

**EXECUTIVE PROGRAMME**

**(OLD SYLLABUS)**

**SUPPLEMENT**

**FOR**

**TAX LAWS AND PRACTICE**

**(DIRECT TAX)**

**(Relevant for Students appearing in December, 2019 Examination)**

**MODULE 1- PAPER 4**

*Disclaimer-*

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**Students appearing in December, 2019 Examination shall note the following:**

- 1. For Direct taxes, Finance Act, 2018 is applicable.*
- 2. Applicable Assessment year is 2019-20 (Previous Year 2018-19).*
- 3. For Indirect Taxes: Goods and Services Tax 'GST' is applicable for Executive Programme (Old Syllabus)*
- 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 I – 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.

**CIRCULAR NO. 2/2018 DATED: 15TH FEBRUARY, 2018**

**EXPLANATORY NOTES TO THE PROVISIONS OF THE FINANCE ACT, 2017**

For details please refer: [https://www.incometaxindia.gov.in/communications/circular/circular2\\_2018.pdf](https://www.incometaxindia.gov.in/communications/circular/circular2_2018.pdf)

**CIRCULAR NO. 3/2018 DATED: 11TH JULY, 2018**

**REVISION OF MONETARY LIMITS FOR FILING OF APPEALS BY THE DEPARTMENT BEFORE INCOME TAX APPELLATE TRIBUNAL, HIGH COURTS AND SLPs/APPEALS BEFORE SUPREME COURT-MEASURES FOR REDUCING LITIGATION**

Reference is invited to Board's Circular No. 21 of 2015 dated 10.12.2015 wherein monetary limits and other conditions for filing departmental appeals (in Income-tax matters) before Income Tax Appellate Tribunal, High Courts and SLPs/ appeals before Supreme Court were specified.

In supersession of the above Circular, it has been decided by the Board that departmental appeals may be filed on merits before Income Tax Appellate Tribunal and High Courts and SLPs/ appeals before Supreme Court keeping in view the monetary limits and conditions specified below. Henceforth, appeals/ SLPs shall not be filed in cases where the tax effect does not exceed the monetary limits given hereunder:

S. No.	Appeals/ SLPs in Income-tax	Monetary Limit (Rs.)
1.	Before Appellate Tribunal	20,00,000
2.	Before High Court	50,00,000
3.	Before Supreme Court	1,00,00,000

It is clarified that an appeal should not be filed merely because the tax effect in a case exceeds the monetary limits prescribed above. Filing of appeal in such cases is to be decided on merits of the case.

For this purpose, 'tax effect' means the difference between the tax on the total income assessed and the tax that would have been chargeable had such total income been reduced by the amount of income in respect of the issues against which appeal is intended to be filed (hereinafter referred to as 'disputed issues') Further, 'tax effect' shall be tax including applicable surcharge and cess. However, the tax will not include any interest thereon, except where chargeability of interest itself is in dispute. In case the chargeability of interest is the issue under dispute, the amount of interest shall be the tax effect. In cases where returned

loss is reduced or assessed as income, the tax effect would include notional tax on disputed additions. In case of penalty orders, the tax effect will mean quantum of penalty deleted or reduced in the order to be appealed against.

The Assessing Officer shall calculate the tax effect separately for every assessment year in respect of the disputed issues in the case of every assessee. If, in the case of an assessee, the disputed issues arise in more than one assessment year, appeal can be filed in respect of such assessment year or years in which the tax effect in respect of the disputed issues exceeds the monetary limit specified in para 3. No appeal shall be filed in respect of an assessment year or years in which the tax effect is less than the monetary limit specified in para 3. In other words, henceforth, appeals can be filed only with reference to the tax effect in the relevant assessment year. However, in case of a composite order of any High Court or appellate authority, which involves more than one assessment year and common issues in more than one assessment year, appeals shall be filed in respect of all such assessment years even if the tax effect is less than the prescribed monetary limits in any of the year(s), if it is decided to file appeal in respect of the year(s) in which tax effect exceeds the monetary limit prescribed. In case where a composite order / judgement involves more than one assessee, each assessee shall be dealt with separately.

Further, where income is computed under the provisions of section 115JB or section 115JC, for the purposes of determination of 'tax effect', tax on the total income assessed shall be computed as per the following formula:

$(A - B) + (C - D)$  where,

A = the total income assessed as per the provisions other than the provisions contained in section 115JB or section 115JC (herein called general provisions);

B = the total income that would have been chargeable had the total income assessed as per the general provisions been reduced by the amount of the disputed issues under general provisions;

C = the total income assessed as per the provisions contained in section 115JB or section 115JC;

D = the total income that would have been chargeable had the total Income assessed as per the provisions contained in section 115JB or section 115JC was reduced by the amount of disputed issues under the said provisions:

However, where the amount of disputed issues is considered both under the provisions contained in section 115JB or section 115JC and under general provisions, such amount shall not be reduced from total income assessed while determining the amount under item D.

In a case where appeal before a Tribunal or a Court is not filed only on account of the tax effect being less than the monetary limit specified above, the Pro Commissioner of Income-tax/ Commissioner of Income Tax shall specifically record that "even though the decision is not acceptable, appeal is not being filed only on the consideration that the tax effect is less than the monetary limit specified in this Circular". Further, in such cases, there will be no presumption that the Income-tax Department has acquiesced in the decision on the disputed issues. The Income-tax Department shall not be precluded from filing an appeal against the disputed issues in the case of the same assessee for any other assessment year, or in the case of any other assessee for the same or any other assessment year, if the tax effect exceeds the specified monetary limits.

In the past, a number of instances have come to the notice of the Board, whereby an assessee has claimed relief from the Tribunal or the Court only on the ground that the Department has implicitly accepted the

decision of the Tribunal or Court in the case of the assessee for any other assessment year or in the case of any other assessee for the same or any other assessment year, by not filing an appeal on the same disputed issues. The Departmental representatives/ counsels must make every effort to bring to the notice of the Tribunal or the Court that the appeal in such cases was not filed or not admitted only for the reason of the tax effect being less than the specified monetary limit and, therefore, no inference should be drawn that the decisions rendered therein were acceptable to the Department. Accordingly, they should impress upon the Tribunal or the Court that such cases do not have any precedent value and also bring to the notice of the Tribunal/ Court the provisions of sub section (4) of section 268A of the Income-tax Act, 1961 which read as under :

"(4) The Appellate Tribunal or Court, hearing such appeal or reference, shall have regard to the orders, instructions or directions issued under sub-section (1) and the circumstances under which such appeal or application for reference was filed or not filed in respect of any case."

As the evidence of not filing appeal due to this Circular may have to be produced in courts, the judicial folders in the office of Pr.CsIT / CsIT must be maintained in a systemic manner for easy retrieval.

Adverse judgments relating to the following issues should be contested on merits notwithstanding that the tax effect entailed is less than the monetary limits specified in para 3 above or there is no tax effect:

- (a) Where the Constitutional validity of the provisions of an Act or Rule IS under challenge, or
- (b) Where Board's order, Notification, Instruction or Circular has been held to be illegal or ultra vires, or
- (c) Where Revenue Audit objection in the case has been accepted by the Department, or
- (d) Where the addition relates to undisclosed foreign assets/ bank accounts.

The monetary limits specified in para 3 above shall not apply to writ matters and Direct tax matters other than Income tax. Filing of appeals in other Direct tax matters shall continue to be governed by relevant provisions of statute and rules. Further, in cases where the tax effect is not quantifiable or not involved, such as the case of registration of trusts or institutions under section 12A/ 12AA of the IT Act, 1961 etc., filing of appeal shall not be governed by the limits specified in para 3 above and decision to file appeals in such cases may be taken on merits of a particular case.

It is clarified that the monetary limit of Rs. 20 lakhs for filing appeals before the ITAT would apply equally to cross objections under section 253(4) of the Act. Cross objections below this monetary limit, already filed, should be pursued for dismissal as withdrawn/ not pressed. Filing of cross objections below the monetary limit may not be considered henceforth. Similarly, references to High Courts and SLPs/ appeals before Supreme Court below the monetary limit of Rs. 50 lakhs and Rs. 1 Crore respectively should be pursued for dismissal as withdrawn/ not pressed. References before High Court and SLPs/ appeals below these limits may not be considered henceforth.

This Circular will apply to SLPs/appeals/ cross objections/ references to be filed henceforth in SC/HCs/Tribunal and it shall also apply retrospectively to pending SLPs/ appeals/cross objections/ references. Pending appeals below the specified tax limits in para 3 above may be withdrawn/ not pressed.

**CIRCULAR NO. 4/2018 DATED: 14TH AUGUST, 2018**

**COMPUTATION OF ADMISSIBLE DEDUCTION ULS LOA OF THE INCOME TAX ACT,1961**

As per the provisions of sub-section (4) of section 10A of the Income Tax Act, 1961 (the' Act'), the profits derived from export of articles or things or computer software shall be the amount which bears to the profits of the business of the undertaking, the same proportion as the export turnover in respect of such

articles or things or computer software bears to the total turnover of the business carried on by the undertaking.

Further as per clause (iv) to Explanation 2 to section 10A of the Act, "export turnover" means the consideration in respect of export by the undertaking of articles or things or computer software received in, or brought into, India by the assessee in convertible foreign exchange in accordance with sub-section (3), but does not include freight, telecommunication charges or insurance attributable to the delivery of the articles or things or computer software outside India or expenses, if any, incurred in foreign exchange in providing the technical services outside India.

The issue whether freight, telecommunication charges and insurance expenses are to be excluded from both "export turnover" and "total turnover" while working out deduction admissible under section 10A of the Act on the ground that they are attributable to delivery of articles or things or computer software outside India has been highly contentious. Similarly, the issue whether charges for providing technical services outside India are to be excluded both from "export turnover" and "total turnover" while computing deduction admissible under section 10A of the Act on the ground that such charges are relatable towards expenses incurred in convertible foreign exchange in providing technical services outside India has also been highly contentious.

The controversy has been finally settled by the Hon'ble Supreme Court vide its judgement dated 24.4.2018 in the case of Commissioner of Income Tax, Central-III Vs. M/s HCL Technologies Ltd. 1 While deciding the issue the Apex Court has held as under:

"17) The similar nature of controversy, akin to this case, arose before the Karnataka High Court in CIT vs. Tata Elxsi Ltd (2012) 20-1 TcLY/nan 32111 7. The issue before the Karnataka High Court was whether the Tribunal was correct in holding that while computing relief under Section 10A of the IT Act, the amount of communication expenses should be excluded from the total turnover if the same are reduced from the export turnover.' While giving the answer to the issue, the High Court, inter-alia, held that when a particular word is not defined by the legislature and an ordinary meaning is to be attributed to it, the said ordinary meaning is to be in conformity with the context in which it is used. Hence, what is excluded from 'export turnover' must also be excluded from 'total turnover', since one of the components of 'total turnover' is export turnover. Any other interpretation would run counter to the legislative intent and would be impermissible.

Accordingly the formula for computation of the deduction under Section 10A of the Act would be as follows:

Export Profit = Total Profit of the Business \* Export turnover as defined in Explanation 2(IV) of Section 10A of IT Act / (Export turnover as defined in Explanation 2(IV) of Section 10A of the IT Act + domestic sale proceeds)

In the instant case, if the deductions on freight, telecommunication and insurance attributable to the delivery of computer software under Section 10A of the IT Act are allowed only in Export Turnover but not from the Total Turnover then, it would give rise to inadvertent, unlawful, meaningless and illogical result which would cause grave injustice to the Respondent which could have never been the intention of the legislature.

Even in common parlance, when the object of the formula is to arrive at the profit from export business, expenses excluded from export turnover have to be excluded from total turnover also. Otherwise any other interpretation makes the formula unworkable and absurd. Hence, we are satisfied that such deduction shall be allowed from the total turnover in same proportion as well.



On the issue of expenses on technical services provided outside, we have to follow the same principle of interpretation as followed in the case of expenses of freight, telecommunication etc. otherwise the formula of calculation would be futile. Hence, in the same way, expenses incurred in foreign exchange for providing the technical services outside shall be allowed to exclude from the total turnover. "

The issue has been examined by the Board and it is clarified that freight, telecommunication charges and insurance expenses are to be excluded both from "export turnover" and "total turnover", while working out deduction admissible under section 10A of the Act to the extent they are attributable to the delivery of articles or things or computer software outside India.

Similarly, expenses incurred in foreign exchange for providing the technical services outside India are to be excluded from both "export turnover" and "total turnover" while computing deduction admissible under section 10A of the Act.

Thus, all charges/expenses specified in Explanation 2(iv) to section 10A of the Act, are liable to be excluded from total turnover also for the purpose of computation of deduction u/s 10A of the Act.

**CIRCULAR NO. 5/2018 DATED: 16TH AUGUST, 2018**

**CLARIFICATION ON THE IMMUNITY PROVIDED U/S 270AA OF THE INCOME-TAX ACT, 1961**

Section 270AA of the Income-tax Act, 1961 (the Act) inter alia provides that w.e.f. 1st April, 2017, the Assessing Officer, on an application made by an assessee, may grant immunity from imposition of penalty under section 270A (not being penalty for misreporting) and initiation of proceedings under section 276C or section 276CC, subject to the conditions specified therein.

Apprehensions have been raised that where an assessee makes an application seeking immunity under section 270AA of the Act, and in the earlier year(s) penalty under section 271(1)(c) of the Act has been initiated on the same issue, the Income-tax Authority may contend that the assessee has acquiesced on the issue in such earlier year (s), by seeking immunity under section 270AA of the Act and therefore, take an adverse view in the proceedings for penalty under section 271(1)(c) of the Act.

In this matter, it is hereby clarified that where an assessee makes an application seeking immunity under section 270AA of the Act, it shall not preclude such assessee from contesting the same issue in any earlier assessment year. Further, the Income-tax Authority, shall not take an adverse view in the proceedings for penalty under section 271(1)(c) of the Act in earlier assessment years merely on the ground that the assessee has acquiesced on the issue in any later assessment year by preferring an immunity on such issue under section 270AA of the Act.

**CIRCULAR NO. 6/2018 DATED: 17TH AUGUST, 2018**

**ORDER UNDER SECTION 119 OF THE INCOME-TAX ACT, 1961**

Section 44AB of the Income-tax Act, 1961 ('the Act') read with rule 6G of the Income-tax Rules, 1962 ('the Rules') requires prescribed persons to furnish the Tax Audit Report along with the prescribed particulars in Form No. 3CD. The existing Form No. 3CD was amended vide notification no. GSR 666(E) dated 20th July, 2018 with effect from 20th August, 2018.

Representations have been received by the Board that the implementation of reporting requirements under

the proposed clause 30C (pertaining to General Anti-Avoidance Rules (GAAR) and proposed clause 44 (pertaining to Goods and Services Tax (GST) compliance) of the Form No. 3CD may be deferred.

The matter has been examined and it has been decided by the Board that reporting under the proposed clause 30C and proposed clause 44 of the Tax Audit Report shall be kept in abeyance till 31st March, 2019. Therefore, for Tax Audit Reports to be furnished on or after 20th August, 2018 but before 1st April, 2019, the tax auditors will not be required to furnish details called for under the said clause 30C and clause 44 of the Tax Audit Report.

**CIRCULAR NO. 7/2018 DATED: 20TH AUGUST, 2018**

**AMENDMENT TO PARA 10 OF THE CIRCULAR NO. 3 OF 2018 DATED 11.07.2018**

The monetary limits for filing of appeals by the Department before Income Tax Appellate Tribunal, High Courts and SLPs/appeals before Supreme Court have been revised by Board's Circular No.3 of 2018 dated 11.07.2018.

Para 10 of the said Circular provides that adverse judgments relating to the issues enumerated in the said para should be contested on merits notwithstanding that the tax effect entailed is less than the monetary limits specified in para 3 thereof or there is no tax effect. Para 10 of the Circular No.3 of 2018 dated 11.07.2018 is hereby amended as under:

10. Adverse judgments relating to the following issues should be contested on merits notwithstanding that the tax effect entailed is less than the monetary limits specified in para 3 above or there is no tax effect:

- (a) Where the Constitutional validity of the provisions of an Act or Rule is under challenge, or
- (b) Where Board's order, Notification, Instruction or Circular has been held to be illegal or ultra vires, or
- (c) Where Revenue Audit objection in the case has been accepted by the Department, or
- (d) Where addition relates to undisclosed foreign income/ undisclosed foreign assets (including financial assets)/ undisclosed foreign bank account.

**CIRCULAR NO. 2 DATED 4TH JANUARY 2019**

**SECTION 56 OF THE INCOME-TAX ACT, 1961 - INCOME FROM OTHER SOURCES - WITHDRAWAL OF CIRCULAR NO. 10/2018 DATED 31-12-2018 ON APPLICABILITY OF SECTION 56(2) (VIA) OF THE INCOME-TAX ACT, 1961 FOR ISSUE OF SHARES BY A COMPANY IN WHICH PUBLIC ARE NOT SUBSTANTIALY INTERESTED**

Reference is invited to the Circular No. 10/2018 dated 31-12-2018 on the captioned subject.

It has been brought to the notice of the Board that the matter relating to interpretation of the term "receives" used in section 56(2)(viiia) of the Income-tax Act, 1961 (the Act) is subjudice in certain higher judicial forums. Further, representations have been received from stakeholders seeking clarification on other similar provisions in section 56 of the Act.

Accordingly, the matter has been reconsidered by the Board. Given the fact that the matter relating to interpretation of the term 'receives' used in section 56(2) (viiia) of the Act is pending before judicial forums and stakeholders have sought clarifications on similar provisions in

section 56 of the Act, the Board is of the view that the matter is required to be examined afresh so that a comprehensive circular on the matter can be issued

In view of the above, the Circular No. 10/2018 dated 31st December, 2018 issued from file No. 173/616/2018-ITA-I is hereby withdrawn and the said circular shall be considered to have been never issued. A fresh comprehensive circular on the subject shall be issued in due course.

#### **CIRCULAR NO. 3 DATED 21ST JANUARY 2019**

#### **SECTION 56 OF THE INCOME-TAX ACT, 1961 - INCOME FROM OTHER SOURCES - CHARGEABLE AS - APPLICABILITY OF SECTION 56(2) (VIIA) OR SIMILAR PROVISIONS UNDER SECTION 56(2) FOR ISSUE OF SHARES BY A COMPANY**

As mentioned in Circular No. 02/2019, a comprehensive review of the subject matter relating to interpretation of the term "receives" as used in, inter alia, section 56(2)(viiia) of the Income-tax Act, 1961 (the Act) and similar provisions contained in section 56(2) of the Act has been made by the Board in view of pendency of this issue in various judicial forums and clarifications sought by stakeholders. Based on the above, the following position is hereby clarified.

Keeping in view the plain reading as well as the legislative intent of section 56(2)(viiia) and similar provisions contained in section 56(2) of the Act, being anti-abuse in nature, it has been decided that the view, as was taken in Circular No. 10/2018 [subsequently withdrawn by Circular No. 02/2019] that section 56(2)(viiia) of the Act would not apply to fresh issuance of shares, would not be a correct approach, as it could be subject to abuse and would be contrary to the express provisions and the legislative intent of section 56(2)(viiia) or similar provisions contained in section 56(2) of the Act.

Therefore, any view expressed by the Board in Circular No. 10/2018 shall be considered to have never been expressed and accordingly, the said circular shall not be taken into account by any Income-tax authority in any proceedings under the Act.

#### **CIRCULAR NO. 4 DATED 6TH JANUARY, 2019**

#### **CLARIFICATION REGARDING LIABILITY AND STATUS OF OFFICIAL ASSIGNEES UNDER THE INCOME TAX ACT-REG.**

Under provisions of the Presidency Towns Insolvency Act, 1909 and the Provincial Insolvency Act, 1920, where an order of Insolvency is passed against a debtor by the concerned Court, property of the debtor gets vested with the Court appointed Official Assignee. The Official Assignee then realizes property of the insolvent and allocates it amongst the creditors of the insolvent. Consequentially, Official Assignee has the responsibility to handle income-tax matters of the estate assigned to him. In this regard, a clarification has been sought regarding applicability of clause (iii) of section 160(1) of the Income-tax Act, 1961 (Act) which applies on a 'Representative Assessee' in the case of an Official Assignee. Further, clarity regarding status of the Official Assignee's i.e. their fallibility in the appropriate category of 'persons', as defined in section 2(31) of the Act, has also been sought.

