

Significant changes in the proposed Direct Taxes Code, 2013

The Income-tax Act was passed in 1961 and has been amended every year through the Finance Act. The Wealth-tax Act was passed in 1957 and has also been amended many times. Numerous amendments have rendered the two Acts incomprehensible to the average taxpayers. Besides, there have been several policy changes due to change in economic environment, complexity in the market, increasing sophistication of commerce, and development of information technology. There has also been a multitude of judgments (at times conflicting) rendered by the courts at different levels. This necessitated drafting of a Code to consolidate and amend the law relating to all direct taxes. Accordingly, a draft Code along with a concept paper was released on 12th August, 2009 inviting suggestions from the public. The Code sought to consolidate and amend the law relating to all direct taxes so as to establish an economically efficient, effective and equitable direct tax system which would facilitate voluntary compliance and also reduce the scope for disputes and minimize litigation.

Having considered the suggestions received from various stake holders a revised discussion paper was released on 15th June, 2010. Thereafter, taking into account the suggestions which were accepted by the Government, the Direct Taxes Code Bill, 2010 was introduced in the Lok Sabha on 30th August, 2010. The Bill was referred to the Standing Committee on Finance (SCF) on 9th September, 2010 for examination and report thereon. The SCF presented its report to the Speaker, Lok Sabha in March, 2012. The report contains general recommendations in Part-I and deals with specific clause wise recommendations in Part-II. A large number of recommendations of the SCF along with other suggestions which were forwarded at the examination stage have been accepted by the Government. Further, the Kelkar Committee in its report on 'Road Map for fiscal consolidation' submitted to the Government in September, 2012 made the following observations on the Bill:-

“The Direct Taxes Code Bill, 2010 which intends to revamp the law relating to direct taxes is likely to result in considerable unacceptable losses on a continuing basis. Given the low tax-GDP ratio and the existing fiscal crisis, there is absolutely no fiscal space for such large revenue loss. Therefore, the Direct Taxes Code Bill, 2010 should be comprehensively reviewed before it is enacted into law for implementation.”

Since the Direct Taxes Code Bill, 2010 was introduced in the Parliament, amendments were carried out in the Income-tax Act, 1961 and the Wealth-tax Act, 1957 through Finance Acts, 2011, 2012 & 2013. These amendments were consistent with the policy laid down in the DTC Bill, 2010. Incorporating these amendments in the DTC Bill, 2010 would require a large number of official amendments making the Bill incomprehensible and the legislative process cumbersome. Hence, it was decided to revise the Direct Taxes Code incorporating all the amendments and presenting it as a fresh Bill. Accordingly, a new revised Direct Taxes Code was drafted.

Recommendations of SCF which are proposed to be accepted

Out of 190 recommendations made by the SCF, 153 are proposed to be accepted wholly or with partial modifications. In addition to the recommendations forming part of the report, 61 suggestions forwarded by the SCF at the discussion stage have also been accepted for incorporation in the revised Code. Some of the recommendations of the SCF which are proposed to be accepted are as under:-

- (i) Simplicity and comprehensibility of both structure and content thereby making the statute more user friendly.
- (ii) Ensuring tax buoyancy by tapping high capacity/income and evasion prone segments.
- (iii) Re-orienting departmental resources towards high-capacity as well as avoidance/evasion prone categories/sectors.
- (iv) Modernisation and computerisation of all tax operations; equipping the department with men and material to carry out the tasks assigned.
- (v) Moderation in tax rates for individual taxpayers with emphasis on voluntary compliance.
- (vi) Deductions for individual taxpayers to be focused on long term needs like social security.
- (vii) The age for senior citizens may be relaxed from 65 years to 60 years.
- (viii) Area base incentives may be considered on investment linked basis. However, the general principle should be that all incomes and profits are to be taxed and exemptions, if any, should be treated as a dynamic variable, by ensuring that each exemption serves an economic purpose.
- (ix) Smooth transition to investment linked incentives with focused coverage.
- (x) Maintaining uniformity in 'grandfathering' provisions so that the available benefits for different categories under the existing Income-tax Act are phased out in a uniform and non-discriminatory manner ensuring smooth transition to DTC provisions.
- (xi) The definition of the term 'place of effective management' for the purposes of determination of residency of companies may be modified as the definition in the DTC Bill, 2010 is not very clear and provides room for uncertainty.
- (xii) Clause 5(1)(d) read with Clause 5(4)(g) and Clause 5(6) of DTC Bill, 2010 seek to tax income of a non-resident arising from indirect transfer of capital assets situated in India. The Committee recommended that exemption should be provided for transfer of small share holdings as application of these provisions in such cases will cause hardship.
- (xiii) For the purposes of taxation of income under the head 'Income from house property' a distinction should be made between commercial and non-commercial renting of properties. The concept of unrealised rent should also be built in as is the position under the existing Income-tax Act.
- (xiv) For the purposes of deduction in respect of interest on loan taken for self occupied house property, the loan given by the employer should also qualify for this concession.

- (xv) Tax neutrality may be provided on conversion of a partnership firm under the Partnership Act, 1932 into a limited liability partnership or a company.
- (xvi) Where compensation is received on compulsory acquisition of an investment asset, the period for acquiring the new asset for the purpose of relief from capital gains should be reckoned from the date of receipt of such compensation.
- (xvii) With a view to provide smooth transition from IT Act to Direct Taxes Code, provision be made for treatment of losses remaining to be carried forward and set off as per the provisions of the existing Income-tax Act on the date on which DTC comes into effect.
- (xviii) The non-profit organisation may be given an option to adopt either the cash system or accrual system of accounting for computing their income under the Code.
- (xix) The Income-tax Act provides for carry forward of tax paid on book profit (MAT credit). A provision may be made in the DTC Bill for carry forward of unutilised MAT credit under the IT Act, on the date on which the DTC comes into force.
- (xx) The General Anti Avoidance Rules may be reviewed to bring more clarity and precision to the scope of the provisions. The onus of proof should rest on the tax authority invoking GAAR. The constitution of the panel approving GAAR should be reviewed. The taxpayers may also be permitted to obtain an advance ruling to determine whether a transaction would attract GAAR.

Recommendations of the SCF which have not been incorporated in the proposed DTC, 2013

The recommendations of the SCF which were not in harmony with the broad taxation policy of the Government have not been incorporated in the revised Code. Some of the main recommendations of the SCF which have not been incorporated in the revised Code are mentioned below along with the reasons for their non-acceptance:-

- ***Tax slab for Personal Income Tax (PIT):*** SCF has recommended revised tax slabs as (a) 0-3 lakhs – Nil; (b) 3-10 lakh – 10%; (c) 10-20 lakh – 20%; (d) beyond 20 lakh – 30%: The recommendation is not acceptable as it will result in huge revenue loss. The total revenue loss on account of recommended changes in PIT slabs and removal of cess works out to Rs. 60,000 crore approximately.
- ***The rate of tax for life insurance companies may be kept at 15% instead of the proposed 30%:*** Under the Income-tax Act, tax on a life insurance company is levied at the rate of 12.5% of the surplus generated in the profit and loss account of the company based on actuarial valuation. In the Code, the tax base for a Life Insurance Company is limited to the surplus generated for the company in the shareholders account while the surplus determined in the policyholders' account (technical account) is not taxable. Therefore, rate of tax on such companies is aligned with that applicable to other companies, that is 30 per cent.

- ***Exemption limit to be linked to the consumer price index:*** It is not practicable to link exemption limit to the consumer price index for a number of reasons. First, it is not clear why the Consumer Price Index should be the base and not the Wholesale Price Index. Further complications may arise if the base of the index or the commodity basket changes. Second, it would lead to changes which are not multiples of whole numbers. Third, indexing the slabs to inflation index is not a comprehensive approach as the slab structure is dependent on a number of factors including other reliefs given to a taxpayer, potential revenue loss to the Government, number of taxpayers who would go out of the tax net etc.
- ***Abolition of Securities Transaction Tax (STT):*** The recommendation is not acceptable as STT is required to regulate day trading. Further, the rate of STT has already been reduced significantly by Finance Act, 2013.
- ***Levy of Dividend Distribution Tax on policy holder's investments may negatively impact the insurance industry:*** With a view to provide parity in treatment of insurance products and mutual fund products, the Code proposes to levy Income Distribution Tax on equity linked insurance products on the lines of equity oriented mutual funds. For a life insurance company, only the surplus determined in the shareholder account would be taxed. This will benefit the policy holders as it would leave more money in the policy holder's account. Further, in respect of life insurance products, that is, where the premium paid or payable for any of the years does not exceed 10% of the capital sum assured, any amount including bonus will not be subjected to tax. Besides, pure life insurance products are also outside the tax ambit.
- ***Deduction for CSR expenditure in backward regions and districts:*** The CSR expenditure cannot be allowed as a business deduction as it is an application of income. Allowing deduction for CSR expenditure would imply that the government would be contributing one third of this expenditure as revenue foregone.

Other significant changes in the Code

Taking into account, the report of the SCF and the amendments carried out in the Income-tax Act, 1961 and the Wealth-tax Act, 1957 which are consistent with the policy laid down in the Bill, the revised Code has been drafted. While drafting the revised Code, a comprehensive review of the provisions of DTC Bill, 2010 was also carried out in the light of the observations made by the Kelkar Committee in its report on 'Road Map for fiscal consolidation'. Some of the other changes in the revised Code, which are based on a comprehensive review of the DTC Bill, 2010 and reflect the broad policy of the Government, are as under:-

- ***Taxation of 'Income from house property':*** The income from a house property, which is not used for business or commercial purposes, will be

taxed under the head 'income from house property'. The income from house property shall be the gross rent as reduced by the specified deductions. The gross rent shall be higher of the contractual rent or the presumptive rent. The presumptive rent shall be the annual value or rental value (without giving any deduction) fixed by the local authority for the purposes of levy of property tax. In a case where no such value is fixed by the local authority, the presumptive rent shall be the amount for which the property might reasonably be expected to be let from year to year.

- ***Change in base of Wealth-tax:*** The DTC Bill, 2010 captured only unproductive assets for levy of wealth-tax. This substantially reduced the base for wealth-tax. To keep the base wide, the revised Code captures all assets for wealth-tax, whether physical or financial, thereby removing the distinction between physical and financial assets, which discriminated against those taxpayers who are conservative and put their money in physical assets. Wealth-tax is proposed to be levied on individuals, HUFs and private discretionary trusts at the rate of 0.25%. The threshold for levy of wealth-tax in the case of individual and HUF shall be Rs.50 crores.
- ***Additional tax @10 per cent on recipient of dividend (liable to Dividend Distribution Tax) exceeding one crore rupees:*** Under the Income-tax Act as well as in the DTC Bill, 2010, the dividend distribution tax is to be levied at the rate of 15%. This favours high net worth taxpayers who pay only a fraction of their earnings as tax on their investments in the capital market. The draft DTC proposes to remove this anomaly by levy of 10% additional tax on the resident recipient if the total dividend in his hand exceeds Rs.1 crore.
- ***Rationalisation of provisions related to non-profit organisations:*** The provisions for taxation of non-profit organisations (NPO) has been rationalised by taxing their surplus at a concessional rate of 15%, allowing basic exemption limit of Rs.1 lakh and permitting all capital expenditure as a revenue outgoing. The draft Code does not provide for specific modes of investments. An NPO would be free to make its investments, other than the limited prohibited modes of investments. Consequently, specific deduction for accumulation and the provision for carry forward of deficit are proposed to be removed.
- ***Settlement Commission:*** Settlement Commission has not achieved the intended purpose of early settlement of cases and additional revenue realisation. At the same time, the backlog of cases has reduced the efficacy of search and survey actions. Accordingly, the draft Code does not provide for the machinery of Settlement Commission.
- ***Weighted deduction for scientific research:*** DTC Bill, 2010 provides for weighted deduction of 175% to the donor on any donation made by it to the specified institutions to be utilised by them in scientific research. Weighted

deduction of 200% is also provided for in-house scientific research. Since, the weighted deduction reduces the actual expenditure on research and there is significant potential for its misuse, the revised Code provides for weighted deduction of 150% for in-house scientific research and 125% to the donor on any donation made by it to the specified institutions.

- **35 per cent tax rate for individual/ HUF having income exceeding Rs. 10 crore:** With a view to maintain overall progressivity in levy of income-tax, the revised Code provides for a fourth slab for individuals, HUFs and artificial juridical persons. In their case if the total income exceeds Rs.10 crore, it is proposed to be taxed at the rate of 35%.
- **Ring-fencing of losses from business availing investment linked incentive:** The policy of the Government has been to broaden the tax base and the strategy for broadening the base essentially comprises of three elements (i) to minimize exemptions as they erode the tax base (ii) to reduce the number of ambiguities in the law, and (iii) checking of erosion of tax base through tax evasion. Accordingly, the profit linked and area based deductions were replaced by investment linked deductions for businesses specified in the Eleventh, Twelfth and Thirteenth Schedules of the DTC Bill, 2010. The basic principle of investment linked incentive is that the taxes are payable by a business after it recoups its capital investment. However, to protect the tax base it is necessary to ring fence losses from such businesses, otherwise profits of even the existing businesses can be potentially wiped out. Accordingly, the revised Code provides for ring fencing of losses from specified businesses. However, in the case of business re-organisation, where there is unabsorbed loss in the years preceeding the re-organisation, such loss will be allowed to the successor in respect of such business.
- **Taxation of indirect transfer of assets:** The DTC Bill, 2010 provides for a 50% threshold of global assets to be located in India for taxation of income from indirect transfer in India. This threshold is too high. There could be a situation that a company has 33.33% assets in three countries but it will not get taxed anywhere. Accordingly, the revised Code provides for a threshold of 20% of global assets to be located in India for taxation of income from indirect transfer in India. Besides, exemption is provided for transfer of small share holdings (upto 5%) outside India.

THE DIRECT TAXES CODE, 2013

ARRANGEMENT OF CLAUSES

CHAPTER I
PRELIMINARY

CLAUSES

1. Short title, extent and commencement.

PART A

INCOME-TAX

CHAPTER II

BASIS OF CHARGE

2. Liability to pay, and charge of, income-tax.
3. Scope of total income.
4. Residence in India.
5. Income deemed to accrue in India.
6. Income deemed to be received in the financial year.
7. Dividend income.
8. Total income to include income of any other person.
9. Income of individual to include income of spouse, minor child and others.
10. Income not included in the total income.
11. Persons not liable to income-tax.

CHAPTER III

COMPUTATION OF TOTAL INCOME

I.—GENERAL

12. Computation of total income.
13. Classification of sources of income.
14. Computation of income from ordinary sources.
15. Computation of income from special sources.
16. Apportionment of income between spouses governed by Portuguese Civil Code.
17. Avoidance of double taxation.
18. Expenditure not to be allowed as deduction.
19. Amount not deductible where tax is not deducted at source.

II.—HEADS OF INCOME

A.—Income from employment

20. Income from employment.
21. Computation of income from employment.
22. Scope of gross salary.
23. Deductions from gross salary.

B.—Income from house property

24. Income from house property.
25. Computation of income from house property.
26. Scope of gross rent.
27. Deductions from gross rent.
28. Advance rent received.
29. Arrears of rent received.

C.—Income from business

30. Income from business.
31. Business when treated distinct and separate.
32. Computation of income from business.
33. Gross earnings.
34. Determination of business expenditure.
35. Determination of operating expenditure.
36. Determination of finance charges.
37. Determination of capital allowances.
38. Determination of depreciation.
39. Determination of initial depreciation.
40. Deduction for terminal allowance.
41. Deduction for scientific research and development allowance.
42. Computation of profit on transfer of a business capital asset.
43. Special provisions relating to business re-organisation.
44. Meaning of actual cost.
45. Meaning of written down value and adjusted value of assets.

D.—Capital gains

46. Capital gains.
47. Income from certain transfers not to be treated as capital gains.
48. Financial year of taxability.
49. Computation of income from transfer of any investment asset.
50. Full value of consideration.
51. Deduction for cost of acquisition, etc.
52. Indexed cost of acquisition or improvement.
53. Cost of acquisition of an investment asset.
54. Cost of improvement of an investment asset.
55. Relief for rollover of investment asset.

E.—Income from residuary sources

56. Income from residuary sources.
57. Computation of income from residuary sources.
58. Gross residuary income.
59. Deductions from gross residuary income.

III.—AGGREGATION OF INCOME

60. Aggregation of income under a head of income.
61. Aggregation of income from ordinary sources.
62. Aggregation of income from special sources.
63. Determination of total income.
64. Special provisions relating to business re-organisation or conversion.
65. Aggregation of losses in case of change in constitution of unincorporated body.
66. Aggregation of losses in the case of certain companies.
67. Aggregation of loss not to be allowed in the case of filing of return after due date.

IV.—TAX INCENTIVES

68. Deductions from gross total income from ordinary sources.
69. Deduction for savings.
70. Deduction for life insurance.
71. Deduction for health insurance.
72. Deduction for education of children.
73. Limit on deductions under sections 70, 71 and 72.
74. Deduction of investment made under an equity saving scheme
75. Deduction of interest on loan taken for higher education.
76. Deduction for medical treatment, etc.
77. Deduction to a person with disability.
78. Deduction for medical treatment and maintenance of a dependant person with disability.
79. Deduction of contribution or donation to certain funds or non-profit organisations.
80. Deduction for rent paid.
81. Deduction for political contributions.
82. Deduction of income of Investor Protection Fund.
83. Deduction of royalty income of authors.
84. Deduction of royalty on patents.
85. Deduction of income of co-operative society from banking activities.
86. Deduction of income of primary co-operative societies.

V.—MAINTENANCE OF ACCOUNTS AND OTHER RELATED MATTERS

87. Maintenance of accounts.
88. Audit of accounts and reporting of international transaction.
89. Method of accounting.

CHAPTER IV

SPECIAL PROVISIONS RELATING TO THE COMPUTATION OF TOTAL INCOME OF NON-PROFIT ORGANISATIONS

90. Applicability of this Chapter.
91. Total income of a non-profit organisation.
92. Computation of total income of a non-profit organisation.
93. Gross receipts of a non-profit organisation.
94. Outgoings of a non-profit organisation.

95. Prohibited forms and modes of investment.
96. Use or application of funds or assets for the benefit of interested person.
97. Registration of a non-profit organisation.
98. Maintenance of accounts and tax audit.
99. Anonymous donations.
100. Consequences of conversion of a non-profit organisation.
101. Provisions of this Chapter not to apply in certain cases.
102. Interpretations in this chapter.

CHAPTER V

MINIMUM ALTERNATE TAX

A. COMPUTATION OF BOOK PROFIT

103. Computation of book profit.
104. Preparation of profit and loss account for computing book profit.
105. Tax credit for tax paid on book profit.

B. COMPUTATION OF ADJUSTED TOTAL INCOME

106. Computation of adjusted total income.
107. Tax credit for tax paid on adjusted total income.

C. MISCELLANEOUS

108. Interpretations in this chapter
109. Application of other provisions of this Code.

CHAPTER VI

PROVISIONS RELATING TO TAX ON INCOME RECEIVED FROM VENTURE CAPITAL COMPANY AND VENTURE CAPITAL FUND

110. Tax on income received from venture capital company and venture capital fund.

CHAPTER VII

SPECIAL PROVISIONS RELATING TO CONVERSION OF INDIAN BRANCH OF A FOREIGN BANK INTO A SUBSIDIARY COMPANY

111. Conversion of an Indian branch of foreign company into subsidiary company.

PART B

DIVIDEND DISTRIBUTION TAX

CHAPTER VIII

SPECIAL PROVISIONS RELATING TO TAX ON DISTRIBUTED PROFITS OF DOMESTIC COMPANIES

112. Tax on distributed profits of domestic companies.

PART C

TAX ON DISTRIBUTED INCOME

CHAPTER IX

SPECIAL PROVISIONS RELATING TO TAX ON DISTRIBUTED INCOME

113. Tax on income distributed by mutual fund or life insurer.

PART D

BRANCH PROFITS TAX

CHAPTER X

CHARGE OF BRANCH PROFITS TAX

114. Tax on branch profits.

PART E

WEALTH-TAX

CHAPTER XI

CHARGE OF WEALTH TAX

115. Tax on net wealth.
116. Computation of net wealth.
117. Net wealth to include certain assets.

PART F

PREVENTION OF ABUSE OF THE CODE

CHAPTER XII

SPECIAL PROVISIONS RELATING TO AVOIDANCE OF TAX

118. Disallowance of expenditure having regard to fair market value.
119. Determination of income from international transaction having regard to arm's length price.
120. Determination of arm's length price.
121. Advance pricing agreement.
122. Avoidance of income-tax by transactions resulting in transfer of income to non-residents.
123. Avoidance of tax by sale and buy-back transaction in security.
124. Avoidance of tax by buy and sale-back transaction in security.
125. Broken period income accruing from a debt instrument.
126. Special measures in respect of transactions with persons located in notified jurisdictional area.
127. Interpretations in this chapter.

CHAPTER XIII

GENERAL ANTI-AVOIDANCE RULE

128. Applicability of General Anti-Avoidance Rule.
129. Impermissible avoidance arrangement.
130. Arrangement to lack commercial substance.
131. Consequences of impermissible avoidance arrangement.
132. Treatment of connected person and accommodating party.

- 133. Application of this chapter.
- 134. Framing of guidelines.
- 135. Interpretations in this chapter.

PART G
TAX MANAGEMENT
CHAPTER XIV

TAX ADMINISTRATION AND PROCEDURE

A.—TAX ADMINISTRATION

- 136. Income-tax authorities.
- 137. Appointment and control of income-tax authorities.
- 138. Power of higher authorities.
- 139. Powers of Board to issue instructions.
- 140. Jurisdiction of income-tax authorities.
- 141. Jurisdiction of Assessing Officers.
- 142. Power to transfer cases.
- 143. Change of incumbent.
- 144. Powers regarding discovery and production of evidence.
- 145. Search and seizure.
- 146. Power to requisition material taken into custody.
- 147. Retention and release of books of account or documents seized or requisitioned.
- 148. Delivery of material belonging to other persons.
- 149. Retention and application of seized or requisitioned assets.
- 150. Power to call for information.
- 151. Power to inspect registers of companies.
- 152. Power of survey.
- 153. Power to disclose information in respect of assessee.
- 154. Proceedings before income-tax authorities to be judicial proceedings.

B.—ASSESSMENT PROCEDURE

- 155. Self-reporting of tax bases.
- 156. Tax return preparer.
- 157. Issue of notice to furnish return.
- 158. Self-assessment tax.
- 159. Acknowledgment of return.
- 160. Processing of return.
- 161. Notice for inquiry before assessment.
- 162. Special audit.
- 163. Determination of value of assets.

164. Determination of arm's length price.
165. Assessment.
166. Best judgment assessment.
167. Effect to advance pricing agreement.
168. Directions by Joint Commissioner for assessment.
169. Reference to Commissioner in certain cases.
170. Direction by Dispute Resolution Panel for assessment.
171. Reopening of assessment.
172. Approval for search assessment.
173. Rectification of mistake.
174. Notice of demand.
175. Time limits for completion of assessment or re-assessments.

C.—PROCEDURE FOR ASSESSMENT IN SPECIAL CASES

176. Representative assessee.
177. Rights and obligations of a representative assessee.
178. Direct assessment or recovery not barred.
179. Remedy against property in case of representative assessee.
180. Assessment upon business reorganisation.
181. Assessment after partition of a Hindu undivided family.
182. Assessment of non-resident in respect of occasional shipping business.
183. Assessment of persons leaving India.
184. Assessment of an unincorporated body formed for a particular event or purpose.
185. Assessment of persons likely to transfer property to avoid tax.
186. Discontinued business.
187. Assessment of unincorporated body in case of change in its constitution.
188. Assessment on retirement or death of participant.
189. Assessment of a deductor or collector.

D.—APPEALS AND REVISION

190. Appeal to Commissioner (Appeals).
191. Form of appeal and limitation.
192. Procedure in appeal.
193. Powers of Commissioner (Appeals).
194. Appellate Tribunal.
195. Appeals to Appellate Tribunal.
196. Stay of demand by Appellate Tribunal.
197. Orders of Appellate Tribunal.
198. Constitution of Benches and procedure of Appellate Tribunal.
199. Appeal to High Court.
200. Case before High Court to be heard by not less than two Judges.
201. Appeal to Supreme Court.
202. Hearing before Supreme Court.

- 203. Revision of orders prejudicial to revenue.
- 204. Revision of other orders.

E. SPECIAL PROVISIONS FOR AVOIDING REPETITIVE APPEALS

- 205. Procedure when assessee claims identical question of law pending before High Court or Supreme Court

F. MISCELLANEOUS

- 206. Tax to be paid notwithstanding appeal
- 207. Execution for costs awarded by Supreme Court
- 208. Amendment of assessment on appeal
- 209. Exclusion of time taken for copy
- 210. Filing of appeal by income-tax authority

CHAPTER XV

COLLECTION AND RECOVERY OF TAX

A.—*DEDUCTION OF TAX AT SOURCE*

- 211. Deduction or collection of tax at source and advance payment.
- 212. Direct payment.
- 213. Liability to deduct tax at source.
- 214. Specified payment and deduction of tax.
- 215. Certificate for lower or no deduction of tax.
- 216. Declaration for no deduction of tax.
- 217. Obligation of deductor.
- 218. Reporting of payments without deduction of tax.
- 219. No deduction of tax in certain cases.
- 220. Credit for tax deducted.

B.—*COLLECTION OF TAX AT SOURCE*

- 221. Tax collection at source.
- 222. Credit for tax collected.
- 223. Furnishing of statement of tax deducted or collected.
- 224. Processing of return of tax deduction or collection.
- 225. Interpretations under Sub-Chapters A and B.

C.—*ADVANCE TAX*

- 226. Liability to pay advance tax.

D. — *TAX RELIEF IN RESPECT OF ARREARS OR ADVANCE RECEIPTS*

- 227. Tax relief for arrears or advance receipts.

E.—*FOREIGN TAX CREDIT*

- 228. Foreign tax credit.

F.—*PAYMENT OF WEALTH-TAX*

229. Payment of wealth-tax.

G.—INTEREST PAYABLE TO THE CENTRAL GOVERNMENT

230. Interest for default in furnishing return of tax bases.

231. Interest for default in payment of advance tax.

232. Interest for deferment of advance tax.

233. Interest on excess refund.

234. Interest payable on demand raised.

235. Interest for failure to deduct or collect or pay tax.

H.—REFUNDS

236. Refunds.

237. Interest on refund.

238. Person entitled to claim refund in certain special cases.

I.- LEVY OF FEE IN CERTAIN CASES

239. Fee for default in furnishing returns

J.—RECOVERY

240. Recovery by Assessing Officer.

241. Recovery by Tax Recovery Officer.

242. Modes of recovery.

243. Tax Recovery Officer by whom recovery is to be effected.

244. Recovery of tax arrear in respect of non-resident from his assets.

245. Recovery in case of a company in liquidation.

246. Liability of manager of a company.

247. Joint and several liability of participants.

248. Recovery through State Government.

249. Recovery of tax in pursuance of agreements with foreign countries or specified territory.

250. Tax clearance certificate in certain cases.

251. Recovery by suit or under other law not affected.

CHAPTER XVI

PENALTIES

252. Penalty for underreporting of tax bases.

253. Penalty where search has been initiated.

254. Penalty for default in payment of tax arrear

255. Penalty for other defaults.

256. Procedure.

257. Bar of limitation for imposing penalty.

CHAPTER XVII

PROSECUTION

258. Chapter not in derogation of any other law.

259. Contravention of any restraint order.

260. Failure to comply with the provisions of clause (d) of sub-section (2) of section 145.
261. Removal, concealment, transfer or delivery of property to thwart tax recovery.
262. Failure to comply with the provisions of sub-sections (1) and (3) of section 245.
263. Failure to pay tax deducted or collected at source or to pay dividend or income distribution tax.
264. Wilful attempt to evade tax.
265. Failure to furnish returns of tax bases.
266. Failure to furnish statements, reports, etc.
267. Failure to comply with direction under this Code.
268. False statement in verification.
269. Falsification of books of account or documents.
270. Abetment of false return.
271. Offences by companies, etc.
272. Proof of entries in records or documents.
273. Presumption as to assets and books of account in certain cases.
274. Presumption as to culpable mental state.
275. Prosecution to be at instance of Chief Commissioner or Commissioner.
276. Punishment for second and subsequent offences.
277. Offences to be non-cognizable.
278. Disclosure of information by public servants.
279. Special Courts.
280. Offences triable by Special Courts.
281. Trial of offences as summons case.
282. Application of Code of Criminal Procedure, 1973 to proceedings before Special Court.

CHAPTER XVIII

ADVANCE RULINGS AND DISPUTE RESOLUTION

283. Scope of ruling and dispute resolution.
284. Authority for Advance Rulings and Dispute Resolution.
285. Procedure for advance ruling.
286. Income-tax authority or Appellate Tribunal not to proceed in certain cases.
287. Applicability of advance ruling.
288. Advance Ruling to be void in certain circumstances.
289. Procedure for dispute resolution.
290. Stay of demand by the Authority.
291. Power to rectify a mistake.
292. Powers of Authority.
293. Procedure of Authority.
294. Interpretations in this Chapter.

PART H
GENERAL
CHAPTER XIX
GENERAL PROVISIONS

- 295. Agreement with foreign countries or specified territories.
- 296. Permanent account number.
- 297. Tax account number.
- 298. Mode of acceptance or repayment of certain loans or deposits.
- 299. Obligation to furnish annual information return.
- 300. Submission of statement by a non-resident having liaison office.
- 301. Certain transfers to be void.
- 302. Provisional attachment to protect revenue in certain cases.
- 303. Service of notice generally.
- 304. Authentications of notices and other documents.
- 305. Notice deemed to be valid in certain circumstances.
- 306. Service of notice when family is disrupted or unincorporated body is dissolved.
- 307. Publication of information respecting assesseees in certain cases.
- 308. Appearance by registered valuer in certain matters.
- 309. Appearance by authorised representative.
- 310. Rounding off of tax bases and tax.
- 311. Indemnity.
- 312. Power to tender immunity from prosecution.
- 313. Cognizance of offences.
- 314. Section 361 of the Code of Criminal Procedure, 1973, and the Probation of Offenders Act, 1958, not to apply.
- 315. Return of tax bases not to be invalid on certain grounds.
- 316. Presumption as to material found.
- 317. Authorisation and assessment in case of search or requisition.
- 318. Bar of suits in civil courts.
- 319. Power to rescind.

PART-I
INTERPRETATIONS AND MISCELLANEOUS PROVISIONS
CHAPTER XX
INTERPRETATIONS AND CONSTRUCTIONS

- 320. Interpretations in this Code.
- 321. Construction.

CHAPTER XXI

MISCELLANEOUS

- 322. Power to make rules.
- 323. Laying of rules, schemes and notifications before Parliament.
- 324. Repeal and savings.
- 325. Power to remove difficulties.

THE FIRST SCHEDULE.

THE SECOND SCHEDULE.

THE THIRD SCHEDULE.

THE FOURTH SCHEDULE.

THE FIFTH SCHEDULE.

THE SIXTH SCHEDULE.

THE SEVENTH SCHEDULE.

THE EIGHTH SCHEDULE.

THE NINTH SCHEDULE.

THE TENTH SCHEDULE.

THE ELEVENTH SCHEDULE.

THE TWELFTH SCHEDULE.

THE THIRTEENTH SCHEDULE.

THE FOURTEENTH SCHEDULE.

THE FIFTEENTH SCHEDULE.

THE SIXTEENTH SCHEDULE.

THE SEVENTEENTH SCHEDULE.

THE EIGHTEENTH SCHEDULE.

THE NINETEENTH SCHEDULE.

THE TWENTIETH SCHEDULE.

THE TWENTY-FIRST SCHEDULE.

THE TWENTY-SECOND SCHEDULE.

THE TWENTY-THIRD SCHEDULE.

	<p>collected at source or paid in advance in accordance with the provisions of this Code.</p> <p>(6) The chargeability of income-tax on the income of a financial year under the foregoing provisions shall be determined in accordance with the provisions of this Code as they stand on the 1st day of April of that financial year.</p>	
Scope of total income.	<p>3. (1) Subject to the provisions of this Code, the total income of any financial year of a person, who is a resident, shall include all income from whatever source derived which—</p> <ul style="list-style-type: none"> (a) accrues, or is deemed to accrue, to him in India during the year; (b) accrues to him outside India during the year; (c) is received, or is deemed to be received, by him, or on his behalf, in India during the year; or (d) is received by him, or on his behalf, outside India during the year. <p>(2) Subject to the provisions of this Code, the total income of any financial year of a person, who is a non-resident, shall include all income from whatever source derived which—</p> <ul style="list-style-type: none"> (a) accrues, or is deemed to accrue, to him in India during the year; or (b) is received, or is deemed to be received, by him, or on his behalf, in India during the year. <p>(3) Any income which accrues to a resident outside India during the year or is received outside India during the year by, or on behalf of, such resident shall be included in the total income of the resident, whether or not such income has been charged to tax outside India.</p>	
Residence in India.	<p>4. (1) An individual shall be resident in India in any financial year, if he is in India—</p> <ul style="list-style-type: none"> (a) for a period, or periods, amounting in all to one hundred and eighty-two days or more in that year; or (b) for a period, or periods, amounting in all to— <ul style="list-style-type: none"> (i) sixty days or more in that year; and (ii) three hundred and sixty-five days or more within the four years immediately preceding that year. <p>(2) The provisions of clause (b) of sub-section (1) shall not apply in any financial year in respect of an individual who is—</p> <ul style="list-style-type: none"> (a) a citizen of India and who leaves India in that year as a member of the crew of an Indian ship; (b) a citizen of India and who leaves India in that year for the purposes of employment outside India; or (c) a citizen of India, or a person of Indian origin, living outside India and who visits India in that year if such person is a resident of a country or a specified territory with which India has entered into an agreement under section 295 for the avoidance of double taxation. <p>(3) A company shall be resident in India in any financial year, if—</p> <ul style="list-style-type: none"> (a) it is an Indian company; or (b) its place of effective management, at any time in that year, is in India. <p>(4) Every other person shall be resident in India in any financial year, if the place of control and management of its affairs, at any time in that year, is situated wholly, or partly, in India.</p>	

	<p>5. (1) The income shall be deemed to accrue in India, if it accrues, whether directly or indirectly, through or from-</p> <ul style="list-style-type: none"> (a) any business connection in India; (b) any property in India; (c) any asset or source of income in India; or (d) the transfer of a capital asset situated in India. <p>(2) For the purposes of sub-section (1), an asset or a capital asset, being any share of, or interest in, a company or entity registered or incorporated outside India shall be deemed to be situated in India, if the share or interest derives, directly or indirectly, its value substantially from the assets (whether tangible or intangible) located in India.</p> <p>(3) The share or interest, referred to in sub-section (2), shall be deemed to derive its value substantially from the assets (whether tangible or intangible) located in India, if on the specified date, the value of such assets,-</p> <ul style="list-style-type: none"> (i) exceeds the amount as may be prescribed; or (ii) represent at least twenty per cent. of the fair market value of all the assets owned by the company or entity, as the case may be. <p>(4) Without prejudice to the generality of the provisions of sub-section (1), the following income shall be deemed to accrue in India, namely:—</p> <ul style="list-style-type: none"> (a) income from employment, if it is for— <ul style="list-style-type: none"> (i) service rendered in India; (ii) service rendered outside India by a citizen of India and the income is receivable from the Government; or (iii) the rest period, or leave period, which precedes, or succeeds, the period of service rendered in India and forms part of the service contract of employment; (b) any dividend paid by a domestic company outside India; (c) any insurance premium including re-insurance premium accrued from or payable by any resident or non-resident in respect of insurance covering any risk in India; (d) interest accrued from or payable by any resident or the Government; (e) interest accrued from or payable by any non-resident, if the interest is in respect of any debt incurred and used for the purposes of— <ul style="list-style-type: none"> (i) a business carried on by the non-resident in India; or (ii) earning any income from any source in India; (f) royalty accrued from or payable by any resident or the Government; (g) royalty accrued from or payable by a non-resident, if the royalty is for the purposes of— <ul style="list-style-type: none"> (i) a business carried on by the non-resident in India; or (ii) earning any income from any source in India; (h) fees for technical services accrued from or payable by any resident or the Government; (i) fees for technical services accrued from or payable by any non-resident, in respect of services utilised for the purposes of— 	<p>Income deemed to accrue in India.</p>

(i) a business carried on by the non-resident in India; or

(ii) earning any income from any source in India;

(j) transportation charges accrued from or payable by any resident or the Government;

(k) transportation charges accrued from or payable by any non-resident, if the transportation charges are in respect of the carriage to, or from, a place in India.

(5) For the purposes of clause (a) of sub-section (1), in the case of a business of which all the operations are not carried out in India, the income of the business deemed to accrue in India shall be only such part of the income as is reasonably attributable to the operations carried out in India.

(6) The income deemed to accrue in India under sub-section (1) and sub-section (4) shall, in the case of a non-resident, not include the following, namely:—

(a) any income accruing through, or from, operations which are confined to the purchase of goods in India for the purposes of export out of India;

(b) interest accrued from or payable by a resident, in respect of any debt incurred and used for the purposes of—

(i) a business carried on by the resident outside India; or

(ii) earning any income from any source outside India;

(c) royalty accrued from or payable by a resident for the purposes of—

(i) a business carried on by the resident outside India; or

(ii) earning any income from any source outside India;

(d) royalty consisting of lump sum consideration accrued from, or payable by, a resident for the transfer of any rights (including the granting of a licence) in respect of computer software supplied by the non-resident manufacturer, along with a computer or computer-based equipment, under any scheme approved under the Policy on Computer Software Export, Software Development and Training, 1986 issued by the Government of India;

(e) fees for technical services accrued from or payable by a resident, in respect of services utilised for the purposes of—

(i) a business carried on by the resident outside India; or

(ii) earning any income from any source outside India;

(f) transportation charges for the carriage by aircraft or ship accrued from or payable by any resident, if the transportation charges are in respect of the carriage from a place outside India to another place outside India, except where the airport or port of origin of departure of such carriage is in India;

(g) income from transfer, outside India, of any share of, or interest in, a company or an entity registered or incorporated outside India,-

(i) if such company or entity directly owns the assets situated in India and the transferor (whether individually or along with its associated enterprises), at any time in the twelve months preceding the date of transfer,-

(A) does not hold the right of management or control in relation to such company or the entity; and

(B) does not hold voting power or share capital or interest exceeding five per cent. of the total voting power or total share capital or total interest, as the case may be, of such company or entity; or

(ii) if such company or entity indirectly owns the assets situated in India and the

transferor (whether individually or along with its associated enterprises), at any time in the twelve months preceding the date of transfer,-

- (A) does not hold the right of management or control in relation to such company or the entity;
- (B) does not hold any right in, or in relation to, such company or entity which would entitle it to the right of management or control in the company or entity which directly owns the assets situated in India; and
- (C) does not hold such percentage of voting power or share capital or interest in such company or entity which results in holding of (either individually or along with associated enterprises) a voting power or share capital or interest exceeding five percent of the total voting power or total share capital or total interest, as the case may be, of the company or entity which directly owns the assets situated in India.

(7) The provisions of clauses (c) to (k) of sub-section (4) shall be applicable, whether or not,—

- (a) the payment is made in India;
- (b) the services are rendered in India;
- (c) the non-resident has a residence or place of business or any business connection in India; or
- (d) the income has accrued in India.

(8) Where the income of a non-resident, in respect of transfer, outside India, of any share of, or interest in, a company or an entity registered or incorporated outside India, is deemed to accrue in India under clause (d) of sub-section (1), it shall be computed in accordance with the following formula—

$$\frac{A \times B}{C}$$

C

where A = Income from the transfer computed in accordance with provisions of this Code as if the transfer was effected in India;

B = value of the assets in India, owned, directly or indirectly, by the company or entity, as on the specified date;

C = value of all the assets owned by the company or entity, as on the specified date.

(9) For the purposes of this section, the expression-

- (a) "through" shall include "by means of" or "in consequence of";
- (b) "accounting period" shall have the meaning assigned to it in paragraph 6 of the Second Schedule;
- (c) "value of an asset" means the fair market value of such asset without reduction of liabilities, if any, in respect of the asset;
- (d) "specified date" shall mean the date on which the accounting period of the company or entity, as the case may be, ends preceding,-
 - (i) the date of transfer of an asset or a capital asset;
 - (ii) the date of accrual of income in relation to any other income referred to sub-section (1).

Income deemed to be received in the financial year.	<p>6. The following income shall be deemed to be received in the financial year, namely:—</p> <ul style="list-style-type: none"> (a) any contribution made by an employer, in the financial year, to the account of an employee under a pension fund; (b) any contribution made by an employer, in the financial year, to the account of an employee in any other fund; (c) the annual accretion, in the financial year, to the balance at the credit of any employee in a fund referred to in clause (b) to the extent it exceeds the limit as may be prescribed. 	
Dividend income.	<p>7. For the purposes of inclusion in the total income of an assessee—</p> <ul style="list-style-type: none"> (a) any dividend declared, distributed or paid by a company within the meaning of item (a) or item (b) or item (c) or item (d) or item (e) of sub-clause (I) of clause (74) of section 320 shall be deemed to be the income of the financial year in which it is so declared, distributed or paid, as the case may be; (b) any interim dividend shall be deemed to be the income of the financial year in which the amount of such dividend is unconditionally made available by the company to the member who is entitled to it. 	
Total income to include income of any other person.	<p>8. (1) The total income of any person, being a transferor, shall include the following, namely:—</p> <ul style="list-style-type: none"> (a) any income accruing to any other person, by virtue of a transfer, whether revocable or not, without transfer of the asset from which the income accrues; or (b) any income accruing to any other person, by virtue of a revocable transfer of an asset. <p>(2) The provisions of clause (b) of sub-section (1) shall not apply in a case where—</p> <ul style="list-style-type: none"> (a) any income accrues from an asset transferred to any trust, if the transfer is not revocable during the life time of the beneficiary of the trust; or (b) any income accrues from an asset transferred to any other person, not being a trust, if the transfer is not revocable during the lifetime of such other person. <p>(3) In this section,—</p> <ul style="list-style-type: none"> (a) a transfer shall be deemed to be revocable if— <ul style="list-style-type: none"> (i) it contains any provision for the re-transfer, directly or indirectly, of the whole or any part of the income or asset to the transferor; or (ii) it, in any way, gives the transferor a right to re-assume power, directly or indirectly, over the whole or any part of the income or asset; (b) a transfer shall include any settlement, trust, covenant, agreement or arrangement. 	
Income of individual to include income of spouse, minor child and others.	<p>9. (1) The total income of any individual shall include—</p> <ul style="list-style-type: none"> (a) all income which accrues, directly or indirectly,— <ul style="list-style-type: none"> (i) to the spouse, by way of salary, commission, fees or any other form of remuneration, whether in cash or in kind, from a concern in which the individual has a substantial interest; (ii) from assets transferred, directly or indirectly, to the spouse by the individual otherwise than for adequate consideration or in connection with an agreement to live apart; 	

	<p>(iii) from assets transferred, directly or indirectly, to the son's wife by the individual, otherwise than for adequate consideration; or</p> <p>(iv) from assets transferred, directly or indirectly, to any other person by the individual otherwise than for adequate consideration, to the extent to which the income from such assets is for the immediate or deferred benefit of the spouse or son's wife;</p> <p>(b) all income which accrues to a minor child (other than a minor child being a person with disability or person with severe disability) of the individual, other than income which accrues to the child on account of any—</p> <p>(i) manual work done by the child; or</p> <p>(ii) activity involving application of the skill, talent or specialised knowledge and experience of the child;</p> <p>(c) all income derived from any converted property or part thereof;</p> <p>(d) all income derived from any converted property which is received by the spouse upon partition of the Hindu undivided family of which the individual is a member.</p> <p>(2) The provisions of sub-clause (i) of clause (a) of sub-section (1) shall not apply in relation to any income accruing to the spouse where the spouse possesses technical or professional qualifications and the income is solely attributable to the application of the technical or professional knowledge and experience of the spouse.</p> <p>(3) The income referred to in sub-clause (i) of clause (a) of sub-section (1) shall, notwithstanding anything contained therein, be included in the total income of the spouse whose total income (excluding the income referred to in that sub-clause) is higher.</p> <p>(4) The Board may prescribe the method for determining the income referred to in sub-clause (ii) and sub-clause (iii) of clause (a) of sub-section (1).</p> <p>(5) The income referred to in clause (b) of sub-section (1) shall be included in the total income of—</p> <p>(a) the parent who is the guardian of the minor child; or</p> <p>(b) the parent whose total income (excluding the income referred to in that clause) is higher, if both the parents are guardians of the child.</p> <p>(6) Where any income referred to in clause (b) of sub-section (1) is once included in the total income of a parent, any such income arising in the succeeding year shall not be included in the total income of the other parent, unless the Assessing Officer considers it necessary to do so after giving an opportunity of being heard to the other parent.</p> <p>(7) In this section, "property" includes any interest in property whether movable or immovable, the sale proceeds of such property in whichever form and where the property is converted into any other form of property by any method, such other property.</p>	
Income not included in the total income.	10. Subject to the provisions of this Code, the total income of a financial year of a person shall not include the income enumerated in the Third Schedule.	
Persons not liable to income-tax.	11. The persons enumerated in the Fourth Schedule shall not be liable to income-tax under this Code for any financial year subject to the fulfillment of conditions specified in the said Schedule.	
CHAPTER III		

COMPUTATION OF TOTAL INCOME		
I.— GENERAL		
	<p>12. Unless otherwise provided in this Code,-</p> <ul style="list-style-type: none"> (i) the total income of a person shall be computed in accordance with the provisions of this Chapter. (ii) reference to any accrual, receipt, expenditure, withdrawal, asset or liability shall be construed to be in relation to the financial year in respect of which, and the person in respect of whom, the income is computed. 	Computation of total income.
	<p>13. For the purposes of computation of total income of any person for any financial year, income from all sources shall be classified as follows:</p> <ul style="list-style-type: none"> A.— Income from ordinary sources. B.— Income from special sources. 	Classification of sources of income.
	<p>14. The income from any source, other than an income from a special source, shall be computed under the class “Income from ordinary sources” and such income shall be classified under the following heads of income, namely:—</p> <ul style="list-style-type: none"> A.— Income from employment. B.— Income from house property. C.— Income from business. D.— Capital gains. E.— Income from residuary sources. 	Computation of income from ordinary sources.
	<p>15. (1) Every income listed in column (3) of the Table in Part III of the First Schedule and sub-section (4) shall be the income from a special source of the person specified in column (2) of the said Table.</p> <p>(2) The income from any special source shall be computed under the class “Income from special sources” in accordance with the provisions of the Fifth Schedule.</p> <p>(3) Notwithstanding anything in sub-section (1), the income referred to therein, other than the income referred to in sub-section (4), shall not be considered as income from a special source, if such income is attributable to the permanent establishment of a non-resident in India.</p> <p>(4) The special source income shall include the following, namely:—</p> <ul style="list-style-type: none"> (a) any amount which is found to be credited in the books of account of a person, maintained for the financial year, if — <ul style="list-style-type: none"> (i) the person offers no explanation about the nature and source thereof; (ii) the person offers an explanation but fails to substantiate the same; or (iii) the explanation offered by him is, in the opinion of the Assessing Officer, not satisfactory; (b) the value of any investment made by a person in the financial year to the extent for which — <ul style="list-style-type: none"> (i) the person offers no explanation about the nature and source of the investment; 	Computation of income from special sources.

	<p>(ii) the person offers an explanation but fails to substantiate the same; or</p> <p>(iii) the explanation offered by him is, in the opinion of the Assessing Officer, not satisfactory;</p> <p>(c) the value of bullion, jewellery, other valuable article or money owned by a person to the extent for which —</p> <p>(i) the person offers no explanation about the nature and source of acquisition of the the value of the bullion, jewellery, other valuable article or money;</p> <p>(ii) the person offers an explanation but fails to substantiate the same; or</p> <p>(iii) the explanation offered by him is, in the opinion of the Assessing Officer, not satisfactory;</p> <p>(d) the amount of any expenditure incurred by a person in the financial year, if —</p> <p>(i) the person offers no explanation about the source of such expenditure or part thereof;</p> <p>(ii) the person offers an explanation but fails to substantiate the same; or</p> <p>(iii) the explanation, if any, offered by him is, in the opinion of the Assessing Officer, not satisfactory;</p> <p>(e) the amount borrowed on a <i>hundi</i> from, or any amount due thereon repaid to, any person in the financial year otherwise than through an account payee cheque drawn on a bank.</p> <p>(5) For the purposes of clause (a) of sub-section (4), the explanation offered by a person, being a closely-held company, in respect of any amount consisting of share application money, share capital, share premium or any such amount by whatever name called, credited in the name of a specified person, shall not be deemed to be satisfactory, unless—</p> <p>(a) the specified person in whose name such credit is recorded also offers an explanation about the nature and source of such amount so credited; and</p> <p>(b) such explanation in the opinion of the Assessing Officer referred to in the said clause (a) of sub-section (4) has been found to be satisfactory.</p> <p>(6) For the purposes of sub-section (5) “specified person” means any person who is a resident but does not include a venture capital fund or a venture capital company.</p> <p>(7) For the purposes of clause (e) of sub-section (4), the amount repaid shall include the amount of interest paid on the amount borrowed.</p>	
<p>Apportionment of income between spouses governed by Portuguese Civil Code.</p>	<p>16. (1) The income of the husband and wife, governed by the <i>communiao dos bens</i>, from ordinary sources under each head of income (other than the head “Income from employment”) and from special sources shall be apportioned equally between the spouses.</p> <p>(2) The income so apportioned under sub-section (1) shall be included separately in the total income of the spouses.</p> <p>(3) The income under the head “Income from employment” shall be included in the total income of the spouse who has actually earned it.</p> <p>(4) In this section, <i>communiao dos bens</i> refers to the system of community of property under the Portuguese Civil Code of 1860 as in force in the State of Goa and in the Union territories of Dadra and Nagar Haveli and Daman and Diu.</p>	
	<p>17. Unless otherwise provided in this Code,—</p>	<p>Avoidance of double taxation.</p>

	<p>(i) any income which is included in the total income of a person for any financial year shall not be so included again in the total income of such person for the same or any other financial year;</p> <p>(ii) any income which is includible in the total income of any person shall not be included in the total income of any other person,</p> <p>except where for the purposes of protecting the interests of revenue, it is necessary to do so.</p>	
	<p>18. (1) In computing the total income of a person for any financial year, the following shall not be allowed as a deduction, namely:—</p> <p>(a) any expenditure, in relation to the income which does not form part of the total income ;</p> <p>(b) any expenditure attributable to any income from special sources;</p> <p>(c) any expenditure which has been allowed as a deduction in any other financial year;</p> <p>(d) any expenditure incurred for an activity which is an offence or which is not permissible by law;</p> <p>(e) any provision made for any liability, if it remains unascertained by the end of the financial year; and</p> <p>(f) any unexplained expenditure referred to in clause (d) of sub-section (4) of section 15.</p> <p>(2) The expenditure referred to in clause (a) of sub-section (1) shall be determined in accordance with such method as may be prescribed , if the Assessing Officer , having regard to the accounts of the person, is not satisfied with the correctness of the claim of such expenditure.</p> <p>(3) The provisions of sub-section (2) shall also apply in a case where the person claims that no expenditure has been incurred by him in relation to income which is not included in the total income under the Third Schedule.</p> <p>(4) Any amount allowed as deduction under a provision of this Code shall not be allowed as a deduction under any other provision of this Code.</p> <p>(5) The provisions of this section shall apply notwithstanding anything in any other provisions of this Chapter.</p>	<p>Expenditure not to be allowed as deduction.</p>
	<p>19. (1) Any amount on which tax is deductible at source under Chapter XIV during the financial year shall not be allowed as a deduction in computing the total income, if—</p> <p>(a) the tax so deductible has not been deducted during the financial year; or</p> <p>(b) the tax, after such deduction, has not been paid on or before the due date referred to in sub-section (1) of section 155.</p> <p>(2) A deduction shall be allowed in respect of the amount referred to in sub-section (1) in any subsequent financial year, if—</p> <p>(a) tax has been deducted during the financial year, but paid in such subsequent year after the due date referred to in sub-section (1) of section 155; or</p> <p>(b) tax has been deducted after the end of the financial year in which the tax was deductible and paid in such subsequent financial year.</p>	<p>Amount not deductible where tax is not deducted at source.</p>
	<p>II. HEADS OF INCOME</p> <p>A. - Income from employment</p>	

Income from employment.	20. The income of a person from employment shall be computed under the head “Income from employment”.	
Computation of income from employment.	21. The income computed under the head “Income from employment” shall be the gross salary as reduced by the aggregate amount of the deductions referred to in section 23.	
Scope of gross salary.	22. The gross salary shall be the amount of salary due, paid, or allowed, whichever is earlier, to a person in the financial year by or on behalf of his employer or former employer.	
Deductions from gross salary.	<p>23. (1) The deductions from the gross salary for computation of income from employment, to the extent included in the gross salary, shall be the following, namely:—</p> <ul style="list-style-type: none"> (a) any sum paid by the employee on account of a tax on employment within the meaning of clause (2) of article 276 of the Constitution; (b) any allowance or benefit granted by an employer for journey by an employee between his residence and office or any other place of work, to such extent as may be prescribed; (c) any allowance or benefit granted by an employer to an employee— <ul style="list-style-type: none"> (i) to meet expenses wholly, necessarily and exclusively in the performance of the duties of an office or employment of profit, as may be prescribed, to the extent such expenses are actually incurred for that purpose; (ii) to meet personal expenses, considering the place of posting or nature of duties or place of residence, subject to such conditions and limits as may be prescribed; (iii) to meet expenses on travel to any place in India during leave, subject to such conditions and limits as may be prescribed; (d) any amount of contribution made by an employer, in the financial year, to the account of an employee under an approved pension fund notified by the Central Government, to the extent it does not exceed ten per cent. of the salary of the employee; (e) any amount of contribution made by an employer, in the financial year, to the account of an employee in an approved superannuation fund; (f) any amount of contribution by an employer, in the financial year, to an account of an employee in an approved provident fund, to the extent it does not exceed twelve per cent. of the salary of the employee; (g) any amount of interest credited, in the financial year, on the balance to the credit of an employee in an approved fund to the extent it does not exceed the amount of interest payable at the rate notified by the Central Government; (h) any allowance provided by an employer to meet the expenditure actually incurred on payment of rent in respect of residential accommodation occupied by the employee, to such extent as may be prescribed. <p>(2) For the purposes of clauses (d) and (f) of sub-section (1), salary means basic salary and includes dearness allowance, if the terms of employment so provide.</p>	
	<i>B.—Income from house property</i>	

	<p>24. (1) The income from any house property owned by any person shall be computed under the head “Income from house property”.</p> <p>(2) The income from any house property owned by two or more persons having definite and ascertainable shares shall be computed separately for each such person in respect of his share.</p> <p>(3) In a case where the shares of the owners of the house property referred to in sub-section (2) are not definite and ascertainable, such persons shall be assessed as an association of persons in respect of such property.</p> <p>(4) The provisions of this section shall not apply to the house property, or any part of the house property, which is used for business or commercial purposes.</p>	Income from house property.
Computation of income from house property.	25. The income from house property shall be the gross rent as reduced by the aggregate amount of the deductions referred to in section 27.	
Scope of gross rent.	<p>26. (1) The gross rent in respect of a house property or any part of the house property shall be the higher of the amount of contractual rent and presumptive rent, for the financial year.</p> <p>(2) The contractual rent referred to in sub-section (1) shall be the rent received or receivable, directly or indirectly, for the financial year or part thereof, for which such property is let out by the assessee under a contract, whether in writing or otherwise.</p> <p>(3) The presumptive rent referred to in sub-section (1) shall be,-</p> <p>(a) the gross annual value or rental value (by whatever name called) fixed by any local authority under any law for the time being in force for the purposes of property tax in respect of the property without allowing any deductions; or</p> <p>(b) if no such gross annual value or rental value has been fixed by the local authority, the sum for which the property might reasonably be expected to let from year to year.</p> <p>(4) The gross rent shall, regardless of anything to the contrary contained in sub-section (1), be taken to be nil if the property consists of a house or part of a house which is not let out.</p> <p>(5) The provisions of sub-section (4) shall not apply if-</p> <p>(a) the house or part of the house is actually let during any part of the financial year; or</p> <p>(b) any other benefit is derived from it by the owner.</p> <p>(6) The provisions of sub-section (4) shall, in a case where a person owns more than one house, apply only in respect of one house, which the person may specify at his option.</p> <p>(7) The gross rent referred to in sub-section (1) shall not include the amount of rent which the owner cannot realise, subject to the rules as may be prescribed.</p>	
	<p>27. (1) The deductions for the purposes of computation of income from house property shall be the following, namely:—</p> <p>(a) the amount of taxes levied by a local authority in respect of such property, to the extent the amount is paid by him during the financial year;</p> <p>(b) a sum equal to twenty per cent. of the gross rent of such property as determined under section 26;</p>	Deductions from gross rent.

