

PROFESSIONAL PROGRAMME

SUPPLEMENT

FOR

ADVANCE TAX LAWS AND PRACTICE

(DIRECT TAX)

(Relevant for Students appearing in December, 2018 Examination)

MODULE 3- PAPER 7

Disclaimer-

This document has been prepared purely for academic purposes only and it does not necessarily reflect the views of ICSI. Any person wishing to act on the basis of this document should do so only after cross checking with the original source.

Students appearing in December, 2018 Examination shall note the following:

- 1. For Direct taxes, Finance Act, 2017 is applicable.*
- 2. Applicable Assessment year is 2018-19 (Previous Year 2017-18).*
- 3. For Indirect Taxes: Goods and Services Tax 'GST' & Customs Law is applicable for Professional Programme*
- 4. Students are also required to update themselves on all the relevant Rules, Notifications, Circulars, Clarifications, etc. issued by the CBDT, CBIC & Central Government, on or before six months prior to the date of the examination.*

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PART A – DIRECT TAXATION

INCOME TAX ACT, 1961 & RULES 1962

CIRCULARS

CIRCULAR NO. 1/2018 DATED: 10TH JANUARY, 2018

PROCESSING OF INCOME TAX RETURNS UNDER SECTION 143(1) OF THE INCOME-TAX ACT WHICH WERE FILED IN FORMS ITR-L TO 6 & APPLICABILITY OF SECTION 143(1)(A)(VI)

As per section 143(1)(vi)(a) of the Income-tax Act, 1961 ('Act') introduced vide Finance Act, 2016, w.e.f. 01.04.2017 prescribes that the total income or loss shall be computed after making adjustment for addition of income appearing in Form 26AS or Form 16A or Form 16 (the three Forms) while processing the return of income, which has not been included in computing the total income in the return. In this regard, CBDT has issued Instruction No. 9/2017 dated 11.10. 2017 & 10/2017 dated 15.11.2017 for identification of instances in which section 143(1)(a)(vi) of the Act may be invoked by CPC-ITR, Bengaluru on the basis of information contained in the ITR Forms 1 to 6.

As intimations proposing adjustments in identified returns under section 143(1)(a)(vi) of the Act would be shortly issued by the CPC-ITR, Bengaluru, the process to be followed by the taxpayers for filing the response is as under:

Since section 143(1)(a)(vi) of the Act is being applied for the first time while processing the returns, it has been decided that before issuing an intimation of the proposed adjustment, initially an awareness campaign would be carried out to draw the attention of the taxpayer to such differences. This would be in form of an e-mail and SMS communication to the concerned taxpayer informing him about the variation in the tax-return vis-a-vis the information available in the three Forms and requesting him to submit response to the variation within one month of receiving the communication electronically. In case the taxpayer does not respond within the available time-frame or the response is not satisfactory, a formal intimation u/s 143(1)(a)(vi) proposing adjustment to the returned income would be issued to him.

As per the second proviso to section 143(1)(a)(vi) of the Act, in a case where no response is received from the taxpayer within thirty days of issue of such an intimation, the proposed adjustment shall be made to the returned income. Therefore, it is of utmost necessity that the concerned taxpayer files a prompt, timely and satisfactory response to the awareness campaign or subsequent intimation proposing adjustment u/s 143(1)(a)(vi) of the Act.

The manner for furnishing response by the taxpayer is as under:

For furnishing the response electronically, taxpayer is required to login in his account in the e-filing site and choose the option (View>Returns/Forms). In a case where communication/intimation has been issued to the taxpayer u/s 143(1)(a)(vi) of the Act, the status will be displayed in the dashboard as 'Response to Communication/Intimation u/s 143(1)(a) is pending'. The taxpayer can click on the same and submit his response.

The scenario for furnishing response are as under:

I. If the taxpayer fully agrees with the proposed adjustment, he is required to file a revised return in

response.

II. If the taxpayer partially agrees with the proposed adjustment, he is required to

- (i) file a revised return for the part of the proposed adjustment with which he is in agreement &
- (ii) file a reconciliation statement (in the format to be provided by CPC-ITR on the e-filing site) for the part of the proposed adjustment with which he is not in agreement.

III. If the taxpayer disagrees with the proposed adjustment, he is required to file a reconciliation statement (in the format to be provided by CPC-ITR on the e-filing site) in support of his contention.

Based upon response of the taxpayer and the information so available with the CPC-ITR, thereafter, such returns shall be taken up for processing by CPC-ITR as per provisions of section(s) 143(1), 143(1)(a)(vi) read with Instruction No.9 & 10/2017 of CBDT.

INCOME TAX ACT, 1961 & RULES 1962

NOTIFICATIONS

NOTIFICATION NO. 97/2017 DATED 12TH DEC, 2017

The Central Government hereby notifies, for the purposes of the clause 46 of Section 10 of the Income Tax Act, 1961, 'Manipur State Rural Road Development Agency', a body established by Government of Manipur, in respect of the following specified income arising to the body, namely:

- a) fund received for PMGSY from Ministry of Rural Development, Government of India; and
- b) interest received from Bank on above fund.

This notification shall be effective subject to the conditions that Manipur State Rural Road Development Agency,-

- (a) shall not engage in any commercial activity;
- (b) activities and the nature of the specified income shall remain unchanged throughout the financial years; and
- (c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

This notification shall be deemed to have been applied for the financial years 2015-2016, 2016-2017 and shall apply with respect to the financial years 2017-2018, 2018-2019 and 2019-2020.

NOTIFICATION NO. 98/2017 DATED 20TH DEC, 2017

The Central Board of Direct Taxes hereby makes the (25th Amendment) Rules, 2017 further to amend the Income-tax Rules, 1962. They shall come into force from the date of their publication in the Official Gazette.

In the Income-tax Rules, 1962, in rule 127, in sub-rule (2), after the proviso, the following proviso shall be inserted:

“Provided further that where the communication cannot be delivered or transmitted to the address

mentioned in item (i) to (iv) or any other address furnished by the addressee as referred to in first proviso, the communication shall be delivered or transmitted to the following address:

- i. the address of the assessee as available with a banking company or a co-operative bank to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of the said Act); or
- ii. the address of the assessee as available with the Post Master General as referred to in clause (j) of section 2 of the Indian Post Office Act, 1898 (6 of 1898); or
- iii. the address of the assessee as available with the insurer as defined in clause (9) of section 2 of the Insurance Act, 1938 (4 of 1938); or
- iv. the address of the assessee as furnished in Form No.61 to the Director of Income-tax (Intelligence and Criminal Investigation) or to the Joint Director of Income-tax (Intelligence and Criminal Investigation) under sub-rule (1) of rule 114D; or
- v. the address of the assessee as furnished in Form No.61A under sub-rule (1) of rule 114E to the Director of Income-tax (Intelligence and Criminal Investigation) or to the Joint Director of Income tax (Intelligence and Criminal Investigation); or
- vi. the address of the assessee as available in the records of the Government; or (vii) the address of the assessee as available in the records of a local authority as referred to in the Explanation below clause (20) of section 10 of the Act.”