As per provisions of section 160(1)(iii) of the Act, a 'Representative Assessee' amongst other situations specified therein, becomes liable in respect of any income which the Assignee receives or is entitled to receive while managing the property for benefit of any person. As per the two insolvency Acts, Official Assignee manages the property of the debtor for the benefit of the creditors. Further, the Insolvency Act, 1909, in unambiguous terms, provides that an insolvent ceases to have an ownership interest in the estate once an order of adjudication is made under section 17 of the Insolvency Act. Thus, it is hereby clarified that since Official Assignee does not receive the income or manage the property on behalf of the debtor, they cannot be considered as a 'Representative Assessee' of the debtor under the Act while computing the tax-liability arising from the estate of the debtor.

As property of the insolvent is vested with the Official Assignee as per specific provisions of the Act/Law regulating functioning of the Official Assignee's, they have to be treated as a 'juristic entity' for purposes of the income-tax Act. Hence, it is clarified that for purpose of discharge of tax-liability under the Act, the status of Official Assignees is that of an 'artificial juridical person' as prescribed in section 2(31)(vii) of the Act, not being one of the 'persons' falling in sub-clauses (i) to (vi) of section 2(31) of the Act.

Therefore, Official Assignee is required to file income-tax return electronically in the ITR Form applicable to 'artificial juridical person' separately for each of the estate of the insolvent and the income shall be taxed as per the rates applicable in a particular year to an 'artificial juridical person'.

In view of the above position, Official Assignees would have to obtain a separate PAN for each of the estate of the insolvent.

#### **CIRCULAR NO. 5 DATED 5<sup>TH</sup> FEBRUARY 2019**

#### **MONETARY LIMITS FOR FILING/WITHDRAWAL OF WEALTH TAX APPEALS BY THE DEPARTMENT BEFORE ITAT, HCS AND SLPS/APPEALS BEFORE SC THROUGH EXTENDING THE SCOPE OF CIRCULAR 3 OF 2018 -MEASURES FOR REDUCING LITIGATION**

Reference is invited to Board's Circular No. 3 of 2018 dated 11.07.2018 (hereinafter, referred to as "the Circular") vide which monetary limits for filing of income tax appeals by the Department before Income Tax Appellate Tribunal, High Courts and SLPs/ appeals before Supreme Court were specified. Para 11 of the Circular states that the monetary limits specified in para 3 shall not apply to writ matters and Direct tax matters other than Income tax and filing of appeals in such cases shall continue to be governed by relevant provisions of statute and rules.

There is no charge under Wealth Tax Act, 1957 w.e.f. 1st April, 2016. Therefore, as a step towards litigation management, it has been decided by the Board that monetary limits for filing of appeals in Income tax cases as prescribed in Para 3 of the Circular shall also apply to Wealth Tax appeals through extension of the Circular to Wealth tax matters in a mutatis mutandis manner and with modifications as prescribed hereunder.

For the purpose of Wealth Tax appeals:

A. Para 4 of the Circular shall be read as follows: "For this purpose, 'tax effect' means the difference between the tax on Net Wealth assessed and the tax that would have been chargeable had such Net Wealth been reduced by the amount of wealth in respect of the issues against which appeals is intended to be filed. However, the tax will not include any interest thereon, except where chargeability of interest itself is in dispute. In case the chargeability of interest is the issue under dispute, the amount of interest shall be the tax effect. In case of penalty orders, the tax effect will mean quantum of penalty deleted or reduced in the order to be appealed against."

B. Para 11 of the circular shall read as follows: "The monetary limits specified in para 3 above shall not apply to writ matters."

The said extension of the Circular to wealth tax appeals shall come into effect from the date of issue of this Circular.

**CIRCULAR NO.6 DATED 31<sup>ST</sup> MARCH, 2019**

**GIVING EFFECT TO THE JUDGEMENT(S)/ORDER(S) OF HON'BLE SUPREME COURT ON AADHAAR-PAN FOR FILING RETURN OF INCOME-REGD.**

As per clause (ii) of sub-section (1) of section 139AA of the Income-tax Act, 1961, with effect from 01.07.2017, every person who is eligible to obtain Aadhaar number has to quote the Aadhaar number in return of income.

In a series of judgments i.e. (i) Binoy Viswam Vs. Union of India reported in (2017) 396 ITR 66 (ii) Final Judgment and order of the Constitution Bench of Hon'ble Supreme Court dated 26.09.18 in Justice K. S. Puttaswamy (Retd.) and another {Writ Petition (Civil) No. 494 of 2012}; & (iii) Shreya Sen & Anr. In SLP (Civil) Diary No(s) 34292/2018 dated 04.02.2019, Hon'ble Supreme Court has upheld validity of Section 139AA.

In light of the aforesaid judgement(s)/order(s) of Hon'ble Supreme Court, from 01.04.2019 onwards, to give effect to the above judgements/orders, it has been decided by the Board that provision of clause (ii) Of sub-section (1) of section 139AA of the Act would be implemented and it is mandatory to quote Aadhaar while filing the return of income unless specifically exempted as per any notification issued under sub-section (3) of section 139AA of the Act. Thus, returns being filed either electronically or manually cannot be filed without quoting the Aadhaar number.

Returns which were filed prior to 01.04.2019 without quoting of Aadhaar number as an outcome of any decision of different High Courts in a specific case or returns which were filed during the period when the online functionality for filing the return without quoting of Aadhaar number was so available in the aftermath of decision of Delhi High Court dated 24.07.18 in W.P. C.M 7444/2018 & C.M. Application No. 28499/2018 in case of Shreya Sen vs. Union of India & Ors., till it was withdrawn post decision of Constitution Bench of the Hon'ble Supreme Court dated 26.09.18, would also be taken up for processing without causing any adverse consequence for non-quoting of Aadhaar as per provision of section 139AA of the Act.

**CIRCULAR NO. 7 DATED 8TH APRIL, 2019**

**ORDER UNDER SECTION 119 OF THE INCOME-TAX ACT, 1961**

Vide Notification in GSR 1217 (E) dated December 18, 2018, sub-rule (4) of Rule 10DB of the Income-tax Rules, 1962 (the Rules) was amended with effect from December 18, 2018; to provide that the period for furnishing of the report under sub-section (4) of section 286 of the Income-tax Act, 1961 (the Act) by the constituent entity referred to in that sub-section shall be twelve months from the end of the reporting accounting year.

It has been further provided that in case the parent entity of the constituent entity is resident of a country or territory, where, there has been a systemic failure of the country or territory and the said failure has been intimated to such constituent entity, the period for submission of the report shall be six months from the end of the month in which said systemic failure has been intimated.

On receipt of representations regarding the hardship being faced in complying with the requirement of furnishing the report under sub-section (4) of section 286 of the Act read with sub rule (4) of rule 10DB of the Rules by March 31, 2018, vide Circular No 9/2018 dated December 26, 2018, as a one-time measure, the period for furnishing of said report by the constituent entities referred to under clause (a) or (oo) of said sub-section, in respect of reporting accounting years ending upto February 28, 2018, was extended to March 31, 2019.

The agreement for providing for exchange of the report of the nature referred to in subsection (2) of section 286 of the Act has been entered into by India and the USA on March 27, 2019. However, the agreement and the exchange mechanism would come into effect only after both the countries notify each other about the completion of all internal procedures for exchange which is underway.

Since filing of the report by the constituent entity referred under clause (a) or (aa) of subsection (4) of section 286 of the Act in India gets triggered on completion of twelve months from the last date of the reporting accounting year and Circular 9/2018 has extended the period for furnishing of the report till March 31, 2019 in respect of reporting accounting years ending upto February 28, 2018, due to non-notification of the agreement and resultantly non-activation of the exchange mechanism between India and the USA, said report has to be filed by such constituent entities, whose parent entities are resident in USA and whose reporting accounting years ended after February 28, 2018.

In view of the above, in order to remove the genuine hardship faced by the constituent entities referred to under clause (a) or (aa) of said sub-section, whose parent entities are resident in USA, in furnishing of the report under sub-section (4) of section 286 of the Act read with sub-rule (4) of rule 10DB of the Rules, the Board, in exercise of powers conferred under section 119 of the Act, extends the period for furnishing of said report by such constituent entities, in respect of reporting accounting years ending upto April 29, 2018, to April 30, 2019.

**CIRCULAR NO. 8 DATED 10TH MAY, 2019**

**CLARIFICATION REGARDING DEFINITION OF "FUND MANAGER" UNDER SECTION 9A (4)(B) OF THE INCOME-TAX ACT, 1961**

Representations have been received in the Board for inclusion of an Asset Management Company (AMC) approved in accordance with Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 for the purpose of Section of 9A(4)(b) of the Income-tax Act, 1961.

The matter has been examined in the Board in consultation with SEBI. SEBI has stated that an AMC is engaged in the activity of fund management of Mutual Funds and hence is in substance, a Fund Manager, and entitled for benefits u/s 9A of the Income-tax Act. Therefore, it is hereby clarified that the phrase "fund manager" in Section 9A (4) (b) of the Income-tax Act includes an AMC as approved by SEBI under the SEBI (Mutual Funds) Regulations, 1996. A notification (No. 27/2019 dated 20th March 2019) has already been issued to include the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 in the definition of "specified regulations" in Section 9A(9)(e) of the Income-tax Act.

**CIRCULAR NO. 9 DATED 14<sup>TH</sup> MAY, 2019**

**ORDER UNDER SECTION 119 OF THE INCOME-TAX ACT, 1961**

Section 44AB of the Income-tax Act, 1961 ('the Act') read with rule 6G of the Income-tax Rules, 1962 ('the Rules') requires specified persons to furnish the Tax Audit Report along with the prescribed particulars in Form No. 3CD. The existing Form No. 3CD was amended vide notification no. GSR 666(E) dated 20th July, 2018 with effect from 20th August, 2018. However, the reporting under clause 30C and clause 44 of the Tax Audit Report was kept in abeyance till 31st March, 2019 vide Circular No. 6/2018 dated 17.08.2018.

Representations were received by the Board that the implementation of reporting requirements under clause 30C (pertaining to General Anti-Avoidance Rules (GAAR) and clause 44 (pertaining to Goods and Services Tax (GST) compliance) of the Form No. 3CD may be deferred further.

The matter has been examined and it has been decided by the Board that the reporting under clause 30C and clause 44 of the Tax Audit Report shall be kept in abeyance till 31st March, 2020.

**CIRCULAR NO. 10 DATED 22 MAY, 2019**

**CONDONATION OF DELAY IN FILING OF FORM NO. 10B FOR YEARS PRIOR TO AY 2018-19-REG.**

Under the provisions of section 121 of Income-tax Act, 1961 (hereafter Act) where the total income of a trust or institution as computed under the Act without giving effect to the provisions of section II and section 12 exceeds the maximum amount which is not chargeable to income-tax in any previous year, the accounts of the trust or institution for that year have to be audited by an accountant as defined in the Explanation below sub-section (2) of section 288 and the person in receipt of the income is required to furnish along with the return of income for the relevant

assessment year the report of such audit in the prescribed form duly signed and verified by such accountant and setting forth such particulars as may be prescribed.

As per Rule 17B of the Income-tax Rules, 1962 (hereafter 'Rules, the audit report of the accounts of such a trust or institution is to be furnished in Form no. 10B. as per Rule 12(2) of the Rules, such audit report is to be furnished electronically. The failure to furnish such report in the prescribed form along with the return of income results in disentitlement of the trust from claiming exemption under sections 11 and 12 of the Act.

Representations have been received by the Board/field authorities stating that Form no. 1013 could not be filed along with the return of income for AY 2016- 17 and AY 2017- 18. It has been requested that the delay in filing of Form no. 1013 may be condoned. Previously, vide instruction in F. No. 267 /~82f77-IT(part) dated 09.02.1978, the CBDT had authorized the ITO to accept a belated audit report after recording reasons in cases where some delay has occurred for reasons beyond the control of the assessee.

Accordingly, in supersession of earlier Circular/Instruction issued in this regard, and with a view to expedite the disposal of applications filed by such trusts or institutions for condoning the delay in filing Form no. 10B and in exercise of the powers conferred under section 119(2) of the Act, the Central Board of Direct Taxes hereby directs that:

- (i) The delay in filing of Form No. 1013 for AY 2016-17 and AY 2017 - 18, in all such cases where the audit report for the previous year has been obtained before the ruing of return of income and has been furnished subsequent to the filing of the return of income but before the date specified under section 139 of the Act is condoned.
- (ii) In all other cases of belated applications in filing Form no. IO13 for years prior to AY 2018-19, the Commissioners of Income-tax are authorized to admit such applications for condonation of delay u/s 119(2)(b) of the Act. The Commissioners will while entertaining such belated applications in filing Form no. I 013 shall satisfy themselves that the assessee was prevented by reasonable cause from filing such application within the stipulated time. Further, all such applications shall be disposed off by 30.09.20 I 9.

**CIRCULAR NO. 11 DATED 19<sup>TH</sup> JUNE, 2019**

**CLARIFICATION REGARDING NON-ALLOW ABILITY OF SET-OFF OF LOSSES AGAINST THE DEEMED INCOME UNDER SECTION 115BBE OF THE INCOME-TAX ACT, 1961 PRIOR TO ASSESSMENT-YEAR 2017-18-REG.**

With effect from 01.04.2017, sub-section (2) of section 115BBE of the Income-tax Act, 1961 (Act) provides that where total income of an assessee includes any income referred to in section(s) 68/69/69A/69B/69C/69D of the Act, no deduction in respect of any expenditure or allowance or set off of any loss shall be allowed to the assessee under any provisions of the Act in computing the income referred to in section 115BBE (1) of the Act.

In this regard, it has been brought to the notice of the Central Board of Direct Taxes (the Board) that in assessments prior to assessment year 2017-18, while some of the Assessing Officers have



allowed set off of losses against the additions made by them under Section(s) 68/69/69A/69B/69C/69D, in some cases, set off of losses against the additions made under Section 115BBE(1) of the Act have not been allowed. As the amendment inserting the words 'or set off of any loss' is applicable with effect from 1<sup>ST</sup> of April, 2017 and applies from assessment year 2017-18 onwards, conflicting views have been taken by the Assessing Officers in assessments for years prior to assessment year 2017-18. The matter has been referred to the Board so that a consistent approach is adopted by the Assessing Officers while applying provision of section 115BBE in assessments for period prior to the assessment year 2017-18.

The Board has examined the matter. The Circular No. 3/2017 of the Board dated 20th January, 2017 which contains Explanatory notes to the provisions of the Finance Act, 2016, at para 46.2, regarding amendment made in section 115BBE(2) of the Act mentions that currently there is uncertainty on the issue of set-off of losses against income referred to in section 115BBE. It also further mentions that the pre-amended provision of section 115BBE of the Act did not convey the intention that losses shall not be allowed to be set-off against income referred to in section 115BBE of the Act and hence, the amendment was made vide the Finance Act, 2016.

Thus keeping the legislative intent behind amendment in section 115BBE (2) vide the Finance Act, 2016 to remove any ambiguity of interpretation, the Board is of the view that since the term 'or set off of any loss' was specifically inserted only vide the Finance Act 2016, w.e.f. 01.04.2017, an assessee is entitled to claim set-off of loss against income determined under section 115BBE of the Act till the assessment year 2016-17.

#### **CIRCULAR NO .12 DATED 19TH JUNE, 2019**

#### **ASSESSMENT OF FIRMS'-SOME OF THE IMPORTANT ISSUES TO BE KEPT UNDER CONSIDERATION BY THE ASSESSING OFFICERS WHILE FRAMING ASSESSMENT-REG.**

C&AG had carried out a Performance Audit regarding 'Assessment of Firms' under the Income tax Act, 1961 ('Act') and in its Report NO.7 of 2014, has made certain suggestions so that in future, assessments in these cases are handled in a more effective manner by the Assessing Officers (AOs). Various recommendations made by the C&AG in its Report have been duly considered by the Board. In order to improve the quality of assessments being framed in these cases and also to reduce the scope for committing errors, the Board desires that Assessing Officers should duly take into consideration the following issues while making assessments in case of firms:

- (i)** Expenses in the hands of the firm such as interest on capital paid to the partners, remuneration payable to the working partners etc. are taxable in the hands of respective partners. Therefore, while framing assessment in case of firms, a cross-verification of such amounts with income-tax return of firm's partner will be desirable and any discrepancy between the tax return of a firm and its partners should be dealt with as per provisions of the Act. Further, AOs should invariably call for a copy of the partnership deed during the course of assessment proceedings and examine it carefully so that instances of payment of remuneration to any non-working partner or remuneration payment for period prior to the date of partnership deed but claimed as deductible are identified and cognizance of these are duly taken in assessment.

- (ii)** Section 40(b)(iv) stipulates following three conditions for allow ability of interest to the partners of a firm:
- a) the payment should be in accordance with the terms of the partnership deed; and
  - b) it should relate to any period falling after the date of such partnership deed; and
  - c) it should not exceed the amount calculated at the rate of twelve percent simple interest per annum.

Instances have been noticed where the interest in the partnership deed was stated to be below twelve percent, yet, the same was allowed at the rate of twelve percent by the AO. Such mistakes should be avoided. Further, in case the rate prescribed in the partnership deed is in excess of twelve percent, the excess should be disallowed in assessment. The AO is also required to ascertain whether payment of interest is duly authorized by the partnership deed or not. Further, while calculating interest payable to the partners for purposes of section 40(b)(iv) of the Act, ADs are taking different yardsticks for calculating interest viz. opening balance of capital, closing balance of capital, fixed capital or current capital etc. In this regard, section 40(b)(iv) of the Act prescribes that payment of interest to partners should be authorized by and be in accordance with the partnership deed. Therefore, while framing assessment, ADs should refer to the terms of the partnership deed for purpose of computation of interest on capital payable to a partner.

**(iii)** Clause (ii) and (v) of section 40(b) of the Act lays down that payment of remuneration to a working partner should be authorized by the partnership deed, be in accordance with the terms of the partnership deed, should relate to a period after the partnership deed and should also not exceed the maximum amounts prescribed therein. However, it has been noticed that in some assessments, ADs had allowed expenditure on remuneration to the working partners though the same was either not authorized by the partnership deed or was in excess of the amount specified therein. In order to prevent recurrence of mistakes and allowing the expenditure strictly as per provisions of the Act, the ADs should ensure that claim under section 40(b)(v) of the Act is allowed only after a thorough verification of the partnership deed. Further, while computing remuneration which is allowable to a working partner under section 40(b) (v) of the Act, the term 'in accordance with the terms of the partnership deed' in clauses (ii) and (v) of section 40(b) of the Act implies that remuneration should not be undetermined or undecided. Hence, in all situations, partnership deed should form the basis for determination of remuneration payable to the working partners. Furthermore, in situations where the remuneration either so specified in the partnership deed or computed as per the method indicated therein falls short of the amount allowable under section 40(b)(v) of the Act, it would be restricted to the figure computed on the basis of the partnership deed.

**(iv)** While computing remuneration payable to the working partners under section 40(b)(v) of the Act, the remuneration should not exceed a particular aggregate amount which is based upon the figure of 'book profit'. The Explanation 3 to section 40(b) of the Act contains definition of 'book profit' for the purposes of determination of remuneration of the partners and provides that 'book profit' shall mean the net profit, as shown in the profit & loss account for the relevant previous year, computed in the manner laid down in Chapter IV-D as increased by the aggregate amount of the remuneration paid or payable to all the partners of the firm if such amount has

been deducted while calculating the net profit. Therefore, while computing 'book profit' for purposes of section 40(b)(v) of the Act, all incomes such as capital gain, interest, rental income, income from other sources etc. which do not fall under the head 'profit or gain of business or profession', should be excluded.

**(v)** ADs are advised to apply the provisions of Chapter XVI of the Act in assessment of firms whenever required. It should be taken into consideration that under section 185 of the Act, any noncompliance by the firm or its partners with provisions of section 184 of the Act may result in denial of expenses such as remuneration, interest etc. payable to the partners which are otherwise allowable under the provisions of the Act.