	<p>(c) the amount of any interest payable—</p> <p>(i) on loan taken for the purposes of acquisition, construction, repair or renovation of the property; or</p> <p>(ii) on loan taken for the purposes of repayment of the loan referred to in sub-clause (i).</p> <p>(2) The interest referred to in clause (c) of sub-section (1) which pertains to the period prior to the financial year in which the house property has been acquired or constructed shall be allowed as deduction in five equal instalments beginning from such financial year.</p> <p>(3) The interest deductible under sub-section (2) shall be reduced by any part thereof which has been allowed as deduction under any other provision of this Code.</p> <p>(4) In respect of one house property, the gross rent of which is taken as nil in terms of sub-sections (4) and (6) of section 26, deduction under this section shall be allowed only in respect of clause (c) of sub-section (1) and such deduction shall not exceed-</p> <p>(a) one lakh fifty thousand rupees where the loan has been taken for acquisition or construction of the house property; and</p> <p>(b) fifty thousand rupees, where loan has been taken for repair or renovation of the house property.</p> <p>(5) The deduction referred to in sub-section (4) shall be allowed, if—</p> <p>(a) the acquisition, construction, repair or renovation of the house property is completed within a period of three years from the end of the financial year in which the loan was taken; and</p> <p>(b) the person obtains a certificate from the financial institution or the employer to whom the interest is paid or payable on the loan.</p>	
Advance rent received	28. The amount of rent received in advance shall be included in the gross rent of the financial year to which the rent relates.	
Arrears of rent received.	<p>29. (1) The amount of rent received in arrears or the amount of rent which is not realised from a tenant and is realised subsequently shall be deemed to be the income from house property of the financial year in which such rent is received or realised.</p> <p>(2) The arrears of rent or the unrealised rent referred to in sub-section (1) shall be included in the total income of the person under the head “Income from house property”, whether the person is the owner of the property in that financial year or not.</p> <p>(3) A sum equal to twenty per cent. of the arrears of rent or the unrealised rent, as the case may be, referred to in sub-section (1) shall be allowed as deduction towards repair and maintenance of the property.</p>	
	<i>C.—Income from business</i>	
Income from business	<p>30. (1) The income from any business carried on by the assessee at any time during a financial year shall be computed under the head “Income from business”.</p> <p>(2) The income of distinct and separate business referred to in section 31 shall be computed separately for the purposes of sub-section (1).</p>	

	<p>(3) Any income from a business after its discontinuance shall be deemed to be the income of the recipient in the year of receipt and shall, accordingly, be computed under the head “Income from business”.</p>																									
Business when treated distinct and separate.	<p>31. (1) A business shall be distinct and separate from another business if there is no interlacing or inter-dependence or unity embracing the two businesses.</p> <p>(2) For the purposes of sub-section (1), a business shall be distinct and separate from another business, if—</p> <p>(a) it is a business in respect of which profits are determined under sub-section (2) of section 32; or</p> <p>(b) it is a business eligible for deduction in accordance with the provisions of clauses (l), (m), (n), (o) or (p) of sub-section (2) of section 324.</p> <p>(3) A speculative business shall be deemed to be distinct and separate from any other business including any other speculative business.</p>																									
	<p>32. (1) The income computed under the head “Income from business” shall be the profits from the business.</p> <p>(2) The profits from the business of the nature specified in column (2) of the Table given below shall be computed in accordance with the provisions contained in the Schedule specified in the corresponding entry in column (3) of the said Table.</p> <p style="text-align: center;">TABLE</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Sl. No.</th> <th style="text-align: center;">Nature of Business</th> <th style="text-align: center;">Schedule</th> </tr> <tr> <th style="text-align: center;">(1)</th> <th style="text-align: center;">(2)</th> <th style="text-align: center;">(3)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1.</td> <td>Business of Insurance</td> <td>Sixth Schedule</td> </tr> <tr> <td style="text-align: center;">2.</td> <td>Business of operating a qualifying ship</td> <td>Seventh Schedule</td> </tr> <tr> <td style="text-align: center;">3.</td> <td>Business of mineral oil or natural gas</td> <td>Eighth Schedule</td> </tr> <tr> <td style="text-align: center;">4.</td> <td>Business specified in Paragraph 1 of the Ninth Schedule</td> <td>Ninth Schedule</td> </tr> <tr> <td style="text-align: center;">5.</td> <td>Business specified in Paragraph 1 of the Tenth Schedule</td> <td>Tenth Schedule</td> </tr> <tr> <td style="text-align: center;">6.</td> <td>Business listed in column (2) of the Table in the Eleventh Schedule where income is determined on presumptive basis</td> <td>Eleventh Schedule</td> </tr> </tbody> </table> <p>(3) The profits from any business not referred to in sub-section (2) shall be the gross earnings from the business as reduced by the amount of business expenditure incurred by the assessee.</p> <p>(4) The Central Government may, if it considers necessary or expedient so to do, by notification, direct that the provisions of the Eighth Schedule, Ninth Schedule, or Tenth Schedule, as the case may be, shall not apply from such date as may be specified therein, to the following, namely:-</p> <p>(i) any class of undertakings or enterprises; or</p> <p>(ii) the business of the nature specified at Sl. Nos. 3, 4 or 5 of TABLE given in sub-section (2) respectively.</p>	Sl. No.	Nature of Business	Schedule	(1)	(2)	(3)	1.	Business of Insurance	Sixth Schedule	2.	Business of operating a qualifying ship	Seventh Schedule	3.	Business of mineral oil or natural gas	Eighth Schedule	4.	Business specified in Paragraph 1 of the Ninth Schedule	Ninth Schedule	5.	Business specified in Paragraph 1 of the Tenth Schedule	Tenth Schedule	6.	Business listed in column (2) of the Table in the Eleventh Schedule where income is determined on presumptive basis	Eleventh Schedule	Computation of income from business.
Sl. No.	Nature of Business	Schedule																								
(1)	(2)	(3)																								
1.	Business of Insurance	Sixth Schedule																								
2.	Business of operating a qualifying ship	Seventh Schedule																								
3.	Business of mineral oil or natural gas	Eighth Schedule																								
4.	Business specified in Paragraph 1 of the Ninth Schedule	Ninth Schedule																								
5.	Business specified in Paragraph 1 of the Tenth Schedule	Tenth Schedule																								
6.	Business listed in column (2) of the Table in the Eleventh Schedule where income is determined on presumptive basis	Eleventh Schedule																								

<p>Gross earnings.</p>	<p>33. (1) The gross earnings referred to in sub-section (3) of section 32 shall be the aggregate of the following, namely:—</p> <ul style="list-style-type: none"> (i) the amount of any accrual or receipt from, or in connection with, the business; (ii) the value of any benefit or perquisite, whether convertible into money or not, accrued or received from, or in connection with, the business; (iii) the value of the inventory of the business, as on the close of the financial year; (iv) any amount received from a business after its discontinuance; and (v) the amount of any accrual or receipt from a house property or a part thereof referred to in sub-section (4) of section 24. <p>(2) The accruals or receipts referred to in sub-section (1) shall, without prejudice to the generality of the provisions of that sub-section, include and deem to include the following, namely:—</p> <ul style="list-style-type: none"> (i) the amount of any compensation or other payment, accrued or received, for— <ul style="list-style-type: none"> (a) termination or modification of terms and conditions relating to management of business, any business agreement or any agency; or (b) vesting of the management of any property or business in another person or the Government; (ii) any consideration accrued or received under an agreement for non-compete; (iii) any amount or value of any benefit, whether convertible into money or not, accrued to, or received by, a person, being a trade, professional or similar association, in respect of specific services performed for its members; (iv) any consideration on sale of a licence, not being a business capital asset, obtained in connection with the business; (v) any consideration on transfer of a right or benefit (by whatever name called) accrued or received under any scheme framed by the Government, local authority or a corporation established under any law for the time being in force; (vi) the amount of cash assistance, subsidy or grant (by whatever name called), received from any person or the Government for, or in connection with, the business other than to meet any portion of the cost of any business capital asset; (vii) the amount of any remission, drawback or refund of any tax, duty or cess (not being a tax under this Code), received or receivable; (viii) the amount of remuneration (including salary, bonus and commission) or any interest accrued to, or received by, a participant of an unincorporated body from such body; (ix) any sum received under a keyman insurance policy including the sum allocated by way of bonus on such policy; (x) the amount of profit on transfer, demolition, destruction or discarding of any business capital asset (other than a business capital asset used for scientific research and development) computed in accordance with the provisions of section 42; (xi) any consideration accrued or received on transfer of carbon credits; (xii) the amount of any benefit accrued to, or received by, the person, or as the case may be, the successor in business, if— <ul style="list-style-type: none"> (a) it is by way of remission or cessation of any trading liability or statutory liability or it is in respect of any loss or expenditure; and 	
------------------------	--	--

1 of 1986	<p>(b) the trading liability or statutory liability or loss or expenditure has been allowed as deduction in any financial year,</p> <p>except in a case where such remission or cessation is in terms of sub-clause (b) of clause (204) of section 320, the beneficiary is a company which has become a sick industrial company under sub-section (1) of section 17 of the Sick Industrial Companies (Special Provisions) Act, 1985;</p>	
1 of 1986	<p>(xiii) the amount of remission or cessation of any liability by way of loan, deposit, advance or credit, except in a case where such remission or cessation is in terms of sub-clause (b) of clause (204) of section 320 and-</p> <p>(a) a suit or arbitration proceeding is pending in any court for recovery of such liability; or</p> <p>(b) the beneficiary is a company which has become a sick industrial company under sub-section (1) of section 17 of the Sick Industrial Companies (Special Provisions) Act, 1985;</p>	
43 of 1961	<p>(xiv) the amount recovered from a trade debtor in respect of a bad debt or part of debt which has been allowed as deduction in any financial year under clause (c) or clause (d) or clause (e) of sub-section (3) of section 35;</p> <p>(xv) the amount withdrawn from any special reserve created and maintained under any provision of this Code or the Income-tax Act, 1961, as it stood before the commencement of this Code, for which deduction has been allowed, if the amount is not utilised for the purpose and within the period specified therein;</p> <p>(xvi) the amount accrued to, or received by, the person from his employees as their contribution to any fund for their welfare;</p> <p>(xvii) the amount accrued or received on sale of any business capital asset used for scientific research and development;</p> <p>(xviii) any amount accrued or received on account of the cessation, termination or forfeiture in respect of agreement entered into in the course of the business;</p> <p>(xix) any amount accrued or received, whether as an advance, security deposit or otherwise, from the long term leasing of—</p> <p>(a) the whole or part of any business asset; or</p> <p>(b) any interest in a business asset;</p> <p>(xx) any amount by way of advance, security deposit or of similar nature received and retained on account of negotiations for transfer of-</p> <p>(a) the whole or part of any business asset; or</p> <p>(b) any interest in a business asset;</p> <p>(xxi) any amount received as reimbursement of any expenditure, which has been claimed or allowed as a deduction in any financial year ;</p> <p>(xxii) any interest accrued to, or received by, a person being a financial institution or money lender;</p> <p>(xxiii) any interest incidental to the business, accrued to, or received by, a person;</p> <p>(xxiv) any payment or aggregate of payments made to a person in a day, in respect of a liability incurred and allowed as a deduction in any preceding financial year,—</p> <p>(a) which has been made otherwise than by an account payee cheque drawn on a bank or by an account payee bank draft;</p> <p>(b) which exceeds—</p>	

	<ul style="list-style-type: none"> (i) a sum of thirty-five thousand rupees if the payment is made to a transporter for carriage of goods by road; or (ii) a sum of twenty thousand rupees in any other case; and (c) which has not been made in such cases and in such circumstances as specified in sub-section (4) of section 34; (xxv) any amount standing to the credit of the Investor Protection Fund referred to in section 82, if— <ul style="list-style-type: none"> (a) the amount is shared during the relevant financial year, either wholly or in part, with a recognised stock exchange or recognised commodity exchange or the depository, as the case may be; and (b) income-tax has not been paid on such amount in any financial year preceding the relevant financial year; <p>(3) The gross earnings from business shall not include the following, namely:—</p> <ul style="list-style-type: none"> (a) any dividend; (b) any interest other than interest,- <ul style="list-style-type: none"> (i) accrued to, or received by, a person being a financial institution, a money lender or a participant of an unincorporated body from such body;or (ii) incidental to the business; (c) any income from letting of house property which is included under the head income from house property; (d) any income from the transfer of an investment asset. 	
<p>Determination of business expenditure.</p>	<p>34. (1) The amount of business expenditure referred to in sub-section (3) of section 32 shall be the aggregate of the following amounts, namely:—</p> <ul style="list-style-type: none"> (a) the operating expenditure referred to in section 35, incurred by the person for the purposes of the business carried on during the financial year; (b) finance charges referred to in section 36, incurred by the person for the purposes of the business carried on during the financial year; (c) capital allowances referred to in section 37, in respect of the business carried on by the person during the financial year. <p>(2) The provisions for deduction of capital allowances referred to in sections 38, 39 and 40 shall apply, whether or not the person has claimed the deduction in computing the total income.</p> <p>(3) The Assessing Officer may restrict the amount of deduction under this section to such amount as he considers appropriate having regard to the use of a business asset if such asset is not exclusively used for the purposes of the business.</p> <p>(4) The cases and circumstances specified in clause (xxiv) of sub-section (2) of section 33, clause (k) of sub-section (4) of section 35, clause (ii) of sub-section (3) of section 58 and sub-clause (iii) of clause (c) of sub-section (5) of section 59 shall be the following, namely :—</p> <ul style="list-style-type: none"> (a) where the payment is made to— <ul style="list-style-type: none"> (i) the Reserve Bank of India or any banking company as defined in clause (c) of section 5 of the Banking Regulation Act, 1949; (ii) the State Bank of India or any subsidiary bank as defined in section 2 of the State Bank of India (Subsidiary Banks) Act, 1959; 	<p>10 of 1949</p> <p>38 of 1959</p>

	<p>(iii) any co-operative bank or land mortgage bank;</p> <p>(iv) any primary agricultural credit society or any primary credit society as defined under section 56 of the Banking Regulation Act, 1949;</p> <p>(v) the Life Insurance Corporation of India established under section 3 of the Life Insurance Corporation Act, 1956;</p> <p>(b) where the payment is made to the Government and, under the rules framed by it, such payment is required to be made in legal tender;</p> <p>(c) where the payment is made by—</p> <p>(i) any letter of credit arrangements through a bank;</p> <p>(ii) electronic transfer through a bank;</p> <p>(iii) a book adjustment from any account in a bank to any other account in that or any other bank;</p> <p>(iv) a bill of exchange made payable only to a bank;</p> <p>(v) the use of electronic clearing system through a bank account;</p> <p>(vi) a credit card;</p> <p>(vii) a debit card;</p> <p>(d) where the payment is made by way of adjustment against the amount of any liability incurred by the payee for any goods supplied or services rendered by the assessee to such payee;</p> <p>(e) where the payment is made for the purchase of—</p> <p>(i) agricultural or forest produce; or</p> <p>(ii) the produce of animal husbandry (including livestock, meat, hides and skins) or dairy or poultry farming; or</p> <p>(iii) fish or fish products; or</p> <p>(iv) the products of horticulture or apiculture,</p> <p>to the cultivator, grower or producer of such articles, produce or products;</p> <p>(f) where the payment is made for the purchase of the products manufactured or processed without the aid of power in a cottage industry, to the producer of such products;</p> <p>(g) where the payment is made in a village or town, which on the date of such payment is not served by any bank, to any person who ordinarily resides, or is carrying on any business, profession or vocation, in any such village or town;</p> <p>(h) where any payment is made to an employee of the assessee or the heir of any such employee, on or in connection with the retirement, retrenchment, resignation, discharge or death of such employee, on account of gratuity, retrenchment compensation or similar terminal benefit and the aggregate of such sums payable to the employee or his heir does not exceed fifty thousand rupees;</p> <p>(i) where the payment is made by an assessee by way of salary to his employee after deducting the income-tax from salary in accordance with the provisions of section 213 of the Code, and when such employee—</p> <p>(i) is temporarily posted for a continuous period of fifteen days or more in a place other than his normal place of duty or on a ship; and</p> <p>(ii) does not maintain any account in any bank at such place or ship;</p>	<p>10 of 1949 31 of 1956</p>
--	--	----------------------------------

	<p>(j) where the payment was required to be made on a day on which the banks were closed either on account of holiday or strike;</p> <p>(k) where the payment is made by any person to his agent who is required to make payment in cash for goods or services on behalf of such person;</p> <p>(l) where the payment is made by a person, authorised as an authorised dealer or a money changer to deal in foreign currency or foreign exchange under any law for the time being in force, against purchase of foreign currency or travellers cheques in the normal course of his business.</p> <p>(5) For the purposes of clause (c), clause (g) and clause (i) of sub-section (4), the term "bank" means any bank, banking company or society referred to in sub-clauses (i) to (iv) of clause (a) of sub-section (4) and includes any bank [not being a banking company as defined in clause (c) of section 5 of the Banking Regulation Act, 1949], whether incorporated or not, which is established outside India.</p>	10 of 1949
Determination of operating expenditure.	<p>35. (1) The amount of operating expenditure referred to in clause (a) of sub-section (1) of section 34 shall be the aggregate of—</p> <p>(a) the amount of expenditure specified in sub-section (2), if—</p> <p>(i) the expenditure is laid out or expended, wholly and exclusively, for the purposes of the business; and</p> <p>(ii) it fulfills other conditions, if any, specified therein; and</p> <p>(b) the amount of deductions specified in sub-section (3) subject to the fulfillment of the conditions, if any, specified therein.</p> <p>(2) The expenditure referred to in clause (a) of sub-section (1) shall be on account of,—</p> <p>(i) purchase of raw material, stores, spares and consumables, or stock-in-trade;</p> <p>(ii) rent paid for any premises if it is occupied and used by the person;</p> <p>(iii) current repairs to any building if it is occupied and used by the person;</p> <p>(iv) land revenue, local rates or municipal taxes in respect of premises occupied and used by the person;</p> <p>(v) current repairs of machinery, plant or furniture used by the person;</p> <p>(vi) current maintenance or repairs of computer software or hardware;</p> <p>(vii) salary or wages of employees;</p> <p>(viii) remuneration to any working participant which is in accordance with the agreement of the unincorporated body and relates to the period falling after the date of such agreement, limited to the extent as may be prescribed;</p> <p>(ix) any premium paid to effect, or to keep in force, an insurance in respect of,—</p> <p>(a) any premises occupied and used by the person;</p> <p>(b) any machinery, plant or furniture used by the person;</p> <p>(c) stocks or stores belonging to the person;</p> <p>(d) the health of any employee of the person; or</p> <p>(e) any other asset owned and used by the person;</p> <p>(x) any premium paid by the person, being a federal milk co-operative society, to effect, or to keep in force, an insurance on the life of the cattle owned by a</p>	

	<p>member of a co-operative society, being a primary society engaged in supplying milk, raised by its members to such federal milk co-operative society;</p> <p>(xi) welfare of workmen and staff;</p> <p>(xii) power and fuel;</p> <p>(xiii) freight, clearing and forwarding charges;</p> <p>(xiv) selling expenses in the nature of commission, brokerage, discount, or warranty charges;</p> <p>(xv) sales promotion including advertisement and publicity;</p> <p>(xvi) training of employees;</p> <p>(xvii) conference;</p> <p>(xviii) use of hotel or boarding and lodging facilities;</p> <p>(xix) conveyance, tour or travel;</p> <p>(xx) running or maintenance of motor car or aircraft;</p> <p>(xxi) postage and telecommunications;</p> <p>(xxii) audit and such other professional fees;</p> <p>(xxiii) legal services;</p> <p>(xxiv) entertainment and provision of hospitality;</p> <p>(xxv) maintenance of guest-house;</p> <p>(xxvi) subscription, including entrance fee, to a club or a trade association or the use of their facilities;</p> <p>(xxvii) scientific research and development related to the business;</p> <p>(xxviii) salary to an employee engaged in, or the purchase of material used in, scientific research and development, within a period of three years immediately preceding the commencement of the business;</p> <p>(xxix) contribution by the person, being an employer, to an approved fund subject to such limits and conditions, as may be prescribed;</p> <p>(xxx) contribution to any fund, referred to in clause (xvi) of sub-section (2) of section 33, to the extent the amount has been received from his employees as their contribution to the fund;</p> <p>(xxxi) any head office expenditure by a non-resident, as is attributable to his business in India, not exceeding an amount equal to one-half per cent. of the total sales, turnover or gross receipts of business in India;</p> <p>(xxxii) cost of acquisition of the asset as in the case of the predecessor and cost of any improvement made thereto and expenditure incurred wholly and exclusively in connection with the transfer of the asset, by the predecessor, if —</p> <p>(a) the person is the successor in the business re-organisation;</p> <p>(b) the asset becomes the property of the person under a scheme of business re-organisation; and</p> <p>(c) the asset is sold by the person as a business trading asset;</p> <p>(xxxiii) amount as computed below, where a business trading asset is sold by a person being a transferee or a donee and such asset had become the property of such person on the total or partial partition of a Hindu undivided family or under a</p>	
--	---	--

	<p>gift or will or an irrevocable trust, in accordance with the formula –</p> <p>$A+B+C$</p> <p>where</p> <p>A = cost of acquisition of such asset to the transferor or the donor, as the case may be;</p> <p>B = cost of any improvement made thereto by such transferor or donor;</p> <p>C = expenditure incurred wholly and exclusively in connection with the transfer (by way of effecting the partition, acceptance of the gift, obtaining probate in respect of the will or the creation of the trust), including the payment of gift tax, if any, by such transferor or donor, as the case may be;</p> <p>(xxv) protecting or safeguarding the goodwill of the person, which has necessarily to be preserved for the purpose of his business;</p> <p>(xxvi) tax (not being a tax under this Code), duty, cess, royalty or fee, by whatever name called, under any law for the time being in force, if the amount is actually paid;</p> <p>(xxvii) bonus or commission to employees for services rendered, if the amount would not have been payable to employees as profits or dividends had it not been paid as bonus or commission;</p> <p>(xxviii) encashment of leave to the credit of employees, to the extent the amount is actually paid;</p> <p>(xxix) gratuity to employees on their retirement or on termination of their employment;</p> <p>(xxx) the expenditure incurred by a body corporate, if-</p> <p>(a) such body corporate is constituted or established under a Central, State or Provincial Act;</p> <p>(b) the expenditure is for objects and purposes authorised by the said Act; and</p> <p>(c) such body corporate is notified by the Central Government for the purposes of this clause, having regard to the objects and purposes of the said Act;</p> <p>(xi) the amount paid by a public financial institution by way of contribution to a credit guarantee fund trust for small industries which is notified by the Central Government for the purposes of this clause;</p> <p>(xli) the actual cost of the licence referred to in clause (iv) of sub-section (2) of section 33, in the year in which the consideration on account of sale of such licence forms part of gross earnings;</p> <p>(xlii) the actual cost of the right or benefit referred to in clause (v) of sub-section (2) of section 33, in the year in which the consideration for transfer of such right or benefit forms part of gross earnings;</p> <p>(xliii) the repayment of any advance or security deposit in respect of the long-term leasing referred to in clause (xix) of sub-section (2) of section 33, in the year in which such repayment is made;</p> <p>(xliv) the repayment of any advance or security deposit retained on account of negotiations for transfer of a business asset or interest therein, referred to in</p>	
--	---	--

clause (xx) of sub-section (2) of section 33, in the financial year in which such repayment is made;

(xlv) any other operating expenditure not covered under clause (i) to clause (xliv) .

(3) The amount of deductions referred to in clause (b) of sub-section (1) shall be the following, namely:—

- (a) the value of inventory of the business, as at the beginning of the financial year;
- (b) loss of inventory or money on account of –
 - (i) theft, robbery, fraud or embezzlement, occurring in the course of the business; or
 - (ii) any disaster, natural or man made,

if the inventory or the money is written off in the books of account;

- (c) any amount credited to the provision for bad and doubtful debts account, not exceeding one per cent of the aggregate average advances computed in the prescribed manner if,—
 - (i) the person is a financial institution, or a non-banking finance company as may be notified;
 - (ii) the amount is charged to the profit and loss account for the financial year in accordance with the prudential norms of the Reserve Bank of India in this regard; and
 - (iii) the amount of trade debt or part thereof written off as irrecoverable in the books of the person is debited to the provision for bad and doubtful debts account;
- (d) the debit balance, if any, on the last day of the financial year, in the provision for bad and doubtful debts account referred to in clause (c), if the balance has been transferred to the profit and loss account of the financial year;
- (e) trade debt or part thereof, if,—
 - (i) the person is other than a person referred to in sub-clause (i) of clause (c); and
 - (ii) the amount is written off as irrecoverable in the books of the person;
- (f) payment during the financial year in discharge of any remitted or ceased liability which has been included in the gross earnings of any preceding financial year under clause (xii) or clause (xiii) of sub-section (2) of section 33;
- (g) payment during the financial year in respect of the amount which has been included in gross earnings of any preceding financial year on account of cessation, termination or forfeiture of agreement referred to in clause (xviii) of sub-section (2) of section 33.

(4) Notwithstanding anything in sub-section (2) or sub-section (3) the amount of operating expenditure shall not include the amount of expenditure, being in the nature of, or on account of, —

- (a) personal expenses of the person;
- (b) capital expenditure including expenditure in respect of which capital allowance is allowable under section 37;
- (c) finance charges;
- (d) any unascertained liability of the person;
- (e) remuneration payable to any participant other than a working participant of an unincorporated body;
- (f) any expenditure incurred by a person on advertisement in any souvenir, brochure, tract,

	<p>pamphlet or the like published by a political party;</p> <p>(g) any amount of contribution by an employer during the financial year to an approved superannuation fund for the benefit of an employee, to the extent it exceeds one lakh rupees;</p> <p>(h) any tax, interest or penalty payable under this Code or the Income-tax Act, 1961 or the Wealth Tax Act, 1957 as they stood before the commencement of this Code;</p> <p>(i) any amount paid which is eligible for relief of tax under section 228;</p> <p>(j) any dividend declared or distributed or paid;</p> <p>(k) any payment or aggregate of payments made to a person in a day, in respect of an expenditure incurred during the financial year—</p> <p>(a) which has been made otherwise than by an account payee cheque drawn on a bank or by an account payee bank draft;</p> <p>(b) which exceeds—</p> <p>(i) a sum of thirty-five thousand rupees if the payment is made to a transporter for carriage of goods by road; or</p> <p>(ii) a sum of twenty thousand rupees in any other case; and</p> <p>(c) which has not been made in such cases and in such circumstances as specified in sub-section (4) of section 34; and</p> <p>(l) royalty, licence fee, service fee, privilege fee, service charge or any other fee or charge, by whatever name called, levied exclusively on, or appropriated directly or indirectly from, a State Government undertaking by the State Government.</p> <p>(5) Any amount of expenditure or deduction referred to in sub-section (1) or sub-section (2) or under section 36 or under section 37, which is not allowable by reason of the fact that the expenditure is in violation of the condition, if any, or is in excess of the amount, if any, specified therein, shall not be allowed as deduction under clause (xiv) of sub-section (2) only on the ground that it is laid out or expended, wholly and exclusively, for the purposes of the business.</p> <p>(6) The deduction in respect of the amount referred to in clause (iv) and clauses (xxv) to (xxviii) of sub-section (2) shall, notwithstanding anything in sub-section (1), be allowed in the financial year in which the liability has arisen, if it is actually paid in such financial year or by the due date of filing of the return of tax bases for that financial year.</p> <p>(7) If any deduction is not allowed on account of the provisions of sub-section (6), it shall be allowed in the financial year in which the amount is actually paid.</p> <p>(8) The deduction in respect of amount referred to in clauses (xxix) and (xxx) of sub-section (2) shall be allowed, in the financial year in which the liability has arisen and has actually been paid.</p> <p>(9) Notwithstanding anything in sub-section (8), the amount referred to in clauses (xxix) and (xxx) of sub-section (2) for which the liability has arisen in the month of March of the financial year, shall be allowed in the said financial year, if such amount has actually been paid on or before the due date by which the employer is required to credit the contribution in the relevant fund under any Act, rule, order or notification issued thereunder or under any standing order, award, contract of service or otherwise.</p> <p>(10) In this section, a State Government undertaking includes—</p> <p>(i) a corporation established by or under any Act of the State Government;</p> <p>(ii) a company in which more than fifty per cent. of the paid-up equity share capital is held by the State Government;</p> <p>(iii) a company in which more than fifty per cent. of the paid-up equity share capital is</p>	<p>43 of 1961 27 of 1957</p>
--	--	----------------------------------

	<p>held by the entity referred to in clause (i) or clause (ii) (whether singly or taken together);</p> <p>(iv) a company or corporation in which the State Government has the right to appoint the majority of the directors or to control the management or policy decisions, directly or indirectly, including by virtue of its shareholding or management rights or shareholders agreements or voting agreements or in any other manner;</p> <p>(v) an authority, a board or an institution or a body established or constituted by or under any Act of the State Government or owned or controlled by the State Government.</p>	
	<p>36. (1) The amount of finance charges referred to in clause (b) of sub-section (1) of section 34 shall be—</p> <p>(a) the amount of interest paid on any capital borrowed or debt incurred;</p> <p>(b) the amount of interest paid to trade creditors;</p> <p>(c) the amount of interest paid to any participant, which is in accordance with the agreement of formation of unincorporated body and relates to the period falling after the date of such agreement, limited to the extent as may be prescribed;</p> <p>(d) the amount of any incidental financial charges;</p> <p>(e) the proportionate amount of discount or premium payable on any bond or debenture issued by the person, calculated in the manner as may be prescribed.</p> <p>(2) The amount of finance charges referred to in sub-section (1) shall not include—</p> <p>(a) any amount paid in respect of capital borrowed or debt incurred for acquisition of a capital asset (whether capitalised in the books of account or not) for any period—</p> <p>(i) in the case of a new business, prior to the date of commencement of such business; and</p> <p>(ii) in any other case, prior to the date on which such asset was first put to use;</p> <p>(b) any amount of incidental financial charges for issue of convertible debentures or bonds or share capital; and</p> <p>(c) any amount of interest referred to in section 23 of the Micro, Small and Medium Enterprises Development Act, 2006 .</p> <p>(3) The amount of interest on any capital borrowed or debt incurred, which is payable to any financial institution, shall be allowed as a deduction, notwithstanding anything in sub-section (1), in the financial year in which the liability has arisen, if it is actually paid in such financial year or by the due date of filing of the return of tax bases for that financial year.</p> <p>(4) If any deduction is not allowed on account of the provisions of sub-section (3), it shall be allowed in the financial year in which the amount is actually paid.</p> <p>(5) Any interest referred to in sub-section (3) which has been converted into a loan or borrowing shall not be deemed to have been actually paid for the purposes of that sub-section.</p> <p>(6) In this section, “capital borrowed” shall include recurring subscriptions received periodically from shareholders, or subscribers, in a mutual benefit finance company, which fulfils such conditions as may be prescribed.</p>	<p>Determination of finance charges.</p> <p>27 of 2006</p>
	<p>37. (1) The amount of capital allowances referred to in clause (c) of sub-section (1) of section 34 shall be the aggregate of the amount in respect of,—</p>	<p>Determination of capital allowances</p>

	<p>(a) depreciation of business capital asset;</p> <p>(b) initial depreciation of business capital asset;</p> <p>(c) terminal allowance;</p> <p>(d) scientific research and development allowance;</p> <p>(e) deferred revenue expenditure allowance.</p> <p>(2) The depreciation, initial depreciation or terminal allowance, referred to in sub-section (1), shall be allowed in respect of any business capital asset if the asset is,—</p> <p>(a) owned, wholly or partly, by the person; and</p> <p>(b) used for the purposes of the business of the person.</p> <p>(3) The condition referred to in clause (a) of sub-section (2) shall not apply in respect of any business capital asset, being capital expenditure on a building which is held by the person under a lease or other right of occupancy.</p> <p>(4) A business capital asset shall be deemed to be owned by the person if he is a lessee in terms of a financial lease.</p> <p>(5) The amount of deferred revenue expenditure allowance referred to in clause (e) of sub-section (1) shall be such amount as computed in accordance with the Twelfth Schedule.</p>	
Determination of depreciation.	<p>38. (1) The amount of depreciation in respect of a business capital asset referred to in section 37 shall be the aggregate of the following, namely:—</p> <p>(a) such percentage of the adjusted value of any block of assets as specified in the Thirteenth Schedule, in respect of all the business capital assets forming part of the relevant block of assets specified therein; and</p> <p>(b) <i>nil</i>, in respect of any other business capital asset not forming part of any block of assets specified in the Thirteenth Schedule.</p> <p>(2) The depreciation allowance on assets referred to in section 37 shall, notwithstanding the fact that all business capital assets in any block of assets have ceased to exist by reason of being demolished, destroyed, discarded or transferred, be allowed to the person in respect of the block of assets, if the adjusted value of the block of assets is greater than zero.</p> <p>(3) The deduction under this section in respect of an asset shall be restricted to fifty per cent. of the sum referred to in sub-section (1), if —</p> <p>(a) the asset is acquired by the person during the financial year; and</p> <p>(b) is used for the purposes of business for a period of less than one hundred and eighty days in the relevant financial year.</p> <p>(4) The depreciation in respect of any business capital asset, notwithstanding anything contained in any other provision of this Code, shall not be allowed if,—</p> <p>(a) the asset does not form part of any block of assets specified in the Thirteenth Schedule; or</p> <p>(b) the expenditure incurred for acquiring the asset has been allowed as a deduction under any provision of this Code.</p>	
	<p>39. (1) A person shall be allowed, in addition to depreciation, an initial depreciation in respect of a business capital asset, if—</p> <p>(a) the person is engaged in the business of manufacture or production of any article or thing;</p>	Determination of initial depreciation.

	<p>(b) the asset is a new asset forming part of the class of assets “Machinery and Plant” specified in the Thirteenth Schedule;</p> <p>(c) the asset was not used either within or outside India by any other person before its installation by the person;</p> <p>(d) the asset is not installed in any office premises or any residential accommodation, including accommodation in the nature of a guest-house;</p> <p>(e) the asset is not in the nature of any office appliance; and</p> <p>(f) the whole of the actual cost of the asset is not allowed as a deduction (whether by way of depreciation or otherwise) in computing the income under the head “Income from business” of any financial year.</p> <p>(2) The initial depreciation referred to in sub-section (1),—</p> <p>(a) shall be an amount equal to twenty per cent. of the actual cost of the asset; and</p> <p>(b) shall be allowed in the financial year in which the asset is used for the first time for the purposes of the business of the person.</p> <p>(3) The deduction under this section in respect of such asset shall be restricted to fifty per cent. of the sum referred to in sub-section (2), if the asset is used for the purposes of business for a period of less than one hundred and eighty days in the relevant financial year.</p>	
	<p>40. (1) A person shall be allowed a terminal allowance in respect of a block of assets, if—</p> <p>(a) the block of assets has ceased to exist by reason of being demolished, destroyed, discarded or transferred during the financial year; and</p> <p>(b) the percentage specified in the Thirteenth Schedule for computing depreciation in respect of the block of assets is zero.</p> <p>(2) The terminal allowance referred to in sub-section (1) shall be computed in accordance with the formula—</p> $A + B - C$ <p>where-</p> <p>A = the written down value of the block of assets at the beginning of the financial year;</p> <p>B = the actual cost of any asset falling within that block, acquired during the financial year; and</p> <p>C = the amount accrued or received in respect of the assets which are demolished, destroyed, discarded or transferred during the financial year together with the value of the carcass or the scrap, if any.</p> <p>(3) The terminal allowance referred to in sub-section (1) shall be treated as “nil”, if the net result of the computation thereunder is negative.</p>	Deduction for terminal allowance
Deduction for scientific research and development allowance	<p>41. (1) A company shall be allowed a deduction equal to one hundred and fifty per cent. of the expenditure (not being expenditure in the nature of cost of any land or building) incurred on—</p> <p>(a) creating and maintaining an in-house facility for scientific research and development; and</p> <p>(b) carrying out scientific research and development in the in-house facility.</p> <p>(2) The deduction under sub-section (1) shall not be allowed, unless —</p> <p>(a) the company is engaged in the business of biotechnology or in business of manufacture</p>	

	<p>or production of any article or thing, not being an article or thing specified in Fourteenth Schedule;</p> <p>(b) the company creates and maintains an in-house facility for carrying out scientific research and development;</p> <p>(c) the research facility is approved by the Central Government on the basis of the recommendation of such authority as may be notified;</p> <p>(d) the company enters into an agreement with such authority,-</p> <p>(i) for cooperation in the research and development facility; and</p> <p>(ii) for audit of the accounts maintained for such facility.</p> <p>(3) The approval granted to a predecessor shall be deemed to have been granted to the successor if the research facility is transferred to the successor as a result of a business re-organisation.</p> <p>(4) The deduction under this section shall not be allowed to a company in respect of the expenditure referred to in sub-section (1), if the expenditure is incurred in the course of its business in the nature of scientific research and development.</p> <p>(5) The Board may, for the purposes of this section, prescribe such conditions and manner as may be considered necessary for grant of approval.</p>	
<p>Computation of profit on transfer of a business capital asset</p>	<p>42. (1) The amount of profit, where a business capital asset, which forms part of a block of assets specified in the Thirteenth Schedule, is transferred, discarded, destroyed or demolished shall be computed in accordance with the formula-</p> $A-(B+C)$ <p>where-</p> <p>A = the amount accrued or received in respect of such asset, which is transferred, discarded, destroyed or demolished during the financial year together with the amount of scrap value, if any;</p> <p>B = the amount of written down value of such block of assets at the beginning of the financial year;</p> <p>C = the actual cost of any asset falling within that block of assets, acquired during the financial year;</p> <p>(2) The profit referred to in sub-section (1) shall be treated as 'nil', if the net result of the computation thereunder is negative.</p> <p>(3) The amount of profit, where a business capital asset other than that referred to in sub-section (1) is transferred, discarded, destroyed or demolished, shall be computed in accordance with the formula-</p> $A-B$ <p>where-</p> <p>A = amount accrued or received in respect of the asset which is transferred, discarded, destroyed or demolished during the financial year together with the amount of scrap value, if any;</p> <p>B = the actual cost of the asset.</p>	
	<p>43. (1) The deduction for any capital allowance referred to in section 37 shall, in a case where business re-organisation has taken place during the financial year, be allowed in accordance with the provisions of this section.</p>	<p>Special provisions relating to</p>

	<p>(2) The amount of deduction allowable to the predecessor shall be determined in accordance with the formula-</p> $\frac{A \times B}{C}$ <p>where-</p> <p>A = the amount of deduction allowable as if the business re-organisation had not taken place;</p> <p>B = the number of days comprised in the period beginning with the first day of the financial year and ending on the day immediately preceding the date of business re-organisation;</p> <p>C = the total number of days in the financial year in which the business re-organisation has taken place.</p> <p>(3) The amount of deduction to the successor shall be determined in accordance with the formula —</p> $\frac{A \times B}{C}$ <p>where-</p> <p>A = the amount of deduction allowable as if the business re-organisation had not taken place;</p> <p>B = the number of days comprised in the period beginning with the date of business re-organisation and ending on the last day of the financial year; and</p> <p>C = the total number of days in the financial year in which the business re-organisation has taken place.</p>	business re-organisation.
Meaning of actual cost	<p>44. (1) The actual cost of a business capital asset to the person shall be computed in accordance with the formula—</p> $\frac{A - [B + (C \times A)]}{D}$ <p>where -</p> <p>A = cost of the business capital asset to the person including the interest paid on the capital borrowed for acquiring the asset if such interest is relatable to the period before the asset is put to use;</p> <p>B = the amount of additional duty leviable under section 3 of the Customs Tariff Act, 1975 or the amount of duty of excise, in respect of which a claim of credit has been made and allowed under the Central Excise Rules, 1944;</p> <p>C = the amount of subsidy, grant or reimbursement (by whatever name called) received by the assessee, directly or indirectly, from the Central Government, a State Government, any authority established under any law for the time being in force or from any other person in respect of, or with reference to, any assets including the relevant asset;</p> <p>D = cost of all the assets in respect of, or with reference to, which the amount 'C' is so received.</p>	

(2) The Assessing Officer may, notwithstanding anything in sub-section (1), determine, with the prior approval of the Joint Commissioner, the actual cost, if -

- (a) the asset was a business asset at any time before the date of acquisition by the person; and
- (b) the Assessing Officer is satisfied that the main purpose of the transfer of the asset, directly or indirectly to the person, was reduction of the liability to income-tax (by claiming depreciation with reference to an enhanced cost).

(3) The actual cost of the business capital asset to the person shall be the deemed written down value, if —

- (a) the asset is acquired by the person by way of gift or inheritance;
- (b) the asset is converted by the person into a business capital asset in any financial year; or
- (c) the person is a transferee holding company or a transferee subsidiary company in respect of the transfer of the asset by the subsidiary company or the holding company respectively.

(4) The actual cost of a business capital asset to the person shall, in a case of sale and buy back transaction of the asset, be the lower of the following, namely:—

- (a) the actual price for which the asset is re-acquired by him; or
- (b) the deemed written down value.

(5) Where a business capital asset is acquired by the person and subsequently it is transferred back to the transferor by way of lease, hire or otherwise, the actual cost of the asset in the hands of the person shall be the written down value of the asset in the hands of the transferor at the beginning of the financial year in which the acquisition of the asset by the person has taken place.

(6) Where the person is a non-resident and a business capital asset, having been acquired by him outside India, is brought by him to India, the actual cost of the asset for the person shall be the cost of acquisition of the asset by him, as reduced by an amount equal to the amount of depreciation which would have been allowable, had the asset been used in India for the purpose of the business of the person since the date of such acquisition.

(7) The actual cost of an asset shall be treated as *nil*, if—

- (a) deduction in respect of the cost of the asset has been allowed or is allowable to the person under the Eighth Schedule or the Ninth Schedule or the Tenth Schedule; or
- (b) deduction in respect of the cost of the asset has been allowed or is allowable under any of the aforesaid Schedules to any other person and the person has acquired or received the asset by any of the special modes of acquisition.

(8) The Board may, for the purposes of determining the actual cost of a business capital asset, prescribe—

- (a) any other cost which may be included in determining the actual cost; and
- (b) the method of determining the actual cost in the circumstances which are not provided for in this section.

(9) In this section, deemed written down value of a business capital asset shall be the actual cost to the person or the previous owner, as the case may be, when he first acquired the asset as reduced by the aggregate amount of depreciation that would have been allowable to the person or the previous owner, as the case may be, upto the preceding financial year as if the asset was the only asset in the relevant block of assets.

	<p>45. (1) The written down value of any block of assets at the beginning of the financial year shall be the written down value of the block of assets at the close of the immediately preceding financial year.</p> <p>(2) The written down value of the block of assets at the close of the immediately preceding financial year shall be the adjusted value of the block of assets in the immediately preceding financial year as reduced by—</p> <p style="padding-left: 40px;">(a) the amount of capital allowance, if any, allowed under section 37 during that year; and</p> <p style="padding-left: 40px;">(b) any expenditure incurred for acquiring the asset to the extent allowed as a deduction in the financial year under any provision of this Code.</p> <p>(3) The adjusted value of any block of assets for any financial year shall be computed in accordance with the formula—</p> <p style="padding-left: 40px;">$(A+B) - (C+D+E)$</p> <p style="padding-left: 40px;">where-</p> <p style="padding-left: 40px;">A = the written down value of the block of assets at the beginning of the financial year;</p> <p style="padding-left: 40px;">B = actual cost of any asset falling within the block, acquired during the financial year;</p> <p style="padding-left: 40px;">C = moneys receivable in respect of any asset falling within the block, which is sold or discarded or destroyed or demolished during the financial year;</p> <p style="padding-left: 40px;">D = amount of the scrap value, if any;</p> <p style="padding-left: 40px;">E = the aggregate of the deemed written down value of the assets transferred by any of the modes referred to in sub-section (3) of section 44.</p> <p>(4) The adjusted value of any block of assets under sub-section (3) shall be "ni" if the amount (C+D+E) exceeds the amount (A+B).</p> <p>(5) The adjusted value of the block of assets, acquired by a successor in a business re-organisation, for the financial year in which the business re-organisation has taken place shall be the amount which would have been taken as the adjusted value of the block of assets as if the business re-organisation had not taken place.</p> <p>(6) The written down value of the block of assets, acquired by a successor in a business reorganization, on the last day of the financial year in which the business re-organisation has taken place shall be determined in accordance with the formula—</p> <p style="padding-left: 40px;">$A - (B + C)$</p> <p style="padding-left: 40px;">where -</p> <p style="padding-left: 40px;">A = the adjusted value determined under sub-section (5);</p> <p style="padding-left: 40px;">B = the amount of deduction allowed to the predecessor under sub-section (2) of section 43 in respect of the block of assets;</p> <p style="padding-left: 40px;">C = the amount of deduction allowed to the successor under sub-section (3) of section 43 in respect of the block of assets.</p> <p>(7) Where a block of assets comprises of any asset acquired in any financial year from a country outside India for the purposes of business and there is variation in liability in respect of acquisition of the asset after the date of such acquisition, the adjusted value of the block of assets shall be computed in accordance with the formula—</p> <p style="padding-left: 40px;">$A+(B-C)-D$</p> <p style="padding-left: 40px;">where -</p>	<p>Meaning of written down value and adjusted value of assets.</p>
--	---	--

	<p>A = the adjusted value of such block of assets determined in accordance with sub-section (3);</p> <p>B = the amount of liability of the person, expressed in Indian rupees at the time of making actual payment towards—</p> <p>(a) the whole or a part of the cost of the asset; or</p> <p>(b) repayment of the whole or part of the moneys borrowed by him from any person in any foreign currency specifically for the purpose of acquiring the asset;</p> <p>C = the amount of liability corresponding to actual payment referred to in B, expressed in Indian rupees, existing at the time of acquisition of the asset;</p> <p>D = the whole or any part of the liability met, directly or indirectly, by any other person or authority.</p> <p>(8) The amount of liability of the person, expressed in Indian rupees at the time of making payment as referred to in sub-section (7), shall, in a case where the person has entered into a forward contract, be computed with reference to the rate of exchange specified in such forward contract.</p> <p>(9) The Board may prescribe-</p> <p>(a) the method of determining the allocation of the written down value or the adjusted written down value of the assets between the different businesses carried on by the person; and</p> <p>(b) the method of determining the written down value or the adjusted written down value of the block of assets in the circumstances which are not provided for in this section.</p> <p>(10) In this section, the deemed written down value shall have the meaning assigned to it in sub-section (9) of section 44.</p>	
	<p>D. – Capital gains</p>	
	<p>46. (1) The income or deemed income from the transfer of any investment asset shall be computed under the head “Capital gains”.</p> <p>(2) The income under the head “Capital gains” shall, without prejudice to the generality of the foregoing provisions, include the following, namely:—</p> <p>(a) income from the transfer referred to in clause (d) or clause (e) of sub-section (1) of section 47, if, before the expiry of a period of eight years from the date of transfer of the investment asset,—</p> <p>(i) the parent company, or its nominee, ceases to hold the whole of the share capital of the subsidiary company; or</p> <p>(ii) the investment asset is converted by the transferee into, or treated by it as, its business trading asset;</p> <p>(b) the income from the transfer referred to in clause (f) of sub-section (1) of section 47, if any of the conditions laid down in clause (15) or clause (67) of section 320, as the case may be, is not complied with;</p> <p>(c) the income from the transfer referred to in clause (m) or clause (n) or clause (o) or clause (p) of sub-section (1) of section 47, as the case may be, if any of the conditions laid down in the said clauses is not complied with;</p> <p>(3) For the purposes of sub-section (1), the following amounts shall be the deemed income of the</p>	<p>Capital gains.</p>

	<p>transferor-</p> <ul style="list-style-type: none"> (a) the amount of withdrawal referred to in sub-section (4) of section 55 to the extent deduction has been allowed under sub-section (2) thereof, if the condition laid down in the said sub-section (4) is not complied with; (b) the amount of deposit referred to in sub-section (5) of section 55 to the extent deduction has been allowed under sub-section (2) thereof, if the condition laid down in the said sub-section (5) is not complied with; (c) the amount of deduction allowed under sub-section (1) of section 55, if any of the conditions specified in sub-section (6) of the said section is not complied with. 	
<p>Income from certain transfers not to be treated as capital gains</p>	<p>47. (1) The income from the following transfers shall not be included in the computation of income under the head “Capital gains”, namely:—</p> <ul style="list-style-type: none"> (a) distribution of any investment asset on the total or partial partition of a Hindu undivided family; (b) gift, or transfer under an irrevocable trust, of any investment asset, other than sweat equity share; (c) transfer of any investment asset under a will; (d) transfer of any investment asset by a company to its subsidiary company, if- <ul style="list-style-type: none"> (i) the parent company or its nominees hold the whole of the share capital of the subsidiary company, (ii) the subsidiary company is an Indian company; and (iii) the subsidiary company treats the asset as an investment asset; (e) transfer of any investment asset by a subsidiary company to the holding company, if— <ul style="list-style-type: none"> (i) the whole of the share capital of the subsidiary company is held by the holding company or its nominees, (ii) the holding company is an Indian company, and (iii) the holding company treats the asset as an investment asset; (f) transfer of any investment asset by a predecessor to a successor in a scheme under a business re-organisation if the successor is an Indian company; (g) transfer of any investment asset, being shares held in an Indian company, by an amalgamating foreign company to the amalgamated foreign company, if— <ul style="list-style-type: none"> (i) the transfer is effected under a scheme of amalgamation; (ii) the shareholders holding not less than three-fourths in value of the shares of the amalgamating foreign company continue to remain shareholders of the amalgamated foreign company; and (iii) the transfer does not attract tax on capital gains in the country, in which such amalgamating company is incorporated; (h) transfer of any investment asset, being shares held in an Indian company, by a demerged foreign company to the resulting foreign company, if— <ul style="list-style-type: none"> (i) the transfer is effected under a scheme of demerger; (ii) the shareholders holding not less than three-fourths in value of the shares of the demerged foreign company continue to remain shareholders of the resulting 	

	<p>foreign company; and</p> <p>(iii) the transfer does not attract tax on capital gains in the country, in which such demerged company is incorporated;</p> <p>(i) transfer of any investment asset, by a banking company to a banking institution, if the transfer is effected under a scheme of amalgamation, sanctioned and brought into force by the Central Government under sub-section (7) of section 45 of the Banking Regulation Act, 1949;</p> <p>(j) transfer of shares of an amalgamating company by a shareholder under a scheme of business re-organisation, if—</p> <p>(i) the transfer is made in consideration of the allotment to the shareholder of shares in the successor amalgamated company except where the shareholder itself is the amalgamated company; and</p> <p>(ii) the successor is neither a non-resident nor a foreign company;</p> <p>(k) transfer of shares of a predecessor co-operative bank by a shareholder under a scheme of business re-organisation, if the transfer is made in consideration of the allotment to the shareholder of shares in the successor co-operative bank;</p> <p>(l) transfer of shares by the resulting company, in a scheme of demerger, to the shareholders of the demerged company, if the transfer is made in consideration of demerger of the undertaking;</p> <p>(m) transfer of any investment asset by a sole proprietary concern to a company, if —</p> <p>(i) the sole proprietary concern is succeeded by the company in the business carried on by it;</p> <p>(ii) all the assets and liabilities of the said concern relating to the business immediately before the succession become the assets and liabilities of the company;</p> <p>(iii) the shareholding of the sole proprietor in the company is not less than fifty per cent. of the total voting power in the company and continues to remain the same for a period of five years from the date of succession; and</p> <p>(iv) the sole proprietor does not receive any consideration or benefit, directly or indirectly, other than by way of allotment of shares in the company;</p> <p>(n) transfer of any investment asset by a private company or unlisted public company to a limited liability partnership or any transfer of a share held in the company by a shareholder as a result of conversion of the company into a limited liability partnership in accordance with the provisions of section 56 or section 57 of the Limited Liability Partnership Act, 2008, if—</p> <p>(i) all the assets and liabilities of the company immediately before the conversion become the assets and liabilities of the limited liability partnership;</p> <p>(ii) all the shareholders of the company immediately before the conversion become the partners of the limited liability partnership and their capital contribution and profit sharing ratio in the limited liability partnership are in the same proportion as their shareholding in the company on the date of conversion;</p> <p>(iii) the shareholders of the company do not receive any consideration or benefit, directly or indirectly, in any form or manner, other than by way of share in profit and capital contribution in the limited liability partnership;</p> <p>(iv) the aggregate of capital contribution by the shareholders of the company in the limited liability partnership shall not be less than fifty per cent. of the total capital of the limited liability partnership at any time during the period of five years from the date of conversion;</p>	
--	---	--

	<p>(v) the total sales, turnover or gross receipts in business of the company in any of the three financial years preceding the financial year in which the conversion takes place do not exceed sixty lakh rupees; and</p> <p>(vi) no amount is paid, either directly or indirectly, to any partner out of the accumulated profits of the company on the date of conversion, for a period of three years from the said date;</p> <p>(o) transfer of any investment asset by a firm to a company as a result of succession of the firm by a company in the business carried on by the firm, if—</p> <p>(i) all the assets and liabilities of the firm immediately before the succession become the assets and liabilities of the company;</p> <p>(ii) all the partners of the firm immediately before the succession become the shareholders of the company in the same proportion in which their capital accounts stood in the books of the firm on the date of the succession;</p> <p>(iii) the partners of the firm do not receive any consideration or benefit, directly or indirectly, in any form or manner, other than by way of allotment of shares in the company; and</p> <p>(iv) the aggregate of the shareholding in the company of the partners of the firm shall not be less than fifty per cent. of the total voting power in the company at any time during the period of five years from the date of succession;</p> <p>(p) transfer of any investment asset by a firm to a limited liability partnership as a result of conversion of the firm into a limited liability partnership in accordance with the provisions of section 55 of the Limited Liability Partnership Act, 2008, if—</p> <p>(i) all the assets and liabilities of the firm immediately before the conversion become the assets and liabilities of the limited liability partnership;</p> <p>(ii) all the partners of the firm immediately before the conversion become the partners of the limited liability partnership and their capital contribution and profit sharing ratio in the limited liability partnership are in the same proportion as their capital account stood in the the books of the firm on the date of conversion;</p> <p>(iii) the partners of the firm do not receive any consideration or benefit, directly or indirectly, in any form or manner, other than by way of share in profit and capital contribution in the limited liability partnership;</p> <p>(iv) the aggregate of capital contribution by the partners of the firm in the limited liability partnership shall not be less than fifty per cent. of the total capital of the limited liability partnership at any time during the period of five years from the date of conversion; and</p> <p>(v) the total sales, turnover or gross receipts in business of the firm in any of the three financial years preceding the financial year in which the conversion takes place do not exceed sixty lakh rupees;</p> <p>(q) transfer of any bond or global depository receipt by a non-resident to another non-resident, if the transfer is made outside India;</p> <p>(r) transfer of any work of art, archaeological, scientific or art collection, book, manuscript, drawing, painting, photograph or print, to the Government or a University or any public museum or institution of national importance or of renown throughout any State or States and notified by the Central Government;</p> <p>(s) transfer by way of conversion of any bonds or debentures, debenture-stock or deposit certificates in any form, of a company into shares or debentures of that company;</p> <p>(t) transfer by way of conversion of foreign currency convertible bond or foreign currency</p>	<p>6 of 2009</p>
--	--	------------------

1 of 1986	<p>exchangeable bond of a company into shares or debentures of that company;</p> <p>(u) transfer of any securities, if—</p> <p>(i) the transfer is effected under a scheme for lending of any securities; and</p> <p>(ii) the scheme is framed in accordance with the guidelines issued by the Securities and Exchange Board of India or the Reserve Bank of India;</p> <p>(v) transfer of any investment asset, if—</p> <p>(i) the transferor is a company; and</p> <p>(ii) the asset of the company is distributed to its shareholders on its liquidation;</p> <p>(w) transfer of an investment asset, being land of a sick industrial company made under a scheme sanctioned under section 18 of the Sick Industrial Companies (Special Provisions) Act, 1985 where such company is being managed by its worker co-operative;</p> <p>(x) transfer of any investment asset in a transaction of reverse mortgage under a scheme notified by the Central Government;</p> <p>(y) transfer of any beneficial interest in a security by a depository.</p> <p>(2) The provisions of sections 391 to 394 of the Companies Act, 1956 or sections 230 to 234 of the Companies Act, 2013 shall not apply in case of demergers referred to in clause (h) of sub-section (1).</p> <p>(3) The provisions of clause (w) of sub-section (1) shall be applicable in a case where the transfer is made during the period commencing from the financial year in which the said company has become a sick industrial company under sub-section (1) of section 17 of the Sick Industrial Companies (Special Provisions) Act, 1985 and ending with the financial year during which the entire net worth of such company becomes equal to or exceeds the accumulated losses.</p> <p>(4) In clause (i) of sub-section (1), the expressions—“banking company” and “banking institution” shall have the meaning respectively assigned to them in clause (c) of section 5 and sub-section (15) of section 45 of the Banking Regulation Act, 1949;</p> <p>(5) In clause (n) of sub-section (1), the expressions “private company” and “unlisted public company” shall have the meaning respectively assigned to them in the Limited Liability Partnership Act, 2008.</p> <p>(6) In clause (y) of sub-section (1), the expressions “depository” and “security” shall have the meaning respectively assigned to them in clauses (e) and (l) of sub-section (1) of section 2 of the Depositories Act, 1996.</p>	<p>1 of 1956 18 of 2013</p> <p>1 of 1986</p> <p>10 of 1949</p> <p>6 of 2009</p> <p>22 of 1996</p>									
Financial year of taxability.	<p>48. (1) The income from the transfer of an investment asset specified in column (2) of the Table given below shall be the income of the transferor in the financial year specified in column (3) of the said Table:</p> <p style="text-align: center;">TABLE FINANCIAL YEAR OF TAXABILITY</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Serial number</th> <th style="text-align: left;">Nature of transfer</th> <th style="text-align: left;">Financial year</th> </tr> <tr> <th style="text-align: center;">(1)</th> <th style="text-align: center;">(2)</th> <th style="text-align: center;">(3)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1.</td> <td>Transfer referred to in clause (d) or clause (e) of sub-section (1)</td> <td>(a) in a case where the investment asset is converted by the transferee into,</td> </tr> </tbody> </table>	Serial number	Nature of transfer	Financial year	(1)	(2)	(3)	1.	Transfer referred to in clause (d) or clause (e) of sub-section (1)	(a) in a case where the investment asset is converted by the transferee into,	
Serial number	Nature of transfer	Financial year									
(1)	(2)	(3)									
1.	Transfer referred to in clause (d) or clause (e) of sub-section (1)	(a) in a case where the investment asset is converted by the transferee into,									

	<p>of section 47</p> <p>2. Transfer referred to in clause (f) of sub-section (1) of section 47</p> <p>3. Transfer referred to in clause (m) or clause (n) or clause (o) or clause (p) of sub-section (1) of section 47</p> <p>4. Transfer— (i) by way of compulsory acquisition under any law for the time being in force, or (ii) the consideration for which was determined or approved by the Central Government or the Reserve Bank of India</p> <p>5. Transfer by way of conversion of an investment asset into, or its treatment as, business trading asset</p> <p>6. Transfer by way of— (i) contribution of the asset, whether by way of capital or otherwise, to an unincorporated body, in which the transferor is, or becomes, a partici-</p>	<p>or is treated by it as, business trading asset, the financial year in which the investment asset is converted or treated as a business trading asset; (b) in a case where the the parent company, or its nominees, cease to hold the whole of the share capital of the subsidiary company, the financial year in which the parent company or its nominees so cease to hold the whole of the share capital of the subsidiary company.</p> <p>The financial year in which any of the conditions referred to in clause (15) or clause (67), as the case may be, of section 320 is not complied with.</p> <p>The financial year in which any of the conditions specified in the said clauses is not complied with.</p> <p>The financial year in which the compensation, or consideration, as the case may be, or such compensation or consideration enhanced or further enhanced by any court, tribunal or other authority, is received.</p> <p>The financial year in which such asset, so converted or treated, is sold or otherwise transferred.</p> <p>The financial year in which the asset is transferred or distributed.</p>	
--	--	---	--

	<p>pant; or</p> <p>(ii) distribution of the asset on account of dissolution of an unincorporated body.</p>	
(1)	(2)	(3)
7.	Transfer by way of distribution of money or asset to a participant in an unincorporated body on account of his retirement from the body	The financial year in which the money or the asset is distributed.
8.	Transfer by way of part performance of a contract, referred to in sub-clause (i) of clause (253) of section 320	The financial year in which the possession of the immovable property is allowed to be taken or retained.
9.	Transfer by way of any transaction enabling the enjoyment of any immovable property referred to in sub-clause (j) of clause (253) of section 320	The financial year in which the enjoyment of the property is enabled.
10.	Transfer by way of slump sale, referred to in sub-clause (l) of clause (253) of section 320	The financial year in which the transfer took place.
11.	Transfer by any mode other than the modes referred to in serial numbers 1 to 10.	The financial year in which the transfer took place.
<p>(2) Notwithstanding anything in sub-section (1),—</p> <p>(a) any money or asset received under an insurance from an insurer on account of damage or destruction of an insured asset referred to in sub-clause (m) of clause (253) of section 320 shall be deemed to be the income of the recipient of the financial year in which the money or asset is received;</p> <p>(b) any money or asset received by the participant on account of his retirement from an unincorporated body referred to in sub-clause (o) of clause (253) of section 320 shall be deemed to be the income of the recipient of the financial year in which the money or asset is received;</p> <p>(c) any money or asset received by the shareholder on account of liquidation or dissolution of a company referred to in sub-clause (h) of clause (253) of section 320 as reduced by the amount assessed as dividend within the meaning of sub-clause (c) of clause (74) of section 320, shall be deemed to be the income of the recipient of the financial year in which the money or asset is received;</p> <p>(d) any consideration from transfer made by the depository or participant of any beneficial interest in a security shall be deemed to be the income of the beneficial owner of the financial year in which such transfer took place;</p>		

	<p>(e) the amount referred to in clause (a) of sub-section (3) of section 46 shall be the income of the financial year in which such amount is withdrawn;</p> <p>(f) the amount referred to in clause (b) of sub-section (3) of section 46 shall be the income of the third financial year immediately following the financial year in which the transfer of the original asset is effected.</p> <p>(g) the amount referred to in clause (c) of sub-section (3) of section 46 shall be the income of the financial year in which any condition referred to in sub-section (6) of section 55 is not complied with.</p> <p>(3) In the cases referred to in items 1, 2 and 3 of the TABLE in sub-section (1), the income from transfer of an investment asset shall be deemed to be the income of the successor, if the predecessor ceases to exist in the financial year in which such transfer is taxable in terms of provisions of this section.</p> <p>(4) In clause (d) of sub-section (2), “beneficial owner” shall have the meaning assigned to it in clause (a) of sub-section (1) of section 2 of the Depositories Act, 1996.</p>	22 of 1996
	<p>49. (1) The income from the transfer of any investment asset during the financial year shall be the full value of the consideration accrued or received as a result of the transfer, as reduced by the aggregate amount of the deductions referred to in section 51.</p> <p>(2) The income arising to a non-resident from the transfer of an investment asset, being a security and purchased in foreign currency, shall be computed –</p> <p>(i) by converting the cost of acquisition, the amount of expenditure incurred wholly and exclusively in connection with such transfer and the full value of consideration received or accruing as a result of the transfer of the asset, into the same foreign currency in which such asset was purchased; and</p> <p>(ii) the income so computed in such foreign currency shall be reconverted into Indian currency.</p> <p>(3) For the purposes of sub-section (2), the conversion of Indian currency into foreign currency and the re-conversion of foreign currency into Indian currency shall be at the rate of exchange to be determined in such manner as may be prescribed.</p> <p>(4) For the purpose of computation of income from the transfer of an investment asset, being any beneficial interest in respect of securities referred to in clause (d) of sub-section (2) of section 48, the cost of acquisition and the period of holding of such securities shall be determined on the basis of first-in-first-out method.</p>	Computation of income from transfer of any investment asset.
	<p>50. (1) The full value of the consideration shall be the amount received by, or accruing to, the transferor, or a person referred to in sub-section (2) of section 48, as the case may be, directly or indirectly, as a result of the transfer of the investment asset.</p> <p>(2) Notwithstanding anything in sub-section (1), the full value of the consideration, in the following circumstances, shall be—</p> <p>(a) the amount of compensation awarded in the first instance or the consideration determined or approved in the first instance by the Central Government or the Reserve Bank of India or the amount by which such compensation or consideration is enhanced or further enhanced by any court, tribunal or other authority, as the case may be, if the transfer of the investment asset is by the mode specified in sub-clause (c) of clause (253) of section 320;</p> <p>(b) the fair market value of the asset as on the date of the transfer, if the transfer is by the mode specified in sub-clause (d) of clause (253) of section 320;</p>	Full value of consideration

	<p>(c) the amount recorded in the books of account of the company or an unincorporated body as the value of the investment asset, if the transfer of the investment asset is by the mode specified in sub-clause (f) of clause (253) of section 320;</p> <p>(d) the fair market value of the asset as on the date of the transfer, if such transfer is by the mode specified in sub-clause (g) of clause (253) of section 320;</p> <p>(e) the amount of money, or the fair market value of the asset as on the date of distribution of such asset, received by a shareholder from a company under liquidation or dissolution, as reduced by the amount of dividend within the meaning of sub-clause (c) of clause (74) of section 320, if the transfer is by the mode specified in sub-clause (h) of clause (253) of section 320;</p> <p>(f) the amount of money, or the fair market value of the asset as on the date of the receipt of such asset, received under an insurance from an insurer, if the transfer is by the mode specified in sub-clause (m) of clause (253) of section 320;</p> <p>(g) the amount of money, or the fair market value of the asset as on the date of distribution of such asset, received by the participant, if the transfer is by the mode specified in sub-clause (o) of clause (253) of section 320 ;</p> <p>(h) the higher of the stamp duty value or the amount as referred to in sub-section (1), of the asset, being land or building.</p> <p>(3) Where the amount of compensation or consideration referred to in clause (a) of sub-section (2) is subsequently reduced by any court, tribunal or other authority, the compensation or consideration as so reduced shall be taken to be the full value of consideration.</p> <p>(4) Where the enhanced compensation or consideration referred to in clause (a) of sub-section (2) is received by any person other than the transferor, the said amount shall be deemed to be the income of such other person and the provisions of sections 46 to 55 (both inclusive) shall accordingly apply.</p> <p>(5) Where the full value of consideration of an investment asset referred to in sub-section (1) is not ascertainable or cannot be determined, then the fair market value of the said investment asset on the date of transfer shall be deemed to be the full value of consideration.</p>	
<p>Deduction for cost of acquisition etc.</p> <p>23 of 2004</p>	<p>51. (1) The deductions for the purposes of computation of income from the transfer of an investment asset shall be the following, namely:—</p> <p>(i) the cost of acquisition, if any, of the asset;</p> <p>(ii) the cost of improvement, if any, of the asset; and</p> <p>(iii) the amount of expenditure, if any, incurred wholly and exclusively in connection with the transfer of the asset.</p> <p>(2) In the case of transfer of an investment asset, being an equity share in a company or a unit of an equity oriented fund and such transfer is chargeable to securities transaction tax under Chapter VII of the Finance (No.2) Act, 2004,—</p> <p>(a) where the asset is held for a period of more than twelve months immediately preceding the date of its transfer,</p> <p>(i) if the income computed after giving effect to sub-section (1) is a positive income, a deduction amounting to hundred per cent. of the income so arrived at shall be allowed;</p> <p>(ii) if the income computed after giving effect to sub-section (1) is a negative income, the income from transfer of such asset shall be treated as nil;</p> <p>(b) where the asset is held for a period of less than twelve months immediately preceding</p>	

	<p>the date of its transfer,-</p> <p>(i) if the income computed after giving effect to sub-section (1) is a positive income, a deduction amounting to fifty per cent. of the income so arrived at shall be allowed;</p> <p>(ii) if the income computed after giving effect to sub-section (1) is a negative income, the income from transfer of such asset shall be fifty per cent. of the income so arrived at.</p> <p>(3) If an investment asset, other than that referred to in sub-section (2) of this section or sub-section (5) of section 53, is transferred at any time after one year from the end of the financial year in which the asset is acquired by the person, the deductions for the purposes of computation of income from the transfer of such asset shall be the following, namely:—</p> <p>(i) the indexed cost of acquisition, if any, of the asset;</p> <p>(ii) the indexed cost of improvement, if any, of the asset;</p> <p>(iii) the amount of expenditure, if any, incurred wholly and exclusively in connection with the transfer of the asset; and</p> <p>(iv) the amount of relief for rollover of the asset, as determined under section 55.</p>	
	<p>52. (1) The indexed cost of acquisition of an investment asset referred to in clause (i) of sub-section (3) of section 51 shall be the amount determined in accordance with the formula—</p> $A \times \frac{B}{C}$ <p>where-</p> <p>A = the cost of acquisition of the asset;</p> <p>B = the Cost Inflation Index for the financial year in which the asset is transferred;</p> <p>C = the Cost Inflation Index for the financial year, -</p> <p>(i) in which the asset was acquired by the person;</p> <p>(ii) in which the asset was acquired by the previous owner, where the asset was acquired by the person by any of the special modes of acquisition; or</p> <p>(iii) beginning on the 1st day of April 2000, whichever is later.</p> <p>(2) The indexed cost of improvement of an investment asset referred to in clause (ii) of sub-section (3) of section 51 shall be the amount determined in accordance with the formula—</p> $A \times \frac{B}{C}$ <p>where-</p> <p>A = the cost of improvement of the asset;</p> <p>B = the Cost Inflation Index for the financial year in which the asset is transferred;</p> <p>C = the Cost Inflation Index for the financial year,-</p> <p>(i) in which the asset was acquired by the person;</p> <p>(ii) in which the asset was acquired by the previous owner, where the asset was acquired by the person by any of the special modes of acquisition; or</p> <p>(iii) beginning on the 1st day of April, 2000, whichever is later.</p>	<p>Indexed cost of acquisition or improvement</p>

<p>Cost of acquisition of an investment asset</p>	<p>53. (1) Unless otherwise provided, the cost of acquisition of an investment asset, shall be-</p> <ul style="list-style-type: none"> (a) the purchase price of the asset; or (b) at the option of the person, the fair market value of the asset on the 1st day of April, 2000, if the asset was acquired by the person before such date. <p>(2) The cost of acquisition of an investment asset specified in column (2) of the Fifteenth Schedule, acquired by the mode specified in column (3) of the said Schedule, shall be the cost specified in column (4) thereof.</p> <p>(3) The cost of acquisition of an investment asset acquired by a person by any of the special modes of acquisition, shall be—</p> <ul style="list-style-type: none"> (a) the cost at which the asset was acquired by the previous owner; (b) at the option of the person, the fair market value of the asset on the 1st day of April, 2000, if the asset was acquired by the previous owner before such date; or (c) the fair market value or the stamp duty value, as the case may be, on the date of distribution of the asset, if the asset was acquired by the modes referred to in item (v) or item (vi) of sub-clause (b) of clause (226) of section 320. <p>(4) The cost of acquisition of an investment asset referred to in clause (h) or clause (i) or clause (j) of sub-section (2) of section 58 shall be the fair market value or the stamp duty value, as the case may be, which has been taken into account for the purposes of the said clauses.</p> <p>(5) The cost of acquisition of an investment asset being an undertaking or division of a business transferred by way of a slump sale referred to in sub-clause (l) of clause (253) of section 320 shall be the net worth of such undertaking or division.</p> <p>(6) The cost of acquisition of an investment asset forming part of a bundle of investment assets acquired by any participant, on distribution of the asset to him on account of his retirement from any unincorporated body, shall be the amount determined in accordance with the formula—</p> $A - (B + C)$ <p>where,-</p> <p>A= the amount payable to the participant as appearing in the books of account of the unincorporated body on the date of distribution;</p> <p>B= any amount attributable to the change in the value of the bundle of investment asset on account of revaluation of the bundle, if any, up to the date of distribution; and</p> <p>C= the cost of acquisition of any other asset, forming part of the bundle acquired by the participant, on distribution of the asset to him on account of his retirement from any unincorporated body if the cost of acquisition has been allowed as a deduction under section 51 in any earlier financial year.</p> <p>(7) The cost of acquisition of an investment asset referred to in clause (d) or clause (e) or clause (f) or clause (m) or clause (n) or clause (o) or clause (p) of sub-section (1) of section 47 shall be the full value of consideration for which the asset was acquired by the transferee company or the limited liability partnership, as the case may be.</p> <p>(8) The cost of acquisition of an investment asset shall be nil, in relation to—</p> <ul style="list-style-type: none"> (a) an investment asset which is self-generated; (b) the asset which is acquired by way of compulsory acquisition and the compensation or consideration for such acquisition is enhanced or further enhanced by a court, Tribunal or any other authority; or (c) the asset where the cost of acquisition to the person or the previous owner, if any, 	
---	---	--

	<p>cannot be determined or ascertained, for any reason.</p> <p>(9) For the purposes of this section, the purchase price shall include such expenses incidental to purchase, if borne by the person, as may be prescribed.</p>	
	<p>54. (1) The cost of improvement of an investment asset shall be any expenditure of a capital nature incurred in making any additions or alterations to the asset—</p> <p>(a) by the person; or</p> <p>(b) by the previous owner, if the asset is acquired by any special mode of acquisition.</p> <p>(2) The cost of improvement of the investment asset, notwithstanding anything in sub-section (1), where the asset became the property of the person or the previous owner before the 1st day of April, 2000, shall be any capital expenditure incurred for any addition or alteration to such asset on or after the 1st day of April, 2000.</p> <p>(3) The cost of improvement of an investment asset shall, notwithstanding anything in sub-section (1), be <i>nil</i> in relation to—</p> <p>(a) an investment asset which is self generated;</p> <p>(b) an investment asset being an undertaking or division transferred by way of a slump sale referred to in sub-clause (l) of clause (253) of section 320; or</p> <p>(c) any investment asset if the cost of improvement cannot be determined or ascertained, for any reason.</p> <p>(4) Any expenditure deductible in computing the income under any other head of income shall not be taken into account while computing the cost of improvement.</p> <p>(5) For the purposes of section 52, section 53 and this section, “previous owner” in relation to any investment asset owned by a person means the last previous owner of the investment asset, who acquired it by a mode of acquisition other than those referred to in clause (226) of section 320.</p>	<p>Cost of improvement of an investment asset</p>
<p>Relief for rollover of investment asset</p>	<p>55. (1) An individual or a Hindu undivided family shall be allowed a deduction, in respect of rollover of any original investment asset referred to in sub-section (3) of section 51, from the capital gain arising from the transfer of the asset in accordance with the provisions of this section.</p> <p>(2) The deduction referred to in sub-section (1) shall be computed in accordance with the formula—</p> $(B+C+D)$ $A \times \frac{\quad}{E}$ <p>where-</p> <p>A = the amount of capital gains arising from the transfer of the original investment asset;</p> <p>B = the amount invested for purchase or construction of the new asset referred to in sub-section (6) within a period of one year before the date of transfer of original investment asset;</p> <p>C = the amount invested for purchase or construction of the new asset referred to in sub-section (6) by the end of the financial year in which the transfer of the original investment asset is effected or six months from the date of transfer, whichever is later;</p> <p>D = the amount deposited in an account in any bank by the end of the financial year in</p>	

which the transfer of original investment asset is effected or six months from the date of transfer, whichever is later, in accordance with the Capital Gains Deposit Scheme framed by the Central Government in this behalf;

E = the net consideration received as a result of the transfer of the original investment asset.