NOTIFICATION NO. 99/2017 DATED 22ND DEC, 2017

The Central Government hereby notifies, for the purposes of the clause 46 of Section 10 of the Income Tax Act, 1961, the SEEPZ Special Economic Zone Authority, an authority constituted under the Special Economic Zone Act, 2005 by the Government of India, in respect of the following specified income arising to that authority, namely:

- a) lease rentals/Service charges from various units operating in the SEZ at rates prescribed by the SEZ Authority;
- b) income by way of Gate Pass Entry Fees, Fine & Penalties from various units and other misc. income (Sale of garbage); and
- c) interest on Bank Deposits and Investments.

This notification shall be effective subject to the conditions that SEEPZ Special Economic Zone Authority:

- a) shall not engage in any commercial activity;
- b) its activities and the nature of the specified income shall remain unchanged throughout the financial years; and
- c) it files return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

This notification shall be deemed to have been applied for the financial Years 2015-2016, 2016-2017 and shall apply with respect to the financial Years 2017-2018, 2018-2019 & 2019-2020.

NOTIFICATION NO. 100/2017 DATED 22ND DEC, 2017

The Central Government hereby notifies, for the purposes of the clause 46 of Section 10 of Income Tax Act, 1961, the 'Himachal Pradesh Computerization of Police Society', a body established by the Government of Himachal Pradesh, in respect of the following specified income arising to that body, namely:

- a. amount received in the form of Grant-in-aid; and
- b. interest accrued on CCTNS fund.

This notification shall be effective subject to the conditions that Himachal Pradesh Computerization of Police Society,-

- a. shall not engage in any commercial activity;
- b. activities and the nature of the specified income shall remain unchanged throughout the financial years; and
- c. shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

This notification shall be deemed to have been applied for the financial Years 2013-2014, 2014- 2015, 2015-2016, 2016-2017 and shall apply with respect to the financial year 2017-2018.

NOTIFICATION DATED 2ND JANUARY, 2018

In exercise of the powers conferred by sub-section (3) of Section 31 of the Reserve Bank of India Act, 1934 (2 of 1934), the Central Government hereby makes the Electoral Bond Scheme, 2018. It shall come into force on the date of its publication in the Official Gazette.

Definition – In this Scheme, unless the context otherwise requires,

- (a) "electoral bond" means a bond issued in the nature of promissory note which shall be a bearer banking instrument and shall not carry the name of the buyer or payee;
- (b) "authorised bank" means the State Bank of India authorised to issue and encash the bonds in the branches;
- (c) "issuing branch" means a designated branch of the authorised bank specified in Annexure I for issuing electoral bonds;
- (d) "person" includes-
 - (i) an individual;
 - (ii) a Hindu undivided family;
 - (iii) a company;
 - (iv) a firm;
 - (v) an association of persons or a body of individuals, whether incorporated or not;
 - (vi) every artificial juridical person, not falling within any of the preceding sub-clauses; and
 - (vii) any agency, office or branch owned or controlled by such person.

Eligibility for purchase and encashment of electoral bond:

- 1) The Bond under this Scheme may be purchased by a person, who is a citizen of India or incorporated or established in India.
- 2) A person being an individual can buy bonds, either singly or jointly with other individuals.
- 3) Only the political parties registered under section 29A of the Representation of the People Act, 1951 (43 of 1951) and secured not less than one per cent of the votes polled in the last general

election to the House of the People or the Legislative Assembly, as the case may be, shall be eligible to receive the bond.

- 4) The bond shall be encashed by an eligible political party only through a bank account with the authorised bank.

Applicability of Know Your Customer Norms: The extant instructions issued by the Reserve Bank of India regarding Know Your Customer norms of a bank's customer shall apply for buyers of the bonds. The authorised bank may call for any additional Know Your Customer documents, if it deems necessary.

Denomination: The bonds shall be issued in the denomination of Rs.1000, Rs.10,000, Rs.1,00,000, Rs. 10,00,000 and Rs. 1,00,00,000.

Validity of Bond: The bond shall be valid for fifteen days from the date of issue and no payment shall be made to any payee political party if the bond is deposited after expiry of the validity period. The bond deposited by any political party to its account shall be credited on the same day.

Procedure for making application for purchase of bonds: Every buyer desirous of purchasing bond can apply with a physical or through online application in the format specified. Every application shall contain particulars as per the format in Annexure-II and shall be accompanied with the specified documents.

On receipt of an application, the issuing branch shall issue the requisite bond, if all the requirements are fulfilled. The information furnished by the buyer shall be treated confidential by the authorised bank and shall not be disclosed to any authority for any purposes, except when demanded by a competent court or upon registration of criminal case by any law enforcement agency.

A non-Know Your Customer compliant application or an application not meeting the requirements of the scheme shall be rejected. The bond shall be issued to the buyer on non-refundable basis.

Periodicity of issue of bonds: The bonds under this Scheme shall be available for purchase by any person for a period of ten days each in the months of January, April, July and October as may be specified by the Central Government. An additional period of thirty days shall be specified by the Central Government in the year of general elections to the House of People.

Interest: No interest shall be payable on the bond.

Issuing offices and commission payable: No commission, brokerage or any other charges for issue of bond shall be payable by the buyer against purchase of the bond.

Payment options: All payments for the issuance of the bond shall be accepted in Indian rupees, through demand draft or cheque or through Electronic Clearing System or direct debit to the buyer's account. Where payment is made through cheque or demand draft, the same shall be drawn in favour of the issuing bank at the place of issue such bond.

Encashment of the bond: The bond can be encashed only by an eligible political party by depositing the same in their designated bank account. The amount of bonds not encashed within the validity period of fifteen days shall be deposited by the authorized bank to the Prime Minister Relief Fund.

Tax treatment: The face value of the bonds shall be counted as income by way of voluntary contributions received by an eligible political party, for the purpose of exemption from Income-tax under section 13A of the Income tax Act, 1961.

Trading of bonds: The bonds shall not be eligible for trading.

NOTIFICATION NO.1/2018 DATED 18TH JANUARY, 2018

The Central Government hereby notifies for the purposes of the clause 46 of Section 10 of Income Tax Act, 1961, 'West Bengal Electricity Regulatory Commission', Kolkata, a commission constituted by the Government of West Bengal, in respect of the following specified income arising to that commission, namely:

- a) income from the fund maintained in accordance with the provisions of the West Bengal Electricity Regulatory Commission (Manner of application of Fund) Rules, 2006; and
- b) income from the fees collected in accordance with the provisions of the West Bengal Electricity (fees for application for grant of license) Rules, 2005, notified by the Government of West Bengal.