**(vi)** It has also come to notice that some firms try to inflate the profits eligible for deduction under section 80IA of the Act by not claiming expenditure towards remuneration, salary, interest etc. which are payable to the partners. In such situations, Assessing Officers may examine these transactions in light of provisions of sub-section (10) of section 80IA of the Act which empower Assessing Officer to re-compute profit of the eligible business after excluding the profits of the related activity/business which produced the excessive profit.

**(vii)** While framing assessments in case of firms claiming carry forward and set off of losses, Assessing Officers are requested to verify such claims taking into consideration provisions of section 78 of the Act which disallow such a carry forward and set off in case of change in constitution of the firm or on succession.

(viii) Regarding the issue concerning possible action against the tax auditor for furnishing incomplete information in the Tax-Audit Report and effective utilization of information in the Tax Audit Report by the Assessing Officers, it is reiterated that directions given earlier viz. Instruction No. 09/2008 dated 31.07.2008 of CSDT should be followed scrupulously by the field authorities.

It is hereby clarified that this circular would also be applicable to limited scrutiny cases if the assessee is a registered firm.

**CIRCULAR NO. 13 DATED 24<sup>TH</sup> JUNE, 2019**

**EXEMPTION OF SERVICE CLEMENT AND DISABILITY ELEMENT OF DISABILITY PENSION GRANTED TO DISABLED PERSONNEL OF ARMED FORCES WHO HAVE BEEN INVALIDED ON ACCOUNT OF DISABILITY ATTRIBUTABLE TO OR AGGRAVATED BY SUCH SERVICE-REG.**

Under the existing provisions of clause (1) of sub-section 2 of section 297 of the Income tax Act, 1961 ('Act any notification issued under sub-section (I) of section 60 or section 60A of the Indian Income-Tax Act, 1922 (now repealed) and in force immediately before the commencement of the Act shall continue to be in force to the extent to which no provision has been made under the Act. Previously, in exercise of powers conferred under section 60 of the Indian Income-Tax Act, 1922, vide Notification no. 878-F dated 21.03.1922, it was ordered at para 19 that 'pensions granted to members of His Majesty's naval, military or air forces who have been invalided for naval, military or air force service on account of bodily disability

attributable to or aggravated by such service would be exempt from tax under the Indian Income Tax Act, 1922".

In furtherance to the above, instruction no. 136/ 1970 dated 14.01.1970 in F.No. 34/3/ 68 IT (Al) and instruction no. 2/2001 dated 02.07.2001 in F.No. 200/51/99-ITA-I have been issued to clarify that the entire disability pension, i.e. "disability clement" and "service clement" of a disabled officer of the Indian Armed Forces continues to be exempt from income tax under the Income-tax Act, 1.961.

## **INCOME TAX ACT, 1961 & RULES 1962**

### **NOTIFICATIONS**

#### **NOTIFICATION NO. 97/2017 DATED 12<sup>TH</sup> 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 20<sup>TH</sup> 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 22<sup>ND</sup> 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 22<sup>ND</sup> 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 18<sup>TH</sup> 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 18<sup>TH</sup> 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 19<sup>TH</sup> 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 16<sup>TH</sup> 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 16<sup>TH</sup> 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 19<sup>TH</sup> 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 22<sup>ND</sup> 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 3<sup>RD</sup> 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 5<sup>TH</sup> 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 5<sup>TH</sup> 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 5<sup>TH</sup> 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 06th April, 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 6<sup>TH</sup> 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 11<sup>TH</sup> 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 8<sup>TH</sup> 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 24<sup>TH</sup> 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 24<sup>TH</sup> 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 30<sup>TH</sup> 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

#### **NOTIFICATION NO. 26/2018 DATED 13<sup>TH</sup> JUNE, 2018**

The Central Government has notified the Cost Inflation Index “280” for the Financial Year 2018-19 i.e. Assessment Year 2019-20.

#### **NOTIFICATION NO. 27/2018 DATED 18<sup>TH</sup> JUNE, 2018**

In exercise of the powers conferred by clause (iib) of the proviso to section 193 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby specifies the “Power Finance Corporation Limited 54EC Capital Gains Bond” issued by Power Finance Corporation Limited for the purpose of the said clause.

Provided that the benefit under the said proviso shall be admissible in the case of transfer of such bonds by endorsement or delivery, only if the transferee informs Power Finance Corporation Limited by registered post within a period of sixty days of such transfer.

#### **NOTIFICATION NO. 28/2018 DATED 18<sup>TH</sup> JUNE, 2018**

In exercise of the powers conferred by clause (iib) of the proviso to section 193 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby specifies the “Indian Railway Finance Corporation Limited 54EC Capital Gains Bond” issued by Indian Railway Finance Corporation Limited for the purpose of the said clause. Provided that the benefit under the said proviso shall be admissible in the case of transfer of such bonds by endorsement or delivery, only if the transferee informs Indian Railway Finance Corporation Limited by registered post within a period of sixty days of such transfer.

**NOTIFICATION NO. 29/2018 DATED 22<sup>ND</sup> JUNE, 2018**

In exercise of the powers conferred by sub-section (1) of section 115JH of the Income-tax Act, 1961 (43 of 1961) (hereinafter referred to as the Act), the Central Government hereby notifies that,

in a case where a foreign company is said to be resident in India on account of its Place of Effective Management (hereinafter referred to as PoEM) being in India under sub-section (3) of section 6 of the Act in any previous year and such foreign company has not been resident in India in any of the previous years preceding the said previous year, then, notwithstanding anything contained in the Act, the provisions of the Act relating to the computation of total income, treatment of unabsorbed depreciation, set off or carry forward and set off of losses, collection and recovery and special provisions relating to avoidance of tax shall apply to the foreign company for the said previous year with exceptions, modifications and adaptations specified here under:

(i) If the foreign company is assessed to tax in the foreign jurisdiction, and,—

(a) where it is required to take into account depreciation for the purpose of computation of its taxable income, the written down value (hereinafter referred to as WDV) of the depreciable asset as per the tax record in the foreign country on the 1st day of the previous year shall be adopted as the opening WDV for the said previous year,

(b) in cases not covered by (a), the WDV shall be calculated in the manner, as though the asset was installed, utilised and the depreciation was actually allowed as per the provisions of the laws of that foreign jurisdiction and the WDV so arrived at as on the 1st day of the previous year, shall be adopted to be the opening WDV for the said previous year.

(ii) If the foreign company is not assessed to tax in the foreign jurisdiction, then WDV of the depreciable asset as appearing in the books of account as on the 1st day of the previous year maintained in accordance with the laws of that foreign jurisdiction shall be adopted as the opening WDV for the said previous year.

(iii) If the foreign company is assessed to tax in the foreign jurisdiction, its brought forward loss and unabsorbed depreciation as per the tax record shall be determined year wise on the 1st day of the said previous year.

(iv) If the foreign company is not assessed to tax in the foreign jurisdiction, its brought forward loss and unabsorbed depreciation as per the books of account prepared in accordance with the laws of that country shall be determined year wise on the 1st day of the said previous year.

(v) The brought forward loss and unabsorbed depreciation of the foreign company as arrived at paras (iii) or (iv), as the case may be, shall be deemed as loss and unabsorbed depreciation brought forward as on the 1st day of the said previous year and shall be allowed to be set off and carried forward in accordance with the provisions of the Act for the remaining period calculated from the year in which they occurred for the first time taking that year as the first year

Provided that the losses and unabsorbed depreciation of the foreign company shall be allowed to be set off only against such income of the foreign company which have become chargeable to tax in India on account of it becoming Indian resident.

(vi) In cases where the brought forward loss and unabsorbed depreciation referred to in para (iii) or (iv), as the case may be, originally adopted in India are revised or modified in the foreign jurisdiction due to any action of the tax or legal authority, the amount of the loss and unabsorbed depreciation shall be

revised or modified for the purposes of set off and carry forward as referred to in para (v).

(vii) In cases where the accounting year does not end on 31st March, the foreign company shall be required to prepare profit and loss account and balance sheet for the period starting from the date on which the accounting year immediately following said accounting year begins, upto 31st March of the year immediately preceding the period beginning with 1st April and ending on 31st March during which the foreign company has become resident. The foreign company shall also be required to prepare profit and loss account and balance sheet for succeeding periods of twelve months, beginning from 1st April and ending on 31st March, till the year the foreign company remains resident in India on account of its PoEM.

(viii) For the purpose of carry forward of loss and unabsorbed depreciation in cases where the accounting year followed by the foreign company does not end on 31st March and the period starting from the date on which immediately following year begins upto 31st March of the year, immediately preceding the period beginning with 1st April and ending on 31st March during which it has become resident, is,—

(a) less than six months, it shall be included in that accounting year;

(b) equal to or more than six months, that period shall be treated as a separate accounting year. Thus, if the accounting year followed by the foreign company is calendar year, the accounting year immediately preceding the accounting year in which the foreign company is held to be resident in India, shall be increased by three months, i.e., 1st January to 31st March; and if the accounting year followed by the foreign company is from 1st July to 30th June, the accounting year immediately preceding the accounting year in which the foreign company is held to be resident in India, shall be of nine months from 1st July to 31st March.

(ix) In cases covered under para (viii), loss and unabsorbed depreciation as per tax record or books of account, as the case may be, of the foreign company shall, be allocated on proportionate basis.

(x) Where more than one provision of Chapter XVII-B of the Act applies to the foreign company as resident as well as foreign company, the provision applicable to the foreign company alone shall apply.

(xi) Compliance to those provisions of Chapter XVII-B of the Act as are applicable to the foreign company prior to its becoming Indian resident shall be considered sufficient compliance to the provisions of said Chapter.

(xii) The provisions contained in sub-section (2) of section 195 of the Act shall apply in such manner so as to include payment to the foreign company.

(xiii) The foreign company shall be entitled to relief or deduction of taxes paid in accordance with the provisions of section 90 or section 91 of the Act.

(xiv) In a case where income on which foreign tax has been paid or deducted, is offered to tax in more than one year, credit of foreign tax shall be allowed across those years in the same proportion in which the income is offered to tax or assessed to tax in India in respect of the income to which it relates and shall be in accordance with the provisions of rule 128 of the Income-tax Rules, 1962.

Explanation.— For the purposes of this notification,—

(i) the term “Foreign jurisdiction” would mean the place of incorporation of the foreign company.

(ii) the rate of exchange for conversion into rupees of value expressed in foreign currency, wherever applicable, shall be in accordance with provision of rule 115 of the Income-tax Rules, 1962. B. the exceptions, modifications and adaptations referred to in para A shall not apply in respect of such income



of the foreign company becoming Indian resident on account of its PoEM being in India which would have been chargeable to tax in India, even if the foreign company had not become Indian resident.

C. in a case where the foreign company is said to be resident in India during a previous year, immediately succeeding a previous year during which it is said to be resident in India; the exceptions, modifications and adaptations referred to in para A shall apply to the said previous year subject to the condition that the WDV, the brought forward loss and the unabsorbed depreciation to be adopted on the 1st day of the previous year shall be those which have been arrived at on the last day of the preceding previous year in accordance with the provisions of this notification.

D. any transaction of the foreign company with any other person or entity under the Act shall not be altered only on the ground that the foreign company has become Indian resident.

E. subject to the above, the foreign company shall continue to be treated as a foreign company even if it is said to be resident in India and all the provisions of the Act shall apply accordingly.

Consequently, the provisions specifically applicable to,— (i) a foreign company, shall continue to apply to it; (ii) non-resident persons, shall not apply to it; and (iii) the provisions specifically applicable to resident, shall apply to it.

F. in case of conflict between the provision applicable to the foreign company as resident and the provision applicable to it as foreign company, the later shall generally prevail. Therefore, the rate of tax in case of foreign company shall remain the same, i.e., rate of income-tax applicable to the foreign company even though residency status of the foreign company changes from non-resident to resident on the basis of PoEM.

This notification shall be deemed to have come into force from the 1st day of April, 2017.

#### **NOTIFICATION NO. 36/2018 DATED 31<sup>ST</sup> JULY, 2018**

In exercise of the powers conferred under clause (ii) of Explanation 1 of clause (d) of proviso to sub-section (5) of Section 43 of the Income-tax Act, 1961 (43 of 1961) read with sub-rule (4) of Rule 6DDB of the Income-tax Rules, 1962, the Central Government hereby notifies NSE IFSC limited, Gandhinagar, Gujarat (PAN: AAFCN4161P) as a 'recognised stock exchange' for the purpose of said clause with effect from the date of publication of this notification in the Official Gazette, subject to fulfilment of following conditions in respect of trading in derivatives, namely:

- (i) the stock exchange shall have the approval of the Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992 (15 of 1992) in respect of trading in derivatives and it shall function in accordance with the guidelines or conditions laid down by the Securities and Exchange Board of India;
- (ii) it shall ensure that the particulars of the client (including unique client identity number and PAN) are duly recorded and stored in its databases;
- (iii) it shall maintain a complete audit trail of all transactions (in respect of derivative market) for a period of seven years on its system;
- (iv) it shall ensure that transactions (in respect of derivative market) once registered in the system are not erased;
- (v) it shall ensure that the transactions (in respect of derivative market) once registered in the system are modified only in cases of genuine error and maintain data regarding all transactions (in respect of derivative market) registered in the system which have been modified and submit a monthly statement in Form No. 3BB to the Director General of Income-tax (Intelligence and Criminal Investigation), New

Delhi within fifteen days from the last day of each month to which such statement relates .

**NOTIFICATION NO. 38/2018 DATED 10<sup>TH</sup> AUGUST, 2018**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Insolvency and Bankruptcy Board of India', New Delhi, a board established by the Central Government, in respect of the following specified income arising to that board, namely:-

- (a) Grants-in-aid received from Central Government;
- (b) Fees received under the Insolvency and Bankruptcy Code, 2016 (31 of 2016);
- (c) Fines collected under the Insolvency and Bankruptcy Code, 2016 (31 of 2016); and
- (d) Interest income accrued on (a), (b) and (c) above.

This notification shall be effective subject to the conditions that Insolvency and Bankruptcy Board of India, New Delhi-

- (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 year 2017-2018 and shall apply with respect to the financial years 2018-2019, 2019-2020, 2020-2021 and 2021-2022.

**NOTIFICATION NO. 39/2018 DATED 10<sup>TH</sup> AUGUST, 2018**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, Madhya Pradesh Real Estate Regulatory Authority, a body constituted by Government of Madhya Pradesh, in respect of the following specified income arising to that body, namely:-

- (a) registration fees received under the Real Estate (Regulation and Development) Act, 2016;
- (b) application fees received under the Real Estate (Regulation and Development) Act, 2016;
- (c) penalties for violation of provisions contained in the Real Estate (Regulation and Development) Act, 2016;
- (d) late fee and compounding charges received under the Real Estate (Regulation and Development) Act, 2016;
- (e) grants-in-aid received from government; and
- (f) interest accrued on above amounts as per clause 75(1)(c) of the Real Estate (Regulation and Development) Act, 2016.

This notification shall be effective subject to the conditions that Madhya Pradesh Real Estate Regulatory Authority,-

- (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) section 139 of the Income-tax Act, 1961.

This notification shall be deemed to have been applied for the financial year 2017-2018 and shall apply with respect to the financial years 2018-2019, 2019-2020, 2020-2021 and 2021-2022.

**NOTIFICATION NO. 41/2018 DATED 30<sup>TH</sup> AUGUST, 2018**

In exercise of the powers conferred by the clause (22B) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby specifies the “The Press Trust of India Limited, New Delhi” as a news agency set up in India solely for collection and distribution of news, for the purpose of the said clause for three assessment years 2019-2020 to 2021-2022.

The notification is subject to the condition that the news agency applies its income or accumulates it for application solely for collection and distribution of news and does not distribute its income in any manner to its members.

**NOTIFICATION NO. 42/2018 DATED 30<sup>TH</sup> AUGUST, 2018**

In exercise of the powers conferred by clause (via) of section 28 read with section 295 of the Income-tax Act, 1961 (43 of 1961), hereinafter referred to as the Income-tax Act, the Central Government hereby makes the following rules further to amend the Income-tax Rules, 1962, namely:

- (1) These rules may be called the Income-tax (9th Amendment), Rules, 2018.
- (2) They shall come into force from the 1st day of April, 2019 and shall apply in relation to assessment year 2019-20 and subsequent years.

In the Income-tax Rules, 1962,

(a) in rule 11U, in clause (b), for sub-clause (ii), the following sub-clause shall be substituted, namely:—  
“(ii) in any other case,—

(A) in relation to an Indian company, the balance-sheet of such company (including the notes annexed thereto and forming part of the accounts) as drawn up on the valuation date which has been audited by the auditor of the company appointed under the laws relating to companies in force; and

(B) in relation to a company, not being an Indian company, the balance-sheet of the company (including the notes annexed thereto and forming part of the accounts) as drawn up on the valuation date which has been audited by the auditor of the company, if any, appointed under the laws in force of the country in which the company is registered or incorporated;”;

(b) after rule 11UAA, the following rule shall be inserted, namely:

“11UAB. Determination of fair market value for inventory.(1) For the purposes of clause (via) of section 28 of the Act, the fair market value of the inventory,—

(i) being an immovable property, being land or building or both, shall be the value adopted or assessed or assessable by any authority of the Central Government or a State Government for the purpose of payment of stamp duty in respect of such immovable property on the date on which the inventory is converted into, or treated, as a capital asset;

(ii) being jewellery, archaeological collections, drawings, paintings, sculptures, any work of art, shares or

securities referred to in rule 11UA, shall be the value determined in the manner provided in sub-rule (1) of rule 11UA and for this purpose the reference to the valuation date in the rule 11U and rule 11UA shall be the date on which the inventory is converted into, or treated, as a capital asset;

(iii) being the property, other than those specified in clause (i) and clause (ii), the price that such property would ordinarily fetch on sale in the open market on the date on which the inventory is converted into, or treated, as a capital asset.”.

#### **NOTIFICATION NO. 44/2018 DATED 14<sup>TH</sup> SEPTEMBER, 2018**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, ‘Uttar Pradesh Electricity Regulatory Commission’, Lucknow, a commission constituted under the Uttar Pradesh Electricity Reforms Act, 1999 (UP Act No.24 of 1999), in respect of the following specified income arising to the said Commission, namely:--

- (a) amount received in the form of Government grants;
- (b) amount received as licence fees & fines; and
- (c) interest on Government grants, licence fees & fines.

This notification shall be effective subject to the conditions that Uttar Pradesh Electricity Regulatory Commission, Lucknow,-

- (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 assessment years 2017-2018 and 2018-2019 and shall apply with respect to the assessment years 2019-2020, 2020-2021 and 2021-2022.

#### **NOTIFICATION NO. 45/2018 DATED 14<sup>TH</sup> SEPTEMBER, 2018**

In exercise of the powers conferred by clause (46) of section 10 of the Income tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, ‘Petroleum and Natural Gas Regulatory Board’, New Delhi, a Board constituted by the Government of India, in respect of the following specified income arising to the said Board, namely:--

- (a) Grant received from Central Government;
- (b) All other grants, fees, penalty charges received;
- (c) All sums received from such other sources as may be approved by the Central Government as per section 38 and 39 of the Petroleum and Natural Gas Regulatory Board Act, 2006; and
- (d) Interest earned on deposits.

This notification shall be effective subject to the conditions that Petroleum and Natural Gas Regulatory Board, New Delhi,-

- (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 apply with respect to the assessment years 2019-2020, 2020- 2021, 2021-2022, 2022-2023 and 2023-2024.

**NOTIFICATION NO. 46/2018 DATED 14<sup>TH</sup> SEPTEMBER, 2018**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Rajasthan State Dental Council', Jaipur, a body constituted by the Government of Rajasthan, in respect of the following specified income arising to that body, namely:—

- (a) sale of application form;
- (b) renewal fees of Dentists, Dental Hygienists and Dental Mechanics;
- (c) fees of good standing;
- (d) Dentist provisional registration fees;
- (e) Additional qualification fees;
- (f) late fees;
- (g) no objection certificate fees;
- (h) re-issue of certificate fees (duplicate certificate fees);
- (i) Continuing Dental Education Programme fees; and
- (j) interest income accrued on above.

This notification shall be effective subject to the conditions that Rajasthan State Dental Council, Jaipur,—

- (a) shall not engage in any commercial activity;
- (b) activities and the nature of the specified income shall remain unchanged throughout the assessment 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 assessment years 2017-2018 and 2018-2019 shall apply with respect to the assessment years 2019-2020, 2020-2021 and 2021-2022.