(3) The deduction computed under sub-section (2) shall not exceed the amount of capital gains arising from the transfer of the investment asset.

(4) Any amount withdrawn from an account under the Capital Gains Deposit Scheme shall be utilised within a period of one month from the end of the month in which the amount is withdrawn, for the purposes of purchase or construction of the new asset.

(5) The amount deposited in the account under the Capital Gains Deposit Scheme shall be utilised for the purposes of purchase or construction of the new asset within a period of three years from the end of the financial year in which the transfer of the original asset is effected.

(6) The deduction under this section in respect of capital gain arising from the transfer of an investment asset, specified in column (2) of the Table given below, shall be allowed with reference to the corresponding new investment asset referred to in column (3) of the said Table, subject to the fulfilment of conditions specified in column (4) thereof:

TABLE
ROLLOVER RELIEF

Serial number	Description of the original investment asset	Description of the new investment asset	Conditions
(1)	(2)	(3)	(4)
1.	Agricultural land	One or more pieces of agricultural land.	<p>(1) The original investment asset was—</p> <p>(i) an agricultural land during two years immediately preceding the financial year in which the asset is transferred;</p> <p>(ii) acquired at least one year before the beginning of the financial year in which the transfer of the asset took place;and</p> <p>(2) the new asset shall not be transferred within one year from the end of the financial year in which the new asset is acquired.</p>
2.	Any investment asset	one residential house	<p>(1) the assessee does not own more than one residential house, other than the new investment asset, on the date of transfer of the original investment asset;</p> <p>(2) the original investment asset was acquired at least three years before the beginning of the financial year in which the transfer of the asset took place;and</p>

	<p>(3) the new asset shall not be transferred within three years from the end of the financial year in which the new asset is acquired or constructed.</p> <p>(7) For the purposes of this section, where the transfer of the original asset is by way of compulsory acquisition under any law and the amount of compensation awarded for such acquisition is not received by the person on the date of such transfer, the period for acquiring the new asset or the period for depositing the amount in the account under the Capital Gains Deposit Scheme, as the case may be, shall be reckoned from the date of receipt of such compensation.</p> <p>(8) In this section, “net consideration” means the full value of consideration received or accruing as a result of the transfer of an investment asset as reduced by any expenditure incurred wholly or exclusively in connection with such transfer.</p>	
	<p>E. — <i>Income from residuary sources</i></p>	
Income from residuary sources	<p>56. The income of every kind falling under the class ‘Income from ordinary sources’, shall be computed under the head “Income from residuary sources”, if it is not required to be included in computing the income under any of the heads of income specified in items A to D of section 14.</p>	
Computation of income from residuary sources	<p>57. The income computed under the head “Income from residuary sources” shall be the gross residuary income as reduced by the amount of deductions referred to in section 59.</p>	
Gross residuary income	<p>58. (1) The gross residuary income shall include all accruals, or receipts, in the nature of income or deemed income, which do not form part of —</p> <ul style="list-style-type: none"> (a) income from special sources; (b) income under any of the heads of income specified in items A to D of section 14. <p>(2) The gross residuary income shall, in particular and without prejudice to the generality of the provisions of sub-section (1), include the following, namely:—</p> <ul style="list-style-type: none"> (a) dividends,; (b) interest, other than interest- <ul style="list-style-type: none"> (i) accrued to, or received by, a financial institution, a money lender, a participant of an unincorporated body from such body; or (ii) incidental to the business; (c) interest received on compensation or on enhanced compensation; (d) income from the activity of owning and maintaining horses for the purpose of horse race; (e) any amount received from employees as contributions to any fund set up for their welfare, if the income is not included under the head “Income from business”; (f) income from machinery, plant or furniture belonging to the person and let on hire, if the income is not included under the head “Income from business”; 	

- (g) any amount received under a keyman insurance policy including the sum allocated by way of bonus on such policy, if such income is not included under the heads "Income from employment" or "Income from business";
- (h) the aggregate of any moneys and the value of any specified property, not being an immovable property, received for inadequate consideration or without consideration, by an individual or a Hindu undivided family;
- (i) the value of any specified property, being an immovable property received without consideration or for inadequate consideration by an individual or a Hindu undivided family;
- (j) the value of any property being shares of a closely-held company received for inadequate consideration or without consideration, by a firm or a company;
- (k) the amount by which the aggregate value of consideration for issue of shares, received by a closely held company from a resident, exceeds the fair market value of such shares;
- (l) the amount of voluntary contribution received by a person, other than an individual or a Hindu undivided family or a non-profit organisation, from any other person;
- (m) any amount received, or retained, on account of settlement or breach of any contract, if not included under the head "Income from business";
- (n) any amount deemed to be the income under sub-section (5) of section 78;
- (o) any consideration accrued, or received, in respect of transfer of any business asset, which is self-generated, if the consideration is not included under the head "Income from business";
- (p) any amount accrued, or received, on account of the cessation, termination or forfeiture in respect of any agreement entered into by the person, if the amount is not included under the head "Income from business";
- (q) any income of a resident, attributable to a Controlled Foreign Company, computed in accordance with the Second Schedule;
- (r) any amount received, as advance, security deposit or otherwise, from the long-term leasing, of whole or part of, or any interest in, any investment asset;
- (s) any amount by way of advance, security deposit or of similar nature received and retained on account of negotiations for transfer of whole or part of, or any interest in, any investment asset;
- (t) amount of any benefit accrued to, or received by, the person, if the amount is not included under the head "Income from business" and if—
 - (i) it is by way of remission or cessation of any liability including statutory liability or in respect of any loss or expenditure; and
 - (ii) such liability or loss or expenditure has been allowed as a deduction in any financial year;
- (u) any sum received as family pension;

(3) For the purposes of sub-section(1), any payment or aggregate of payments made to a person in a day, in respect of a liability incurred and allowed as a deduction in any preceding financial year, otherwise than by an account payee cheque drawn on a bank or account payee bank draft shall be the deemed income of the person, if –

- (i) such payment or aggregate of payments exceeds a sum of twenty thousand rupees; and

(ii) the expenditure or liability has not been incurred in such cases and circumstances as specified in sub-section (4) of section 34.

(4) The amount referred to in clause (h) or clause (i) of sub-section (2) shall not include any amount received—

- (a) from any relative;
- (b) on the occasion of the marriage of the individual;
- (c) under a will or by way of inheritance;
- (d) in contemplation of death of the payer;
- (e) from any local authority; or
- (f) from any non-profit organisation.

(5) In this section,—

(a) “relative” shall not include any person referred to in sub-clause (g) of clause (203) of section 320;

(b) “specified property” means—

(i) immovable property being land or building or both;

(ii) shares and securities;

(iii) jewellery;

(iv) bullion;

(v) archaeological collections;

(vi) drawings;

(vii) paintings;

(viii) sculptures; or

(ix) any work of art;

(c) value of any property referred to in clause (h) or clause (i) or clause (j) of sub-section (2), as the case may be, shall be—

(i) the stamp duty value in the case of an immovable property as reduced by the amount of consideration, if any, paid by the person; and

(ii) the fair market value in the case of any other property as reduced by the amount of consideration, if any, paid by the person;

(d) for the purposes of determination of value of any property in sub-clause (i) of clause (c) above, where the date of the agreement fixing the amount of consideration for the transfer of immovable property and the date of registration are not the same, the value shall be taken as on the date of the agreement if a part of the consideration is paid by a mode other than cash.

(6) The provisions of clause (j) of sub-section (2) shall not apply to any property received by way of a transaction not regarded as a transfer under clause (f) or clause (g) or clause (h) or clause (j) or clause (k) or clause (l) of sub-section (1) of section 47.

(7) The provisions of clause (k) of sub-section (2) shall not apply to any consideration for issue of shares received-

(i) by a venture capital undertaking from a venture capital company or a venture

	<p>capital fund; or</p> <p>(ii) by a company from a class or classes of persons as may be notified by the Central Government.</p>	
<p>Deduction from gross residuary income</p>	<p>59. (1) The deductions for the purposes of computation of income from residuary sources shall be the aggregate of—</p> <p>(a) the amount of expenditure specified in sub-section (2), if—</p> <p>(i) the expenditure (not being in the nature of capital expenditure) is laid out or expended, wholly and exclusively, for the purposes of making or earning the gross residuary income; and</p> <p>(ii) it fulfills all other conditions, if any, specified therein; and</p> <p>(b) the amount of deductions specified in sub-section (3) subject to the fulfilment of the conditions, if any, specified therein; and</p> <p>(c) any amount received during the financial year as dividend from a controlled foreign company as referred to in clause (q) of sub-section (2) of section 58, to the extent such amount has been included in the total income of the assessee in any preceding financial year in accordance with the provisions of the said clause.</p> <p>(2) The amount of expenditure referred to in clause (a) of sub-section (1) shall be the following, namely:—</p> <p>(a) any reasonable sum paid by way of remuneration or commission for the purpose of realising the income referred to in clause (a) or clause (b) of sub-section (2) of section 58;</p> <p>(b) the amount determined, so far as may be, in accordance with the provisions of clause (v) of sub-section (2) of section 35 in respect of the income of the nature referred to in clause (f) of sub-section (2) of section 58 ;</p> <p>(c) the amount determined, so far as may be, in accordance with the provisions of clause (xxx) of sub-section (2) of section 35 in respect of income of the nature referred to in clause (e) of sub-section (2) of section 58;</p> <p>(d) the amount determined, so far as may be, in accordance with the provisions of section 37 and subject to the provisions of sub-section (3) of section 34 in respect of income of the nature referred to in clause (f) of sub-section (2) of section 58-</p> <p>(e) any other expenditure not covered under clause (a) to (d).</p> <p>(3) The amount of deduction referred to in clause (b) of sub-section (1) shall be the following, namely:—</p> <p>(a) the amount equal to thirty-three and one-third per cent. of income or fifteen thousand rupees, whichever is less, in respect of family pension;</p> <p>(b) the aggregate amount referred to in clause (h) or clause (i) or clause (j) of sub-section (2) of section 58 to the extent the aggregate does not exceed fifty thousand rupees; and</p> <p>(c) the repayment of advance or security deposit from long-term leasing referred to in clause (r) of sub-section (2) of section 58, in the financial year in which such repayment is made;</p> <p>(d) the repayment of any advance or security deposit retained on account of negotiations for transfer of an investment asset or interest therein, referred to in clause (s) of sub-section (2) of section 58, in the financial year in which such repayment is made.</p> <p>(4) In the case of the income referred to in clause (c) of sub-section (2) of section 58, the amount</p>	

	<p>of deduction shall be a sum equal to fifty per cent. of such income and no deduction shall be allowed under any other provision of this section.</p> <p>(5) The following amounts shall not be allowed as a deduction, namely:—</p> <p>(a) any amount relating to personal expenses of the person;</p> <p>(b) any amount of tax, interest or penalty paid under this Code or the Income-tax Act, 1961 or the Wealth- tax Act, 1957, as they stood before the commencement of this Code; or</p> <p>(c) any payment or aggregate of payments made to a person in a day, otherwise than by an account payee cheque drawn on a bank or account payee bank draft, if—</p> <p>(i) the payment or aggregate of payments is in respect of any expenditure referred to in clause (a) of sub-section (1);</p> <p>(ii) the payment or aggregate of payments exceeds a sum of twenty thousand rupees; and</p> <p>(iii) it has not been incurred in such cases and under such circumstances, as specified in sub-section (4) of section 34.</p> <p>(6) In this Chapter, “capital sum assured” in relation to a life insurance policy means the minimum amount assured under the policy on the happening of the insured event at any time during the term of the policy not taking into account—</p> <p>(i) the value of any premium agreed to be returned; or</p> <p>(ii) any benefit, by way of bonus or otherwise, over and above the sum assured, which is to be received or may be received by any person under the policy.</p> <p>Deductions from gross residuary income.</p>	43 of 1961 27 of 1957
	III. —AGGREGATION OF INCOME	
Aggregation of income under a head of income.	<p>60. (1) The income from each source falling under a head of income for a financial year shall be aggregated and the income so aggregated shall be the current income under that head for the financial year.</p> <p>(2) The income from the transfer of each investment asset during the financial year, as computed under section 49, shall be aggregated and the net result of such aggregation shall be the current capital gains income, for the financial year.</p> <p>(3) The current capital gains income referred to in sub-section (2) shall be aggregated with the unabsorbed brought forward capital loss, if any, and where the net result of such aggregation is -</p> <p>(i) positive or nil, it shall be the income under the head “Capital gains”;</p> <p>(ii) negative, the income under the head “Capital gains” shall be treated as nil and such loss shall be carried forward and set off against the income from capital gains in the following financial year upto seven financial years immediately succeeding the current financial year.</p> <p>(4) Notwithstanding anything in sub-section (1), the income from each business other than speculative business referred to in sub-section (3) of section 31 shall be aggregated and the income so aggregated shall be the current non-speculative business income, for the financial year.</p> <p>(5) Notwithstanding anything in sub-section (1), the income from each speculative business shall be aggregated and the income so aggregated shall be the current speculative business income, for the financial year.</p> <p>(6) The current speculative business income referred to in sub-section (5) shall be aggregated with the unabsorbed brought forward speculative loss, if any, and where the net result of such aggregation is -</p>	

- (i) positive or nil, it shall be the speculative business income;
- (ii) negative, the speculative business income shall be treated as nil and such loss shall be carried forward and set off against the speculative business income in the following financial year upto seven financial years immediately succeeding the current financial year.

(7) The aggregate of the current non-speculative business income computed in accordance with sub-section (4) and the speculative business income computed in accordance with sub-section (6) shall be the income under the head "Income from business".

(8) Notwithstanding anything in sub-section (1), the income from the activity of owning and maintaining horses for the purpose of horse race, for the financial year, shall be aggregated with unabsorbed brought forward loss from the activity of owning and maintaining horses for the purpose of horse race, and where the net result of such aggregation is -

- (i) positive or nil, it shall be the income from the activity of owning and maintaining horses for the purpose of horse race;
- (ii) negative, the income from the activity of owning and maintaining horses for the purpose of horse race shall be treated as nil and such loss shall be carried forward and set off against the income from such activity in the following financial year upto seven financial years immediately succeeding the current financial year.

(9) The income of every kind referred to in section 58, other than income from the activity of owning and maintaining horses for the purpose of horse race, shall be aggregated with income from the activity of owning and maintaining horses for the purpose of horse race as computed in accordance with sub-section (8) and the income so aggregated shall be the income under the head "Income from residuary sources".

(10) For the purposes of this section-

- (a) "loss from the activity of owning and maintaining horses for the purpose of horse race" means-
 - (i) in a case where the assessee has no income by way of stake money, the amount of expenditure other than capital expenditure laid out or expended wholly and exclusively for the purposes of maintaining race horses;
 - (ii) in a case where the assessee has income by way of stake money, the amount by which such income falls short of the amount of expenditure (other than capital expenditure) laid out or expended by the assessee wholly and exclusively for the purposes of maintaining race horses;
- (b) "income by way of stake money" means the gross amount of prize money received on a race horse or race horses by the owner thereof on account of the horse or horses or any one or more of the horses winning or being placed second or in any lower position in horse races;
- (c) "unabsorbed brought forward capital loss" for a financial year shall be the loss allowed to be carried forward under sub-section (3) and which is not absorbed in the preceding financial years;
- (d) "unabsorbed brought forward speculative loss" for a financial year shall be the loss allowed to be carried forward under sub-section (6) and which is not absorbed in the preceding financial years;
- (e) "unabsorbed brought forward loss from the activity of owning and maintaining horses for the purpose of horse race" for a financial year shall be the loss allowed to be carried forward under sub-section (8) and which is not absorbed in the preceding financial years.

	<p>61. (1) Subject to the provisions of sub-section (2), the current Income from ordinary sources shall be the aggregate of—</p> <ul style="list-style-type: none"> (a) income under the head ‘Income from employment’ as determined under sub-section (1) of section 60; (b) income under the head ‘Income from house property’ as determined under sub-section (1) of section 60; (c) income under the head ‘Income from business’ as referred to in sub-section (7) of section 60; (d) income under the head ‘Capital gains’ as referred to in sub-section (3) of section 60; and (e) income under the head ‘Income from residuary sources’ as referred to in sub-section (9) of section 60. <p>(2) The loss under the head ‘Income from business’, if any, shall not be allowed to be set-off against income under the head ‘Income from employment’.</p> <p>(3) The current income from ordinary sources referred to in sub-section (1) shall be aggregated with the unabsorbed preceding year loss from the ordinary sources, if any, subject to the provisions of sub-section (4).</p> <p>(4) The unabsorbed preceding year loss from ordinary sources shall be allowed to be set-off against the current income from ordinary sources, subject to the following conditions, namely:-</p> <ul style="list-style-type: none"> (a) so much of the unabsorbed preceding year loss from ordinary sources as it pertains to the head ‘Income from business’, shall be allowed to be set-off against income from any head referred to in sub-section (1), other than income under the head ‘Income from employment’; (b) so much of the unabsorbed preceding year loss from ordinary sources as it pertains to the head ‘Income from house property’ in respect of one house property mentioned in sub-section (6) of section 26, shall be allowed to be set-off against income from any head referred to in sub-section (1); (c) so much of the unabsorbed preceding year loss from ordinary sources as it pertains to the head ‘Income from house property’, other than loss in respect of one house property mentioned in sub-section (6) of section 26, shall be allowed to be set-off only against income under the head “Income from house property” ; (d) so much of the unabsorbed preceding year loss from ordinary sources as it pertains to the head ‘Income from residuary sources’, shall be allowed to be set-off against income from any head referred to in sub-section (1). <p>(5) If the net result of aggregation under sub-section (3) is positive or nil, it shall be the gross total income from ordinary sources, for the financial year.</p> <p>(6) If the net result of aggregation under sub-section (3) is negative, the absolute value of the net result shall be the unabsorbed current loss from ordinary sources, for the financial year.</p> <p>(7) For the purposes of this section, unabsorbed preceding year loss from ordinary sources for a financial year shall be the unabsorbed current loss from ordinary sources as determined under sub-section (6), for the immediately preceding financial year.</p>	<p>Aggregation of income from ordinary sources.</p>
	<p>62. (1) The income from a special source referred to in Part III of the First Schedule shall be the current income from the special source for the financial year.</p>	<p>Aggregation of income from special sources.</p>

	<p>(2) The current income from special source in respect of each special source computed under sub-section (1) shall be aggregated and the net result of the aggregation shall be the total income from special sources for the financial year.</p>	
	<p>63. The total income of a person for any financial year shall be computed in accordance with the formula—</p> $(A - B) + C$ <p>where-</p> <p>A = the gross total income from ordinary sources for the financial year;</p> <p>B = the aggregate amount of deductions allowed under sub-chapter IV; and</p> <p>C = the total income from special sources for the financial year.</p>	Determination of total income.
Special provisions relating to business re-organisation or conversion	<p>64. (1) In a business re-organisation of residents, or on conversion of a sole proprietary concern to a company as referred to in clause (m) of sub-section (1) of section 47, a company or a firm into a limited liability partnership as referred to in clause (n) or clause (p) of sub-section (1) of section 47 or a firm into a company as referred to in clause (o) of sub-section (1) of section 47, the unabsorbed current loss from ordinary sources of the predecessor in respect of the financial year in which business re-organisation or such conversion has taken place shall be deemed to be the unabsorbed preceding year loss from ordinary sources of the successor in respect of the financial year and the provisions of section 61 shall apply accordingly.</p> <p>(2) The provisions of sub-section (1) shall not apply in the case of a business re-organisation, if,-</p> <ol style="list-style-type: none"> the predecessor has not been engaged in the business, in which the accumulated loss occurred, for three or more years prior to the financial year in which such business re-organisation took place; the successor in a business re-organisation does not satisfy the test of continuity of business. <p>(3) In the case of conversion, the provisions of sub-section (1) shall not apply, if,-</p> <ol style="list-style-type: none"> the predecessor is a sole proprietary concern or a firm, the shareholding of the sole proprietor or the participant, as the case may be, ceases to be less than fifty per cent. of the total value of the shares of the successor company at any time during the period of five years immediately succeeding the financial year in which the business re-organisation takes place; any of the conditions, specified in clause (m), clause (n), clause (o) or clause (p), as the case may be, of sub-section (1) of section 47 are not fulfilled. <p>(4) Where the business re-organisation is in the nature of a demerger, the unabsorbed current loss from ordinary sources of the predecessor shall be deemed to be the unabsorbed preceding year loss from ordinary sources of the successor to the extent of,-</p> <ol style="list-style-type: none"> the entire loss where it is directly relatable to the undertakings transferred to the successor; the loss which is in the same proportion in which the assets of the undertakings have been retained by the predecessor and transferred to the successor. <p>(5) The total income of the financial year in which, the business re-organisation or the conversion referred to in sub-section (1) took place, and of all the subsequent financial years shall, notwithstanding anything in this Code, be rectified as if the provisions of this section had never been given effect to in those financial years, if conditions specified in sub-section (2) of this section or clause (m), clause (n), clause (o) or clause (p), as the case may be, of sub-section (1) of section 47 are not fulfilled at any time during five financial years immediately succeeding the financial year in</p>	

	<p>which re-organisation or conversion took place.</p> <p>(6) For the purposes of this section,-</p> <p>(a) “banking institution” shall have the meaning assigned to it in sub-section (15) of section 45 of the Banking Regulation Act, 1949;</p> <p>(b) “business re-organisation” involving amalgamation means amalgamation of -</p> <p>(i) a company engaged in manufacture or production of any article or thing with another company;</p> <p>(ii) a banking company referred to in clause (c) of section 5 of the Banking Regulation Act, 1949 with a specified bank or any other banking institution under a scheme sanctioned and brought into force by the Central Government under sub-section (7) of section 45 of the Banking Regulation Act, 1949; or</p> <p>(iii) a co-operative bank with another co-operative bank;</p> <p>(c) “co-operative bank” shall have the meaning assigned to it in clause (cci) of section 5 of the Banking Regulation Act, 1949;</p> <p>(d) “specified bank” means the State Bank of India constituted under the State Bank of India Act, 1955 or a subsidiary bank as defined in the State Bank of India (Subsidiary Banks) Act, 1959 or a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 or under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980.</p>	<p>10 of 1949</p> <p>10 of 1949</p> <p>10 of 1949</p> <p>10 of 1949</p> <p>23 of 1955 38 of 1959 5 of 1970 40 of 1980</p>
	<p>65. (1) The amount of unabsorbed current loss from ordinary sources referred to in sub-section (6) of section 61, for the financial year ending on the date of the retirement, or death, of a participant, shall be reduced by the amount in proportion of the share of the retired, or deceased, participant.</p> <p>(2) The amount so reduced under sub-section (1) shall be the unabsorbed preceding year loss from ordinary sources, for the financial year beginning on the date immediately following the date of retirement, or death, of a participant for the purposes of sub-section (7) of section 61.</p> <p>(3) The provisions of this section shall apply notwithstanding anything in any other provision of this Code.</p> <p>(4) In this Code, any reference to the unabsorbed preceding year loss from ordinary sources in respect of an unincorporated body where a change has occurred in its constitution due to death, or retirement, of its participant, shall be construed as a reference to the amount so reduced under sub-section (1).</p>	<p>Aggregation of losses in case of change in constitution of unincorporated body.</p>
	<p>66. (1) Notwithstanding anything in this Chapter a closely-held company shall not be allowed to aggregate any unabsorbed preceding year loss from ordinary sources with the income of the financial year unless it satisfies the test of continuity of ownership.</p> <p>(2) The closely held company shall satisfy the test of continuity of ownership referred to in sub-section (1), if the shares of the company beneficially held by persons, carrying not less than fifty-one per cent. of the voting power on the last day of the financial year or years in which the loss was incurred, are held by the same persons on the last day of the financial year in which such loss is claimed to be aggregated with the income of that year.</p> <p>(3) For the purposes of calculating the percentage of voting power under sub-section (2),—</p> <p>(a) any change in the voting power in the relevant financial year due to the death of a shareholder or on account of transfer of shares by way of gift to any relative of the</p>	<p>Aggregation of losses in the case of certain companies.</p>

	<p>donor shareholder shall be ignored;</p> <p>(b) any change in the shareholding of an Indian company, which is a subsidiary of a foreign company, as a result of amalgamation or demerger of a foreign company, shall be ignored, if fifty-one per cent. shareholders of the amalgamating or demerged foreign company continue to be the shareholders of the amalgamated or the resulting foreign company.</p>	
Aggregation of loss not to be allowed in case of filing of return after due date.	67. Notwithstanding anything in this Code, if the return of tax bases for a financial year is not furnished by the due date, the amount of current loss from ordinary sources as computed under sub-section (1) of section 61, current capital loss as computed under sub-section (2) of section 60, current speculative business loss as computed under sub-section (5) of section 60, loss from the activity of owning and maintaining horses for the purpose of horse races for the current financial year, shall not be carried forward and set-off under sections 60 and 61 in any subsequent financial years.	
	<i>IV - TAX INCENTIVES</i>	
Deductions from gross total income from ordinary sources.	<p>68. (1) A person shall be allowed the deductions specified in this Sub-chapter from his gross total income from ordinary sources for the financial year.</p> <p>(2) The aggregate amount of the deductions under this Sub-chapter shall not exceed the gross total income from ordinary sources for the financial year.</p> <p>(3) Any sum, which qualifies for a deduction under this Sub-chapter in any financial year, shall not qualify for deduction—</p> <p>(a) under any other provision of this Code for the same or any other financial year; or</p> <p>(b) in the case of any other person.</p> <p>(4) The provisions of sub-section (3) shall apply whether full deduction of the sum referred to therein has been allowed or not.</p>	
Deduction for savings.	<p>69. (1) A person, being an individual, shall be allowed a deduction for savings in respect of the aggregate of the sum referred to in sub-section (2) to the extent of one lakh rupees.</p> <p>(2) The sum referred to in sub-section (1) shall be the amount paid or deposited by the person in a financial year to his account or in account of his spouse or child, as the case may be, as his contribution to any approved fund.</p>	
Deduction for life insurance.	<p>70. (1) A person, being an individual or a Hindu undivided family, shall be allowed a deduction in respect of any sum paid or deposited to effect or keep in force an insurance on the life of persons specified in sub-section (3).</p> <p>(2) The insurance referred to in sub-section (1) shall be an insurance where the premium payable for any of the years during the term of the policy-</p> <p>(a) does not exceed fifteen per cent. of the capital sum assured where such policy is for the life insurance of a person, who is a person with disability or a person with severe disability; or</p> <p>(b) does not exceed ten per cent. of the capital sum assured in the case of any other person.</p> <p>(3) The person referred to in sub-section (1) shall be—</p>	

	<p>(a) the individual, spouse or any child of such individual; and</p> <p>(b) in case of a Hindu undivided family, any member of such family.</p>	
	<p>71. (1) A person, being an individual or a Hindu undivided family, shall be allowed a deduction in respect of any sum paid during the financial year to effect, or to keep in force, an insurance on the health of persons specified in sub-section (2) and in addition, in the case of an individual, any contribution made to the Central Government Health Scheme or such other scheme as may be notified by the Central Government.</p> <p>(2) The person referred to in sub-section (1) shall be—</p> <p>(a) the individual, spouse, or any dependant child or parents of such individual; and</p> <p>(b) in case of a Hindu undivided family, any member of such family.</p> <p>(3) The insurance under this section refers to a health insurance scheme framed by any insurer which is approved by the Insurance Regulatory and Development Authority.</p>	Deduction for health insurance.
	<p>72. (1) A person, being an individual or a Hindu undivided family, shall be allowed a deduction in respect of any sum paid during the financial year, if the sum is paid—</p> <p>(a) as tuition fee to any school, college, university or other educational institution situated within India; and</p> <p>(b) for the purpose of full time education of any two children of such individual or of any member of the Hindu undivided family.</p> <p>(2) In this section—</p> <p>(a) tuition fee shall not include any payment towards any development fee or donation or any payment of similar nature;</p> <p>(b) full time education shall include education in play school or pre-school.</p>	Deduction for education of children.
	<p>73. The aggregate amount of deductions under sections 70, 71 and 72 shall not exceed fifty thousand rupees.</p>	Limit on deductions under sections 70, 71 and 72.
Deduction of investment made under an equity saving scheme	<p>74. (1) A person, being a resident, shall be allowed a deduction of fifty per cent. of the amount invested in listed equity shares or listed units of an equity oriented fund in accordance with a scheme notified by the Central Government .</p> <p>(2) The deduction under sub-section (1) shall not exceed twenty-five thousand rupees.</p> <p>(3) The deduction under sub-section (1) shall be allowed for three consecutive financial years beginning with the financial year in which the listed equity shares or listed units of equity oriented fund were first acquired.</p> <p>(4) The deduction under sub-section (1) shall be subject to the following conditions, namely:—</p> <p>(i) the gross total income from ordinary sources of the assessee for the relevant financial year does not exceed twelve lakh rupees;</p> <p>(ii) the assessee is a new retail investor as may be specified under the scheme referred to in sub-section (1);</p> <p>(iii) the investment is made in such listed equity shares or listed units of equity</p>	

	<p>oriented fund as may be specified under the scheme referred to in sub-section (1);</p> <p>(iv) the investment is locked-in for a period of three years from the date of acquisition in accordance with the scheme referred to in sub-section (1); and</p> <p>(v) such other condition as may be prescribed.</p> <p>(5) If the assessee, in any financial year, fails to comply with any condition specified in sub-section (4), the deduction originally allowed shall be deemed to be the income of the assessee of such financial year and shall be liable to tax for the financial year.</p>	
	<p>75. (1) A person, being an individual, shall be allowed a deduction in respect of any amount paid by him in the financial year by way of interest on loan taken by him from any financial institution for the purpose of—</p> <p>(a) pursuing his higher education; or</p> <p>(b) higher education of his relatives.</p> <p>(2) The deduction specified in sub-section (1) shall be allowed in the initial financial year and seven financial years immediately succeeding the initial financial year or until the interest referred to in sub-section (1) is paid by the person in full, whichever is earlier.</p> <p>(3) In this section-</p> <p>(a) “financial institution” means a banking company or any other financial institution which the Central Government may, by notification, specify in this behalf;</p> <p>(b) “higher education” means any course of study pursued after passing the senior secondary examination, or its equivalent, conducted by any board or university recognised by the Central Government or the State Government or any authority authorised by the Government to do so;</p> <p>(c) “initial financial year” means the financial year in which the person begins to pay the interest on the loan;</p> <p>(d) “relative” means-</p> <p>(i) spouse of the individual;</p> <p>(ii) child of the individual; or</p> <p>(iii) a student for whom the individual is the legal guardian.</p>	<p>Deductin of interest on loan taken for higher education</p>
	<p>76. (1) A person, being resident individual or Hindu undivided family, shall be allowed a deduction in respect of any amount paid during the financial year for medical treatment of the prescribed disease or ailment of any specified person.</p> <p>(2) The amount of deduction under sub-section (1) shall not exceed—</p> <p>(a) sixty thousand rupees, if the amount is paid in respect of any specified person, who is a senior citizen; and</p> <p>(b) forty thousand rupees, in any other case.</p> <p>(3) The deduction under this section shall be reduced by the amount received, if any, under an insurance from an insurer, or reimbursed by an employer, for the medical treatment of the specified person.</p> <p>(4) The deduction under this section shall not be allowed unless the person obtains a certificate in such form as may be prescribed from a specialist working in a Government hospital.</p> <p>(5) In this section,—</p>	<p>Deduction for Medical treatment, etc.</p>

	<p>(a) “specified person” means—</p> <ul style="list-style-type: none"> (i) the individual; (ii) spouse of the individual; (iii) any dependant child of the individual; (iv) dependant parents of the individual; and (v) any member of the Hindu undivided family; <p>(b) “Government hospital” includes—</p> <ul style="list-style-type: none"> (i) a dispensary established and run by a department of the Government for the medical treatment of government employees and members of their family; (ii) a hospital maintained by a local authority; and (iii) any other hospital with which an agreement has been entered into by the Government for the treatment of its employees. 	
<p>Deduction to a person with disability</p>	<p>77. (1) A person, being resident individual, shall be allowed a deduction of an amount specified in sub-section (2), subject to the conditions specified in sub-section (3).</p> <p>(2) The amount of deduction under sub-section (1) shall be —</p> <ul style="list-style-type: none"> (a) one lakh rupees, if he is a person with severe disability; (b) fifty thousand rupees, if he is a person with disability. <p>(3) The deduction under sub-section (1) shall be allowed if the person obtains a certificate from a medical authority in such form and manner as may be prescribed and the certificate remains valid during the relevant financial year or part thereof.</p>	
<p>Deduction for medical treatment and maintenance of a dependant person with disability.</p>	<p>78. (1) A person, being resident individual or Hindu undivided family, shall be allowed a deduction in respect of —</p> <ul style="list-style-type: none"> (a) any expenditure incurred during the financial year for the medical treatment, nursing or training and rehabilitation of a dependant person with disability; or (b) any amount paid or deposited during the financial year under a scheme framed by any insurer and approved by the Board in this behalf, for the maintenance of a dependant person with disability. <p>(2) The amount of deduction under sub-section (1) shall be -</p> <ul style="list-style-type: none"> (a) one lakh rupees, if the dependant is a person with severe disability; or (b) fifty thousand rupees, if the dependant is a person with disability. <p>(3) The deduction in respect of the amount referred to in clause (b) of sub-section (1) shall be allowed, if the scheme referred to therein provides for payment of annuity or lump sum amount for the benefit of a dependant person with disability, in the event of the death of the individual or the member of the Hindu undivided family in whose name subscription to the scheme has been made.</p> <p>(4) The deduction under this section shall be allowed if the person, claiming a deduction under this section, obtains a certificate from a medical authority in such form and manner as may be prescribed and the certificate remains valid during the relevant financial year or part thereof.</p> <p>(5) The amount received by the person under the scheme referred to in clause (b) of sub-section (1), upon the dependant person with disability predeceasing him, shall be deemed to be the income of the person for the financial year in which the amount is received by him.</p>	

	<p>(6) In this section, “dependant” means spouse, any child, brothers, sisters or parents of the individual, or any member of the Hindu undivided family, if—</p> <p>(i) he is mainly dependant on such individual, or Hindu undivided family, for his support and maintenance; and</p> <p>(ii) his income in the financial year is less than one lakh twenty thousand rupees.</p>	
	<p>79. (1) A person shall be allowed a deduction of—</p> <p>(a) one hundred and twenty-five per cent. of the amount of money paid by him in the financial year as contribution or donation to any person specified in Part I of the Sixteenth Schedule;</p> <p>(b) one hundred per cent. of the amount of money paid by him in the financial year as donation to any person specified in Part II of the Sixteenth Schedule;</p> <p>(c) fifty per cent. of the aggregate of the amount of money paid by him in the financial year as donation to any person specified in Part III of the Sixteenth Schedule.</p> <p>(2) The aggregate of the amount of money referred to in clause (c) of sub-section (1) shall be limited to ten per cent. of the gross total income from ordinary sources, if the aggregate exceeds ten per cent. of the gross total income from ordinary sources.</p> <p>(3) The deduction under this section shall not be allowed in respect of any amount of money paid to any person referred to in sub-section (1), if the amount paid in cash exceeds ten thousand rupees.</p> <p>(4) The donation to any person specified in paragraphs 5 to 8 of Part III of the Sixteenth Schedule shall be eligible for deduction under sub-section (1), if the donee obtains the approval of the prescribed authority in accordance with the procedure and subject to such conditions, as may be prescribed.</p> <p>(5) The deduction under sub-section (1) shall not be denied to a donor merely on the consideration that, subsequent to the donation, the donee, being a non-profit organisation, has ceased to be so.</p>	Deduction of contribution or donation to certain funds or non-profit organisations.
Deduction for rent paid	<p>80. (1) A person, being an individual and not in receipt of any house rent allowance, shall be allowed a deduction of any expenditure incurred by him in excess of ten per cent. of his gross total income from ordinary sources towards payment of rent in respect of any furnished or unfurnished accommodation occupied by him for his own residence.</p> <p>(2) The deduction referred to in sub-section (1) shall be allowed up to a maximum of five thousand rupees per month and shall be subject to such other conditions as may be prescribed having regard to the area or place in which the accommodation is situated.</p> <p>(3) The provisions of this section shall not apply to a person if any residential accommodation is owned by him or by his spouse or minor child in the place where he ordinarily resides or performs duties of his office or employment or carries on his business.</p>	
Deduction for political contributions	<p>81. (1) A person shall be allowed a deduction in respect of any contribution made by him in the financial year to a political party or electoral trust.</p> <p>(2) The deduction under sub-section (1) shall not exceed five per cent. of-</p> <p>(a) the average of the net profit determined in accordance with the provisions of section 198 of the Companies Act, 2013 during the three immediately preceding financial years, in the case of a company; and</p> <p>(b) the gross total income from ordinary sources, in any other case.</p>	18 of 2013

	<p>(3) In this section, the word “contribution”, with its grammatical variation, shall have the same meaning as assigned to it under section 182 of the Companies Act, 2013.</p> <p>(4) No deduction shall be allowed under this section in respect of any sum contributed by way of cash.</p>	18 of 2013
Deduction of income of Investor Protection Fund	<p>82. (1) An investor protection fund shall be allowed a deduction of the amount received as contribution from any recognised stock exchange, or recognised commodity exchange, and the members thereof or a depository.</p> <p>(2) The deduction under sub-section (1) shall be allowed, if the Investor Protection Fund has been set up by,-</p> <p>(a) recognised stock exchanges or recognised commodity exchanges either jointly or separately; or</p> <p>(b) a depository in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 and the Depositories Act, 1996, and</p> <p>such Investor Protection Fund is notified by the Central Government.</p> <p>(3) For the purposes of this section , "depository" shall have the same meaning as assigned to it in clause (e) of sub-section (1) of section 2 of the Depositories Act, 1996;</p>	15 of 1992 22 of 1996 22 of 1996
	<p>83. (1) A person, being resident individual, shall be allowed a deduction of an amount specified in sub-section (4) in respect of any income referred to in sub-section (3), if such income is included in his gross total income from ordinary sources.</p> <p>(2) The deduction under sub-section (1) shall be allowed to a person, if he is an author of any book which is a work of literary, artistic or scientific nature.</p> <p>(3) The income referred to in sub-section (1) shall be any income derived by the author by way of—</p> <p>(a) lumpsum consideration for the assignment or grant of any of his interest in the copyright of the book referred to in sub-section (2); or</p> <p>(b) royalty or copyright fees (whether receivable in lumpsum or otherwise) in respect of the book referred to in sub-section (2).</p> <p>(4) The amount of deduction under sub-section (1) shall be the amount of income referred to in sub-section (3) to the extent it does not exceed three lakh rupees.</p> <p>(5) In this section, “books” shall not include brochures, commentaries, diaries, guides, journals, magazines, newspapers, pamphlets, tracts and other publications of similar nature by whatever name called.</p>	Deduction of royalty income of authors
39 of 1970	<p>84. (1) A person, being resident individual and a patentee, shall be allowed a deduction of an amount specified in sub-section (3) in respect of any income referred to in sub-section (2), if such income is included in his gross total income from ordinary sources.</p> <p>(2) The income referred to in sub-section (1) shall be any income received by the person by way of royalty in respect of a patent registered on or after the 1st day of April, 2003 under the Patents Act, 1970.</p> <p>(3) The amount of deduction under sub-section (1) shall be the amount of income referred to in sub-section (2) to the extent it does not exceed the amount of royalty allowable under the terms and</p>	Deduction of royalty on patents

<p>39 of 1970</p> <p>39 of 1970</p> <p>39 of 1970</p> <p>39 of 1970</p> <p>39 of 1970</p> <p>39 of 1970</p>	<p>conditions of a licence settled by the Controller under the Patents Act, 1970, if a compulsory licence is granted in respect of any patent under that Act or three lakh rupees, whichever is lower.</p> <p>(4) In this section,—</p> <p>(a) “patent” means a patent (including a patent of addition) granted under the Patents Act, 1970;</p> <p>(b) “patentee” means the person, being the true and first inventor of the invention, whose name is entered on the patent register as the patentee, in accordance with the Patents Act, 1970, and includes every such person, being the true and first inventor of the invention, where more than one person is registered as patentee under that Act in respect of that patent;</p> <p>(c) “patent of addition” shall have the same meaning as assigned to it in clause (q) of sub-section (1) of section 2 of the Patents Act, 1970;</p> <p>(d) “patented article” and “patented process” shall have the meanings respectively assigned to them in clause (o) of sub-section (1) of section 2 of the Patents Act, 1970;</p> <p>(e) “royalty”, in respect of a patent, means consideration (including any lump sum consideration but excluding any consideration which would be the income of the recipient chargeable under the head “Capital gains” or consideration for sale of product manufactured with the use of patented process or of the patented article for commercial use) for—</p> <p>(i) the transfer of all or any rights (including the granting of a licence) in respect of a patent;</p> <p>(ii) the imparting of any information concerning the working of, or the use of, a patent; or</p> <p>(iii) the use of any patent;</p> <p>(f) “true and first inventor” shall have the same meaning as assigned to it in clause (y) of sub-section (1) of section 2 of the Patents Act, 1970.</p>	
<p>Deduction of income of co-operative society from banking activities</p>	<p>85. (1) A person, being a primary co-operative society, shall be allowed a deduction to the extent of profits derived from the business of providing banking, or credit, facility to its members.</p> <p>(2) In this section, “primary co-operative society” means—</p> <p>(a) a “primary agricultural credit society” within the meaning of Part V of the Banking Regulation Act, 1949; or</p> <p>(b) a “primary co-operative agricultural and rural development bank”, which-</p> <p>(i) has its area of operation confined to a taluk; and</p> <p>(ii) is mainly engaged in providing long-term credit for agricultural and rural development activities.</p>	<p>11 of 1949</p>
<p>Deduction of income of primary co-operative societies</p>	<p>86. (1) A person, being a primary co-operative society, shall be allowed a deduction in respect of the aggregate of the amounts referred to in sub-section (2).</p> <p>(2) The amount referred to in sub-section (1) shall be—</p> <p>(a) the amount of profits derived from agriculture or agriculture-related activities;</p> <p>(b) the amount of profits derived from weaving without the aid of power; and</p> <p>(c) the amount of income derived from any other activity, to the extent it does not exceed one lakh rupees.</p>	

	<p>(3) In this section,—</p> <p>(a) “agriculture-related activities” means the following activities, namely:—</p> <p>(i) purchase of agricultural implements, seeds, livestock or other articles intended for agriculture for the purpose of supplying them to its members;</p> <p>(ii) the collective disposal of—</p> <p>(A) agricultural produce grown by its members; or</p> <p>(B) dairy or poultry produce produced by its members; and</p> <p>(iii) fishing or allied activities, that is to say, the catching, curing, processing, preserving, storing or marketing of fish or the purchase of material and equipment in connection therewith for the purpose of supplying them to its members;</p> <p>(b) “primary co-operative society” means a co-operative society whose rules and bye-laws restrict the voting rights to individuals engaged in agriculture or agriculture-related activities.</p>	
	<p>V. - MAINTENANCE OF ACCOUNTS AND OTHER RELATED MATTERS</p>	
	<p>87. (1) Every person shall keep and maintain such books of account and other documents as may enable the Assessing Officer to compute his total income in accordance with the provisions of this Code.</p> <p>(2) Every person who has entered into an international transaction or specified domestic transaction shall keep and maintain such information and documents in respect thereof, as may be prescribed.</p> <p>(3) The person referred to in sub-section (1) shall be the following, namely:—</p> <p>(a) any person carrying on legal, medical, engineering, architectural profession or profession of accountancy, technical consultancy, interior decoration or any other profession as is notified by the Board;</p> <p>(b) any other person carrying on business, if—</p> <p>(i) his income from the business exceeds two lakh rupees;</p> <p>(ii) his total turnover or gross receipts, as the case may be, in the business exceeds twenty lakh rupees in any one of the three financial years immediately preceding the relevant financial year; or</p> <p>(iii) the business is newly set-up in any financial year, his income from the business is likely to exceed two lakh rupees or his total turnover or gross receipts, as the case may be, in the business is likely to exceed twenty lakh rupees, during such financial year.</p> <p>(4) The books of account referred to in sub-section (1) shall be the following, namely:—</p> <p>(a) cash book;</p> <p>(b) journal, if the accounts are maintained according to the mercantile system of accounting;</p> <p>(c) ledger;</p> <p>(d) register of daily inventory of business trading asset;</p> <p>(5) The Board may, having regard to the nature of the business carried on by any class of persons, prescribe—</p>	<p>Maintenance of accounts.</p>

	<p>(a) any other books of account and documents to be kept and maintained;</p> <p>(b) the particulars to be contained in the books of account and documents; and</p> <p>(c) the form and the manner in, and the place at, which the books of account and other documents shall be kept and maintained.</p> <p>(6) The Board may prescribe the period for which the books of account and other documents required to be kept and maintained under this section shall be retained.</p> <p>(7) The provisions of this section shall not apply to the business where the income therefrom is determined under paragraph 1 or paragraph 2 of the Eleventh Schedule.</p> <p>(8) The expression "international transaction" referred to in sub-section (2) shall have the meaning assigned to it in clause (11) of section 127.</p>	
Audit of accounts and reporting of international transaction	<p>88. (1) Every person, who is required to keep and maintain books of account under section 87 shall get his accounts for the financial year audited—</p> <p>(a) where the person is carrying on one or more professions, the aggregate gross receipts of such profession or professions exceed twenty-five lakh rupees in the financial year;</p> <p>(b) where the person is carrying on one or more businesses, the aggregate total turnover or gross receipts, as the case may be, of such business or businesses exceed one crore rupees in the financial year.</p> <p>(2) The audit of the accounts referred to in sub-section (1) shall be carried out by an accountant and the report of audit be obtained in the prescribed form duly signed and verified by such accountant and setting forth such particulars as may be prescribed.</p> <p>(3) The person referred to in sub-section (1) shall furnish the report of audit referred to in sub-section (2) to the assessing officer on or before the due date, in the manner as may be prescribed.</p> <p>(4) The provisions of sub-section (1) shall not apply to the business where the income therefrom is determined under paragraph 1 of the Eleventh Schedule.</p> <p>(5) A person shall be deemed to have complied with the provisions of sub-section (1), if the person—</p> <p>(a) gets the accounts of his business audited as required by, or under, any other law for the time being in force, before the due date; and</p> <p>(b) obtains by the due date the report of the audit as required under such other law and a further report by an accountant in the form prescribed under sub-section (2).</p> <p>(6) A person referred to in sub-section (2) of section 87 shall furnish a report of the international transaction or the specified domestic transaction entered into during the financial year to the Transfer Pricing Officer and the Assessing Officer on or before the due date, in the manner as may be prescribed.</p> <p>(7) The report referred in sub-section (6) shall be obtained from an accountant in such form duly signed and verified in such manner, as may be prescribed.</p>	
	<p>89. (1) The income chargeable under the head "Income from business" or "Income from residuary sources" shall, except as otherwise provided in this section, be computed in accordance with either cash or mercantile system of accounting regularly employed by the person.</p> <p>(2) The Central Government may from time to time notify accounting standards to be followed by any class of persons or in respect of any class of income.</p>	Method of accounting

	<p>(3) The valuation of purchase of goods and inventory for the purposes of determining the income chargeable under the head “Income from business” shall be—</p> <p>(a) in accordance with the method of accounting regularly employed by the person; and</p> <p>(b) further adjusted to include the amount of any tax, duty, cess or fee (by whatever name called) actually paid or incurred by the person to bring the goods to the place of its location and condition as on the date of its valuation.</p> <p>(4) The value of sale of goods for the purposes of determining the income chargeable under the head “Income from business” shall be determined—</p> <p>(a) in accordance with the method of accounting regularly employed by the person; and</p> <p>(b) further adjusted to include the amount of any tax, duty, cess or fee (by whatever name called) leviable on the sale of the goods.</p> <p>(5) The interest on bad or doubtful debts of any financial institution shall be included in the total income of the financial year in which the interest is credited to the profit and loss account of, or is actually received by, the financial institution, whichever is earlier.</p> <p>(6) The interest received by a person on compensation or enhanced compensation shall be included in the total income of the financial year in which it is received.</p> <p>(7) In this section,—</p> <p>(a) any tax, duty, cess or fee (by whatever name called) under any law for the time being in force shall include all such payment notwithstanding any right arising as a consequence to such payment;</p> <p>(b) “bad or doubtful debts” shall be such categories of debts as may be prescribed, having regard to the guidelines issued by the Reserve Bank of India or the National Housing Bank, as the case may be, in relation to such debts.</p>	
	<p>CHAPTER IV</p> <p>SPECIAL PROVISIONS RELATING TO THE COMPUTATION OF TOTAL INCOME OF NON-PROFIT ORGANISATIONS</p>	
Applicability of this Chapter	<p>90. (1) The provisions of this Chapter shall be applicable to a non-profit organisation, other than any organisation of public importance specified in the Fourth Schedule.</p> <p>(2) The Central Government may, subject to such conditions as may be prescribed, notify a person as a non-profit organisation of public importance for the purpose of the Fourth Schedule.</p>	
Total income of a non-profit organisation.	<p>91. The total income of a non-profit organisation shall be computed in accordance with the provisions of this Chapter.</p>	
Computation of total income of a non-profit organisation.	<p>92. (1) Subject to the provisions of section 8, the total income of any non-profit organisation in relation to any charitable activity, during the financial year, shall be the gross receipts as reduced by the amount of outgoings, computed in accordance with either cash or mercantile system of accounting regularly employed by the non-profit organisation.</p> <p>(2) The total income of a non-profit organisation shall be treated as nil if the total income determined under sub-section (1) is negative.</p>	

	<p>93. (1) The gross receipts from any charitable activity shall be the aggregate of the following, namely:—</p> <ul style="list-style-type: none"> (a) the amount of voluntary contributions received; (b) any rent received in respect of a property held by the non-profit organisation consisting of any buildings or lands appurtenant thereto; (c) the amount of gross earnings from any business carried on by the non-profit organisation, if the business is incidental to any charitable activity so carried on; (d) full value of consideration on transfer of any capital asset; (e) the amount of income received from the investment of its funds or assets; (f) the amount of any incoming, realisation, proceeds, or subscription received from any source; and (h) the amount of deemed income, if any. <p>(2) The amount of outgoing claimed or allowed, as the case may be, under section 94 in respect of any capital asset in any financial year shall be deemed to be the income of the non-profit organization if such asset is not used for the purposes of any charitable activity or any business incidental to such charitable activity and it shall be included in the income of the financial year in which the default takes place.</p> <p>(3) The gross receipts referred to in sub-section (1) shall not include—</p> <ul style="list-style-type: none"> (a) any loan taken during the financial year; and (b) voluntary contributions received with a specific direction that they shall form part of the corpus of the non-profit organisation. 	Gross receipts of a non-profit organisation.
	<p>94. (1) The amount of outgoings during the financial year for the purpose of computation of the total income shall be the aggregate of—</p> <ul style="list-style-type: none"> (a) the amount paid for any expenditure, not being capital expenditure, incurred wholly and exclusively for earning or obtaining any receipts referred to in sub-section (1) of section 93; (b) the amount paid for any expenditure, incurred for the purposes of carrying out any charitable activity; (c) the amount paid for any capital expenditure for the purposes of any business, if the business is incidental to any charitable activity carried on by the non-profit organisation; and (d) any amount applied outside India, if— <ul style="list-style-type: none"> (i) the amount is applied for an activity which tends to promote international welfare in which India is interested; and (ii) the non-profit organisation is notified by the Central Government in this behalf. <p>(2) The outgoings referred to in sub-section (1) shall not include any repayment of loan made during the financial year.</p>	Outgoings of a non-profit organisation.
Prohibited forms and modes of	<p>95. (1) The funds or the assets of the non-profit organisation shall not be invested or held, at any time during the financial year, in any of the following forms or modes, namely: -</p> <ul style="list-style-type: none"> (a) investment in the capital or equity, as the case may be, of an associated concern; 	

investment.	<p>(b) investment in any bond, debenture or any other debt instrument issued by an associated concern;</p> <p>(c) deposit with an associated concern; and</p> <p>(d) any other form or modes of investment as may be prescribed.</p> <p>(2) The provisions of sub-section (1) shall not apply to-</p> <p>(a) any assets forming part of the corpus of the non-profit organisation as on the 1st day of June, 1973;</p> <p>(b) any accretion by way of bonus shares to the shares forming part of the corpus mentioned in clause (a).</p>	
	<p>96. (1) The funds or the assets of the non-profit organisation shall not be used or applied, directly or indirectly, for the benefit of an interested person.</p> <p>(2) Without prejudice to sub-section (1), the funds or the assets of the non-profit organisation shall be deemed to have been used or applied for the benefit of an interested person, if—</p> <p>(a) the funds or the assets of the non-profit organisation are, or continue to be, lent to any interested person, for any period during the financial year, without either adequate security or adequate interest or both;</p> <p>(b) the land, building or other asset of the non-profit organisation is, or continues to be, made available for the use of any interested person, for any period during the financial year, without charging adequate rent or other compensation;</p> <p>(c) any amount is paid by way of salary, allowance or otherwise during the financial year to any interested person, out of the resources of the non-profit organisation for services rendered by that person to such organisation and the amount so paid is in excess of what may be reasonably paid for such services;</p> <p>(d) the services of the non-profit organisation are made available to any interested person, during the financial year, without adequate remuneration or other compensation;</p> <p>(e) any share, security or other property is purchased by or on behalf of the non-profit organisation from any interested person, during the financial year, for consideration which is more than adequate;</p> <p>(f) any share, security or other property is sold by or on behalf of the non-profit organisation to any interested person, during the financial year, for consideration which is less than adequate;</p> <p>(g) any fund or asset of the non-profit organisation is diverted during the financial year in favour of any interested person where the fund or the value of the asset, as the case may be, or the aggregate of the funds and the value of the assets so diverted exceeds one thousand rupees; or</p> <p>(h) any funds of the non-profit organisation are, or continue to remain, invested for any period during the financial year in any concern in which any interested person has a substantial interest and such investment exceeds five per cent. of the capital of that concern.</p>	Use or application of funds or assets for the benefit of interested person
Registration of a non-profit organisation	<p>97. (1) A non-profit organisation shall make an application to the Commissioner for its registration in such form and manner, as may be prescribed.</p> <p>(2) The provisions of sub-section (1) shall not apply to any non-profit organization which has been granted approval or registration under the Income -tax Act, 1961, as it stood before the</p>	

43 of 1961	<p>commencement of this Code, if the organisation fulfils such conditions as may be prescribed.</p> <p>(3) The Commissioner, on receipt of the application for registration of a non-profit organisation made under sub-section (1), shall call for such documents or information as he considers necessary in order to satisfy himself about the objects and genuineness of its activities and may make such further inquiries as may be required.</p> <p>(4) The Commissioner shall, within a period of six months from the end of the month in which the application under sub-section (1) was received, pass an order in writing—</p> <p>(a) registering the non-profit organisation if he is satisfied about its objects and the genuineness of its activities; or</p> <p>(b) refusing to register the non-profit organisation if he is not so satisfied, after giving the organisation an opportunity of being heard.</p> <p>(5) A non-profit organisation which has been granted approval or registration under the Income-tax Act, 1961, as it stood before the commencement of this Code shall be deemed to be registered for the purposes of clause (a) of sub-section (4) if it fulfills the conditions prescribed under sub-section (2).</p> <p>(6) The registration granted under sub-section (4) shall be valid from the financial year in which the application under sub-section (1) was made.</p> <p>(7) Where the Commissioner is satisfied that the activities of the non-profit organisation are—</p> <p>(i) not genuine; or</p> <p>(ii) not being carried out in accordance with its objects; or</p> <p>(iii) not being carried out in accordance with any other law which is applicable to it or under which it is registered or approved,</p> <p>he shall pass an order in writing cancelling the registration or withdrawing the approval, as the case may be, granted under this section or the Income- tax Act, 1961, as it stood before the commencement of this Code, after giving the organisation an opportunity of being heard.</p>	
Maintenance of accounts and tax audit	<p>98. (1) The non-profit organisation shall keep and maintain such books of account in the manner, as may be prescribed.</p> <p>(2) The non-profit organisation shall maintain separate books of account in respect of business incidental to charitable activity.</p> <p>(3) The non-profit organisation shall obtain a report of audit in such form as may be prescribed, from an accountant before the due date of filing of the return of tax bases, if the gross receipts referred to in section 93 in any financial year exceed five lakh rupees.</p> <p>(4) The report referred to in sub-section (3) shall be furnished to the Assessing Officer on or before the due date, in such manner as may be prescribed.</p>	
	<p>99. (1) Where the total income of a non-profit organisation includes any anonymous donation, the income-tax payable shall be the aggregate of—</p> <p>(a) the amount of income-tax calculated at the rate of thirty per cent. on the aggregate of anonymous donations received in excess of the higher of the following, namely:—</p> <p>(i) five per cent. of the total donations received by the non-profit organisation; or</p> <p>(ii) one lakh rupees; and</p> <p>(b) the amount of income-tax with which the non-profit organisation would have been chargeable had its total income been reduced by the amount of anonymous donations</p>	Anonymous donations

	<p>referred to in clause (a).</p> <p>(2) The provisions of sub-section (1) shall apply notwithstanding that the anonymous donation has been made with a specific direction that it shall form part of the corpus of the non-profit organisation.</p> <p>(3) No outgoings shall be allowed in respect of any anonymous donation received.</p> <p>(4) In this section, “anonymous donation” means any voluntary contribution, where a person receiving such contribution does not maintain a record of the identity indicating the name and address of the person making such contribution and such other particulars as may be prescribed.</p>	
	<p>100. (1) A non-profit organisation shall be liable to income-tax at the rate of thirty per cent. in respect of its net worth, if—</p> <p>(a) it converts into any form of organisation which does not qualify as a non-profit organisation;</p> <p>(b) it merges with any form of organisation which does not qualify as a non-profit organisation;</p> <p>(c) it fails to transfer upon dissolution all its assets to any other non-profit organisation, within a period of three months from the end of the month in which the dissolution takes place.</p> <p>(2) In this section—</p> <p>(a) net worth of the non-profit organisation shall be computed as on—</p> <p>(i) the date of conversion or merger, as the case may be, in a case falling under clause (a) or clause (b) of sub-section (1); and</p> <p>(ii) the date of dissolution in a case falling under clause (c) of sub-section (1);</p> <p>(b) “net worth” of the non-profit organisation means the aggregate value of the total assets of the non-profit organisation as reduced by the liabilities of such organisation computed in accordance with such rules of valuation as may be prescribed.</p>	Consequences of conversion of a non-profit organisation
	<p>101. (1) The provisions of this Chapter shall not apply to any person who—</p> <p>(a) holds any business under trust, notwithstanding any specific direction that—</p> <p>(i) the business shall form part of the corpus of such person; or</p> <p>(ii) the income from the business shall be applied only for charitable activity;</p> <p>(b) fails to comply with the conditions specified in section 96;</p> <p>(c) ceases to be a non-profit organisation at any time during the financial year, irrespective of registration granted under sub-section (4) of section 97;</p> <p>(d) carries on any business if it is not a business incidental to charitable activity.</p> <p>(2) Without prejudice to sub-section (1), the non-profit organisation which ceases to be so due to conversion, merger or dissolution as referred to in sub-section (1) of section 100 shall be liable to income-tax in respect of its net worth in accordance with that section.</p> <p>(3) The total income of any person falling under clauses (a), (b), (c) or clause (d) of sub-section (1) shall be computed in accordance with the other provisions of this Code.</p>	Provisions of this Chapter not to apply in certain cases.
Interpretations in this	102. In this Chapter, unless the context otherwise requires,—	

Chapter.	<p>(a) “associated concern” shall have the meaning assigned to ‘associated enterprises’ in clause (3) of section 127, with the modification that for the word ‘enterprise’ with all its grammatical variation, the word ‘concern’ with its grammatical variation shall be substituted;</p> <p>(b) “business incidental to charitable activity” means a business carried on in the course of the actual carrying out of any charitable activity;</p> <p>(c) “charitable activity” means the following activities carried out in India, namely:—</p> <ul style="list-style-type: none"> (i) relief of the poor; (ii) advancement of education; (iii) medical relief; (iv) preservation of environment (including watersheds, forests and wildlife); (v) preservation of monuments or places or objects of artistic or historic interest; or (vi) advancement of any other object of general public utility subject to the condition that if it involves the carrying on of any activity in the nature of trade, commerce or business or any activity of rendering any service in relation thereto, for a cess, fee or any other consideration (irrespective of nature of use, application or retention of the income from such activity), the aggregate value of the gross receipts during the financial year from such activity does not exceed twenty-five lakh rupees, <p>and includes an activity referred to in clause (d) of sub-section (1) of section 94 in respect of an organisation notified in this behalf;</p> <p>(d) “general public” means the body of people at large sufficiently defined by some common quality of public or impersonal nature;</p> <p>(e) “interested person” in relation to a non-profit organisation means—</p> <ul style="list-style-type: none"> (i) the founder of the organisation or the settlor of the trust; (ii) any person whose total contribution to the organisation during the financial year exceeds fifty thousand rupees; (iii) a member of the Hindu undivided family if the settlor, founder or the person referred to in sub-clause (ii) is a Hindu undivided family; (iv) any manager, by whatever name called, of the organisation or trustee of the trust; (v) any relative of the settlor, founder, member, trustee or manager; or (vi) any concern in which any of the persons referred to in clauses (i) to (v) has a substantial interest; <p>(f) “trust” includes legal obligation.</p>	
	<p>CHAPTER V</p> <p>MINIMUM ALTERNATE TAX</p> <p>A. COMPUTATION OF BOOK PROFIT</p>	
	103. (1) Notwithstanding anything in this Code, where the regular income-tax payable for a financial year by a company is less than the tax on book profit, the book profit shall be deemed to be	Computation of book profit.

the total income of the company for such financial year and it shall be liable to income-tax on such total income at the rate specified in Paragraph A of the Seventeenth Schedule.