This notification shall be effective subject to the conditions that West Bengal Electricity Regulatory Commission, Kolkata:

- a) shall not engage in any commercial activity;
- b) activities and the nature of the specified income shall remain unchanged throughout the financial years; and
- c) shall file return of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Income-tax Act, 1961.

This notification shall be deemed to have been applied for the financial Years 2016-2017 and shall apply with respect to the Financial Years 2017-2018, 2018-2019, 2019-2020 and 2020-2021.

NOTIFICATION NO.2/2018 DATED 18TH JANUARY, 2018

In exercise of the powers conferred by clause (39) of the section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby makes the following amendments in the notification of the Government of India, Ministry of Finance, Department of Revenue, Central Board of Direct Taxes, number S.O. 3129(E), dated the 26th September, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (ii), dated the 26th September, 2017, namely:—

In the said notification, in clause (c),

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

“(i) Income arising from the receipt from National supporters namely Hero Motocorp Ltd., Bank of Baroda, Coal India Ltd., Think and Learn Private Limited, Dalmia Cement Bharat Limited and NTPC Limited.—rupees thirty-nine crore, thirty-nine lakhs, fifty two thousand and two hundred fifty (Rs. 39,39,52,250).”.

(B) sub-clause (ii) shall be omitted with effect from 26th September, 2017.

NOTIFICATION NO.3/2018 DATED 18TH JANUARY, 2018

The Central Government hereby notifies for the purposes of the clause 46 of Section 10 of Income Tax Act, 1961, the Central Registry for Securitization Asset Reconstruction and Security Interest of India, a body set up under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002, in respect of the following specified income arising to that body, namely:

1. fee income from Security Interest transactions;
2. fee income from transactions on Central KYC (CKYC) Records Registry;
3. interest income on fixed deposits and on saving bank account; and
4. RTI application fee.

This notification shall be effective subject to the conditions that Central Registry for Securitization Asset Reconstruction and Security Interest of India:

- a. shall not engage in any commercial activity;
- b. activities and the nature of the specified income shall remain unchanged throughout the financial years; and
- c. shall file return of income in accordance with the provision of clause (g) of subsection (4C) of section 139 of the Income-tax Act, 1961.

This notification shall be deemed to have been applied for the financial Years 2013-2014, 2014-2015, 2015-2016, 2016-2017 and shall apply with respect to the financial year 2017-2018.

NOTIFICATION NO.4/2018 DATED 19TH JANUARY, 2018

In exercise of the powers conferred by sub-section (1) of Section 139B of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the Tax Return Preparer (Amendment) Scheme, 2018 further amendments in the Tax Return Preparer Scheme, 2006, namely:

It shall come into force from the date of its publication in the Official Gazette. In the Tax Return Preparer Scheme, 2006 (hereinafter referred to as the said Scheme), for paragraph 3, the following paragraph shall be substituted, namely:

“3. An individual, who holds a bachelor degree from a recognised Indian University or institution, or has passed the intermediate level examination conducted by the Institute of Chartered Accountants of India or the Institute of Company Secretaries of India or the Institute of Certified Management Accountants of India, shall be eligible to act as Tax Return Preparer.”

In the said Scheme, in paragraph 4,-

(1) for clause (i), the following clauses shall be substituted, namely:-

“(i) It shall invite application from persons,-

- (a) having requisite educational qualifications specified in paragraph 3 or having appeared in the final year examination of the qualifying examination; and
- (b) who is not below the age of twenty one years or more than forty-five years as on the 1st day of October of the year immediately preceding the date on which applications are invited.

(ia) It shall require that the application under clause (i) shall be accompanied by a fee of two hundred and fifty rupees, and failing which the application shall be invalid.”.

(2) for clause (v), the following clauses shall be substituted, namely-

“(v) It shall enrol the persons who qualify the test for enrolment for each training centre separately.

(va) It shall not enrol any person under clause (v), unless –

- (a) he makes a deposit of an amount of seven hundred and fifty rupees, which shall be nonrefundable; and
- (b) he produces a proof of having passed the qualifying examination as specified in paragraph 3.”.

(3) clause (ix) shall be omitted.”.

In the said Scheme, in paragraph 9, for sub-paragraph (1), the following sub-paragraphs shall be substituted, namely:-

“(1) The Board may authorise the Resource Centre or the Partner Organisation to disburse to a Tax Return preparer, the following amount, namely:-

(a) five per cent. of the tax paid on the income declared in the return of income for First Eligible Assessment Year which has been prepared and furnished by him;

(b) three per cent. of the tax paid on the income declared in the return of income for the Second Eligible Assessment Year which has been prepared and furnished by him;

(c) two per cent. of the tax paid on the income declared in the return of income for the Third Eligible Assessment Year which has been prepared and furnished by him.

(1A) The amount of disbursement for any eligible person in relation to an eligible year shall not exceed,-

(a) five thousand rupees in case of First Eligible Assessment Year;

(b) three thousand rupees in case of Second Eligible Assessment Year; and

(c) two thousand rupees in case of Third Eligible Assessment Year.”.

NOTIFICATION NO.8/2018 DATED 16TH FEBRUARY, 2018

The Central Government hereby notifies for the purposes of the clause 46 of Section 10 of Income Tax Act, 1961, the ‘Maharashtra Electricity Regulatory Commission’, a Commission constituted by the State Government of Maharashtra, in respect of the following specified income arising to that Commission, namely:

- 1) Fees for Annual Licence;
- 2) Interest on Fixed Deposit and Savings Account;
- 3) Fees for Application / Petition filed;
- 4) Grants from Government of Maharashtra;
- 5) Fees for Documents;
- 6) Penalty for delayed payment of Annual Licence Fees;
- 7) Fees for RTI;
- 8) Sale of scrap.

This notification shall be deemed to have been applied for the period 01.06.2011 to 31.03.2012 and for the financial years 2012-13 to 2014-15.

This Notification shall be effective subject to the following conditions, namely:

(a) the ‘Maharashtra Electricity Regulatory Commission’ does not engage in any commercial activity;

(b) the activities and the nature of the specified income of ‘Maharashtra Electricity Regulatory Commission’ remain unchanged throughout the financial years; and

(c) the ‘Maharashtra Electricity Regulatory Commission’ files returns of income in accordance with the provision of clause (g) of sub-section (4C) of section 139 of the Act, Income-tax Act, 1961.