**NOTIFICATION NO. 47/2018 DATED 14<sup>TH</sup> SEPTEMBER, 2018**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Kandla Special Economic Zone Authority', Kutch, an authority constituted by the Central Government, respect of the following specified income arising to that authority, namely:-

- (a) Lease rent (charged as per Government prescribed rate) including interest and penalty;
- (b) Receipts from I-Card and permit fees/ gate pass;
- (c) Auction/Bid amount in respect of Plots/Buildings which fall vacant;
- (d) Transfer charges in respect of Plot/Building;
- (e) Processing fee for approval of Building Plans;
- (f) Site Usage charges from Service providers including user charges & water charges (including interest and penalty thereon);
- (g) License fee for Staff Quarters; and
- (h) Interest accrued on (a) to (g) above.

This notification shall be effective subject to the conditions that Kandla Special Economic Zone Authority, Kutch,-

- (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 assessment year 2018-2019, and shall apply with respect to the assessment years 2019-2020, 2020-2021, 2021-2022 and 2022-2023.

#### **NOTIFICATION NO. 48/2018 DATED 14<sup>TH</sup> SEPTEMBER, 2018**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Gujarat Water Supply and Sewerage Board', Gandhinagar, a Board constituted by Government of Gujarat, in respect of the following specified income arising to that board, namely:-

- (a) Grant received from state government;
- (b) Deposits received from Local Bodies;
- (c) Centage at rates prescribed by the Government of Gujarat;
- (d) Water charges (tariff fixed by the Govt. of Gujarat) collected from local bodies, farmer for Water supply;
- (e) Rent collected as per the provisions of Gujarat Water Supply and Sewerage Act, 1978; and
- (f) Interest on (a) to (e) above.

This notification shall be effective subject to the conditions that the Gujarat Water Supply and Sewerage Board,-

- (a) shall not engage in any commercial activity;
- (b) activities and the nature of the specified income 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) section 139 of the Income-tax Act, 1961.

This notification shall be deemed to have been applied for the assessment years 2017-18 and 2018-19 and shall apply with respect to the assessment years 2019-20, 2020-21 and 2021-22.

#### **NOTIFICATION NO. 49/2018 DATED 14<sup>TH</sup> SEPTEMBER, 2018**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Tripura Electricity Regulatory Commission', a commission constituted by the State Government of Tripura, in respect of the following specified income arising to the said Commission, namely:--

- (a) Grants received from State Government;
- (b) Annual License fee under Electricity Act, 2003;
- (c) Petition fees under Electricity Act, 2003;
- (d) Tender fee/Earnest money; and .
- (e) Interest on (a) to (d) above.

This notification shall be effective subject to the conditions that Tripura State Electricity Regulatory Commission –

- (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 assessment year 2018-19 and shall apply with respect to the assessment years 2019-20, 2020-21, 2021-22 and 2022-23.

**NOTIFICATION NO. 50/2018 DATED 14<sup>TH</sup> SEPTEMBER, 2018**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'West Bengal State Council of Science & Technology', Kolkata, a society constituted by the Government of West Bengal, in respect of the following specified income arising to that Society, namely:--

- (a) Grants received from Central & State Governments;
- (b) Course fees from Research Fellow;
- (c) Receipts from Sale of Maps & Patent searching report;
- (d) Receipts from Sale of plants; and
- (e) Interest earned on (a) to (d) above.

This notification shall be effective subject to the conditions that West Bengal State Council of Science & Technology, 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 subsection (4C) of section 139 of the Income-tax Act, 1961.

This notification shall be deemed to have been applied for the assessment years 2016-17, 2017-18 and 2018-19 and shall apply with respect to the assessment years 2019-20 and 2020-21.

**NOTIFICATION NO. 51/2018 DATED 14<sup>TH</sup> SEPTEMBER, 2018**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Jharkhand State Electricity Regulatory Commission', Ranchi, a commission constituted by the State government of Jharkhand, in respect of the following specified income arising to the said Commission, namely:—

- (a) Grants-in-aid from the State government of Jharkhand;
- (b) Petition fees;
- (c) License fees from Licensee under the Electricity Act 2003;
- (d) Application fees;
- (e) Fees for documents;
- (f) Fees received under the provisions of the Right to Information Act, 2005; and
- (g) Interest income on (a) to (f) above.

This notification shall be effective subject to the conditions that Jharkhand State Electricity Regulatory Commission, Ranchi,-

- (a) shall not engage in any commercial activity;

(b) activities and the nature of the specified income shall remain unchanged throughout the assessment 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 apply with respect to the assessment years 2019-2020, 2020-2021, 2021-2022, 2022-2023 and 2023-2024.

**NOTIFICATION NO. 52/2018 DATED 14<sup>TH</sup> SEPTEMBER, 2018**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Tamil Nadu Water Supply and Drainage Board', a board constituted under the Tamil Nadu Water Supply and Drainage Board Act, 1970 (Tamil Nadu Act 4 of 1971), in respect of the following specified income arising to that board, namely:-

- (a) Grant from Government/Local Bodies (Deficit on Operation and Maintenance of CWSS);
- (b) Investigation Charges for Water Supply Scheme and Under Ground Sewerage Scheme;
- (c) Centage at rates prescribed by the Government of Tamil Nadu;
- (d) Water charges (Water Tariff fixed by the Govt. of Tamil Nadu) collected from local bodies for bulk water supply;
- (e) Receipts from Pension and gratuity contribution;
- (f) Receipts from Hire Charges, sale of Tender Schedule, Geological Survey Income, Contractor/Firm Registration fees, Fine for slow progress, Forfeiture of Security Deposit, Supervision charges, Sale of Waste Papers, Sale of used Assets, Publication Subscription, Field Testing Kits, Water Testing Charges, Material Testing Charges, Fuel Charges from Local bodies for operation of Generator for CWSS ;
- (g) Interest earned on (a) to (f) above.

This notification shall be effective subject to the conditions that Tamil Nadu Water Supply and Drainage Board –

- (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 apply with respect to the Assessment years 2019-2020, 2020-2021, 2021-2022, 2022-2023 and 2023-2024.

**NOTIFICATION NO. 53/2018 DATED 14<sup>TH</sup> SEPTEMBER, 2018**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, the State Load Dispatch Centre Unscheduled Interchange Fund- West Bengal State Electricity Transmission Company Limited (PAN AAIAS0980J), a trust constituted under the Electricity Act, 2003 (36 of 2003) in respect of the following specified income arising to that trust, namely:-

- (a) Residual money in the unscheduled interchange pool balance account;
- (b) Income incidental to or related to unscheduled interchange; and
- (c) Interest on fixed deposits and auto-sweep accounts.



This notification shall be effective subject to the conditions that the State Load Dispatch Centre  
Unscheduled Interchange Fund- West Bengal State Electricity Transmission Company Limited (PAN  
AAIAS0980J),-

- (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 assessment year 2018-2019 and shall apply with respect to the assessment years 2019-2020, 2020-2021, 2021-2022 and 2022-2023.

**NOTIFICATION NO. 54/2018 DATED 18<sup>TH</sup> SEPTEMBER, 2018**

It is hereby notified for general information that the organization M/s Indian Council of Medical Research (PAN:- AAEAT4818Q) 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 (said Act), read with Rules 5C and 5E of the Income-tax Rules, 1962 (said Rules), from Assessment year 2019-2020 and onwards under the category of "Other Institution" engaged in research activities subject to the following conditions, namely:-

(i) The sums paid to the approved organization i.e. M/s Indian Council of Medical Research shall be utilized for scientific research. The Grants/Donations for undertaking scientific research which are extended to Non-ICMR Institutes by the approved organization shall not be eligible for benefit under section 35(1)(ii) of the said Act. However, any collaborative research activity carried out by an ICMR-institute by utilizing the Grants/Donations received by the approved organization shall not be covered under the said exclusion.

(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 sub-section (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

(e) ceases to conform to and comply with the provisions of clause (ii) of sub-section (1) of section 35 of the said Act read with rules 5C and 5E of the said Rules.

**NOTIFICATION NO. 55/2018 DATED 26<sup>TH</sup> SEPTEMBER, 2018**

In exercise of the powers conferred by clause (a) of sub section (2) of section 80D of the Income Tax Act, 1961 (43 of 1961), the Central Government hereby notifies the Ex-Servicemen Contributory Health Scheme of the Department of Ex-Servicemen Welfare, Ministry of Defence, for the purposes of the said clause for the assessment year 2019-20 and subsequent assessment years.

**NOTIFICATION NO. 56/2018 DATED 26<sup>TH</sup> SEPTEMBER, 2018**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Chhattisgarh State Electricity Regulatory Commission', Raipur, a Commission constituted by the Government of Chhattisgarh, in respect of the following specified income arising to that Commission, namely:—

- (a) Grants received from State Government;
- (b) Annual License fee under Electricity Act, 2003;
- (c) Petition fees under Electricity Act, 2003;
- (d) Penalty imposed under Electricity Act, 2003.

This notification shall be effective subject to the conditions that 'Chhattisgarh State Electricity Regulatory Commission', Raipur —

- (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 assessment years 2018-19 and shall apply with respect to the assessment years 2019-20, 2020-21, 2021-22 and 2022-23.

**NOTIFICATION NO. 57/2018 DATED 26<sup>TH</sup> SEPTEMBER, 2018**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Uttarakhand Real Estate Regulatory Authority', Dehradun, an authority constituted by the Government of Uttarakhand, in respect of the following specified income arising to that authority, namely:-

- (a) Grants-in-aid received from Government;
- (b) Registration fees received under the Real Estate (Regulation and Development) Act, 2016;
- (c) Application fees received under the Real Estate (Regulation and Development) Act, 2016;
- (d) Penalties for violation of provisions contained in the Real Estate (Regulation and Development) Act, 2016;
- (e) Late fees received under the Real Estate (Regulation and Development) Act, 2016;
- (f) Fees received under the Right to Information Act, 2005;
- (g) Interest accrued on above amounts as per clause 75(1)(c) of the Real Estate (Regulation and

Development) Act, 2016.

This notification shall be effective subject to the conditions that Uttarakhand Real Estate Regulatory Authority, Dehradun,-

- (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 assessment years 2018-2019 and shall apply with respect to the assessment years 2019-2020, 2020-2021, 2021-2022 and 2022-2023.

**NOTIFICATION NO. 58/2018 DATED 26<sup>TH</sup> SEPTEMBER, 2018**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Tamil Nadu Pollution Control board', a Board constituted by the State Government of Tamil Nadu, in respect of the following specified income arising to the said Board, namely:--

- (a) Consent fees;
- (b) Analysis fees or air ambient quality survey fees or noise level survey fees;
- (c) Reimbursement of the expense received from Central Pollution Control Board towards National Air Monitoring Programmes, Global Environment Monitoring Systems and Monitoring of Indian National Aquatic resources and like schemes;
- (d) Authorization fees (Bio Medical Waste Management Fees);
- (e) Cess re-imburement and cess appeal fees;
- (f) Fees collected for training conducted by the Environment Training Institute of the Board where no profit element is involved and the activity is not commercial in nature;
- (g) Fees received under the Right to Information Act, 2005(22 of 2005);
- (h) Public hearing fees;
- (i) Sale of law books where no profit element is involved and the activity is not commercial in nature;
- (j) Interest on loans and advances given to staff of the Board;
- (k) Miscellaneous income such as sale of old or scrap items, tenders fees and other matters relating thereto; and
- (l) Interest on deposits.

This notification shall be effective subject to the conditions that 'Tamil Nadu Pollution Control board, Chennai –

- (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 apply with respect to the assessment years 2019-20, 2020-21, 2021-22, 2022-23 and 2023-24.

**NOTIFICATION NO. 60/2018 DATED 1<sup>ST</sup> OCTOBER, 2018**

In exercise of the powers conferred by sub-section (4) of section 112A of the Income-tax Act, 1961 (43 of 1961) hereinafter referred to as the Income-tax Act, the Central Government, with a view to specify the nature of acquisition in respect of which the provision of sub-clause (a) of clause (iii) of sub-section (1) of section 112A of the Income-tax Act shall not apply, hereby notifies the transactions of acquisition of equity share entered into

(I) before the 1st day of October, 2004; or

(II) on or after the 1st day of October, 2004 which are not chargeable to securities transaction tax under Chapter VII of the Finance (No. 2) Act, 2004 (23 of 2004), other than the following, namely:

(a) where acquisition of existing listed equity share in a company whose equity shares are not frequently traded in a recognised stock exchange of India is made through a preferential issue:

Provided that nothing contained in this clause shall apply to acquisition of listed equity shares in a company;

(i) which has been approved by the Supreme Court, High Court, National Company Law Tribunal, Securities and Exchange Board of India or Reserve Bank of India in this behalf;

(ii) by any non-resident in accordance with foreign direct investment guidelines issued by the Government of India;

(iii) by an investment fund referred to in clause (a) of Explanation 1 to section 115UB of the Income-tax Act or a venture capital fund referred to in clause (23FB) of section 10 of the Income-tax Act or a Qualified Institutional Buyer; and

(iv) through preferential issue to which the provisions of chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 does not apply.

(b) where transaction for acquisition of existing listed equity share in a company is not entered through a recognised stock exchange in India:

Provided that nothing contained in this clause shall apply to the acquisition of listed equity shares in a company which has been made in accordance with the provisions of the Securities Contracts (Regulation) Act, 1956 (42 of 1956), and is—

(i) through an issue of share by a company other than the issue referred to in clause (a);

(ii) by scheduled banks, reconstruction or securitisation companies or public financial institutions during their ordinary course of business;

(iii) approved by the Supreme Court, High Courts, National Company Law Tribunal, Securities and Exchange Board of India or Reserve Bank of India in this behalf;

(iv) under employee stock option scheme or employee stock purchase scheme framed under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

(v) by any non-resident in accordance with foreign direct investment guidelines of the Government of India;

(vi) in accordance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011;

(vii) from the Government;

(viii) by an investment fund referred to in clause (a) to Explanation 1 to section 115UB of the Income-tax Act or a venture capital fund referred to in clause (23FB) of section 10 of the income-tax Act or a Qualified Institutional Buyer; and

(ix) by mode of transfer referred to in section 47 or section 50B or sub-section (3) of section 45 or subsection (4) of section 45 of the Income-tax Act, if the previous owner or the transferor, as the case may be, of such shares has not acquired them by any mode referred to in clause (a) or clause (b) or clause (c) [other than the transactions referred to in the proviso to clause (a) or clause (b)].

(c) acquisition of equity share of a company during the period beginning from the date on which the company is delisted from a recognised stock exchange and ending on the date immediately preceding the date on which the company is again listed on a recognised stock exchange in accordance with the Securities Contracts (Regulation) Act, 1956 read with Securities and Exchange Board of India Act, 1992 (15 of 1992) and the rules made thereunder;

Explanation: For the purposes of this notification,

(a) “frequently traded shares” means shares of a company, in which the traded turnover on a recognised stock exchange during the twelve calendar months preceding the calendar month in which the acquisition and transfer is made, is at least ten per cent. of the total number of shares of such class of the company: Provided that where the share capital of a particular class of shares of the company is not identical throughout such period, the weighted average number of total shares of such class of the company shall represent the total number of shares;

(b) ‘listed’ means listed in a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;

(c) “preferential issue” and “Qualified Institutional Buyer” shall have the meanings respectively assigned to them in sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) "public financial institution" and "scheduled bank" shall have the meanings respectively assigned to them in Explanation to clause (viia) of sub-section (1) of section 36 of Income-tax Act;

(e) “recognised stock exchange” shall have the same meaning assigned to it in clause (f) of section 2 of the Securities Contracts (Regulation) Act, 1956; and

(f) “reconstruction company” and “securitisation company” shall have the meanings respectively assigned to them in sub-section (1) of section 2 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (54 of 2002).

This notification shall come into force with effect from the 1st day of April, 2019 and shall accordingly apply in relation to the assessment year 2019-20 and subsequent assessment years.

#### **NOTIFICATION NO. 61/2018 DATED 8<sup>TH</sup> OCTOBER, 2018**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, “Hyderabad Metropolitan Water Supply and Sewerage Board”, Hyderabad, a board constituted by Government of Andhra Pradesh in respect of the following specified incomes arising to that board, namely.—

- (a) Grants received from state government;
- (b) Water Cess;
- (c) Sewerage Cess;

- (d) Receipts from New connection charges, reconnection charges and disconnection charges;
- (e) Interest and penalty on delayed payment of water cess;
- (f) Receipts from supply of water via tankers;
- (g) Income through sale of tender forms;
- (h) Centage income;
- (i) Rental income from renting of buildings and hoardings;
- (j) Interest on consumption deposits with power companies, and
- (k) Interest on fixed deposits with banks.

This notification shall be effective subject to the conditions that Hyderabad Metropolitan Water Supply and Sewerage Board –

- 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 Assessment year 2017-2018 and 2018-19 and shall apply with respect to the assessment years 2019-20, 2020-21 and 2021-22.

#### **NOTIFICATION NO. 62/2018 DATED 8<sup>TH</sup> OCTOBER, 2018**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Karnataka State Unorganised Workers Social Security Board', Bengaluru, a board constituted by the Government of Karnataka, in respect of the following specified income arising to that board, namely.—

- a) Grant-in-Aid released by State Government;
- b) Interest earned on (a) above.

This notification shall be effective subject to the conditions that Karnataka State Unorganised Workers Social Security Board, Bengaluru –

- a) shall not engage in any commercial activity;
- b) activities and the nature of the specified income 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 assessment year 2017-18 and 2018-19 and shall apply with respect to the assessment years 2019-20, 2020-21 and 2021-22.

#### **NOTIFICATION NO. 63/2018 DATED 8<sup>TH</sup> OCTOBER, 2018**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Kerala State Electricity Regulatory Commission', Thiruvananthapuram, a commission established by the Government of Kerala, in respect of the following specified income arising to that commission, namely:—

- (a) Grants and loans received from State Government of Kerala;
- (b) License fee under Electricity Act, 2003;
- (c) Petition fees under Electricity Act, 2003;

(d) Interest earned from investment.

This notification shall be effective subject to the conditions that Kerala State Electricity Regulatory Commission –

- (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 assessment year 2018-19 and shall apply with respect to the assessment years 2019-20, 2020-21, 2021-22 and 2022-23.

**NOTIFICATION NO. 64/2018 DATED 8<sup>TH</sup> OCTOBER, 2018**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Madhya Pradesh Electricity Regulatory Commission', Bhopal, a Commission constituted by the State Government of Madhya Pradesh, in respect of the following specified income arising to the said Commission, namely:--

- (a) Amount received as petition fees;
- (b) Amount received as fines and charges;
- (c) Other incidental income received from sale of tender documents, processing fees, certified copying fees, sale of old newspapers, license fee, distribution of Tariff book, vehicle rent, interest on loans to staff; and
- (d) Interest earned on (a) to (c) above.

This notification shall be effective subject to the conditions that Madhya Pradesh Electricity Regulatory Commission, Bhopal,-

- (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 apply with respect to the assessment year 2020-2021, 2021-2022, 2022-2023, 2023-2024 and 2024-25.

**NOTIFICATION NO. 65/2018 DATED 8<sup>TH</sup> OCTOBER, 2018**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Real Estate Regulatory Authority, Punjab', an authority constituted by the Government of Punjab, in respect of the following specified income arising to that authority, namely:-

- (a) Grants received from Government;
- (b) Levy collected under the Real Estate (Regulation and Development) Act, 2016 and the Punjab State

Real Estate (Regulation and Development) Rules, 2017;  
(c) Interest earned on (a) and (b) above.

This notification shall be effective subject to the conditions that Real Estate Regulatory Authority, Punjab,-

- (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 assessment year 2018-2019 and shall apply with respect to the assessment years 2019-2020, 2020-2021, 2021-2022 and 2022-2023.

**NOTIFICATION NO. 66/2018 DATED 8<sup>TH</sup> OCTOBER, 2018**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Uttaranchal Board of Technical Education, a board constituted by the State Act Uttaranchal Board of Technical Education Act, 2003, in respect of the following specified income arising to the said Board, namely:—

- a) Grants/subsidies received from Government/government bodies;
- b) Fees, Fines and Penalties collected as per the provisions of Uttaranchal Board of Technical Education Act, 2003;
- c) Receipts from sale of printed application forms and educational Material;
- d) Receipts from Disposal of assets and sale of Scrap;
- e) Rent received from let out of properties;
- f) Royalty or License Fees for providing technical knowledge and infrastructure;
- g) Interest earned on (a) to (f) above.