(2) Subject to the provisions of this Chapter, the book profit referred to in sub-section (1) shall be computed in accordance with the formula—

$$A+B +C -(D+E) \quad \text{Where}$$

where-

A= the net profit, as shown in the profit and loss account for the financial year prepared in accordance with the provisions of section 104;

B = the aggregate of the following amounts, if debited to the profit and loss account:

- (a) the amount of any tax paid or payable under this Code, and the provision therefor;
- (b) the amount carried to any reserves, by whatever name called;
- (c) the amount set aside as provision for meeting unascertained liabilities;
- (d) the amount by way of provision for losses of subsidiary companies;
- (e) the amount of dividends paid or proposed;
- (f) the amount of depreciation;
- (g) the amount of deferred tax and the provision therefor;
- (h) the amount set aside as provision for diminution in the value of any asset;
- (i) the amount of any expenditure referred to in clause (a) of sub-section (1) of section 18;

C = the amount standing in revaluation reserve relating to revalued asset on its disposal or retirement, if not credited to the profit and loss account,

D = the aggregate of the following amounts:

- (a) the amount of depreciation debited to the profit and loss account (excluding the depreciation on account of revaluation of assets);
- (b) the amount withdrawn from the revaluation reserve and credited to the profit and loss account, to the extent it does not exceed the amount of depreciation on account of revaluation of assets referred to in clause (a);
- (c) the amount withdrawn from any reserve or provision if any such amount is credited to the profit and loss account and such amount has been taken into account for computation of the book profit of any preceding financial year;
- (d) the amount of profits of a sick industrial company for any financial year comprised in the period commencing from the financial year in which the said company has become a sick industrial company under sub-section (1) of section 17 of the Sick Industrial Companies (Special Provisions) Act, 1985 and ending with the financial year during which the entire net worth of such company becomes equal to or exceeds the accumulated losses;
- (e) the amount of any income referred to in section 10 read with the Third Schedule, if credited to the profit and loss account;
- (f) the amount of deferred tax, if any such amount is credited to the profit and loss account;

	<p>E = the amount of loss brought forward.</p> <p>(3) In sub-section (2), the loss brought forward shall be—</p> <p>(i) <i>nil</i>, if such loss brought forward (excluding depreciation) or unabsorbed depreciation as per books of account, as the case may be, is <i>nil</i>; or</p> <p>(ii) the amount of loss brought forward (excluding depreciation) or unabsorbed depreciation as per books of account, whichever is less, in any other case.</p> <p>(4) In sub-section (2), the amount of tax shall include—</p> <p>(a) any interest charged or chargeable under this Code;</p> <p>(b) any tax on distributed profits under section 112 ;</p> <p>(c) any tax on distributed income under section 113;</p> <p>(d) any tax paid on branch profits under section 114; and</p> <p>(e) any tax on wealth under section 115.</p> <p>(5) Every company to which this section applies shall obtain a report in such form as may be prescribed from an accountant certifying that the book profit has been computed in accordance with the provisions of this section and furnish such report on or before the due date, in such manner as may be prescribed.</p> <p>(6) The provisions of this section shall not apply to any income accruing or arising to a company from life insurance business.</p>	
<p>18 of 2013</p> <p>18 of 2013</p> <p>18 of 2013</p> <p>18 of 2013</p>	<p>104. (1) Every assessee,—</p> <p>(a) being a company, other than a company referred to in clause (b), shall, for the purposes of section 103, prepare its profit and loss account for the relevant financial year in accordance with the provisions of Part II of Schedule III to the Companies Act, 2013;or</p> <p>(b) being a company, to which the second and third provisos to sub-section (1) of section 129 of the Companies Act, 2013 are applicable, shall, for the purposes of section 103, prepare its profit and loss account for the relevant financial year in accordance with the provisions of the Act governing such company.</p> <p>(2) In this section, the accounting policies, the accounting standards adopted for preparing such accounts including profit and loss account and the method and rates adopted for calculating the depreciation shall, in the case of a company, be the same as have been adopted for the purpose of preparing such accounts including profit and loss account laid by the company at its annual general meeting in accordance with the provisions of section 129 of the Companies Act, 2013 or the statute under which it is constituted.</p> <p>(3) Where the company has adopted or adopts the financial year under the Companies Act, 2013 or the statute under which it is constituted, which is different from the financial year under this Code—</p> <p>(i) the accounting policies;</p> <p>(ii) the accounting standards adopted for preparing such accounts including profit and loss account;</p> <p>(iii) the method and rates adopted for calculating the depreciation,</p> <p>shall correspond to the accounting policies, accounting standards and the method and rates for calculating the depreciation which have been adopted for preparing such accounts including profit and loss account for such financial year or part of such financial year</p>	<p>Preparation of profit and loss account for computing book profit.</p>

	falling within the relevant financial year.	
Tax credit for tax paid on book profit.	<p>105. (1) The credit for tax paid by a company under section 103 shall be allowed to it in accordance with the provisions of this section.</p> <p>(2) The tax credit of a financial year to be allowed under sub-section (1) shall be the excess of tax on book profit over the normal income-tax.</p> <p>(3) No interest shall be payable on tax credit allowed under sub-section (1).</p> <p>(4) The amount of tax credit determined under sub-section (2) shall be carried forward and allowed in accordance with the provisions of sub-sections (5) and (6) but such carry forward shall not be allowed beyond the tenth financial year immediately succeeding the financial year for which tax credit becomes allowable under sub-section (1).</p> <p>(5) The tax credit shall be allowed for a financial year in which the regular income-tax exceeds the tax on book profit and the credit shall be allowed to the extent of the excess of the regular income-tax over the tax on book profit, balance of the tax credit, if any, shall be carried forward.</p> <p>(6) If the amount of regular income-tax or the tax on book profit is reduced or increased as a result of any order passed under this Code, the amount of tax credit allowed under this section shall also be varied accordingly.</p> <p>(7) In the case of conversion of a private company or unlisted public company into a limited liability partnership under the Limited Liability Partnership Act, 2008, the provisions of this section shall not apply to the successor limited liability partnership.</p> <p>(8) In this section, the expressions “private company” and “unlisted public company” shall have the meaning respectively assigned to them in the Limited Liability Partnership Act, 2008.</p>	
	B. Computation of Adjusted Total Income	
Computation of adjusted total income	<p>106. (1) Notwithstanding anything in this Code, where the regular income-tax payable for a financial year by a firm is less than the tax on the adjusted total income, the adjusted total income shall be deemed to be the total income of the firm for such financial year and it shall be liable to income-tax on such total income at the rate specified in Paragraph B of the Seventeenth Schedule.</p> <p>(2) The adjusted total income referred to in sub-section (1) shall be computed in accordance with the formula—</p> <p style="padding-left: 40px;">A+B-C</p> <p style="padding-left: 40px;">where</p> <p style="padding-left: 40px;">A = the total income before giving effect to the provisions of this sub-chapter;</p> <p style="padding-left: 40px;">B = the aggregate of the following, namely:-</p> <p style="padding-left: 80px;">(i) deduction claimed, if any, under clause (a) of sub-section (1) of section 79;</p> <p style="padding-left: 80px;">(ii) deduction claimed, if any, in accordance with the provisions of clauses (l), (m), (n),(o) or (p) of sub-section (2) of section 323; and</p> <p style="padding-left: 80px;">(iii) deduction claimed, if any, under sub-paragraph (d) of paragraph 3 of the Eighth Schedule, sub-paragraph (d) of paragraph 4 of the Ninth Schedule or sub-paragraph (d) of paragraph 5 of the Tenth Schedule;</p> <p style="padding-left: 40px;">C = the aggregate of the following, namely:-</p> <p style="padding-left: 80px;">(i) one hundred per cent. of the amount of money paid during the financial year as contribution or donation to any person specified in Part I of the</p>	

	<p>Sixteenth Schedule;</p> <p>(ii) capital allowances referred to in clause (a) and clause (b) of sub-section (1) of section 37 in respect of business capital asset for which deduction claimed under sub-paragraph (d) of paragraph 3 of the Eighth Schedule, sub-paragraph (d) of paragraph 4 of the Ninth Schedule or sub-paragraph (d) of paragraph 5 of the Tenth Schedule.</p> <p>(3) Every firm shall obtain a report, in such form as may be prescribed, from an accountant certifying that the adjusted total income and tax thereon have been computed in accordance with the provisions of this Chapter and furnish the report on or before the due date, in such manner, as may be prescribed.</p>	
	<p>107. (1) The credit for tax paid by a firm under section 106 shall be allowed to it in accordance with the provisions of this section.</p> <p>(2) The tax credit of a financial year to be allowed under sub-section (1) shall be the excess of tax on adjusted total income paid over the regular income-tax.</p> <p>(3) No interest shall be payable on tax credit allowed under sub-section (1).</p> <p>(4) The amount of tax credit determined under sub-section (2) shall be carried forward and set off in accordance with the provisions of sub-sections (5) and (6) but such carry forward shall not be allowed beyond the tenth financial year immediately succeeding the financial year for which tax credit becomes allowable under sub-section (1).</p> <p>(5) In any financial year in which the regular income-tax exceeds the tax on adjusted total income, the tax credit shall be allowed to be set-off to the extent of the excess of regular income-tax over the tax on adjusted total income and the balance of the tax credit, if any, shall be carried forward.</p> <p>(6) If the amount of regular income-tax or the tax on adjusted total income is reduced or increased as a result of any order passed under this Code, the amount of tax credit allowed under this section shall also be varied accordingly.</p>	Tax credit for tax paid on adjusted total income
	<i>C. Miscellaneous</i>	
Interpretations in this Chapter	<p>108. In this Chapter, unless the context otherwise requires,—</p> <p>(a) “regular income-tax” means the income-tax payable for a financial year by a company or a firm, as the case may be, on its total income in accordance with the provisions of this Code other than the provisions of this Chapter;</p> <p>(b) “tax on adjusted total income” means the amount of tax computed on adjusted total income at a rate specified in Paragraph B of the Seventeenth Schedule;</p> <p>(c) “tax on book profit” means the amount of tax computed on book profit at a rate specified in Paragraph A of the Seventeenth Schedule.</p>	
Application of other provisions of this Code.	<p>109. Save as otherwise provided in this Chapter, all other provisions of this Code shall apply to a company or a firm, as the case may be, referred to in this Chapter.</p>	
	<p>CHAPTER VI</p> <p>PROVISIONS RELATING TO TAX ON INCOME RECEIVED FROM VENTURE CAPITAL COMPANY AND</p>	

	VENTURE CAPITAL FUND	
	<p>110. (1) Notwithstanding anything in this Code, any income accrued to or received by a person out of investments made in a venture capital company or venture capital fund shall be chargeable to income-tax in the same manner as if it were the income accrued to or received by such person had he made investments directly in the venture capital undertaking.</p> <p>(2) The venture capital company, the venture capital fund or the person responsible for crediting or making payment of the income on behalf of such company or fund shall furnish, within such time as may be prescribed, to the person who is liable to tax in respect of such income and to the prescribed income-tax authority, a statement in the prescribed form and manner, giving details of the nature of the income paid during the financial year and such other relevant details as may be prescribed.</p> <p>(3) The income paid or credited by the venture capital company and the venture capital fund shall be deemed to be of the same nature and in the same proportion in the hands of the person referred to in sub-section (1) as it had been received by, or had accrued to, the venture capital company or the venture capital fund, as the case may be, during the financial year.</p> <p>(4) The provisions of Part B or Part C of this Code shall not apply to the income paid by a venture capital company or venture capital fund under this section.</p> <p>(5) The income accruing to or received by the venture capital company or venture capital fund, during a financial year, from investments made in venture capital undertaking if not paid or credited to the person referred to in sub-section (1), shall be deemed to have been credited to the account of the said person on the last day of the financial year in the same proportion in which such person would have been entitled to receive the income had it been paid in the financial year.</p> <p>(6) Any income which has been included in total income of the person referred to in sub-section (1) in a financial year, on account of it having accrued in the said financial year, shall not be included in the total income of such person in the financial year in which such income is actually paid to him by the venture capital company or the venture capital fund.</p>	Tax on income received from venture capital company and venture capital fund.
	<p>CHAPTER VII</p> <p>SPECIAL PROVISIONS RELATING TO CONVERSION OF INDIAN BRANCH OF A FOREIGN BANK INTO A SUBSIDIARY COMPANY</p>	
	<p>111. (1) If a foreign company is engaged in the business of banking in India through its branch situate in India and that branch is converted into a subsidiary company thereof, being an Indian company (hereafter referred to as an Indian subsidiary company) in accordance with the scheme framed by the Reserve Bank of India, then, notwithstanding anything in this Code and subject to the conditions as may be notified by the Central Government in this behalf,-</p> <p>(a) the capital gains arising from such conversion shall not be chargeable to tax in the financial year in which the conversion takes place;</p> <p>(b) the provisions of this Code relating to aggregation of income, tax credit for tax paid on book profit and the computation of income in the case of the foreign company and Indian subsidiary company shall apply with such exceptions, modifications and adaptations as may be specified in that notification.</p> <p>(2) In case of failure to comply with any of the conditions specified in the scheme or in the notification issued under sub-section (1), all the provisions of this Code shall apply to the foreign company and the Indian subsidiary company without any benefit, exemption or relief under sub-section (1).</p>	Conversion of an Indian branch of foreign company into subsidiary Indian company.

	<p>(3) Where, in a financial year, any benefit, exemption or relief has been granted to the foreign company or the Indian subsidiary company in accordance with the provisions of sub-section (1) and, subsequently, there is failure to comply with any of the conditions specified in the scheme or in the notification issued under said sub-section, then, -</p> <p>(a) such benefit, exemption or relief shall be deemed to have been erroneously allowed;</p> <p>(b) the Assessing Officer may, notwithstanding anything in this Code, re-compute the total income of the assessee for the said financial year and make the necessary amendment; and</p> <p>(c) the provisions of section 173 shall, so far as may be, apply thereto and the period of four years specified in sub-section (2) of that section being reckoned from the end of the financial year in which the failure to comply with the condition referred to in sub-section (1) takes place.</p>	
	<p>PART B</p> <p>DIVIDEND DISTRIBUTION TAX</p> <p>CHAPTER VIII</p> <p>SPECIAL PROVISIONS RELATING TO TAX ON DISTRIBUTED PROFITS OF DOMESTIC COMPANIES</p>	
	<p>112. (1) Every domestic company shall, in addition to income-tax payable, be liable to pay tax on any amount of dividend declared, distributed or paid (whether interim or otherwise) to its shareholders, whether out of current or accumulated profits.</p> <p>(2) The tax on the dividend, being additional income-tax, shall be charged at the rate specified in Paragraph C of the Seventeenth Schedule, on the amount referred to in sub-section (1).</p> <p>(3) The amount referred to in sub-section (1) shall be reduced by the amount of dividend, if any, received by the domestic company during the financial year, if –</p> <p>(i) such dividend is received from its subsidiary; and</p> <p>(ii) the subsidiary has paid tax under this section on such dividend.</p> <p>(4) The domestic company or the principal officer of such company responsible for making payment of the dividend, as the case may be, shall be liable to pay the tax on dividend to the credit of the Central Government within a period of fourteen days from the date of declaration, distribution or payment of such dividend, whichever is earliest.</p> <p>(5) No deduction under any other provision of this Code shall be allowed to the domestic company or a shareholder in respect of the dividend charged to tax or the tax thereon.</p> <p>(6) The tax on dividend so paid by the domestic company shall be treated as the final payment of tax in respect of the dividend declared, distributed or paid and no further credit shall be claimed by the domestic company or by any other person in respect of the tax so paid.</p> <p>(7) If the domestic company or, as the case may be, the principal officer of such company responsible for making payment of the dividend does not pay the tax in accordance with the provisions of this section, then, it or he shall be deemed to be an assessee in default in respect of the tax payable by it or him and the provisions of this Code relating to the collection and recovery of tax shall apply.</p> <p>(8) If the domestic company or, as the case may be, the principal officer of such company fails to pay the whole or any part of the tax on dividend referred to in sub-section (2), within the time allowed under sub-section (4), then, it or he shall be liable to pay simple interest at the rate of one per cent. for every month on the amount of such tax for the period beginning on the date</p>	<p>Tax on distributed profits of domestic companies</p>

	<p>immediately after the last date on which such tax was payable and ending with the date on which the tax is actually paid.</p> <p>(9) Notwithstanding that no income-tax is payable by a domestic company on its total income computed in accordance with the provisions of Part A of this Code, the tax on dividend declared, distributed or paid under sub-section (1) shall be payable by such company.</p> <p>(10) In this section, —</p> <p>(a) a company shall be a subsidiary of another company if such other company holds more than fifty per cent. of nominal value of the equity share capital of the company;</p> <p>(b) "dividend" shall not include any payment referred to in item (e) of sub-clause (I) of clause (74) of section 320.</p>	
	<p>PART C</p> <p>TAX ON DISTRIBUTED INCOME</p> <p>CHAPTER IX</p> <p>SPECIAL PROVISIONS RELATING TO TAX ON DISTRIBUTED INCOME</p>	
	<p>113. (1) Every person specified in column (2) of the Table given in Paragraph D of the Seventeenth Schedule, shall, in addition to income-tax payable, be liable to pay tax, being additional income-tax, on any amount of income distributed or paid as specified in column (3) of the Table at the rate specified in column (4) thereof.</p> <p>(2) For the purposes of sub-section (1), the income distributed or paid by a life insurer shall be computed in such manner as may be prescribed.</p> <p>(3) The tax on the distributed income, being additional income-tax, shall be charged at the rate specified in column (4) of the Table given in Paragraph D of the Seventeenth Schedule, on the amount specified in column (3) of the said Table.</p> <p>(4) The mutual fund, the life insurer, the domestic company, the securitisation trust or the person responsible for making payment of the distributed income on its behalf, as the case may be, shall be liable to pay tax to the credit of the Central Government within a period of fourteen days from the date of distribution or payment of such income, whichever is earlier.</p> <p>(5) No deduction under any other provision of this Code shall be allowed to the mutual fund or the life insurer, the domestic company or the securitization trust, as the case may be, in respect of the distributed income charged to tax or the tax thereon.</p> <p>(6) The tax on distributed income so paid by the mutual fund, the life insurer, the domestic company or the securitisation trust, as the case may be, shall be treated as the final payment of tax in respect of income distributed or paid and no further credit shall be claimed by the mutual fund, the life insurer, the domestic company, the securitisation trust or by any other person in respect of the tax so paid.</p> <p>(7) If the mutual fund, the life insurer, the domestic company, the securitisation trust or the person responsible for making payment of the distributed income on its behalf, as the case may be, does not pay the tax in accordance with the provisions of this section, then, it or he shall be deemed to be an assessee in default in respect of the tax payable by it or him and the provisions of this Code relating to the collection and recovery of tax shall apply.</p> <p>(8) If the mutual fund, the life insurer, the domestic company, the securitisation trust or the person responsible for making payment of distributed income on its behalf, as the case may be, fails</p>	<p>Tax on income distributed by mutual fund or life insurer.</p>

	<p>to pay the whole or any part of the tax on distributed income referred to in sub-section (3), within the time allowed under sub-section (4), then it or he shall be liable to pay simple interest at the rate of one per cent. for every month on the amount of such tax for the period beginning on the date immediately after the last date on which such tax was payable and ending with the date on which the tax is actually paid.</p> <p>(9) For the purposes of this section and Paragraph D of the Seventeenth Schedule,—</p> <p>(a) “approved equity oriented life insurance scheme” means—</p> <p>(i) a life insurance scheme where more than sixty-five per cent. of the total <i>premia</i> received under such scheme are invested by way of equity shares in domestic companies; and</p> <p>(ii) such scheme is approved by the Board in accordance with such guidelines as may be prescribed;</p> <p>(b) "buy-back" means purchase by a company of its own shares in accordance with the provisions of section 68 of the Companies Act, 2013;</p> <p>(c) "distributed income in relation to buy-back of shares" means the consideration paid by the company on buy-back of shares as reduced by the amount which was received by the company for issue of such shares;</p> <p>(d) "investor" means a person who is holder of any securitised debt instrument or securities issued by the securitisation trust;</p> <p>(e) "securities" means debt securities issued by a Special Purpose Vehicle as referred to in the guidelines on securitisation of standard assets issued by the Reserve Bank of India;</p> <p>(f) "securitised debt instrument" shall have the same meaning as assigned to it in clause (s) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Public Offer and Listing of Securitised Debt Instruments) Regulations, 2008 made under the Securities and Exchange Board of India Act, 1992 and the Securities Contracts (Regulation) Act, 1956;</p> <p>(g) "securitisation trust" means a trust, being a—</p> <p>(i) "special purpose distinct entity" as defined in clause (u) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Public Offer and Listing of Securitised Debt Instruments) Regulations, 2008 made under the Securities and Exchange Board of India Act, 1992 and the Securities Contracts (Regulation) Act, 1956, and regulated under the said regulations; or</p> <p>(ii) "Special Purpose Vehicle" as defined in, and regulated by, the guidelines on securitisation of standard assets issued by the Reserve Bank of India, and</p> <p>which fulfils such conditions, as may be prescribed:</p> <p>(h) the percentage of equity share holding of the mutual fund or the life insurance scheme, as the case may be, shall be computed with reference to the annual average of the monthly averages of the opening and closing figures.</p>	<p>18 of 2013</p> <p>15 of 1992 42 of 1956</p> <p>15 of 1992 42 of 1956</p>
	<p>PART D</p> <p>BRANCH PROFITS TAX</p> <p>CHAPTER X</p>	

	CHARGE OF BRANCH PROFITS TAX	
	<p>114. (1) Subject to the provisions of this Code, every foreign company shall, in addition to income-tax payable, be liable to branch profits tax in respect of branch profits of a financial year.</p> <p>(2) The branch profits tax shall be charged in respect of the branch profits of a financial year of every foreign company at the rate specified in Paragraph E of the Seventeenth Schedule.</p> <p>(3) The branch profits referred to in sub-section (1) shall be the income attributable, directly or indirectly, to the permanent establishment or an immovable property situated in India, included in the total income of the foreign company for the financial year, as reduced by the amount of income-tax payable on such attributable income.</p>	Tax on branch profits.
	<p>PART E</p> <p>WEALTH-TAX</p> <p>CHAPTER XI</p> <p>CHARGE OF WEALTH-TAX</p>	
	<p>115. (1) Subject to the provisions of this Code, every individual, Hindu undivided family and private discretionary trust, shall be liable to pay wealth-tax on the net wealth on the valuation date of a financial year.</p> <p>(2) The wealth-tax shall be charged in respect of the net wealth referred to in sub-section (1), on the valuation date of a financial year at the rate specified in Paragraph F of the Seventeenth Schedule in the manner provided therein.</p>	Tax on net wealth
	<p>116. (1) The net wealth of a person referred to in section 115 shall be the amount computed in accordance with the formula—</p> <p style="padding-left: 40px;">A-B</p> <p style="padding-left: 40px;">where-</p> <p style="padding-left: 40px;">A = the aggregate of the value, on the valuation date, of all the assets, wherever located, belonging to the person, computed in accordance with the provisions of sub-section (3);</p> <p style="padding-left: 40px;">B = the aggregate of the value, on the valuation date, of all the debts (other than wealth-tax) owed by the person, which have been incurred in relation to the said assets.</p> <p>(2) The assets referred to in sub-section (1) shall not include the following, namely:—</p> <ol style="list-style-type: none"> (a) any business trading asset, other than land; (b) any property held by the person under trust, or other legal obligation, for carrying out any charitable activity in India; (c) the interest of the person in the coparcenary property of any Hindu undivided family of which he is a member; (d) any one building in the occupation of a Ruler, being a building which immediately before the commencement of the Constitution (Twenty-sixth Amendment) Act, 1971, was his official residence by virtue of a declaration by the Central Government under paragraph 13 of the Merged States (Taxation Concessions) Order, 1949, or paragraph 	Computation of net wealth

	<p>15 of the Part B States (Taxation Concessions) Order, 1950;</p> <p>(e) jewellery in the possession of any Ruler, not being his personal property, which has been recognised as his heirloom—</p> <p>(i) by the Central Government before the commencement of the Wealth-tax Act, 1957, as it stood before the commencement of this Code; or</p> <p>(ii) by the Board at the time of his first assessment to wealth-tax under the Wealth-tax Act, 1957, as it stood before the commencement of this Code;</p> <p>(f) the value of the assets located outside India, if the person-</p> <p>(i) being an individual, is not a citizen of India or is a non-resident;</p> <p>(ii) other than an individual, is a non-resident;</p> <p>(g) any one house or part of a house or one vacant plot of land not exceeding five hundred square metres of area belonging to an individual or a Hindu undivided family;</p> <p>(h) any land if such land is classified as agricultural land in the records of the Government and used for agricultural purposes.</p> <p>(3) The value of any asset, other than cash, referred to in sub-section (1), shall be determined in such manner as may be prescribed.</p> <p>(4) In this Chapter, “valuation date” means the 31st day of March in the financial year.</p>	
<p>Net wealth to include certain assets.</p>	<p>117. (1) The assets referred to in sub-section (1) of section 116 shall be deemed to be belonging to the person, being an individual, and included in computing his net wealth, if such assets, as on the valuation date, are held (whether in the form they were transferred or otherwise)—</p> <p>(a) by the spouse of such individual to whom such asset has been transferred by him, directly or indirectly, otherwise than for adequate consideration or in connection with an agreement to live apart;</p> <p>(b) by a minor child, not being a person with disability or person with severe disability, of such individual;</p> <p>(c) by the son’s wife of such individual to whom such asset has been transferred by him, directly or indirectly, otherwise than for adequate consideration;</p> <p>(d) by a person to whom such asset has been transferred by the individual, directly or indirectly, otherwise than for adequate consideration for the immediate or deferred benefit of the individual or his spouse or his son’s wife;</p> <p>(e) by a trust to whom such asset has been transferred by the individual, if the transfer is revocable during the life time of the beneficiary of the trust;</p> <p>(f) by a person, not being a trust, to whom such asset has been transferred by the individual, if the transfer is revocable during the life time of the person; and</p> <p>(g) by a Hindu undivided family by way of any converted property.</p> <p>(2) The provisions of sub-section (1) shall not apply in respect of such asset as has been acquired by the minor child out of his income referred to in clause (b) of sub-section (1) of section 9 and which are held by him on the valuation date.</p> <p>(3) In this section,—</p> <p>(a) the asset referred to in clause (b) of sub-section (1) shall be included in the net wealth of—</p> <p>(i) the parent who is the guardian of the minor child; or</p>	

	<p>(ii) the parent whose net wealth (excluding the assets referred to in that clause) is higher, if both the parents are guardians of the child;</p> <p>(b) a transfer shall be deemed to be revocable, if—</p> <p>(i) it contains any provision for the re-transfer, directly or indirectly, of the whole or any part of the income or asset to the transferor; or</p> <p>(ii) it, in any way, gives the transferor a right to re-assume power, directly or indirectly, over the whole or any part of the income or asset;</p> <p>(c) the person shall, notwithstanding anything in this Code or in any other law for the time being in force, be deemed to be the owner of a building or part thereof, if he is-</p> <p>(i) a member of a co-operative society, company or other association of persons and the building or part thereof is allotted or leased to him under a house building scheme of the society, company or association, as the case may be;</p> <p>(ii) allowed to take or retain possession of any building or part thereof in part performance of a contract of the nature referred to in section 53A of the Transfer of Property Act, 1882;</p> <p>(d) the holder of an impartible estate shall be deemed to be the individual owner of all the properties comprised in the estate; and</p> <p>(e) the value of any assets transferred under an irrevocable transfer shall be liable to be included in computing the net wealth of the transferor in the year in which the power to revoke vests in him.</p> <p>(4) Where any assets referred to in clause (b) of sub-section (1) are once included in the net wealth of a parent, any such assets shall not be included in the net wealth of the other parent in any succeeding year, unless the Assessing Officer considers it necessary to do so after giving an opportunity of being heard to the other parent.</p>	
	<p>PART F</p> <p>PREVENTION OF ABUSE OF THE CODE</p> <p>CHAPTER XII</p> <p>SPECIAL PROVISIONS RELATING TO AVOIDANCE OF TAX</p>	
<p>Disallowance of expenditure having regard to fair market value.</p>	<p>118. (1) A person shall not be allowed a deduction under this Code in respect of so much of the expenditure, whether capital or revenue in nature, as is considered by the Assessing Officer to be excessive or unreasonable, if—</p> <p>(a) the payment in respect of the expenditure has been, or is to be, made to any associated person; and</p> <p>(b) the expenditure is excessive, or unreasonable, having regard to—</p> <p>(i) the fair market value of the goods, services or facilities for which the payment is made;</p> <p>(ii) the legitimate needs of the business of the person; or</p> <p>(iii) the benefit derived by, or accruing to, the person therefrom.</p> <p>(2) No disallowance under sub-section (1) shall be made on account of expenditure, being excessive or unreasonable, having regard to the fair market value in respect of a specified domestic transaction, if such transaction is at arm's length price.</p>	

<p>Determination of income from international transaction or specified domestic transaction having regard to arm's length price.</p>	<p>119. (1) The amount of any income, or expense, arising from an international transaction shall be determined having regard to the arm's length price.</p> <p>(2) The allocation or apportionment of, or any contribution to, any cost or expense incurred or to be incurred in connection with a benefit, service or facility provided or to be provided to any associated enterprise shall be determined having regard to the arm's length price of such benefit, service or facility, as the case may be, if—</p> <p>(a) two or more associated enterprises have entered into a mutual agreement or arrangement for the allocation or apportionment of, or any contribution to, such cost or expense; and</p> <p>(b) the benefit, service or facility provided to any one or more associated enterprises involves an international transaction or a specified domestic transaction.</p> <p>(3) Any allowance for an expenditure or interest or allocation of any cost or expense or any income in relation to the specified domestic transaction shall be computed having regard to the arm's length price.</p> <p>(4) The provisions of this section shall not apply in a case, if the determination under sub-section (1), sub-section (2) or sub-section (3), has the effect of reducing the income chargeable to tax, or increasing the loss computed, on the basis of entries made in the books of account in respect of the financial year in which the international transaction or the specified domestic transaction was entered.</p>	
<p>Determination of arm's length price.</p>	<p>120. (1) The arm's length price in relation to an international transaction or a specified domestic transaction shall be determined in accordance with any of the methods as may be prescribed, being the most appropriate method.</p> <p>(2) The most appropriate method referred to in sub-section (1) shall be determined having regard to the nature of transaction, class of transaction, class of associated enterprise or functions performed by such enterprises or such other relevant factors as may be prescribed.</p> <p>(3) The most appropriate method determined under sub-section (2) shall be applied for determination of arm's length price in such manner as may be prescribed.</p> <p>(4) The arm's length price shall be—</p> <p>(a) the price determined by the most appropriate method, if only one price is determined by the method; or</p> <p>(b) the arithmetical mean of the prices determined by the most appropriate method, if more than one price is determined by the method.</p> <p>(5) The price at which the international transaction or the specified domestic transaction has actually been undertaken shall be deemed to be the arm's length price if the variation between the arm's length price determined under sub-section (4) and the price at which the international transaction or the specified domestic transaction has actually been undertaken does not exceed such percentage not exceeding three per cent. of the latter, as may be notified by the Central Government in this behalf.</p> <p>(6) The income of an associated enterprise shall not be recomputed by reason of determination of arm's length price in the case of the other associated enterprise.</p> <p>(7) No deduction under Sub-chapter-IV of Chapter III shall be allowed in respect of the amount of income by which the total income of the assessee is enhanced after computation of income under this section.</p> <p>(8) The determination of arm's length price shall be subject to safe harbour rules, as may be</p>	

	prescribed in this behalf.	
	<p>121. (1) The Board, with the approval of the Central Government, may enter into an advance pricing agreement with any person, determining the arm's length price or specifying the manner in which arm's length price is to be determined, in relation to an international transaction to be entered into by that person.</p> <p>(2) The manner of determination of arm's length price referred to in sub-section (1), may include the methods specified under section 120 or any other method, with such adjustments or variations, as may be necessary or expedient so to do.</p> <p>(3) Notwithstanding anything in section 120 and section 164, the arm's length price of any international transaction, in respect of which the advance pricing agreement has been entered into, shall be determined in accordance with the advance pricing agreement so entered.</p> <p>(4) The agreement referred to in sub-section (1) shall be valid for such period as may be specified in the agreement but such agreement shall not exceed five consecutive financial years.</p> <p>(5) The advance pricing agreement entered into shall be binding—</p> <p>(a) on the person in whose case, and in respect of the transaction in relation to which, the agreement has been entered into; and</p> <p>(b) on the Commissioner, and the income-tax authorities subordinate to him, in respect of the said person and the transaction.</p> <p>(6) The agreement referred to in sub-section (1) shall not be binding if there is a change in law or facts having bearing on the agreement so entered.</p> <p>(7) The Board may, with the approval of the Central Government, by an order, declare an agreement to be <i>void ab initio</i>, if it finds that the agreement has been obtained by the person by fraud or misrepresentation of facts.</p> <p>(8) Upon declaring the agreement <i>void ab initio</i>,—</p> <p>(a) all the provisions of the Code shall apply to the person as if such agreement had never been entered into; and</p> <p>(b) notwithstanding anything in the Code, for the purpose of computing any period of limitation under this Code, the period beginning with the date of such agreement and ending on the date of order under sub-section (7) shall be excluded.</p> <p>(9) Where immediately after the exclusion of the period mentioned in sub-section (8), the period of limitation, referred to in any provision of this Code, is less than sixty days, such remaining period shall be extended to sixty days and the aforesaid period of limitation shall be deemed to be extended accordingly.</p> <p>(10) The Board may, for the purposes of this section, prescribe a scheme specifying therein the manner, form, procedure and any other matter generally in respect of the advance pricing agreement.</p> <p>(11) Where an application is made by a person for entering into an agreement referred to in sub-section (1), the proceeding shall be deemed to be pending in the case of the person for the purposes of the Code.</p>	Advance pricing agreement.
	<p>122. (1) The total income of a person shall include all income accruing to any non-resident, if—</p> <p>(a) the income accrues by virtue of a transfer of any asset by the person, either alone or in conjunction with associated operations, directly or indirectly, to the non-resident;</p> <p>(b) the person —</p>	Avoidance of income-tax by transactinos resulting in transfer of

	<p>(i) acquires any rights by virtue of which he has power to enjoy, whether forthwith or in the future, such income; or</p> <p>(ii) is entitled to receive, or has received, any capital sum, the payment whereof is in any way connected with the transfer or any associated operations; and</p> <p>(c) the income would have been included in the total income of the person, had the transfer not taken place.</p> <p>(2) A person shall be deemed to have the power to enjoy the income of a non-resident, if—</p> <p>(a) the income is in fact so dealt with by the person so as to be calculated at some point of time and, whether in the form of income or not, to enure for the benefit of the person;</p> <p>(b) the accrual or receipt of the income operates to increase the value to the person of any assets held by him or for his benefit;</p> <p>(c) the person receives, or is entitled to receive, at any time any benefit provided, or to be provided, out of that income, or out of moneys, which are or shall be available for the purpose by reason of the effect, or successive effects, of the associated operations on that income and assets which represent that income;</p> <p>(d) such person has power by means of the exercise of any power of appointment or power of revocation or otherwise to obtain for himself, whether with or without the consent of any other person, the beneficial enjoyment of the income; or</p> <p>(e) the person is able, in any manner whatsoever and whether directly or indirectly, to control the application of the income.</p> <p>(3) For determining whether a person has power to enjoy the income, regard shall be had to—</p> <p>(a) the substantial result and effect of the transfer and any associated operations; and</p> <p>(b) all benefits which may at any time accrue to such person as a result of the transfer and any associated operations, irrespective of the nature or form of the benefits.</p> <p>(4) The provisions of this section shall not apply if the person referred to in sub-section (1) shows to the satisfaction of the Assessing Officer that the transfer and all associated operations were <i>bona fide</i> commercial transactions and were not designed for the purpose of avoiding liability to taxation.</p>	income to non-residents
Avoidance of tax by sale and buy-back transaction in security.	<p>123. (1) The total income of any person shall include any interest accruing from any security owned by any other person if—</p> <p>(a) the person undertakes a transaction relating to sale and buy-back of the security;</p> <p>(b) the interest accrues to the other person as a result of such transaction; and</p> <p>(c) the income would have been included in the total income of the person, had the transfer not taken place.</p> <p>(2) The provisions of sub-section (1) shall not apply to the person mentioned therein if he proves to the satisfaction of the Assessing Officer that –</p> <p>(a) there has been no avoidance of income-tax; or</p> <p>(b) the avoidance of income-tax was exceptional and not systematic and there was no avoidance of income-tax in his own case in any of the three preceding years by way of a transaction relating to sale and buy-back of security.</p>	
Avoidance of	124. (1) The transaction relating to buy and sale back of security under section 123 shall, in the	

<p>tax by buy and sale back transaction in security.</p>	<p>case of the other person referred to therein, be ignored and no account shall be taken of the transaction in computing the income if the interest accruing to the other person is not included in his total income by virtue of the provisions of that section.</p> <p>(2) The loss, if any, arising to a person on account of any buy and sale back transaction in any security undertaken by him, shall be ignored for the purposes of computing his total income, if any other income accruing to the person on such security is not included in his total income.</p> <p>(3) The loss, referred to in sub-section (2), shall be ignored to the extent such loss does not exceed the amount of any other income referred to therein.</p>	
<p>Broken-period income accruing from a debt instrument.</p>	<p>125. The income accruing from a debt instrument, transferred by a person at any time during the financial year, shall not be less than the amount of broken-period income from the instrument.</p>	
	<p>126. (1) The Central Government may, having regard to the lack of effective exchange of information with any country or territory outside India, specify by notification such country or territory as a notified jurisdictional area in relation to transactions entered into by any assessee.</p> <p>(2) Notwithstanding anything to the contrary in this Code, if an assessee enters into a transaction where one of the parties to the transaction is a person located in a notified jurisdictional area, then-</p> <p>(a) all the parties to the transaction shall be deemed to be associated enterprises within the meaning of clause (3) of section 127;</p> <p>(b) any transaction in the nature of purchase, sale or lease of tangible or intangible property or provision of service or lending or borrowing money or any other transaction having a bearing on the profits, income, losses or assets of the assessee including a mutual agreement or arrangement for allocation or apportionment of, or any contribution to, any cost or expense incurred or to be incurred in connection with a benefit, service or facility provided or to be provided by or to the assessee shall be deemed to be an international transaction within the meaning of clause (11) of section 127, and the provisions of sections 87, 88, 119, 120, 127 and 164 shall apply accordingly.</p> <p>(3) No deduction shall be allowed under the Code, -</p> <p>(a) in respect of any payment made to any financial institution located in a notified jurisdictional area, unless the assessee furnishes an authorisation in the prescribed form authorising the Board or any other income-tax authority acting on its behalf to seek relevant information from the said financial institution on behalf of such assessee; and</p> <p>(b) in respect of any other expenditure or allowance (including depreciation) arising from the transaction with a person located in a notified jurisdictional area, unless the assessee maintains such documents and furnishes such information as may be prescribed.</p> <p>(4) Any sum received from, or credited through, any person located in a notified jurisdictional area in any financial year shall be deemed to be the income of the assessee for that financial year if the assessee does not offer any explanation about the source of the said sum in the hands of such person or in the hands of the beneficial owner (if such person is not the beneficial owner of the said sum) or the explanation offered by the assessee is not satisfactory in the opinion of the Assessing officer.</p>	<p>Special measures in respect of transactions with persons located in notified jurisdictional area.</p>

<p>Interpretations in this Chapter</p>	<p>127. In this Chapter,—</p> <p>(1) “arm’s length price” means a price which is applied, or proposed to be applied, in a transaction between persons, enterprises or undertakings, other than associated enterprises, in uncontrolled, unrelated or independent conditions;</p> <p>(2) “asset” includes property, or right, of any kind;</p> <p>(3) “associated enterprise” in relation to another enterprise, means an enterprise—</p> <p>(a) which participates, directly or indirectly, or through one or more intermediaries, in the management or control or capital of the other enterprise; or</p> <p>(b) in respect of which one or more persons who participate, directly or indirectly, or through one or more intermediaries, in its management or control or capital, are the same persons who participate, directly or indirectly, or through one or more intermediaries, in the management or control or capital of the other enterprise,</p> <p>and for the purposes of sub-clauses (a) and (b) above, two enterprises, shall be deemed to be associated enterprises at any time during the financial year, if they are associated with each other by virtue of—</p> <p>(i) one enterprise holding, directly or indirectly, shares carrying twenty-six per cent. or more of the voting power in the other enterprise;</p> <p>(ii) any person or enterprise holding, directly or indirectly, shares carrying twenty-six per cent. or more of the voting power in each of such enterprises;</p> <p>(iii) a loan advanced by one enterprise to the other enterprise and the loan constitutes fifty-one per cent. or more of the book value of the total assets of the other enterprise;</p> <p>(iv) one enterprise guarantees ten per cent. or more of the total borrowings of the other enterprise;</p> <p>(v) more than one-half of the board of directors, or members, of the governing board, or one or more executive directors, or executive members, of the governing board of one enterprise, being appointed by the other enterprise;</p> <p>(vi) more than one-half of the directors, or members, of the governing board, or one or more of the executive directors, or executive members, of the governing board, of each of the two enterprises, being appointed by the same person or persons;</p> <p>(vii) the manufacture, or processing, of any goods or articles of, or carrying on the business by, one enterprise being wholly dependent on the use of know-how, patents, copyrights, trade marks, brands, licences, franchises, or any other business or commercial rights of similar nature, or any data, documentation, drawing or specification relating to any patent, invention, model, design, secret formula or process, of which the other enterprise is the owner or in respect of which the other enterprise has exclusive rights;</p> <p>(viii) ninety per cent. or more of the raw materials and consumables required for the manufacture, or processing, of goods or articles carried out by one enterprise, being supplied by the other enterprise, or by persons specified by the other enterprise, and the prices and other conditions relating to the supply are influenced by such other enterprise;</p>	

- (ix) the goods or articles manufactured, or processed, by one enterprise, being sold to the other enterprise or to persons specified by the other enterprise, and the prices and other conditions relating thereto are influenced by such other enterprise;
- (x) the services provided, directly or indirectly, by one enterprise to another enterprise or to persons specified by the other enterprise, and the amount payable and the other conditions relating thereto are influenced by such other enterprise;
- (xi) one enterprise being controlled by an individual, and the other enterprise being also controlled by such individual or his relative, or jointly by such individual and his relative;
- (xii) one enterprise being controlled by a Hindu undivided family, and the other enterprise being also controlled by a member of such Hindu undivided family or by a relative of a member of such Hindu undivided family or jointly by such member and his relative;
- (xiii) one enterprise holding ten per cent., or more, interest in another enterprise being an unincorporated body;
- (xiv) any specific or distinct location of either of the enterprises in a country or territory as may be notified ; or
- (xv) any other relationship of mutual interest, existing between the two enterprises, as may be prescribed,

and includes an associated person in respect of a specified domestic transaction:

(4) “associated operation” in relation to any transfer means an operation of any kind effected by the transferor in relation to—

- (a) any asset transferred;
- (b) any asset representing, directly or indirectly, any asset so transferred;
- (c) the income accruing from any asset so transferred; or
- (d) any asset representing, directly or indirectly, the accumulation of income accruing from any asset so transferred;

(5) “associated person” in relation to a person, means—

- (a) any relative of the person, if the person is an individual;
- (b) any director of the company or any relative of such director, if the person is a company;
- (c) any participant in an unincorporated body or any relative of such participant, if the person is an unincorporated body;
- (d) any member of the Hindu undivided family or any relative of such member, if the person is a Hindu undivided family;
- (e) any individual who has a substantial interest in the business of the person or any relative of such individual;
- (f) a company, unincorporated body or Hindu undivided family having a substantial interest in the business of the person or any director, participant, or member of the company, body or family, or any relative of such director, participant or member or any other company carrying on business or profession in which the first mentioned company has substantial interest;
- (g) a company, unincorporated body or Hindu undivided family, whose director, participant, or member have a substantial interest in the business of the person or

	<p>family or any relative of such director, participant or member;</p> <p>(h) any other person who carries on a business, if—</p> <p>(i) the person being an individual, or any relative of such person, has a substantial interest in the business of that other person; or</p> <p>(ii) the person being a company, unincorporated body or Hindu undivided family, or any director, participant or member of such company, body or family, or any relative of such director, participant or member, has a substantial interest in the business of that other person;</p> <p>(6) “benefit” includes a payment of any kind;</p> <p>(7) “broken-period income” means the income for the period commencing from the date on which the debt instrument is acquired by the person or the beginning of the financial year, whichever is later, and ending on the date on which the security is sold, and shall be calculated as if the income from such securities had accrued from day to day and been apportioned accordingly for the broken period;</p> <p>(8) “capital sum” means—</p> <p>(a) any sum paid by way of a loan or repayment of a loan; or</p> <p>(b) any other sum paid otherwise than as income, being a sum which is not paid for full consideration in money or money’s worth;</p> <p>(9) “enterprise” includes—</p> <p>(a) a person who is, or has been, or is likely to be, engaged in any business, industrial, commercial, financial, construction, mining, research, investment or any other similar activity, whether such activity is carried on directly or through one, or more, of its units, divisions or subsidiaries, wherever located; and</p> <p>(b) the permanent establishment of the person referred to in sub-clause (a);</p> <p>(10) “intangible property” includes know-how, patents, goodwill, copyrights, trade-marks, brand name, licences, franchises, any business or commercial rights, leasehold interest, exploration and exploitation rights, easement rights, air rights, water rights, or any other thing that derives its value from its intellectual content instead of its physical attributes;</p> <p>(11) “international transaction” means—</p> <p>(a) a transaction between two or more associated enterprises, either or all of whom is a non-resident, in the nature of—</p> <p>(i) purchase, sale, transfer, lease or use of tangible property including building, transportation vehicle, machinery, equipment, tools, plant, furniture, commodity or any other article, product or thing;;</p> <p>(ii) purchase, sale, transfer, lease or use of intangible property, including the transfer of ownership or the provision of use of rights regarding land use, copyrights, patents, trademarks, licences, franchises, customer list, marketing channel, brand, commercial secret, know-how, industrial property right, exterior design or practical and new design or any other business or commercial rights of similar nature;</p> <p>(iii) provision of services, including provision of market research, market development, marketing management, administration, technical service, repairs, design, consultation, agency, scientific research, legal or accounting service;</p> <p>(iv) capital financing, including any type of long-term or short-term borrowing, lending or guarantee, purchase or sale of marketable securities or any type of advance, payments or deferred payment or receivable or any other debt arising</p>	
--	--	--

	<p>during the course of business;;</p> <p>(v) a transaction of business restructuring or re-organisation, entered into by an enterprise with an associated enterprise, irrespective of the fact that it has bearing on the profit, income, losses or assets of such enterprises at the time of the transaction or at any future date;</p> <p>(vi) any other transaction, which has a bearing on the income, loss or asset of any one or more of the enterprises; or</p> <p>(vii) a mutual agreement or arrangement between two or more associated enterprises for the allocation or apportionment of, or any contribution to, any cost or expense incurred, or to be incurred, in connection with a benefit, service or facility provided, or to be provided, to any one or more of the enterprises;</p> <p>(b) a transaction entered into by two or more persons, not being associated enterprises, if—</p> <p>(i) the transaction is of the nature referred to in sub-clause (a);</p> <p>(ii) there exists a prior agreement in relation to the relevant transaction between such other person and the associated enterprise or the terms of the relevant transaction are determined in substance between such other person and the associated enterprise; and</p> <p>(iii) either, or both, of the associated enterprises is a non-resident;</p> <p>(12) “interest” includes dividend;</p> <p>(13) “person located in a notified jurisdictional area” shall include,-</p> <p>(a) a person resident of the notified jurisdictional area;</p> <p>(b) a person (other than an individual) established in the notified jurisdictional area; or</p> <p>(c) a permanent establishment of a person [other than a person covered in sub-clause (a) or sub-clause (b)] in the notified jurisdictional area;</p> <p>(14) “safe harbour”, in relation to computation of arm’s length price, means circumstances in which the income-tax authorities shall accept the transfer price declared by the assessee;</p> <p>(15) “similar security” means security which entitles its holder to the same rights against the same person as to capital and interest and the same remedies for the enforcement of those rights, irrespective of any difference in the—</p> <p>(a) total nominal amounts of the respective security;</p> <p>(b) form in which it is held; or</p> <p>(c) manner in which it can be transferred;</p> <p>(16) "substantial interest in the business"- a person shall be deemed to have a substantial interest in the business, if—</p> <p>(a) in a case where the business is carried on by a company, such person is, at any time during the financial year, the beneficial owner of equity shares carrying twenty per cent. or more, of the voting power; or</p> <p>(b) in any other case, such person is, at any time during the financial year, beneficially entitled to twenty per cent. or more, of the profits of such business.</p> <p>(17) “transaction” in relation to an international transaction or a specified domestic transaction shall include an arrangement, understanding or action in concert—</p> <p>(a) whether or not such arrangement, understanding or action is formal or in writing; or</p> <p>(b) whether or not such arrangement, understanding or action is intended to be enforceable</p>	
--	---	--

	<p>by legal proceeding;</p> <p>(18) “transaction relating to buy and sale back of security” means a transaction where a person buys a security, and sells or transfers the same, or similar, security;</p> <p>(19) “transaction relating to sale and buy back of security” means a transaction where a person, being the owner of any security, sells or transfers the security, and buys back or re-acquires the same, or similar, security;</p> <p>(20) “transfer” in relation to any right includes the creation of a right.</p>	
	<p>CHAPTER XIII</p> <p>GENERAL ANTI-AVOIDANCE RULE</p>	
	<p>128. (1) Notwithstanding anything in the Code, an arrangement entered into by an assessee may be declared to be an impermissible avoidance arrangement and the consequence in relation to tax arising therefrom may be determined subject to the provisions of this Chapter.</p> <p>(2) The provisions of this Chapter may be applied to any step in, or a part of, the arrangement as they are applicable to the arrangement.</p> <p>(3) The provisions of this Chapter shall be applicable to the financial year beginning on or after the 1st day of April, 2015.</p>	Applicability of General Anti-Avoidance Rule
	<p>129. (1) An impermissible avoidance arrangement means an arrangement, the main purpose of which is to obtain a tax benefit, and it—</p> <ul style="list-style-type: none"> (a) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length; (b) results, directly or indirectly, in the misuse, or abuse, of the provisions of this Code; (c) lacks commercial substance or is deemed to lack commercial substance under section 130, in whole or in part; or (d) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes. <p>(2) An arrangement shall be presumed, unless it is proved to the contrary by the assessee, to have been entered into, or carried out, for the main purpose of obtaining a tax benefit, if the main purpose of a step in, or a part of, the arrangement is to obtain a tax benefit, notwithstanding the fact that the main purpose of the whole arrangement is not to obtain a tax benefit.</p>	Impermissible avoidance arrangement
Arrangement to lack commercial substance	<p>130. (1) An arrangement shall be deemed to lack commercial substance, if—</p> <ul style="list-style-type: none"> (a) the substance or effect of the arrangement as a whole, is inconsistent with, or differs significantly from, the form of its individual steps or a part; (b) it involves or includes— <ul style="list-style-type: none"> (i) round trip financing; (ii) an accommodating party; (iii) elements that have effect of offsetting or cancelling each other; or (iv) a transaction which is conducted through one or more persons and disguises the value, location, source, ownership or control of funds which is the subject matter 	

	<p style="text-align: center;">of such transaction;</p> <p>(c) it involves the location of an asset or of a transaction or of the place of residence of any party which is without any substantial commercial purpose other than obtaining a tax benefit (but for the provisions of this Chapter) for a party; or</p> <p>(d) it does not have a significant effect upon the business risks or net cash flows of any party to the arrangement apart from any effect attributable to the tax benefit that would be obtained (but for the provisions of this Chapter).</p> <p>(2) For the purposes of sub-section (1), round trip financing includes any arrangement in which, through a series of transactions—</p> <p>(a) funds are transferred among the parties to the arrangement; and</p> <p>(b) such transactions do not have any substantial commercial purpose other than obtaining the tax benefit (but for the provisions of this Chapter),</p> <p>without having any regard to—</p> <p style="padding-left: 40px;">(A) whether or not the funds involved in the round trip financing can be traced to any funds transferred to, or received by, any party in connection with the arrangement;</p> <p style="padding-left: 40px;">(B) the time, or sequence, in which the funds involved in the round trip financing are transferred or received; or</p> <p style="padding-left: 40px;">(C) the means by, or manner in, or mode through, which funds involved in the round trip financing are transferred or received.</p> <p>(3) For the purposes of this Chapter, a party to an arrangement shall be an accommodating party, if the main purpose of the direct or indirect participation of that party in the arrangement, in whole or in part, is to obtain, directly or indirectly, a tax benefit (but for the provisions of this Chapter) for the assessee whether or not the party is a connected person in relation to any party to the arrangement.</p> <p>(4) For the removal of doubts, it is hereby clarified that the following may be relevant but shall not be sufficient for determining whether an arrangement lacks commercial substance or not, namely:—</p> <p style="padding-left: 40px;">(i) the period or time for which the arrangement (including operations therein) exists;</p> <p style="padding-left: 40px;">(ii) the fact of payment of taxes, directly or indirectly, under the arrangement;</p> <p style="padding-left: 40px;">(iii) the fact that an exit route (including transfer of any activity or business or operations) is provided by the arrangement.</p>	
<p>Consequences of impermissible avoidance arrangement</p>	<p>131. (1) If an arrangement is declared to be an impermissible avoidance arrangement, then, the consequences, in relation to tax, of the arrangement, including denial of tax benefit or a benefit under a tax treaty, shall be determined, in such manner as is deemed appropriate, in the circumstances of the case, including by way of but not limited to the following, namely:—</p> <p style="padding-left: 40px;">(a) disregarding, combining or recharacterising any step in, or a part or whole of, the impermissible avoidance arrangement;</p> <p style="padding-left: 40px;">(b) treating the impermissible avoidance arrangement as if it had not been entered into or carried out;</p> <p style="padding-left: 40px;">(c) disregarding any accommodating party or treating any accommodating party and any other party as one and the same person;</p> <p style="padding-left: 40px;">(d) deeming persons who are connected persons in relation to each other to be one and the</p>	

	<p>same person for the purposes of determining tax treatment of any amount;</p> <p>(e) reallocating amongst the parties to the arrangement—</p> <p>(i) any accrual, or receipt, of a capital nature or revenue nature; or</p> <p>(ii) any expenditure, deduction, relief or rebate;</p> <p>(f) treating—</p> <p>(i) the place of residence of any party to the arrangement; or</p> <p>(ii) the situs of an asset or of a transaction, at a place other than the place of residence, location of the asset or location of the transaction as provided under the arrangement; or</p> <p>(g) considering or looking through any arrangement by disregarding any corporate structure.</p> <p>(2) For the purposes of sub-section (1),—</p> <p>(i) any equity may be treated as debt or <i>vice versa</i>;</p> <p>(ii) any accrual, or receipt, of a capital nature may be treated as of revenue nature or <i>vice versa</i>; or</p> <p>(iii) any expenditure, deduction, relief or rebate may be recharacterised.</p>	
	<p>132. For the purposes of this Chapter, in determining whether a tax benefit exists,—</p> <p>(i) the parties who are connected persons in relation to each other may be treated as one and the same person;</p> <p>(ii) any accommodating party may be disregarded;</p> <p>(iii) the accommodating party and any other party may be treated as one and the same person;</p> <p>(iv) the arrangement may be considered or looked through by disregarding any corporate structure.</p>	<p>Treatment of connected person and accommodating party</p>
	<p>133. The provisions of this Chapter shall apply in addition to, or in lieu of, any other basis provided under this Code for determination of tax liability.</p>	<p>Application of this Chapter</p>
	<p>134. The provisions of this Chapter shall be applied in accordance with such guidelines and subject to such conditions, as may be prescribed.</p>	<p>Framing of guidelines</p>
	<p>135. In this Chapter, unless the context otherwise requires,—</p> <p>(1) "arrangement" means any step in, or a part or whole of, any transaction, operation, scheme, agreement or understanding, whether enforceable or not, and includes the alienation of any property in such transaction, operation, scheme, agreement or understanding;</p> <p>(2) "asset" includes property, or right, of any kind;</p> <p>(3) "benefit" includes a payment of any kind whether in tangible or intangible form;</p> <p>(4) "connected person" means any person who is connected directly or indirectly to another</p>	<p>Interpretations in this Chapter</p>

person and includes,—

- (a) any relative of the person, if such person is an individual;
- (b) any director of the company or any relative of such director, if the person is a company;
- (c) any partner or member of a firm or association of persons or body of individuals or any relative of such partner or member, if the person is a firm or association of persons or body of individuals;
- (d) any member of the Hindu undivided family or any relative of such member, if the person is a Hindu undivided family;
- (e) any individual who has a substantial interest in the business of the person or any relative of such individual;
- (f) a company, firm or an association of persons or a body of individuals, whether incorporated or not, or a Hindu undivided family having a substantial interest in the business of the person or any director, partner, or member of the company, firm or association of persons or body of individuals or family, or any relative of such director, partner or member or any other company carrying on business or profession in which the first-mentioned company has substantial interest;
- (g) a company, firm or association of persons or body of individuals, whether incorporated or not, or a Hindu undivided family, whose director, partner, or member has a substantial interest in the business of the person, or family or any relative of such director, partner or member;
- (h) any other person who carries on a business, if—
 - (i) the person being an individual, or any relative of such person, has a substantial interest in the business of that other person; or
 - (ii) the person being a company, firm, association of persons, body of individuals, whether incorporated or not, or a Hindu undivided family, or any director, partner or member of such company, firm or association of persons or body of individuals or family, or any relative of such director, partner or member, has a substantial interest in the business of that other person;

(5) "fund" includes—

- (a) any cash;
- (b) cash equivalents; and
- (c) any right, or obligation, to receive or pay, the cash or cash equivalent;

(6) "party" includes a person or a permanent establishment which participates or takes part in an arrangement;

(7) "relative" shall have the meaning assigned to it in clause (a) of sub-section (5) of section 58;

(8) a person shall be deemed to have a substantial interest in the business, if,—

- (a) in a case where the business is carried on by a company, such person is, at any time during the financial year, the beneficial owner of equity shares carrying twenty per cent. or more, of the voting power; or
- (b) in any other case, such person is, at any time during the financial year, beneficially entitled to twenty per cent. or more, of the profits of such business;

(9) "step" includes a measure or an action, particularly one of a series taken in order to deal with or achieve a particular thing or object in the arrangement;

(10) "tax benefit" includes,—

	<p>(a) a reduction or avoidance or deferral of tax or other amount payable under this Code;</p> <p>(b) an increase in a refund of tax or other amount under this Code;</p> <p>(c) a reduction or avoidance or deferral of tax or other amount that would be payable under this Code, as a result of a tax treaty;</p> <p>(d) an increase in a refund of tax or other amount under this Code as a result of a tax treaty;</p> <p>(e) a reduction in total income; or</p> <p>(f) an increase in loss,</p> <p>in the relevant financial year or any other financial year;</p> <p>(11) "tax treaty" means an agreement referred to in sub-section (1) of section 295.</p>	
	<p>PART G</p> <p>TAX MANAGEMENT</p> <p>CHAPTER XIV</p> <p>TAX ADMINISTRATION AND PROCEDURE</p> <p><i>A. - Tax administration</i></p>	
	<p>136. There shall be the following classes of income-tax authorities for the purposes of this Code, namely:—</p> <p>(a) the Central Board of Direct Taxes constituted under the Central Boards of Revenue Act, 1963,</p> <p>(b) Principal Chief Commissioners of Income-tax or Principal Directors-General of Income-tax,</p> <p>(c) Chief Commissioners of Income-tax or Directors-General of Income-tax,</p> <p>(d) Principal Commissioners of Income-tax or Principal Directors of Income-tax,</p> <p>(e) Commissioners of Income-tax or Directors of Income-tax or Commissioners of Income-tax (Appeals),</p> <p>(f) Additional Commissioners of Income-tax or Additional Directors of Income-tax,</p> <p>(g) Joint Commissioners of Income-tax or Joint Directors of Income-tax,</p> <p>(h) Deputy Commissioners of Income-tax or Deputy Directors of Income-tax,</p> <p>(i) Assistant Commissioners of Income-tax or Assistant Directors of Income-tax,</p> <p>(j) Income-tax Officers,</p> <p>(k) Tax Recovery Officers,</p> <p>(l) Inspectors of Income-tax.</p>	Income-tax authorities.
	<p>137. (1) The Central Government may appoint such persons as it thinks fit to be income-tax authorities.</p> <p>(2) Without prejudice to the provisions of sub-section (1), and subject to the rules and orders of the Central Government regulating the conditions of service of persons in public services and posts,</p>	Appointment and control of income-tax authorities.

	<p>the Central Government may authorise the Board or a Director-General or a Chief Commissioner or a Director or a Commissioner to appoint income-tax authorities below the rank of an Assistant Commissioner.</p> <p>(3) Subject to the rules and orders of the Central Government regulating the conditions of service of persons in public services and posts, an income-tax authority authorised in this behalf by the Board may appoint such executive or ministerial staff as may be necessary to assist it in the execution of its functions.</p> <p>(4) The Board may, by notification, direct that any income-tax authority or authorities specified in the notification shall be subordinate to such other income-tax authority or authorities as may be specified in such notification.</p>	
<p>Power of higher authorities.</p>	<p>138. Any income-tax authority, above the rank of Assessing Officer, shall have all the powers that an Assessing Officer has under this Code in relation to the making of any inquiry.</p>	
<p>Powers of Board to issue instructions.</p>	<p>139. (1) The Board may, from time to time, issue such orders, instructions, directions or circulars to other income-tax authorities as it may consider expedient or necessary for the proper administration of this Code.</p> <p>(2) The Board shall not exercise its powers under sub-section (1) so as to—</p> <ul style="list-style-type: none"> (a) require any income-tax authority to make a particular assessment or to dispose of a particular case in a particular manner; (b) require the Commissioner of Income-tax (Appeals) to dispose of any matter before it in a particular manner. <p>(3) The Board may, without prejudice to the generality of the provisions of sub-section (1), if it considers expedient or necessary to do so, issue general or special orders in respect of —</p> <ul style="list-style-type: none"> (a) any class of tax bases or class of cases, explaining the principles, specifying the guidelines or procedures, whether by way of relaxation of any provision of this Code or otherwise, to be followed by other income-tax authorities in the work relating to assessment or collection of revenue including charging of interest or the initiation of proceedings for the imposition of penalties; (b) any case or class of cases, for avoiding genuine hardship, authorising any income-tax authority [other than Commissioner of Income-tax (Appeals)] to admit any application or claim for any exemption, deduction, refund or any other relief under this Code after the expiry of the period specified by or under this Code for making the application or claim and deal with the same on merits in accordance with law; (c) any case or class of cases, relaxing any requirement or conditions contained in this Code in relation to grant of any relief, on fulfilment of the following conditions, namely:— <ul style="list-style-type: none"> (i) such relaxation is for avoiding genuine hardship; (ii) the reasons for exercise of power have been specified in the order; (iii) the default in complying with such requirement or condition was due to circumstances beyond the control of the assessee; and (iv) the assessee has complied with such requirement or condition before the completion of assessment of the financial year for which the relief is claimed; <p>(4) Every order issued under clause (c) of sub-section (3) shall be laid before each House of Parliament.</p>	

	<p>(5) The orders, instructions, directions and circulars issued by the Board under this section shall be binding on all other income-tax authorities and other persons employed in the execution of this Code.</p>	
Jurisdiction of income-tax authorities.	<p>140. (1) The income-tax authorities shall exercise all or any of the powers and perform all or any of the functions conferred on, or, as the case may be, assigned to such authorities by or under this Code in accordance with such directions as the Board may issue for the exercise of the powers and performance of the functions by all or any of those authorities.</p> <p>(2) The directions of the Board under sub-section (1) may authorise any other income-tax authority to issue orders in writing for the exercise of the powers and performance of the functions by all or any of the other income-tax authorities who are subordinate to it.</p> <p>(3) In issuing the directions or orders referred to in sub-sections (1) and (2), the Board or other income-tax authority authorised by it may have regard to any one or more of the following criteria, namely :—</p> <p>(a) territorial area;</p> <p>(b) persons or classes of persons;</p> <p>(c) incomes or classes of income; and</p> <p>(d) cases or classes of cases.</p> <p>(4) Any income-tax authority, being an authority higher in rank, may, if so directed by the Board, exercise the powers and perform the functions of the income-tax authority lower in rank and any such direction issued by the Board shall be deemed to be a direction issued under sub-section (1).</p> <p>(5) The Board may, by order , authorise any Director General or Director to perform such functions of any other income-tax authority as may be assigned to him by the Board.</p> <p>(6) The Chief Commissioner, if authorised by the Board, may direct two or more Assessing Officers (whether of same rank or not) to exercise and perform the powers and functions conferred on or assigned to them concurrently and the Assessing Officer lower in rank shall follow the directions of the Assessing Officer who is higher in rank.</p>	
	<p>141. (1) The Assessing Officer who has been vested with jurisdiction over any area, by virtue of any direction or order issued under section 140, shall, within the limits of such area, have jurisdiction in respect of —</p> <p>(a) any person carrying on a business,—</p> <p>(i) in a case where the business is carried on in more places than one, the principal place of his business is situate within the area; or</p> <p>(ii) in any other case, the place at which he carries on his business is situate within the area; and</p> <p>(b) any other person residing within the area.</p> <p>(2) Any dispute relating to jurisdiction of an Assessing Officer shall be decided by the Chief Commissioner under whom the Assessing Officer is functioning.</p> <p>(3) Any dispute relating to jurisdiction of the Assessing Officer where it relates to areas within the jurisdiction of different Chief Commissioners shall be decided by consensus between the Chief Commissioners and if they are not in agreement, by the Board, or by such Chief Commissioner as the Board may direct.</p> <p>(4) No person shall be entitled to question the jurisdiction of an Assessing Officer—</p>	Jurisdiction of Assessing Officers.

