of income and timelines for filing of return of income.

Clause 264 of the Bill seeks to provide for scheme for submission of return through Tax Return Preparer.

Clause 265 of the Bill seeks to provide for verification of returns of income by assessee and the persons competent to verify the returns of income.

Clause 266 of the Bill provides for payment of tax together with interest and fee while filing return of income.

Clause 267 of the Bill provides for payment of self-assessment tax on updated return along with the interest and fee payable.

Clause 268 of the Bill seeks to provide for inquiry before assessment, to call for statement of all assets and liabilities and making a reference for special audit.

Clause 269 of the Bill seeks to provide for making a reference by Assessing Officer to a Valuation Officer to estimate the fair market value of any asset, property or investment.

Clause 270 of the Bill seeks to provide for processing of returns filed and the powers to make *prima facie* adjustments and also selecting returns for the assessment.

Clause 271 of the Bill seeks to provide for completion of assessment to the best of judgment of the assessing officer.

Clause 272 of the Bill empowers the Joint Commissioner to issue directions to the assessing officer during assessment proceedings.

Clause 273 of the Bill seeks to provide for faceless assessment of eligible cases assigned by National Faceless Assessment Centre to a specific Assessment Unit through an automated allocation system.

Clause 274 of the Bill seeks to provide for making a reference by Assessing Officer to the Principal Commissioner or Commissioner during the course of pending assessments or reassessments to declare an arrangement as an impermissible tax avoidance arrangement and determining the consequences of such an alignment.

Clause 275 of the Bill provides for scheme for reference to the Dispute Resolution Panel.

Clause 276 of the Bill seeks to provide for method of accounting to be followed for computation of income under the heads “Profits and gains of business or profession” and “Income from Other sources”.

Clause 277 of the Bill seeks to provide for valuation of inventory and securities as per income computation and disclosure standards.

Clause 278 of the Bill seeks to provide for taxability of interest, compensation or enhanced compensation and escalation claims in respect of contract or export incentives.

Clause 279 of the Bill seeks to provide for assessment of any income chargeable to tax which has escaped assessment.

Clause 280 of the Bill seeks to provide for issue of notice where income has escaped assessment.

Clause 281 of the Bill seeks to provide for procedure to be followed before issuance of notice under clause 280.

Clause 282 of the Bill provides for time limit for notices in the cases of income escaping assessment.

Clause 283 of the Bill seeks to provide provision for cases where assessment is in pursuance of an order on appeal, directions from approving panel.

Clause 284 of the Bill provides for sanction for issue of notice in cases of income escaping assessment.

Clause 285 of the Bill provides for other provisions pertaining to assessment or re-assessment or re-computation made.

Clause 286 of the Bill provides for time limits for completion of assessment, re-assessment and re-computation in various situations.

Clause 287 of the Bill provides for rectifying any mistake apparent on the face of the record by amending orders passed by an income-tax Authority under the provisions of the proposed legislation.

Clause 288 of the Bill provides for time limits for passing of rectification orders in certain cases.

Clause 289 of the Bill provides for notice of demand payable (tax, interest, penalty, fine or any other sum).

Clause 290 of the Bill provides for modification and revision of demand notice issued in certain cases.

Clause 291 of the Bill seeks to provide for intimation of loss the purposes of carrying forward and set-off of such losses.

Clause 292 of the Bill provides for scheme of block assessment in a search case.

Clause 293 of the Bill provides for computation of total income of block period in search cases.

Clause 294 of the Bill seeks to provide procedure for block assessment.

Clause 295 of the Bill seeks to provide for procedure for block assessment of any other person in search cases.

Clause 296 of the Bill seeks to provide time limit for completion of block assessment.

Clause 297 of the Bill seeks to provide that certain interests and penalties not to be imposed in case of assessment of search cases.

Clause 298 of the Bill seeks to provide for levy of interest and penalty in search cases.

Clause 299 of the Bill seeks to provide authorities competent to make assessments of block period.

Clause 300 of the Bill provides for saving clause with respect to application of other provisions of the Act.

Clause 301 of the Bill provides for interpretation of various expressions related to assessment of search cases.

Clause 302 of the Bill provides for tax liability of the legal representative in the event of the demise of the assessee.

Clause 303 of the Bill explains the concept of representative assessee for the income of a non-resident or trust or minor, lunatic or idiot, etc.

Clause 304 of the Bill provides for the responsibility of the representative assessee and taxation of income received in the capacity of representative assessee.

Clause 305 of the Bill deals with the rights of the representative assessee to recover the taxes paid by him in his capacity as representative assessee.

Clause 306 of the Bill seeks to deal with persons to act as an agent in relation to a non-resident.

Clause 307 of the Bill seeks to provide for the charge of tax of certain representative assesses in a situation where the share of the beneficiaries is unknown or indeterminate.