This notification shall be effective subject to the conditions that Uttaranchal Board of Technical Education –

- 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 assessment year 2018-19 and shall apply with respect to the assessment years 2019-20, 2020-21, 2021-22 and 2022-23.

**NOTIFICATION NO. 68/2018 DATED 22<sup>ND</sup> OCTOBER, 2018**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Kozhikode District Sports Council, Kozhikode', a body constituted under Section 9 of the Kerala Sports Act, 2000 (Act 2 of 2001), in respect of the following specified income arising to that body, namely:—



- (a) Grants from Government and State Sports Council;
- (b) Rent Collected from Stadium and shop rooms housed in Koyilandy stadium and VKK Mendon Indoor stadium;
- (c) Interest earned on (a) & (b) above.

This notification shall be effective subject to the conditions that Kozhikode District Sports Council, Kozhikode—

- (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 assessment years 2016-17, 2017-18 and 2018-19 and shall apply with respect to the assessment years 2019-20 and 2020-21

**NOTIFICATION NO. 69/2018 DATED 22<sup>ND</sup> OCTOBER, 2018**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'West Bengal Unorganised Sector Workers Welfare Board', Kolkata, a board constituted by the Government of West Bengal, in respect of the following specified income arising to that board, namely:—

- (a) Grant-in-Aid received from Government;
- (b) Registration fee and Monthly/yearly Subscription collected from the registered workers; and
- (c) Interest earned on (a) and (b) above.

This notification shall be effective subject to the conditions that West Bengal Unorganised Sector Workers Welfare Board, 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 assessment year 2018-2019 and shall apply with respect to the assessment years 2019-2020, 2020-2021, 2021-2022 and 2022-23.

**NOTIFICATION NO. 71/2018 DATED 22<sup>ND</sup> OCTOBER, 2018**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Gujarat Real Estate Regulatory Authority', Gandhinagar, a body constituted by the Government of Gujarat, in respect of the following specified income arising to that body, namely:—

- (a) Grants and loans received from the State Government;
- (b) All fees received under the Real Estate (Regulation and Development) Act, 2016 and the Gujarat Real Estate (Regulation and Development) (General) Rules, 2017;

- (c) Sums realized by way of penalties under sub-section (2) of the section 76 of the Real Estate (Regulation and Development) Act, 2016; and  
(d) Interest accrued on (a) to (c) above.

This notification shall be effective subject to the conditions that Gujarat Real Estate Regulatory Authority, Gandhinagar,—

- (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 apply with respect to the assessment years 2019-2020, 2020-2021, 2021-2022, 2022-2023 and 2023-2024.

**NOTIFICATION NO. 75/2018 DATED 31<sup>ST</sup> OCTOBER, 2018**

It is hereby notified for general information that the organization M/ s Charutar Arogya Mandai, Gujarat (PAN:- AAA TC1264G) 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 (said Act), read with Rules 5C and 5E of the Income-tax Rules, 1962 (said Rules), from Assessment year 2019-2020 onwards in 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 used to undertake scientific research;
- (ii) The approved organization shall carry out scientific research through its faculty members or 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 sub-section (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, such donations shall be used exclusively for core scientific research and a copy of such statement duly certified by the auditor shall accompany the report of audit referred to above.
- (v) Donations being received by the organization under clause (ii) of sub-section (1) of section 35 of the Act, shall be used exclusively for core scientific research only and not for hospital activities, activities related to treatment of patients, general educational activities (other than research) or any other object of the organization.
- (vi) The approved organization shall, by the due date of furnishing the return of income under sub-section (1) of section 139, furnish a statement to the Commissioner of Income-tax or Director of Income-tax containing  
a detailed note on the research work undertaken by it during the previous year;

a summary of research articles published in national or international journals during the year;  
any patent or other similar rights applied for or registered during the year;  
programme of research projects to be undertaken during the forthcoming year and the financial allocation for such programme.

The Central Government shall withdraw the approval if the approved organization:- fails to maintain separate books of accounts referred to in sub-paragraph (iii) of paragraph 1; or fails to furnish its audit report referred to in sub-paragraph (iii) of paragraph 1; or 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 ceases to carry on its research activities or its research activities are not found to be genuine; or ceases to conform to and comply with the provisions of clause (ii) of sub-section (I) of section 35 of the said Act read with rules 5C and 5E of the said Rules.

**NOTIFICATION NO. 83/2018 DATED 26<sup>TH</sup> NOVEMBER, 2018**

It is hereby notified for general information that the organization M/s Centre for Brain Research, Bangalore (pAN:AABTC7082K) has been approved by the Central Government for the purpose of clause (ii) of sub section (I) of section 35 of the Income tax Act, 1961 (said Act), read with Rules 5C and 5D of the Income tax Rules, 1962 (said Rules), from Assessment year 2018-2019 onwards in the category of 'Scientific Research Association', subject to the following conditions, namely:-

- (i) The sole objective of the approved 'Scientific Research Association' shall be to undertake scientific research;
- (ii) The approved organization shall carry out scientific research by itself;
- (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 (I) 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 fails to maintain separate books of accounts referred to in sub-paragraph (ii i) of paragraph 1; or fails to furnish its audit report referred to in sub-paragraph (iii) of paragraph 1; or 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 ceases to carry on its research activities or its research activities are not found to be genuine; or ceases to conform to and comply with the provisions of clause (ii) of sub-section (I) of section 35 of the said Act read with rules 5C and 5D of the said Rules.

**NOTIFICATION NO. 84/2018 DATED 26<sup>TH</sup> NOV, 2018**

It is hereby notified for general information that the organization M/s Thalassemia and Sickle Cell Society (PA AAATR4038K) has been approved by the Central Government for the purpose of clause (ii) of sub-section (I) of section 35 of the Income-tax Act, 1961 (said Act), read with Rules 5C and 5D of the Income-tax Rules, 1962 (said Rules), from Assessment year 2018- 2019 onwards in the category of 'Scientific Research Association', subject to the following conditions, namely:-

- (i) The sole objective of the approved ' Scientific Research Association' shall be to undertake scientific research;
- (ii) The approved organization shall carry out scientific research by itself;
- (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 sub-section ( I) 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 I; or
- (b) fails to furnish its audit report referred to in sub-paragraph (iii) of paragraph I; or
- (c) fails to furnish its statement of the donations received and sums applied for scientific research referred to in subparagraph (iv) of paragraph I; or
- (d) ceases to carry on its research activities or its research activities are not found to be genuine; or
- (e) ceases to conform to and comply with the provisions of clause (ii) of sub-section (I) of section 35 of the said Act read with rules 5C and 5D of the said Rules.

#### **NOTIFICATION NO. 01/2019 DATED 24TH JANUARY, 2019**

On consideration of application of M/s Jubilee Mission Hospital Trust, Thrissur, Kerala (PAN AAAAJ1080A) dated 20.07.2018 for approval under section 35(1)(ii) of Income Tax Act, 1961 ('said Act') wherein approval for 'Jubilee Centre for Medical Research' under its aegis has been sought in the category of 'University, College or other Institution', it is hereby notified for general information that 'Jubilee Centre for Medical Research'(JCMR) under the aegis of 'Jubilee Mission Hospital Trust' has been approved by the Central Government for the purpose of clause (ii) of sub-section (1) of section 35 of the said Act, read with Rules 5C and 5E of the Income tax Rules, 1962 (said Rules), from Assessment year 2019-2020 onwards in the category of 'University, College or other Institution', engaged in research activities, subject to the following conditions, namely:

- (i) The sums paid to JCMR shall be used to undertake scientific research;
- (ii) **JCMR** shall carry out scientific research through its faculty members or enrolled students;
- (iii) **JCMR** 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 sub-section (1) of section 139 of the said Act;
- (iv) **JCMR** shall maintain a separate statement of donations received and amounts applied for scientific research, such donations shall be used exclusively for core scientific research and a copy of such statement duly certified by the auditor shall accompany the report of audit referred to above.

(v) **JCMR** shall, by the due date of furnishing the return of income under sub-section (1) of section 139, furnish a statement to the Commissioner of Income-tax or Director of Income-tax containing-

- a detailed note on the research work undertaken by it during the previous year;
- a summary of research articles published in national or international journals during the year;
- any patent or other similar rights applied for or registered during the year;
- Programme of research projects to be undertaken during the forthcoming year and the financial allocation for such programme.

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 subparagraph (iv) of paragraph 1; or
- (d) ceases to carry on its research activities or its research activities are not found to be genuine; or
- (e) Ceases to conform to and comply with the provisions of clause (ii) of sub-section (1) of section 35 of the said Act read with rules 5C and 5E of the said Rules.

#### **NOTIFICATION NO. 02/2019 DATED 24TH JANUARY, 2019**

In the notification of the Government of India, in the Ministry of Finance (Department of Revenue) No. 68/2009 in F. No. 203/6/2009/ITA.II dated 15th of September, 2009, published in Part-II, Section 3, Sub-section (ii) of the Gazette of India vide number S.O. 2618 dated the 26th of September, 2009.

- (i) *In paragraph 1 and in paragraph 2, clause (e): – for “clause (ii) read “clause (iii)”*
- (ii) *in paragraph (1), clauses (i), (ii), (iii) and (iv) and in paragraph (2), clause (c):– for “scientific research” read “social science research”*

#### **NOTIFICATION NO. 03/2019 DATED 25TH JANUARY, 2019**

In exercise of powers conferred under 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, the Central Government hereby rescinds the notification of the Government of India, Ministry of Finance, Department of Revenue number 15/2008 dated 01.02.2008 published in the Gazette of India, Part II, Section 3, Sub-Section (ii) dated of 02.02.2008 vide S.O. 200 with effect from 01.04.2011 and it shall be deemed from 01.04.2011 that the said notification had not been issued for any tax benefit under the Income-tax Act, 1961 or any other law for the time being in force.

#### **NOTIFICATION NO. 4/2019 DATED 30TH JANUARY, 2019**

The Central Board of Direct Taxes hereby makes the Income-tax (**15th Amendment**) Rules, 2019 further to amend the Income-tax Rules, 1962. They shall come into force on the date of their publication in the Official Gazette.

In the Income-tax Rules, 1962, for rule 12D, the following rule shall be substituted, namely:—

**“Prescribed income-tax authority under section 133C.**

**12D.** The prescribed income-tax authority under section 133C shall be an income-tax authority not below the rank of Assistant Commissioner of Income-tax who has been authorised by the Central Board of Direct Taxes to act as such authority for the purposes of that section.”

**Note:** The principal rules were published in the Gazette of India vide notification number S.O. 969(E), dated the 26th March, 1962 and last amended vide notification number G.S.R. 1217(E), dated 18th December, 2018.

**NOTIFICATION NO. 5/2019 DATED 30TH JANUARY, 2019**

The Central Board of Direct Taxes hereby makes the Centralised Verification Scheme, 2019 for centralised issuance of notice and for processing of information or documents and making available the outcome of the processing to the Assessing Officer. 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) “Centre” means the Centralised Verification Centre set up for centralised issuance of notice and for processing of information or documents and making available the outcome of the processing to the Assessing Officer;
- (c) “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;
- (d) “Principal Director General” means the Principal Director General of Income-tax appointed under sub-section (1) of section 117 of the Act and authorised by the Board in this behalf;
- (e) “Designated Authority” means the income-tax authority authorised by the Board for the purposes of section 133C of the Act;
- (f) “portal” means the web portal used for the purposes of this scheme.

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

**Application** -This scheme shall be applicable to any information or documents, \_\_\_

- (1) In possession of the Centre; or
- (2) made available to the Centre, by —
  - (i) the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems);
  - (ii) the Director General of Income-tax (Risk Assessment);
  - (iii) the Director of Income-tax (Intelligence and Criminal Investigation);
  - (iv) the Commissioner of Income-tax in charge of the Centralised Processing Centre for processing of returns;

- (v) the Commissioner of Income-tax in charge of the Centralised Processing Cell for processing of statements of tax deducted at source; or
- (vi) any other authority, body or person,

in accordance with the orders issued by the Board under section 119 of the Act.

**Issue and service of notice**— The Centre may issue a notice to any person requiring him to furnish information or documents for the purposes of verification of the information or documents referred to in paragraph 3.

The notice shall be issued under digital signature of the Designated Authority.

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.

The information or documents called for under sub-paragraph (1) shall be furnished on or before the date specified in the notice.

**Response to notice**—the response to the notice issued under sub-paragraph (1) of paragraph 4 shall be furnished in a machine readable format, in accordance with the procedures and processes referred to in paragraph 8.

**Processing of information and documents:** The Centre shall process the information or documents furnished by the person in response to the notice issued under sub-paragraph (1) of paragraph 4, in accordance with the procedures and processes referred to in paragraph 8.

The Centre shall make available the outcome of the processing referred to in sub-paragraph (1) to the Assessing Officer, in accordance with the orders issued by the Board under section 119 of the Act.

**No personal appearance:** No person shall be required to appear personally or through authorised representative before the Designated Authority at the 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 in regard to the following matters, for effective functioning of the Centre, namely:

- (a) format and procedure for issuance of the notice;
- (b) receipt of any information or document from the person in response to the notice;
- (c) mode and formats for issue of acknowledgment of the response furnished by the person;
- (d) provision of web portal facility including login facility, tracking status of verification, display of relevant details, and facility of download;
- (e) accessing, processing and verification of information and response including documents submitted during the verification process;
- (f) format and data structure for making available the outcome of verification to the Assessing Officer;
- (g) call centre to answer queries and provide support services, including outbound calls and inbound calls seeking information or clarification;

- (h) receipt, scanning, data entry, storage and retrieval of information or documents in a centralised manner;
- (i) Grievance redressal mechanism in the Centre.

**NOTIFICATION NO. 6/2019 DATED 30TH JANUARY, 2019**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Joint Electricity Regulatory Commission (for the State of Goa and Union Territories except Delhi)', a commission constituted by the Government of India, in respect of the following specified income arising to that Commission, namely:—

- (a) Petition fees;
- (b) Licence fees; and
- (c) Interest earned on (a) and (b) above.

This notification shall be effective subject to the conditions that Joint Electricity Regulatory Commission (for the State of Goa and Union Territories except Delhi)—

- (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 assessment years 2017-2018 and 2018-2019 and shall apply with respect to the assessment years 2019-2020, 2020-2021 and 2021-2022.

**Explanatory Memorandum:** It is certified that no person is being adversely affected by giving retrospective effect to this notification.

**NOTIFICATION NO. 7/2019 DATED 30TH JANUARY, 2019**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), and in supersession of Gazette notification S.O. 5368(E) dated 22.10.2018, the Central Government hereby notifies for the purposes of the said clause, 'Real Estate Regulatory Authorities' as specified in the schedule to this notification, constituted by Government in exercise of powers conferred under sub-section (1) of Section 20 of The Real Estate (Regulation and Development) Act, 2016 (16 of 2016) as a 'class of Authority' in respect of the following specified income arising to that Authority, namely:—

- (a) Amount received as Grant-in-aid or loan/advance from Government;
- (b) Fee/penalty received from builders/developers, agents or any other stakeholders as per the provisions of the Real Estate (Regulation and Development) Act, 2016;
- (c) Interest earned on (a) & (b) above.

This notification shall be effective subject to the conditions that each of the Real Estate Regulatory Authority—

- (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 assessment Year 2018-19 and shall apply with respect to the assessment years 2019-20, 2020-21, 2021-22 & 2022-23.

#### SCHEDULE

S. No. (1)	Name of the Real Estate Regulatory Authority (2)	PAN (3)
1	Gujarat Real Estate Regulatory Authority	AAAGG1260R
2	Chhattisgarh Real Estate Regulatory Authority	AAAJC1049H
3	Rajasthan Real Estate Regulatory Authority	AAAGR0430E

**Explanatory Memorandum:** It is certified that no person is being adversely affected by giving retrospective effect to this notification.

#### NOTIFICATION NO. 8/2019 DATED 31<sup>ST</sup> JANUARY, 2019

In exercise of the powers conferred by clause (iii) in the Explanation of clause (e) of the proviso to sub-section (5) of Section 43 of the Income-tax Act, 1961 (43 of 1961) read with sub-rule (4) of Rule 6DDD of the Income-tax Rules, 1962, the Central Government hereby notifies **M/s. BSE Limited, Mumbai (PAN: AACCB6672L)** as a '**recognised association**' for the purpose of said clause **with effect from 01.10.2018 (the date of commencement of trading in commodity derivative segment)** subject to fulfillment of following conditions in respect of trading in derivatives, namely;

- (i) The Exchange shall have the approval of the Forward Markets Commission established under the Forward Contracts (Regulation) Act, 1952 (74 of 1952) [merged with Securities and Exchange Board of India vide Gazette Notification No. S.O. 2630(E) dated 24.09.2015] in respect of trading in derivatives and shall function in accordance with the guidelines or conditions laid down by it; or
- (ii) it shall ensure that the particulars of the client (including unique client identity number and PAN) are duly recorded and stored in its databases; or
- (iii) it shall maintain a complete audit trail of all transactions (in respect of derivative market) for a period of seven years on its system; or
- (iv) it shall ensure that transactions (in respect of derivative market) once registered in the system are not erased;
- (v) it shall ensure that the transactions (in respect of derivative market) once registered in the system are modified only in cases of genuine error and maintain data regarding all transactions (in respect of derivative market) registered in the system which have been modified and submit a monthly statement in Form No. 3BC to the Director General of Income-tax (Intelligence and Criminal Investigation), New Delhi within fifteen days from the last day of each month to which such statement relates.

This notification shall remain in force until the approval granted by the Securities and Exchange Board of India is withdrawn or expires; or this notification is rescinded by the Central Government as provided in sub-rule (5) of rule 6DDD of the Income Tax Rules, 1962, whichever is earlier.

**NOTIFICATION NO. 9/2019 DATED 31<sup>ST</sup> JANUARY, 2019**

In exercise of the powers conferred by clause (ii) of the proviso to clause (viib) of subsection (2) of section 56 of the Income-tax Act, 1961 (43 of 1961), Central Government hereby makes following amendment to the notification number S.O. 2088(E) dated the 24th May, 2018 published in the Gazette of India, Extraordinary, Part-II, Section 3, Sub-section (ii), dated the 24th May, 2018, namely:

In the said notification for the words, brackets, figures, and letters “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”, the words, letters, figures and brackets “consideration received by a company from an investor for issue of shares that exceeds the face value of such shares, if such issue of shares is approved by the Central Board of Direct Taxes under para 4 of 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 Department of Industrial Policy and Promotion as modified by notification number 34(E) dated 16th January, 2019 and published in the Gazette of India, Extraordinary, Part II Section 3, Sub-section (i) dated the 16th January, 2019” shall be substituted.

This notification shall be deemed to have come into force retrospectively from the 16th January, 2019.

**Note:** Principal notification was published in the gazette of India, Extraordinary, Part II, Section 3, Sub-section (ii) vide S.O. 2088(E) dated the 24th May, 2018

**Explanatory Memorandum:** By giving retrospective effect to the present notification, no body shall be affected adversely.

**NOTIFICATION NO. 10/2019 DATED 5TH FEBRUARY, 2019**

In the notification of the Government of India, Ministry of Finance, Department of Revenue (Central Board of Direct Taxes), published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 76(E), dated the 30th January, 2019, at page 2, in line 9, for “15th” read “1st”.

**NOTIFICATION NO. 11/2019 DATED 21ST FEBRUARY, 2019**

In pursuance of sub-clause (ii) of clause (a) of sub-section (1) of Section 138 of the Income-tax Act, 1961, the Central Government hereby specifies Joint Secretary (**PMAY**), Ministry of Housing and Urban Affairs, Government of India, for purposes of the said clause.

**NOTIFICATION NO. 12/2019 DATED 27<sup>TH</sup> FEBRUARY, 2019**

In pursuance of sub-clause (ii) of clause (a) of sub-section (1) of Section 138 of the Income-tax Act, 1961, the Central Government hereby specifies Nodal Officer, Pradhan Mantri Kisan Samman Nidhi (**PM-KISAN**) of all State Governments and Union Territories for the purposes of the said clause in connection with sharing of information regarding income tax assesses for identifying the eligible beneficiaries under **PM-KISAN** Yogni.