	<p>(a) after the expiry of one month from the date on which he was served with the notice under sub-section (2) of section 161, if the person has furnished a return under sub-section (1) of section 155 or after the completion of assessment, whichever is earlier;</p> <p>(b) after the expiry of the time allowed by the notice under sub-section (1) of section 157 or under sub-section (2) of section 171, if no return has been filed, or under sub-section (3) of section 166, whichever is earlier.</p> <p>(5) Subject to the provisions of sub-section (4), where an assessee calls in question the jurisdiction of an Assessing Officer, then the Assessing Officer shall, if not satisfied with the correctness of the claim, refer the matter for determination under sub-section (2) before the assessment is made.</p> <p>(6) Every Assessing Officer shall have all the powers conferred by, or under, this Code on an Assessing Officer in respect of the tax bases accruing or received within the area over which he has been vested with jurisdiction under section 140, notwithstanding anything in this section or in any direction or order issued under section 139.</p>	
<p>Power to transfer cases.</p>	<p>142. (1) The Chief Commissioner or, as the case may be, the Commissioner may, by an order, transfer a case from any Assessing Officer to any other Assessing Officer who are subordinate to him.</p> <p>(2) The Chief Commissioner may, by an order, transfer a case from any Assessing Officer subordinate to him to any Assessing Officer subordinate to any other Chief Commissioner, if both the Chief Commissioners are in agreement with such transfer.</p> <p>(3) The Board, or the Chief Commissioner as may be authorised by the Board, may, by an order, transfer a case from any Assessing Officer subordinate to a Chief Commissioner to any Assessing Officer subordinate to any other Chief Commissioner, if the Chief Commissioners are not in agreement with such transfer.</p> <p>(4) Any order under this section shall be passed after giving the person, whose case is being transferred, as far as possible an opportunity of being heard in the matter and after recording the reasons for such transfer.</p> <p>(5) The provisions of sub-section (4) shall not apply if the case is being transferred from an Assessing Officer to another Assessing Officer located in the same city, locality or place.</p> <p>(6) The transfer of a case under this section may be made at any stage of the proceedings, and it shall not be necessary to reissue any notice already issued by the transferor Assessing Officer.</p> <p>(7) For the purposes of section 140 and this section, the expression “case” in relation to any person whose name is specified in any order or direction issued thereunder, means all proceedings under this Code in respect of any year which –</p> <p>(i) may be pending on the date of such order or direction;</p> <p>(ii) may have been completed on or before such date; or</p> <p>(iii) may be commenced after such date.</p>	
<p>Change of incumbent.</p>	<p>143. (1) The income-tax authority who succeeds another authority as a result of change in jurisdiction or for any other reason, shall continue the proceedings from the stage at which it was left by his predecessor.</p> <p>(2) The assessee in such a case may be given an opportunity of being heard, if he so requests, before passing any order in his case.</p>	

<p>Powers regarding discovery and production of evidence.</p>	<p>144. (1) The prescribed income-tax authorities and the Dispute Resolution Panel shall, for the purposes of this Code, have the same powers as are vested in a court under the Code of Civil Procedure, 1908, while trying a suit in respect of the following matters, namely:—</p> <ul style="list-style-type: none"> (a) discovery and inspection; (b) enforcing the attendance of any person, including any officer of a banking company and examining him on oath; (c) compelling the production of books of account and other documents; and (d) issuing commissions. <p>(2) For the purposes of making any inquiry or investigation, the prescribed income-tax authority shall be vested with the powers referred to in sub-section (1), whether or not any proceedings are pending before it.</p> <p>(3) Any income-tax authority prescribed for the purposes of sub-section (1) or sub-section (2) may, subject to the rules made in this behalf, impound any books of account or other documents produced before it and retain them in its custody for such period as it thinks fit.</p> <p>(4) Any income-tax authority below the rank of Commissioner shall not—</p> <ul style="list-style-type: none"> (a) impound any books of account or other documents without recording his reasons for doing so; or (b) retain in his custody any such books or documents for a period exceeding thirty days without obtaining the approval of the Chief Commissioner or the Commissioner. 	
<p>43 of 1961 27 of 1957</p> <p>43 of 1961 27 of 1957</p> <p>43 of 1961 27 of 1957</p>	<p>145. (1) The Competent Investigating Authority may authorise any officer (hereinafter referred to as the authorised officer) to carry out search and seizure, if he has, in consequence of information in his possession, reason to believe that —</p> <ul style="list-style-type: none"> (a) any person to whom a summons or a notice under sub-section (1) of section 131 or sub-section (1) of section 142 of the Income-tax Act, 1961 or under section 37 or sub-section (4) of section 16 of the Wealth-tax Act, 1957, as they stood before the commencement of this Code, or under sub-section (1) of section 144 or section 157 or section 161 of this Code, was issued, has omitted or failed to furnish the material as required by such summons or notice; (b) any person to whom a summons or notice as aforesaid has been or might be issued will not, or would not, produce or cause to be produced, any material which will be useful for, or relevant to, any proceeding under the Income-tax Act, 1961 or the Wealth-tax Act, 1957, as they stood before the commencement of this Code, or under this Code; or (c) any person is in possession of any material which represents either wholly or partly the tax bases or property which has not been, or would not be, disclosed for the purposes of the Income-tax Act, 1961, or the Wealth-tax Act, 1957, as they stood before the commencement of this Code, or this Code (hereinafter in this section referred to as the undisclosed tax bases or property). <p>(2) The Authorised Officer shall, in pursuance of an authorisation issued under sub-section (1), carry out the search and seizure and, for this purpose, have all the powers to—</p> <ul style="list-style-type: none"> (a) enter and search any building, place, vessel, vehicle or aircraft where he has reason to suspect that any material, referred to in sub-section (1), are kept; (b) break open the lock of any door, box, locker, safe, almirah or other receptacle for exercising the powers conferred by clause (a) where the keys thereof are not available; (c) search any person who has got out of, or is about to get into, or is in, the building, place, vessel, vehicle or aircraft, if the Authorised Officer has reason to suspect that 	<p>Search and seizure.</p>

<p>43 of 1961 27 of 1957 2 of 1974</p>	<p>(10) The person referred to in sub-section (9) may be examined in respect of any material found and all matters relevant for the purposes of any investigation connected with any proceeding under the Income-tax Act, 1961, the Wealth Tax Act, 1957 or under this Code.</p> <p>(11) The provisions of the Code of Criminal Procedure, 1973, relating to search and seizure shall apply, so far as may be, to search and seizure under this section.</p> <p>(12) For the purposes of this section, the Board may prescribe—</p> <p>(a) the procedure to be followed by the Authorised Officer—</p> <p>(i) for obtaining ingress into any building, place, vessel, vehicle or aircraft to be searched where free ingress thereto is not available; and</p> <p>(ii) for ensuring safe custody of any material seized; and</p> <p>(b) any other matter in relation to search and seizure under this section.</p>	
<p>43 of 1961 27 of 1957</p> <p>43 of 1961 27 of 1957</p> <p>43 of 1961 27 of 1957</p>	<p>146. (1) The Competent Investigating Authority may authorise any income-tax authority (hereinafter referred to as the “Requisitioning Officer”) to require any officer or authority to deliver the material, which have been taken into custody by such officer or authority under any other law for the time being in force, to the Requisitioning Officer.</p> <p>(2) The authorisation for requisition under sub-section (1) shall be issued by the Competent Investigating Authority, if he has, in consequence of information in his possession, reasons to believe that —</p> <p>(a) any person to whom a summons or a notice under sub-section (1) of section 131 or sub-section (1) of section 142 of the Income-tax Act, 1961 or under section 37 or sub-section (4) of section 16 of the Wealth-tax Act, 1957, as they stood before the commencement of this Code, or under sub-section (1) of section 144 or section 157 or section 161 of this Code was issued, has omitted or failed to produce, or cause to be produced, such material; or</p> <p>(b) any person to whom a summons or notice as aforesaid has been or might be issued will not, or would not, produce or cause to be produced, such material which will be useful for, or relevant to, any proceeding under the Income-tax Act, 1961 or the Wealth-tax Act, 1957, as they stood before the commencement of this Code, or under this Code; or</p> <p>(c) such material represents either wholly or partly tax bases or property which has not been, or would not be, disclosed for the purposes of the Income-tax Act, 1961, or the Wealth-tax Act, 1957, as they stood before the commencement of this Code, or under this Code.</p> <p>(3) The officer or authority referred to in sub-section (1) shall deliver the material to the Requisitioning Officer either forthwith or when such officer or authority is of the opinion that it is no longer necessary to retain the same in his or its custody.</p> <p>(4) Where any material has been delivered to the requisitioning officer, the provisions of sub-sections (11) and (12) of section 145 shall, so far as may be, apply as if such material had been seized under the said section by the requisitioning officer from the custody of the person referred to in clause (a) or clause (b) or clause (c), as the case may be, of sub-section (2) of this section and as if for the words “the authorized officer” occurring in sub-section (12) of section 145, the words “the requisitioning officer” were substituted.</p>	<p>Power to requisition material taken into custody.</p>
	<p>147. (1) The Authorised Officer shall hand over the material seized under section 145, within a period of sixty days from the date on which the last of the authorisations for search was executed, to the Assessing Officer, if the Authorised Officer has no jurisdiction over the person from whom the material was seized.</p>	<p>Retention and release of books of account or documents</p>

43 of 1961	<p>(2) The Requisitioning Officer shall hand over the material delivered under section 146, within a period of sixty days from the date on which the material was received, to the Assessing Officer, if the Requisitioning Officer has no jurisdiction over the person from whom the material was taken into custody under any other law for the time being in force.</p> <p>(3) The officers, referred to in sub-sections (1) and (2), shall, on an application made by the assessee, allow him to make copies of, or take extracts from, the books of account or documents seized or requisitioned.</p> <p>(4) The Assessing Officers may retain the books of account or documents, seized or requisitioned, up to a period of thirty days from the date of limitation for completion of assessment specified in section 175.</p> <p>(5) The Assessing Officer may retain the books of account or documents seized beyond the period specified in sub-section (4) after obtaining the approval of the Commissioner.</p> <p>(6) The Commissioner, shall not allow the retention of the books of account or documents seized, beyond a period of thirty days from the date on which all the proceeding under the Income-tax Act, 1961 or this Code, for which such books of account or documents are relevant, are completed.</p> <p>(7) If a person legally entitled to the books of account or documents seized under section 145 or section 146 objects for any reason to the approval given by the Commissioner under sub-section (6), he may make an application to the Chief Commissioner stating therein the reasons for such objection and requesting for the return of the books of account or documents and the Chief Commissioner may, after giving the applicant an opportunity of being heard, pass such orders as he thinks fit.</p>	seized or requisitioned.
Delivery of material belonging to other persons.	148. The Assessing Officer, having jurisdiction over the person in whose case search and seizure was carried out under section 145, or requisition was made under section 146, shall hand over any material to the Assessing Officer having jurisdiction over another person, if he is satisfied that the material seized, or requisitioned, belongs to the other person.	
Retention and application of seized or requisitioned assets. 43 of 1961 27 of 1957 18 of 1958 45 of 1974 35 of 1987	<p>149. (1) The Assessing Officer may recover the amount of any liability, referred to in sub-section (2), excluding any liability towards payment of advance tax under Part C of Chapter XIV,—</p> <p>(a) out of the material (hereinafter referred to as “assets”), other than books of account or documents, seized under section 145 or requisitioned under section 146; or</p> <p>(b) by any other mode laid down under this Code.</p> <p>(2) The amount of any liability shall be the aggregate of —</p> <p>(a) the amount of any liability existing under this Code, the Income-tax Act, 1961, or the Wealth-tax Act, 1957, as they stood before the commencement of this Code the Gift-tax Act, 1958, the Interest-tax Act, 1974 and the Expenditure-tax Act, 1987, till the date of search under section 145 or requisition under section 146;</p> <p>(b) the amount of any liability under this Code, or under any of the Acts referred to in clause (a), determined after the date of the search, or requisition, and till the date of completion of the assessment in consequence of the search or the requisition;</p> <p>(c) the amount of any liability determined on completion of the assessment in consequence of the search or the requisition; and</p> <p>(d) the amount of any liability under this Code, or under any of the Acts referred to in clause (a), determined after the completion of the assessment in consequence of the</p>	

	<p>search, or the requisition, and till the date of release of the assets.</p> <p>(3) The Assessing Officer may recover the existing liability referred to in clause (a) of sub-section (2) and release the remaining portion of the asset, if any, within a period of one hundred and twenty days from the date on which the last of the authorisations for search under section 145 was executed, to the person from whose custody the assets were seized, if —</p> <p>(a) an application is made by the person within a period of thirty days from the end of the month in which the assets were seized;</p> <p>(b) the nature and source of the assets are explained by the person to the satisfaction of the Assessing Officer; and</p> <p>(c) the prior approval of the Chief Commissioner or the Commissioner is obtained.</p> <p>(4) The Assessing Officer shall release, within the time and subject to such conditions, as may be prescribed, to the person from whose custody the assets were seized, any asset or proceeds thereof, which remains after the liabilities referred to in sub-section (2) are discharged.</p> <p>(5) The Assessing Officer may with the prior approval of the Commissioner release any seized or requisitioned asset (other than cash) before making assessment in consequence of search or requisition, if the concerned person deposits with the Assessing Officer an amount of money equal to the value of such asset on the date of the seizure and the amount so deposited shall be deemed to be cash seized or requisitioned for the purposes of this Code.</p> <p>(6) If the assets consist solely of money, or partly of money and partly of other assets, the Assessing Officer may apply such money in the discharge of the liabilities referred to in sub-section (2) and the assessee shall be discharged of such liability to the extent of the money so applied.</p> <p>(7) The assets, other than money, shall be deemed to be under distraint as if such distraint was effected by the Assessing Officer or, as the case may be, the Tax Recovery Officer and the recovery of any liability out of such assets shall be effected in the manner laid down in the Eighteenth Schedule.</p> <p>(8) The Central Government shall pay simple interest at the rate of one-half per cent. per month on the amount computed in accordance with the formula —</p> $(A - B) + (C - D)$ <p>where</p> <p>A = money seized under section 145 or requisitioned under section 146;</p> <p>B = money, if any, released under the sub-section (3);</p> <p>C = proceeds, if any, of the assets sold towards the discharge of the existing liability referred to in clause (a) of sub-section (2);</p> <p>D = the aggregate of the amount required to meet the liabilities referred to in sub-section (2).</p> <p>(9) The interest referred to in sub-section (8) shall be payable for the period beginning with the date immediately following the expiry of the period of one hundred and twenty days from the date on which the last of the authorisations for search under section 145 or requisition under section 146 was executed and ending on the date of completion of the assessment in consequence of the search or the requisition.</p>	
Power to call for information.	<p>150. (1) For the purposes of this Code, the Board may, notwithstanding anything in any other law for the time being in force, require—</p> <p>(a) any prescribed person to furnish such information within such time and in such form and manner as may be prescribed; and</p>	

	<p>(b) any prescribed income-tax authority to call for such information in such form and manner as may be prescribed.</p> <p>(2) Any income-tax authority, not below the rank of an Income-tax Officer, may require any person to furnish any information as may be useful for, or relevant to, any inquiry, or any proceeding pending before him under this Code, in such form, manner and within such time as may be specified by him.</p> <p>(3) In this section, the expression “person” shall include a banking company or any officer thereof.</p>	
	<p>151. The Assessing Officer or the Commissioner (Appeals) or any person sub-ordinate to him authorised in writing by the Assesseing officer or the Commissioner (Appeals), may inspect and if necessary, take copies, or cause copies to be taken, of any register of the members, debenture holders or mortgagees of any company or of any entry in such register.</p>	<p>Power to inspect registers of companies.</p>
	<p>152. (1) The prescribed income-tax authority may enter, or authorise any other income-tax authority to enter, any place which is an office of, or at which a business is carried out by, a person, if the place is—</p> <p>(a) within the limits of the area assigned to him; or</p> <p>(b) occupied by any person in respect of whom he exercises jurisdiction.</p> <p>(2) The action under sub-section (1) shall be taken by the income-tax authority after recording reasons in writing and with the prior approval of the Joint Commissioner or Joint Director, as the case may be.</p> <p>(3) The income-tax authority, referred to in sub-section (1), shall enter any place of business referred to therein only after sunrise and before sunset, or during the hours at which such place is open for the conduct of business.</p> <p>(4) On entering the place, the income-tax authority may require any person, who may be attending in any manner to the business or activity at the place, to —</p> <p>(a) afford him to inspect the books of account or documents available at the place;</p> <p>(b) afford him to check or verify the cash, stock or other valuable article or thing found there; and</p> <p>(c) furnish any information relevant, or useful, for the proceedings under this Code, in respect of the person or any other person.</p> <p>(5) For the purposes of this section, any place at which a business is carried out includes a place—</p> <p>(a) which is not the principal place of such business;</p> <p>(b) where any business or activity is being carried out and the tax bases relating to such business or activity is not to be included in the total tax bases under any provision of this Code;</p> <p>(c) where any of the books of account, documents, cash, stock-in-trade or valuables, relating to the business of the person or the business or activity referred to in clause (b), are kept; or</p> <p>(d) where any of the books of account, documents or other record containing the particulars regarding deduction of tax at source, or collection of tax at source, made, or required to be made, under this Code, are kept.</p>	<p>Power of Survey.</p>

	<p>(6) On entering the place, the income-tax authority may —</p> <ul style="list-style-type: none"> (a) place marks of identification on the books of account, documents or record inspected by him and take extracts, or copies, therefrom; (b) impound any books of account, documents or record inspected by him, after recording the reasons for doing so; (c) make an inventory of cash, stock or valuables; or (d) examine on oath any person if his statement would be useful for, or relevant to, any proceeding under this Code. <p>(7) The prescribed income-tax authority, for the purpose of verifying the expenditure made by the person in connection with any function, ceremony or event, after such function, ceremony or event, may—</p> <ul style="list-style-type: none"> (a) require the person by whom such expenditure has been incurred or any other person who is likely to possess the information regarding such expenditure, to furnish such information which may be useful for, or relevant to, any proceeding under this Code; and (b) record the statements of the person or any other person in this behalf. <p>(8) The statement made by any person under clause (d) of sub-section (6) and clause (b) of sub-section (7) may be used in evidence in any proceeding under this Code.</p> <p>(9) The income-tax authority acting under this section shall, on no account, remove or cause to be removed from the place where he has entered any cash, stock or other valuable article or thing.</p> <p>(10) The income-tax authority shall not retain any books of account, documents or records impounded by him under this section beyond a period of one month without the approval of the Commissioner.</p> <p>(11) The income-tax authority, other than an Inspector, shall have the powers under sub-section (1) of section 144 for enforcing compliance, if a person refuses, or evades, as the case may be, to—</p> <ul style="list-style-type: none"> (a) afford the facility to the income-tax authority to inspect books of account or other documents; (b) allow such authority to check or verify any cash, stock or other valuable article or thing; (c) furnish any information; or (d) have his statement recorded. <p>(12) The income-tax authority impounding any books of account or documents, shall, on an application made by the assessee, allow him to make copies of, or take extracts from, the books of account or documents impounded under sub-section (6).</p> <p>(13) For the purposes of section 145 and this section, the expression “proceeding”, as on the date on which powers under section 145 or this section are exercised, shall mean all proceedings under this Code in respect of any year which –</p> <ul style="list-style-type: none"> (i) may have been completed on or before such date; (ii) may be pending as on such date; or (iii) may be commenced after such date. 	
	<p>153. (1) No information in respect of any assessee, except as provided in sub-section (2), shall be provided to any person by—</p>	<p>Power to disclose information in</p>

	<p>(a) the Board or any other income-tax authority or officer or ministerial staff; or</p> <p>(b) any person, agency or authority engaged in any manner in the administration of this Code.</p> <p>(2) The Board, or any person specified by it by an order in this behalf, may furnish, or cause to be furnished, any information in respect of an assessee to any other person performing any functions under—</p> <p>(a) any law relating to the imposition of any tax, duty or cess, or to dealings in foreign currency; or</p> <p>(b) any other law as the Central Government may, if it considers necessary so to do in the public interest, specify by notification in this behalf.</p> <p>(3) The information referred to in sub-section (2) shall be only such information which fulfils the following conditions, namely:—</p> <p>(a) the information is received or obtained by the Board, or any person specified by it by an order under that sub-section, in the performance of its or his functions under this Code; and</p> <p>(b) the information is, in the opinion of the person furnishing the information, necessary for the purpose of enabling the other person receiving the information to perform the functions under the laws referred to in that sub-section.</p> <p>(4) The Chief Commissioner or the Commissioner may furnish, or cause to be furnished, to any person any information relating to any assessee received or obtained by any income-tax authority in the performance of his functions under this Code, if—</p> <p>(a) the person makes an application to the Chief Commissioner or the Commissioner in the prescribed form; and</p> <p>(b) the Chief Commissioner or the Commissioner is satisfied that it is in the public interest to do so.</p> <p>(5) The decision of the Chief Commissioner or the Commissioner under sub-section (4) shall not be called in question in any court of law.</p> <p>(6) The Central Government may, notwithstanding anything in this section or under any other law for the time being in force, direct, by an order as may be notified, that no information shall be furnished under sub-section (2) or sub-section (4) in respect of such matters relating to such class of assesseees, or to such authorities, as may be specified in the order.</p>	respect of assessee.
	<p>154. (1) Any proceeding under this Code before an income-tax authority shall be deemed to be a judicial proceeding within the meaning of section 193 and section 228 and for the purposes of section 196 of the Indian Penal Code, 1860.</p> <p>(2) Every income-tax authority shall be deemed to be a civil court for the purposes of section 195, but not for the purposes of Chapter XXVI of the Code of Criminal Procedure, 1973.</p>	Proceedings before income-tax authorities to be judicial proceedings.
	<p>B. — ASSESSMENT PROCEDURE</p>	
Self-reporting of tax bases	<p>155. (1) Every person shall furnish a return of tax bases on or before the due date to the Assessing Officer or such other authority or agency as may be prescribed.</p>	

(2) The person referred to in sub-section (1) shall—

(a) in relation to income, be the following, namely:—

- (i) an individual or Hindu undivided family or an artificial juridical person, if the gross total income from ordinary sources exceeds the threshold limit;
- (ii) a company;
- (iii) an unincorporated body;
- (iv) a non-profit organisation;
- (v) a co-operative society;
- (vi) a society other than a co-operative society;
- (vii) a local authority;
- (viii) a political party;
- (ix) any person who intends to carry forward the loss or any part thereof in accordance with the provisions of this Code;
- (x) any person who derives any income from special sources and such income is chargeable to tax;
- (xi) any other person liable to pay tax under this Code, and
- (xii) any class or classes of persons as may be prescribed;

(b) in relation to dividend or income distributed, be the following, namely:—

- (i) a company referred to in section 112;
- (ii) a domestic company, a mutual fund, a securitisation trust or a life insurer, referred to in section 113;

(c) in relation to net wealth, be any person, other than a non-profit organisation, if the net wealth exceeds the maximum amount which is not chargeable to wealth-tax.

(3) Notwithstanding anything in clause (a) of sub-section (2), every person, being a resident, shall be required to furnish a return of tax bases, if during the financial year he has any asset (including any financial interest in any entity) located outside India or signing authority in any account located outside India.

(4) The return of tax bases referred to in sub-section (1) shall be a return in respect of the tax bases of the person referred to in sub-section (2) or the tax bases of any other person in respect of which such person is assessable for the relevant financial year.

(5) The return of tax bases shall be furnished in such form, verified in such manner and setting forth such other particulars, as may be prescribed.

(6) A person may, if he discovers any omission or any wrong statement in the return of tax bases furnished by him under sub-section (1) or under section 157, revise such return at any time before the expiry of one year from the end of the financial year in which the return was due or before the completion of the assessment, whichever is earlier.

(7) A person may furnish the return of tax bases for any financial year at any time before the expiry of one year from the end of the financial year in which the return was due or before the completion of the assessment, whichever is earlier, if—

- (a) such person has not furnished a return by the due date; and
- (b) no notice under sub-section (1) of section 157 has been served on him.

(8) The Assessing Officer may, if he finds that the return of tax bases has not been furnished by

any person in the prescribed form and manner or does not contain the particulars as required under sub-section (5), intimate to such person the deficiency and allow him an opportunity to remove the deficiency within a period of thirty days from the service of the intimation.

(9) The Assessing Officer shall treat the return of tax bases filed by a person as invalid, if the deficiency referred to in sub-section (8) is not removed within the time allowed and the provisions of the Code shall apply as if the person had failed to furnish the return.

(10) The return of tax bases of a person specified in column (2) of the Table given below shall be signed and verified by a person specified in column (3) of the said Table:

TABLE

Serial number	Person furnishing the return of tax bases	Person required to sign and verify the return of tax bases
(1)	(2)	(3)
1.	Individual being mentally incapacitated from attending to his affairs	(a) guardian of the individual; or (b) any other person duly competent to act on his behalf.
2.	Any other individual	(a) individual himself; or (b) any person duly authorised by a valid power of attorney by the individual in this regard, if the individual is not in India or for some other reason, it is not possible for him to sign the return.
3.	Hindu undivided family	(a) Karta of the family; or (b) any other adult member of the family if the Karta is not in India or is mentally incapacitated from attending to his affairs.
4.	Company not being resident in India	Any person who holds a valid power of attorney from the company to do so.
5.	(a) Company which is being wound up by court or otherwise; or (b) Company where any person has been appointed as the receiver of any assets of the company	Liquidator referred to in clause (g) of sub-section (1) of section 165.
6.	Company whose management has been taken over by the Central Government or any State Government under any law	Principal officer of the company.
7.	Any other company	(a) Managing director of the company; or (b) any director of the company if there is no managing director or the managing director, for any unavoidable reason, is not able to sign and verify the return.
8.	Firm	(a) managing partner of the firm; or

	<p>(b) any partner (not being a minor) of the firm if there is no managing partner or the managing partner, for any unavoidable reason, is not able to sign and verify the return.</p> <p>(a) designated partner of the limited liability partnership; or</p> <p>(b) any partner (not being a minor) of the limited liability partnership if there is no designated partner or the designated partner, for any unavoidable reason, is not able to sign and verify the return.</p> <p>10. Local authority Principal officer of the local authority</p> <p>11. Political party Chief executive officer (whether such Chief executive officer is known as secretary or by any other designation) of the party.</p> <p>12. Any other association of persons Any member or the principal officer of the association.</p> <p>13. Any other person (a) person himself; or (b) any person competent to act on his behalf.</p> <p>(11) Any person who is otherwise not required to furnish a return of tax bases under sub-section (I) may furnish such return before the expiry of one year from the end of the financial year to which it pertains and all the provisions of this Code shall, as far as may be, apply as if it is a return furnished under that sub-section.</p>	
Tax return preparer.	<p>156. (1) The Board may, without prejudice to the provisions of section 155, frame a tax return preparer scheme so as to allow a tax return preparer to prepare and furnish the return of tax bases of any specified class of persons, in accordance with the scheme.</p> <p>(2) Every tax return preparer shall affix his signature on the return so prepared by him.</p> <p>(3) The scheme framed by the Board under this section may provide for the following, namely:—</p> <p>(a) the eligibility criteria for a person to qualify as a tax return preparer;</p> <p>(b) the code of conduct for the tax return preparer;</p> <p>(c) the duties and obligations of the tax return preparer;</p> <p>(d) the period for which the tax return preparer shall be authorised;</p> <p>(e) the circumstances under which the authorisation given to a tax return preparer may be withdrawn; and</p> <p>(f) any other matter which may be specified by the scheme for the purposes of this section.</p> <p>(4) In this section—</p> <p>(a) “tax return preparer” means any individual who has been authorised to act as a tax return preparer under the scheme framed under this section;</p> <p>(b) “tax return preparer scheme” means a scheme framed and notified by the Board and providing for preparing and furnishing of the return of tax bases through a tax return</p>	

	<p>preparer; and</p> <p>(c) “specified class of persons” means a class of persons who are required to furnish a return of tax bases under this Code, other than a company or a person whose accounts are required to be audited under section 88 or section 98.</p>	
	<p>157. (1) The Assessing Officer may serve on a person in whose case the time allowed under sub-section (1) of section 155 has expired, a notice, within a period of twelve months from the end of the financial year in which the return was due, requiring such person to furnish a return of tax bases for the relevant financial year.</p> <p>(2) The person in receipt of notice issued under sub-section (1) shall furnish the return within a period of thirty days from the date of receipt of the notice and the return shall be furnished in such form, verified in the manner and setting forth such other particulars, as may be prescribed.</p>	Issue of notice to furnish return.
	<p>158. (1) The assessee shall be liable to pay, before furnishing the return of tax bases, the aggregate of the following amounts as self-assessment tax, namely:—</p> <p>(a) the amount of tax payable on the basis of the return required to be furnished under this Code for the financial year as reduced by—</p> <p>(i) the amount of tax, if any, already paid under this Code;</p> <p>(ii) any tax deducted or collected at source;</p> <p>(iii) any tax credit under section 105 or section 107; and</p> <p>(iv) any relief of tax claimed under section 228;</p> <p>(b) the amount of interest payable under any provision of this Code for such financial year.</p> <p>(2) The amount paid as self-assessment tax for any financial year shall first be adjusted towards the interest payable under any provision of this Code and the balance, if any, shall be adjusted towards the tax payable, if the amount of the self-assessment tax paid falls short of the self-assessment tax payable under sub-section (1).</p> <p>(3) After an assessment under section 165 or section 166 has been made, any amount paid under sub-section (1) shall be deemed to have been paid towards such assessment.</p> <p>(4) If any assessee fails to pay the whole or any part of such tax or interest or both in accordance with the provisions of sub-section (1), he shall, without prejudice to any other consequences that he may incur, be deemed to be an assessee in default in respect of the tax or interest or both remaining unpaid and all the provisions of this Code shall apply accordingly.</p>	Self assessment tax.
Acknowledgment of return.	<p>159. On receipt of any return of tax bases for any financial year, the Assessing Officer, or any other person authorised by the Board in this behalf, shall issue an acknowledgement for receipt of the return.</p>	
Processing of return.	<p>160. (1) The Assessing Officer, or any other income-tax authority authorised by the Board in this behalf (hereinafter referred to as the processing authority) shall process the return received under section 155 or section 157 in the following manner, namely:—</p> <p>(a) the tax bases shall be computed after making the following adjustments, namely:—</p> <p>(i) any arithmetical error in the return; or</p> <p>(ii) an incorrect claim, if such incorrect claim is apparent from the existence of any</p>	

	<p>information in the return;</p> <p>(b) the tax and interest, if any, shall be computed on the basis of the tax base computed under clause (a); and</p> <p>(c) the sum payable by, or the amount of refund due to, the assessee shall be determined after adjustment of the tax and interest, if any, computed under clause (b) by any tax deducted at source, any tax collected at source, any advance tax paid, any relief allowable under section 228, any self-assessment tax paid and any amount paid otherwise than by way of tax or interest.</p> <p>(2) Notwithstanding anything in sub-section (1), it shall not be necessary to process a return, where a notice has been issued to the assessee under sub-section (2) of section 161.</p> <p>(3) The processing authority shall send an intimation to the assessee specifying the sum determined to be payable by, or refundable to, him and such other particulars as may be prescribed.</p> <p>(4) The processing authority shall also send an intimation to the assessee in a case where the loss declared in the return by the assessee is adjusted but no tax or interest is payable by, or refundable to, him.</p> <p>(5) The processing authority shall not send any intimation after expiry of a period of twelve months from the end of the financial year in which the return is furnished.</p> <p>(6) The acknowledgement of the return shall be deemed to be the intimation in a case where no sum is payable by, or refundable to, the assessee under clause (c) of sub-section (1), and where no adjustment has been made under clause (a) of sub-section (1).</p> <p>(7) The Board may, for the purposes of sub-section (1), make a scheme for centralised processing of returns for expeditious determination of the tax payable by, or the refund due to, the assessee.</p> <p>(8) For the purposes of this section, “an incorrect claim apparent from the existence of any information in the return” shall mean a claim, on the basis of an entry, in the return—</p> <p>(i) of an item, which is inconsistent with another entry of the same, or some other item, in such return;</p> <p>(ii) in respect of which information required to be furnished to substantiate such entry has not been so furnished; or</p> <p>(iii) in respect of a deduction, where such deduction exceeds the specified statutory limit which may have been expressed as monetary amount, percentage, ratio or fraction.</p>	
	<p>161. (1) An Assessing Officer may make an assessment on receipt of return under section 155 or section 157, if he considers it necessary or expedient to ensure that the assessee has not understated his tax bases or computed excessive loss or allowance or underpaid the tax in any manner.</p> <p>(2) For the purposes of making an assessment, the Assessing Officer shall serve on any assessee a notice requiring him, on a date to be specified therein—</p> <p>(a) to attend his office or to produce, or cause to be produced, evidence, if any, on which the assessee may rely in support of the return;</p> <p>(b) to produce, or cause to be produced, such accounts or documents (not relating to a period more than six years prior to the relevant financial year) as the Assessing Officer may require; or</p> <p>(c) to furnish in writing, and verified in the prescribed manner, information in such form and on such matters (including a statement of all assets and liabilities of the assessee, whether included in the accounts or not) as the Assessing Officer may require.</p>	<p>Notice for inquiry before assessment.</p>

	<p>(3) The Assessing Officer shall obtain the prior approval of the Joint Commissioner before requiring the assessee to furnish the statement of all his assets and liabilities not included in the accounts for the relevant financial year.</p> <p>(4) The Assessing Officer may make such inquiry, as he considers necessary, for the purpose of obtaining full information in respect of tax bases of any person for the relevant financial year.</p> <p>(5) No notice under sub-section (2) shall be served on the assessee after the expiry of a period of six months from the end of the financial year in which the return is furnished.</p>	
	<p>162. (1) The Assessing Officer may direct the assessee to get his accounts audited by an accountant, if, at any stage of the proceedings, he is of the opinion that, having regard to the nature and complexity of the accounts, volume of the accounts, correctness of the accounts, multiplicity of transactions in the accounts or specialised nature of business activity of the assessee and the interests of revenue, it is necessary to do so.</p> <p>(2) The Assessing Officer shall not issue any direction under sub-section (1) unless the assessee has been given an opportunity of being heard and prior approval of the Chief Commissioner or Commissioner has been obtained.</p> <p>(3) The provisions of sub-section (1) shall have effect irrespective of the fact that the accounts of the assessee have been audited under any other law for the time being in force or otherwise.</p> <p>(4) The accountant shall, for the purposes of sub-section (1), be nominated by the Chief Commissioner or the Commissioner.</p> <p>(5) The accountant shall furnish a report of the audit referred to in sub-section (1) in such form, duly signed and verified by him, and setting forth such particulars as may be prescribed and such other particulars as the Assessing Officer may require.</p> <p>(6) The accountant shall furnish the report referred to in sub-section (5) within the time allowed by the Assessing Officer.</p> <p>(7) The Assessing Officer may extend the time allowed under sub-section (6) by such further period or periods as he thinks fit, for reasons to be recorded in writing.</p> <p>(8) The aggregate of the period allowed under sub-section (6) and the further period or periods allowed under sub-section (7) shall not exceed one hundred and eighty days from the date on which the direction under sub-section (1) is received by the assessee.</p> <p>(9) The accountant shall furnish the report referred to in sub-section (5) to the Assessing Officer and a copy of the same to the assessee.</p> <p>(10) The remuneration of the accountant and other expenses of any audit under sub-section (1) shall be determined and paid by the Chief Commissioner or the Commissioner in accordance with such rules as may be prescribed.</p>	Special audit.
Determination of value of assets.	<p>163. (1) The Assessing Officer may, for the purposes of assessment or reassessment, require a valuation officer to make and report to him an estimate of the value, including fair market value, of any asset, property, investment or expenditure.</p> <p>(2) The Assessing Officer may make a reference under sub-section (1) whether or not he is satisfied about the correctness or completeness of the accounts of the assessee.</p> <p>(3) On a reference made under sub-section (1), the valuation officer shall, for the purpose of estimating the value of the asset, property, investment or expenditure, and subject to the rules in this behalf, have all the powers to—</p> <p>(a) enter any land, building or other place belonging to, or occupied by, the person in connection with whose assessment the reference has been made;</p>	

	<p>(b) require any person in charge of, or in occupation or possession of, the land, building or other place to afford him the necessary facility to survey or inspect the land, building or other place;</p> <p>(c) inspect any asset or property in respect of which the reference has been made;</p> <p>(d) inspect any books of account, documents or record which may be relevant for the purpose of making the estimate of the value of the asset, property, investment or expenditure, in respect of which the reference has been made;</p> <p>(e) gather any other information relating to the asset, property, investment or expenditure, which may be relevant for the purposes of estimating the value.</p> <p>(4) The valuation officer shall, by order in writing, estimate the value of the asset, property, investment or expenditure after taking into account—</p> <p>(a) such evidence as the assessee may produce; and</p> <p>(b) the material in his possession gathered after giving an opportunity of being heard to the assessee.</p> <p>(5) The valuation officer may estimate the value of the asset, property, investment or expenditure to the best of his judgment, if the assessee does not co-operate or comply with his direction.</p> <p>(6) The valuation officer shall furnish a copy of his estimate under sub-section (4) or sub-section (5), as the case may be, to the Assessing Officer and the assessee within a period of six months from the end of the month in which a reference is made under sub-section (1).</p> <p>(7) The Assessing Officer may, on receipt of the report of the valuation officer, proceed to compute the tax bases of the assessee after taking into account the value estimated by the valuation officer.</p>	
	<p>164. (1) The Assessing Officer may, with the prior approval of the Commissioner, refer to the Transfer Pricing Officer, the computation of arm's length price under section 120 in relation to any international transaction or specified domestic transaction entered into by the assessee in any financial year, if he considers it necessary or expedient to do so.</p> <p>(2) The Transfer Pricing Officer may, upon reference made to him under sub-section (1), serve on the assessee a notice requiring him, on a date to be specified therein—</p> <p>(a) to attend his office or to produce, or cause to be produced, evidence, if any, on which the assessee may rely in support of the computation made by him of the arm's length price in relation to the international transaction or specified domestic transaction; or</p> <p>(b) to produce, or cause to be produced, such accounts or documents as the Transfer Pricing Officer may require.</p> <p>(3) In a case where the Transfer Pricing Officer, during the course of the proceedings before him, notices any international transaction or specified domestic transaction other than an international transaction or specified domestic transaction referred under sub-section (1), the provisions of this section shall apply as if such other international transaction or specified domestic transaction is an international transaction or a specified domestic transaction referred to him under sub-section (1).</p> <p>(4) The Transfer Pricing Officer shall by an order in writing determine the arm's length price in relation to the international transaction or the specified domestic transaction in accordance with the provisions of section 120 after taking into account—</p> <p>(a) such evidence as the assessee may produce; and</p> <p>(b) the material in his possession gathered after giving an opportunity of being heard to</p>	<p>Determination of arm's length price.</p>

	<p>the assessee.</p> <p>(5) The Transfer Pricing Officer may by an order in writing determine the arm's length price in relation to the international transaction or the specified domestic transaction to the best of his judgment, if the assessee does not co-operate or comply with his direction.</p> <p>(6) The Transfer Pricing Officer shall send the order of his determination under sub-section (4) or sub-section (5), as the case may be, to the Assessing Officer and the assessee.</p> <p>(7) The determination under sub-section (4) or sub-section (5) shall be made, or report of such determination sent as required by sub-section (6), at any time before sixty days prior to the date on which the period of limitation referred to in section 175, for making an order of assessment, reassessment or recomputation, as the case may be, expires.</p> <p>(8) The Transfer Pricing Officer may, for the purposes of determining the arm's length price under this section, exercise all, or any, of the powers specified in section 144 , section 150 or section 152.</p>	
Assessment .	<p>165. (1) The Assessing Officer shall, consequent to a notice issued under sub-section (2) of section 161, by an order in writing, make an assessment of the tax bases of the assessee after taking into account—</p> <ul style="list-style-type: none"> (a) the evidence furnished by the assessee; (b) the report of audit under section 162, if any; (c) the report of the valuation officer, if any; and (d) the material in his possession, in respect of which an opportunity of being heard has been provided to the assessee, <p>and in conformity with-</p> <ul style="list-style-type: none"> (i) the order of the Transfer Pricing Officer, if any; (ii) the direction of the Commissioner or the Approving Panel under section 169, if any; (iii) the direction of the Joint Commissioner under section 168, if any. <p>(2) The Assessing Officer shall, on the basis of the assessment, determine the sum payable by, or refundable to, the assessee after adjusting the sum paid by, or refunded to, the assessee in pursuance of the intimation issued under sub-section (3) of section 160.</p> <p>(3) Where an assessment has been made under this section—</p> <ul style="list-style-type: none"> (a) any tax or interest paid by the assessee under sub-section (1) of section 160 shall be deemed to have been paid towards such assessment; (b) if no refund is due on assessment or the amount refundable under sub-section (1) of section 160 exceeds the amount refundable on assessment, the whole of the excess amount so refunded shall be deemed to be tax payable by the assessee and the provisions of this Code shall apply accordingly. <p>(4) The Assessing Officer shall, notwithstanding anything in this Code, in the first instance, forward a draft of the proposed order of assessment (hereinafter in this section referred to as the draft order) to the eligible assessee if he proposes to make any variation in the income or loss returned which is prejudicial to the interests of such assessee.</p> <p>(5) On receipt of the draft order, the eligible assessee may, within a period of thirty days of the receipt by him of the draft order,—</p> <ul style="list-style-type: none"> (a) file his acceptance of the variations to the Assessing Officer; or 	

	<p>(b) file his objections, if any, to such variations to—</p> <p>(i) the Assessing Officer ; and</p> <p>(ii) the Dispute Resolution Panel .</p> <p>(6) The Assessing Officer shall complete the assessment on the basis of the draft order, if—</p> <p>(a) the eligible assessee intimates to the Assessing Officer the acceptance of the variations;or</p> <p>(b) no objections are received by the Assessing Officer within the period specified in sub-section (5).</p> <p>(7) The Assessing Officer shall, notwithstanding anything in section 175, pass the assessment order within a period of one month from the end of the month in which-</p> <p>(a) the acceptance is received; or</p> <p>(b) the period of filing of objections under sub-section (5) expires.</p> <p>(8) Upon receipt of the directions issued under sub-section (2) of section 170, the Assessing Officer shall, in conformity with the directions, complete the assessment within a period of one month from the end of the month in which the direction is received notwithstanding anything in section 175, without providing any further hearing in the matter.</p> <p>(9) In this section, “eligible assessee” means—</p> <p>(a) any person in whose case the variation arises as a consequence of the order of the Transfer Pricing Officer passed under sub-section (4) or sub-section (5) of section 164;</p> <p>(b) any foreign company; or</p> <p>(c) any class or classes of persons as may be prescribed,</p> <p>but does not include any person in whose case prior approval of the Commissioner under sub-section (12) of section 169 has been obtained by the Assessing Officer.</p>	
	<p>166. (1)The Assessing Officer shall make the assessment of the tax bases to the best of his judgment, if—</p> <p>(a) the assessee fails to—</p> <p>(i) furnish the return required under sub-section (1) of section 155 or section 157 or has not furnished a return under sub-section (6) or sub-section (7) of section 155;</p> <p>(ii) comply with all the terms of a notice issued under sub-section (2) of section 161;</p> <p>(iii) comply with a direction issued under section 162; or</p> <p>(iv) furnish the return in response to notice under section 171;</p> <p>(b) the assessee fails to regularly follow the method of accounting provided in sub-section (1) of section 89, or the accounting standards notified under sub-section (2) of that section; or</p> <p>(c) he is not satisfied about the correctness or completeness of the accounts of the assessee.</p> <p>(2) The Assessing Officer shall, in making the assessment under sub-section (1), take into account all relevant material which he has gathered or is available on record.</p> <p>(3) The Assessing Officer shall, before making the assessment under sub-section (1), provide the</p>	<p>Best judgment assessment.</p>

	<p>assessee an opportunity of being heard by serving a notice calling upon the assessee to show cause, on a date and time to be specified in the notice, as to why the assessment should not be completed to the best of his judgment.</p> <p>(4) It shall not be necessary to give an opportunity under sub-section (3) before the making of an assessment under this section, in a case where a notice under section 157 has been issued.</p>	
<p>Effect to advance pricing agreement.</p>	<p>167. (1) Notwithstanding anything in section 155, where any person has entered into an agreement and prior to the date of entering into the agreement, any return of tax bases has been furnished under the provisions of section 155 for any financial year to which such agreement applies, such person shall furnish, within a period of three months from the end of the month in which the said agreement was entered into, a modified return of tax bases in accordance with and limited to the agreement.</p> <p>(2) Save as otherwise provided in this section, all other provisions of this Code shall apply accordingly as if the modified return is a return furnished under section 155.</p> <p>(3) If the assessment or reassessment proceedings for the financial year to which the agreement applies have been completed before the expiry of period allowed for furnishing of modified return of tax bases under sub-section (1), the Assessing Officer shall, in a case where modified return of tax bases is filed in accordance with the provisions of sub-section (1), proceed to assess or reassess or recompute the total income of the relevant financial year having regard to and in accordance with the agreement.</p> <p>(4) Where the assessment or reassessment proceedings for a financial year to which the agreement applies are pending on the date of filing of modified return of tax bases in accordance with the provisions of sub-section (1), the Assessing Officer shall proceed to complete the assessment or reassessment proceedings in accordance with the agreement taking into consideration the modified return so furnished.</p> <p>(5) Notwithstanding anything in section 175,—</p> <p>(a) the order of assessment, reassessment or recomputation of total income under sub-section (3) shall be passed within a period of one year from the end of the financial year in which the modified return under sub-section (1) is furnished;</p> <p>(b) the period of limitation as provided in section 175 for completion of pending assessment or reassessment proceedings referred to in sub-section (4) shall be extended by a period of twelve months.</p> <p>(6) For the purposes of this section,—</p> <p>(i) "agreement" means an agreement referred to in sub-section (1) of section 121;</p> <p>(ii) the assessment or reassessment proceedings for a financial year shall be deemed to have been completed where—</p> <p>(a) an assessment or reassessment order has been passed; or</p> <p>(b) no notice has been issued under sub-section (2) of section 161 till the expiry of the period provided in the said section.</p>	
	<p>168. (1) A Joint Commissioner may, on a reference being made to him by the Assessing Officer or on an application of an assessee or on his own motion, call for and examine the record of any proceeding in which an assessment is pending and if he considers it necessary or expedient so to do, he may issue such directions as he thinks fit for the guidance of the Assessing Officer so as to enable him to complete the assessment.</p> <p>(2) The Joint Commissioner shall not issue any direction which is prejudicial to the assessee unless an opportunity of being heard is given to him.</p>	<p>Directions by Joint Commissioner for assessment.</p>

	<p>(3) Any direction issued under this section shall be binding on the Assessing Officer.</p> <p>(4) For the purposes of this section, any direction as to the lines on which an investigation connected with the assessment should be made, shall not be considered as a direction prejudicial to the assessee.</p>	
	<p>169. (1) If, the Assessing Officer, at any stage of the assessment or reassessment proceedings before him having regard to the material and evidence available, considers that it is necessary to declare an arrangement as an impermissible avoidance arrangement and to determine the consequence of such an arrangement within the meaning of Chapter XII, then, he may make a reference to the Commissioner in this regard.</p> <p>(2) The Commissioner shall, on receipt of a reference under sub-section (1), if he is of the opinion that the provisions of Chapter XII are required to be invoked, issue a notice to the assessee, setting out the reasons and basis of such opinion, for submitting objections, if any, and providing an opportunity of being heard to the assessee within such period, not exceeding sixty days, as may be specified in the notice.</p> <p>(3) If the assessee does not furnish any objection to the notice within the time specified in the notice issued under sub-section (2), the Commissioner shall issue such directions as he deems fit in respect of declaration of the arrangement to be an impermissible avoidance arrangement.</p> <p>(4) In case the assessee objects to the proposed action, and the Commissioner after hearing the assessee in the matter is not satisfied by the explanation of the assessee, then, he shall make a reference in the matter to the Approving Panel for the purpose of declaration of the arrangement as an impermissible avoidance arrangement.</p> <p>(5) If the Commissioner is satisfied, after having heard the assessee that the provisions of Chapter XII are not to be invoked, he shall by an order in writing, communicate the same to the Assessing Officer with a copy to the assessee.</p> <p>(6) The Approving Panel, on receipt of a reference from the Commissioner under sub-section (4), shall issue such directions, as it deems fit, in respect of the declaration of the arrangement as an impermissible avoidance arrangement in accordance with the provisions of Chapter XII including specifying of the financial year or years to which such declaration of an arrangement as an impermissible avoidance arrangement shall apply.</p> <p>(7) No direction under sub-section (6) shall be issued unless an opportunity of being heard is given to the assessee and the Assessing Officer, on such directions which are prejudicial to the interest of the assessee or the interests of the revenue, as the case may be.</p> <p>(8) The Approving Panel may, before issuing any direction under sub-section (6),—</p> <ul style="list-style-type: none"> (i) if it is of the opinion that any further inquiry in the matter is necessary, direct the Commissioner to make such inquiry or cause the inquiry to be made by any other income-tax authority and furnish a report containing the result of such inquiry to it; or (ii) call for and examine such records relating to the matter as it deems fit; or (iii) require the assessee to furnish such documents and evidence as it may direct. <p>(9) If the members of the Approving Panel differ in opinion on any point, such point shall be decided according to the opinion of the majority of the members.</p> <p>(10) The Assessing Officer, on receipt of directions of the Commissioner under sub-section (3) or of the Approving Panel under sub-section (6), shall proceed to complete the proceedings referred to in sub-section (1) in accordance with such directions and the provisions of Chapter XII.</p> <p>(11) If any direction issued under sub-section (6) specifies that declaration of the arrangement as impermissible avoidance arrangement is applicable for any financial year other than the financial</p>	<p>Reference to Commissioner in certain cases</p>

	<p>year to which the proceeding referred to in sub-section (1) pertains, then, the Assessing Officer while completing any assessment or reassessment proceedings of the such other financial year shall do so in accordance with such directions and the provisions of Chapter XII and it shall not be necessary for him to seek fresh direction on the issue for the other relevant financial year.</p> <p>(12) No order of assessment or reassessment shall be passed by the Assessing Officer without the prior approval of the Commissioner, if any tax consequences have been determined in the order under the provisions of Chapter XII.</p> <p>(13) The Approving Panel shall issue directions under sub-section (6) within a period of six months from the end of the month in which the reference under sub-section (4) was received.</p> <p>(14) The directions issued by the Approving Panel under sub-section (6) shall be binding on—</p> <ul style="list-style-type: none"> (i) the assessee; and (ii) the Commissioner and the income-tax authorities subordinate to him, <p>and notwithstanding anything in other provisions of this Code, no appeal shall lie against such directions.</p> <p>(15) The Central Government shall, for the purposes of this section, constitute one or more Approving Panels as may be necessary and each panel shall consist of the following, namely:-</p> <ul style="list-style-type: none"> (i) a person who is or has been a judge of a High Court— Chairperson; (ii) a member of Indian Revenue Service not below the rank of Chief Commissioner of Income-tax - Member; and (iii) a person being an academic or scholar having special knowledge of matters, such as direct taxes, business accounts and international trade practices - Member. <p>(16) The term of the Approving Panel shall be for a period of one year which may be extended up to three years.</p> <p>(17) The Chairperson and members of the Approving Panel shall meet, as and when required, to consider the references made to it and shall be paid such remuneration as may be prescribed.</p> <p>(18) The Approving Panel shall have the powers which are vested in the Authority for Advance Rulings under section 292, in addition to the powers conferred under this section.</p> <p>(19) The Board shall provide to the Approving Panel such officials as may be necessary for the efficient exercise of powers and discharge of functions of the Approving Panel under this Code.</p> <p>(20) The Board may make rules for the purposes of the constitution and efficient functioning of the Approving Panel and expeditious disposal of the references received under sub-section (4).</p> <p>(21) In computing the period referred to in sub-section (13), the following shall be excluded—</p> <ul style="list-style-type: none"> (i) the period commencing from the date on which the first direction is issued by the Approving Panel to the Commissioner for getting the inquiries conducted through the authority competent under an agreement referred to in section 295 and ending with the date on which the information so requested is last received by the Approving Panel or one year, whichever is less; (ii) the period during which the proceeding of the Approving Panel is stayed by an order or injunction of any court. <p>(22) Where immediately after the exclusion of the period mentioned in sub-section (21), the time available to the Approving Panel for issue of directions is less than sixty days, such remaining period shall be extended to sixty days and the aforesaid period of six months shall be deemed to have been extended accordingly.</p>	
	170. (1) The Dispute Resolution Panel may, in a case where any objection is received under sub-	Direction by

	<p>section (5) of section 165—</p> <p>(a) call for and examine the record of any proceeding relating to the draft order;</p> <p>(b) make such further inquiry, as it thinks fit; or</p> <p>(c) cause any further inquiry to be made by any income-tax authority and report the result of the same to it. (2) The Dispute Resolution Panel shall, in the case referred to in sub-section (1), issue such directions, as it thinks fit, for the guidance of the Assessing Officer to enable him to complete the assessment.</p> <p>(3) The Dispute Resolution Panel shall issue the direction referred to in sub-section (2), after considering—</p> <p>(a) the draft order;</p> <p>(b) the objections filed by the eligible assessee;</p> <p>(c) the evidence furnished by the eligible assessee;</p> <p>(d) the report, if any, of the Assessing Officer, valuation officer or Transfer Pricing Officer or any other authority;</p> <p>(e) the records relating to the draft order;</p> <p>(f) the evidence collected by, or caused to be collected by, it; and</p> <p>(g) the result of any inquiry made by, or caused to be made by, it.</p> <p>(4) The Dispute Resolution Panel may confirm, reduce or enhance the variations proposed in the draft order.</p> <p>(5) The Dispute Resolution Panel may consider any matter arising out of the assessment proceedings relating to the draft order, notwithstanding that such matter was raised or not by the eligible assessee, for the purpose of enhancing the variation.</p> <p>(6) The Dispute Resolution Panel shall not set aside any proposed variation or issue any direction under sub-section (2) for further inquiry before passing of the assessment order.</p> <p>(7) If the members of the Dispute Resolution Panel differ in opinion on any issue, then it shall be decided according to the opinion of the majority.</p> <p>(8) The direction issued by the Dispute Resolution Panel shall be binding on the Assessing Officer.</p> <p>(9) No direction under sub-section (2) shall be issued unless an opportunity of being heard is given to the eligible assessee or the Assessing Officer on such directions which are prejudicial to the interest of the eligible assessee or the revenue, as the case may be.</p> <p>(10) No direction under sub-section (2) shall be issued after a period of nine months from the end of the month in which the draft order is forwarded to the eligible assessee.</p> <p>(11) The Board may make rules for the efficient functioning of the Dispute Resolution Panel and for the expeditious disposal of the objections filed under clause (b) of sub-section (5) of section 165 by the eligible assessee.</p> <p>(12) In this section, “eligible assessee” shall have the meaning as assigned to it in section 165.</p>	<p>Dispute Resolution Panel for assessment.</p>
<p>Re-opening of assessment.</p>	<p>171. (1) The Assessing Officer shall, for reasons to be recorded in writing, reopen a case for reassessment, if he has reason to believe that any tax base chargeable to tax has escaped assessment for the relevant financial year.</p> <p>(2) The Assessing Officer shall, for reopening a case, serve on the assessee a notice requiring him to furnish, within a period of thirty days, a return of tax bases for any financial year, in such form, verified in the manner and setting forth such other particulars, as may be prescribed.</p>	

<p>43 of 1961 27 of 1957</p>	<p>(3) For the purposes of sub-section (1) , the following cases shall be regarded as cases where the tax bases chargeable to tax have escaped assessment, namely:—</p> <ul style="list-style-type: none"> (a) where the tax base for the relevant financial year exceeds the maximum amount not liable to tax but- <ul style="list-style-type: none"> (i) the return of tax bases has not been furnished; (ii) no notice has been issued under section 157; and (iii) the time limitation for issuing such notice has expired; (b) where a return of tax bases has been furnished by the assessee, but- <ul style="list-style-type: none"> (i) no assessment under section 165, section 166 or this section has been made; and (ii) the assessee has understated the tax bases, or has claimed excessive loss, deduction, allowance or relief in the return; (c) where an assessment has been made under section 165 , section 166 or this section, but— <ul style="list-style-type: none"> (i) the tax bases liable to tax has been under-assessed; (ii) the tax bases have been assessed at too low a rate; (iii) the tax bases have been made the subject of relief to which the assessee is not entitled to under this Code; (iv) excessive loss or capital allowance or any other allowance under this Code has been computed; (v) the computation or assessment has not been made in accordance with any order, direction, instruction or circular issued by the Board; (vi) the computation or assessment has not been made by the Assessing Officer in accordance with any order or direction issued, before making of the assessment, by an authority to whom the Assessing Officer is subordinate; or (vii) any objection has been raised by the Comptroller and Auditor General of India to the effect that the assessment has not been made in accordance with the provisions of the Income-tax Act, 1961 or the Wealth-tax Act, 1957, as they stood before the commencement of this Code or this Code and such objection forms part of the report of the Comptroller and Auditor General of India laid before each House of Parliament; (d) where search and seizure has been carried out under section 145, or material has been obtained in pursuance of a requisition under section 146, in the case of the person; (e) where any material which has been seized, or obtained in pursuance of a requisition, has a bearing on the determination of the tax bases of a person other than the person referred to in clause (d); (f) where the assessee has failed to furnish a report in respect of any international transaction or specified domestic transaction, as the case may be, under section 88; (g) where a person is found to have any asset (including financial interest in any entity) located outside India; (h) where the value, including the fair market value, of any asset, property, investment or expenditure estimated by the Valuation Officer under section 163 is at variance with the value claimed by a person. <p>(4) The notice under sub-section (2) shall be issued—</p> <ul style="list-style-type: none"> (a) for the seven financial years immediately preceding the financial year in which the 	
----------------------------------	---	--

	<p>search and seizure has been carried out or the material has been obtained;</p> <p>(b) after the expiry of twelve months from the end of the financial year in which the return was due and within a period of seven financial years from the end of the said financial year, where the time allowed under sub-section (1) of section 155 has expired;</p> <p>(c) within a period of ten financial years from the end of the relevant financial year in a case where the income in relation to any asset (including financial interest in any entity) located outside India, chargeable to tax, has escaped assessment;</p> <p>(d) within a period of seven financial years from the end of the relevant financial year, in any other case.</p> <p>(5) The Central Government may by rules made by it (except in cases where any assessment or reassessment has abated under sub-section (8)), specify the class or classes of cases in which the Assessing Officer shall not be required to issue notice for assessing or reassessing the total income for seven financial years immediately preceding the financial year in which search and seizure is carried out or material has been obtained in pursuance of a requisition.</p> <p>(6) Notwithstanding anything in sub-section (4), the notice under sub-section (2) for any financial year may be issued at any time, if—</p> <p>(a) the reassessment is to be made in consequence of, or to give effect to, any finding or direction contained in an order passed—</p> <p>(i) by any authority or court in any proceeding under this Code by way of appeal, reference or revision; or</p> <p>(ii) by a court in any proceeding under any other law for the time being in force; and</p> <p>(b) the period referred to in sub-section (4) for issue of such notice had not expired at the time the order, which was the subject-matter of appeal, reference or revision, was made.</p> <p>(7) No notice under sub-section (2) shall be issued—</p> <p>(a) in a case where an assessment has been made under section 165 or section 166 or under this section, by an Assessing Officer below the rank of Joint Commissioner—</p> <p>(i) within a period of four years from the end of the relevant financial year, unless the Joint Commissioner is satisfied on the reasons recorded by such Assessing Officer that it is a fit case for issue of such notice;</p> <p>(ii) after the expiry of a period of four years from the end of the relevant financial year, unless the Commissioner is so satisfied;</p> <p>(b) in any other case, by an Assessing Officer below the rank of Joint Commissioner after the expiry of a period of four years from the end of the relevant financial year, unless the Joint Commissioner is satisfied on the reasons recorded by such Assessing Officer that it is a fit case for issue of such notice.</p> <p>(8) The Commissioner or the Joint Commissioner, being satisfied on the reasons recorded by the Assessing Officer regarding fitness of a case for the issue of notice under this section, is not required to issue such notice himself.</p> <p>(9) Any assessment proceeding relating to any financial year falling within the period of seven financial years referred to in clause (a) of sub-section (4) shall abate if it is pending on the date of the initiation of the search, or on the date of obtaining the material, as the case may be.</p> <p>(10) If any proceedings initiated or any order of assessment or reassessment made under sub-section (4) is annulled in appeal or any other legal proceeding, then notwithstanding anything contained in sub-section (4) or section 175, the assessment or reassessment relating to any financial year which has abated shall stand revived with effect from the date of receipt of the order of such annulment by the Commissioner.</p>	
--	--	--

	<p>(11) The revival of proceedings referred to in sub-section (10) shall cease to have effect, if the order of annulment under that sub-section is set aside.</p> <p>(12) The provisions of this section shall also apply in the case of any other person, referred to in clause (e) of sub-section (3), as if search and seizure has been carried out under section 145 in his case, if any material which has a bearing on the determination of the tax bases of such other person, has been—</p> <ul style="list-style-type: none"> (a) seized in the course of search and seizure under section 145 in the case of the person referred to in clause (d) of sub-section (3); or (b) obtained in pursuance of the requisition under section 146 in the case of the person referred to in clause (d) of sub-section (3). <p>(13) On receipt of a return in pursuance of a notice under sub-section (2), or after the expiry of time specified for furnishing the return in pursuance of such notice, the Assessing Officer shall, by an order in writing, make the reassessment of the total income and the provisions of sections 161 to 170 shall apply accordingly.</p> <p>(14) In any reassessment made under this section, the tax shall be chargeable at the rate or rates at which it would have been charged had the tax bases not escaped assessment.</p> <p>(15) The proceedings under this section, excluding the proceedings initiated in consequence of the condition specified in clauses (d) and (e) of sub-section (3) shall be dropped, if—</p> <ul style="list-style-type: none"> (a) the assessee has not impugned any part of the original assessment order for the relevant financial year under sections 190 and 204; (b) he establishes that he had been assessed on an amount not lower than what he would be rightly liable for, even if the tax base alleged to have escaped assessment had been taken into account; and (c) the original assessment order has not been revised under section 173 or section 203. <p>(16) For the purposes of this section,—</p> <ul style="list-style-type: none"> (a) date of initiation of search, or the date of obtaining the material under sub-sections (9) and (12) shall be construed as a reference to the date of receiving the material by the Assessing Officer having jurisdiction over such other person; (b) reassessment shall include any other part of the tax bases chargeable to tax which has escaped assessment and which comes to the notice of the Assessing Officer subsequently in the course of reassessment proceedings, notwithstanding that the reasons recorded for reopening under sub-section (1) do not refer to such part of tax bases; and (c) reopening a case for reassessment shall include opening a case for assessment where return for tax bases has not been furnished before the issue of notice under sub-section (2). 	
	<p>172. No order of assessment or reassessment shall be passed by an Assessing Officer without the approval of the Joint Commissioner in a case where—</p> <ul style="list-style-type: none"> (a) search and seizure has been carried out under section 145, or material has been obtained in pursuance of a requisition under section 146, in the case of the person; (b) any material which has been seized, or obtained in pursuance of a requisition, has a bearing on the determination of the tax bases of a person other than the person referred to in clause (a). 	<p>Approval for search assessment.</p>

	<p>173. (1) An income-tax authority may amend any order passed, or intimation issued by it under this Code so as to rectify any mistake apparent from the record.</p> <p>(2) No amendment under this section shall be made after a period of four years from the end of the financial year in which the order sought to be amended was passed.</p> <p>(3) The income-tax authority shall not make any amendment, which has the effect of enhancing the tax bases or reducing a refund or otherwise increasing the liability of the assessee, unless the authority concerned has given to the assessee an opportunity of being heard.</p> <p>(4) The income-tax authority concerned may make an amendment—</p> <p>(a) on its own motion; or</p> <p>(b) on the application made to it by the assessee or, as the case may be, by the Assessing Officer.</p> <p>(5) Any application received by an authority for amendment of an order or intimation shall be decided within a period of six months from the end of the month in which such application is received by it.</p> <p>(6) In a case where the order has been decided in an appeal or revision, the power of the authority to amend the order, or intimation, shall be restricted to matters other than those decided in appeal or revision.</p>	Rectification of mistake.
	<p>174. (1) Any sum payable in consequence of any order made, or intimation issued, under this Code shall be demanded by an income-tax authority by serving upon the assessee a notice of demand in such form and manner as may be prescribed.</p> <p>(2) The intimation issued under sub-section (3) of section 160 or sub-section (3) of section 224 shall be deemed to be the notice of demand for the purposes of this section.</p>	Notice of demand.
	<p>175. (1) The Assessing Officer shall not make,—</p> <p>(a) any order of assessment under section 165 or section 166 after the expiry of a period of twenty-four months from the end of the financial year in which the return was due;</p> <p>(b) any order of reassessment under section 171 after the expiry of a period of—</p> <p>(i) twenty-four months from the end of the financial year in which the last of the authorisations was executed in the case of a person where search and seizure was carried out under section 145 or the material was obtained in pursuance of a requisition under section 146;</p> <p>(ii) twenty-four months from the end of the financial year in which any material belonging to the person referred to in section 148 is handed over to the Assessing Officer having jurisdiction over such person;</p> <p>(iii) twelve months from the end of the financial year in which the notice under section 171 is served, in any other case;</p> <p>(c) any order recomputing the total income of a transferee company after the expiry of a period of four years from the end of the financial year in which the conditions laid down in clause (d) or clause (e) of sub-section (1) of section 47, as the case may be, are not complied with;</p> <p>(d) any order computing the capital gain by taking the reduced compensation or consideration referred to in sub-section (3) of section 50 after the expiry of a period of four years from the end of the financial year in which the order reducing the compensation was passed by the court, tribunal or other authority;</p>	Time limits for completion of assessment or reassessment.