Clause 308 of the Bill provides for charge of tax in case of oral trust.

Clause 309 of the Bill seeks to provide for the method of computing a member's share in income of association of persons or body of individuals.

Clause 310 of the Bill deals with share of member of an association of persons or body of individuals in income of association or body.

Clause 311 of the Bill seeks to provide for charge of tax in the hands of the association of persons or body of individuals where shares of members in such association or body is either known or unknown, represented in the form of a table.

Clause 312 of the Bill seeks to provide for the chargeability of tax on the income of the estate of the deceased in the hands of the Executor and the right of the executor to recover the tax paid.

Clause 313 of the Bill seeks to deal with the assessment of the income and the taxability of the same pertaining to a business in which there is a succession otherwise than a death.

Clause 314 of the Bill seeks to deal with effect of order of tribunal or court in respect of business reorganisation in cases where either proceeding is pending or an assessment is completed.

Clause 315 of the Bill seeks to deal with assessment of the income of a Hindu undivided family where a partition has taken place and the joint and several liability of the members of such family.

Clause 316 of the Bill provides for levy and recovery of tax in the case of any ship, belonging to or chartered by a non-resident, which carries passengers, livestock, mail or goods shipped at a port in India.

Clause 317 of the Bill provides for taxability of income of any individual who may leave India.

Clause 318 of the Bill seeks to provide for the taxation of the income of association of persons or body of individuals or artificial juridical person formed for a particular event or purpose and likely to be dissolved soon after that event.

Clause 319 of the Bill provides for assessment of the income of persons who are likely to transfer any property with a view to avoiding payment of any liability under the proposed legislation.

Clause 320 of the Bill seeks to provide for accelerated assessment in cases of discontinuance of business or profession in any year.

Clause 321 of the Bill seeks to provide for chargeability of any liability under the proposed legislation in cases of discontinuance of business or profession or dissolution of an association of persons.

Clause 322 of the Bill provides for the procedures to be followed by companies in liquidation and the responsibilities of the liquidator

Clause 323 of the Bill seeks to provide for the liability of the directors of a private company on tax and other dues as per the provisions of this Bill.

Clause 324 of the Bill seeks to provide for the charge of tax in case of a firm.

Clause 325 of the Bill deals with the provisions of assessment of a partnership firm including compliances to certain conditions.

Clause 326 of the Bill deals with consequences in the assessment of a partnership firm in case of non-compliance to the conditions made by rules.

Clause 327 of the Bill seeks to provide for assessment of a partnership firm in cases where there is a change in constitution of the firm.

Clause 328 of the Bill provides for taxation in the hands of the predecessor and successor in the case of succession of one firm by another firm.

Clause 329 of the Bill seeks to provide for joint and several liability of partners for tax payable by firm.

Clause 330 of the Bill seeks to provide for assessment and liability in the hands of the firm even after its dissolution or discontinuance of the business.

Clause 331 of the Bill provides for joint and several liability of partners of a limited liability partnership in liquidation.

Clause 332 of the Bill provides for provisions related to registration of non-profit organisation.

Clause 333 of the Bill seeks to provide provision related to switching over of regimes by a registered non-profit organisation .

Clause 334 of the Bill seeks to provide taxability of income of a registered non-profit organisation.

Clause 335 of the Bill provides the meaning of regular income of a registered non-profit organisation .

Clause 336 of the Bill seeks to deal with the taxable regular income of a registered non-profit organisation.

Clause 337 of the Bill provides for the provisions related to specified income of a registered non-profit organisation.

Clause 338 of the Bill seeks to provide for the provisions related to income not to be included in regular income of a registered non-profit organisation.

Clause 339 of the Bill provides for the meaning of corpus donation of a registered non-profit organisation.

Clause 340 of the Bill provides for the provision related to deemed corpus donation of a registered non-profit organisation.

Clause 341 of the Bill provides for the provision related to application of income of a registered non-profit organisation.

Clause 342 of the Bill seeks to provide the provision related to accumulated income of a registered non-profit organisation.

Clause 343 of the Bill provides for the provisions related to deemed accumulated income of a registered non-profit organisation.

Clause 344 of the Bill seeks to provide for the provisions related to business undertaking held as property of a registered non-profit organisation.

Clause 345 of the Bill seeks to provide the provision related to restriction on commercial activities of a registered non-profit organisation.

Clause 346 of the Bill seeks to provide for the provisions relating to restriction on commercial activities of a registered non-profit organisation which has advancement of any other object of general public utility as any of its objects.

Clause 347 of the Bill provides for provision related to books of account of a registered non-profit organisation.

Clause 348 of the Bill seeks to provide the provision related to audit of a registered non-profit organisation.