**NOTIFICATION NO. 13/2019 DATED 5<sup>TH</sup> MARCH, 2019**

In exercise of the powers conferred by clause (ii) of the proviso to clause (viib) of sub-section (2) of section 56 of the Income-tax Act, 1961 (43 of 1961) and in supersession of the notification of Government of India in the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes published in the Gazette of India, Extraordinary, Part-II, Section (3), Sub-section (ii) vide number S.O. 2088(E) dated 24th May, 2018, except as respect things done or omitted to be done before such supersession, the Central Government, hereby notifies that the provisions of clause (viib) of sub-section (2) of section 56 of the said Act shall not apply to consideration received by a company for issue of shares that exceeds the face value of such shares, if the said consideration has been received from a person, being a resident, by a company which fulfils the conditions specified in para 4 of the notification number G.S.R. 127(E), dated the 19th February, 2019 issued by the Ministry of Commerce and Industry in the Department for Promotion of Industry and Internal Trade and published in the Gazette of India, Extraordinary, Part-II, section 3, Sub-Section (i) on 19th February, 2019 and files the declaration referred to in para 5 of the said notification of the Department for Promotion of Industry and Internal Trade.

This notification shall be deemed to have come into force retrospectively from the 19th February, 2019.

**NOTIFICATION NO. 14/2019 DATED 6<sup>TH</sup> MARCH, 2019**

On consideration of application of **M/s Agricultural Development Trust, Baramati, Pune ('ADT') (PAN: AAATB7892F)** dated 10.03.2018 for approval under section 35(1)(ii) of Income Tax Act, 1961 ('said Act') wherein approval for the following three units under its aegis namely '**Shardabai Pawar Mahila Arts, Commerce and Science College, College of Agriculture and Allied Sciences & Krishi Vigyan Kendra, Baramati**' has been sought in the category of '**University, College or other Institution**', it is hereby notified for general information that '**the said three units** under the aegis of '**Agricultural Development Trust, Baramati, Pune**' have been approved by the Central Government for the purpose of clause (ii) of sub-section (1) of section 35 of the said Act, read with Rules 5C and 5E of the Income-tax Rules, 1962 (said Rules), from **Assessment year 2018-2019 onwards** in the category of '**University, College or other Institution**', engaged in research activities, subject to the following conditions, namely:

- (i) The sums paid to approve units of ADT shall be used to undertake scientific research;
- (ii) Approved units of ADT shall carry out scientific research through its faculty members or enrolled students;
- (iii) Approved units of ADT 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 sub-section (1) of section 139 of the said Act;
- (iv) Approved units of ADT shall maintain a **separate statement of donations** received and amounts applied for scientific research, such donations shall be used exclusively for core scientific research and a copy of such statement duly certified by the auditor shall accompany the report of audit referred to above.
- (v) Approved units of ADT shall, by the due date of furnishing the return of income under sub-section (1) of section 139, furnish a statement to the Commissioner of Income-tax or Director of Income-tax containing:
  - a detailed note on the research work undertaken by it during the previous year;
  - a summary of research articles published in national or international journals during the year;
  - any patent or other similar rights applied for or registered during the year;
  - programme of research projects to be undertaken during the forthcoming year and the financial allocation for such programme.

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
- (e) Ceases to conform to and comply with the provisions of clause (ii) of sub-section (1) of section 35 of the said Act read with rules 5C and 5E of the said Rules.

#### **NOTIFICATION NO. 15 /2019 DATED 8TH MARCH, 2019**

In exercise of the powers conferred by clause (6C) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby specifies that any income arising to the foreign company namely, M/s Elbit Systems Limited, Corporate Headquarters, Advanced Technology Centre, P.O.B. 539, Haifa 31053, Israel, by way of royalty or fees for technical services received in pursuance of the agreement entered into between M/s Elbit Systems Limited and Ministry of Defence, Government of India vide contract no. AIRHQ/S96344/1/ASR signed on the 30th January, 2017 to an extent of USD 30,786,693 shall not be included in computing the total income of the said foreign company.

**NOTIFICATION NO. 16 DATED 8TH MARCH, 2019**

In exercise of the powers conferred by sub-clause (iii) of clause (10) of section 10 of the Income-tax Act, 1961 (43 of 1961), and in supersession of Ministry of Finance, Department of Revenue, notification number S.O. 141(E), dated the 11th June, 2010, except as respects things done or omitted to be done before such supersession, the Central Government, having regard to the maximum amount of any gratuity payable to employees, hereby specifies twenty lakh rupees as the limit for the purposes of the said sub-clause in relation to the employees who retire or become incapacitated prior to such retirement or die on or after the 29th day of March, 2018 or whose employment is terminated on or after the said date.

**NOTIFICATION NO. 1812019 DATED 13TH MARCH, 2019**

It is hereby notified for general information that the organization **M/s Indian Institute of Science Education and Research, Bhopal (PAN:- AAAAI251 I F)** 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 (said Act), read with Rules 5C and 5E of the Income-tax Rules, 1962 (said Rules), from **Assessment year 2018 - 2019 onwards** in 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 used to undertake scientific research;
- (ii) The approved organization shall carry out scientific research through its faculty members or 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 sub-section (1) of section 139 of the said Act;
- (iv) The approved organisation shall maintain a **separate statement of donations** received and amounts applied for scientific research, such donations shall be used exclusively for core scientific research and a copy of such statement duly certified by the auditor shall accompany the report of audit referred to above,
- (v) The approved organization shall, by the due date of furnishing the return of income under sub-section (1) of section 139, furnish a statement to the Commissioner of Income-tax or Director of Income-tax containing
  - a detailed note on the research work undertaken by it during the previous year;
  - a summary of research articles published in national or international journals during the year;
  - any patent or other similar rights applied for or registered during the year;
  - programme of research projects to be undertaken during the forthcoming year and the financial allocation for such programme,

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 I; 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 I; or
- (d) ceases to carry on its research activities or its research activities are not found to be genuine; or
- (e) ceases to conform to and comply with the provisions of clause (ii) of sub-section (I) of section 35 of the said Act read with rules 5C and 5E of the said Rules.

**NOTIFICATION NO. 19/2019 DATED 13<sup>TH</sup> MARCH, 2019**

In pursuance of the powers conferred by sub-sections (1) and (2) of section 120 of the Income tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby–

- (a) directs that the Commissioner of Income-tax specified in column (1) of the Schedule annexed hereto, having his headquarter at the place specified in the corresponding entry in column (2) of the said Schedule, to exercise the concurrent powers in addition to any other authority under the Income-tax Act–
  - (i) for the purpose of centralised issuance of notice and for collection and processing of information or documents and making available the outcome of the collection and processing under sub-sections (1) and (2) of section 133C of the Income-tax Act, 1961;
  - (ii) to specify the format and manner of response expected from the assessee and to call for information under section 133 of the Income-tax Act, 1961 and corresponding provisions of Chapter XXI (Penalties imposable), Chapter-XXII (Offences and Prosecution) and other provisions incidental thereto of the said Act; and
  - (iii) under section 285BA of the Income-tax Act, 1961 and corresponding provisions of Chapter XXI (Penalties imposable), Chapter-XXII (Offences and Prosecution) and other provisions incidental thereto of the said Act;

in respect of such territorial area or such cases or class of cases or such persons or class of persons specified in the corresponding entry in column (3) of the said Schedule and in respect of all income or class of income thereof;

- (b) authorises the Commissioner of Income-tax specified in column (1) of the said Schedule to issue orders in writing for exercise of powers and performance of functions by the Additional Commissioners or Joint Commissioners of Income-tax, who are subordinate to him, in respect of such territorial area or such persons or classes of persons or of such income or class of income or of such cases or class of cases specified in the corresponding entry in column (3) of the said Schedule;
- (c) authorises the Additional Commissioners or Joint Commissioners of Income-tax referred to in clause (b), to issue orders in writing for the exercise of the powers and performance of the functions by the Assessing Officers, who are subordinate to them, in respect of such territorial area or such persons or class of persons or income or class of income, or cases or class of cases specified in the corresponding entry in column (3) of the said Schedule, in respect of which such Additional Commissioners or Joint Commissioners of Income-tax are authorised by the Commissioner of Income-tax under clause (b).

## SCHEDULE

<b>Designation Income-tax Authority</b>	<b>of</b>	<b>Headquar ters</b>	<b>Jurisdiction</b>
<b>(1)</b>		<b>(2)</b>	<b>(3)</b>
Commissioner Income-tax, Verification)	of (e-	Delhi	All cases of persons in respect of all incomes within the limits of all States and Union territories of India with respect to whom there is any information in the possession of Directorate of Income-tax (Systems), Central Board of Direct Taxes

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

### **NOTIFICATION NO. 20/2019 DATED 13TH MARCH, 2019**

In pursuance of the powers conferred by sub-sections (1) and (2) of section 120 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby directs that the Principal Director General of Income-tax (Systems), Delhi, shall exercise the powers and perform the functions in respect of such territorial area or such persons or class of persons or such incomes or class of incomes or such cases or class of cases, in respect of which the Commissioner of Income-tax (e-Verification) has jurisdiction vested in him.

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

### **NOTIFICATION NO. 21/2019 DATED 13TH MARCH, 2019**

In exercise of the powers conferred by section 118 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby directs that the Commissioner of Income-tax (e-Verification) shall be subordinate to the Principal Director General of Income-tax (Systems).

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

### **NOTIFICATION NO. 22 /2019 DATED 14TH MARCH, 2019**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Prayagraj Mela Pradhikaran, Prayagraj', an authority constituted by the State Government of Uttar Pradesh, in respect of the following specified income arising to that authority, namely:

- (a) Grant-in-aid received from any Central Government, State Government or other authority;
- (b) Tolls on the parking of vehicle or entering any vehicle or any person bringing goods for sale or for demonstration/ advertisement into the Mela area;
- (c) Fee on the registration of activity of business, trade or profession;
- (d) Fee on the services provided to individual as service charge;
- (e) Any other charge and fee in Mela Area levied by authority as per the provisions of the Uttar Pradesh Prayagraj Mela Authority, Allahabad Act, 2017 (U. P. Act No. 5 of 2018); and

(f) Interest earned on (a) to (e) above.

This notification shall be effective subject to the conditions that Prayagraj Mela Pradhikaran, Prayagraj,

(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 apply with respect to the assessment years 2019-2020, 2020-2021, 2021-2022, 2022-2023 and 2023-2024.

**NOTIFICATION NO. 23/2019 DATED 19TH MARCH, 2019**

Whereas the Central Government in exercise of the powers conferred by clause (iii) of subsection (4) of section 80-IA of the Income-tax Act, 1961 (43 of 1961) (hereinafter referred to as the Act), has framed and notified a scheme for industrial park, by the notification of the Government of India in the Ministry of Finance (Department of Revenue, Central Board of Direct Taxes) vide number S.O. 51(E), dated the 8th January, 2008;

And whereas M/s Intime Properties Limited (the “Company”), having its registered address at plot No C-30, Block-G, Bandra-Kurla Complex, Bandra (East), Mumbai 400051 has developed an Industrial Park at Building No. 5B, 6 and 9 at Survey No. 64(part), Madhapur, Hyderabad, Distt. Rangareddy, Andhra Pradesh;

And whereas the Central Government in exercise of powers conferred by clause (iii) of sub-section (4) of section 80-IA of the said Act, read with rule 18C of the Income-tax Rules, 1962, notified the undertaking vide S.O. 1647(E) dated 11th May, 2012;

Now, therefore, in exercise of the powers conferred by clause (iii) of sub-section (4) of section 80-IA of the said Act, read with rule 18C of the Income-tax Rules, 1962, the Central Government hereby substitutes clause(s) in item (1) with clauses in item (2) as below:

(1)	(2)
And whereas M/s. Intime Properties Private Limited., Mumbai having its registered address at Plot No. C-30, Block-G. Bandra-Kurla Complex, Bandra (East), Mumbai 400051 has developed an Industrial Park at Building No. 5B, 6 and 9 at Survey No.64(part), Madhapur, Hyderabad, Distt. Rangareddy, Andhra Pradesh. Now, therefore, in exercise of the powers conferred by clause (iii) of sub-section (4) of section 80-IA of the said Act	And whereas M/s. Intime Properties Private Limited., Mumbai having its registered address at Plot No. C-30, Block-G. Bandra-Kurla Complex, Bandra (East), Mumbai 400051 has developed an Industrial Park at Building No. 5B and 9 at Survey No.64(part), Madhapur, Hyderabad, Distt. Rangareddy, Andhra Pradesh. Now, therefore, in exercise of the powers conferred by clause (iii) of sub-section (4) of section 80-IA of the said Act read with



read with Rule 18C of the Income Tax Rules, 1962, the Central Government hereby notifies M/s. Intime Properties Private Limited., Mumbai as an undertaking and the project at Building No. 5B, 6 and 9 at Survey No. 64(part), Madhapur, Hyderabad, Distt. Rangareddy, Andhra Pradesh being developed and being maintained and operated by the said undertaking, as an industrial park for the purposes of the said clause (iii) subject to the following terms and conditions:-

Rule 18C of the Income Tax Rules, 1962, the Central Government hereby notifies M/s. Intime Properties Private Limited., Mumbai as an undertaking and the project at Building No. 5B and 9 at Survey No. 64(part), Madhapur, Hyderabad, Distt. Rangareddy, Andhra Pradesh being developed and being maintained and operated by the said undertaking, as an industrial park for the purposes of the said clause (iii) subject to the following terms and conditions:-

This substitution shall be deemed to have been applied for the assessment Year 2018-19 and subsequent assessment years.

#### **NOTIFICATION NO. 24/2019 DATED 19TH MARCH, 2019**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Andhra Pradesh Electricity Regulatory Commission', Hyderabad, a Commission constituted under the Andhra Pradesh Electricity Reforms Act, 1998 (Government of Andhra Pradesh Act 30 of 1998), in respect of the following specified income arising to that Commission, namely:—

- (a) Licence fee received under the Electricity Act, 2003;
- (b) Grants-in-Aid received from Government; and
- (c) Interest earned on (a) & (b) above.

This notification shall be effective subject to the conditions that Andhra Pradesh Electricity Regulatory Commission, Hyderabad,-

- (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 apply with respect to the assessment year 2019-2020, 2020-2021, 2021-2022, 2022-2023 and 2023-2024.

#### **NOTIFICATION NO. 25 /2019 DATED 19TH MARCH, 2019**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Visakhapatnam Special Economic Zone Authority', an authority constituted by the Central Government, in respect of the following specified income arising to that authority, namely:—

- (a) Lease Rent (charged as per Government prescribed rate);
- (b) Receipts from I-Card and Permit fees;
- (c) Allotment fee in respect of Standard Design Factories;

- (d) Auction/bid amount in respect of Plots/Building which fall vacant;
- (e) Transfer charges in respect of Plot/Building;
- (f) Fee for Issue of Form-I for exemption of Building Plans;
- (g) Processing fee for approval of Building Plans, conveying NOC's etc.;
- (h) Site usage charges from Service Providers;
- (i) License fee for allotment of Staff Quarters to the Staff; and
- (j) Interest earned on (a) to (i) above.

This notification shall be effective subject to the conditions that Visakhapatnam Special Economic Zone Authority,-

- (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 assessment year 2018-2019, and shall apply with respect to the assessment years 2019-2020, 2020-2021, 2021-2022 and 2022-2023.

#### **NOTIFICATION NO. 26/2019 DATED 20TH MARCH, 2019**

In exercise of the powers conferred by sub-clause (f) of clause (iii) of sub-section (3) of section 194A of the Income-tax Act, the Central Government hereby notifies the Housing and Urban Development Corporation Ltd. (HUDCO), New Delhi for the purpose of said clause.

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

#### **NOTIFICATION NO. 27/2019 DATED 20TH MARCH 2019**

In exercise of the powers conferred by clause (e) of sub-section (9) of section 9A of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies the **Securities and Exchange Board of India (Mutual Funds) Regulations, 1996** made under the Securities and Exchange Board of India Act, 1992 (15 of 1992) as the regulation for the purposes of the said section.

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

#### **NOTIFICATION NO. 28/2019 DATED 26TH MARCH 2019**

In supersession of Gazette Notification No.1359 (E) dated 28.04.2017, the Central Government in exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), hereby notifies for the purposes of the said clause, 'Odisha Electricity Regulatory Commission', Bhubaneswar, a commission established by the State Government of Odisha, in respect of the following specified income arising to that commission, namely:-

- (a) Amount received in the form of Government grants;
- (b) Amount received as Licence fee from the licensees;

- (c) Amount received as application processing fee; and
- (d) Interest earned on (a) to (c) above.

This notification shall be effective subject to the conditions that Odisha Electricity Regulatory Commission, Bhubaneswar,-

- (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 assessment years 2018-2019 and shall apply with respect to the assessment years 2019-2020, 2020-2021 and 2021-2022.

**Explanatory Memorandum:** It is certified that no person is being adversely affected by giving retrospective effect to this notification.

#### **NOTIFICATION NO. 32/2019 DATED 1ST APRIL 2019**

In exercise of the powers conferred by section 139 read with section 295 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the following rules further to amend the Income-tax Rules, 1962, namely:-

**Short title and commencement** (1) these rules may be called the Income-tax (Second Amendment) Rules, 2019.

(2) They shall come into force with effect from the 1st day of April, 2019.

In the Income-tax rules, 1962 (hereinafter referred to as the principal rules), in rule 12, –

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

- (I) in the opening portion, for the figures “2018”, the figures “2019” shall be substituted;
- (II) in clause (a), in the proviso, after item (IC), the following items shall be inserted, namely:\_\_\_  
“(ID) has claimed deduction under section 57, other than deduction claimed under clause (iia) thereof;  
(IE) is a director in any company;  
(IF) has held any unlisted equity share at any time during the previous year;  
(IG) is assessable for the whole or any part of the income on which tax has been deducted at source in the hands of a person other than the assessee;”

(III) In clause (ca), \_\_\_

- (i) in the opening portion, for the words “a Hindu undivided family or a firm, other than a limited liability partnership firm,”, the words “a Hindu undivided family, who is a resident other than not ordinarily resident, or a firm, other than limited liability partnership firm, which is a resident” shall be substituted;
- (ii) in the proviso, for item (I), the following items 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;
- (ID) is a director in any company;
- (IE) has held any unlisted equity share at any time during the previous year;
- (IF) has total income, exceeding fifty lakh rupees;
- (IG) owns more than one house property, the income of which is chargeable under the head “Income from house property”;
- (IH) has any brought forward loss or loss to be carried forward under any head of income;
- (IJ) is assessable for the whole or any part of the income on which tax has been deducted at source in the hands of a person other than the assessee;”

(IV) in clause (g), the words, brackets, figures and letters “or sub-section (4E) or subsection (4F)” shall be omitted;

(b) in sub-rule (3), in the Table, in column (i), against the entries at serial number 1, in column (iii), for item (b), the following item shall be substituted, namely: \_\_\_

“(b) Where total income assessable under the Act during the previous year of a person, being an individual of the age of eighty years or more at any time during the previous year, and who furnishes the return in Form number SAHAJ (ITR-1) or Form number SUGAM (ITR-4).”;

(c) In sub-rule (5), for the figures “2017”, the figures “2018” shall be substituted.

In the principal rules, in Appendix II, for Forms “Form 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, respectively, be substituted, namely;-

**NOTIFICATION NO. 33 /2019 DATED 9TH APRIL, 2019**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, ‘Mysore Palace Board’, Karnataka, a board constituted by the Government of Karnataka, in respect of the following specified income arising to that board, namely:-

- (a) Income from Palace or proceeds of any property vested in the Board;
- (b) All fees and charges levied by the Board under the Mysore Palace (Acquisition and Transfer) Act, 1998 and forming part of the Board fund;
- (c) Rent received from the stalls let out to Government Agencies; and
- (d) Interest earned on (a) to (c) above.

This notification shall be effective subject to the conditions that Mysore Palace Board, Karnataka,-

- (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 apply with respect to the assessment years 2019-2020, 2020-2021, 2021-2022, 2022-2023 and 2023-2024.