NOTIFICATION NO. 9/2018 DATED 16TH FEBRUARY, 2018

The Central Government hereby notifies the Contributory Health Service Scheme of the Department of Atomic Energy for the purposes of the clause (a) of sub-section (2) of section 80D of the Income-tax Act, 1961 for the assessment year 2018-2019 and subsequent years.

NOTIFICATION NO.10/2018 DATED 19TH FEBRUARY, 2018

In exercise of the powers conferred by clause (aa) and clause (ab) of sub-section (1) of section 12A read with section 295 of the Income tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the Income-tax (First Amendment) Rules, 2018 further to amend the Income-tax Rules, 1962. They shall come into force from the date of its publication in the Official Gazette.

In the Income-tax Rules, 1962, in Part IV, for 'rule 17A', the following rule shall be substituted, namely:

“Application for registration of charitable or religious trusts, etc.

17A (1). An application under clause (aa) or clause (ab) of sub-section (1) of section 12A for registration of a charitable or religious trust or institution shall be made in Form No. 10A and accompanied by the following documents, namely:

- a) where the trust is created, or the institution is established, under an instrument, self-certified copy of the instrument creating the trust or establishing the institution;
- b) where the trust is created, or the institution is established, otherwise than under an instrument, self-certified copy of the document evidencing the creation of the trust, or establishment of the institution;
- c) self-certified copy of registration with Registrar of Companies or Registrar of Firms and Societies or Registrar of Public Trusts, as the case may be;
- d) self-certified copy of the documents evidencing adoption or modification of the objects, if any;
- e) where the trust or institution has been in existence during any year or years prior to the financial year in which the application for registration is made, self certified copies of the annual accounts of the trust or institution relating to such prior year or years (not being more than three years immediately preceding the year in which the said application is made) for which such accounts have been made up;
- f) note on the activities of the trust or institution;
- g) self-certified copy of existing order granting registration under section 12A or section 12AA, as the case may be; and
- h) self-certified copy of order of rejection of application for grant of registration under section 12A or section 12AA, as the case may be, if any.

Form No. 10A shall be furnished electronically,

- i. under digital signature, if the return of income is required to be furnished under digital signature;
- ii. through electronic verification code in a case not covered under clause (i).

Form No. 10A shall be verified by the person who is authorised to verify the return of income under section 140, as applicable to the assessee.

The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall specify the data structure, standards and procedure of furnishing and verification of Form No. 10A and be responsible for formulating and implementing appropriate security, archival and retrieval policies in relation to the said form so furnished.”

NOTIFICATION NO.12/2018 DATED 22ND FEBRUARY, 2018

The Central Board of Direct Taxes hereby makes the Centralized Communication Scheme, 2018 for centralized issuance of notice. It shall come into force on the date of its publication in the Official Gazette.

Definitions- In this scheme, unless the context otherwise requires,

- (a) "Act" means the Income-tax Act, 1961 (43 of 1961);
- (b) "Director General" means the Director General of Income-tax appointed under sub-section (1) of section 117 of the Act and authorised by the Board in this behalf;
- (c) "Principal Director General" means the Principal Director General of Income-tax appointed under subsection (1) of section 117 of the Act and authorised by the Board in this behalf;
- (d) "Designated authority" means the income-tax authority prescribed under sub-section (1) of Section 133C of the Act who is in charge of the Centralised Communication Centre;
- (e) "Portal" means the web portal of the Centralised Communication Centre.

The words and expressions used herein but not defined and defined in the Act shall have the meaning respectively assigned to them in the Act.

Issue and service of notice

- 1) The Centralised Communication Centre shall issue notice to any person requiring him to furnish information or documents for the purpose of verification of information in his possession.
- 2) The notice shall be issued under digital signature of the designated authority.
- 3) The notice shall be served by delivering a copy by electronic mail, or by placing a copy in the registered account on the portal followed by an intimation by Short Message Service.
- 4) The information or documents called for under sub-paragraph (1) shall be furnished on or before the date specified in the notice as specified in paragraph 4.
- 5) The designated authority shall also run sustained campaign to ensure compliance by way of sending electronic mails, Short Message Service, reminders, letters and outbound calls.

Response to notice: The Centralised Communication Centre may prescribe a machine readable structured format for furnishing the information or documents by the person in response to the notice issued under subparagraph (1) of paragraph 3. The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) shall specify the procedure, formats and standards for furnishing response to the notices.

No personal appearance: No person shall be required to appear personally or through authorised representative before the designated authority at the Centralised Communication Centre in connection with any proceedings.

Power to specify procedure and processes: The Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems) shall specify from time to time, procedures and processes for effective functioning of the Centralised Communication Centre, including the following matters, namely:

- a) format and procedure for issue of notice;
- b) receipt of any information or document from the addressee in response to notice;
- c) mode and format for issue of acknowledgment of the response furnished by the addressee;
- d) provision of web portal facility including login facility, tracking status of verification, display of relevant details, and facility of download;

- e) call centre to answer queries and provide support services, including outbound calls and inbound calls seeking information or clarification;
- f) managing administration functions such as receipt, scanning, data entry, storage and retrieval of information and documents in a centralised manner;
- g) grievance redressal mechanism in the Centralised Communication Centre.

NOTIFICATION NO. 16/2018 DATED 3RD APRIL, 2018

The Central Board of Direct Taxes hereby makes the Income-tax (Second Amendment) Rules, 2018 further to amend the Income-tax Rules, 1962. They shall be deemed to have come into force with effect from the 1st day of April, 2018.

In the Income-tax rules, 1962 in rule 12,

(a) in sub-rule (1),-

- (I) for the figures “2017”, the figures “2018” shall be substituted;
- (II) in clause (a),—

- (i) for the words “an individual”, the words “an individual who is a resident other than not ordinarily resident and” shall be substituted;

- (ii) in sub-clause (ii), after the words “brought forward loss”, the words “or loss to be carried forward” shall be inserted;

- (iii) in the proviso, for item (I), the following shall be substituted, namely:-

- “(I) has assets (including financial interest in any entity) located outside India;
 - (IA) has signing authority in any account located outside India;
 - (IB) has income from any source outside India;
 - (IC) has income to be apportioned in accordance with provisions of section 5A;”;

- (III) in clause (c), for the words “derived from a proprietary”, the words “under the head” shall be substituted;

- (IV) in clause (d), for the words “deriving income from a proprietary”, the words “having income under the head” shall be substituted;

(b) in sub-rule (5), for the figures “2016”, the figures “2017” shall be substituted. 3. In the principal rules, in Appendix II, for Forms “Forms Sahaj (ITR-1), Form ITR-2, Form ITR-3, Form Sugam (ITR-4), Form ITR-5, Form ITR-6, Form ITR-7 and Form ITR-V”, the following Forms shall be respectively substituted.