Clause 349 of the Bill seeks to provide the provision related to return of income of a registered non-profit organisation.

Clause 350 of the Bill seeks to provide provision related to permitted modes of investment.

Clause 351 of the Bill seeks to provide provisions related to specified violation of a registered non-profit organisation.

Clause 352 of the Bill seeks to provide provision related to tax on accreted income of a registered non-profit organisation.

Clause 353 of the Bill seeks to provide provision related to other violations of a registered non-profit organisation.

Clause 354 of the Bill seeks to provide provisions related to approval for purpose of exemption on donation.

Clause 355 of the Bill seeks to provide the meaning of different terms used in this Chapter.

Clause 356 of the Bill seeks to provide for appeals to Joint Commissioner (Appeals) against certain orders.

Clause 357 of the Bill seeks to provide for appeals to Commissioner (Appeals) against certain orders.

Clause 358 of the Bill seeks to provide for form of appeal and limitation.

Clause 359 of the Bill seeks to provide for procedure in appeal.

Clause 360 of the Bill deal with the powers of Joint Commissioner (Appeals) and the Commissioner (Appeals).

Clause 361 of the Bill provides for constitution of Income tax Appellate Tribunal.

Clause 362 of the Bill seeks to provide for appeals to the Income tax Appellate Tribunal.

Clause 363 of the Bill seeks to provide for the orders passed by the Income tax Appellate Tribunal.

Clause 364 of the Bill seeks to provide for the powers and functions of the Income tax Appellate Tribunal.

Clause 365 of the Bill seeks to provide for appeals to the High Court.

Clause 366 of the Bill provide for appeals to the High Court to be heard by not less than two Judges.

Clause 367 of the Bill seeks to provide for appeals to Supreme Court.

Clause 368 of the Bill seeks to provide for hearing before the Supreme Court.

Clause 369 of the Bill seeks to provide that tax to be paid irrespective of filing of appeal before High Court or Supreme Court.

Clause 370 of the Bill seeks to provide for execution for costs awarded by Supreme Court.

Clause 371 of the Bill provides for amendment of assessment on account of appeal in certain cases.

Clause 372 of the Bill seeks to provide for exclusion of time taken to obtain copy of the order.

Clause 373 of the Bill seeks to provide for filing of appeals by income tax authority and empowers Board to issue instructions from time to time.

Clause 374 of the Bill provides for the definition of “High Court” for the purpose of filing of appeal under this Chapter.

Clause 375 of the Bill provides for procedure when assessee claims identical question of law is pending before High Court or Supreme Court.

Clause 376 of the Bill seeks to prescribe procedure where an identical question of law is pending before High Courts or Supreme Court.

Clause 377 of the Bill provides for revision of orders prejudicial to Revenue by Principal Commissioner or Commissioner.

Clause 378 of the Bill seeks to provide for revision of orders in certain cases which are not prejudicial to revenue.

Clause 379 of the Bill provides for constitution of Dispute Resolution Committee to resolve disputes in certain cases.

Clause 380 of the Bill seeks to define certain expressions used in the context of Advance Rulings.

Clause 381 of the Bill provides for constitution of Board for Advance Rulings.

Clause 382 of the Bill seeks to deal with proceedings in case of vacancies in the Board for Advance Rulings.

Clause 383 of the Bill provides for filing of application before the Board for Advance Rulings.

Clause 384 of the Bill seeks to provide for procedure to process the application made for advance rulings.

Clause 385 of the Bill seeks to provide that certain authorities not to proceed to decide in certain cases where application for advance ruling has been made.

Clause 386 of the Bill seeks to provide that advance ruling to be void in certain circumstances.

Clause 387 of the Bill seeks to provide for powers of the Board for Advance Rulings.

Clause 388 of the Bill seeks to empower the Board for Advance Rulings to regulate its own procedure.

Clause 389 of the Bill provides for appeal to High Court on the rulings pronounced by the Board for Advance Rulings.

Clause 390 of the Bill provides for the provisions relating to tax deduction at source, tax collection at source, advance payment, etc., as modes of tax payment.

Clause 391 of the Bill provides for provisions relating to direct payment of tax by assessee in certain conditions.

Clause 392 of the Bill provides for provisions relating to tax deduction at source on salary and accumulated balance to an employee.

Clause 393 of the Bill provides for provisions relating to tax deduction at source on various payments.

Clause 394 of the Bill provides for provisions relating to tax collection at source on various transactions.

Clause 395 of the Bill provides for provisions relating to issuance of certificate for lower deduction of tax.

Clause 396 of the Bill seeks to provide the certain sums which shall be deemed as income received for the purposes of computing the income of the assessee.

Clause 397 of the Bill seeks to provide for compliance and reporting requirements for tax deduction at source and tax collection at source.

