

EXECUTIVE PROGRAMME

(NEW SYLLABUS)

SUPPLEMENT

FOR

TAX LAWS

(DIRECT TAX)

(Relevant for Students appearing in December, 2019 Examination)

MODULE 1- PAPER 4

Disclaimer-

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

Students appearing in December, 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' & Customs Law is applicable for Executive Programme (New 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. 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) (VIIA) 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view of the above, the Circular No. 10/2018 dated 31st December, 2018 issued from file No. 173/616/2018-ITA-I is hereby withdrawn and the aid circular shall be considered to have been never issued.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 5TH 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 31ST 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 14TH 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. 10B 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. 10B 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. 10B 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 filing 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. I 013 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 30.09.2019.

CIRCULAR NO. 11 DATED 19TH 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 1ST 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 24TH 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, 1961.

Representations have been received, requesting to clarify whether the exemption is applicable only to the disabled officers of Armed Forces or all disabled Armed Forces Personnel (i.e. including officers and Jawans). Representations have also been received to clarify as to whether the Income Tax exemption would be limited to only such disabled Armed Forces Personnel who are invalided out of service due to disability attributable to or aggravated by military service condition or to even those who retire after full service with some disability.

The matter has been examined in the Board. The notification no. 878-F dated 21.03.1922, provides income tax exemption to all members of Armed Forces who have been invalided for naval, military or air force service on account of bodily disability attributable to or aggravated by such service. Thus, income-tax exemption under above clause would be available to all armed forces personnel (irrespective of rank) who have been invalided for such service on account of bodily disability attributable to or aggravated by such service.

Further, such tax exemption will be available only to armed forces personnel who have been invalidated from service on account of bodily disability attributable to or aggravated by such service and not to personnel who have been retired on superannuation or otherwise.

INCOME TAX ACT, 1961 & RULES 1962

NOTIFICATIONS

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.	Name of the Real Estate Regulatory Authority	PAN
(1)	(2)	(3)
1	Gujarat Real Estate Regulatory Authority	AAAGG1260R
2	Chhattisgarh Real Estate Regulatory Authority	AAAJC1049H
3	Rajasthan Real Estate Regulatory Authority	AAAGRO430E

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

NOTIFICATION NO. 8/2019 DATED 31ST 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 31ST 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 27TH 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** Yogini.

NOTIFICATION NO. 13/2019 DATED 5TH 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 6TH 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 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–

- (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

Designation Income-tax Authority	of	Headquar ters	Jurisdiction
(1)		(2)	(3)
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 subsection (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)
<p>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.</p> <p>Now, therefore, in exercise of the powers conferred by clause (iii) of subsection (4) of section 80-IA of the said Act 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:-</p>	<p>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.</p> <p>Now, therefore, in exercise of the powers conferred by clause (iii) of subsection (4) of section 80-IA of the said Act 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 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:-</p>

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 (ia) 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	AAAGTO438E

NOTIFICATION NO. 44/2019 DATED 04TH 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 AAAGK0112L), 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.