NOTIFICATION NO. 1/2018 DATED 5TH APRIL, 2018

PROCEDURE FOR SUBMISSION OF FORM NO. 60 BY ANY PERSON WHO DOES NOT HAVE A PERMANENT ACCOUNT NUMBER AND WHO ENTERS INTO ANY TRANSACTION SPECIFIED IN RULE 114B OF THE INCOME-TAX RULES, 1962

As per second proviso of Rule 114B (Transactions in relation to which Permanent Account Number is to be quoted in all documents for the purpose of clause (c) of sub section (5) of section 139A of the Income-tax Rules, 1962 (hereunder referred to as the Rules), any person who does not have a Permanent Account Number and who enters into any transaction specified in this rule, shall make a declaration in Form No. 60 giving therein the particulars of such transaction either in paper form or electronically under the

electronic verification code.

As per sub-rule (1) of Rule 114D (Time and manner in which persons referred to in Rule 114C shall furnish a statement containing particulars of Form No. 60), the persons referred to in clauses (a) to (k) of sub-rule (1) of Rule 114C and sub-rule (2) of Rule 114C shall furnish a statement in Form 61 containing particulars of declarations received in Form 60 to the Director of Income-tax (Intelligence and Criminal Investigation) or the Joint Director of Income-tax (Intelligence and Criminal Investigation) through online transmission of electronic data to a server designated for this purpose and obtain an acknowledgement number.

Rule 114B of the Income-tax Rules, 1962, provides that the declaration in Form No.60 can be submitted either in paper form or electronically under the electronic verification code in accordance with the procedures, data structures, and standards specified by the Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems).

In exercise of the powers delegated by Central Board of Direct Taxes ('Board') under Rule 114B of the Income-tax Rules, 1962, the Principal Director General of Income-tax (Systems) hereby lays down the following procedures for submitting Form No. 60.

An individual or a person (not being a company or firm) who does not have a permanent account number and who enters into any transaction specified in under Rule 114B of the Income-tax Rules, 1962, shall either submit Form No. 60 physically in paper form as per the existing procedure or electronically using electronic verification as per any of the procedure stated in para 6.

Under electronic verification, the individual or a person (not being a company or firm) who does not have a permanent account number and who enters into any transaction specified in under Rule 114B of the Income-tax Rules, 1962, shall make a declaration in Form No. 60 giving therein the particulars of such transaction electronically using electronic verification.

- a) The electronic verification can be enabled using electronic portal/application approved for transactional facility by the regulator.
- b) The electronic verification can also be enabled using any of the following specified Aadhaar Authentication methods:
 - i. Type 2 Authentication - Authentication of residents through One Time-Password (OTP) delivered to resident's mobile number and/or e-mail address present in CIDR.
 - ii. Type 3 Authentication - Authentication of residents using one of the biometric modalities, either iris or fingerprint.
 - iii. Type 4 Authentication - Authentication of residents using 2-factor authentication with OTP as one factor and biometrics (either iris or fingerprint) as the second factor.
 - iv. Type 5 Authentication - Authentication of residents using OTP, fingerprint & iris together.

The person using electronic method of submitting Form No. 60 and electronic verification using any of the methods listed above, may submit Form No. 60 in paper form where electronic verification is not possible due to Information Technology related issues.

The person responsible for collecting Form No. 60 for specified transactions under Rule 114B of Income-tax Rules, 1962 shall follow the below mentioned procedure:

- a) In cases where the requirement for furnishing of a PAN or Form No. 60 are triggered in multiple transactions during a financial year relating to the same person, the person responsible for collecting Form No. 60 may collect only incremental information provided the linkage of

subsequent transaction is established with the earlier captured information for which an initial consent shall be obtained from the declarant of Form No. 60. Details of each such transaction shall be reported in form no. 61 as per rule 114D of the Income Tax Rules, 1962.

- b) Every declaration in Form No. 60 should be assigned a unique number.
- c) In case of multiple form no. 60 submitted during the financial year, and the person / transaction becomes reported in form no. 61A, the acknowledgement no. of the last submitted form no. 60 shall be mentioned in form 61A.
- d) In case of specified transaction is handled by more than one regulatory entity, the electronic transmission of form no. 60 from the first regulated entity to the second regulated entity will be considered a valid submission to the second regulated entity provided it is transmitted with the consent of the declarant of form no. 60.

Security, archival and retrieval policies: The reporting person is required to document and implement appropriate information security policies and procedure with clearly defined roles and responsibilities to ensure security of submitted information and related information / documents. The reporting person is also required to document and implement appropriate archival and retrieval policies and procedure with clearly defined roles and responsibilities to ensure that submitted information and related information / documents are available promptly to the competent authorities.

NOTIFICATION NO. 2/2018 DATED 5TH APRIL, 2018

PROCEDURE FOR REGISTRATION AND SUBMISSION OF FORM NO. 61 AS PER RULE 114D OF INCOME-TAX RULES, 1962

Rule 114D of the Income Tax Rules, 1962 (hereunder referred to as the “Rules”) specifies that every person referred to in clauses (a) to (k) of sub-rule (1) of rule 114C; and sub-rule (2) of rule 114C and who is required to get his accounts audited under section 44AB of the Income Tax Act, 1961 (hereunder referred to as the “Act”) who has received any declaration in Form No. 60, in relation to a transaction specified in rule 114B, shall furnish a statement in Form No. 61.

As per sub-rule (1)(i) and sub-rule (4) of Rule 114D, the statement in Form No. 61 shall be furnished through online transmission of electronic data to a server designated for this purpose and in accordance with the data structure specified in this regard by the Principal Director General of Income-tax (Systems). The statement shall be furnished:

- i. Where the declarations are received till 30th September, by the 31st October of that year; and
- ii. Where the declarations are received till 31st March, by the 30th April of the financial year immediately following the financial year in which the form is received

Modification/ changes in the schema / data structure of Form No. 61: The values under Statement Type of Form No. 61 have been modified / enhanced. The detailed list of modification / changes in schema / data structure of Form No.61 is attached as Annexure A.

In exercise of the powers delegated by Central Board of Direct Taxes (‘Board’) under sub-rule (4) of Rule 114D of the Income tax Rules 1962, the Principal Director General of Income-tax (Systems) hereby lays down the following procedure:

- a) **Already registered reporting persons/entities on e-filing portal:** The registration details of already registered reporting persons/entities have been migrated from e-filing portal to Reporting Portal. The registered users of such reporting persons/entities shall be communicated of their new login credentials through registered e-mail to be used at Reporting Portal. There is no need of registering again for such persons/entities.