Clause 398 of the Bill seeks to provide for consequence for failure to deduct or collect or pay tax.

Clause 399 of the Bill seeks to provide for processing of statements of tax deduction at source and tax collection at source filed.

Clause 400 of the Bill empowers the Central Government to relax the provisions of tax deduction at source and tax collection at source.

Clause 401 of the Bill seeks to provide for provisions relating to bar against the demand on assessee to the extent tax has been deducted.

Clause 402 of the Bill seeks to provides for definition of certain expressions used in the chapter of collection and recovery of tax.

Clause 403 of the Bill seeks to provide for liability for payment of advance tax during the tax year in respect of total income of an assessee.

Clause 404 of the Bill seeks to provide for conditions where assessee shall be required to pay advance tax.

Clause 405 of the Bill seeks to provides for the provisions relating to the method for computation of advance tax payable in a tax year.

Clause 406 of the Bill seeks to provide for payment of advance tax by assessee on his own accord.

Clause 407 of the Bill provides for payment of advance tax by an assessee in pursuance of an order of the Assessing Officer.

Clause 408 of the Bill provides for payment of advance tax in four instalments and by the due dates as made by the rules.

Clause 409 of the Bill seeks to provide for deeming an assessee to be in default for failure to pay advance tax as per the order of the Assessing Officer.

Clause 410 of the Bill seeks to provide for giving credit for advance tax paid by or recovered from an assessee as a payment of tax in respect of the income of the tax year.

Clause 411 of the Bill seeks to provide for the provisions relating to notice of demand, tax payable and when assessee is deemed to be in default.

Clause 412 of the Bill seeks to provide for penalty which shall be payable when assessee is in tax default.

Clause 413 of the Bill seeks to provide for drawing up of a certificate in respect of an assessee in default by the Tax Recovery Officer, specifying the amount of arrears due from the assessee and the recovery thereof.

Clause 414 of the Bill seeks to specify the Tax Recovery Officer by whom recovery is to be effected.

Clause 415 of the Bill empowers the Tax Recovery Officer to stay the recovery proceedings of his own accord or in pursuance of reduction in demand because of an appeal or other proceedings under the proposed legislation.

Clause 416 of the Bill empowers the Assessing Officer with modes of recovery where no certificate is drawn up by the Tax Recovery Officer.

Clause 417 of the Bill provides for recovery of tax through State Government in any area where recovery of tax has been entrusted to a State Government under article 258(1) of the Constitution.

Clause 418 of the Bill provides for recovery of tax on behalf of the Government of any foreign country under an agreement between the two Governments from a resident of India or a person having any property in India through a Tax Recovery Officer.

Clause 419 of the Bill provides for the provisions relating to recovery of penalties, fine, interest and other sums in the same manner as provided for recovery of tax.

Clause 420 of the Bill seeks to provide for the requirement of a no objection certificate to be issued by the prescribed authority to a person who is not domiciled in India and has come to India in connection with business, profession or employment and who has income derived from any source in India for leaving India.

Clause 421 of the Bill seeks to provide that recovery by suit or under other law will not be affected notwithstanding tax due being recovered under any mode prescribed in the proposed legislation.

Clause 422 of the Bill seeks to provide for recovery of tax arrears from a non-resident from his assets.

Clause 423 of the Bill seeks to provide that the assessee shall be liable to pay interest for default in furnishing return of income.

Clause 424 of the Bill seeks to provide that the assessee shall be liable to pay interest for failure to pay advance tax or where the advance tax paid by the assessee falls short of 90% of the assessed tax.

Clause 425 of the Bill seeks to provide that the assessee shall be liable to pay interest for failure to pay full amount of any instalment of advance tax by the due date for that instalment.

Clause 426 of the Bill seeks to provide that the assessee shall be liable to pay interest on any amount refunded to him in excess of the refund actually due.

Clause 427 of the Bill seeks to provide that the assessee shall be liable to pay fee of for delay in furnishing of statement regarding taxes deducted or collected at source.

Clause 428 of the Bill seeks to provide that the assessee shall be liable to pay a fee for failure to furnish a return of income by the prescribed due date.

Clause 429 of the Bill seeks to provide that the assessee shall be liable to pay a fee of for delay in furnishing of prescribed statement or certificate relating to expenditure on scientific research and by an institution or fund established in India for charitable purposes.

Clause 430 of the Bill seeks to provide that the assessee shall be liable to pay a fee for failure to intimate his Aadhaar number by the prescribed date.

Clause 431 of the Bill provides for refund of excess amount paid by an assessee where the tax paid is more than the tax actually chargeable.

Clause 432 of the Bill provides that the legal representative or the trustee or guardian or receiver, to claim or receive refund for the benefit of a person who is unable to claim or receive the refund due to him on account of death, incapacity, insolvency, liquidation or other cause or his estate.