- (e) any order recomputing the deduction under section 55, in a case where in the assessment for any financial year, the person acquires a new asset within the extended time allowed under sub-section (7) of that section, after the expiry of a period of four years from the end of the financial year in which the compensation was received by the person;
- (f) any order recomputing the total income under section 84 after the expiry of a period of four years from the end of the financial year in which the order of the Controller or the High Court, as the case may be, was passed;
- (g) any order recomputing the total income of the person for succeeding financial years in pursuance of an order under section 171 in which loss has been recomputed for a financial year, after the expiry of a period of four years from the end of the financial year in which the order under section 171 was passed;
- (h) any order of assessment in pursuance of an order under section 197 or section 199 or section 202 or section 289, setting aside or cancelling an assessment, as the case may be, after the expiry of a period of one year from the end of the financial year in which the order is received by the Commissioner;
- (i) any order of assessment, reassessment or recomputation in pursuance of the revival of any proceeding under this Code, after the expiry of a period of one year from the end of the financial year in which the order of revival of the proceedings is received by the Commissioner.

(2) Notwithstanding anything in sub-section (1), the Assessing Officer shall, in a case where a reference has been made to the Transfer Pricing Officer under section 164, not make an order of assessment or reassessment, as the case may be,-

- (a) under section 165 or section 166 for such financial year after the expiry of a period of thirty-six months from the end of the financial year in which the return was due;
- (b) under section 171 for such financial year after the expiry of a period of twenty-four months from the end of the financial year in which the notice under section 171 was served;
- (c) in pursuance of an order under section 197 or section 289 for such financial year after the expiry of a period of twenty-four months from the end of the financial year in which the order under section 197 or section 289, as the case may be, is received by the Commissioner.

(3) The provisions of sub-sections (1) and (2) shall not apply in respect of assessment, re-assessment or recomputation to be made in consequence of, or to give effect to, any finding or direction contained in any order—

- (a) under sections 192, 197, 199, 202, 203, 204 or section 289; or
- (b) of any court in a proceeding otherwise than by way of appeal or reference under this Code.

(4) Where, by an order referred to in sub-section (3), any income is excluded from-

- (i) the total income of the person for a financial year and is held to be the income of another financial year; or
- (ii) the total income of one person and held to be the income of another person,

then, the assessment of such income shall be made accordingly and it shall be deemed to be made in consequence of or to give effect to any finding or direction contained in the said order.

(5) In computing the period of limitation for the purposes of sub-sections (1) and (2), the following period or time shall not be included, namely:—

	<p>(a) the period commencing from the date on which the application for Advance Pricing Agreement is filed by the assessee and ending with—</p> <p>(i) the date on which the order rejecting the application is received by the Commissioner; or</p> <p>(ii) the date on which the copy of the Advance Pricing Agreement entered into in accordance with the provisions of section 121, is received by the Commissioner;</p> <p>(b) the time taken in reopening the whole or any part of the proceeding or in giving an opportunity to the assessee to be reheard under section 143;</p> <p>(c) the period during which the assessment proceeding is stayed by an order or injunction of any court;</p> <p>(d) the period commencing from the date on which the Assessing Officer directs the assessee to get his accounts audited under section 162 and,-</p> <p>(i) ending with the last date on which the assessee is required to furnish a report of such audit under that section, or</p> <p>(ii) where such direction is challenged before a court, ending with the date on which the order setting aside such direction is received by the Commissioner, ;</p> <p>(e) the period commencing from the date on which a reference for declaration of an arrangement to be an impermissible avoidance arrangement is received by the Commissioner under sub-section (1) of section 169 and ending on the date on which a direction under sub-section (3) or sub-section (6) or an order under sub-section (5) of the said section is received by the Assessing Officer;</p> <p>(f) the period commencing from the date on which an application is made before the Authority for Advance Rulings under sub-section (1) of section 285 and ending with the date on which the order rejecting the application, or the date on which the advance ruling pronounced by it, is received by the Commissioner under sub-section (9) or, as the case may be, sub-section (13) of that section;</p> <p>(g) the period commencing from the date on which a reference or first of the references for exchange of information is made by an authority competent under an agreement referred to in section 295 and ending with the date on which the information requested is last received by the Commissioner or a period of one year, whichever is less.</p> <p>(6) The period of limitation available to the Assessing Officer for making an order of assessment, reassessment or recomputation, shall be extended in any other case, to sixty days, if the period immediately after the exclusion of the time or period specified in sub-section (5) is less than sixty days.</p>	
	<p><i>C. — PROCEDURE FOR ASSESSMENT IN SPECIAL CASES</i></p>	
<p>Representative assessee.</p>	<p>176. (1) For the purposes of this Code, “representative assessee” in respect of an assessee means—</p> <p>(a) the agent of a non-resident, if the assessee is a non-resident;</p> <p>(b) the guardian, or manager, of a minor, lunatic or idiot, if the assessee is a minor, lunatic or idiot;</p> <p>(c) the Court of Wards, the Administrator-General, the Official Trustee, any receiver or manager (including any person, whatever be his designation, who manages property on behalf of the assessee) appointed by, or under, any order of a court, if such person receives, or is entitled to receive, income on behalf, or for the benefit, of the assessee;</p> <p>(d) a trustee appointed under an oral trust, or a trust declared by a duly executed instrument</p>	

	<p>in writing whether testamentary or otherwise and who receives or is entitled to receive, income on behalf, or for the benefit, of any person, if the assessee is a trust;</p> <p>(e) the legal representative, or the executor, if the assessee dies;</p> <p>(f) a participant, or the legal representative of the deceased participant, in the case of dissolution of an unincorporated body; and</p> <p>(g) the liquidator appointed under section 448, or section 490, of the Companies Act, 1956 or under section 310, or section 359, of the Companies Act, 2013 in the case of a company.</p> <p>(2) The “agent” in relation to a non-resident includes—</p> <p>(a) any person in India—</p> <p>(i) who is employed by, or on behalf of, the non-resident;</p> <p>(ii) who has any business connection with the non-resident;</p> <p>(iii) from, or through, whom the non-resident is in receipt of any income, whether directly or indirectly; or</p> <p>(iv) who is the trustee of the non-resident; and</p> <p>(b) any other person who has acquired, by means of transfer, a capital asset in India from the non-resident.</p> <p>(3) A broker in India who, in respect of any transaction, does not deal directly with, or on behalf of, a non-resident principal but deals with, or through, a non-resident broker shall not be deemed to be an agent under this section in respect of such transaction, if the following conditions are fulfilled, namely:—</p> <p>(a) the transactions are carried on in the ordinary course of business through the first-mentioned broker; and</p> <p>(b) the non-resident broker is carrying on such transactions in the ordinary course of his business and not as a principal.</p> <p>(4) The “executor” in relation to the estate of a deceased person means—</p> <p>(i) an individual, if such individual is the only executor; or</p> <p>(ii) an association of persons comprising all the executors, if there are more than one executor,</p> <p>and includes an administrator or other person administering such estate.</p> <p>(5) No person shall be treated as an agent of a non-resident unless he has had an opportunity of being heard by the Assessing Officer as to his liability to be treated as such.</p>	
	<p>177. (1) Every representative assessee shall, in his representative capacity, be liable to assessment only in respect of the tax bases of the person represented by him (hereinafter in this Sub-chapter referred to as the principal).</p> <p>(2) Subject to sub-section (3), every representative assessee shall be subject to the same duties, responsibilities and liabilities as if the tax bases accrued to, or is received or owned by, him.</p> <p>(3) The tax on tax bases of the representative assessee shall be levied upon, and recovered from, him in the manner, and to the extent, as it would have been leviable upon, and recoverable from, the principal.</p> <p>(4) Any representative assessee, or any person who apprehends that he may be assessed as a representative assessee, may retain a sum equal to his estimated liability under this Sub-chapter out of the money payable by him to the principal on whose behalf he is liable to pay tax.</p>	<p>Rights and obligations of a representative assessee.</p>

	<p>(5) The representative assessee, or the person referred to in sub-section (4), in the event of disagreement between him and the principal as to the amount to be so retained, may apply to the Assessing Officer for a certificate stating the amount to be so retained pending final settlement of the liability.</p> <p>(6) Upon receipt of the application under sub-section (5), the Assessing Officer shall issue, within a period of one month from the date of receipt of the application, the certificate stating the amount to be retained by the representative assessee or the person.</p> <p>(7) The certificate issued under sub-section (6) shall be the warrant for retaining the amount specified therein by the representative assessee or the person.</p> <p>(8) The amount recoverable from the representative assessee, or the person referred to in sub-section (4), at the time of final settlement shall not exceed the amount specified in such certificate, except to the extent to which the representative assessee, or the person, may have additional assets of the principal at that time.</p> <p>(9) Every representative assessee who, as such, pays any sum under this Code, shall be entitled to—</p> <p>(a) recover the sum so paid from the principal; or</p> <p>(b) retain an amount equal to the sum so paid out of any moneys that may be in his possession, or may come to him, in his representative capacity.</p> <p>(10) In the case of a representative assessee referred to in clause (e), (f) or clause (g) of sub-section (1) of section 176—</p> <p>(a) any proceeding taken against the principal before his death or its dissolution or the appointment of the liquidator, shall be deemed to have been taken against the representative assessee and may be continued against him from the stage at which it stood on the date of the death or dissolution or the appointment; and</p> <p>(b) any proceeding which could have been taken against the principal if the principal had survived or existed or the liquidator had not been appointed, may be taken against the representative assessee.</p> <p>(11) For the purposes of this section tax includes interest, penalty, fine or fee payable under this Code;</p> <p>(12) The liability of a legal representative, referred to in clause (e) or (f) of sub-section (1) of section 176, shall, subject to the provisions of sub-sections (4), (5), (6) and (7) and of section 179, be limited to the extent to which the assets of the deceased are capable of meeting the liability.</p>	
<p>Direct assessment or recovery not barred.</p>	<p>178. Nothing in this Sub-chapter shall prevent —</p> <p>(a) the direct assessment of the principal; or</p> <p>(b) the recovery of any sum payable under this Code from the principal.</p>	
<p>Remedy against property in case of representative assessee.</p>	<p>179. The Assessing Officer shall have the same remedy against all property of any kind vested in, or under the control or management of, any representative assessee as he would have against the property of the principal, in as full and ample a manner, whether the demand is raised against the representative assessee or against the principal direct.</p>	

<p>Assessment upon business re-organisation.</p>	<p>180. (1) The assessment of the predecessor and the successor in a business re-organisation shall, in respect of the financial year in which the business re-organisation is undertaken, be made in the manner provided in this section.</p> <p>(2) The predecessor shall be assessed in respect of the income for the period beginning with the first day of the financial year and ending on the day immediately preceding the date of business re-organisation.</p> <p>(3) The successor shall be assessed in respect of the income for the period beginning with the date of business re-organisation and ending on the last day of the financial year.</p> <p>(4) Any proceeding under this Code taken against the predecessor shall be deemed to have been taken against the successor and may be continued against the successor from the stage at which it stood on the date of the business re-organisation, if the predecessor does not exist or cannot be found.</p> <p>(5) Subject to the provisions of sub-section (4), any proceeding under this Code may be taken against the successor, which could have been taken against the predecessor if he existed or was found.</p>	
<p>Assessment after partition of a Hindu undivided family</p>	<p>181. (1) A Hindu undivided family, hitherto assessed as undivided, shall be deemed, for the purposes of this Code, to continue to be a Hindu undivided family, except where, and in so far as, a finding of partition has been given under this section in respect of the Hindu undivided family.</p> <p>(2) The Assessing Officer shall—</p> <p>(a) make an inquiry into the claim of partition made by, or on behalf of, any member of a Hindu undivided family, hitherto assessed as undivided, at the time of making the assessment;</p> <p>(b) give notice of the inquiry to all members of the family; and</p> <p>(c) record a finding as to whether there has been a total, or partial, partition of the joint family property and, if there has been such a partition, the date on which it has taken place.</p> <p>(3) The tax bases of the Hindu undivided family, hitherto assessed as undivided, shall, for the financial year in which the partition took place, be the tax bases in respect of the period up to the date of partition, as if no partition had taken place.</p> <p>(4) Each member, or group of members, of the Hindu undivided family, hitherto assessed as undivided, shall be jointly and severally liable for tax on the tax bases of any financial year or period, up to the date of partition, and such tax shall be recovered from him, or them, accordingly.</p> <p>(5) For the purposes of this section, the several liability of any member, or group of members, shall be computed according to the portion of the joint family property allotted to him, or to them, upon the partition.</p> <p>(6) The provisions of this section shall, so far as may be, apply in relation to the levy and collection of any penalty, interest, fine or other sum in respect of any period upto the date of the partition, whether total or partial, of a Hindu undivided family as they apply in relation to the levy and collection of tax in respect of any such period.</p> <p>(7) For the purposes of this Code, no claim of partial partition of a Hindu undivided family shall be inquired into, or recognised as such.</p> <p>(8) In case of a partial partition of a Hindu undivided family—</p> <p>(a) the Hindu undivided family shall continue to be assessed under this Code as if no partial partition had taken place; and</p>	

	<p>(b) the liability of that Hindu undivided family or its members under this Code, before or after the partial partition, shall remain the same.</p> <p>(9) In this section—</p> <p>(a) “partition” means—</p> <p>(i) where the property admits of a physical division, such division of the property, but a physical division of the income without a physical division of a property producing the income shall not be deemed to be a partition; or</p> <p>(ii) where the property does not admit of a physical division, then such division as the property admits of, but a mere severance of status shall not be deemed to be a partition;</p> <p>(b) “partial partition” means a partition which is partial as regards the persons constituting the Hindu undivided family, or the properties belonging to the Hindu undivided family, or both.</p>	
	<p>182. (1) Notwithstanding anything in this Code, the assessment of the income of a non-resident from the business of operation of ships (including an arrangement such as slot charter, space charter or joint charter) shall be made in accordance with the provisions of this section.</p> <p>(2) The master of a ship belonging to, or chartered by, a non-resident shall, before the departure of the ship, furnish to the Assessing Officer a return of the full amount of transportation charges accrued to, or received by, the owner or charterer, since the last arrival of the ship in that port.</p> <p>(3) The requirement of furnishing the return shall be deemed to have been complied with, if—</p> <p>(a) the Assessing Officer is satisfied that—</p> <p>(i) it is not possible for the master of the ship to furnish the return before the departure of the ship from the port; and</p> <p>(ii) the master of the ship has made satisfactory arrangements for furnishing the return and payment of tax; and</p> <p>(b) the return is furnished within a period of thirty days of the departure of the ship by any person authorised by the master of the ship.</p> <p>(4) On receipt of the return, the Assessing Officer shall—</p> <p>(a) assess the income referred to in sub-section (1) in accordance with serial number 7 of the Table under Paragraph 1 of the Eleventh Schedule, after calling for such documents as he deems fit; and</p> <p>(b) determine the sum payable as tax thereon at the rates applicable to the total income of a foreign company.</p> <p>(5) The sum determined under sub-section (4) shall be payable by the master of the ship or any other person authorised by him.</p> <p>(6) A port clearance shall not be granted to the ship until the Commissioner of Customs, or other officer duly authorised to grant it, is satisfied that the tax assessable under this section has been duly paid or that satisfactory arrangements have been made for the payment.</p> <p>(7) Nothing in this section shall prevent the assessment of the income, referred to in sub-section (1), for the relevant financial year of the owner, or charterer, of the ship in accordance with the other provisions of this Code, at his option.</p> <p>(8) Any payment of tax made under this section shall be treated as advance tax, in case an assessment is made as envisaged in sub-section (7).</p>	<p>Assessment of non-resident in respect of occasional shipping business.</p>

<p>Assessment of persons leaving India.</p>	<p>183. (1) The tax bases of an individual for part of a financial year may be chargeable to tax in that financial year, if—</p> <p>(a) it appears to the Assessing Officer that the individual may leave India during the financial year or shortly after its expiry; and</p> <p>(b) has no intention of returning to India.</p> <p>(2) The part of a financial year, referred to in sub-section (1) shall be the period beginning with the first day of the financial year and ending with the probable date of his departure from India.</p> <p>(3) The Assessing Officer may estimate the tax bases of the individual for part of a financial year if it cannot be readily determined in accordance with this Code.</p> <p>(4) For the purposes of making an assessment under sub-section (1), the Assessing Officer may require the individual to furnish the return of tax bases within the time specified therein, which shall not be less than seven days.</p> <p>(5) Notwithstanding anything in this Code, the Assessing Officer may require the individual to furnish the return of tax bases, within the time specified therein, which shall not be less than seven days—</p> <p>(a) for the financial year for which the due date for filing of return has not expired; and</p> <p>(b) for such other financial years for which no return of tax bases has been filed which was otherwise required to be filed.</p> <p>(6) The Assessing Officer shall, upon receipt of the return, or after the expiry of the time allowed for furnishing the return under sub-section (4) or sub-section (5), proceed to make the assessment in accordance with the provisions of this Code in so far as they apply.</p> <p>(7) The tax payable on the tax bases computed under this section shall be in addition to the tax, if any, payable under any other provision of this Code.</p>	
	<p>184. (1) Notwithstanding anything in this Code, where it appears to the Assessing Officer that an unincorporated body formed for a particular event or purpose in a financial year is likely to be dissolved in the financial year or shortly thereafter, then the Assessing Officer may charge to tax in that financial year the tax bases of the unincorporated body for the period beginning from the first day of the financial year to the likely date of its dissolution.</p> <p>(2) The provisions of section 183 shall apply to any proceeding under this section as they apply in the case of a person leaving India.</p>	<p>Assessment of an unincorporated body formed for a particular event or purpose.</p>
	<p>185. (1) Notwithstanding anything in this Code, where it appears to the Assessing Officer that any person is likely to charge, sell, transfer, dispose of or otherwise part with any of his assets, in any financial year, with a view to avoiding payment of any liability under this Code, then the Assessing Officer may charge to tax in that financial year the tax bases of such person for the period beginning from the first day of the financial year to the date when the Assessing Officer commences proceedings under this section.</p> <p>(2) The provisions of section 183 shall apply to any proceeding under this section as they apply in the case of a person leaving India.</p>	<p>Assessment of persons likely to transfer property to avoid tax.</p>
	<p>186. (1) Notwithstanding anything in this Code, where any business is discontinued in any financial year, the Assessing Officer may, in his discretion, charge to tax in that financial year the tax bases of such business for the period beginning from the first day of the financial year to the date on which the business has been discontinued.</p>	<p>Discontinued business.</p>

	<p>(2) Any person discontinuing any business shall give to the Assessing Officer notice of such discontinuance within a period of fifteen days thereof.</p> <p>(3) Any sum received after the discontinuance of business shall be deemed to be the income of the recipient and charged to tax accordingly in the year of receipt, if such sum would have been included in the tax bases of the person who carried on the business had such sum been received before such discontinuance.</p> <p>(4) The Assessing Officer may require the person whose business has been discontinued to furnish the return of tax bases, within the time specified therein, which shall not be less than a period of seven days.</p> <p>(5) The notice for furnishing the return shall be served by the Assessing Officer, in the case of discontinuance of the business of—</p> <p>(a) the individual, on him;</p> <p>(b) the unincorporated body, on the participant who was member of the unincorporated body at the time of discontinuance; and</p> <p>(c) the company, on the principal officer thereof.</p> <p>(6) The Assessing Officer shall, upon receipt of the return, or after the expiry of the time allowed for furnishing the return under sub-section (4) proceed to make the assessment in accordance with the provisions of this Code in so far as they apply.</p> <p>(7) The tax payable on the tax bases computed under this section shall be in addition to the tax, if any, payable under any other provision of this Code.</p>	
<p>Assessment of unincorporated body in case of change in its constitution.</p>	<p>187. (1) The Assessing Officer shall, in a case where a change has occurred in the constitution of an unincorporated body, make a single assessment in respect of the entire financial year in which the change has occurred.</p> <p>(2) The assessment referred to in sub-section (1) shall be made on the unincorporated body as constituted on the last day of the relevant financial year.</p> <p>(3) In this section, a change in the constitution of an unincorporated body is said to have taken place, if—</p> <p>(a) one, or more, of the participants cease to be participants;</p> <p>(b) one, or more, new participants are admitted; or</p> <p>(c) all the participants continue with a change in their respective shares or in the shares of some of them.</p> <p>(4) The provisions of this section shall not apply, if the change in constitution is on account of the death of a participant or the retirement of all the participants.</p>	
<p>Assessment on retirement or death of participant.</p>	<p>188. (1) The Assessing Officer shall make separate assessments on any two unincorporated bodies, if—</p> <p>(a) one unincorporated body succeeds another unincorporated body; and</p> <p>(b) the succession is by virtue of retirement of all participants in the unincorporated body or death of any of the participants.</p> <p>(2) The separate assessments shall be made in accordance with the provisions of section 169 as if—</p> <p>(a) the unincorporated body, succeeding the other unincorporated body, is the successor; and</p>	

	(b) the unincorporated body being succeeded is the predecessor.	
	<p>189. (1) The Assessing Officer may assess a return filed under section 217 or section 221, as if it were a return of tax bases referred to in section 155, and all the other provisions of this Code shall, as far as may be, apply accordingly.</p> <p>(2) The Assessing Officer may, in a case where a person has failed to file the return under section 217 or section 221, issue a notice to the person requiring him to furnish the return within the time specified therein and all the other provisions of this Code shall, as far as may be, apply as if it were a return of tax bases referred to in section 155.</p> <p>(3) The provisions of sub-section (1) shall be applicable in a case where the Assessing Officer has reasons to believe that the persistent failure on part of the deductor or the seller or the lessor or licensor, as the case may be, in complying with the provisions of Part A or Part B of Chapter XIV, has adversely impacted the interests of revenue.</p> <p>(4) The Assessing Officer shall take approval of the Commissioner before issue of notice for the purposes of sub-section (1).</p>	Assessment of a deductor or collector.
	D.—APPEALS AND REVISION	
	<p>190. (1) An assessee may prefer an appeal to the Commissioner (Appeals) where he is aggrieved by an intimation issued or an order passed by any income-tax authority below the rank of the Commissioner as specified in the Nineteenth Schedule.</p> <p>(2) Without prejudice to sub-section (1), the assessee may prefer an appeal—</p> <p>(i) where an application filed by him under section 173 has not been disposed of by the Assessing Officer within a period of six months from the end of the month in which the application was filed; or</p> <p>(ii) where he is required to bear the liability in respect of the tax deductible under section 213 on the income payable to a non-resident under any agreement or other arrangement and—</p> <p>(a) he claims that no tax was deductible by him on such income payable by him to the non-resident; and</p> <p>(b) has paid the tax on such income to the credit of the Central Government.</p>	Appeal to Commissioner (Appeals).
Form of appeal and limitation.	<p>191. (1) Every appeal under section 190 shall be in such form and verified in such manner and accompanied by such fees, as may be prescribed.</p> <p>(2) The appeal by an assessee under section 190 shall be preferred within a period of thirty days from—</p> <p>(a) the date of service of the notice of demand, if the appeal relates to any order or intimation in pursuance of which such notice of demand is issued;</p> <p>(b) the date on which the period of six months for disposing of the application expired, if the appeal relates to not disposing of the application for rectification under section 173;</p> <p>(c) the date of payment of the tax to the Central Government, if the appeal is filed under clause (ii) of sub-section (2) of section 190; and</p>	

	<p>(d) the date on which the order sought to be appealed against is served, if the appeal relates to any other matter.</p> <p>(3) The Commissioner (Appeals) may admit an appeal after the expiry of the period specified in sub-section (2), if</p> <p>(a) he is satisfied that the appellant had sufficient cause for not preferring it within that time.</p> <p>; and</p> <p>(b) the delay in preferring the appeal does not exceed a period of one year.</p> <p>(4) No appeal under this section shall be admitted unless—</p> <p>(a) the assessee has paid the tax due in accordance with the return of tax bases furnished;</p> <p>(b) the assessee has paid an amount equal to the amount of advance-tax which was payable by him, if no return of tax bases has been filed by the assessee.</p> <p>(5) The Commissioner (Appeals) may, on an application made by the assessee, exempt him from the operation of the provisions of clause (b) of sub-section (4) for any good and sufficient reason to be recorded in writing.</p>	
Procedure in appeal.	<p>192. (1) The Commissioner (Appeals) shall fix a day and place for the hearing of the appeal, and shall give notice of the same to the appellant and the Assessing Officer against whose order the appeal is preferred.</p> <p>(2) The following shall have the right to be heard at the hearing of the appeal, namely:—</p> <p>(a) the appellant, either in person or by an authorised representative;</p> <p>(b) the Assessing Officer, either in person or by a representative.</p> <p>(3) The Commissioner (Appeals) may adjourn the hearing of the appeal whenever he considers it necessary or expedient to do so.</p> <p>(4) The Commissioner (Appeals) may, before disposing of any appeal, make such further inquiry as he thinks fit.</p> <p>(5) The Commissioner (Appeals) may, during the proceedings before him, direct the Assessing Officer to make an inquiry and report to him on the points arising out of any question of law or fact.</p> <p>(6) The Commissioner (Appeals) may, at the hearing of an appeal, allow the appellant to go into any ground of appeal not specified in the grounds of appeal, if the Commissioner (Appeals) is satisfied that the omission was not wilful or unreasonable.</p> <p>(7) The order of the Commissioner (Appeals) disposing of the appeal shall be in writing and shall state the points for determination, the decision thereon and the reasons therefor.</p> <p>(8) Every appeal preferred under section 190 shall be heard and disposed of by the Commissioner (Appeals) as expeditiously as possible and endeavour shall be made to dispose of such appeal within a period of one year from the end of the financial year in which the appeal is preferred.</p> <p>(9) On the disposal of the appeal, the Commissioner (Appeals) shall communicate the order passed by him to the assessee and to the Chief Commissioner or the Commissioner.</p>	
	<p>193. (1) In disposing of an appeal, the Commissioner (Appeals) shall have the following powers, namely:—</p> <p>(a) in an appeal against an order of assessment, he may confirm, reduce, enhance or annul</p>	<p>Powers of Commissioner (Appeals).</p>

	<p>the assessment;</p> <p>(b) in an appeal against an order imposing a penalty, he may confirm or cancel such order or vary it so as to enhance or reduce the penalty;</p> <p>(c) in any other case, he may determine the issues arising in the appeal and pass such orders thereon, as he thinks fit.</p> <p>(2) The Commissioner (Appeals) may consider and decide any matter which was not considered by the Assessing Officer.</p> <p>(3) The Commissioner (Appeals) shall not enhance an assessment or a penalty or reduce the amount of refund unless the appellant has had an opportunity of showing cause against such enhancement or reduction.</p> <p>(4) In disposing of an appeal, the Commissioner (Appeals) may consider and decide any matter arising out of the proceedings in which the order appealed against was passed, notwithstanding that such matter was not raised before him by the appellant.</p>	
	<p>194. (1) The Central Government shall constitute an Appellate Tribunal consisting of a President and as many judicial and accountant members, as it thinks fit, to exercise the powers and discharge the functions conferred on the Appellate Tribunal by this Code.</p> <p>(2) A judicial member shall be a person—</p> <p>(i) who has for at least ten years held a judicial office in the territory of India;</p> <p>(ii) who has been a member of the Indian Legal Service and has held a post in Grade I of that Service, or any equivalent or higher post, for at least three years; or</p> <p>(iii) who has for at least ten years been an advocate of a High Court or of two or more such courts in succession.</p> <p>(3) An accountant member shall be a person—</p> <p>(a) who has for at least fifteen years been in the practice of accountancy as a chartered accountant under the Chartered Accountants Act, 1949; or</p> <p>(b) who has been a member of the Indian Revenue Service and has held the post of Additional Commissioner of Income-tax or any equivalent or higher post for at least three years.</p> <p>(4) The Central Government may appoint one or more judicial or accountant members of the Appellate Tribunal to be Vice-President or, as the case may be, Vice-Presidents thereof.</p> <p>(5) The Central Government may appoint one of the Vice-Presidents of the Appellate Tribunal to be the Senior Vice-President thereof.</p> <p>(6) The Central Government may appoint—</p> <p>(a) a person who is a sitting or retired Judge of a High Court and who has completed not less than seven years of service as a Judge in a High Court; or</p> <p>(b) the Senior Vice-President or one of the Vice-Presidents of the Appellate Tribunal, to be the President of the Tribunal constituted under sub-section (1).</p> <p>(7) The Senior Vice-President or a Vice-President shall exercise such of the powers and perform such of the functions of the President as may be delegated to him by the President by a general or special order in writing.</p> <p>(8) For the purpose of sub-section (2),—</p> <p>(a) in computing the period during which a person has held judicial office in the territory of India, there shall be included any period, after he has held any judicial office, during</p>	<p>Appellate Tribunal.</p>

	<p>which the person has been an advocate of a High Court or has held the office of a member of a tribunal or any post, under the Union or a State, requiring special knowledge of law;</p> <p>(b) in computing the period during which a person has been an advocate of a High Court, there shall be included any period during which the person has held judicial office or the office of a member of a tribunal or any post, under the Union or a State, requiring special knowledge of law after he became an advocate.</p> <p>(9) In this Sub-chapter, “judicial member” means a judicial member referred to in sub-section (2) and includes the President.</p>	
<p>Appeals to Appellate Tribunal.</p>	<p>195. (1) An assessee may prefer an appeal to the Appellate Tribunal, where he is aggrieved by an order passed by—</p> <p>(a) Commissioner (Appeals) under section 192;</p> <p>(b) Commissioner under section 97 and section 203;</p> <p>(c) Commissioner or Commissioner (Appeals) in respect of levy of penalty under Chapter XV relating to Penalties;</p> <p>(d) Assessing Officer in consequence of an order of the Commissioner under section 192;</p> <p>(e) Assessing Officer in pursuance of the directions of the Dispute Resolution Panel;</p> <p>(f) an Assessing Officer with the approval of the Commissioner as referred to in sub-section (12) of section 169; and</p> <p>(g) the income-tax authorities referred to in clauses (a) to (f) above, under section 173, in respect of the orders mentioned in the said clauses.</p> <p>(2) The Commissioner may, if he is not satisfied with the order passed by the Commissioner (Appeals), direct the Assessing Officer to prefer an appeal to the Appellate Tribunal against such order.</p> <p>(3) The Commissioner may, if he is not satisfied with the direction issued by the Dispute Resolution Panel under sub-section (2) of section 170 in pursuance of which the Assessing Officer has passed an order completing the assessment or reassessment, direct the Assessing Officer to appeal to the Appellate Tribunal against such order.</p> <p>(4) Notwithstanding anything in sub-sections (1) and (2), no appeal shall lie to the Appellate Tribunal against the order of the Commissioner (Appeals) or the Commissioner, as the case may be, in the case of a public sector company, irrespective of the fact whether the order is prejudicial to the company or the revenue, but shall lie to the Authority as referred to in section 284.</p> <p>(5) Every appeal under sub-section (1), or sub-section (2), shall be preferred within a period of sixty days from the date on which the order sought to be appealed against is communicated to the assessee or to the Commissioner, as the case may be.</p> <p>(6) An appeal under sub-section (3) shall be preferred within a period of sixty days from the date on which the order sought to be appealed against is passed by the Assessing Officer in pursuance of the directions of the Dispute Resolution Panel under sub-section (2) of section 170.</p> <p>(7) The Assessing Officer or the assessee may, on receipt of notice that an appeal against the order of the Commissioner (Appeals) has been preferred under sub-section (1) or sub-section (2) by the other party, file a memorandum of cross-objection against any part of the order of the Commissioner (Appeals) within a period of thirty days of the receipt of the notice.</p> <p>(8) The memorandum of cross-objection shall be disposed of by the Appellate Tribunal as if it were an appeal preferred within the time specified in sub-section (5).</p> <p>(9) The Appellate Tribunal may admit an appeal, or a memorandum of cross-objection, after the</p>	

	<p>expiry of the period specified in sub-section (5) or sub-section (6) or sub-section (7), if--</p> <p>(a) it is satisfied that the appellant or the respondent had sufficient cause for not presenting it within that time; and</p> <p>(b) the delay in filing the appeal does not exceed a period of one year.</p> <p>(10) An appeal or the memorandum of cross-objection to the Appellate Tribunal shall be in such form and be verified in such manner, as may be prescribed.</p> <p>(11) The appeal by an assessee shall be accompanied by such fees as may be prescribed.</p>	
<p>Stay of demand by Appellate Tribunal.</p>	<p>196. (1) An assessee may make an application to the Appellate Tribunal for stay of demand relating to the appeal preferred by him under section 195 and such application shall be accompanied by such fee as may be prescribed.</p> <p>(2) The Appellate Tribunal may, after giving both the parties to the appeal an opportunity of being heard and having considered the merits of the case, pass such orders on the stay application as it deems fit.</p> <p>(3) The Appellate Tribunal may grant stay under sub-section (2) for a period not exceeding one hundred and eighty days from the date of passing of the order for stay and the Appellate Tribunal shall dispose of the appeal within the said period of stay specified in that order.</p> <p>(4) The Appellate Tribunal may, on an application made by the assessee seeking extension of the period of stay, extend the period of stay allowed under sub-section (2), if it is satisfied that the delay in disposing of the appeal is not attributable to the assessee.</p> <p>(5) The aggregate of the period originally allowed under sub-section (2) and the period or periods extended under sub-section (4) shall not, in any case, exceed three hundred and sixty-five days from the date of passing the order of stay under sub-section (2).</p> <p>(6) The Appellate Tribunal shall dispose of the appeal during the period of stay allowed under sub-section (2) or the period or periods extended under sub-section (4), and where it fails to do so, the stay order shall stand vacated notwithstanding that the delay in disposing of the appeal is not attributable to the assessee.</p>	
<p>Orders of Appellate Tribunal.</p>	<p>197. (1) The Appellate Tribunal may, after giving both the parties to the appeal an opportunity of being heard, pass such orders thereon as it thinks fit.</p> <p>(2) The Appellate Tribunal may, either <i>suo motu</i> or on the mistake being brought to its notice by the assessee or the Assessing Officer at any time within a period of four years from the date of the order, with a view to rectifying any mistake apparent from the record, amend any order passed by it under sub-section (1).</p> <p>(3) The Appellate Tribunal shall not make an amendment which has the effect of enhancing an assessment or reducing a refund or otherwise increasing the liability of the assessee under sub-section (2) without giving the assessee an opportunity of being heard.</p> <p>(4) Every appeal preferred under section 195 shall be heard and disposed of by the Appellate Tribunal as expeditiously as possible and endeavour shall be made to dispose of such appeal within a period of two years from the end of the financial year in which the appeal is preferred.</p> <p>(5) The costs of any appeal to the Appellate Tribunal may be allowed at the discretion of the Tribunal.</p> <p>(6) The Appellate Tribunal shall send a copy of any order passed under this section to the assessee and to the Commissioner.</p> <p>(7) Subject to the provisions of section 199, the orders passed by the Appellate Tribunal shall be final.</p>	

<p>Constitution of Benches and procedure of Appellate Tribunal.</p>	<p>198. (1) The powers and functions of the Appellate Tribunal may be exercised and discharged by its Benches constituted by the President of the Appellate Tribunal from among the members thereof.</p> <p>(2) Subject to sub-section (3), a Bench shall consist of one judicial member and one accountant member.</p> <p>(3) The Vice-President or any other member of the Appellate Tribunal authorised in this behalf by the Central Government may, sitting alone, dispose of any case allotted to the Bench of which he is a member and which pertains to an assessee, not being a company or a non-resident, whose tax bases as computed by the Assessing Officer does not exceed five lakh rupees.</p> <p>(4) The President may, in the interests of justice and for the disposal of any particular case, constitute a Special Bench consisting of three or more members, one of whom shall necessarily be a judicial member and one an accountant member.</p> <p>(5) The President may, on a reference received from the Board for the disposal of any particular case or class of cases, constitute a Special Bench consisting of five members or more, two of whom shall necessarily be judicial members and two accountant members.</p> <p>(6) Where on any point the members of a Bench differ in opinion, it shall be decided according to the opinion of the majority.</p> <p>(7) If the members of a Bench are equally divided in opinion on any point or points, they shall state the point or points on which they differ and make a reference to the President of the Appellate Tribunal who shall either hear himself or refer for hearing on such point or points by one or more of the other members of the Appellate Tribunal and such point or points shall be decided according to the opinion of the majority of the members of the Appellate Tribunal who have heard the case, including those who first heard it.</p> <p>(8) Subject to the provisions of this Code, the Appellate Tribunal shall have powers to regulate its own procedure and the procedure of Benches thereof in all matters arising out of the exercise of its powers or of the discharge of its functions, including the place at which the Benches shall hold their sittings.</p> <p>(9) The Appellate Tribunal shall, for the purpose of discharging its functions, have all the powers which are vested in the income-tax authorities under section 144.</p> <p>(10) Any proceeding before the Appellate Tribunal shall be deemed to be a judicial proceeding within the meaning of section 193 and section 228, and for the purpose of section 196, of the Indian Penal Code.</p> <p>(11) The Appellate Tribunal shall be deemed to be a civil court for all the purposes of section 195 and Chapter XXVI of the Code of Criminal Procedure, 1973.</p>	<p>45 of 1860</p> <p>2 of 1974</p>
	<p>199. (1) An appeal shall lie to the High Court from every order passed in appeal by the Appellate Tribunal, if the High Court is satisfied that the case involves a substantial question of law.</p> <p>(2) The Chief Commissioner or the Commissioner or an assessee, may file an appeal to the High Court on being aggrieved by any order passed by the Appellate Tribunal and such appeal shall be—</p> <p>(a) filed within a period of one hundred and twenty days from the date on which the order appealed against is received by the Chief Commissioner or the Commissioner or the assessee;</p> <p>(b) in the form of a memorandum of appeal precisely stating therein the substantial question of law involved.</p> <p>(3) The High Court may admit an appeal after the expiry of the period of one hundred and</p>	<p>Appeal to High Court.</p>

	<p>twenty days referred to in sub-section (2), if it is satisfied that there was sufficient cause for not filing the appeal within that period.</p> <p>(4) If the High Court is satisfied that a substantial question of law is involved in any case, it shall formulate that question.</p> <p>(5) The appeal shall be heard only on the question so formulated, and the respondents shall, at the hearing of the appeal, be allowed to argue that the case does not involve such question.</p> <p>(6) Notwithstanding anything in sub-sections (4) and (5), the High Court may exercise its power to hear the appeal on any other substantial question of law not formulated by it, if it is satisfied that the case involves such question of law.</p> <p>(7) The High Court shall decide the question of law so formulated and deliver such judgment thereon containing the grounds on which such decision is founded and may award such cost as it deems fit.</p> <p>(8) The High Court may determine any issue which—</p> <p>(a) has not been determined by the Appellate Tribunal; or</p> <p>(b) has been wrongly determined by the Appellate Tribunal, by reason of a decision on the question of law referred to in sub-section (1).</p> <p>(9) The provisions of the Code of Civil Procedure, 1908, relating to appeals to the High Court shall, so far as may be, apply in the case of appeals under this section.</p> <p>(10) When the High Court delivers a judgment in an appeal filed before it under sub-section (7), effect shall be given to the order passed on the appeal by the Assessing Officer on the basis of a certified copy of the judgment.</p>	5 of 1908
Case before High Court to be heard by not less than two Judges.	<p>200. (1) An appeal filed before the High Court shall be heard by a Bench of not less than two Judges of the High Court and shall be decided in accordance with the opinion of such Judges or of the majority, if any, of such Judges.</p> <p>(2) Where there is no such majority, the Judges shall state the point of law upon which they differ and the case shall then be heard upon that point only by one or more of the other Judges of the High Court and such point shall be decided according to the opinion of the majority of the Judges who have heard the case including those who first heard it.</p>	
Appeal to Supreme Court.	<p>201. An appeal shall lie to the Supreme Court from any judgment of the High Court delivered under section 199 which the High Court certifies to be a fit case for appeal to the Supreme Court.</p>	
Hearing before Supreme Court.	<p>202. (1) The provisions of the Code of Civil Procedure, 1908, relating to appeals to the Supreme Court shall, so far as may be, apply in the case of appeals under section 201 as they apply in the case of appeals from decrees of a High Court.</p> <p>(2) The costs of the appeal shall be in the discretion of the Supreme Court.</p> <p>(3) Where the judgment of the High Court is varied or reversed in the appeal, effect shall be given to the order of the Supreme Court in the manner provided in sub-section (10) of section 199.</p>	5 of 1908
	<p>203. (1) The Commissioner may, for the purposes of revising any order passed in any proceeding</p>	Revision of

<p>43 of 1961 27 of 1957</p>	<p>under this Code before any income-tax authority subordinate to him, call for and examine all available records relating thereto.</p> <p>(2) The Commissioner may, after giving the assessee an opportunity of being heard, pass an order (hereinafter referred to as the revision order) as the circumstances of the case justify, if he is satisfied that the order sought to be revised is erroneous in so far as it is prejudicial to the interests of the revenue.</p> <p>(3) The Commissioner may make, or cause to be made, such inquiry as he considers necessary for the purposes of passing an order under sub-section (2).</p> <p>(4) The revision order passed by the Commissioner under sub-section (2) may have the effect of enhancing or modifying the assessment but shall not be an order cancelling the assessment and directing a fresh assessment.</p> <p>(5) The power of the Commissioner under sub-section (2) for revising an order shall extend to such matters —</p> <p>(a) as have not been considered and decided in any appeal; or</p> <p>(b) as have not been considered and adjudicated by the Dispute Resolution Panel.</p> <p>(6) No order under sub-section (2) shall be made after the expiry of a period of two years from the end of the financial year in which the order sought to be revised was passed.</p> <p>(7) Notwithstanding anything in sub-section(6), an order in revision under this section may be passed at any time in respect of an order which has been passed in consequence of, or to give effect to, any finding or direction contained in an order of the Appellate Tribunal, the High Court or the Supreme Court</p> <p>(8) In computing the period of limitation under sub-section (6), the following shall not be included, namely:—</p> <p>(a) the time taken in giving an opportunity to the assessee to be reheard under section 143; or</p> <p>(b) any period during which any proceeding under this section is stayed by an order or injunction of any court.</p> <p>(9) Without prejudice to the generality of the foregoing provisions, an order passed by an income-tax authority shall be deemed to be erroneous in so far as it is prejudicial to the interests of the revenue, if—</p> <p>(a) the order is passed without making inquiries or verification which, in the opinion of the Commissioner, should have been made;</p> <p>(b) the order is passed allowing any relief without inquiring into the claim;</p> <p>(c) the order has not been made in accordance with any order, direction or instruction issued by the Board under section 139; or</p> <p>(d) the order has not been passed in accordance with any decision, prejudicial to the assessee, rendered by the jurisdictional High Court or Supreme Court in the case of the assessee or any other person under this Code, the Income-tax Act, 1961, or the Wealth-tax Act, 1957, as they stood before the commencement of this Code.;</p> <p>(10) In this section, “record” shall include all records relating to any proceeding under this Code available at the time of examination by the Commissioner.</p>	<p>orders prejudicial to revenue.</p> <p>to</p>
<p>Revision of other orders.</p>	<p>204. (1) The Commissioner may, <i>suo motu</i> or on an application made by the assessee, for the purposes of revising any order passed by an authority subordinate to him, other than an order to which section 203 applies, call for and examine all available records relating thereto.</p>	

	<p>(2) The Commissioner may pass an order, as he considers necessary, which is not prejudicial to the assessee.</p> <p>(3) The power of the Commissioner under sub-section (2) for revising an order shall not extend to such order—</p> <p>(a) against which an appeal has not been filed but the time for filing an appeal before the Commissioner (Appeals) has not expired;</p> <p>(b) against which an appeal is pending before the Commissioner (Appeals);</p> <p>(c) as has been considered and decided in any appeal; or</p> <p>(d) as has been considered by and passed in pursuance of the directions of, the Dispute Resolution Panel.</p> <p>(4) The assessee shall make the application for revision of any order referred to in sub-section (1), within a period of one year from the date on which the order sought to be revised was communicated to him, or the date on which he otherwise came to know of it, whichever is earlier.</p> <p>(5) The Commissioner may, if he is satisfied that the assessee was prevented by sufficient cause from making the application within the period of one year, admit an application made after the expiry of one year but before expiry of two years from the date referred to in sub-section (4).</p> <p>(6) Every application by an assessee for revision under this section shall be accompanied by such fees as may be prescribed.</p> <p>(7) No order under sub-section (2) shall be made after the expiry of—</p> <p>(a) a period of one year from the end of the financial year in which an application is made by the assessee under sub-section (4); or</p> <p>(b) a period of one year from the date of the order sought to be revised, if the order is revised by the Commissioner <i>suo motu</i>.</p> <p>(8) In computing the period of limitation under sub-section (7), the following shall not be included, namely:—</p> <p>(a) the time taken in giving an opportunity to the assessee to be reheard under section 143; or</p> <p>(b) any period during which any proceeding under this section is stayed by an order or injunction of any court.</p> <p>(9) An order by the Commissioner declining to interfere shall, for the purposes of this section, be deemed not to be an order prejudicial to the assessee.</p>	
	<p>E. SPECIAL PROVISION FOR AVOIDING REPETITIVE APPEALS</p>	
	<p>205. (1) Notwithstanding anything in this Code, where an assessee claims that any question of law arising in his case for a financial year which is pending before the Assessing Officer or any appellate authority (hereafter referred to as the relevant case) is identical with a question of law arising in his case for another financial year which is pending in appeal under section 199 before the High Court or in appeal under section 201 before the Supreme Court (hereafter referred to as the identical case), he may furnish to the Assessing Officer or the appellate authority, as the case may be, a declaration made in the prescribed form and verified in the prescribed manner, and that if the Assessing Officer, or as the case may be, the appellate authority, agrees to apply in the relevant case the final decision on the question of law in the identical case, he shall not raise such question of law in the relevant case in appeal before any appellate authority or the High Court or the Supreme Court .</p>	<p>Procedure when assessee claim identical question of law pending before High Court or Supreme Court.</p>

	<p>(2) Where a declaration under sub-section (1) is furnished to any appellate authority, the appellate authority shall call for a report from the Assessing Officer on the correctness of the claim made by the assessee and, where the Assessing Officer makes a request to the appellate authority to give him an opportunity of being heard in the matter, the appellate authority shall allow him such opportunity.</p> <p>(3) The Assessing Officer or the appellate authority, as the case may be, may, by order in writing,—</p> <p>(i) admit the claim of the assessee if he or it is satisfied that the question of law arising in the relevant case is similar with the question of law in the identical case; or</p> <p>(ii) reject the claim if he or it is not so satisfied.</p> <p>(4) Where a claim is admitted under sub-section (3),—</p> <p>(a) the Assessing Officer or, as the case may be, the appellate authority may make an order disposing of the relevant case without awaiting the final decision on the question of law in the identical case; and</p> <p>(b) the assessee shall not be entitled to raise, in relation to the relevant case, such question of law in appeal before any appellate authority or the High Court or the Supreme Court .</p> <p>(5) When the decision on the question of law in the identical case becomes final, it shall be applied to the relevant case and the Assessing Officer or the appellate authority, as the case may be, shall, if necessary, amend the order referred to in clause (a) of sub-section (4) conformably to such decision.</p> <p>(6) An order under sub-section (3) shall be final and shall not be called in question in any proceeding by way of appeal, reference or revision under this Act.</p> <p>(7) In this section,—</p> <p>(a) “appellate authority” means the Commissioner (Appeals) or the Appellate Tribunal;</p> <p>(b) “case”, in relation to an assessee, means any proceeding under this Code for the assessment of the tax bases of the assessee or for the imposition of any penalty or fine on him.</p>	
	<p>F. MISCELLANEOUS</p>	
<p>Tax to be paid notwithstanding appeal</p>	<p>206. Notwithstanding any appeal preferred to the High Court or the Supreme Court, the tax shall be payable in accordance with the assessment made under this Code.</p>	
<p>Execution for costs awarded by Supreme Court</p>	<p>207. The High Court may, on petition made for the execution of the order in respect of the costs awarded by the Supreme Court, transmit such order for execution to any court subordinate to it.</p>	

Amendment of assessment on appeal	208. Where as a result of an appeal under section 190 or section 195, any change is made in the assessment of a body of individuals or an association of persons or an order for new assessment of a body of individuals or an association of persons is made, the Commissioner (Appeals) or the Appellate Tribunal, as the case may be, shall pass an order authorising the Assessing Officer either to amend the assessment made or make a fresh assessment on any member of the body or association.	
Exclusion of time taken for copy.	209. In computing the period of limitation prescribed for an appeal under this Code, the day on which the notice of the order was served upon the assessee without serving a copy of the order the time taken for obtaining a copy of such order, shall be excluded.	
	<p>210. (1) The Board may, from time to time, issue orders, instructions or directions to other income-tax authorities, fixing such monetary limits as it may deem fit, for the purpose of regulating the filing of appeal by any income-tax authority under the provisions of this Chapter.</p> <p>(2) Where, in pursuance of the orders, instructions or directions issued under sub-section (1), an income-tax authority has not filed any appeal on any issue in the case of an assessee for any financial year, it shall not preclude such authority from filing an appeal on the same issue in the case of—</p> <p style="padding-left: 40px;">(a) the same assessee for any other financial year; or</p> <p style="padding-left: 40px;">(b) any other assessee for the same or any other financial year.</p> <p>(3) Notwithstanding that no appeal has been filed by an income-tax authority pursuant to the orders or instructions or directions issued under sub-section (1), it shall not be lawful for an assessee, being a party in any appeal, to contend that the income-tax authority has acquiesced in the decision on the disputed issue by not filing an appeal in any case.</p> <p>(4) The Appellate Tribunal, hearing such appeal, shall have regard to the orders, instructions or directions issued under sub-section (1) and the circumstances under which such appeal was filed or not filed in respect of any case.</p> <p>(5) Every order, instruction or direction which has been issued by the Board fixing monetary limits for filing an appeal shall be deemed to have been issued under sub-section (1) and the provisions of sub-sections (2), (3) and (4) shall apply accordingly.</p>	Filing of appeal by income-tax authority.
	<p>CHAPTER XV</p> <p>COLLECTION AND RECOVERY OF TAX</p> <p><i>A.—Deduction of tax at source</i></p>	
	<p>211. (1) The tax on any income shall be payable by deduction or collection at source or by advance payment, as the case may be, in accordance with the provisions of this Chapter, notwithstanding that the regular assessment in respect of such income is to be made in a later financial year.</p> <p>(2) Nothing in this section shall prejudice the charge of tax on such income under the provisions of sub-section (2) of section 2.</p> <p>(3) The power to recover tax by deduction or collection under the provisions of this Chapter shall be without prejudice to any other mode of recovery.</p>	Deduction or collection of tax at source and advance payment.
Direct payment.	212. (1) The tax on income shall be payable by the assessee direct, if—	

	<p>(a) there is no provision under this Chapter for deduction or collection of income-tax at the time of payment; or</p> <p>(b) income-tax has not been deducted or collected in accordance with the provisions of this Chapter.</p> <p>(2) A person shall not be called upon to pay the tax himself to the extent tax is deductible at source and has been so deducted from payment made to him.</p> <p>(3) Notwithstanding anything in sub-section (1), any person, who is required to deduct or collect any sum in accordance with the provisions of this Code, does not deduct or collect, or after so deducting or collecting fails to pay, or does not pay, the whole or any part of the tax, as required by or under this Code, shall, without prejudice to any other consequences which he may incur, be deemed to be an assessee in default for the purposes of section 240 in respect of such tax and all the provisions of this Code shall apply accordingly.</p> <p>(4) No order shall be made under sub-section (3) deeming a person to be an assessee in default for failure to deduct or collect the whole or any part of the tax from a person resident in India, at any time after the expiry of—</p> <p>(i) two years from the end of the financial year in which the return of tax deduction or tax collection is furnished in a case where the return referred to in section 217 or section 221 has been furnished;</p> <p>(ii) six years from the end of the financial year in which payment is made or credit is given, in any other case.</p>	
<p>Liability to deduct tax at source.</p>	<p>213. (1) Any person responsible for making a specified payment shall, at the time of such payment, deduct income-tax therefrom at the appropriate rate.</p> <p>(2) The specified payment referred to in sub-section (1), if the deductee is a resident, shall be the payment of the nature specified in column (2) of the Twentieth Schedule and the appropriate rate, in respect of such specified payment, shall be the rate specified in the corresponding entry in column (3) of the said Schedule.</p> <p>(3) The specified payment referred to in sub-section (1), if the deductee is a non-resident, shall be the payment of the nature specified in column (2) of the Twenty-First Schedule and the appropriate rate, in respect of such specified payment, shall be the rate specified in the corresponding entry in column (3) of the said Schedule.</p> <p>(4) Without prejudice to sub-section (3), where a rate in respect of such specified payment has been provided in the relevant agreement entered into, or adopted by, the Central Government under section 295, then appropriate rate referred to in sub-section (1) shall be the rate specified in the corresponding entry in column (3) of the Twenty- First Schedule or the rate provided in such agreement, whichever is lower.</p> <p>(5) Notwithstanding anything in this Code, the appropriate rate referred to in sub-section (1) shall,-</p> <p>(a) in a case where the deductee has failed to furnish his permanent account number to the deductor (except where the deductee is not required to obtain permanent account number under section 296), be the higher of following rates, namely:—</p> <p>(i) twenty per cent.; and</p> <p>(ii) the rate specified in sub-sections (2), (3) or sub-section (4), as the case may be;</p> <p>(b) in a case where any person located in a notified jurisdictional area is entitled to receive any sum, be the higher of the following rates, namely:-</p> <p>(i) thirty per cent.</p>	

	<p>(ii) the rate specified in sub-sections(2),(3) or sub-section (4), as the case may be.</p> <p>(6) Where the permanent Account Number provided to the deductor is invalid or does not belong to the deductee, it shall be deemed that the deductee has not furnished his Permanent Account Number to the deductor and the provisions of sub-section (5) shall apply accordingly.</p> <p>(7) The expression “person located in a notified jurisdictional area” referred to in sub-section (5) shall have the meaning assigned to it in clause (13) of section 127.</p> <p>(8) The provisions of clause (a) of sub-section (5) shall not apply in respect of payment of interest, on long-term infrastructure bonds, as referred to in the Twenty- First Schedule, to a non-resident, not being a company, or to a foreign company.</p>	
	<p>214. (1) For the purposes of section 213, the specified payment shall be deemed to have been made, if the payment has been made—</p> <p>(a) in cash;</p> <p>(b) by issue of a cheque or draft;</p> <p>(c) by credit to the account of the payee or any other account, whether called suspense account or by any other name; or</p> <p>(d) by any other mode as may be prescribed,</p> <p>whichever is earlier.</p> <p>(2) If the payment is wholly or partly in kind, the deductor shall ensure that the tax deductible in respect of such payment has been paid before making the payment.</p> <p>(3) The deductor may, at the time of making any deduction of tax from the payment liable to be taxed under the head “Income from employment” or from the payment in the nature of interest, increase or reduce the amount to be deducted from any payment to be made to a deductee for the purposes of adjusting any deficiency, or excess, arising out of any previous deduction or non-deduction during the financial year in respect of such deductee.</p> <p>(4) For the purposes of making any deduction of tax from the payment liable to be taxed under the head “Income from employment”, the deductor shall take into account the following particulars, if any, furnished by the deductee in such form and manner, as may be prescribed, namely:—</p> <p>(i) details of payment liable to be taxed under the head “Income from employment” due to, or received by, the deductee from any other employer during the year and any tax deducted therefrom;</p> <p>(ii) any income other than income from employment and tax, if any, deducted therefrom, if it does not have the effect of reducing the tax deductible on income under the head “Income from employment”;</p> <p>(iii) tax relief for arrears or advance receipts under section 227.</p> <p>(5) If the tax payable on any payment is to be borne by the deductor in pursuance of an agreement or arrangement, then, for the purposes of deduction of tax, the payment shall be grossed up to such amount as would, after deduction of tax thereon at the rate referred to in sub-section (1) of section 213, be equal to the net amount payable under such agreement or arrangement.</p>	<p>Specified payment and deduction of tax.</p>
<p>Certificate for lower or no deduction of tax</p>	<p>215. (1) The deductee may make an application, in such form and manner as may be prescribed, to the Assessing Officer seeking a certificate for deduction of income-tax at a lower rate or, as the case may be, no deduction of income-tax from payments to be received by him.</p> <p>(2) The deductor may make an application, in such form and manner as may be prescribed, to the Assessing Officer seeking a certificate for deduction of income-tax at a lower rate or, as the case</p>	

	<p>may be, no deduction of income-tax from payments to be made by him to a non-resident deductee.</p> <p>(3) If the Assessing Officer is satisfied that the total income of the deductee, being a resident, justifies deduction of income-tax at a lower rate or no deduction of income-tax, he shall give to the deductee, such certificate as may be appropriate.</p> <p>(4) If the Assessing Officer is satisfied that the whole of the specified payment referred to in the Twenty-First Schedule (other than item number 1) is not chargeable to tax, he shall give to the,-</p> <p>(i) deductee, a certificate for deduction of income-tax at a lower rate or no deduction of income-tax;</p> <p>(ii) deductor, a certificate for deduction of income-tax at a lower rate.</p> <p>(5) The deductor shall deduct income-tax at the rates specified in the certificate issued under sub-section (3) or sub-section (4), until—</p> <p>(a) such certificate is cancelled by the Assessing Officer; or</p> <p>(b) the expiry of the validity of the certificate,</p> <p>whichever is earlier.</p> <p>(6) The Board may prescribe the circumstances and the cases in which an application may be made for the grant of the certificate and the conditions subject to which such certificate may be granted and provide for all other matters connected therewith.</p>													
	<p>216. (1) No deduction of tax shall be made in the case of resident deductee mentioned in column (3) of the Table given below where payment of the nature mentioned in column (2) of the said Table is made to him if the conditions referred to in sub-section (2) are fulfilled:</p> <p style="text-align: center;">TABLE</p> <table border="1" data-bbox="316 1102 1360 1423"> <thead> <tr> <th>Serial number</th> <th>Nature of payment</th> <th>Resident deductee eligible to file declaration</th> </tr> <tr> <th>(1)</th> <th>(2)</th> <th>(3)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Dividend other than dividend liable to tax in accordance with the provisions of section 109.</td> <td>Any Individual</td> </tr> <tr> <td>2</td> <td>Interest.</td> <td>Any person other than- a) a company; or b) an unincorporated body.</td> </tr> </tbody> </table> <p>(2) The provisions of sub-section (1) shall apply if the deductee furnishes a declaration to the deductor in such form and manner as may be prescribed to the effect that the payment of the nature referred to in the Table below sub-section (1) or his estimated total income of the financial year in which such payment is to be included shall not exceed the maximum amount which is not chargeable to tax.</p> <p>(3) The provisions of this section or section 215 shall not apply if the declaration made under sub-section (2), or the application made under sub-section (1) or sub-section(2) of section 215, does not contain the Permanent Account Number of the deductee.</p>	Serial number	Nature of payment	Resident deductee eligible to file declaration	(1)	(2)	(3)	1	Dividend other than dividend liable to tax in accordance with the provisions of section 109.	Any Individual	2	Interest.	Any person other than- a) a company; or b) an unincorporated body.	<p>Declaration for no deduction of tax.</p>
Serial number	Nature of payment	Resident deductee eligible to file declaration												
(1)	(2)	(3)												
1	Dividend other than dividend liable to tax in accordance with the provisions of section 109.	Any Individual												
2	Interest.	Any person other than- a) a company; or b) an unincorporated body.												
<p>Obligation of deductor</p>	<p>217. (1) Every deductor shall pay the sum deducted to the credit of the Central Government within such time and in such manner, as may be prescribed.</p>													

	<p>(2) Every deductor shall furnish to the deductee a certificate to the effect that tax has been deducted within such time and containing such particulars, as may be prescribed.</p> <p>(3) Every deductor shall deliver, or cause to be delivered, a return of tax deduction in such manner as is provided under sub-section (4) of section 218.</p> <p>(4) Every deductor shall furnish the information relating to any specified payment to a non-resident in such form and manner as may be prescribed.</p>	
Reporting of payments without deduction of tax.	<p>218. (1) Every deductor shall deliver, or cause to be delivered, a return in respect of payment of interest to residents without deduction of tax.</p> <p>(2) The deductor referred to in sub-section (1) shall be—</p> <p>(a) any financial institution; or</p> <p>(b) any co-operative society.</p> <p>(3) The Central Government may, by notification, require any deductor to deliver, or cause to be delivered, a return in respect of any payment without deduction of tax.</p> <p>(4) The Board shall, in respect of the return of tax deduction under section 217 and the return under this section, prescribe the following, namely:—</p> <p>(a) the period in respect of which the return is to be furnished;</p> <p>(b) the form of the return and the particulars therein;</p> <p>(c) the manner of verification of the return;</p> <p>(d) the time by, and the medium in, which the return is to be delivered;</p> <p>(e) the income-tax authority, or any other person, authorised to receive the return; and</p> <p>(f) any other matter connected therewith.</p>	
No deduction of tax in certain cases.	<p>219. Notwithstanding anything in section 213, no tax shall be deducted at source,—</p> <p>(A) where the payee is a resident, from the following, namely:—</p> <p>(a) any payment, other than payment of the nature referred to in items 1, 12, 13 and 15 of the Twentieth Schedule, made by an individual or a Hindu undivided family, if the individual or the Hindu undivided family is not liable to get the accounts audited under section 88 for the financial year immediately preceding the financial year in which the payment is made;</p> <p>(b) any interest payable on any security—</p> <p>(i) of the Central Government or a State Government; or</p> <p>(ii) issued by a company, if such security is in dematerialised form and is listed on a recognised stock exchange in India;</p> <p>(c) any interest on debenture payable to an individual or a Hindu undivided family, if -</p> <p>(i) the debentures are issued by a widely held company;</p> <p>and</p> <p>(ii) the aggregate amount payable during the financial year does not exceed five thousand rupees;</p> <p>(d) any interest on time deposits (being deposits repayable on the expiry of fixed periods, excluding recurring deposits) payable, if—</p>	

	<ul style="list-style-type: none"> (i) the time deposits are made with a banking company or a co-operative bank or a housing-finance public company; and (ii) the aggregate amount payable by the payer, being a branch of the bank or company during the financial year does not exceed,- <ul style="list-style-type: none"> (I) twenty thousand rupees in the case of a senior citizen; and (II) ten thousand rupees, in any other case; (e) any other interest payable if the aggregate amount of the payments during the financial year does not exceed five thousand rupees; (f) any interest payable to— <ul style="list-style-type: none"> (i) any banking company; (ii) any co-operative bank; (iii) any financial corporation established by or under a Central or State or Provincial Act; (iv) any insurer; (v) any mutual fund; or (vi) any institution, association or body, or class of institutions, associations or bodies, which the Central Government may, for reasons to be recorded in writing, notify in this behalf; (g) any interest payable by a firm to a partner of the firm; (h) any interest payable in respect of deposits under any scheme framed by the Central Government and notified by it in this behalf; (i) any interest payable in respect of deposits (other than time deposits) with a banking company or a co-operative bank; (j) any interest payable by the Central Government under any provision of this Code or the Income-tax Act, 1961, or the Wealth-tax Act, 1957, as they stood before the commencement of this Code; (k) any interest payable on the amount of compensation awarded by the Motor Accidents Claims Tribunal, if the aggregate of the amounts of such interest paid, or credited, during the financial year does not exceed one lakh rupees; (l) any amount payable on maturity, or redemption, of a zero coupon bond; (m) any payment for carriage of goods by road transport if the payee furnishes his permanent account number to the payer; (n) any payment to a contractor in respect of works contract, service contract, advertising, broadcasting and telecasting, supply of labour for carrying out any works contract, or service contract, or carriage of goods or passengers by any mode of transport, other than by railways, if — <ul style="list-style-type: none"> (i) the amount of any payment during the financial year does not exceed thirty thousand rupees; and (ii) the aggregate amount of the payments during the financial year does not exceed seventy-five thousand rupees; (o) any payment of commission or brokerage, if the aggregate amount of the payments during the financial year does not exceed five thousand rupees; (p) any payment of rent, if the aggregate amount of the payments during the financial year 	
--	--	--

	<p>does not exceed one lakh eighty thousand rupees;</p> <p>(q) any payment of compensation on compulsory acquisition of immovable property, if the aggregate amount of the payments during the financial year does not exceed two lakh rupees;</p> <p>(r) any payment by way of consideration for transfer of immovable property, if the consideration for the transfer of immovable property is less than fifty lakh rupees.</p> <p>(s) any fees for professional services if the aggregate amount of the payments during the financial year does not exceed thirty thousand rupees;</p> <p>(t) any fees for technical services if the aggregate amount of the payments during the financial year does not exceed thirty thousand rupees;</p> <p>(u) any payment for royalty if the aggregate amount of the payments during the financial year does not exceed thirty thousand rupees;</p> <p>(v) any payment for non-compete fee if the aggregate amount of the payments during the financial year does not exceed thirty thousand rupees.</p> <p>(B) where the payee is a non-resident, being a foreign institutional investor, on any payment made to it as a consideration for sale of securities listed on a recognised stock exchange;</p> <p>(C) where the payee is a person listed in the Fourth Schedule;</p> <p>(D) from such specified payment to such institution, association or body or class of institutions, associations or bodies as may be notified by the Central Government in this behalf.</p>																			
	<p>220. (1) All sums deducted in accordance with the provisions of this Chapter shall, for the purposes of computing total income of a deductee, be deemed to be the income received.</p> <p>(2) Any deduction made in accordance with the provisions of this Chapter and paid to the credit of the Central Government shall be treated as a payment of tax on behalf of the person in respect of whom the deduction was made.</p> <p>(3) For the purposes of giving credit in respect of tax deducted, the Board may prescribe—</p> <p>(a) the procedure for giving credit to the deductee, or any other person;</p> <p>(b) the financial year for which such credit may be given; and</p> <p>(c) any other matter connected therewith.</p>	Credit for tax deducted.																		
	<p>B.—Collection of tax at source</p>																			
	<p>221. (1) Any person, being a seller, lessor or licensor, who is responsible for collecting any amount on account of any transaction specified in column (2) of the Table given below, shall collect from the buyer, lessee or licensee, as the case may be, a sum by way of income- tax, equal to the percentage, as specified in the corresponding entry in column (3) of the said Table, of such amount:</p> <p style="text-align: center;">TABLE</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Serial</th> <th style="text-align: center;">Nature of transaction</th> <th style="text-align: center;">Percentage number</th> </tr> <tr> <th style="text-align: center;">(1)</th> <th style="text-align: center;">(2)</th> <th style="text-align: center;">(3)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1.</td> <td>Sale of alcoholic liquor for human consumption</td> <td style="text-align: center;">Three per cent.</td> </tr> <tr> <td style="text-align: center;">2.</td> <td>Sale of tendu leaves</td> <td style="text-align: center;">Three per cent.</td> </tr> <tr> <td style="text-align: center;">3.</td> <td>Sale of timber obtained under a forest lease or otherwise</td> <td style="text-align: center;">Three per cent.</td> </tr> <tr> <td style="text-align: center;">4.</td> <td>Sale of any other forest produce not being timber</td> <td style="text-align: center;">Three per cent.</td> </tr> </tbody> </table>	Serial	Nature of transaction	Percentage number	(1)	(2)	(3)	1.	Sale of alcoholic liquor for human consumption	Three per cent.	2.	Sale of tendu leaves	Three per cent.	3.	Sale of timber obtained under a forest lease or otherwise	Three per cent.	4.	Sale of any other forest produce not being timber	Three per cent.	Tax collection at source.
Serial	Nature of transaction	Percentage number																		
(1)	(2)	(3)																		
1.	Sale of alcoholic liquor for human consumption	Three per cent.																		
2.	Sale of tendu leaves	Three per cent.																		
3.	Sale of timber obtained under a forest lease or otherwise	Three per cent.																		
4.	Sale of any other forest produce not being timber	Three per cent.																		