- b) **New Registration, Generation of Income Tax Department Reporting Entity Identification Number (ITDREIN):**The reporting person/entity is required to get registered with the Income Tax Department by logging in to the e-filing website (<https://incometaxindiaefiling.gov.in/>) with the log in ID used for the purpose of filing the Income Tax Return of the reporting person/entity. The reporting person/entity needs to click on “Reporting Portal” link under “My Account” tab at e-filing portal to access ‘Reporting Portal’ for first time registration. The reporting person/entity will mandatorily be required to enter the details of form type, category and address of reporting person/entity along with details of Principal Officer. On successful submission, the ITDREIN is generated and the Principal Officer will receive a confirmation e-mail on his/her registered e-mail address and SMS at his/her registered mobile number. There will be no option to de-activate ITDREIN, once it is generated.
- c) **Submission of Form No. 61:** Every reporting person/entity is required to submit the Statement in Form No. 61. The prescribed schema, Report Generation and Validation Utility for Form No. 61 and Generic Submission Utility can be downloaded from the Reporting Portal under “Resources” tab. The prepared Statement to be filed is required to be digitally signed by and uploaded at the Reporting Portal or through Generic Submission Utility through the login credentials (PAN and password) of the Principal Officer.
- d) **Submission of correction statement:** In case, the reporting person/entity comes to know or discovers any inaccuracy in the information provided in the statement or the defects have been communicated to the reporting person/entity through Data Quality Report (DQR) after submission of Statement, it is required to remove the defects by submitting a correction statement. The number of “Reports Requiring Correction (RRC)” will be visible against the original statement on Reporting Portal under the ‘Statement Pending for Correction’ tab. The user can download the DQR file from the DQR column under ‘Statements Pending for Correction’ Tab of Reporting Portal, which can then be opened on the Report Generation utility to find and fix the errors. The reporting person/entity needs to rectify all the defects till the number of “Reports Requiring Correction (RRC) becomes zero within the specified period.
- e) **Deletion of Submitted Reports in a statement:** In case, the reporting person/entity wishes to delete the inadvertently filed reports within a statement, it can choose the statement type as “Deletion Statement” and file all such reports within a single statement to be deleted with exact previously filed values against within a single statement to be deleted with exact previously filed values against each field. The manner of filing deletion statement shall be similar to submission of correction statement.
- f) **Modification / changes in the schema / data structure in Form No. 61:** The values under statement type of Form No. 61 have been modified / enhanced.
- g) **Security, archival and retrieval policies:** The reporting person / entity is required to document and implement appropriate information security policies and procedure with clearly defined roles and responsibilities to ensure security of submitted information and related information / documents. The reporting person is also required to document and implement appropriate archival and retrieval policies and procedure with clearly defined roles and responsibilities to ensure that submitted information and related information / documents are available promptly to the competent authorities.

NOTIFICATION NO. 3/2018 DATED 5TH APRIL, 2018

PROCEDURE FOR REGISTRATION AND SUBMISSION OF STATEMENT OF FINANCIAL TRANSACTIONS (SFT) AS PER SECTION 285BA OF INCOME-TAX ACT, 1961 READ WITH RULE 114E OF INCOME-TAX RULES, 1962.

Section 285BA of the Income Tax Act, 1961 (hereunder referred to as the “Act”) requires specified reporting persons to furnish statement of financial transaction. Rule 114E of the Income Tax Rules, 1962 (hereunder referred to as the “Rules”) specifies that the statement of financial transaction required to be furnished under sub-section (1) of section 285BA of the Act shall be furnished in Form No. 61A. The nature and value of transaction to be furnished by the reporting person under Rule 114 E is as per Annexure A.

As per sub rule (6)(a) of Rule 114E, every reporting person/entity shall communicate to the Principal Director General of Income-tax (Systems) the name, designation, address and telephone number of the Designated Director and the Principal Officer and obtain a registration number. The procedure for registration for statement of financial transactions (SFT) was specified in Notification No. 13 dated 30th December, 2016. The functionality for submission of statement of financial transactions had been enabled on e-filing portal vide Notification No.1 of 2017 dated 17th January 2017 and the earlier instruction is being updated in the light of newly launched “Reporting Portal” (<https://report.insight.gov.in>).

As per sub rule (4)(a) of Rule 114E, the statement of financial transactions shall be furnished through online transmission of electronic data to a server designated for this purpose under the digital signature of the person specified in sub-rule (7) and in accordance with the data structure specified in this regard by the Principal Director General of Income tax (Systems). The Post Master General or a Registrar or Sub-registrar or an Inspector General have the option to furnish the statement in a computer readable media, being a Compact Disc or Digital Video Disc (DVD), along with verification in Form-V on paper. The statement of financial transactions shall be furnished on or before the 31st May, immediately following the financial year in which the transaction is registered or recorded.

As per sub-rule (4)(b) of Rule 114E Principal Director General of Income-tax (Systems) shall specify the procedures, data structures and standards for ensuring secure capture and transmission of data, evolving and implementing appropriate security, archival and retrieval policies.

The values under Statement Type & Person Type and field number in Part B of Form No. 61A have been modified / enhanced in exercise of the power delegated under sub-rule (4)(b) of Rule 114E by the Principal Director general of Income-tax (Systems). The detailed list of modification / changes in schema / data structure of the Form No.61A is as per Annexure D.

In exercise of the powers delegated by Central Board of Direct Taxes (‘Board’) under sub rule (4)(a) and (4)(b) of Rule 114E of the Income tax Rules 1962, the Principal Director General of Income-tax (Systems) hereby lays down the following procedures:

- a) **Already registered reporting persons/entities on e-filing portal:** The registration details of already registered reporting persons/entities have been migrated from e-filing portal to reporting portal. The registered users of such reporting persona/entities shall be communicated of their new login credentials through registered email to be used at Reporting Portal. There is no need of registering again for such persons/entities.
- b) **New Registration, Generation of Income Tax Department Reporting Entity Identification Number (ITDREIN) and Principal Officer:** The reporting person/entity is required to get registered with the Income Tax Department by logging in to the e-filing website (<https://incometaxindiaefiling.gov.in/>) with the log in ID used for the purpose of filing the Income Tax Return of the reporting person/entity. The reporting person/entity needs to click on

“Reporting Portal” link under “My Account” tab at e-filing portal to access ‘Reporting Portal’ for first time registration. The reporting person/entity will be required to enter the details of form type, category and address of reporting person/entity along with details of Principal Officer mandatorily. On successful submission, the ITDREIN is generated and the principal officer will receive a confirmation e-mail on his/her registered e-mail address and SMS at his/her registered mobile number. There will be no option to de-activate ITDREIN, once it is generated.