Clause 433 of the Bill seeks to provide that every claim of refund shall be made by furnishing a return of income.

Clause 434 of the Bill seeks to provide for refund of tax deducted and paid to the Central Government by a person by whom the income is payable and who was required by an agreement to bear such tax deductible on the income on a claim made by him that no tax was required to be deducted on such income.

Clause 435 of the Bill seeks to provide that the Assessing Officer shall refund any amount becoming due to the assessee as a result of any appellate order without the assessee being required to make any claim in this regard.

Clause 436 of the Bill seeks to provide that the assessee shall not be entitled to question the correctness of any assessment or other matter which has become final or to claim any other relief except refund of tax wrongly paid or paid in excess.

Clause 437 of the Bill seeks to provide that the assessee shall be entitled to receive interest in addition to the refund due to him.

Clause 438 of the Bill seeks to provide for setting off the amount to be refunded or any part of that amount, against any sum remaining payable under this Bill by such person after giving prior intimation to such person.

Clause 439 of the Bill seeks to impose penalty for under-reporting and mis-reporting of income.

Clause 440 of the Bill deals with the conditions and circumstances under which immunity from imposition of penalty and initiation of prosecution proceedings.

Clause 441 of the Bill seeks to impose penalty for failure to keep, maintain or retain books of account, documents, etc.

Clause 442 of the Bill seeks to impose penalty for failure to keep and maintain information and document, etc., in respect of certain transactions.

Clause 443 of the Bill seeks to provide for imposition of penalty, if the income which includes any cash credits, unexplained investment, unexplained money, unexplained expenditure, amount of investment, etc., not fully disclosed in books of account and amount borrowed or repaid on *hundi*.

Clause 444 of the Bill seeks to impose penalty for false entry or omitted entry in the books of account.

Clause 445 of the Bill seeks to impose penalty for violation of certain provisions by specified persons.

Clause 446 of the Bill seeks to provide for imposition of penalty for failure to get accounts audited.

Clause 447 of the Bill seeks to provide for imposition of penalty for failure to furnish a report from an accountant as required by clause 172.

Clause 448 of the Bill seeks to provide for imposition of penalty for failure to deduct tax at source.

Clause 449 of the Bill seeks to provide for imposition of penalty for failure to collect tax at source.

Clause 450 of the Bill provides for imposition of penalty if a person takes or accepts any loan or deposit or specified sum in contravention of the provisions of clause 185.

Clause 451 of the Bill provides for imposition of penalty for failure to comply with the provisions of clause 186.

Clause 452 of the Bill provides for imposition of penalty for failure to comply with the provisions of clause 187.

Clause 453 of the Bill provides for imposition of penalty for failure to comply with the provision of clause 188.

Clause 454 of the Bill seeks to provide for imposition of penalty for failure to furnish statement of financial transaction or reportable account.

Clause 455 of the Bill seeks to provide for imposition of penalty for furnishing inaccurate statement of financial transaction or reportable account.

Clause 456 of the Bill seeks to provide for imposition of penalty for failure to furnish statement or information or document by an eligible investment fund.

Clause 457 of the Bill seeks to provide for imposition of penalty for failure to furnish statement or information or document under clause 171.

Clause 458 of the Bill seeks to provide for imposition of penalty for failure to furnish information or document under clause 506.

Clause 459 of the Bill seeks to provide for imposition of penalty for failure to furnish report or for furnishing inaccurate report under clause 511.

Clause 460 of the Bill seeks to provide for imposition of penalty for failure to submit statement under clause 505.

Clause 461 of the Bill seeks to provide for imposition of penalty for failure to submit statement as required under clause 397(3)(b).

Clause 462 of the Bill seeks to provide for imposition of penalty for failure to furnish information or furnishing inaccurate information as required under clause 397(3)(d).

Clause 463 of the Bill seeks to provide for imposition of penalty for furnishing incorrect information in reports or certificates by any accountant or merchant banker or registered valuer.

Clause 464 of the Bill seeks to provide for imposition of penalty for failure to furnish statements by certain institutions or funds.

Clause 465 of the Bill seeks to provide for imposition of penalty for failure to answer questions, sign statements, furnish information, returns or statements, allow inspections, etc.

Clause 466 of the Bill seeks to provide for imposition of penalty for failure to comply with the provisions of clause 254.

Clause 467 of the Bill seeks to provide for imposition of penalty for failure to comply with the provisions of clause 262.

Clause 468 of the Bill seeks to provide for imposition of penalty for failure to comply with the provisions of clause 397(1).

Clause 469 of the Bill seeks to provide for power to reduce or waive penalty, etc., in certain cases.

Clause 470 of the Bill seeks to provide that penalty in certain cases shall not be imposed for reasonable cause.