**NOTIFICATION NO. 34/2019 DATED 9TH APRIL 2019**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Telangana State Electricity Regulatory Commission', Hyderabad, a commission constituted by the State Government of Telangana, in respect of the following specified income arising to that Commission, namely:—

- (a) Grants and loans received from the government of Telangana;
- (b) All fees and sums received by Telangana State Electricity Regulatory Commission, Hyderabad under the Electricity Act, 2003 (36 of 2003); and
- (c) Interest earned on (a) & (b) above.

This notification shall be effective subject to the conditions that Telangana State Electricity Regulatory Commission, Hyderabad—

- (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 apply with respect to the assessment year 2020-2021, 2021-2022, 2022-2023, 2023-2024 and 2024-2025.

**NOTIFICATION NO. 35 /2019 DATED 9TH APRIL 2019**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Kerala Headload Workers Welfare Board', Kochi (PAN AAAJK1176F), a Board constituted by the State Government of Kerala, in respect of the following specified income arising to that Board, namely:—

- (a) Amount received in the form of grants-in-aid and loan from Government;
- (b) Levy collected under the Kerala Headload Workers Act, 1978 (20 of 1980), Kerala Headload Workers rules 1981 and schemes there under;
- (c) Registration fees collected from members registered with the board as beneficiaries;
- (d) Sums received as deposit from employers as per Para 27 of Kerala Headload Workers (regulation of employment and welfare) Scheme 1983 formulated under section 13 of the Kerala Headload Workers Act, 1978 (20 of 1980);
- (e) Contribution from the members as defined in the Kerala Headload Workers Act, 1978 (20 of 1980), Kerala Headload Workers Rules 1981 and Scheme there under;
- (f) Interest on loans and advances given to staff of the board and workers;
- (g) Sums received as wages from employers as per Para 24(a) and 24(b) of Kerala Headload Workers (Regulation of employment and welfare) Scheme 1983 formulated under section 13 of the Kerala Headload Workers Act, 1978 (20 of 1980); and
- (h) Interest earned on (a) to (g) above.

This notification shall be effective subject to the conditions that Kerala Headload Workers Welfare Board, Kochi—

- (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 apply with respect to the assessment year 2020-2021, 2021-2022, 2022-2023, 2023-2024 and 2024-2025.

#### **NOTIFICATION NO. 38 /2019 DATED 3RD MAY 2019**

In the notification of the Government of India, Ministry of Finance, Department of Revenue (Central Board of Direct taxes), published on the 12th April, 2019, vide G.S.R. 304(E), in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), at page 9, in row 22, in column 2, for “Aggregate of deductible amount under Chapter VI-A [10(a)+10(b)+10(c)+10(d)+10(e)+10(f)+10(g)+10(h)+10(i) 10(j)+10(l)]” read “Aggregate of deductible amount under Chapter VI-A [10(d)+10(e)+10(f)+10(g)+10(h)+10(i)+10(j)+10(l)]”.

#### **NOTIFICATION NO. 39/2019 DATED 10TH MAY, 2019**

In exercise of the powers conferred by clause (6C) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby specifies that any income arising to the foreign company namely, M/s. Rolls Royce Defense Services, Inc., 2001 South Tibbs Avenue, Indianapolis, Indiana 46206, United State of America, by way of royalty or fees for technical services received in pursuance of the Mission Ready Management Solutions Agreement (MRMS) No. CABS/FPO/2013-0014/LGS dated the 24th February, 2014, entered into between M/s Rolls-Royce Defense Services, Inc. and Centre for Air borne Systems, Defence Research and Development Organisation, Ministry of Defence, to the extent of USD 27,36,276.11, shall not be included in computing the total income of the said foreign company

#### **NOTIFICATION NO. 41/2019 DATED 22ND MAY 2019**

In exercise of the powers conferred by sub-section (1C) of section 197A read with section 295 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the following rules further to amend the Income-tax Rules, 1962, namely:

##### **Short title and commencement**

- (i) This rule may be called the Income-tax (4th Amendment) Rules, 2019.
- (ii) It shall come into force from the date of its publication in the Official Gazette.

In the Income-tax Rules, 1962, in Appendix II, in Form No. 15H in Part II, in note 10, the following proviso shall be inserted, namely:

“Provided that such person shall accept the declaration in a case where income of the assessee, who is eligible for rebate of income-tax under section 87A, is higher than the income for which declaration can be accepted as per this note, but his tax liability shall be nil after taking into account the rebate available to him under the said section 87A.”.

**Note:** The principal rules were published in the Gazette of India, Extraordinary, Part-II, Section-3, Sub-section (ii) vide number S.O. 969(E), dated the 26th March, 1962 and were last amended vide notification G.S.R. No. 304(E), dated 12th April, 2019.

#### **NOTIFICATION NO. 42/2019 DATED 23RD MAY 2019**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, ‘All India Council for Technical Education’, New Delhi, a Council established by the Central Government, in respect of the following specified income arising to that council, namely:-

- (a) Grants/subsidies received from the Government/ Govt. bodies;
- (b) Regulatory Charges;
- (c) RTI fee and Examination fee;
- (d) CMAT/GPAT fee;
- (e) Receipts from sale of forms, materials and tender fee;
- (f) Receipts from disposal of scrap; and
- (g) Interest earned on (a) to (f) above.

This notification shall be effective subject to the conditions that All India Council for Technical Education, New Delhi-

- (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 apply with respect to the assessment year 2019-2020, 2020-2021, 2021-2022, 2022-2023 and 2023-2024.

#### **NOTIFICATION NO. 43 /2019 DATED 23RD MAY 2019**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, ‘Tamil Nadu Real Estate Regulatory Authority’, an Authority constituted by the State Government of Tamil Nadu in exercise of powers conferred under sub-section (1) of Section 20 of The Real Estate (Regulation and Development) Act, 2016 (16 of 2016) and amends the notification No. S.O. 553(E) dated 30.01.2019 as follows:

In the schedule to the notification, below the row (3), the following shall be inserted

S. No. (1)	Name of the Real Estate Regulatory Authority (2)	PAN (3)
4	Tamil Nadu Real Estate Regulatory Authority	AAAGT0438E

**NOTIFICATION NO. 44/2019 DATED 04<sup>TH</sup> JUNE 2019**

Procedure for online submission of statement of deduction of tax under subsection (3) of section 200 and statement of collection of tax under proviso to subsection (3) of section 206e of the Income-tax Act, 1961 read with rule 31A (5) and rule 31AA(5) of the Income-tax Rules, 1962 respectively

1. The provisions relating to the statement of deduction of tax under sub-section (3) of section 200 and the statement of collection of tax under proviso to sub-section (3) of section 206C of the Income-tax Act, 1961 (the Act) are prescribed under Rule 31A and Rule 31AA of the Income-tax Rules, 1962 (the Rules) respectively. As per sub-rule (5) of rule 31A and sub-rule (5) of rule 31M of the Rules, the Director General of Income tax (Systems) shall specify the procedures, formats and standards for the purposes of furnishing and verification of the statements and shall be responsible for the day to day administration in relation to furnishing and verification of the statements in the manner so specified.
2. In exercise of power conferred by sub-rule (5) of rule 31A and sub-rule (5) of rule 31M of the Rules, the Principal Director General of Income-tax (Systems) hereby lays down the following procedures of registration in the e-filing portal, the manner of the preparation of the statements and submission of the statements as follows:
3. The deductors / collectors will have the option of online filing of e-TDS/TCS returns through e-filing portal or submission at TIN Facilitation Centres. Procedure for filing e-TDS/TCS statement online through e-filing portal is as under:
  - a. **Registration:** The deductor/collector should hold valid TAN and is required to be registered in the e-filing website (<https://www.incometaxindiaefiling.gov.in>) as "Tax Deductor & Collector" to file the "e-TDS/e-TCS Return". In case of an office of the government, the Treasury Officer can register as an external agency user.
  - b. **Preparation:** The Return Preparation Utility (RPU) to prepare the TDS/TCS Statement and File Validation Utility (FVU) to validate the Statements can be downloaded from the tin.nsdl website (<https://www.tin-nsdl.com>). The statement is required to be uploaded as a zip file and submitted using either Digital Signature Certificate (DSC) or Electronic Verification Code (EVC). For DSC mode, the signature for the zip file can be generated using the DSC Management Utility available under Downloads in the e-Filing website
  - c. Alternatively, deductor/collector can e-Verify using EVC.
  - d. **Submission:** The deductor/collector is required to login to the e-filing website using TAN and go to TOS ..., Upload TOS. The deductor/collector is required to upload the "Zip" file along with either the signature file (generated as explained in para (b) above) or EVC. In case of External agency user, TDS/TCS return can be filed for the deductors/collectors under their jurisdiction using Digital Signature Certificate.
4. EVC can be generated using one of the following modes:
  - i. Net Banking - Principal contact person's net banking login (linked to the registered PAN) can be used to generate the EVC for the TAN of the deductor / collector.



- ii. Aadhaar OTP - The principal contact person's PAN can be linked with AADHAAR to use this option.
- iii. Bank Account Number - The principal contact person can use his pre validated bank account details to avail this option.
- iv. Demat Account Number - The principal contact person can use his pre validated demat account details to avail this option.

This pre generated EVC can be used to e-Verify the TDS return.

- 5. Once uploaded, the status of the statement shall be shown as "Uploaded". The uploaded file shall be processed and validated. Upon validation, the status shall be shown as either "Accepted" or "Rejected" which will reflect within 24 hours from the time of upload. The status of uploaded file is visible at TDS -7 View Filed TDS. In case the submitted file is "Rejected", the rejection reason shall be displayed.

**NOTIFICATION NO. 45/2019 DATED 20TH JUNE 2019**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Central Silk Board', Bengaluru, PAN: AAALCO093M a Board constituted by the Central Government, in respect of the following specified income arising to that Board, namely:

- (a) Grants/Funds received from the Centre/State/NGO or any other Statutory body by Central Silk Board;
- (b) Compensation received on account of sale, disposal, auction or acquisition of movable and immovable properties of Central Silk Board;
- (c) Royalty or any other income received for the technologies patented and intellectual property rights owned by Central Silk Board;
- (d) Penalties and Levies collected under Government Statutes;
- (e) Fees/charges/ receipt received on account of services rendered by Central Silk Board as per the provisions of the Central Silk Board Act, 1948 (LXI of 1948) as amended by the Central Silk Board (Amendment) Act, 2006 (42 of 2006) and the Central Silk Board Rules, 1955 as amended by the Central Silk Board (Amendment) Rules, 2015; and
- (f) Interest earned on (a) to (e) above.

This notification shall be effective subject to the conditions that Central Silk Board, Bengaluru,-

- (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 apply with respect to the assessment year 2019-2020, 2020-2021, 2021-2022, 2022-2023 and 2023-2024.

**NOTIFICATION NO. 46 DATED 20TH JUNE, 2019**

In exercise of the powers conferred by clause (42) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies, for the purposes of the said clause,

'International Sericultural Commission', Bengaluru, (PAN: AAAGI0020F) a body constituted under a treaty entered into by the Central Government, in respect of the following specified income arising to the said body, namely:-

- (a) Membership Fee received from Member Countries and Associate Members;
- (b) donations or grants received from United Nations, Inter-Governmental agencies, and Government of Member countries;
- (c) registration fees for participating in international events organised by International sericultural Commission; and
- (d) Interest earned on (a) to (c) above.

This notification shall be deemed to have been applied for the assessment year 2014-15 and subsequent assessment years.

**Explanatory Memorandum:** It is hereby certified that no person is likely to be prejudicially affected by this notification being given retrospective effect.

**NOTIFICATION NO. 48/2019 DATED 26TH JUNE 2019**

It is hereby notified for general information that the organization M/s. Manipal Academy of Higher Education, Manipal, Karnataka (PAN:- AAAJN0078Q) 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 (said Act), read with Rules 5C and 5E of the Income-tax Rules, 1962 (said Rules), from Assessment year 2015-16 and onwards in the category of 'University, College or other Institution', subject to the following conditions, namely:-

- (i) The sums paid to the approved organization shall be used to undertake scientific research;
- (ii) The approved organization shall carry out scientific research through its faculty members or 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 sub-section (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, such donations shall be used exclusively for core scientific research and a copy of such statement duly certified by the auditor shall accompany the report of audit referred to above.
- (v) Donations being received by the approved organization under clause (ii) of sub-section (1) of section 35 of the Act, shall be used exclusively for core scientific research only and not for hospital activities, activities related to treatment of patients, general educational activities (other than research), clinical trial activities or any other object of the organization.
- (vi) The approved organization shall, by the due date of furnishing the return of income under sub-section (1) of section 139, furnish a statement to the Commissioner of Income-tax or Director of Income-tax containing-

- a detailed note on the research work undertaken by it during the previous year;
- a summary of research articles published in national or international journals during the year;
- any patent or other similar rights applied for or registered during the year;
- Programme of research projects to be undertaken during the forthcoming year and the financial allocation for such programme.

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 subparagraph (iv) of paragraph 1; or
- (d) ceases to carry on its research activities or its research activities are not found to be genuine; or
- (e) ceases to conform to and comply with the provisions of clause (ii) of sub-section (1) of section 35 of the said Act read with rules 5C and 5E of the said Rules.

#### **NOTIFICATION NO.49/2019 DATED 27TH JUNE 2019**

In exercise of the powers conferred by clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies for the purposes of the said clause, 'Karnataka Electricity Regulatory Commission', Bengaluru (PAN AAAGKO112L), a commission established by the Government of Karnataka, in respect of the following specified income arising to that Commission, namely:-

- (a) Grant by Government of Karnataka;
- (b) Annual Fees;
- (c) Tariff Application Fees;
- (d) Power Purchase Agreement processing fees;
- (e) Fines and Penalties (if levied);
- (f) Miscellaneous receipts like copying charges of various documents sale of retail tariff orders sale of regulations, RTI application fees etc.; and
- (g) Interest earned on (a) to (f) above.

This notification shall be effective subject to the conditions that Karnataka Electricity Regulatory Commission, Bengaluru -

- (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 apply with respect to the assessment year 2020-2021, 2021-2022, 2022-2023, 2023-2024 and 2024-2025.

**NOTIFICATION NO. 50 /2019 DATED 27TH JUNE, 2019**

In exercise of the powers conferred by clause (6C) of section 10 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby specifies that any income arising to the foreign company namely, M/s. Rolls-Royce Defense Services, Inc., 450 South Meridian Street, Indianapolis, Indiana 46225-1103, United State of America, by way of royalty or fees for technical services received in pursuance of the Mission Ready Management Solutions Agreement (MRMS) No. CABS/18FET005/17-18, dated the 14 July 2017, entered into between M/s. Rolls-Royce Defense Services, Inc. and Centre for Air borne Systems, Defence Research and Development Organisation, Ministry of Defence, to the extent of USD 21, 67, 317.50, shall not be included in computing the total income of the said foreign company.

## AMENDMENTS MADE BY FINANCE ACT, 2018

The amendments under the Income tax Act, 1961 (“the Act”) are as under:

- Rates of Income tax (FY 2017-18 v/s FY 2018-19)
- Amendments relating to Corporates
- Amendments relating to Individuals
- Amendments relating to Trusts
- Amendments relating to ICDS
- Amendments having impact on Foreign Currency Inflows
- Common Amendments

### RATES OF INCOME TAX (FY 2017-18 V/S FY 2018-19)

#### INDIVIDUALS:

Persons	FY 2017-18	FY 2018-19	Change
<b>Individuals (&lt; 60 years – Resident) &amp; Non-Resident</b>			
0 – 2,50,000	0%	0%	No Change
2,50,001 – 5,00,000	5%	5%	No Change
5,00,001 – 10,00,000	20%	20%	No Change
Above 10,00,000	30%	30%	No Change
<b>RESIDENT Individuals (&gt;= 60 years)</b>			
0 – 3,00,000	0%	0%	No Change
3,00,001 – 5,00,000	5%	5%	No Change
5,00,001 – 10,00,000	20%	20%	No Change
Above 10,00,000	30%	30%	No Change
<b>RESIDENT Individuals (&gt;= 80 years)</b>			
0 – 5,00,000	0%	0%	No Change
5,00,001 – 10,00,000	20%	20%	No Change
Above 10,00,000	30%	30%	No Change

**Important Points:**

- Rebate under Section 87A is available to a **RESIDENT INDIVIDUAL** having **total income upto Rs. 3.50 lakhs**. The amount of rebate shall be 100% of tax or Rs. 2,500 whichever is lower. Further, **rebate shall be given before charging any Cess**.
- Cess for FY 2017-18 is 3% (EC & SHEC) and **for FY 2018-19 is 4% (HEC)**.
- TDS is required to be deducted including Surcharge & Cess in case of Non-Resident.

**Rates of Surcharge:**

Particulars	Surcharge (FY 17-18)	Surcharge (FY 18-19)	Change
Income upto Rs. 50 lakhs	0%	0%	No Change
Income > Rs. 50 lakhs <= Rs. 1 crore	10%	10%	No Change
Income > Rs. 1 crore	15%	15%	No Change

- **Surcharge** is chargeable on Tax whereas **Cess** is to be charged on Tax plus surcharge.
- **Surcharge** is used by the Government for construction of National Highways.
- Income here means Total Income and not Gross Total Income.
- Marginal Relief is available from the Surcharged tax.

**COMPANIES:**

Persons	F.Y. 2017-18	F.Y. 2018-19	Change
<b>Domestic Companies</b>			
Turnover > Rs. 50 cr. in FY 15-16 & > Rs. 250 cr. in FY 16-17	30%	30%	No
Turnover > Rs. 50 cr. in FY 15-16 & <= Rs. 250 cr. in FY 16-17	30%	25%	Yes
Turnover < Rs. 50 cr. in FY 15-16 & > Rs. 250 cr. in FY 16-17	25%	30%	Yes
Turnover < Rs. 50 cr. in FY 15-16 & <= Rs. 250 cr. in FY 16-17	25%	25%	No
<b>Foreign Companies</b>			
Tax Rate	40%	40%	No

(irrespective of turnover)

**Domestic Company** means a Company which is an Indian Company **OR** any other Company which has made prescribed arrangements for declaration and payment of dividend in India.

## COMPANIES

### Rates of Surcharge:

Particulars	Surcharge (FY 17-18)	Surcharge (FY 18-19)	Change
<b>Domestic Company</b>			
Income exceeds Rs. 1 crore upto Rs. 10 crores	7%	7%	No Change
Income exceeds Rs. 10 crores	12%	12%	No Change
<b>Foreign Company</b>			
Income exceeds Rs. 1 crore upto Rs. 10 crores	2%	2%	No Change
Income exceeds Rs. 10 crores	5%	5%	No Change

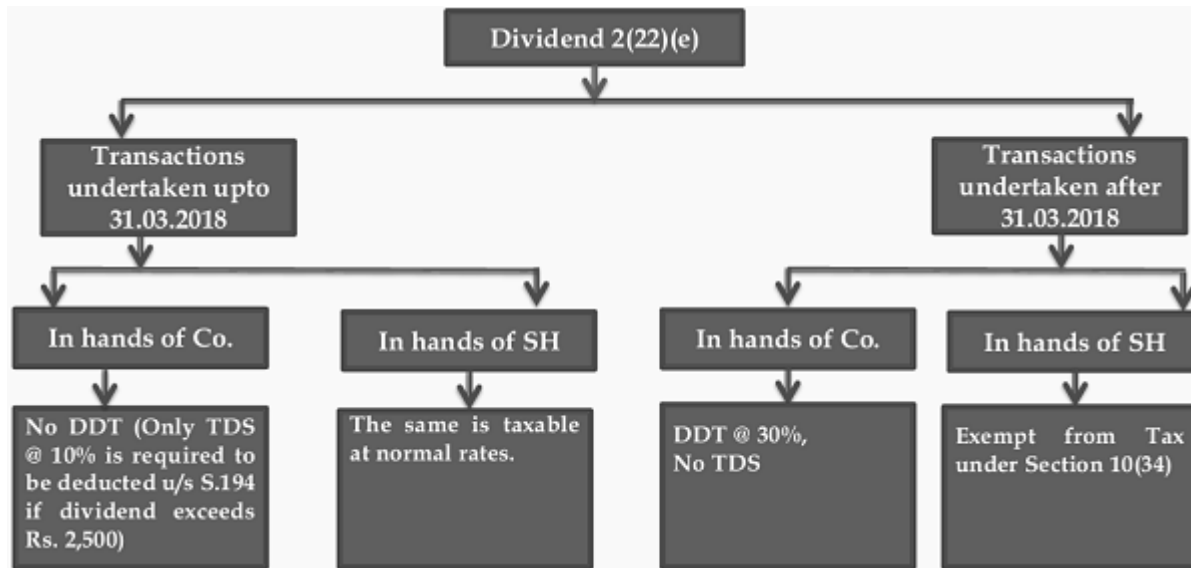
- **Surcharge** is chargeable on Tax whereas **Cess** is to be charged on Tax plus surcharge.
- **Surcharge** is used by the Government for construction of National Highways.
- Marginal Relief is available from the Surcharged tax.
- Tax rate of 30% is applicable to Partnership Firms and LLPs.
- Surcharge @ 12% of tax is chargeable in case of Firms, LLPs if income > INR 1 crore.
- HUF/ AOP/ BOI/ AJP/ Trusts are chargeable at same rates as applicable to Individuals.
- No Change in rates of tax except Cess which has been increased from 3% in F.Y. 2017-18 to 4% in F.Y. 2018-19 in case of all assesseees.
- Income received by member of HUF from HUF is exempt from tax in hands of member under Section 10 since the same is appropriation of profits.
- Income received by Partner from Firm (except salary, interest, fee, commission etc.) is exempt from tax in hands of Partner under Section 10 since the same is appropriation of profits.