- c) **Addition of Designated Director:** The reporting person/entity is required to submit the details of designated director either at the time of new registration or at later stage, but before any statement is submitted on reporting portal. The designated director will receive a confirmation e-mail with login credentials for login into reporting portal (<https://report.insight.gov.in>) at his/her registered email address. Only, the designated director of the reporting person/entity can digitally sign and upload the Statement of Financial Transaction (SFT) and the corresponding correction statements, if any through his/her own login credentials at the reporting portal or through Generic submission Utility.
- d) **Submission of Form No. 61A:** Every reporting person/entity is required to submit the Statement of Financial Transaction (SFT) in Form No. 61A. The prescribed schema, Report Generation and Validation Utility for Form No. 61A and Generic Submission Utility can be downloaded from the reporting portal under “Resources” tab. General and transaction specific guidelines for preparation of SFT in the specified format is enclosed as Annexure B and Annexure C respectively. The prepared SFTs to be filed is required to be digitally signed by and uploaded at the reporting portal or through Generic Submission Utility through the login credentials (PAN and password) of the designated director.
- e) **Submission of correction statement:** In case, the reporting person/entity comes to know or discovers any inaccuracy in the information provided in the statement or the defects have been communicated to the reporting person/entity through Data Quality Report (DQR) after submission of Statement, it is required to remove the defects by submitting a correction statement. The number of “Reports Requiring Correction (RRC)” will be visible against the original statement on reporting portal under the ‘Statement Pending for Correction’ tab. The user can download the DQR file from the DQR column under ‘Statements Pending for Correction’ Tab at Reporting Portal, which can then be opened on the Report Generation utility to find and fix the errors. The reporting person/entity needs to rectify all the defects till the number of “Reports Requiring Correction (RRC) becomes zero within specified time.
- f) **Deletion of Submitted Reports in a statement:** In case, the reporting person/entity wishes to delete the inadvertently filed reports within a statement, it can choose the statement type as “Deletion Statement” and file all such reports within a single statement to be deleted with exact previously filed values against each field. The manner of filing Deletion Statement shall be similar to submission of correction statement.
- g) **Security, archival and retrieval policies:** The reporting person/entity is required to document and implement appropriate information security policies and procedures with clearly defined roles and responsibilities to ensure security of submitted information and related information/documents. The reporting person/entity is also required to document and implement appropriate archival and retrieval policies and procedures with clearly defined roles and responsibilities to ensure that submitted information and related information/documents are available promptly to the competent authorities.

NOTIFICATION NO. 4/2018 DATED 5TH APRIL, 2018

PROCEDURE FOR REGISTRATION AND SUBMISSION OF STATEMENT OF REPORTABLE ACCOUNT AS PER SECTION 285BA OF INCOME-TAX ACT, 1961 READ WITH RULE 114G OF INCOME-TAX RULES, 1962.

Section 285BA of the Income Tax Act, 1961 (hereunder referred to as the “Act”), requires prescribed reporting financial institution to furnish Statement of Reportable Account. Rule 114G of the Income Tax Rules, 1962 (hereunder referred to as the “Rules”) specifies that the Statement of Reportable Account required to be furnished under clause (k) of sub section (1) of section 285BA shall be furnished by a reporting financial institution in respect of each account which has been identified, pursuant to due diligence procedure specified in rule 114H, as a reportable account in Form No. 61B.

As per sub rule (10)(a) of Rule 114G, every reporting financial institution shall communicate to the Principal Director General of Income-tax (Systems) the name, designation, address and communication details of the Designated Director and the Principal Officer and obtain a registration number. Procedure for registration for submission of Statement of Reportable Account has been published on e-filing portal (<https://incometaxindiaefiling.gov.in/>) vide Notification No.4 of 2016 dated 06thApril, 2016 and this is being modified in view of the newly launched “Reporting Portal”(<https://report.insight.gov.in>).

As per sub rule (9)(a) of Rule 114G, the Statement of Reportable Account shall be furnished through online transmission of electronic data to a server designated for this purpose under the digital signature of the person specified in sub-rule (10)(b) and in accordance with the data structure specified in this regard by the Principal Director General of Income-tax (Systems). The statement of Reportable Account shall be furnished on or before the 31st May, immediately following the calendar year in which the transaction is registered or recorded.

As per sub-rule (9)(b) of Rule 114G Principal Director General of Income-tax (Systems) shall specify the procedures, data structures and standards for ensuring secure capture and transmission of data, evolving and implementing appropriate security, archival and retrieval policies.

Modification/ changes in the schema / data structure of Form No. 61B: The values under Statement Type of Form No. 61B have been modified / enhanced in exercise of power under sub rule 9(b) of Rule 114G by Principal Director General of Income Tax (Systems). The detailed list of modification / changes in schema / data structure of the Form No.61B is attached as Annexure A.

In exercise of the powers delegated by Central Board of Direct Taxes (‘Board’) under sub rule (9)(a) and (9)(b) of Rule 114G of the Income tax Rules 1962, the Principal Director General of Income-tax (Systems) hereby lays down the following procedure:

- a) **Already registered reporting financial institution on e-filing portal:** The registration details of already registered reporting financial institution have been migrated from e-filing portal to reporting portal. The registered users of such reporting financial institution shall be communicated of their new login credentials through registered email to be used at Reporting Portal. There is no need of registering again for such financial institution.
- b) **New Registration, Generation of Income Tax Department Reporting Entity Identification Number (ITDREIN):** The reporting financial institution is required to get registered with the Income Tax Department by logging in to the e-filing website (<https://incometaxindiaefiling.gov.in/>) with the log in ID used for the purpose of filing the Income

Tax Return of the reporting financial institution. The reporting financial institution needs to click on “Reporting Portal” link under “My Account” tab at e-filing portal to access ‘Reporting Portal’ for first time registration. The reporting financial institution will mandatorily be required to enter the details of form type, category and address of reporting financial institution alongwith details of Principal Officer. On successful submission, the ITDREIN is generated and the principal officer will receive a confirmation e-mail on his/her registered e-mail address and SMS at his/her registered mobile number. There will be no option to de-activate ITDREIN, once it is generated.