Clause 471 of the Bill seeks to provide for the procedure for levy of penalty.

Clause 472 of the Bill provides for bar of limitation for imposing penalty.

Clause 473 of the Bill seeks to provide for punishment for contravention of order passed under clause 247 (1)(viii) or (4).

Clause 474 of the Bill seeks to provide for punishment for failure to comply with clause 247 (1)(b)(ii).

Clause 475 of the Bill seeks to provide for punishment for the removal, concealment, transfer or delivery of property to evade tax recovery.

Clause 476 of the Bill seeks to provide for punishment for failure to pay tax to the credit of Central Government as required under Chapter XIX-B.

Clause 477 of the Bill seeks to provide for punishment for failure to pay collected tax to the credit of Central Government.

Clause 478 of the Bill seeks to provide for punishment for wilful attempt to evade tax, penalty, etc.

Clause 479 of the Bill seeks to provide for punishment for failure to furnish return of income.

Clause 480 of the Bill seeks to provide for punishment for failure to furnish return of income in search cases.

Clause 481 of the Bill seeks to provide for punishment for failure to produce accounts and documents.

Clause 482 of the Bill seeks to provide for punishment for making of false statement in verification, etc.

Clause 483 of the Bill seeks to provide for punishment for falsification of books of account or document, etc., to evade tax.

Clause 484 of the Bill seeks to provide for punishment for abetment of false return, etc.

Clause 485 of the Bill seeks to provide for punishment for second and subsequent offences.

Clause 486 of the Bill seeks to provide for that punishment shall not be imposed in certain cases for reasonable cause.

Clause 487 of the Bill seeks to provide for punishment for offences by companies.

Clause 488 of the Bill seeks to provide for punishment for Hindu undivided family.

Clause 489 of the Bill seeks to provide for presumption as to assets, book of accounts, etc., in certain cases.

Clause 490 of the Bill seeks to provide for presumption as to culpable mental state.

Clause 491 of the Bill seeks to provide for previous sanction of the Commissioner or Principal Commissioner or Joint Commissioner (Appeals) or Commissioner (Appeals) or Principal Chief Commissioner to launch prosecution of certain offences.

Clause 492 of the Bill seeks to provide for certain offences to be non-cognizable irrespective of the provisions contained in the Bharatiya Nagarik Suraksha Sanhita, 2023.

Clause 493 of the Bill seeks to provide that entries in the records or other documents in the custody of an income-tax authority shall be admitted in evidence in any proceedings for the prosecution of any person for an offence.

Clause 494 of the Bill provides for punishment for contravention of clause 258(3) relating to disclosure of information by public servants.

Clause 495 of the Bill seeks to provide for trial of offences under the Bill by special Court.

Clause 496 of the Bill seeks to provide for trial of offences under the Bill by special Court irrespective of the provisions of the Bharatiya Nagarik Suraksha Sanhita, 2023.

Clause 497 of the Bill seeks to provide for trial of offences as summons case.

Clause 498 of the Bill seeks to provide for application of the Bharatiya Nagarik Suraksha Sanhita, 2023 to proceedings before Special Court.

Clause 499 of the Bill seeks to provide that transfers of assets shall be void as against any claim in respect of any tax payable by the assessee as a result of the completion of the pending proceeding or otherwise.

Clause 500 of the Bill empowers the Assessing Officer to provisionally attach any property belonging to the assessee during the pendency of an assessment, reassessment or penalty proceeding, to protect the interests of the revenue.

Clause 501 of the Bill seeks to provide mode of service of a notice, summon, requisition, order or any other communication.

Clause 502 of the Bill provides for manner of authentication of a notice or other document shall be issued by any income-tax authority.

Clause 503 of the Bill seeks to provide for service of notice on partition of a Hindu undivided family or on dissolution of a firm.

Clause 504 of the Bill seeks to provide for service of notice to be made in the case of a discontinued business or profession.

Clause 505 of the Bill provides for submission of statement a non-resident, having a liaison office in India set up as per the guidelines issued by the Reserve Bank of India under the Foreign Exchange Management Act, 1999.

Clause 506 of the Bill seeks to provide for furnishing information or documents by an Indian concern in certain cases to the prescribed income-tax authority.

Clause 507 of the Bill seeks to provide for submission of statements by persons carrying on the production of a cinematograph film or engaged in any specified activity.

Clause 508 of the Bill seeks to provide for furnishing of statement by a prescribed reporting financial institution in respect of a specified financial transaction or reportable account to the prescribed income-tax authority.

Clause 509 of the Bill seeks to provide for furnishing of information in respect of a transaction of a crypto-asset.

Clause 510 of the Bill seeks to provide that the prescribed income-tax authority or the person authorised by such authority shall provide an annual information statement in the prescribed manner.