## AMENDMENTS RELATING TO CORPORATES

### 1) APPLICATION OF DDT TO DEEMED DIVIDENDS

Section 115-O and related sections have been amended in order to provide that dividends referred to in Section 2(22)(e) of the Act are also part of Section 115-O and chargeable to DDT @ 30% (instead of 20.5553%). However, no change has been made in Section 115BBDA and Section 10(34) of the Act.

Post Amendment, It can be inferred that, Deemed Dividend u/s 2(22)(e) is chargeable to DDT @ 30% in hands of closely held company. Since Section 115BBDA of the Act do not cover above dividend, hence the same is wholly exempt from tax under Section 10(34) of the Act even exceeds Rs. 10 lakhs. Further, TDS under Section 194 of the Act is not required to be deducted since such dividend is now covered under Section 115-O of the Act.



## 2. PLUGGING OF LACUNA IN CASE OF AMALGAMATION

The same can be understood with the help of following example:



Now, Suppose Amalgamated Company say “A Ltd.” has taken over Amalgamating Company say “B Ltd” in the scheme of Amalgamation.

Since, B Ltd. is a profit making Company and hence, there will arise “Goodwill” (in most situation) to A Ltd. post amalgamation (assuming in the nature of purchase). Now, while reducing of capital by A Ltd., Section 2(22)(d) do not arise since A Ltd. is having losses even after amalgamating B Ltd.

Before amendment, the shareholders of A Ltd. enjoy cash by reduction of capital without implying Section 2(22)(d) of the Act.

**Finance Act, 2018** has made the amendment and provided that at the time of reduction of capital by amalgamated company, accumulated profits of amalgamating company on amalgamation date will also be included.

## 3. DEDUCTIONS FROM INCOME OF FARM PRODUCER COMPANIES

**New Section inserted for 100% deduction:** A new Section 80PA has been inserted under the Act in order to provide that 100% of the gross total income of Producer Company shall be exempt if following conditions are satisfied:

- Turnover in the relevant previous year is less than Rs. 100 crores;
- Such Producer Company shall be engaged in marketing, processing of agricultural produce of members, purchase of agricultural implements, seeds, livestock for the use of members.
- Deduction can be taken from FY 2018-19 to FY 2024-25.

**Important Points:** Producer Company means a body corporate having objects or activities in relation to production, marketing, selling, export of agriculture produce of member, providing machinery, education, consultancy to members in relation to production activities.



#### 4. EXEMPTION ON SALE OF STOCK OF CRUDE OIL BY FOREIGN COMPANY

The provisions of Section 10(48), 10(48A) and 10(48B) of the Income tax Act, 1961 exempts the following Incomes of a foreign company:

- Income received in India on account of Sale of crude oil as per the agreement approved by the Central Government – Section 10(48).
- Income accrue or arise in India on account of storage of crude oil in India and sale of crude oil therefrom in India as per the agreement approved by Central Government – Section 10 (48A).
- Income accrue or arise in India on account of Sale of leftover stock after the expiry of agreement approved by Central Government – Section 10 (48B).

*Now Finance Act, 2018 has made the amendment that even in case of termination of agreement, exemption benefit under Section 10(48B) will be available to such foreign company.*

#### 5. BENEFITS TO COMPANIES UNDER INSOLVENCY PROCEEDINGS

##### Provisions before Amendment

- The provisions of Section 79 of the Income tax Act, 1961 provides that NO LOSS can be carried forward and set off in case of change in shareholding by more than 51% from the loss year to set off year. For Example, If Loss relates to FY 2015-16 which is tested for set off in FY 2018-19, at least 51% of the voting power of shareholders must be same in both years.
- Further, Section 115JB allows the benefit of brought forward losses **OR** Unabsorbed depreciation (as per books), whichever is lower from the Book Profits computed under the provisions of Minimum Alternate Tax (MAT).
- Companies which are under the Insolvency proceedings are under a lose-lose situation due to above two provisions since upon taken over by others, losses will be lapsed. Further, if any of the loss or unabsorbed depreciation as per books is NIL, then there would be no benefit under MAT.

##### Amendment made by Finance Act, 2018

- Section 79 of the Act has been amended in order to provide that the provisions of Non Carry forward of loss will not be applicable in case of a Company whose resolution plan has been approved under Insolvency and Bankruptcy Code, 2016 (IBC, 2016).
- For Example, If Loss relates to FY 2015-16 which is tested for set off in FY 2018-19, no testing is required to be made for 51% criteria in case of Companies under Insolvency.
- Section 115JB of the Act has been amended in order to provide that in place of “Lower of Brought Forward Loss or Unabsorbed Depreciation”, “Aggregate of Brought Forward Loss **and** Unabsorbed Depreciation” will be allowed to a Company whose resolution plan has been approved. This will benefit the acquisitions of Companies which are under the proceedings of IBC, 2016.

#### AMENDMENTS IN RELATION TO INDIVIDUALS

**1. Amendments made under the head Salaries [Section 16 and Section 17]:** Finance Act, 2018 has introduced Standard Deduction amounting to INR 40,000 from Gross Salary as a benefit to the Salaried Employees. Now, total three deductions are available under the head Salaries:

It has further **withdrawn** the benefit of medical reimbursement which was earlier available to the extent of INR 15,000. Further, Exemption upto INR 19,200 w.r.t. transportation allowance for commuting

between office and residence has also been withdrawn. The above amendments will apply for Salary Income earned from F.Y. 2018-19 onwards.

**2. Enhancement of quantum of deduction of Medical Insurance:** Section 80D of the Act has been amended in order to provide that the deduction in respect of Senior Citizen will now be available with a new cap of INR 50,000 instead of INR 30,000. Further, the benefit of deduction in respect of medical expenditure is also available in case of Senior Citizen having age  $\geq 60$  years.

◆ For HUF also, the deduction has been increased from INR 30,000 to INR 50,000. However, the limit of INR 25,000 is intact for Individuals and family members in case the age is  $< 60$  years.

◆ Post Amendment, the maximum deduction which can be allowed under this section can be INR 1,00,000 if all the insured persons are Senior Citizens. Further, amount paid for insurance taken for more than one year will now be allowed proportionately.

### **3. Enhancement of quantum of deduction for specified disease**

Section 80DDB of the Act provides for a deduction to a resident Individual and HUF for medical treatment of specified disease of dependent amounting to INR 60,000 in case of Senior Citizen and INR 80,000 in case of Very Senior Citizen. Post Amendment, the deduction which can be allowed under this section can be INR 1,00,000 for any type of Senior Citizen.

**4. Interest Income of Senior Citizens:** Section 80TTA of the Act provides that deduction amounting to INR 10,000 (maximum) is allowed to an Individual or HUF for Interest Income earned on saving account. Section 80TTA is not applicable on Interest Income earned on Fixed Deposits/ Time Deposits.

Now, **Finance Act, 2018** has inserted a new Section 80TTB in order to provide that Senior Citizens are allowed a deduction of upto INR 50,000 in respect of Income earned by such Senior Citizens from Deposits (Saving Account, Fixed Deposits and Time Deposits). Further, in case of Senior Citizens, TDS will be deducted if the Income exceeds INR 50,000. (Amendment made in Section 194A). No deduction under Section 80TTA shall be allowed to such Senior Citizens. Only those deposits are covered which are held with Banking Company, Post Office or Cooperative Societies.

### **5. Amendments in relation to Trust:**

**Applicability of Section 40A(3), 40A(3A) and Section 40(a)(ia) in case of Trusts:** Income of a religious and charitable trust registered under the Act is taxable under the head "Other Sources". Now, **Finance Act, 2018** has made an amendment in order to provide that provisions of Section 40A(3), 40A(3A) and 40(a)(ia) shall also apply to religious or charitable trusts.

Accordingly, no deduction is allowable for any expenditure:

- Exceeding INR 10,000 made to a person in a day by cash mode; or
- Payment of Outstanding Balance exceeding INR 10,000 to a person in a day by cash mode;
- 30% of the amount of expense will be disallowed in case such trust do not deduct any TDS on payments being made to residents.

The same applies to trusts governed by Section 10(23C) and Section 11 & 12 of the Act.

### **AMENDMENTS RELATING TO ICDS**

Income Computation and Disclosure Standards (ICDS) provides the accounting treatment to be given to certain transactions under the head "PGBP" and "Other Sources".

The provisions of ICDS have overruled certain judicial precedents given by Hon'ble Supreme Court and various High Courts. Hon'ble Delhi High Court in the case of writ petition filed by Chamber of Tax Consultants (CTC) have struck down certain provisions of the ICDS ruling that the same cannot overrule the landmark judgments given by various courts. The reason for such struck down is that the provisions of ICDS have been introduced vide Rules which have been framed by Central Board of Direct Taxes (CBDT) and do not have any statutory backing from parliament.

**Finance Act, 2018** has made some amendments under the Income tax Act, 1961 in order to give the statutory backing to the treatment prescribed by ICDS. Some new sections and provisions have been inserted which have concluded the treatments as below:

1. Mark to Market loss computed in accordance with ICDS shall be allowed as deduction from the Income under PGBP – **Section 36(1)(xviii)**.
2. Foreign Exchange Gains/Losses arising on account of change in rates of exchange shall be allowed as deduction in accordance with ICDS. This means that loss and gains of capital nature other than Section 43A are also taxed or allowed as deduction in the year of realization or restatement, as the case may be – **Section 43AA**.
3. Income from Construction Contracts or Service Incomes shall be determined as per percentage of completion method (PCM) (except service contracts for a period of upto 90 days which can be recognized on full completion)– **Section 43CB**;
4. Inventory shall be valued at Cost or NRV whichever is lower computed in manner as per ICDS – **Section 145A**.
5. Listed Securities shall be valued at Cost or NRV whichever is lower (in case held as stock) – **Section 145A**
6. Unlisted/ Unquoted Securities shall be valued at initial cost – **Section 145A**.
7. Interest on compensation or enhanced compensation shall be taxable on receipt basis – **Section 145B**
8. Escalation claims and Export incentives shall be recognized as Income when reasonable certainty is achieved – **Section 145B**.
9. Subsidy, Grant, Cash Incentives, Duty Drawback etc. are recognized as Income of the year in which such amount is received – **Section 145B**.

The amendments are retrospective and applicable from FY 2016-17 onwards.

#### **AMENDMENTS HAVING IMPACT ON FOREIGN CURRENCY INFLOWS**

**1. Amendment relating to Presence of Digital Companies and Dependent Agents:** Before Amendment, what we see is only **physical presence** of Non-resident or his dependent agent for the purpose of determining Income accruing or arising in India.

**Finance Act, 2018** has made an amendment under Section 9 of the Act in order to provide that significant economic presence will also be deemed as “Business Connection” for the purpose of Section 9.

**Significant Economic Presence** means transactions in respect of goods, services or property carried out by a non-resident in India including downloading of software etc. if such transactions exceed the prescribed amount **OR** by way of soliciting or interacting with prescribed users by digital means.

Amendment has been made for extending the dependency of agent not only who concludes contracts but also who substantially negotiates contracts on behalf of Nonresident.

**2. Long-term Capital Gain to FIIs:** Before Amendment, Section 10(38) exempts the income of any person arising from long term capital gains on sale of listed shares, units of equity oriented fund etc. The same also includes LTCG of FIIs from such securities.

**Finance Act, 2018** has made an amendment under Section 115AD of the Act in order to provide that 10% tax will be levied in case such LTCG exceeds Rs. 1 lakh.

## OTHER AMENDMENTS

**1. Introduction of LTCG tax on Sale of Listed Securities:** Before amendment, Section 10(38) of the Act provides that LTCG arising on transfer of listed equity shares or units of equity oriented fund is exempt from tax provided:

- STT has been paid; and
- transaction of both purchase and sale has been taken on recognized stock exchange.

In order to take the same under tax net, **Finance Act, 2018** has introduced **Section 112A** of the Act in order to provide that:

- Tax @ 10% of the LTCG shall be charged.
- The tax will be charged only if LTCG of such nature exceeds Rs. 1 lakh.
- No Benefit of indexation shall be allowed on such gains.

No tax will be levied if the sale has been made till March 31, 2018 since the budget is applicable from April 01, 2018. If the asset is acquired on or after February 01, 2018, actual cost will be considered for the purpose of calculation.

If the asset is acquired on or before January 31, 2018, then cost of acquisition shall be

- Actual Cost of Acquisition; **OR**
- Lower of Sale Value or Fair Market Value;

**Whichever is higher.**

The restriction upto “lower of sale value” is provided so that no long term capital loss shall arise on such computation.

**Example:**

Investment Amount	Investment Date	Redemption Amount	Redemption Date	Taxability
2,00,000	31.01.2017	3,60,000	28.03.2018	Not Taxable
2,00,000	31.03.2017	4,00,000	03.04.2018	10% of Gain
1,00,000	25.06.2017	1,90,000	30.06.2018	Not Taxable
2,00,000	15.01.2018	3,50,000	31.08.2018	15% u/s Section 111A
3,00,000	10.12.2017	4,20,000	15.12.2018	10% of Gain

**2. DDT on dividend paid by MF on Equity Oriented Units:** Section 115R of the Income tax Act, 1961 provides that a Mutual Fund is required to pay DDT on dividend distributed by it to the unit holders at the rate of 38.83% (25% plus Surcharge plus Cess after grossing up) on Income distributed to Individual or HUF and 49.92% (30% plus Surcharge plus Cess after grossing up) on Income distributed to any other person.

Section further provides that no DDT is required to be paid in respect of amounts paid to holders of units of equity oriented funds.

Finance Act, 2018 has made an amendment under the Act in order to provide that the amount paid to holders of units of equity oriented funds shall be chargeable to DDT @ 12.94%. (i.e. 10% plus Surcharge plus cess after grossing up).

**3. Incentives for Employment Generation:** Deduction is allowed @ 30% of the additional employee cost incurred during the previous year for 3 consecutive years i.e. total 90% deduction will be allowed under this Section. Deduction is allowed only if the following conditions are satisfied:

- There should be an increase in number of employees in current year vis-à-vis preceding financial year.
- Salary or wage shall be paid other than cash mode.
- Only those employees will be treated as additional employees whose salary is upto INR 25,000; **AND** Contributing in provident fund; **AND** Employed for 240 days or more in the year (150 days or more for apparel industry).

**Finance Act, 2018** has made an amendment to Section 80JJAA of the Act in order to provide that benefit of 150 days or more will also be available to **shoes and leather industry**. Further, Employed days (240/150) can be completed subsequent to joining year also.

#### **4. Rationalization of Section 43CA, Section 50C and Section 56**

♦ **Section 43CA:** It provides that in case the consideration for transfer of stock in trade, being land or building, is less than the stamp duty value, then Stamp Duty Value shall be deemed to be the sale price of such stock – **Section for PGBP**.

♦ **Section 50C:** It provides that in case the consideration received or receivable from transfer of a capital asset, being land or building, is less than the stamp duty value, then Stamp Duty Value shall be deemed to be the full value of consideration – **Section for Capital Gains**.

♦ **Section 56(2)(x):** It provides that in case a person receives any immovable property at a value less than the stamp duty value by INR 50,000, then the balance shall be treated as Income from other sources – **Section for Other Sources**.

**Finance Act, 2018** has made an amendment under the above sections in order to provide that difference upto 5% between actual consideration and stamp duty value shall be ignored. The amendments are effective from F.Y. 2018-19 onwards.

**5. Provisions relating to conversion of stock into capital asset:** Income tax law currently provides provisions for conversion of capital asset into stock in trade. The taxability in such cases shall be as under:

- Fair Market Value on the date of conversion shall be the full value of consideration to be taken for capital gains purpose.
- Actual Cost of capital asset shall be taken as the cost of acquisition of such stock.
- Period of holding will be the period starting from acquisition date to conversion date.
- The Capital Gains are taxable in the year in which stock will be sold.

New Provisions have been introduced for the vice-versa cases of conversion of stock-in-trade into capital assets. The taxability in such cases shall be the Fair Market Value on the date of conversion shall be deemed to be the Sale price under the head PGBP. Cost will be considered as actual cost of purchase of stock-in trade.

**6. Amendment under presumptive taxation scheme in case of Goods Carriage – Section 44AE:** Section 44AE of the Act provides a presumptive taxation scheme for the transporters having upto ten (10) vehicles at any time during the previous year. It provides that such transporters have an option to declare Income @ 7,500 per month or part thereof per vehicle.

**Finance Act, 2018** has made an amendment in Section 44AE of the Act in order to provide that for vehicles **having more than 12MT gross weight**, then instead of INR 7,500 per month per vehicle, INR 1,000 per tonne capacity per month per vehicle shall be deemed as Income.

**7. Measures to Promote Start-ups:** Section 80-IAC of the Income tax Act, 1961 provides 100% deduction to start-ups for 3 consecutive years out of seven years if it is incorporated between 01.04.2016 to 31.03.2018 and the turnover is upto INR 25 crores per year between 01.04.2016 to 31.03.2021.

**Finance Act, 2018** has made an amendment in order to provide that start-ups **incorporated between 01.04.2019 to 31.03.2021** can also avail the benefit of this Section. Further, turnover limit of INR 25 crores is applicable for first seven years from start date. Start-up can be of such type which can generate employment or create wealth substantially.

**8. Mandatory Application of PAN in certain cases:** Section 139A of Act has been amended in order provide that PAN is mandatory for such non-individual entities which enters into financial transaction valuing more than INR 2.50 lakhs. Further, PAN is also mandatory for the authorized signatories of such entities irrespective of their financial transactions and income.

**9. Trading in Agriculture Commodities:** Amendment has been made under Section 43(5) of the Act in order to provide that trading in agriculture commodities will also be considered as non-speculative transaction instead of speculative transaction. Post Amendment, loss from trading in agricultural commodities can also be set off from other non-speculative business losses. Further, such loss can now be carried forward for 8 AYs instead of 4 AYs.

**10. New Scheme for Scrutiny Assessment:** The Government is introducing e-assessment scheme for all assessment proceedings under the Act.

**11. Prosecution relating to failure to furnish return of income:** Section 276CC of the Act provides that in case an assessee fails to furnish Return of Income upto the end of assessment year, then he shall be liable to following:

- Imprisonment of 6 Months – 7 Years with fine: If tax evaded exceeds INR 25 lakhs;
- Imprisonment of 3 Months – 2 Years with fine: If tax evaded is upto INR 25 lakhs.

The above provisions are not applicable if tax amount is less than INR 3,000. Finance Act, 2018 has made an amendment under the Act in order to provide that the limit of INR 3,000 is not applicable to a Company in order to mandate all companies to file Return of Income.

**Note:** Copy of the Amendments made by the Finance Act, 2018 is available at following weblink: <http://egazette.nic.in/writereaddata/2018/184302.pdf>. Students are advised to go through the detailed amendment made by Finance Act, 2018 applicable for December, 2019 examination.