	<p>or tendu leaves</p> <p>5. Sale of scrap Three per cent.</p> <p>6. Grant of lease or licence or contract or transfer of any right or interest, either in whole or in part, for a parking lot Three per cent.</p> <p>7. Grant of lease or licence or contract or transfer of any right or interest, either in whole or in part, for a toll plaza Three per cent.</p> <p>8. Grant of lease or licence or contract or transfer of any right or interest, either in whole or in part, for mining or quarrying Three per cent.</p> <p>9. Sale of minerals, being coal or lignite or iron ore One per cent.</p> <p>(2) Every person, being a seller, who receives any amount in cash as consideration for sale of bullion or jewellery, shall, at the time of receipt of such amount in cash, collect from the buyer, a sum equal to one per cent of sale consideration as income-tax, if such consideration,—</p> <p>(i) for bullion, exceeds two hundred thousand rupees; or</p> <p>(ii) for jewellery, exceeds five hundred thousand rupees.</p> <p>(3) For the purposes of sub-section (1), the collection of an amount shall be deemed to have been made, if the amount has been received—</p> <p>(a) in cash;</p> <p>(b) by way of a cheque or a draft;</p> <p>(c) by debit to any account, whether called “suspense account” or by any other name; or</p> <p>(d) by any other mode as may be prescribed, whichever is earlier.</p> <p>(4) Any person collecting any amount under sub-section (1) or sub-section (2) shall pay the sum so collected to the credit of the Central Government within such time and manner, as may be prescribed.</p> <p>(5) Every person responsible for collecting any amount under sub-section (1) or sub-section (2) shall furnish to the buyer, lessee or licensee referred to in sub-section (1) or sub-section (2), a certificate of tax collection within such time as may be prescribed .</p> <p>(6) Every person responsible for collecting any amount under sub-section (1) or sub-section (2) shall deliver, or cause to be delivered, a return of tax collection in the manner provided under sub-section (7).</p> <p>(7) The Board shall, in respect of the return of tax collection, prescribe the following, namely:—</p> <p>(a) the period in respect of which the return is to be furnished;</p> <p>(b) the form of the return and the particulars therein;</p> <p>(c) the manner of verification of the return;</p> <p>(d) the time by, and the medium in, which the return is to be delivered;</p> <p>(e) the income-tax authority, or any other person, authorised to receive the return; and</p> <p>(f) any other matter connected therewith.</p>	
	<p>222. (1) All sums collected in accordance with the provisions of this Sub-chapter and paid to the credit of the Central Government shall be deemed to be a payment of tax on behalf of the person from whom such amount has been collected (in this section referred to as collectee).</p> <p>(2) For the purpose of giving credit in respect of tax collected, the Board may prescribe—</p> <p>(a) the procedure for giving credit to the collectee, or any other person;</p>	<p>Credit for tax collected.</p>

	<p>(b) the financial year for which such credit may be given; and</p> <p>(c) any other matter connected therewith.</p>	
	<p>223. The income-tax authority or any other person authorised under clause (e) of sub-section (4) of section 218, shall, within the prescribed time after the end of each financial year prepare and make available to every deductee or the buyer, lessee or licensee, as the case may be, a statement in the prescribed form specifying the amount of tax deducted or collected and such other particulars as may be prescribed.</p>	<p>Furnishing of statement of tax deducted or collected.</p>
	<p>224. (1) Every return furnished under sub-section (3) of section 217 or under sub-section (6) of section 221 shall be processed within six months from the end of the month in which it has been furnished, in the following manner-</p> <p>(a) the sums deductible or collectible under Chapter XIII shall be computed after making the following adjustments, namely:—</p> <p>(i) any arithmetical error in the return; or</p> <p>(ii) an incorrect claim apparent from any information in the return;</p> <p>(b) the interest under section 235, if any, shall be computed on the basis of the sums deductible or collectible as computed under clause (a);</p> <p>(c) the fee, if any, shall be computed in accordance with the provisions of section 239.</p> <p>(2) The sum payable by, or the amount of refund due to, the deductor, the seller, the lessor or the licensor, as the case may be, shall be determined after adjustment of the amount computed under sub-section (1) against any amount paid under section 217 or section 221 or section 235 or section 239 and any amount paid otherwise by way of tax, interest or fee.</p> <p>(3) If any sum is found payable by the deductor, the seller, the lessor or the licensor, as the case may be, an intimation shall be sent to him specifying such sum.</p> <p>(4) If any refund is determined under sub-section (2), the same shall be granted to the deductor, the seller, the lessor or the licensor, as the case may be, in such circumstances and the manner as may be prescribed.</p> <p>(5) The acknowledgement of the return shall be deemed to be the intimation in a case where, under sub-section (2), no sum is payable by, or refundable to, the deductor, the seller, the lessor or the licensor, as the case may be.</p> <p>(6) For the purposes of processing of returns under sub-section (1), the Board may make a scheme for centralised processing of such returns, to expeditiously determine the tax payable by, or the refund due to, the deductor, the seller, the lessor or the licensor, as the case may be, as required under the said sub-section.</p> <p>(7) For the purposes of sub-section (1), “an incorrect claim apparent from any information in the return” shall mean a claim, on the basis of an entry, in the return—</p> <p>(i) of an item, which is inconsistent with another entry of the same or some other item in such return;</p> <p>(ii) in respect of rate of deduction or collection of tax at source, where such rate is not in accordance with the provisions of this Code;</p> <p>(iii) which, for the purposes of sub-section (5) of section 213, is not consistent with the database available with the income-tax authority authorised in this behalf by the Board.</p>	<p>Processing of return of tax deduction or collection.</p>
<p>Interpretations under Sub-</p>	<p>225. (1) In Sub-chapter A—</p> <p>(a) “broadcasting and telecasting” includes production of programmes for broadcasting</p>	

chapters A and B.

or telecasting;

- (b) “commission or brokerage” includes any payment received or receivable, directly or indirectly, by a person acting on behalf of another person for services rendered (not being professional services) or for any services in the course of buying or selling of goods or in relation to any transaction relating to any asset, valuable article or thing, not being securities;
- (c) “contract” and “contractor” include “sub-contract” and “sub-contractor” respectively;
- (d) “professional services” means services rendered by a person in the course of carrying on legal, medical, engineering, architectural or accountancy profession, technical consultancy, interior decoration or any other profession as notified by the Board;
- (e) “rent” means any payment, by whatever name called, under any lease, sub-lease, tenancy or any other agreement or arrangement for the use of (either separately or together) any,—
 - (i) land;
 - (ii) building (including factory building);
 - (iii) land appurtenant to a building (including factory building); or
 - (iv) machinery;
 - (v) plant;
 - (vi) equipment;
 - (vii) furniture; or
 - (viii) fittings,whether or not any or all of the above are owned by the payee;
- (f) “service contract” means a contract in respect of the following services, namely:-
 - a) Custom House Agent;
 - b) Clearing and Forwarding Agent;
 - c) Manpower recruitment;
 - d) Security agencies;
 - e) Credit rating agencies;
 - f) Market research agencies;
 - g) Event managers;
 - h) Warehouse keeper;
 - i) Programme producer,

and includes a contract for job work in respect of the above services;

- (g) “works contract” shall include contract for-
 - (i) advertising;
 - (ii) broadcasting and telecasting including production of programmes for such broadcasting and telecasting;
 - (iii) carriage of goods or passengers by any mode of transport other than by railways;
 - (iv) catering;
 - (v) manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from such customer and not from any other person.

	<p><i>Explanation.</i>- For the purposes of sub-clause (v) of clause (g), the value of material shall not form part of amount on which tax is deductible at source, if it is separately mentioned in the invoice.</p> <p>(2) In Sub-chapter B—</p> <p>(a) “buyer” with respect to—</p> <p>(i) sub-section (1) of section 221 means a person who obtains in any sale, by way of auction, tender, or any other mode, goods of the nature specified in the Table given in sub-section (1) of section 221 or the right to receive any such goods but does not include—</p> <p>(A) a public sector company, the Central Government, a State Government, an embassy, a high commission, legation, commission, consulate and trade representation of a foreign State, and a club; or</p> <p>(B) a buyer in the retail sale of such goods purchased by him for personal consumption;</p> <p>(ii) sub-section (2) of section 221 means a person who obtains in any sale, goods of the nature specified in the said sub-section;</p> <p>(b) “lessee or licensee” means a person other than a public sector company who is granted a lease or licence or is awarded a contract or is transferred, wholly or partly, any right or interest by a lessor or licensor;</p> <p>(c) “lessor or licensor” means a person who grants a lease or licence or enters into a contract or otherwise transfers, wholly or partly, any right or interest to a lessee or licensee;</p> <p>(d) “scrap” means waste from the manufacture or mechanical working of materials which is unusable because of breakage, wear and tear and other reasons;</p> <p>(e) “seller” means—</p> <p>(i) the Central Government, a State Government or any local authority;</p> <p>(ii) a corporation or authority established by or under a Central, State or Provincial Act;</p> <p>(iii) any company, firm or co-operative society; and</p> <p>(iv) an individual or a Hindu undivided family, if the total sales, gross receipts or turnover from the business carried on by him exceed the monetary limits specified in sub-section (1) of section 88 during the financial year immediately preceding the financial year in which the goods of the nature specified in column (2) of the Table given in sub-section (1) of section 221 against serial numbers 1 to 5, serial number 9 or sub-section (2) of section 221 are sold.</p>	
	<p>C.—<i>Advance Tax</i></p>	
<p>Liability to pay advance tax</p>	<p>226. (1) Every assessee shall be liable to pay advance tax during any financial year in respect of his total income of the financial year, if the amount of advance tax payable exceeds ten thousand rupees.</p> <p>(2) The amount of advance -tax payable by an assessee in the financial year shall be computed in the following manner, namely:—</p> <p>(a) the assessee shall first estimate his total income and calculate income-tax thereon at the rate in force in the financial year;</p> <p>(b) the income-tax so calculated shall be reduced by –</p>	

(i) the amount of income-tax which would be deductible or collectible at source during the financial year from any income which is taken into account in estimating the total income;

(ii) the amount of credit under section 228 allowed to be set-off in the financial year; and

(c) the balance amount of income-tax shall be the advance tax payable.

(3) For computing liability for advance tax payable by an assessee under sub-section (2), income-tax calculated under clause (a) shall not be reduced by the amount of income-tax which would be deductible or collectible at source during the financial year from any income which is taken into account in estimating the total income, if the deductor has paid or credited such income without deduction of tax or it has been received or debited by the person responsible for collection of tax without collection of such tax.

(4) The advance tax, in case of any person other than a company, shall be payable in three instalments during the financial year on or before the dates specified in column (2) of the Table given below and shall be equal to the amount specified in corresponding entry in column (3) of the said Table:

TABLE

Serial Number	Date of instalment in the financial year	Amount payable
(1)	(2)	(3)
1.	On or before the 15th September	Not less than thirty per cent. of the advance income-tax.
2.	On or before the 15th December	Not less than sixty per cent. of the advance income-tax, as reduced by the amount, if any, paid in the earlier instalment.
3.	On or before the 15th March	The whole amount of the advance income-tax as reduced by the amount or amounts, if any, paid in the earlier instalment or instalments.

(5) The advance tax in the case of a company shall be payable in four instalments during the financial year on or before the dates specified in column (2) of the Table given below and shall be equal to the amount specified in corresponding entry in column (3) of the said Table:

TABLE

Serial Number	Date of instalment in the financial year	Amount payable
(1)	(2)	(3)
1.	On or before the 15th June	Not less than fifteen per cent. of the advance income-tax.
2.	On or before the 15th September	Not less than forty-five per cent. of the advance income-tax, as reduced by the amount, if any, paid in the earlier instalment.
3.	On or before the 15th December	Not less than seventy-five per cent. of the advance income-tax as reduced by the amount or amounts, if any, paid in the earlier instalment or instalments.
4.	On or before the 15th March	The whole amount of the advance income-tax as reduced by the amount or amounts, if any, paid in the earlier instalment or instalments.

	<p>(6) Any amount of advance tax paid after the 15th March but before the expiry of the financial year shall be treated as advance income-tax paid during the financial year.</p> <p>(7) Every person who is liable to pay advance tax shall, of his own volition, pay the appropriate percentage of the advance income-tax on or before the dates specified in this section.</p> <p>(8) The assessee may increase or reduce the payment of remaining instalments of the advance tax in accordance with his estimation of the total income.</p> <p>(9) Where, in the opinion of the Assessing Officer, any person is liable to pay advance tax, he may by an order in writing—</p> <p>(a) require such person to pay advance tax calculated in such manner as may be prescribed; and</p> <p>(b) issue to such person a notice of demand under section 174 specifying the instalments in which such tax is to be paid.</p> <p>(10) The person who has been served with an order under sub-section (9)—</p> <p>(a) may file an estimation, in such form as may be prescribed, to the Assessing Officer, if in his estimation, the advance tax payable by him is lower than the amount specified in the said order; and</p> <p>(b) pay the advance tax in accordance with his estimation on or before the dates specified in this section.</p> <p>(11) No order under sub-section (9) shall be passed after the last day of February of the financial year.</p>	
	<i>D.—Tax relief in respect of arrears or advance receipts</i>	
Tax relief for arrears or advance receipts	<p>227. (1) The Assessing Officer shall, on an application made to him by any person, grant such relief as may be prescribed, if the person is in receipt, in any financial year, of any arrears or advance of salary or family pension relating to any other financial year.</p> <p>(2) The relief referred to in sub-section (1) shall not be allowed in respect of any compensation received towards retrenchment, voluntary retirement or termination of service.</p>	
	<i>E.—Foreign tax credit</i>	
Foreign tax credit.	<p>228. (1) An assessee, being a resident in India in any financial year, shall be allowed a credit in respect of income-tax paid by deduction or otherwise, in any country or other specified territory under the law in force in that country or territory, in accordance with the provisions of this section.</p> <p>(2) An assessee, referred to in sub-section (1), shall be allowed a credit against the Indian income-tax payable by him in respect of his income of the financial year,—</p> <p>(a) which has been taxed in any country or other specified territory with which India has entered into an agreement under section 295, in accordance with the agreement with such country or specified territory; or</p> <p>(b) which has accrued outside India (but not deemed to accrue in India) and taxed in a country with which India does not entered into an agreement under section 295 or where an agreement under that section 295 does not specify the mode of tax credit, of the amount determined in the following manner, namely:—</p> <p>(i) at the Indian rate of tax or the rate of tax of the other country, whichever is lower;</p> <p>(ii) at the Indian rate of tax, if both the rates are equal.</p> <p>(3) Notwithstanding anything in sub-section (2), the amount of credit of foreign tax referred to</p>	

	<p>therein shall not, in any case, exceed—</p> <ul style="list-style-type: none"> (a) the Indian income-tax payable in respect of income which is taxed outside India; and (b) the Indian income-tax payable on total income of the assessee. <p>(4) The Central Government may, for the relief or avoidance of double taxation, prescribe—</p> <ul style="list-style-type: none"> (a) the method for computing the amount of credit; (b) the manner of claiming credit; and (c) such other particulars as may be considered necessary. 	
	<i>F.—Payment of Wealth-tax</i>	
	<p>229. The wealth-tax referred to in section 115 shall be payable by the due date of filing of the return of tax bases.</p>	Payment of wealth-tax
	<i>G.—Interest payable to the Central Government</i>	
	<p>230. (1) Where an assessee defaults in furnishing the return of taxbases, he shall be liable to pay simple interest at the rate of one per cent. per month, in circumstances specified in sub-section (2) for the period mentioned in sub-section (3) on the amount computed under sub-section (4).</p> <p>(2) The circumstances referred to in sub-section (1) shall be –</p> <ul style="list-style-type: none"> (a) where the return of taxbases for any financial year under sub-section (1) or sub-section (7) of section 155 or sub-section (1) of section 157 is furnished after the due date, or is not furnished; (b) where the return of taxbases for any financial year is required by a notice under section 171 and no return of taxbases has been furnished for such year before the issue of such notice; or (c) where the return of tax bases for any financial year is required by a notice under section 171 and— <ul style="list-style-type: none"> (i) such notice has been issued after the determination of income under sub-section (1) of section 160 or after the completion of an assessment under section 165 or section 166 or section 171; and (ii) such return has been furnished after the expiry of time allowed under such notice or is not furnished. <p>(3) The period referred to in sub-section (1) shall,—</p> <ul style="list-style-type: none"> (a) in a case referred to in clause (a) or clause (b) of sub-section (2), commence on the date immediately following the due date and— <ul style="list-style-type: none"> (i) end on the date of furnishing of the return; or (ii) end on the date of completion of assessment under section 166 or section 171, where no return has been furnished; (b) in a case referred to in clause (c) of sub-section (2), commence on the date immediately following the last date of the time allowed under the notice referred in said clause (c), 	Interest for default in furnishing return of tax bases.

	<p>and—</p> <p>(i) end on the date of furnishing of the return where the return is furnished after expiry of the time allowed; or</p> <p>(ii) end on the date of completion of assessment under section 171 where no return has been furnished.</p> <p>(4) The amount referred to in sub-section (1),—</p> <p>(a) in a case referred to in clause (a) or clause (b) of sub-section (2), shall be computed in accordance with the following formula –</p> <p style="text-align: center;">A – B</p> <p>where-</p> <p>A = the amount of the tax on the total income determined under sub-section (1) of section 160 or on assessment made under sub-section (1) of section 165 or sub-section (1) of section 166 or under section 171, as the case may be;</p> <p>B = the aggregate of —</p> <p>(i) advance tax paid, if any;</p> <p>(ii) any tax deducted or collected at source;</p> <p>(iii) any deduction, from the Indian income-tax payable, allowed under section 228, on account of the tax paid in a country outside India; and</p> <p>(iv) any tax credit available for set-off under section 105 or section 107;</p> <p>(b) in a case referred to in clause (c) of sub-section (2), shall be the amount by which tax determined on reassessment exceeds the tax on the total income determined under sub-section (1) of section 160 or on the basis of the earlier assessment, as the case may be.</p> <p>(5) The interest payable under sub-section (1) shall be reduced by the interest, if any, paid under section 158 towards the interest chargeable under this section.</p> <p>(6) The interest payable under this section shall be increased or reduced, in accordance with the variation in the amount of tax on which interest was payable under this section, as a result of modification in the assessed income on account of any rectification, revision or appellate order under this Code.</p> <p>(7) The Assessing Officer shall serve on the assessee a notice of demand, in such form as may be prescribed, specifying the sum payable on account of increase in the interest referred under sub-section (6) and such notice shall be deemed to be a notice under section 174 and the provisions of this Code shall apply accordingly.</p> <p>(8) The excess interest paid, if any, shall be refunded in a case where the interest is reduced under sub-section (6).</p>	
<p>Interest for default in payment of advance tax.</p>	<p>231. (1) Where an assessee defaults in payment of advance tax under section 226, he shall be liable to pay simple interest at the rate of one per cent. per month in the circumstances specified in sub-section (2) for the period mentioned in sub-section (3) on the amount computed under sub-section (4).</p> <p>(2) The circumstances referred to in sub-section (1) shall be the following, namely:—</p> <p>(a) where the assessee is liable to pay advance tax under section 226 and has failed to pay such tax; or</p> <p>(b) where the advance tax paid by such assessee is less than ninety per cent. of the</p>	

assessed tax.

(3) The period referred to in sub-section (1) shall in a case referred to in sub-section (2) commence on the 1st day of April next following the financial year and—

(a) end on the date of determination of total income under sub-section (1) of section 160; or

(b) end on the date of assessment, where an assessment has been made under section 165 or section 166 or an assessment under section 171 made for the first time.

(4) The amount referred to in sub-section (1) shall be—

(a) the assessed tax less the advance tax paid, if any; and

(b) in a case where the assessee has paid self-assessment tax under section 158 before the date of determination of total income or the date of an assessment referred to in clause (b) of sub-section (3), as the case may be,—

(i) the assessed tax less the advance tax, for the period up to the date on which the self-assessment tax is paid; and

(ii) the assessed tax less the advance tax and such self-assessment tax, for the period commencing immediately after the date on which such self-assessment tax is paid.

(5) The assessed tax referred to in sub-section (4) shall be calculated in accordance with the following formula—

A – B

where-

A = the amount of the tax on the total income determined under sub-section (1) of section 160, and where an assessment referred to in clause (b) of sub-section (3) has been made, the amount of tax on the total income determined on such assessment;

B = the aggregate of —

(i) any tax deducted or collected at source;

(ii) any relief of tax claimed under section 228; and

(iii) any tax credit available for set-off under section 105 or section 107.

(6) Where tax is paid under section 158 or otherwise before the determination of total income under sub-section (1) of section 160 or completion of an assessment referred to in clause (b) of sub-section (3), interest shall be calculated—

(i) in accordance with sub-sections (1) to (5), up to the date on which the tax is so paid and reduced by the interest, if any, paid under section 158 towards the interest chargeable under this section; and

(ii) thereafter, at the rate specified in sub-section (1) on the amount by which the tax so paid together with the advance tax paid falls short of the assessed tax.

(7) In a case where as a result of reassessment under section 171 (not being an assessment made for the first time), the amount of tax on total income, as referred to in sub-section (5) is increased then, in addition to the interest under sub-section (1), the assessee shall be liable to pay simple interest at the rate of one per cent. per month for the period mentioned in sub-section (8) on the amount computed under sub-section (9).

(8) The period referred to in sub-section (7) shall commence on the day immediately following the end of the period mentioned in sub-section (3), as applicable, and end on the date of

reassessment under section 171.

(9) The amount referred to in sub-section (7) shall be the amount by which the tax on the total income determined on the basis of reassessment under section 171 exceeds the relevant amount determined in variable A in the formula contained in sub-section (5).

(10) The interest payable under this section shall be increased or reduced, in accordance with the variation in the amount on which interest was payable under this section, on account of any rectification, revision or appellate order under this Code.

(11) The Assessing Officer shall serve on the assessee a notice of demand in such form as may be prescribed specifying the sum payable on account of increase in the interest referred to in sub-section (10) and such notice shall be deemed to be a notice under section 174 and the provisions of this Code shall apply accordingly.

(12) The excess interest paid, if any, shall be refunded in a case where the interest is reduced under sub-section (10).

Interest for
deferment of
advance tax.

232. (1) Where a person other than a company, who is liable to pay advance tax under section 226 has—

(a) failed to pay such tax; or

(b) paid the tax on or before the dates specified in column (2) of the Table given below which is less than the percentage of the tax due on the returned income specified in column (3) of the said Table,

he shall be liable to pay simple interest at the rate of one per cent. per month for the period specified in column (4) of the said Table on the amount of shortfall from the percentages of tax due on the returned income as specified in column (5) and the interest payable by such person under this section shall be the aggregate of all such amounts:

TABLE

Serial number	Due date	Percentage for purposes of ascertaining liability	Period	Percentage for purposes of computing Interest
(1)	(2)	(3)	(4)	(5)
1.	15th September.	Thirty per cent.	Three months.	Thirty per cent.
2.	15th December.	Sixty per cent.	Three months.	Sixty per cent.
3.	15th March.	One Hundred per cent.	One month.	One hundred per cent.

(2) Where a company, which is liable to pay advance income-tax under section 226 has—

(a) failed to pay such tax; or

(b) paid the tax on or before the dates specified in column (2) of the Table given below which is less than the percentage of the tax due on the returned income specified in column (3) of the said Table,

it shall be liable to pay simple interest at the rate of one per cent. per month for the period specified in column (4) of the said Table on the amount of shortfall from the percentages of tax due on the returned income as specified in column (5) and the interest payable by such company under this section shall be the aggregate of all such amounts:

TABLE

Serial	Due	Percentage for	Period	Percentage for
--------	-----	----------------	--------	----------------

number date		purposes of ascertaining liability	purposes of computing Interest	
(1)	(2)	(3)	(4)	(5)
1.	15th June.	Twelve per cent.	Three months	Fifteen per cent.
2.	15th September.	Thirty-six per cent.	Three months	Forty-five per cent.
3.	15th December.	Seventy-five per cent.	Three months	Seventy-five per cent.
4.	15th March.	One Hundred per cent.	One month	One Hundred per cent..
<p>(3) The assessee shall not be liable to pay interest under sub-section (1) or sub-section (2), as the case may be, on any shortfall in the advance tax payable where such shortfall is on account of under estimation or failure to estimate—</p> <p>(a) the amount of capital gains; or</p> <p>(b) income of nature listed at serial number 6 in the Table in Part III of the First Schedule.</p> <p>(4) The provisions of sub-section (3) shall apply in a case where the assessee has paid the whole of the amount of tax payable, in respect of the income of the nature referred to in that sub-section, in the remaining instalments of advance tax or where no such instalments are due, by the 31st day of March of the financial year.</p>				
<p>233. (1) An assessee shall be liable to pay simple interest at the rate of one-half per cent. per month on the excess amount of refund granted to him in circumstances specified in sub-section (2) for the period mentioned in sub-section (3).</p> <p>(2) The circumstances referred to in sub-section (1) shall be where any refund is granted to the assessee under sub-section (1) of section 160 and—</p> <p>(a) no refund is due on assesment made under section 165 or section 166 or section 171; or</p> <p>(b) the amount refunded under sub-section (1) of section 160 exceeds the amount refundable on assesment, made under section 165 or section 166 or section 171.</p> <p>(3) The period referred to in sub-section (1) shall commence from the date of grant of refund and end on the date of regular assessment.</p> <p>(4) The interest chargeable, if any, under sub-section (1) shall be varied in accordance with any rectification, revision or appellate order under this Code.</p>				Interest on excess refund.
<p>234. (1) Any amount, otherwise than by way of advance tax, specified as payable in a notice of demand under section 174 shall be paid within a period of thirty days of the service of the notice.</p> <p>(2) The period mentioned in sub-section (1) may be reduced with the prior approval of the Joint Commissioner, if the Assessing Officer has any reason to believe that it will be detrimental to revenue if the period of thirty days is allowed.</p> <p>(3) If the amount specified in any notice of demand under section 174 is not paid within the period specified therein, then the assessee shall be liable to pay simple interest at the rate of one per cent. per month for the period commencing from the day immediately following the end of the period specified in such notice and ending with the day on which the amount is paid.</p> <p>(4) Where interest is charged under section 235 on the amount of tax specified in the order issued under sub-section (1) of section 189 for any period, then, no interest shall be charged under sub-section (3) on the same amount for the same period.</p>				Interest payable on demand raised.

		<p>(5) The interest payable under this section shall be increased or reduced, in accordance with the variation in the amount on which interest was payable under this section, on account of any rectification, revision or appellate order under this Code.</p>	
Interest for failure to deduct or collect or pay tax.		<p>235. (1) Where any person who is required to deduct or collect any tax in accordance with the provisions of this Code, does not deduct or collect the whole or any part of the tax, or after deduction or collection fails to pay the tax, he shall be liable to pay simple interest-</p> <p>(a) at the rate of one per cent. per month on the amount of such tax for the period from the date on which such tax was deductible or collectible-</p> <p>(i) to the date on which such tax is deducted or collected, as the case may be; or</p> <p>(ii) in a case where such tax has been paid by the deductee or the collectee, to the date of filing of return by the deductee or the collectee, as the case may be; and</p> <p>(b) at the rate of one and one-half per cent. per month on the amount of such tax for the period from the date on which such tax was deducted or collected, as the case may be, to the date on which such tax is paid.</p> <p>(2) The interest computed under sub-section (1) shall be paid before furnishing the return under sub-section (3) of section 217 or sub-section (6) of section 221, as the case may be.</p>	
		<p>H.—<i>Refunds</i></p>	
Refunds.		<p>236. (1) An assessee shall be entitled to a refund of the excess of any amount paid by him or on his behalf, or treated as paid by him or on his behalf, for any financial year over the amount with which he is liable under this Code.</p> <p>(2) Every claim for refund shall be made within such time and such form and manner, as may be prescribed.</p> <p>(3) An assessee shall, in a case where an assessment is set aside or cancelled or an order of fresh assessment is directed to be made in an appeal, or any other proceeding under this Code, be entitled to the refund only on the making of the fresh assessment.</p> <p>(4) The amount of refund determined under this Sub-chapter shall be reduced by the amount, if any, remaining payable under this Code by the assessee to whom the refund is due, and the balance amount of refund, if any, shall be issued along with an intimation to this effect to the assessee.</p> <p>(5) In a claim under this Sub-chapter, it shall not be open to the assessee to question the correctness of any assessment or other matter which has become final and conclusive or ask for a review of the same, and accordingly the assessee shall not be entitled to any relief on such claim except refund of tax paid in excess.</p>	
Interest on refund.		<p>237. (1) An assessee shall be entitled to receive simple interest at the rate of one-half per cent. per month on any amount refundable to him under section 236 in respect of any financial year for the period mentioned in sub-section (2).</p> <p>(2) The period referred to in sub-section (1) shall, —</p> <p>(a) in a case where refund is out of any tax paid by way of advance tax or treated as so paid under section 220 or collected at source under section 222, commence on the 1st day of April next following the financial year and end on the date on which the refund is granted; and</p> <p>(b) in any other case, commence from the date on which such amount was paid and end on</p>	

	<p>the date on which the refund is granted.</p> <p>(3) Notwithstanding anything in sub-section (2), in a case where the return is furnished after the due date, the period referred to in sub-section (1) shall commence on the date on which the return is furnished and end on the date on which the refund is granted.</p> <p>(4) No interest shall be payable,-</p> <p>(a) under sub-section (1) if the amount of refund is less than ten per cent. of the tax as determined under sub-section (1) of section 160 or on regular assessment;</p> <p>(b) to the deductor, seller, lessor or licensor, as the case may be, if any refund arises to him under section 189 or section 224, as the case may be.</p> <p>(5) If the proceedings resulting in the refund are delayed for reasons attributable to the assessee, whether wholly or in part, the period of the delay so attributable to him shall be excluded from the period for which interest is payable, and where any question arises as to the period to be excluded, it shall be decided by the Chief Commissioner or the Commissioner.</p> <p>(6) The interest under this section shall be increased or reduced in accordance with the variation in the amount on which the interest was payable as a result of any rectification, revision or appellate order under this Code.</p> <p>(7) The Assessing Officer shall serve on the assessee a notice of demand in such form as may be prescribed specifying the amount of excess interest paid to him where interest is reduced under sub-section (6) and such notice shall be deemed to be a notice under section 174 and the provisions of this Code shall apply accordingly.</p> <p>(8) An assessee shall be entitled to receive simple interest at the rate of one-half per cent. per month on the amount of interest receivable by him under this section for the period from the date of grant of refund to the date of actual payment of such interest, if such interest is not paid to him along with the refund.</p>	
	<p>238. (1) If the income of a person is included in the total income of any other person under the provisions of this Code, then notwithstanding such inclusion of income, the other person shall be entitled to a refund in respect of such income.</p> <p>(2) The legal representative or the trustee or guardian or receiver, as the case may be, of a person shall be entitled to claim or receive refund for the benefit of such person or his estate if such person is unable to claim or receive any refund due to him on account of death, incapacity, insolvency, liquidation or any other cause.</p>	<p>Person entitled to claim refund in certain special cases.</p>
	<p>I.—Levy of fee in certain cases</p>	
	<p>239. (1) Without prejudice to the provisions of this Code, where a person fails to deliver or cause to be delivered a return within the time prescribed in sub-section (4) of section 218 or sub-section (7) of section 221, he shall be liable to pay, by way of fee, a sum of two hundred rupees for every day during which the failure continues.</p> <p>(2) The amount of fee referred to in sub-section (1) shall not exceed the amount of tax deductible or collectible, as the case may be.</p> <p>(3) The amount of fee referred to in sub-section (1) shall be paid before delivering or causing to be delivered a return in accordance with sub-section (3) of section 217 or sub-section (6) of section 221.</p>	<p>Fee for default in furnishing returns.</p>

	<i>J.—Recovery</i>	
Recovery by Assessing Officer.	<p>240. (1) Any amount specified as payable in a notice of demand under section 174, otherwise than by way of advance tax, shall be paid within thirty days of the service of the notice, to the credit of the Central Government in such manner as may be prescribed.</p> <p>(2) Where the Assessing Officer has any reason to believe that it will be detrimental to the interests of revenue, if the period of thirty days referred to in sub-section (1) is allowed, he may, with the previous approval of the Joint Commissioner, reduce such period as he deems fit.</p> <p>(3) The Assessing Officer may, on an application made by the assessee, before the expiry of a period of thirty days or the period reduced under sub-section (2) or during the pendency of appeal with the Commissioner (Appeals), extend the time for payment, or allow payment by instalments, subject to such conditions as he may think fit to impose in the circumstances of the case.</p> <p>(4) An assessee shall be deemed to be an assessee in default, if the tax arrear is not paid within the time allowed under sub-section (1) or the period reduced under sub-section (2) or extended under sub-section (3), as the case may be.</p> <p>(5) Where an assessee defaults in paying any one of the instalments within the time fixed under sub-section (3), he shall be deemed to be an assessee in default in respect of the whole of the amount then outstanding.</p> <p>(6) The Assessing Officer may, in a case where no certificate has been drawn up under section 241 by the Tax Recovery Officer, recover the amount in respect of which the assessee is in default, or is deemed to be in default, by any one or more of the modes provided in section 242.</p> <p>(7) The Tax Recovery Officer shall be vested with the powers to recover the tax arrear on drawing up of a statement of tax arrear under section 241.</p>	
Recovery by Tax Recovery Officer.	<p>241. (1) The Tax Recovery Officer may draw up under his signature a statement of tax arrears of an assessee referred to in sub-section (4) or sub-section (5) of section 240, in such form, as may be prescribed (such statement being hereafter in this Chapter and in the Eighteenth Schedule referred to as “certificate”).</p> <p>(2) The certificate under sub-section (1) shall stand amended from time to time consequent to any proceeding under this Code and the Tax Recovery Officer shall recover the amount so modified.</p> <p>(3) The Tax Recovery Officer may rectify any mistake apparent from the record.</p> <p>(4) The Tax Recovery Officer shall have the power to extend the time for payment, or allow payment by instalments, subject to such conditions as he may think fit to impose in the circumstances of the case.</p> <p>(5) The Tax Recovery Officer shall proceed to recover from the assessee the amount specified in the certificate by one or more of the modes referred to in section 242 or in the Eighteenth Schedule.</p> <p>(6) It shall not be open to the assessee to dispute the correctness of any certificate drawn up by the Tax Recovery Officer on any ground whatsoever, but it shall be lawful for the Tax Recovery Officer to cancel the certificate if, for any reason, he thinks it necessary so to do.</p>	
	<p>242. (1) The Assessing Officer or the Tax Recovery Officer may require the employer of the assessee to deduct from any payment to the assessee such amount as is sufficient to meet the tax arrear from the assessee.</p>	Modes of recovery.

(2) Upon requisition under sub-section (1), the employer shall comply with the requisition and shall pay the sum so deducted to the credit of the Central Government in such manner as may be prescribed.

(3) Any part of the salary, exempt from attachment in execution of a decree of a civil Court under section 60 of the Code of Civil Procedure, 1908, shall be exempt from any requisition made under sub-section (1).

(4) The Assessing Officer or the Tax Recovery Officer may, by notice in writing, require any debtor of the assessee to pay such amount, not exceeding the amount of debt, as is sufficient to meet the tax arrear of the assessee.

(5) Upon receipt of the notice under sub-section (4), the debtor shall comply with the requisition and shall pay the sum to the credit of the Central Government in such manner as may be prescribed within the time (not being before the debt becomes due to the assessee) specified in the notice.

(6) A copy of the notice issued under sub-section (4) shall be forwarded to the assessee at his last address known to the Assessing Officer or the Tax Recovery Officer and in the case of a joint account, to all the joint holders at their last addresses known to the Assessing Officer or the Tax Recovery Officer.

(7) It shall not be necessary for any pass book, deposit receipt, policy or any other document to be produced for the purpose of any entry, endorsement or the like being made before payment is made, notwithstanding any rule, practice or requirement to the contrary if the notice under sub-section (4) is issued to a post office, banking company, insurer or any other person.

(8) Any claim in respect of any property, in relation to which a notice under sub-section (4) has been issued, arising after the date of the notice, shall be void as against any demand contained in the notice.

(9) A person to whom a notice under sub-section (4) has been issued, shall not be required to pay the amount of tax arrear specified therein, or part thereof, if he objects to it by a statement on oath that the sum demanded, or any part thereof, is not due to the assessee or that he does not hold any money for, or on account of, the assessee.

(10) The person referred to in sub-section (9) shall be personally liable to the Assessing Officer or the Tax Recovery Officer, as the case may be, to the extent of his own liability to the assessee on the date of the notice, or to the extent of the liability of the assessee for any sum due under this Code, whichever is less, if it is discovered that the statement made by him was false in any respect.

(11) The Assessing Officer or the Tax Recovery Officer may amend or revoke any notice issued under sub-section (4) or extend the time for making any payment in pursuance of such notice.

(12) The Assessing Officer or the Tax Recovery Officer shall grant a receipt for any amount paid in compliance with a notice issued under sub-section (4), and the person so paying shall be fully discharged from his liability to the assessee to the extent of the amount so paid.

(13) Any person discharging any liability to the assessee after receipt of a notice under sub-section (4) shall be personally liable to the Assessing Officer or the Tax Recovery Officer to the extent of his own liability to the assessee so discharged or to the extent of the liability of the assessee for any sum due under this Code, whichever is less.

(14) The debtor to whom a notice under sub-section (4) is sent shall be deemed to be an assessee in default, if he fails to make such payment and further proceedings may be initiated against him for the realisation of the amount in the manner provided in this section and the Eighteenth Schedule.

(15) The Assessing Officer or the Tax Recovery Officer may apply to the court, in whose custody there is money belonging to the assessee, for payment to him of the entire amount of such

	<p>money or if it is more than the tax arrear, an amount sufficient to meet the tax arrear.</p> <p>(16) The Assessing Officer or the Tax Recovery Officer shall effect the recovery of any tax arrear in the same manner as attachment, distraint and sale of any movable property under the Eighteenth Schedule, if he is so authorised by the Chief Commissioner, or the Commissioner, by general or special order.</p> <p>(17) In this section,—</p> <p>(a) “debtor” in relation to an assessee, means,—</p> <p>(i) any person from whom any money is due, or may become due, to the assessee; or</p> <p>(ii) any person who holds, or may subsequently hold, any money for, or on account of, the assessee; or</p> <p>(iii) any person who holds, or may subsequently hold, any money for, or on account of, the assessee jointly with any other person;</p> <p>(b) shares of the joint holders in the account shall be presumed, until the contrary is proved, to be equal.</p>	
<p>Tax Recovery Officer by whom recovery is to be effected.</p>	<p>243. (1) The Tax Recovery Officer competent to take action under section 241 shall be the Tax Recovery Officer —</p> <p>(a) within whose jurisdiction —</p> <p>(i) the assessee carries on his business;</p> <p>(ii) the principal place of business of the assessee is situate;</p> <p>(iii) the assessee resides; or</p> <p>(iv) any movable or immovable property of the assessee is situate; or</p> <p>(b) who has been assigned jurisdiction under section 140.</p> <p>(2) The Tax Recovery Officer, referred to in sub-section (1), may send a certificate, in such manner as may be prescribed, specifying the tax arrear to be recovered, to another Tax Recovery Officer within whose jurisdiction the assessee resides or has property, if the first-mentioned Tax Recovery Officer —</p> <p>(a) is not able to recover the entire amount by sale of the property, movable or immovable, within his jurisdiction; or</p> <p>(b) is of the opinion that, for the purpose of expediting, or securing, the recovery of the whole, or any part, of the amount under this Chapter, it is necessary to do so.</p> <p>(3) The second-mentioned Tax Recovery Officer shall, on receipt of the certificate, assume jurisdiction for recovery of the amount of tax arrear specified therein and proceed to recover the amount in accordance with the provisions of this Chapter.</p>	
	<p>244. The amount of tax arrears due from a non-resident may be recovered from—</p> <p>(a) any asset of the non-resident, wherever located; or</p> <p>(b) any amount payable by any person to the non-resident.</p>	<p>Recovery of tax arrear in respect of non-resident from his assets.</p>
	<p>245. (1) The liquidator shall inform the Assessing Officer, who has jurisdiction to assess the income of the company, of his appointment within a period of thirty days of his becoming the liquidator.</p>	<p>Recovery in case of a company in liquidation.</p>

<p>43 of 1961 27 of 1957</p>	<p>(2) The Assessing Officer shall, within a period of three months from the date on which he receives the information, intimate to the liquidator the amount which, in his opinion, would be sufficient to provide for any tax arrears or any amount which is likely to become payable thereafter, by the company under this Code or under the Income tax Act, 1961 or the Wealth-tax Act, 1957, as they stood before the commencement of this Code.</p> <p>(3) The liquidator—</p> <p>(a) shall not part with any of the assets of the company, or the properties, in his custody until he has been intimated by the Assessing Officer under sub-section (2); and</p> <p>(b) on being so intimated, shall set aside an amount equal to the amount intimated.</p> <p>(4) Upon receipt of the intimation from the Assessing Officer under sub-section (2), the amount so intimated shall, notwithstanding anything in any other law for the time being in force, be the first charge on the assets of the company remaining after payment of the following dues, namely:—</p> <p>(a) workmen’s dues; and</p> <p>(b) debts due to secured creditors to the extent such debts rank under clause (iii) of the proviso to sub-section (1) of section 325 of the Companies Act, 2013 <i>pari passu</i> with such dues.</p> <p>(5) The liquidator shall be personally liable for the payment of the amount payable by the company, if he—</p> <p>(a) fails to inform in accordance with sub-section (1); or</p> <p>(b) fails to set aside the amount as required by sub-section (3).</p> <p>(6) The obligations and liabilities attached to the liquidator under this section shall attach to all the liquidators jointly and severally in a case where there is more than one liquidator.</p> <p>(7) The provisions of this section shall prevail over anything to the contrary contained in any other law for the time being in force.</p> <p>(8) In this section,—</p> <p>(a) “liquidator” in relation to a company which is being wound up, whether under the orders of a court or otherwise, shall include a receiver of the assets of the company;</p> <p>(b) “workmen’s dues” shall have the meaning assigned to it in section 325 of the Companies Act, 2013.</p>	<p>18 of 2013</p> <p>18 of 2013</p>
<p>Liability of manager of a company.</p>	<p>246. (1) Every person being a manager at any time during the financial year shall be jointly and severally liable for the payment of any amount due under this Code in respect of the company for the financial year, if the amount cannot be recovered from the company.</p> <p>(2) The provisions of sub-section (1) shall not apply, if the manager proves that non-recovery cannot be attributed to any neglect, misfeasance or breach of duty on his part in relation to the affairs of the company.</p> <p>(3) The provisions of this section shall prevail over anything to the contrary contained in the Companies Act, 2013.</p> <p>(4) In this section, “manager” shall include a managing director and both shall have the meaning respectively assigned to them in clause (53) and clause (54) of section 2 of the Companies Act, 2013.</p>	<p>18 of 2013</p> <p>18 of 2013</p>
	<p>247. (1) Every person, being a participant in an unincorporated body at any time during the</p>	<p>Joint and</p>

	<p>financial year, or the representative assessee of the deceased participant, shall be jointly and severally liable, along with the unincorporated body, for payment of any amount payable by the unincorporated body under this Code and all the provisions of this Code shall apply accordingly.</p> <p>(2) In case of a limited liability partnership, the provisions of sub-section (1) shall not apply, if the partner proves that non-recovery cannot be attributed to any neglect, misfeasance or breach of duty on his part in relation to the affairs of the partnership.</p> <p>(3) The provisions of this section shall prevail over anything to the contrary contained in the Limited Liability Partnership Act, 2008.</p>	<p>several liability of participants</p> <p>6 of 2009</p>
	<p>248 . If the recovery of tax in any area has been entrusted to a State Government under clause (1) of article 258 of the Constitution, the State Government may direct, with respect to that area or any part thereof, that tax shall be recovered therein with, and as an addition to, any municipal tax or local rate, by the same person and in the same manner as the municipal tax or local rate is recovered.</p>	<p>Recovery through State Government.</p>
	<p>249. (1) The Board may forward a certificate to any Tax Recovery Officer for recovery of any amount under the corresponding law in force in any country or specified territory outside India from a person having property in India, if such country or territory or any authority under the Government of that territory or country, has entered into an agreement with India under sub-sections (1) and (2) or sub-section (4) of section 295, as the case may be, for the purposes specified in clause (d) of sub-section (1) of section 295.</p> <p>(2) On receipt of the certificate under sub-section (1) from the Board, the Tax Recovery Officer shall —</p> <p>(a) proceed to recover the amount specified in the certificate in the manner in which he would proceed to recover the amount specified in a certificate under section 241; and</p> <p>(b) remit any sum so recovered by him to the Board after deducting his expenses in connection with the recovery proceedings.</p> <p>(3) The Tax Recovery Officer may, in a case where an assessee has property in a country or a specified territory outside India, forward a certificate to the Board for recovery of the tax arrears from the assessee, if the Central Government or any specified association in India has entered into an agreement with that country or territory under sub-sections (1), (2) or sub-section (4) of section 295, as the case may be, for the purposes specified in clause (d) of sub-section (1) of section 295.</p> <p>(4) On receipt of the certificate under sub-section (3) from the Tax Recovery Officer, the Board may take such action thereon as it may deem appropriate having regard to the terms of the agreement with such country or a specified territory.</p>	<p>Recovery of tax in pursuance of agreements with foreign countries or specified territory.</p>
	<p>250. (1) No person referred to in sub-section (2) shall leave the territory of India unless he furnishes to such authority as may be notified, an undertaking to the effect that he has made satisfactory arrangement for discharging his tax liability, if any, in respect of any income or wealth liable to tax in India.</p> <p>(2) The person referred to in sub-section (1) shall be a person—</p> <p>(a) who is not domiciled in India;</p> <p>(b) who has come to India in connection with business or employment; and</p> <p>(c) who has income derived from any source in India.</p> <p>(3) Every person, who is domiciled in India at the time of his departure from India, shall—</p>	<p>Tax clearance certificate in certain cases.</p>

	<p>(a) furnish to the notified authority such particulars as may be prescribed; and</p> <p>(b) obtain a certificate from the notified authority that he has no liability, if in the opinion of the Assessing Officer, it is necessary for such person to obtain such certificate.</p> <p>(4) The Central Government may notify the class of persons to whom the provisions of sub-section (1) or sub-section (3) shall not apply.</p> <p>(5) The notified authority shall, on receipt of the undertaking or particulars referred to in sub-section (1) or sub-section (3), immediately issue to the person a no objection certificate for leaving India.</p> <p>(6) The owner, or charterer, of any ship, or aircraft, shall be personally liable to pay the whole, or any part, of the amount payable under this Code by any person required to obtain a no objection certificate in accordance with the foregoing sub-sections if the person leaves India, without the possession of the certificate, in the ship, or aircraft, of the owner or the charterer.</p> <p>(7) The owner, or charterer, of any ship, or aircraft, shall be deemed to be an assessee in default in respect of the liability created under sub-section (6) and such amount shall be recoverable from him in the manner provided in this Chapter as if it were tax arrears.</p> <p>(8) The Board may, having regard to the interests of revenue, prescribe—</p> <p>(a) the circumstances;</p> <p>(b) the form and the manner, in which the undertaking is to be furnished; and</p> <p>(c) any other matter connected therewith.</p> <p>(9) In this section, the expressions “owner” and “charterer” include any representative, agent or employee authorised by the owner, or charterer, to allow persons to travel by the ship or aircraft.</p>	
<p>Recovery by suit or under other law not affected.</p>	<p>251. (1) The several modes of recovery specified in this Chapter shall not affect in any way—</p> <p>(a) any other law for the time being in force relating to the recovery of debts due to the Government; or</p> <p>(b) the right of the Government to institute a suit for the recovery of the tax arrears from the assessee.</p> <p>(2) It shall be lawful for the Assessing Officer, or the Government, to have recourse to any such law or suit, notwithstanding that the tax arrears are being recovered from the assessee by any mode specified in this Sub-chapter.</p>	
	<p>CHAPTER - XVI</p> <p>PENALTIES</p>	
	<p>252. (1) A person shall be liable to a penalty if he has under reported the tax bases for any financial year.</p> <p>(2) The penalty referred to in sub-section (1) shall be a sum which shall not be less than, but which shall not exceed two times, the amount of tax payable in respect of the amount of tax bases under reported for the financial year.</p> <p>(3) A person shall be considered to have under reported the tax bases, if—</p> <p>(a) the tax bases assessed or reassessed, for the first time, is greater than the maximum amount not chargeable to tax, if any, where no return of tax bases has been filed;</p> <p>(b) the tax bases assessed is greater than the tax bases disclosed in the return of tax bases;</p>	<p>Penalty for under reporting of tax bases.</p>

or

(c) the tax bases reassessed is greater than the tax bases assessed immediately before the re-assessment.

(4) The amount of tax bases under reported shall be the aggregate amount of the addition or disallowance made by the Assessing Officer, the Commissioner or the Commissioner (Appeals), as the case may be.

(5) The aggregate amount of the addition or disallowance made by the Assessing Officer in assessment or re-assessment shall, in a case—

(a) where no return of tax bases has been filed, which was required by any provision of this Code, be the assessed tax bases as reduced by the maximum amount not chargeable to tax, if any;

(b) where the return of tax bases has been filed as required under section 155 or section 157, be the amount of tax bases assessed as reduced by the tax bases disclosed in the return filed before the issue of notice under sub-section (2) of section 161;

(c) where no return of tax bases has been filed under section 155 or in response to a notice under section 157 and whether or not the return of tax bases has been filed in response to a notice under section 171, be the tax bases reassessed as reduced by the maximum amount not chargeable to tax, if any; and

(d) where a return of tax bases has been filed as required by section 155 or in response to a notice under section 157 and whether or not the return of the tax bases has also been filed as required by section 171, be the amount of the tax bases reassessed as reduced by the tax bases assessed immediately before the reassessment.

(6) The aggregate amount of the addition or disallowance made by the Commissioner in revision shall be the tax bases assessed consequent to revision as reduced by the tax bases assessed in the order so revised.

(7) The aggregate amount of the addition or disallowance made by the Commissioner (Appeals) in appeal shall be the aggregate of all enhancements made by the Commissioner (Appeals) in the order under appeal.

(8) Subject to the provisions of sub-section (10), the aggregate amount of the addition or disallowance referred to in sub-sections (5) to (7) shall include—

(a) the amount of any money or the value of bullion, jewellery or other valuable article or thing (hereinafter referred to as “assets”) found in the possession of the assessee, or under his control, in the course of search under section 145, if the assessee claims that such assets have been acquired by him by utilising (wholly or in part) his income for any financial year which has ended before the date of search, and—

(i) the due date for filing the return of tax bases for the financial year has expired, but the assessee has not filed such return in accordance with the provisions of this Code before the date of search; or

(ii) the return of tax bases for such financial year has been furnished before the date of search, but such income has not been declared therein;

(b) the amount, or value, of assets belonging to the assessee and delivered to the requisitioning officer under sub-section (3) of section 146 or handed over to the Assessing Officer under section 148, if the assessee claims that such assets have been acquired by him by utilising (wholly or partly) his income for any financial year which has ended before the date of requisition or the date of search, as the case may be, during the course of which the assets were seized, and—

(i) the due date for filing the return of tax bases for the financial year has expired, but the assessee has not filed such return in accordance with the provisions of this

Code before the date of search or requisition, as the case may be; or

- (ii) the return of tax bases for such financial year has been furnished before the date of requisition or the date of search, as the case may be, but such income has not been declared therein;
 - (c) any tax bases based on any entry in any books of account or other documents or transactions, if the assessee claims that such entry in the books of account or other documents or transactions represents his tax bases, wholly or in part, for any financial year which has ended before the date of search , and—
 - (i) the due date for filing the return of tax bases for the financial year has expired, but the assessee has not filed such return in accordance with the provisions of this Code before the date of search; or
 - (ii) the return of tax bases for such financial year has been furnished before the date of search, but such tax bases has not been declared therein;
 - (d) in a case where the source of any receipt, deposit or investment in any financial year is claimed to have been added or deducted, as the case may be, in any year prior to the financial year in which such receipt, deposit or investment appears (hereinafter referred to as “preceding year”) and no penalty was levied for such preceding year, then such amount as is sufficient to cover such receipt, deposit or investment.
- (9) For the purposes of clause (d) of sub-section (8), the amount referred to in said clause shall be deemed to be amount of tax bases under reported for the preceding year in the following order—
- (a) the preceding year immediately before the year in which the receipt, deposit or investment appears, being the first preceding year, and
 - (b) where the amount added or deducted in the first preceding year is not sufficient to cover the receipt, deposit or investment, the year immediately preceding the first preceding year and so on.
- (10) The aggregate amount of the addition or disallowance referred to in sub-sections (5) to (7) shall not include the following, namely:—
- (a) the amount relating to addition or disallowance in respect of which the assessee offers an explanation and the Assessing Officer or the Commissioner or the Commissioner (Appeals), as the case may be, is satisfied that—
 - (i) the explanation is *bona fide*;
 - (ii) the assessee has disclosed all the facts material to the addition or disallowance; and
 - (iii) the assessee has disclosed all the facts relating to the explanation.
 - (b) the amount relating to addition or disallowance determined on the basis of an estimate by the Assessing Officer or the Commissioner or the Commissioner (Appeals), as the case may be, if the accounts are correct and complete to the satisfaction of the Assessing Officer, or the Commissioner or the Commissioner (Appeals), as the case may be, but the method employed is such that, in the opinion of the Assessing Officer or the Commissioner or the Commissioner (Appeals),as the case may be, the income cannot properly be deduced therefrom;
 - (c) the amount relating to addition or disallowance pertaining to any issue, determined on the basis of an estimate by the Assessing Officer or the Commissioner or the Commissioner (Appeals), as the case may be, if the assessee—
 - (i) has, on his own, estimated a lower amount of addition or disallowance on the same issue;
 - (ii) has included such amount in the computation of his tax bases; and

	<p>(iii) has disclosed all the facts material to the addition or disallowance; and</p> <p>(d) the amount of undisclosed tax bases referred to in section 253.</p> <p>(11) The tax payable in respect of the aggregate amount of the addition or disallowance shall be the amount of tax calculated on the aggregate amount of the addition or disallowance made by the Assessing Officer, the Commissioner or the Commissioner (Appeals), as the case may be,—</p> <p>(a) at the maximum marginal rate in the case to which Paragraph A or Paragraph B or Paragraph C of Part I of the First Schedule applies; and</p> <p>(b) at the rate specified in the First Schedule or the Seventeenth Schedule, as the case may be, in all other cases.</p> <p>(12) No addition or disallowance of an amount shall form the basis for imposition of penalty, if—</p> <p>(a) such addition or disallowance has formed the basis of imposition of penalty in the case of the person for the same or any other financial year; or</p> <p>(b) the amount relates to any addition or disallowance made pursuant to the adjustment under section 160.</p> <p>(13) The penalty referred to in sub-section (1) shall be imposed, by an order in writing, by—</p> <p>(a) the Assessing Officer, if the amount of tax bases under reported is determined in assessment or re-assessment;</p> <p>(b) the Commissioner, if the amount of tax bases under reported is determined in revision of the tax bases by the Commissioner; or</p> <p>(c) the Commissioner (Appeals), if the amount of tax bases under reported is determined in appeal against an assessment or re-assessment order.</p>	
	<p>253. (1) A person shall be liable to a penalty in respect of the undisclosed tax bases for the specified financial year, if a search and seizure has been conducted under section 145 in his case.</p> <p>(2) The person referred to in sub-section (1) shall be liable to a penalty—</p> <p>(a) of ten per cent. of the undisclosed tax bases for the specified financial year, if such person—</p> <p>(i) in a statement under sub-section (9) of section 145 in the course of the search, admits the undisclosed tax bases;</p> <p>(ii) substantiates the manner in which the undisclosed tax bases was derived; and</p> <p>(iii) pays the tax, together with interest, if any, in respect of the undisclosed tax bases.</p> <p>(b) of twenty per cent. of the undisclosed tax bases for the specified financial year, if in a statement under sub-section (9) of section 145 in the course of the search, such person does not admit the undisclosed tax bases, but declares such tax bases in the return of tax bases for such financial year and pays the tax, together with interest, if any, in respect of such tax bases; or</p> <p>(c) which shall not be less than thirty per cent. but which may extend to sixty per cent. of the undisclosed tax bases, if in a statement under sub-section (9) of section 145 in the course of the search, such person does not admit the undisclosed tax bases and also fails to declare such tax bases in the return of tax bases for such financial year.</p> <p>(3) The penalty referred to in sub-section (1) shall be imposed, by an order in writing, by the Assessing Officer.</p> <p>(4) In this section—</p>	<p>Penalty where search has been initiated</p>

	<p>(a) “undisclosed tax bases” means—</p> <p>(i) any tax bases of the specified financial year represented, either wholly or partly, by any money, bullion, jewellery or other valuable article or thing or any entry in the books of account or other document or any transaction, found in the course of a search under section 145, which has—</p> <p>(A) not been recorded on or before the date of search in the books of account or other documents maintained in the normal course relating to the specified financial year; or</p> <p>(B) otherwise not been disclosed to the Chief Commissioner or the Commissioner before the date of the search; or</p> <p>(ii) any tax bases of the specified financial year represented, either wholly or partly, by any entry in respect of an expense recorded in the books of account or other documents maintained in the normal course relating to the specified financial year which is found to be false and would not have been found to be so, had the search not been conducted;</p> <p>(b) “specified financial year” means the financial year—</p> <p>(i) which has ended before the date of search, but the due date for filing the return of tax bases for such year has not expired before the date of search and the assessee has not furnished the return of tax bases for the financial year before the date of search; or</p> <p>(ii) in which search was conducted.</p>	
<p>Penalty for default in payment of tax arrear</p>	<p>254. (1) Every person who is an assessee in default, or an assessee deemed to be in default, as the case may be, in making payment of tax, and in case of continuing default by such assessee, he shall be liable to a penalty of such amount, as the Assessing Officer may direct.</p> <p>(2) The total amount of penalty under sub-section (1) shall not exceed the amount of tax arrear.</p> <p>(3) An assessee shall not cease to be liable to any penalty under sub-section (1) merely by reason of the fact that before the levy of such penalty he has paid the tax.</p>	
	<p>255. (1) A person shall be liable to a penalty if he has, without reasonable cause, failed to—</p> <p>(a) keep and maintain any books of account and other documents as required under section 87 or section 98 for any financial year or to retain such books of account and other documents in accordance with the rules made thereunder;</p> <p>(b) get his accounts audited in respect of any financial year or obtain and furnish a report of such audit as required under section 88 or section 98;</p> <p>(c) deduct the whole, or any part, of the tax as required under the provisions of Sub--chapter A of Chapter XIV;</p> <p>(d) collect the whole, or any part, of the tax as required under the provisions of Sub--chapter B of Chapter XIV;</p> <p>(e) pay the whole, or any part, of the tax as required under section 217 or section 221;</p> <p>(f) furnish the return of tax bases under section 155 by the end of the financial year in which such return is due;</p> <p>(g) comply with the provisions of section 298;</p> <p>(h) furnish the information as required under section 150;</p> <p>(i) answer any question put to him by an income-tax authority in the exercise of its</p>	<p>Penalty for other defaults.</p>

	<p>powers under this Code;</p> <ul style="list-style-type: none"> (j) sign any statement made by him in the course of any proceedings under this Code which an income-tax authority may legally require him to sign; (k) attend or produce books of account or documents at the place or time, if he is required to attend or to give evidence or produce books of account or other documents, at certain place and time in response to summons issued under sub-section (1) of section 144; (l) furnish in time the return of transportation charges as required under section 182; (m) give notice of discontinuance of business as required under section 186; (n) to allow inspection of any register under section 151 or of any entry in such register or to allow copies of such register or of any entry therein to be taken; (o) furnish in time the return of tax deduction as required under section 217 or furnish correct information in such return; (p) furnish in time the return of tax collection as required under section 221 or furnish correct information in such return; (q) furnish a certificate to the deductee as required under section 217; (r) furnish a certificate to the buyer, lessee or licensee as required under section 221; (s) deduct and pay tax as required under sub-section (2) of section 242; (t) deliver, or cause to be delivered, a return in respect of payment of interest as required under sub-section (1) of section 218; (u) deliver, or cause to be delivered, a return in respect of payment as required under sub-section (3) of section 218; (v) comply with the provisions of section 296; (w) comply with the provisions of section 297; (x) comply with a notice issued under section 157 or section 161 or section 164 or directions under section 162; or (y) furnish the annual information return as required under sub-section (3) of section 299,; (z) obtain and furnish a report from an accountant as required under section 103 or 106, as the case may be. <p>(2) he penalty referred to in sub-section (1) shall be —</p> <ul style="list-style-type: none"> (a) any sum which shall not be less than fifty thousand rupees but which may extend to two lakh rupees, in the cases referred to in clause (a) or clause (b) of sub-section (1); (b) a sum which shall be equal to the amount of tax deductible or collectible or payable, as the case may be, in the cases referred to in clauses (c) to (e) of sub-section (1); (c) five thousand rupees, in the case referred to in clause (f) of subsection (1); (d) a sum equal to the amount of loan or deposit taken or accepted, or repaid, as the case may be, in the case referred to in clause (g) of sub-section (1); (e) ten thousand rupees for each default, in the cases referred to in clause (v) or clause (w) of sub-section (1); (f) any sum which shall not be less than five thousand rupees but which may extend to one lakh rupees, in any other case referred to in sub-section (1). 	
--	--	--