Clause 511 of the Bill seeks to provide for furnishing of reports in respect of international group.

Clause 512 of the Bill seeks to provide for publication of information in respect of proceedings or prosecution in certain cases.

Clause 513 of the Bill seeks to provide that any assessee who is entitled or required to attend before any income-tax authority or the Appellate Tribunal in connection with any proceeding relating to valuation of any asset may be represented by a registered valuer.

Clause 514 of the Bill seeks to provide for the procedure for registration of valuers.

Clause 515 of the Bill seeks to provide that an assessee, entitled or required to attend before an income-tax authority or Appellate Tribunal for any proceeding under this Bill, may attend through an authorised representative.

Clause 516 of the Bill seeks to provide for rounding off of amount of total income, or tax payable or payable or refundable.

Clause 517 of the Bill seeks to provide that a receipt shall be given for any money paid or recovered under this Bill.

Clause 518 of the Bill seeks to provide that every person deducting, retaining, or paying any tax in pursuance of this clause in respect of an income belonging to another person shall be indemnified for the deduction, retention, or payment thereof.

Clause 519 of the Bill seeks to provide for the power to tender immunity from prosecution to the Central Government.

Clause 520 of the Bill provides that no court inferior to that of a Judicial Magistrate of First Class shall try any offence under this Bill.

Clause 521 of the Bill seeks to provide for the barring of the application of the Probation of Offenders Act, 1958 and section 401 of the Bharatiya Nagarik Suraksha Sanhita, 2023 to persons convicted under the Bill who are not under the age of 18 years.

Clause 522 of the Bill seeks to that no return of income, assessment, notice, summons or other proceeding shall be invalid merely by reason of any mistake, defect or omission.

Clause 523 of the Bill seeks to provide that where an assessee has appeared in any proceeding or cooperated in any inquiry related to an assessment or reassessment, it shall be deemed that any notice has been duly served upon him.

Clause 524 of the Bill provides for a rebuttable presumption with respect to books of account, other documents, money, bullion, jewellery or other valuable article or thing found in the possession or control of any person in the course of a search or survey.

Clause 525 of the Bill seeks to provide for authorisation and assessment in case of search or requisition.

Clause 526 of the Bill seeks to provide for bar of suits in civil courts in relation to proceedings under the Bill.

Clause 527 of the Bill seeks to empower the Central Government to make exemption, etc., in relation to participation in business of prospecting for, extraction, etc., of mineral oils.

Clause 528 of the Bill seeks to empower the Central Government or Board to condone delays in obtaining approval.

Clause 529 of the Bill seeks to specify for withdrawal of approval where Central Government or Board have the power to grant any such approval.

Clause 530 of the Bill seeks to provide for effectivity for charge of tax in case of pending legislative provision.

Clause 531 of the Bill seeks to provide for rescinding exemption in relation to certain Union territories already granted.

Clause 532 of the Bill seeks to empower the Board, subject to the control of the Central Government, to make Schemes.

Clause 533 of the Bill seeks to empower the Board, subject to the control of the Central Government, to make rules.

Clause 534 of the Bill seeks to provide for laying of rules and certain notifications before Parliament.

Clause 535 of the Bill seeks to empower the Central Government to remove difficulties.

Clause 536 of the Bill seeks to provide for repeal of the Income-tax Act, 1961 and saving of certain actions taken thereunder.

FINANCIAL MEMORANDUM

This Bill seeks to repeal the Income-tax Act, 1961 and re-enact the proposed legislation so that no additional expenditure of significance, apart from what is being spent on the administration of the said Act, is contemplated by reason merely of passing of this Bill.

MEMORANDUM REGARDING DELEGATED LEGISLATION

The provisions of the Bill, *inter alia*, empower the Central Government to issue notifications and the Board to make rules and issue guidelines for various purposes as specified therein.

2. Sub-clause (4) of clause 8 of the Bill empowers the Board to issue guidelines with the prior approval of the Central Government for removing any difficulty arising in giving effect to the provisions of the said clause and clause 67(10).

3. Sub-clause (15) of clause 166 of the Bill empowers the Board to issue guidelines with the prior approval of the Central Government for removing any difficulty arising in giving effect to the provisions of the sub-clauses (9) and (12) of the said clause.

4. Sub-clause (2) of clause 205 of the Bill empowers the Board to issue guidelines with the prior approval of the Central Government for removing any difficulty arising in giving effect to the provisions of the item (b) or (c) or (d) of the said sub-clause.

5. Sub-clause (8) of clause 267 of the Bill empowers the Board to issue guidelines with the prior approval of the Central Government for removing any difficulty arising in giving effect to the provisions of the said clause.

6. The Bill seeks to make provisions to lay the guidelines referred to in paragraphs 2 to 5 above shall be laid, as soon as may be, after it is made, before each House of Parliament.