- c) **Addition of Designated Director:** The reporting financial institution is required to submit the details of Designated Director either at the time of new registration or at a later stage, but before any statement is submitted on Reporting Portal. The Designated Director will receive a confirmation e-mail with login credentials for login into reporting portal (<https://report.insight.gov.in>) at his/her registered e-mail address. Only, the Designated Director of the reporting financial institution can digitally sign and upload the Statement of Reportable Account and the corresponding correction statements, if any, through his/her own login credentials at the Reporting Portal or through Generic Submission Utility.
- d) **Submission of Form No.61B:** Every reporting financial institution is required to submit the Statement of Reportable Account in Form No.61B. The prescribed schema, Report Generation and Validation Utility for Form No.61B and Generic Submission Utility can be downloaded from the Reporting Portal under “Resources” tab. The prepared Statement to be filed is required to be digitally signed by and uploaded at the Reporting Portal or through Generic Submission Utility through the login credentials (PAN and password) of the Designated Director.
- e) **Submission of correction statement:** In case, the reporting financial institution comes to know or discovers any inaccuracy in the information provided in the statement or the defects have been communicated to the reporting financial institution through Data Quality Report (DQR) after submission of Statement, it is required to remove the defects by submitting a correction statement. The number of “Reports Requiring Correction” (RRC) will be visible against the original statement on Reporting Portal under the ‘Statement Pending for Correction’ tab. The user can download the DQR file from the DQR column under ‘Statements Pending for Correction’ Tab of Reporting Portal, which can then be opened on the Report Generation utility to find and fix the errors. The reporting financial institution needs to rectify all the defects till the number of “Reports Requiring Correction (RRC) becomes zero within the specified period.
- f) **Deletion of Submitted Reports in a statement:** In case, the reporting financial institution wishes to delete the inadvertently filed reports within a statement, it can choose the statement type as “Deletion Statement” and file all such reports within a single statement to be deleted with exact previously filed values against each field. The manner of filing Deletion Statement shall be similar to submission of correction statement.
- g) **Security, archival and retrieval policies:** The reporting person/entity is required to document and implement appropriate information security policies and procedures with clearly defined roles and responsibilities to ensure security of submitted information and related information/documents. The reporting person/entity is also required to document and implement appropriate archival and retrieval policies and procedures with clearly defined roles and responsibilities to ensure that submitted information and related information/documents are available promptly to the competent authorities.

NOTIFICATION NO. 17/2018 DATED 6TH APRIL, 2018

The Central Board of Direct Taxes hereby makes the Income-tax (Third Amendment) Rules, 2018 further to amend the Income-tax Rules, 1962. They shall come into force on the 1st day of April, 2019 and shall apply to the assessment year 2019-2020 and subsequent assessment years.

In the Income-tax Rules, 1962, in rule 2BB, in sub-rule (2), in the Table, against serial number 10, the entries under columns (2) to (4) shall be omitted.

NOTIFICATION NO. 19/2018 DATED 11TH APRIL, 2018

The Central Board of Direct Taxes hereby makes the Income-tax (5th Amendment) Rules further to amend the Income-tax Rules, 1962. They shall come into force from the date of their publication in the Official Gazette.

In the Income-tax Rules, 1962, in rule 10VA, in sub-rule (2), for the words and brackets “Member (Income-tax), Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, North Block, New Delhi”, the words, “the Member, Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, North Block, New Delhi having supervision and control over the work of Foreign Tax and Tax Research (FT&TR) Division” shall be substituted.

NOTIFICATION NO. 22/2018 DATED 8TH MAY, 2018

In exercise of the powers conferred by clause (ii) of the proviso to clause (48A) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government, having regard to the national interest, hereby notifies the following foreign companies and agreement, for the purposes of the said clause, namely:

(i) Abu Dhabi National Oil Company, ADNOC Marketing International Limited, and ADNOC Marketing International (India) RSC Limited, as the foreign companies; and

(ii) the Oil Storage and Management Agreement, dated the 25th of January, 2017, entered into by and between Indian Strategic Petroleum Reserves Limited and Abu Dhabi National Oil Company read with the Amended and Restated Oil Storage and Management Agreement, dated the 10th of February 2018, entered into by and between Indian Strategic Petroleum Reserves Limited, Abu Dhabi National Oil Company and ADNOC Marketing International (India) RSC Limited, as the agreements.

This notification shall come into force from the date of its publication in the Official Gazette.

NOTIFICATION NO. 23/2018 DATED 24TH MAY, 2018

The Central Government hereby makes the Income-tax (6th Amendment), Rules, 2018 further to amend the Income-tax Rules, 1962. They shall come into force from the date of their publication in the Official Gazette.

In the Income-tax Rules, 1962 (hereinafter referred to as the principal rules), in rule 11U, clause (a) shall be omitted. Further, In the principal rules, in rule 11UA, in sub-rule (2), in clause (b), the words “or an accountant” shall be omitted.

NOTIFICATION NO. 24/2018 DATED 24TH MAY, 2018

The provisions of clause (viib) of sub-section (2) of section 56 of the Income Tax Act, 1961 shall not apply to consideration received by a company for issue of shares that exceeds the face value of such

shares, if the consideration has been received for issue of shares from an investor in accordance with the approval granted by the Inter-Ministerial Board of Certification under clause (i) of sub-para (3) of para 4 of the notification number G.S.R. 364(E), dated 11th April, 2018 and published in the Gazette of India, Extraordinary, Part-II, Section 3, Sub-section (i) dated the 11th April, 2018 issued by the Department of Industrial Policy and Promotion.

This notification shall be deemed to have come into force retrospectively from the 11th April, 2018.

NOTIFICATION NO. 25/2018 DATED 30TH MAY, 2018

The organization M/s Indian Institute of Science Education and Research, Kolkata (PAN:- AAAAI2170E) has been approved by the Central Government for the purpose of clause (ii) of sub-section (1) of section 35 of the Income-tax Act, 1961 read with Rules 5C and 5E of the Income-tax Rules, 1962, from Assessment year 2018-2019 and onwards under the category of “University, College or other Institution” engaged in research activities subject to the following conditions, namely:

- (i) The sums paid to the approved organization shall be utilized for scientific research;
- (ii) The approved organization shall carry out scientific research through its faculty members or its enrolled students;
- (iii) The approved organization shall maintain separate books of accounts in respect of the sums received by it for scientific research, reflect therein the amounts used for carrying out research, get such books audited by an accountant as defined in the explanation to sub-section (2) of section 288 of the said Act and furnish the report of such audit duly signed and verified by such accountant to the Commissioner of Income-tax or the Director of Income-tax having jurisdiction over the case, by the due date of furnishing the return of income under subsection (1) of section 139 of the said Act;
- (iv) The approved organization shall maintain a separate statement of donations received and amounts applied for scientific research and a copy of such statement duly certified by the auditor shall accompany the report of audit referred to above.

The Central Government shall withdraw the approval if the approved organization:

- (a) fails to maintain separate books of accounts referred to in sub-paragraph (iii) of paragraph 1; or
- (b) fails to furnish its audit report referred to in sub-paragraph (iii) of paragraph 1; or
- (c) fails to furnish its statement of the donations received and sums applied for scientific research referred to in sub-paragraph (iv) of paragraph 1; or
- (d) ceases to carry on its research activities or its research activities are not found to be genuine; or