7. Clause 533 of the Bill empowers the Board to make rules for carrying out the purposes of the proposed legislation, subject to the control of the Central Government. It, *inter alia*, seeks to empower the Board to make rules for (a) the ascertainment and determination of any class of income; (b) the manner in which and the procedure by which the income shall be arrived at in the case of (i) income derived in part from agriculture and in part from business; (ii) persons residing outside India; (iii) operations carried out in India by a non-resident; (iv) transactions or activities of a non-resident; (v) an individual who is liable to be assessed under clause 99(3) and (4); (c) the determination of the value of any perquisite chargeable to tax under the proposed legislation in such manner and on such basis as appears to the Board to be proper and reasonable; (d) the percentage on the written down value which may be allowed as depreciation for buildings, machinery, plant or furniture; (e) the matters specified in clause 62; (f) the conditions or limitations subject to which any payment of rent made by an assessee shall be deducted under clause 134; (g) the matters specified in Chapter XI; (h) the time within which any person may apply for the allotment of a Permanent Account Number, the form and the manner in which such application may be made and the particulars which such application shall contain and the transactions with respect to which Permanent Account Number shall be quoted on documents relating to such transactions under clause 262; (i) the documents, statements, receipts, certificates or audited reports which may not be furnished along with the return but shall be produced before the Assessing Officer on demand under clause 263 (2)(a); (j) the class or classes of persons who shall be required to furnish the return of income in electronic form; the form and the manner of furnishing the said return in electronic form; documents, statements, receipts, certificates or reports which shall not be furnished with the return in electronic form and the computer resource or electronic record to which such return may be transmitted under clause 263 (2)(a); (k) the cases, the nature and value of assets, the limits and heads of expenditure and the outgoings, which are required to be prescribed under clause 263(2)(b); (l) the form of the report of audit or inventory valuation and the particulars which such report shall contain under clause 268(5); (m) remuneration of Chairperson and members of the Approving Panel under clause 274(21) and procedure and manner for constitution of, functioning

and disposal of references by, the Approving Panel under clause 274(24); (n) the form and manner in which the information relating to payment of any sum may be furnished under clause 397(3)(d); (o) the authority to be prescribed for any of the purposes of the proposed legislation; (p) the procedure for giving effect to any agreement for the granting of relief in respect of double taxation or for the avoidance of double taxation entered into by the Central Government under the proposed legislation; (q) the procedure for granting of relief or deduction, of any income-tax paid in any country or specified territory outside India, under clause 159 or 160, against the income-tax payable under the proposed legislation; (r) the form and manner in which any application, claim, return or information may be made or furnished and the fees that may be levied in respect of any application or claim; (s) the manner in which any document required to be filed under the proposed legislation may be verified; (t) the procedure to be followed on applications for refunds; (u) the procedure for calculating interest payable by assesseees or by the Government to assesseees under the proposed legislation, including the rounding off of periods when a fraction of a month is involved, and specifying the circumstances under which and the extent to which petty amounts of interest payable by assesseees may be ignored; (v) the regulation of any matter for which provision is made in clause 420; (w) the form and manner in which any appeal or cross-objection may be filed under the proposed legislation, the fee payable in respect thereof and the manner in which intimation referred to in clause 358 (3)(b) may be served; (x) the circumstances, conditions and the manner in which, the Joint Commissioner (Appeals) or the Commissioner (Appeals) may permit an appellant to produce evidence which he did not produce or which he was not allowed to produce before the Assessing Officer; (y) the form in which the statement under clause 507 shall be delivered to the Assessing Officer; (z) the maintenance of a register of persons other than legal practitioners or accountants practising before income-tax authorities and for the constitution of and the procedure to be followed by the authority referred to in clause 515(5); (za) the issue of certificate verifying the payment of tax by assesseees; and (zb) any other matter which is to be provided by rules under the proposed legislation.

8. Sub-clause (3) of clause 535 of the Bill seeks to provide that every removal of difficulty order made under the said clause shall be laid, as soon as may be, after it is made, before each House of Parliament.

9. The conditions specified in the Note to Table:2.C of Schedule II, *inter alia*, empowers the Board to issue guidelines with the prior approval of the Central Government for removing any difficulty arising in giving effect to the provisions of the said clause. The said clause further provides that the guidelines so issued shall be laid, as soon as may be, after it is made, before each House of Parliament.

10. The matters in respect of which rules may be made are matters of procedure and details and it is not practicable to provide for them in the Bill itself. The delegation of legislative powers is, therefore, of a normal character.

LOK SABHA

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BILL

to consolidate and amend the law relating to income-tax.

(Smt. Nirmala Sitharaman, Minister of Finance and Corporate Affairs)