<p>Procedure</p>	<p>256. (1) The income-tax authority shall, for the purposes of imposing any penalty under this Chapter, issue a notice to any assessee requiring him to show cause why the penalty should not be imposed on him.</p> <p>(2) The income-tax authority for the purposes of sub-section (1) shall be—</p> <p>(a) the income-tax authority referred to in sub-section (13) of section 252, if the penalty is imposable under the said section;</p> <p>(b) the Assessing Officer, if the penalty is imposable under section 253; and</p> <p>(c) the income-tax authority before whom the default has been committed, if the penalty is imposable under section 254 or section 255.</p> <p>(3) The notice referred to in sub-section (1) shall be issued—</p> <p>(a) during the pendency of any proceedings under this Code for the relevant financial year, in respect of penalties referred to in section 252 or section 253;</p> <p>(b) within a period of three years from the end of the financial year in which the default is committed, in respect of penalties referred to in section 255.</p> <p>(4) No order imposing a penalty under this Chapter shall be made unless the assessee has been given an opportunity of being heard.</p> <p>(5) An order imposing a penalty under this Chapter shall be made with the approval of the Joint Commissioner, if—</p> <p>(a) the penalty exceeds one lakh rupees and the income-tax authority levying the penalty is in the rank of Income-tax Officer; or</p> <p>(b) the penalty exceeds five lakh rupees and the income-tax authority levying the penalty is in the rank of Assistant Commissioner or Deputy Commissioner.</p> <p>(6) Every order of penalty issued under this Chapter shall be accompanied by a notice of demand in respect of the amount of penalty imposed and such notice of demand shall be deemed to be a notice under section 174.</p>	
	<p>257. (1) No order imposing a penalty under this Chapter shall be passed after the expiry of a period of one year from the end of the financial year in which the notice for imposition of penalty is issued under section 256.</p> <p>(2) An order imposing, or dropping the proceedings for imposition of, penalty under this Chapter may be revised, or revived, as the case may be, on the basis of assessment of the tax bases as revised after giving effect to the order of the Commissioner (Appeals), the Appellate Tribunal, the High Court or the Supreme Court or order of revision under section 203 or section 204.</p> <p>(3) An order revising or reviving the penalty under sub-section (2) shall not be passed after the expiry of a period of six months from the end of the month in which order of the Commissioner (Appeals), the Appellate Tribunal, the Authority for Advance Rulings and Dispute Resolution, the High Court or the Supreme Court is received by the Chief Commissioner or the Commissioner or the order of revision under section 203 or section 204 is passed.</p> <p>(4) In computing the period of limitation for the purposes of this section, the following time or period shall not be included—</p> <p>(a) the time taken in giving an opportunity to the assessee to be reheard under section 143; and</p> <p>(b) any period during which a proceeding under this Chapter for the levy of penalty is stayed by an order, or injunction, of any court.</p>	<p>Bar of limitation for imposing penalty</p>

CHAPTER XVII PROSECUTION		
	258. The provisions of this Chapter shall be in addition to, and not in derogation of, the provisions of any other law for the time being in force, relating to prosecution for offences thereunder.	Chapter not in derogation of any other law
	259. Whoever contravenes any order referred to in sub-section (7) of section 145 shall be punishable with rigorous imprisonment which may extend to two years and with fine, which shall not be less than fifty thousand rupees but which may extend to five lakh rupees.	Contravention of any restraint order
	260. If a person who is required to afford the authorised officer the necessary facility to inspect the books of account or other documents, as required under clause (d) of sub-section (2) of section 145, fails to afford such facility to the authorised officer, he shall be punishable with rigorous imprisonment for a term which may extend to two years and with fine, which shall not be less than fifty thousand rupees but which may extend to five lakh rupees.	Failure to comply with the provisions of clause (d) of sub-section (2) of section 145.
	261. Whoever fraudulently removes, conceals, transfers or delivers to any person, any property or any interest therein, intending thereby to prevent that property or interest therein from being taken in execution of a certificate under the provisions of the Eighteenth Schedule shall be punishable with rigorous imprisonment for a term which may extend to two years and with fine, which shall not be less than fifty thousand rupees but which may extend to five lakh rupees.	Removal, concealment, transfer or delivery of property to thwart tax recovery.
Failure to comply with the provisions of sub-sections (1) and (3) of section 245.	<p>262. (1) If a person —</p> <ul style="list-style-type: none"> (a) fails to give the information as required by sub-section (1) of section 245; (b) fails to set aside the amount as required by sub-section (3) of that section; or (c) parts with any of the assets of the company, or the properties, in his custody in contravention of the provisions of the said sub-section (3), <p>he shall be punishable with rigorous imprisonment for a term which shall not be less than six months but which may extend to two years and with fine, which shall not be less than fifty thousand rupees, but which may extend to five lakh rupees.</p> <p>(2) No person shall be punishable for any failure referred to in sub-section (1), if he proves that there was reasonable cause for such failure.</p>	
Failure to pay tax deducted or collected at source or to pay dividend or income distribution tax.	<p>263. (1) If a person fails to pay to the credit of the Central Government,—</p> <ul style="list-style-type: none"> (a) the tax deducted, or collected, at source by him as required by, or under, the provisions of Sub-chapter A or Sub-chapter B of Chapter XIV; (b) the dividend distribution tax under section 112; or (c) the tax on distributed income under section 113, <p>he shall be punishable—</p>	

	<p>(i) with rigorous imprisonment for a term which shall not be less than three months but which may extend to seven years; and</p> <p>(ii) with fine to be determined at the rate of three per cent. of the tax for each month of default, for the period commencing from the date on which the amount was required to be paid to the credit of the Central Government and ending with the date of payment or the date of conviction, whichever is earlier.</p> <p>(2) No person shall be punishable for any failure referred to in clause (a) of sub-section (1), if he proves that there was reasonable cause for such failure.</p>	
Wilful attempt to evade tax.	<p>264. (1) If a person wilfully attempts in any manner whatsoever to evade any tax, penalty or interest chargeable or imposable under this Code, he shall, without prejudice to any penalty that may be imposable on him under any other provision of this Code, be punishable,—</p> <p>(i) in a case where the amount sought to be evaded exceeds twenty five lakh rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees;</p> <p>(ii) in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to two years and with fine which shall not be less than twenty-five thousand rupees but which may extend to three lakh rupees.</p> <p>(2) If a person wilfully attempts in any manner whatsoever to evade the payment of any tax, penalty or interest under this Code, he shall, without prejudice to any penalty that may be imposable on him under any other provision of this Code, be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to two years and shall, in the discretion of the court, also be liable to fine.</p> <p>(3) For the purposes of this section, a wilful attempt to evade any tax, penalty or interest chargeable or imposable under this Code or the payment thereof shall include a case where any person—</p> <p>(a) has in his possession, or control, any books of account or other documents, relevant to any proceeding under this Code, containing a false entry or statement;</p> <p>(b) makes, or causes to be made, any false entry, or statement, in such books of account or other documents;</p> <p>(c) wilfully omits, or causes to be omitted, any relevant entry, or statement, in such books of account or other documents; or</p> <p>(d) causes any other circumstance to exist which will have the effect of enabling such person to evade any tax, penalty or interest chargeable or imposable under this Code, or the payment thereof.</p>	
Failure to furnish return of tax bases.	<p>265. (1) If a person wilfully fails to furnish in due time the return of tax bases—</p> <p>(a) under sub-section (1) of section 155 or in response to a notice given under section 157; or</p> <p>(b) in response to a notice given under section 171,</p> <p>he shall be punishable—</p> <p>(i) in a case where the amount of tax which would have been evaded, if the failure had not been discovered, exceeds twenty five lakh rupees, with rigorous imprisonment for a term which shall not be less than six months but which may</p>	

	<p>extend to seven years and with fine which shall not be less than one hundred rupees but which may extend to five hundred rupees, for every day during which the default continues;</p> <p>(ii) in any other case, with imprisonment for a term which shall not be less than three months but which may extend to two years and with fine which shall not be less than fifty rupees but which may extend to three hundred rupees, for every day during which the default continues.</p> <p>(2) A person shall not be proceeded against under this section for failure to furnish in due time the return of tax bases—</p> <p>(a) under sub-section (1) of section 155, or in response to a notice given under section 157, if the return is furnished before the expiry of the financial year in which such return is due;</p> <p>(b) in response to a notice given under section 171, if the return is filed before the expiry of the period specified in the said notice; or</p> <p>(c) the tax payable by the person on the tax bases determined on assessment or re-assessment as reduced by advance tax, or tax collected or deducted at source, does not exceed twenty-five thousand rupees.</p>	
Failure to furnish statements, reports, etc.	266. If a person wilfully fails to produce, or cause to be produced, on or before the date specified in any notice served on him under sub-section (2) of section 161, such accounts and documents as are referred to in the notice, he shall be punishable with rigorous imprisonment for a term which may extend to one year or with fine equal to a sum calculated at a rate which shall not be less than one thousand rupees or more than five thousand rupees for every day during which the default continues, or with both.	
Failure to comply with direction under this Code.	267. If a person wilfully fails to comply with a direction issued to him under sub-section (1) of section 162, he shall be punishable with rigorous imprisonment for a term which may extend to one year or with fine equal to a sum calculated at a rate which shall not be less than fifty rupees or more than one hundred rupees for every day during which the default continues, or with both.	
	<p>268. If a person makes a statement in any verification under this Code or under any rule made thereunder, or delivers an account or statement which is false, and which he either knows or believes to be false, or does not believe to be true, he shall be punishable,—</p> <p>(i) in a case where the amount of tax which would have been evaded if the statement or account had been accepted as true exceeds twenty five lakh rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees;</p> <p>(ii) in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to two years and with fine which shall not be less than twenty-five thousand rupees but which may extend to three lakh rupees.</p>	False statement in verification.
	269. (1) If any person (herein referred to as the first person) wilfully and with intent to enable any other person (herein referred to as the second person) to evade any tax or interest or penalty chargeable or impossible under this Code, makes or causes to be made any entry or statement which is false and which the first person either knows to be false or does not believe to be true, in any books of account or other document relevant to or useful in any proceedings against the first person	Falsification of books of account or documents.

	<p>or the second person, under this Code, the first person shall be punishable with rigorous imprisonment for a term which shall not be less than three months, but which may extend to two years and with fine which shall not be less than twenty-five thousand rupees but which may extend to three lakh rupees.</p> <p>(2) For the purposes of establishing the charge under this section, it shall not be necessary to prove that the second person has actually evaded any tax, penalty or interest chargeable or imposable under this Code.</p>	
	<p>270. (1) If a person abets or induces in any manner another person to make and deliver an account or a statement or declaration relating to any tax bases chargeable to tax which is false and which he either knows to be false or does not believe to be true or to commit an offence under sub-section (1) of section 264, he shall be punishable,—</p> <p>(i) in a case where the amount of tax, penalty or interest which would have been evaded, if the declaration, account or statement had been accepted as true, or which is wilfully attempted to be evaded exceeds twenty five lakh rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees;</p> <p>(ii) in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to two years and with fine which shall not be less than twenty-five thousand rupees but which may extend to three lakh rupees.</p>	<p>Abetment of false return.</p>
	<p>271. (1) Where an offence under this Code has been committed by a company, every person who, at the time the offence was committed, was in charge of, and was responsible to, the company for the conduct of the business of the company as well as the company shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly.</p> <p>(2) Nothing in sub-section (1) shall render any such person liable to any punishment if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.</p> <p>(3) Notwithstanding anything in sub-section (1), where an offence under this Code has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.</p> <p>(4) Where an offence under this Code has been committed by a person, being a company, and the punishment for such offence is imprisonment and fine, then, without prejudice to sub-section (1) or sub-section (3), such company shall be punished with fine and every person, referred to in sub-section (1), or the director, manager, secretary or other officer of the company referred to in sub-section (3), shall be liable to be proceeded against and punished in accordance with the provisions of this Code.</p> <p>(5) In this section—</p> <p>(a) “company” means a body corporate, and includes —</p> <p>(i) an unincorporated body;</p> <p>(ii) a Hindu undivided family;</p> <p>(b) “director”, in relation to —</p> <p>(i) an unincorporated body, means a participant in the body;</p>	<p>Offences by companies, etc.</p>

	<p>(ii) a Hindu undivided family, means an adult member of the family; and</p> <p>(iii) a company, means a whole-time director, or where there is no such director, any other director or manager or officer, who is in charge of the affairs of the company.</p>	
Proof of entries in records or documents.	<p>272. (1) The entries in the records, or other documents, in the custody of an income- tax authority shall be admitted in evidence in any proceeding for the prosecution of any person for an offence under this Chapter.</p> <p>(2) The entries referred to in sub-section (1) may be proved by the production of—</p> <p>(a) the records or other documents (containing such entries) in the custody of the income-tax authority; or</p> <p>(b) a copy of the entries certified by that authority under its signature, as true copy of the original entries contained in the records or other documents in its custody.</p>	
Presumption as to assets, and books of account, in certain cases.	<p>273. (1) Where during the course of any search made under section 145, any material has been found in the possession or control of any person and such material is tendered by the prosecution in evidence against such person, or against such person and the person referred to in section 270, for an offence under this Code, the provisions of section 316 shall, so far as may be, apply in relation to such material.</p> <p>(2) Where any material taken into custody, from the possession or control of any person, is delivered to the requisitioning officer under section 146 and such material is tendered by the prosecution in evidence against such person, or against such person and the person referred to in section 270, for an offence under this Code, the provisions of section 316 shall, so far as may be, apply in relation to such material.</p>	
Presumption as to culpable mental state.	<p>274. (1) In any prosecution for any offence under this Code which requires a culpable mental state on the part of the accused, the court shall presume the existence of such mental state but it shall be a defence for the accused to prove the fact that he had no such mental state with respect to the act charged as an offence in that prosecution.</p> <p>(2) In this section—</p> <p>(a) “culpable mental state” includes intention, motive or knowledge of a fact or belief in, or reason to believe, a fact;</p> <p>(b) a fact is said to be proved only when the court believes it to exist beyond reasonable doubt and not merely when its existence is established by a preponderance of probability.</p>	
	<p>275. (1) A person shall not be proceeded against for an offence under sections 259 to 270 (both inclusive) except with the previous sanction of the Commissioner or the Commissioner (Appeals), as the case may be.</p> <p>(2) The Chief Commissioner may issue such instructions, or directions, to the income-tax authorities referred to in sub-section (1) as he may think fit for the institution of proceedings under this section.</p> <p>(3) The Chief Commissioner may compound, either before, or after the institution of proceedings (with permission of the Court), any offence under this Chapter, under the circumstances and for the amount, as may be prescribed.</p>	Prosecution to be at instance of Chief Commissioner or Commissioner.

	<p>(4) The power of the Board to issue orders, instructions or directions under this Code shall include the power to issue orders, instructions or directions (including instructions or directions to obtain its previous approval) to other income-tax authorities for the proper composition of offences (including an authorisation to file and pursue complaints by one or more Inspectors of Income-tax) under this section.</p> <p>(5) An offence in relation to which a punishment has been awarded by a court shall not be compounded.</p> <p>(6) Where any proceeding has been taken against any person under sub-section (1), any statement made or account or other document produced by such person before any income-tax authority, other than an Inspector, shall not be inadmissible as evidence for the purpose of such proceedings merely on the ground that such statement was made or such account or other document was produced in the belief that the offence, in respect of which such proceeding was taken, would be compounded.</p>	
	<p>276. If any person convicted of an offence under sections 263, 264, 265, 266, 268, 269 and section 270 is again convicted of an offence under any of the aforesaid provisions, he shall be punishable for the second and every subsequent offence with rigorous imprisonment for a term which shall not be less than six months, but which may extend to seven years and with fine which shall not be less than fifty thousand rupees, but which may extend to five lakh rupees.</p>	Punishment for second and subsequent offences.
2 of 1974	<p>277. Notwithstanding anything in the Code of Criminal Procedure, 1973, any offence punishable under this Chapter shall be deemed to be non-cognizable within the meaning of that Code.</p>	Offences to be non-cognizable
	<p>278. (1) If a public servant furnishes any information or produces any document in contravention of the provisions of section 153, he shall be punishable with imprisonment for a term which may extend to six months, and with fine.</p> <p>(2) No prosecution shall be instituted under this section except with the previous sanction of the Central Government, which may be accorded only after giving such public servant an opportunity of being heard.</p>	Disclosure of information by public servants.
Special Courts 2 of 1974	<p>279. (1) The Central Government, in consultation with the Chief Justice of the High Court, may, for trial of offences punishable under this Chapter, by notification, designate one or more courts of Magistrate of the first class as Special Court for such area or areas or for such cases or class or group of cases as may be specified in the notification.</p> <p>(2) While trying an offence under this Code, a Special Court shall also try an offence, other than an offence referred to in sub-section (1), with which the accused may, under the Code of Criminal Procedure, 1973, be charged at the same trial.</p> <p>(3) For the purposes of this section High Court refers to the High Court of the State in which a Magistrate of first class designated as Special Court was functioning immediately before such designation.</p>	
Offences triable by Special Courts	<p>280. Notwithstanding anything contained in the Code of Criminal Procedure, 1973,—</p> <p>(a) the offences punishable under this Chapter shall be triable only by the Special Court, if so designated, for the area or areas or for cases or class or group of cases, as the case may be, in which the offence has been committed; or</p> <p>(b) a court competent to try offences under section 313,—</p>	2 of 1974

	<p>(i) which has been designated as a Special Court, shall continue to try the offences before it or offences arising under this Code after such designation;</p> <p>(ii) which has not been designated as a Special Court may continue to try such offence pending before it till its disposal;</p> <p>(c) a Special Court may, upon a complaint made by an authority authorised in this behalf under this Code, take cognizance of the offence for which the accused is committed for trial.</p>													
Trial of offences as summons case	281. Notwithstanding anything contained in the Code of Criminal Procedure, 1973, the Special Court, shall try an offence under this Chapter punishable with imprisonment not exceeding two years or with fine or with both as a summons case, and the provisions of that Code as applicable in the case of trial of summons case shall apply accordingly.	2 of 1974												
Application of Code of Criminal Procedure, 1973 to proceedings before Special Court	<p>282. (1) Save as otherwise provided in this Code, the provisions of the Code of Criminal Procedure, 1973 (including the provisions as to bails or bonds), shall apply to the proceedings before a Special Court and the person conducting the prosecution before the Special Court, shall be deemed to be a Public Prosecutor.</p> <p>(2) The Central Government may also appoint for any case or class or group of cases a Special Public Prosecutor.</p> <p>(3) A person shall not be qualified to be appointed as a Public Prosecutor or a Special Public Prosecutor under this section unless he has been in practice as an advocate for not less than seven years, requiring special knowledge of law.</p> <p>(4) Every person appointed as a Public Prosecutor or a Special Public Prosecutor under this section shall be deemed to be a Public Prosecutor within the meaning of clause (u) of section 2 of the Code of Criminal Procedure, 1973 and the provisions of that Code shall have effect accordingly.</p>	2 of 1974												
<p>CHAPTER XVIII</p> <p>ADVANCE RULINGS AND DISPUTE RESOLUTION</p>														
	<p>283. An applicant or appellant, specified in column (2) of the Table given below, may seek a ruling or, as the case may be, a resolution of dispute on matters specified in the corresponding entry of column (3) of the said Table:</p> <p style="text-align: center;">TABLE</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Serial number</th> <th style="text-align: center;">Applicant/Appellant</th> <th style="text-align: center;">Scope of ruling and dispute resolution</th> </tr> <tr> <th style="text-align: center;">(1)</th> <th style="text-align: center;">(2)</th> <th style="text-align: center;">(3)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1.</td> <td>Non-resident.</td> <td>A determination in relation to a transaction which has been undertaken, or is proposed to be undertaken, by the applicant, and such determination shall include the determination of any question of law, or of fact, specified in the application.</td> </tr> <tr> <td style="text-align: center;">2.</td> <td>Resident.</td> <td>A determination in relation to the tax liability of a non-resident arising out of a transaction which has been</td> </tr> </tbody> </table>	Serial number	Applicant/Appellant	Scope of ruling and dispute resolution	(1)	(2)	(3)	1.	Non-resident.	A determination in relation to a transaction which has been undertaken, or is proposed to be undertaken, by the applicant, and such determination shall include the determination of any question of law, or of fact, specified in the application.	2.	Resident.	A determination in relation to the tax liability of a non-resident arising out of a transaction which has been	Scope of ruling and dispute resolution.
Serial number	Applicant/Appellant	Scope of ruling and dispute resolution												
(1)	(2)	(3)												
1.	Non-resident.	A determination in relation to a transaction which has been undertaken, or is proposed to be undertaken, by the applicant, and such determination shall include the determination of any question of law, or of fact, specified in the application.												
2.	Resident.	A determination in relation to the tax liability of a non-resident arising out of a transaction which has been												

	<p>undertaken, or is proposed to be undertaken, by the applicant with such non-resident, and such determination shall include the determination of any question of law, or of fact, specified in the application.</p> <p>3. Resident or Non-resident A determination or decision whether an arrangement, which is proposed to be undertaken by applicant is an impermissible avoidance arrangement as referred to in Chapter XII or not.</p> <p>4. Any class of residents, as notified by the Central Government in this behalf. A determination in respect of an issue relating to computation of tax bases which is pending before any income-tax authority, or the Appellate Tribunal, and such determination shall include the determination of any question of law or of fact relating to such computation of tax bases specified in the application.</p> <p>5. Public Sector company or Commissioner A resolution of any dispute relating to computation of tax bases or any other issue arising from— (i) an appellate, penalty or rectification order of the Commissioner (Appeals); (ii) a revision, penalty or rectification order of the Commissioner, in the case of a public sector company.</p> <p>6. Public Sector Company. A resolution of any dispute relating to computation of tax bases or any other issue arising from the order of an Assessing Officer passed in pursuance of the direction of the Dispute Resolution Panel or with the approval of the Commissioner under sub-section (12) of section 169, or any rectification order in relation to such order.</p>	
<p>Authority for Advance Rulings and Dispute Resolution.</p>	<p>284. (1) The Central Government shall constitute an Authority for Advance Rulings and Dispute Resolution (hereinafter referred to as the Authority) for the purposes of pronouncing an advance ruling and resolution of disputes.</p> <p>(2) The Authority shall consist of a Chairperson and such number of Vice-chairpersons, revenue members and law Members as the Central Government may appoint.</p> <p>(3) A person shall not be qualified for appointment as— (a) the Chairperson unless he has been a Judge of the Supreme Court; (b) the Vice-chairperson unless he has been a Judge of a High Court; (c) a revenue Member unless he is an officer of the Indian Revenue Service and is a Chief Commissioner; (d) a Member (law) unless he is an officer of the Indian Legal Service and is an Additional Secretary to the Government of India.</p> <p>(4) The salaries and allowances payable to, and the terms and conditions of service of, the Members shall be such as may be prescribed.</p> <p>(5) The Central Government shall provide to the Authority such officers and staff, as may be necessary, for the efficient exercise of the powers of the Authority under this Code.</p>	

	<p>(6) The powers and functions of the Authority may be discharged by its Benches constituted by the Chairperson of the Authority from amongst the members thereof.</p> <p>(7) A Bench shall consist of the Chairperson or the Vice-chairperson and one revenue Member and one Member (law).</p> <p>(8) The principal Bench of the Authority shall be located in National Capital Territory of Delhi and other Benches of the Authority shall be located at such places as is deemed fit by the Central Government.</p> <p>(9) No proceeding before, or pronouncement of advance ruling or order or direction on appeal for resolution of dispute by, the Authority shall be questioned, or shall be invalid, on the ground merely of the existence of any vacancy, or defect, in the constitution of the Authority.</p>	
<p>Procedure for advance ruling.</p>	<p>285. (1) An applicant may make an application for seeking advance ruling, under this Chapter, stating the question on which the advance ruling is sought.</p> <p>(2) The application shall be made in such form and manner and be accompanied by such fees as may be prescribed.</p> <p>(3) An applicant may withdraw an application within a period of thirty days from the date of filing of the application.</p> <p>(4) On receipt of an application, the Authority shall cause a copy thereof to be forwarded to the Commissioner and, if necessary, call upon him to furnish the relevant records.</p> <p>(5) The Authority may, after examining the application and the records called for, by an order in writing, either allow or reject the application.</p> <p>(6) No application shall be rejected under sub-section (5) unless an opportunity of being heard has been given to the applicant and reasons for such rejection shall be given in the order.</p> <p>(7) The Authority shall not allow the application where the question raised in the application—</p> <ul style="list-style-type: none"> (a) is already pending before any income-tax authority, Appellate Tribunal or any court; (b) involves determination of fair market value of any property; (c) relates to a transaction or issue which is designed <i>prima facie</i> for the avoidance of income-tax except where the applicant referred to in serial no. 3 of the Table given in section 283 has requested for the determination or decision of the Authority. <p>(8) Notwithstanding anything in sub-section (7), in the case of any person falling within the class of residents notified under section 283, the Authority may allow the application even if the question raised therein is pending before any income-tax authority or Appellate Tribunal.</p> <p>(9) A copy of every order made under sub-section (5) shall be sent to the applicant and to the Commissioner.</p> <p>(10) The Authority shall, in a case where an application is allowed under sub-section (5), pronounce its advance ruling on the question specified in the application, after examining such further material as may be placed before it by the applicant or the Commissioner or obtained by the Authority.</p> <p>(11) The Authority shall, before pronouncing its advance ruling, provide an opportunity of being heard to the applicant and to the Commissioner.</p> <p>(12) The Authority shall pronounce its advance ruling in writing within a period of six months of the receipt of the application.</p> <p>(13) A copy of the advance ruling pronounced by the Authority, duly signed by the Members and certified in such manner as may be prescribed, shall be sent to the applicant and to the</p>	

	Commissioner, as soon as may be, after such pronouncement.	
	286. No income-tax authority, or the Appellate Tribunal, shall proceed to decide any issue in respect of which an application has been made by a person falling within the class of residents notified under section 283.	Income-tax authority or Appellate Tribunal not to proceed in certain cases.
	287. (1) The advance ruling pronounced by the Authority under section 285 shall be binding only— (a) on the applicant in whose case the advance ruling has been pronounced; (b) in respect of the transaction in relation to which the advance ruling has been pronounced; and (c) on the Commissioner, and the income-tax authorities subordinate to him, in respect of the applicant and the said transaction. (2) The advance ruling referred to in sub-section (1) shall not be binding, if there is a change in law, or fact, on the basis of which the advance ruling has been pronounced.	Applicability of advance ruling
	288. (1) The Authority may, by order, declare an advance ruling to be void <i>ab initio</i> if it finds, on a representation made by the Commissioner or otherwise, that the ruling has been obtained by the applicant by fraud or misrepresentation of facts. (2) Upon declaring the ruling to be void <i>ab initio</i> , all the provisions of this Code shall apply (after excluding the period beginning with the date of such advance ruling and ending with the date of order under sub-section (1) to the applicant as if such advance ruling had never been made. (3) A copy of the order made under sub-section (1) shall be sent to the applicant and to the Commissioner.	Advance ruling to be void in certain circumstances
Procedure for dispute resolution	289. (1) An appellant may prefer an appeal against the orders referred to in serial numbers 5 and 6 of the Table given in section 283 for seeking resolution of a dispute. (2) Every appeal under sub-section (1) shall be preferred within a period of sixty days from the date on which the order sought to be appealed against is communicated to the appellant. (3) The respondent, on receipt of notice that an appeal against the order of the Commissioner (Appeals) has been preferred under sub-section (1) by the other party, may file a memorandum of cross objections against any part of the order of the Commissioner (Appeals) within a period of thirty days of the receipt of the notice. (4) The memorandum of cross objections shall be disposed of by the Authority as if it were an appeal preferred within the time specified in sub-section (2). (5) The authority may admit an appeal, or a memorandum of cross-objections, after the expiry of the period specified in such sub-section (2) or sub-section (3), if – (a) it is satisfied that the appellant had sufficient cause for not preferring it within that time; and (b) the delay in filing the appeal does not exceed a period of one year.	

	<p>(6) The appeal, or the memorandum of cross objections, shall be in such form and manner and be verified in such manner as may be prescribed.</p> <p>(7) The appeal by the public sector company shall be accompanied by such fees as may be prescribed.</p> <p>(8) The Authority may, after giving both the parties to the appeal an opportunity of being heard, pass such orders thereon as it thinks fit.</p> <p>(9) A copy of the order passed by the Authority shall be sent to both the parties.</p> <p>(10) Every appeal preferred under this section shall be heard and disposed of by the Authority as expeditiously as possible and endeavour shall be made to dispose of such appeal within a period of two years from the end of the financial year in which the appeal is preferred.</p> <p>(11) The order or direction of the Authority in the matter of an appeal shall be final and binding on both the parties.</p>	
Stay of demand by the Authority.	<p>290. (1) A public sector company may make an application to the Authority for stay of demand relating to the appeal preferred by it under section 289 and such application shall be accompanied by such fee as may be prescribed.</p> <p>(2) The Authority may, after giving both the parties to the appeal an opportunity of being heard and having considered the merits of the case, pass such orders on the application for stay of demand, as it deems fit.</p> <p>(3) The Authority may pass an order of stay under sub-section (2) for a period not exceeding one hundred and eighty days from the date of passing of the order for stay and the Authority shall dispose of the appeal within the period of stay as specified in that order.</p> <p>(4) The Authority may, on an application made by the public sector company seeking extension of the period of stay, extend the period of stay allowed under sub-section (2), if it is satisfied that the delay in disposing of the appeal is not attributable to the company.</p> <p>(5) The aggregate of the period originally allowed under sub-section (2) and the period or periods extended under sub-section (4) shall not, in any case, exceed three hundred and sixty-five days from the date of passing the order of stay under sub-section (2).</p> <p>(6) The Authority shall dispose of the appeal during the period of stay allowed under sub-section (2) or the period or periods extended under sub-section (4), notwithstanding that the delay in disposing of the appeal is not attributable to the company and where the Authority fails to do so, the stay order shall stand vacated.</p>	
	<p>291. (1) The Authority may, either <i>suo motu</i> or on the mistake being brought to its notice by the applicant or the public sector company or the Commissioner or the Assessing Officer, with a view to rectifying any mistake apparent from the record, amend any order passed by it under section 285 or section 289.</p> <p>(2) No order under sub-section (1) shall be passed after a period of four years from the date on which the order sought to be amended was made.</p> <p>(3) The Authority shall not make an amendment which has the effect of enhancing an assessment or reducing a refund or otherwise increasing the liability of the public sector company without giving the said company an opportunity of being heard.</p>	Power to rectify a mistake.
5 of 1908	<p>292. (1) The Authority shall, for the purpose of exercising its powers, have all the powers of a civil court under the Code of Civil Procedure, 1908 as referred to in section 144 of this Code.</p>	Powers of Authority

<p>2 of 1974</p> <p>45 of 1860</p>	<p>(2) The Authority shall be deemed to be a civil court for the purposes of section 195 and Chapter XXVI of the Code of Criminal Procedure, 1973.</p> <p>(3) Every proceeding before the Authority shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228, and for the purpose of section 196, of the Indian Penal Code, 1860.</p>	
	<p>293. The Authority shall, subject to the provisions of this Chapter, have power to regulate its own procedure in all matters arising out of the exercise of its powers under this Code.</p>	<p>Procedure of Authority</p>
	<p>294. In this Chapter, unless the context otherwise requires,—</p> <p>(a) “advance ruling” means a ruling by the Authority on a question raised by the applicant under section 285 within the scope as specified under section 283;</p> <p>(b) “appellant” means a public sector company or the Commissioner who prefers an appeal under sub-section (1) of section 289;</p> <p>(c) “applicant” means any person who makes an application under sub-section (1) of section 285;</p> <p>(d) “application” means an application made to the Authority under sub-section (1) of section 285;</p> <p>(e) “Authority” means the Authority for Advance Rulings and Dispute Resolution constituted under section 284;</p> <p>(f) “Chairperson” means the Chairperson of the Authority;</p> <p>(g) “Member” means a Member of the Authority and includes the Chairperson and Vice-chairperson;</p> <p>(h) “Vice-chairperson” means the Vice-chairperson of the Authority.</p>	<p>Interpretations in this chapter</p>
	<p>PART H</p> <p>GENERAL</p> <p>CHAPTER XIXVIII</p> <p>GENERAL PROVISION</p>	
<p>Agreement with foreign countries or specified territories.</p>	<p>295. (1) The Central Government may enter into an agreement with the Government of any other country—</p> <p>(a) for the granting of relief in respect of —</p> <p>(i) income or wealth on which income-tax or wealth-tax, as the case may be, has been paid both under this Code and under the corresponding law in force in that country; or</p> <p>(ii) income-tax or wealth-tax chargeable under this Code and under the corresponding law in force in that country to promote mutual economic relations, trade and investment;</p> <p>(b) for the avoidance of double taxation of income or wealth under this Code and under the corresponding law in force in that country;</p> <p>(c) for exchange of information for the prevention of evasion or avoidance of income-tax or wealth-tax chargeable under this Code or under the corresponding law in force in</p>	

	<p>that country, or investigation of cases of such evasion or avoidance;</p> <p>(d) for recovery of income-tax or wealth-tax under this Code and under the corresponding law in force in that country; or</p> <p>(e) for carrying out any other purpose of this Code not expressly covered under clauses (a) to (d) above or the corresponding law in force in that country.</p> <p>(2) The Central Government may enter into an agreement with the Government of any specified territory outside India for the purposes specified in sub-section (1).</p> <p>(3) The Central Government may, by notification, make such provisions as may be necessary for implementing the agreements referred to in sub-sections (1) and (2).</p> <p>(4) Any specified association in India may enter into an agreement with any specified association in the specified territory outside India for the purposes of sub-section (1) and the Central Government may by notification make such provisions as may be necessary for adopting and implementing such agreement.</p> <p>(5) A person shall not be entitled to claim relief under the provisions of the agreement unless a certificate of his being a resident in the other country or specified territory is obtained by him from the tax authority of that country or specified territory.</p> <p>(6) The person referred to in sub-section (5) shall also provide such other documents and information, as may be prescribed.</p> <p>(7) The provisions of this Code shall not be regarded as discriminatory against the foreign company merely on the consideration that the liability of the foreign company to pay tax is calculated at a rate higher than the rate at which the liability of a domestic company is calculated or the foreign company is liable to branch profits tax under section 114.</p> <p>(8) Any term used but not defined in this Code or in the agreement referred to in sub-sections (1), (2) or sub-section (4) shall, unless the context otherwise requires, and is not inconsistent with the provisions of this Code or the agreement, have the meaning assigned to it in the notification issued by the Central Government and such meaning shall be deemed to have effect from the date on which the said agreement came into force.</p> <p>(9) Where the Central Government has entered into an agreement under sub-section (1) or sub-section (2), or has adopted an agreement entered into by the specified association under sub-section (4), as the case may be, then the provisions of this Code shall apply in relation to the assessee to whom such agreement applies, to the extent they are more beneficial to him.</p> <p>(10) Notwithstanding anything in sub-section (9), the provisions of this Code relating to—</p> <p>(a) General Anti-Avoidance Rule under Chapter XII;</p> <p>(b) levy of branch profits tax under section 114; or</p> <p>(c) Controlled Foreign Company Rules referred to in the Second Schedule,</p> <p>shall apply, whether or not such provisions are beneficial to the assessee.</p>	
	<p>296. (1) Every person who fulfils such conditions and requirements as may be prescribed shall make an application for the allotment of a permanent account number and such person shall be allotted a permanent account number.</p> <p>(2) Any person not required to make an application under sub-section (1) may make an application for the allotment of permanent account number and he shall be allotted a permanent account number.</p> <p>(3) A permanent account number may, having regard to the nature of transactions as may be prescribed, be allotted to any other person, whether or not an application is made by him.</p>	<p>Permanent account number.</p>

	<p>(4) Any person who has been allotted a permanent account number shall quote the number in such transactions or documents as may be prescribed.</p> <p>(5) In respect of the permanent account number, the Board shall prescribe—</p> <p>(a) the form and the manner in which an application may be made for the allotment of a permanent account number and the particulars which the application shall contain;</p> <p>(b) the income-tax authority or any other person who shall be authorised to receive the application or allot the permanent account number;</p> <p>(c) the categories of transactions in relation to which permanent account number shall be quoted by every person in the documents pertaining to those transactions;</p> <p>(d) the categories of documents in which the permanent account number shall be quoted by every person;</p> <p>(e) class or classes of persons to whom the provisions of this section shall not apply;</p> <p>(f) the form and the manner in which the person who has not been allotted a permanent account number shall make his declaration in relation to categories of transactions and documents;</p> <p>(g) the manner in which the permanent account number shall be quoted in respect of the categories of transactions referred to in clause (c); and</p> <p>(h) any other matter connected therewith.</p>	
<p>Tax account number.</p>	<p>297. (1) Every person liable to deduct tax at source, or collect tax at source, shall make an application for the allotment of a tax account number and such person shall be allotted a tax account number.</p> <p>(2) Any person who has been allotted a tax account number shall quote the number in such transactions or documents as may be prescribed.</p> <p>(3) The provisions of this section shall not apply to the person required to deduct income-tax in respect of the payment of the nature specified at Sl. No. 15 of the Twentieth Schedule.</p>	
<p>Mode of acceptance or repayment of certain loans or deposits.</p>	<p>298. (1) No person shall accept from any other person any loan or deposit of money otherwise than by an account payee cheque or bank draft or by the use of electronic clearing system through a bank account, if the aggregate amount of such loan or deposit in a financial year exceeds fifty thousand rupees.</p> <p>(2) The provisions of sub-section (1) shall not apply to-</p> <p>(a) any loan or deposit taken or accepted from, or by —</p> <p>(i) the Government;</p> <p>(ii) any banking company, post office savings bank or co-operative bank;</p> <p>(iii) any corporation established by a Central, State or Provincial Act;</p> <p>(iv) any Government company as defined in clause (45) of section 2 of the Companies Act, 2013;</p> <p>(v) such other institution, association or body, or class of institutions, associations or bodies which the Central Government may, for reasons to be recorded in writing, notify.</p> <p>(b) any loan or deposit where the person from whom the loan or deposit is taken or accepted and the person by whom the loan or deposit is taken or accepted are both</p>	<p>18 of 2013</p>

	<p>having agricultural income and neither of them has any income chargeable to tax under this Code .</p> <p>(3) No person shall repay any loan or deposit of money made with him otherwise than by an account payee cheque or account payee bank draft drawn in the name of the person who has made the loan or deposit or by the use of electronic clearing system through a bank account, if the aggregate amount of such loan or deposit in a financial year exceeds fifty thousand rupees.</p> <p>(4) The provisions of sub-section (3) shall not apply to repayment of loan or deposit taken or accepted from the persons mentioned in clause (a) of sub-section (2).</p> <p>(5) For the purposes of this section,—</p> <p>(a) “loan or deposit” in relation to repayment, means—</p> <p>(i) any loan or deposit of money repayable after a period or notice; and</p> <p>(ii) in case of a person other than a company, includes a loan or deposit of any nature;</p> <p>(b) “aggregate amount of loan or deposit”, in the case of repayment, means any loan or deposit together with interest repaid during a financial year;</p> <p>(c) repayment by a branch of a banking company or co-operative bank by crediting the amount of the loan or deposit to the savings bank account or the current account with such bank, of the person to whom such repayment is to be made, shall not be considered as repayment of the loan or deposit otherwise than by an account payee cheque or bank draft.</p>	
<p>1 of 1908</p> <p>59 of 1989</p> <p>6 of 1898</p> <p>1 of 1894</p> <p>42 of 1956</p> <p>2 of 1934</p> <p>22 of 1996</p>	<p>299. (1) Every person responsible for registering or maintaining books of account or other documents containing a record of any specified financial transaction, under any law for the time being in force, shall furnish an annual information return, in respect of such specified financial transaction.</p> <p>(2) The person referred to in sub-section (1) shall be—</p> <p>(a) an assessee;</p> <p>(b) a designated person in the case of an office of the Government;</p> <p>(c) a local authority or other public body or association;</p> <p>(d) the Registrar or Sub-Registrar appointed under section 6 of the Registration Act, 1908;</p> <p>(e) the registering authority empowered to register motor vehicles under Chapter IV of the Motor Vehicles Act, 1988;</p> <p>(f) the Post Master General as referred to in clause (j) of section 2 of the Indian Post Office Act, 1898;</p> <p>(g) the Collector referred to in clause (c) of section 3 of the Land Acquisition Act, 1894;</p> <p>(h) the recognised stock exchange referred to in clause (f) of section 2 of the Securities Contracts (Regulation) Act, 1956;</p> <p>(i) an officer of the Reserve Bank of India, constituted under section 3 of the Reserve Bank of India Act, 1934; or</p> <p>(j) a depository referred to in clause (e) of sub-section (1) of section 2 of the Depositories Act, 1996.</p> <p>(3) The annual information return referred to in sub-section (1) shall be furnished to such income-tax authority or any other authority or agency, in such form and manner and within such time, as may be prescribed.</p> <p>(4) In this section, “specified financial transaction” means—</p>	<p>Obligation to furnish annual information return.</p>

	<p>(a) a transaction of purchase, sale or exchange of goods or property or right or interest in a property;</p> <p>(b) a transaction by way of an investment made or an expenditure incurred;</p> <p>(c) a transaction for taking or accepting any loan or deposit; or</p> <p>(d) any other transaction as may be prescribed.</p> <p>(5) The person referred to in sub-section (2) shall furnish the annual information return in respect of the financial transactions referred to in sub-section (4) if the aggregate value of each such transaction in any financial year exceeds the amount as may be prescribed.</p> <p>(6) The income-tax authority referred to in sub-section (3) may, if he considers that the annual information return furnished under sub-section (1) is defective, intimate the defect to the person who has furnished such return and give him an opportunity of rectifying the defect within a period of one month from the service of such intimation.</p> <p>(7) The income-tax authority referred to in sub-section (3) shall treat the annual information return as invalid if the defect referred to in sub-section (6) is not removed within the time allowed, and the provisions of this Code shall apply as if such person had failed to furnish the annual information return.</p> <p>(8) If a person who is required to furnish an annual information return under sub-section (1) has not furnished the same within the specified time, then, the income-tax authority referred to in sub-section (3) may serve upon such person a notice requiring him to furnish the return within a period not exceeding sixty days from the date of service of the notice and such person shall furnish the annual information return within the time specified in the notice.</p>	
Submission of statement by a non-resident having liaison office	300. Every person, being a non-resident having a liaison office in India set up in accordance with the guidelines issued by the Reserve Bank of India under the Foreign Exchange Management Act, 1999, shall, in respect of its activities in any financial year, prepare and deliver or cause to be delivered to the Assessing Officer a statement in such form and containing such particulars as may be prescribed, within sixty days from the end of such financial year.	42 of 1999
Certain transfers to be void.	<p>301. (1) If a person creates a charge on, or transfers, any of his assets in favour of any other person during the pendency of any proceeding under this Code or after the completion thereof, then, such charge on, or transfer of, any asset by him in favour of the other person, shall be void as against any claim in respect of any sum payable by him under this Code.</p> <p>(2) The charge, or transfer, referred to in sub-section (1) by a person shall not be void, if it is made—</p> <p>(a) for adequate consideration and without knowledge of the pendency of such proceeding or of any such sum payable by the person; or</p> <p>(b) with the previous permission of the Assessing Officer.</p> <p>(3) This section applies to cases where the amount of tax or other sum payable, or likely to be payable, under this Code exceeds five thousand rupees and the assets charged or transferred exceeds ten thousand rupees in value.</p> <p>(4) In this section, “asset” shall not include any business trading asset.</p>	
Provisional attachment to protect revenue in	302. (1) Where, during the pendency of any proceeding for the assessment of any tax bases, the Assessing Officer is of the opinion that for the purpose of protecting the interests of revenue, it is necessary so to do, he may, with the previous approval of the Chief Commissioner or the Commissioner, by order in writing, attach provisionally any property belonging to the assessee in	

certain cases.	<p>the manner provided in the Eighteenth Schedule.</p> <p>(2) Every such order shall cease to have effect after the expiry of a period of six months from the date of the order made under sub-section (1).</p> <p>(3) The Chief Commissioner or the Commissioner may, for reasons to be recorded in writing, extend the period referred to in sub-section (2) by such further period or periods as he thinks fit, provided that the total period of extension shall in no case exceed two years.</p>	
5 of 1908 21 of 2000 21 of 2000	<p>303. (1) The service of any notice, summons, requisition, order or any other communication under this Code (hereinafter in this section referred to as “communication”) may be made by delivering or transmitting a copy thereof, to the person named therein,—</p> <p>(a) by post or by such courier service as may be approved by the Board;</p> <p>(b) in such manner as provided under the Code of Civil Procedure, 1908 for the purposes of service of summons;</p> <p>(c) in the form of any electronic record as provided in Chapter IV of the Information Technology Act, 2000; or</p> <p>(d) by any other means of transmission of documents , including fax message or electronic mail message, as may be prescribed.</p> <p>(2) The Board may make rules providing for the addresses including the address for electronic mail or electronic mail message to which the communication referred to in sub-section (1) may be delivered or transmitted to the person named therein.</p> <p>(3) In this section, the expressions “electronic mail” and “electronic mail message” shall have the same meaning as assigned to them in the <i>Explanation</i> to section 66A of the Information Technology Act, 2000.</p>	Service of notice generally.
	<p>304. (1) A notice or any other document required to be issued, served or given for the purposes of this Code by any income-tax authority shall be authenticated in manuscript by that authority.</p> <p>(2) Every notice or other document to be issued, served or given for the purposes of this Code by any income-tax authority shall be deemed to be authenticated, if the name and office of a designated income-tax authority is printed, stamped or otherwise written thereon.</p> <p>(3) In this section, a designated income-tax authority shall mean any income-tax authority authorised by the Board to issue, serve or give such notice or other document after authentication in the manner as provided in sub-section (2).</p>	Authentication of notices and other documents.
	<p>305. (1) A notice which is required to be served upon a person for the purposes of assessment under this Code shall be deemed to have been duly served upon him in accordance with the provisions of this Code, if the person has appeared in any proceeding or co-operated in any inquiry relating to an assessment.</p> <p>(2) The person, referred to in sub-section (1), shall be precluded from taking any objection in any proceeding or inquiry under this Code that the notice was—</p> <p>(a) not served upon him;</p> <p>(b) not served upon him in time; or</p> <p>(c) served upon him in an improper manner.</p> <p>(3) The provisions of this section shall not apply, if the person has raised the objection before the completion of the assessment.</p>	Notice deemed to be valid in certain circumstances

	<p>306. (1) Any notice under this Code in respect of the tax bases of a Hindu undivided family shall, in a case where a finding of total partition has been recorded by the Assessing Officer under section 170 in respect of any Hindu undivided family, be served on the person who was the last manager of such family.</p> <p>(2) If the last manager of the Hindu undivided family is dead, then the notice shall be served on all adults who were members of such family immediately before the partition.</p> <p>(3) The notice under this Code, in respect of the tax bases of an unincorporated body, may, where the unincorporated body is dissolved, be served on any person who was a participant (not being a minor) immediately before its dissolution.</p>	<p>Service of notice when family is disrupted or unincorporated body is dissolved</p>
<p>Publication of information respecting assessee in certain cases.</p>	<p>307. (1) The Central Government may, if it is of the opinion that it is necessary or expedient in the public interest, cause to be published in any manner the name and any other particulars relating to any proceeding, or prosecution, under this Code in respect of—</p> <p>(a) any assessee;</p> <p>(b) any participant of an unincorporated body; or</p> <p>(c) any director, managing agent, secretary, treasurer, or manager of the company.</p> <p>(2) No publication under this section shall be made in relation to any penalty imposed under this Code until the time for preferring an appeal to the Commissioner (Appeals) has expired without an appeal having been preferred or the appeal, if preferred, has been disposed of.</p>	
<p>Appearance by registered valuer in certain matters.</p>	<p>308. (1) Any assessee who is entitled or required to attend before any income-tax authority or the Appellate Tribunal, in connection with any matter relating to the valuation of any asset, may attend through a registered valuer.</p> <p>(2) The provisions of sub-section (1) shall not apply in a case where the assessee is required to attend personally for examination on oath or affirmation under section 144.</p>	
<p>Appearance by authorised representative.</p>	<p>309. (1) Any assessee who is entitled or required to attend before any income-tax authority or the Appellate Tribunal, in connection with any proceeding under this Code, may attend through an authorised representative.</p> <p>(2) The provisions of sub-section (1) shall not apply in a case where the assessee is required to attend personally for examination on oath or affirmation under section 144.</p> <p>(3) In this section, “authorised representative” means a person authorised by the assessee in writing to appear on his behalf, being —</p> <p>(a) a person related to the assessee in any manner, or a person regularly employed by the assessee;</p> <p>(b) any officer of a scheduled bank with which the assessee maintains a current account or has other regular dealings;</p> <p>(c) any legal practitioner who is entitled to practice in any civil court in India;</p> <p>(d) an accountant;</p> <p>(e) any person who has passed any accountancy examination recognised in this behalf by the Board; or</p> <p>(f) any person who has acquired such educational qualifications as may be prescribed.</p> <p>(4) The following persons shall not be qualified to represent an assessee under sub-section</p>	

	<p>(1):—</p> <p>(a) a person who has been dismissed or removed from Government service;</p> <p>(b) a legal practitioner, or an accountant, who is found guilty of misconduct in his professional capacity by any authority entitled to institute disciplinary proceedings against him;</p> <p>(c) a person, not being a legal practitioner or an accountant, who is found guilty of misconduct in any income-tax proceedings by such authority as may be prescribed.</p> <p>(5) The Chief Commissioner may, by an order in writing, specify the period upto which the disqualification under sub-section (4) shall continue, having regard to the nature of misconduct and such disqualification shall not exceed a period of six years.</p> <p>(6) A person shall not be allowed to appear as an authorised representative, if he has committed any fraud or misrepresented the facts which resulted in loss to the revenue and that person has been declared as such by an order of the Chief Commissioner.</p>	
	<p>310. (1) The amount of tax bases computed in accordance with this Code shall be rounded off to the nearest multiple of one hundred rupees.</p> <p>(2) Any amount payable or receivable by the assessee under this Code shall be rounded off to the nearest multiple of ten rupees.</p> <p>(3) The method of rounding off under sub-section (1) or sub-section (2), shall be such as may be prescribed.</p>	Rounding off of tax bases and tax.
	<p>311. Every person deducting, retaining, or paying any tax in pursuance of this Code in respect of income belonging to another person is hereby indemnified for the deduction, retention, or payment thereof.</p>	Indemnity.
	<p>312. (1) The Central Government may tender immunity to any person from—</p> <p>(a) prosecution for any offence under this Code, the Indian Penal Code, or any other Central Act for the time being in force; and</p> <p>(b) the imposition of any penalty under this Code.</p> <p>(2) The immunity under sub-section (1) shall be granted by the Central Government, if—</p> <p>(a) the person makes a full and true disclosure of all the circumstances relating to the concealment of income or wealth or evasion of payment of tax on income or wealth;</p> <p>(b) it is of the opinion that it is necessary or expedient so to do; and</p> <p>(c) the reasons for the opinion are recorded in writing.</p> <p>(3) A tender of immunity made to and accepted by the person concerned, shall, to the extent to which the immunity extends, render him immune from—</p> <p>(a) prosecution for any offence in respect of which the tender was made; or</p> <p>(b) the imposition of any penalty under this Code.</p> <p>(4) The immunity granted under this section shall be deemed to have been withdrawn, if the Central Government records a finding to the effect that the person to whom the immunity has been tendered has—</p> <p>(a) wilfully concealed any particulars which have the effect of altering the opinion formed under sub-section (2);</p>	Power to tender immunity from prosecution.

	<p>(b) given any false evidence; or</p> <p>(c) not complied with any condition on which the tender was made.</p> <p>(5) The person, whose immunity has been withdrawn under sub-section (4), may be tried for the offence in respect of which the tender of immunity was made or for any other offence of which he appears to have been guilty in connection with the same matter and shall become liable to the imposition of any penalty under this Code to which he would otherwise have been liable.</p>	
	313. No court inferior to that of a metropolitan magistrate or a magistrate of the First Class shall try any offence under this Code.	Cognizance of offences
Section 360 of the Code of Criminal Procedure, 1973 and the Probation of Offenders Act, 1958, not to apply	314. Nothing contained in section 360 of the Code of Criminal Procedure, 1973, or in the Probation of Offenders Act, 1958, shall apply to a person convicted of an offence under this Code, unless the person is under eighteen years of age.	2 of 1974 20 of 1958
Return of tax bases not to be invalid on certain grounds.	315. No return of taxbases, assessment, notice, summons or other proceedings, furnished or made or issued or taken or purported to have been furnished or made or issued or taken in pursuance of any of the provisions of this Code shall be invalid or shall be deemed to be invalid merely by reason of any mistake, defect or omission in such return of taxbases, assessment, notice, summons or other proceeding if such return of tax bases, assessment, notice, summons or other proceeding is in substance and effect in conformity with or according to the intent and purpose of this Code.	
Presumption as to material found.	<p>316. (1) Where any material is found in the possession, or control, of any person in the course of a search under section 145 or survey under section 152, it may, in any proceeding under this Code, be presumed that—</p> <p>(a) the material belongs to such person;</p> <p>(b) the contents of the material, being books of account and other documents, are true;</p> <p>(c) the signature and every other part of the books of account and other documents which purport to be in the handwriting of any particular person, or which may reasonably be assumed to have been signed by, or to be in the handwriting of, any particular person, are in that person's handwriting; and</p> <p>(d) a document which is stamped, executed or attested, was duly stamped and executed or attested by the person by whom it purports to have been so executed or attested.</p> <p>(2) The presumption under sub-section (1) shall also apply to a case, where any material has been delivered to the requisitioning officer in accordance with the provisions of section 146 as if they had been found in the possession or control of the person referred to in section 146.</p>	
Authorization and assessment in	<p>317. (1) Notwithstanding anything in this Code,—</p> <p>(i) it shall not be necessary to issue an authorisation under section 145 or make a</p>	

case of search or requisition	<p>requisition under section 146 separately in the name of each person;</p> <p>(ii) where an authorisation under section 145 has been issued or requisition under section 146 has been made mentioning therein the name of more than one person, the mention of names of more than one person on such authorisation or requisition shall not be deemed to construe that it was issued in the name of an association of persons or body of individuals consisting of such persons.</p> <p>(2) Notwithstanding any authorisation issued under section 145 or any requisition made under section 146, mentioning therein the names of more than one person, the assessment or reassessment shall be made separately in the name of each of the persons mentioned in such authorisation or requisition.</p>	
Bar of suits in civil courts.	<p>318. (1) No suit shall be brought in any civil court to set aside or modify any proceeding taken or order made under this Code.</p> <p>(2) No prosecution, suit or other proceeding shall lie against the Government or any officer of the Government, for anything in good faith done or intended to be done, under this Code.</p>	
	<p>319. Where the Central Government or the Board or an income-tax authority who has been conferred upon the power under any provision of this Code to issue any notification or order, or grant any approval or registration in respect of an assessee, shall, for reasons to be recorded in writing, have all the powers to rescind such notification, order, approval or registration provided that the assessee has been given an opportunity of showing cause against the proposed rescindment.</p>	Power to rescind.
	<p style="text-align: center;">PART I INTERPRETATIONS AND MISCELLANEOUS PROVISIONS CHAPTER XX INTERPRETATIONS AND CONSTRUCTIONS</p>	
	<p>320. In this Code, unless the context otherwise requires —</p> <p>(1) “absolute value” means the numerical value without regard to its sign;</p>	Interpretations in this Code.
38 of 1949 56 of 1980 23 of 1959	<p>(2) “accountant” means a chartered accountant within the meaning of the Chartered Accountants Act, 1949 and who holds a valid certificate of practice under sub-section (1) of section 6 of that Act, and shall include-</p> <p>(i) a company secretary within the meaning of the Company Secretaries Act, 1980 ;</p> <p>(ii) a cost accountant within the meaning of the Cost and Works Accountants Act, 1959 ; or</p> <p>(iii) any person having such qualifications as the Board may prescribe,</p> <p>for the purposes specified in this behalf.</p>	
	<p>(3) “accrual” in relation to income, expenditure or liability, with its grammatical variations, shall include income, expenditure or liability which has arisen;</p>	

	<p>(4) “accumulated profits” in relation to dividend means,—</p> <p>(a) in a case where the company is in liquidation consequent to compulsory acquisition of its undertaking, all profits of the company of three consecutive financial years immediately preceding the financial year in which the undertaking is compulsorily acquired by—</p> <p>(i) the Government; or</p> <p>(ii) a corporation owned or controlled by the Government under any law for the time being in force; and</p> <p>(b) in any other case, all profits of the company up to the date of distribution or payment of dividend or upto the date of liquidation, as the case may be;</p>	
	<p>(5) “actual cost” in relation to a business capital asset shall be the cost computed under section 44;</p>	
	<p>(6) “advance tax” means the advance tax payable in accordance with the provisions of section 226;</p>	
	<p>(7) “agreement” includes any arrangement or understanding or action in concert, whether or not such arrangement, understanding or action, is—</p> <p>(a) in writing;</p> <p>(b) formal; or</p> <p>(c) intended to be enforceable by legal proceedings;</p>	
	<p>(8) “agreement of association” means—</p> <p>(a) a partnership deed in relation to a firm; or</p> <p>(b) an oral, or written, agreement between the participants of any other unincorporated body;</p>	
	<p>(9) “agreement for non-compete” means an agreement for—</p> <p>(a) not carrying out any activity in relation to any business; or</p> <p>(b) not sharing any—</p> <p>(i) know-how, patent, copyright, trade mark, licence, franchise or any other business or commercial right of similar nature; or</p> <p>(ii) information or technique likely to assist in the trading or manufacture or processing of goods or provision for services;</p>	
	<p>(10) “agricultural income” means the following income, namely:—</p> <p>(a) any profits and gains derived from cultivation of agricultural land;</p> <p>(b) any rent derived from any agricultural land;</p> <p>(c) any rent derived from any farm house; and</p>	

	(d) any income derived from saplings or seedlings grown in a nursery;	
	(11) “agricultural land” means any land situated in India which is used for agricultural purposes and— (a) is assessed to land revenue in India; or (b) is subject to a local rate assessed and collected by officers of the Government as such;	
	(12) “amalgamated company” means— (a) a company with which amalgamating company or companies merge; (b) a company formed as a result of merger of two or more amalgamating companies;	
	(13) “amalgamating company” means— (a) a company which merges with another company; or (b) a company which merges with another company to form a new company;	
	(14) “amalgamating co-operative” means— (a) a co-operative which merges with another co-operative; or (b) every co-operative merging to form a new co-operative;	
	(15) “amalgamation” in relation to— (a) a company means the merger of an amalgamating company or companies with an amalgamated company, if— (i) all the assets and liabilities of the amalgamating company immediately before the merger (other than the assets transferred, by sale or distribution on winding up, to the amalgamated company) become the assets and liabilities of the amalgamated company; (ii) shareholders holding seventy-five per cent. or more in value of the shares in the amalgamating company (other than shares already held by the amalgamated company or its nominee or its subsidiary immediately before the merger) become shareholders of the amalgamated company; (b) a co-operative means the merger of an amalgamating co-operative with an amalgamated co-operative, if— (i) all the assets and liabilities of the amalgamating co-operative immediately before the merger (other than the assets transferred, by sale or distribution on winding up, to the amalgamated co-operative) become the assets and liabilities of the amalgamated co-operative; (ii) the members holding seventy-five per cent. or more voting rights in the amalgamating co-operative become members of the amalgamated co-operative; and (iii) the shareholders holding seventy-five per cent. or more in value of the shares in the amalgamating co-operative (other than the shares held by the amalgamated co-operative or its nominee or its subsidiary immediately before the merger) become	

	shareholders of the amalgamated co-operative;	
	(16) “Appellate Tribunal” means the Appellate Tribunal constituted under section 194;	
	(17) “Approved Fund” means— <ul style="list-style-type: none"> (a) a provident fund, superannuation fund or gratuity fund approved or deemed to have been approved in accordance with the provisions of the Twenty- Second Schedule; (b) a pension fund, which has been approved by the Board in accordance with the scheme notified by the Central Government in this behalf; (c) any other fund which has been approved by the Board in accordance with the scheme notified by the Central Government in this behalf. 	
	(18) “arm’s length price” shall have the meaning assigned to it in section 127	
	(19) “assessee” means every person— <ul style="list-style-type: none"> (a) who is required to file a return of his tax bases, or the tax bases of any other person in respect of which such person is assessable, for the relevant financial year; (b) who files a return of his tax bases notwithstanding the fact that he is otherwise not required to do so; (c) who is required to furnish any information or document under this Code; (d) in respect of whom any proceeding under this Code has been initiated; (e) by whom any tax or any other sum of money is payable under this Code; (f) to whom, or to any other person in respect of which such person is assessable, any amount of refund is payable under this Code; (g) who is deemed to be an assessee under any provision of this Code; or (h) who is deemed to be an assessee in default under any provision of this Code; 	
	(20) “assessee in default” means— <ul style="list-style-type: none"> (a) an assessee who has failed to fulfill his obligation under this Code and has consequently failed to make payment of any amount due from him to the Central Government; or (b) an assessee who is deemed to be assessee in default under any provision of this Code; 	
	(21) “Assessing Officer” means the Income Tax Officer, Assistant Commissioner, Assistant Director, Deputy Commissioner, Deputy Director, Joint Commissioner, Joint Director, Additional Commissioner or Additional Director, who is vested with the relevant jurisdiction by virtue of direction or order issued under section 140 or any other provision of this Code;	
	(22) “assessment” includes— <ul style="list-style-type: none"> (a) reassessment; (b) any order giving effect to the directions of an appellate authority; 	

	<p>(c) any order under section 203 or section 204; and</p> <p>(d) any order under section 173 rectifying any mistake apparent from the record with reference to sub-clause (a) or sub-clause (b) or sub-clause (c), or with reference to any order under section 165 or section 166;</p>	
	<p>(23) “asset” means—</p> <p>(a) a business asset; or</p> <p>(b) an investment asset;</p>	
	<p>(24) “Assistant Commissioner” is an officer appointed as an Assistant Commissioner of Income-tax under section 137;</p>	
	<p>(25) “Assistant Director” is an officer appointed as an Assistant Director of Income-tax under section 137;</p>	
	<p>(26) “backward classes” means such classes of citizens, other than the Scheduled Castes and the Scheduled Tribes, as may be notified, from time to time, by the Central Government or any State Government;</p>	
	<p>(27) “banking company” means a company to which the Banking Regulation Act, 1949 applies;</p>	
	<p>(28) “block of assets” means a group of business capital assets falling within a class of business capital assets for which the same percentage of depreciation is specified;</p>	
	<p>(29) “Board” means the Central Board of Direct Taxes constituted under the Central Boards of Revenue Act, 1963;</p>	
	<p>(30) “books” or “books of account” includes ledgers, day-books, cash books, account-books, stock register and other books, kept—</p> <p>(a) in the written form;</p> <p>(b) in the form of any electronic record in terms of clause (t) of sub-section (1) of section 2 of the Information Technology Act, 2000; or</p> <p>(c) as print outs of the data stored in any of the forms referred to in sub-clause (b);</p>	21 of 2000
	<p>(31) “business” includes —</p> <p>(a) any trade, commerce or manufacture, or any adventure or concern of that nature;</p> <p>(b) any profession or vocation;</p>	
	<p>(32) “business asset” means—</p> <p>(a) business trading asset; or</p>	

	(b) business capital asset;	
	<p>(33) “business capital asset” means—</p> <p>(a) any intangible capital asset in the nature of—</p> <p>(i) goodwill of a business,</p> <p>(ii) a trade mark or brand name associated with the business,</p> <p>(iii) a right to manufacture or produce any article or thing,</p> <p>(iv) right to carry on any business,</p> <p>(v) tenancy right in respect of premises occupied by the assessee and used by him for the purposes of his business, or</p> <p>(vi) licence, right or permit (by whatever name called) acquired in connection with, or in the course of, any business; or</p> <p>(b) any other capital asset (not being land) connected with or used for the purposes of any business of the assessee;</p>	
	(34) “business connection” in relation to a non-resident shall include a permanent establishment;	
	<p>(35) “business re-organisation” means re-organisation of business of two or more entities, involving—</p> <p>(a) an amalgamation;</p> <p>(b) a merger under a scheme sanctioned and brought into force by the Central Government under the Banking Regulation Act, 1949; or</p> <p>(c) a demerger;</p>	10 of 1949
	(36) “business trading asset” means stock-in-trade, consumable stores or raw materials held for the purposes of business;	
	(37) “capital asset” means property of any kind held by an assessee (including any rights, whether rights of management or control or any other rights whatsoever, in or in relation to an Indian company) other than business trading asset;	
	<p>(38) “capital employed in the business” in relation to actual cost means the aggregate of the paid-up share capital, debentures and long-term borrowings—</p> <p>(a) in a case where the prescribed expenditure referred to in serial number 6 of the Table of the Twelfth Schedule is incurred before the commencement of the business, as on the last day of the financial year in which the business of the company commences;</p> <p>(b) in any other case, as on the last day of the financial year in which the extension of the business is completed or the new business commences production or operation, in so far as such capital, debentures and long-term borrowings have been issued or obtained in connection with the extension of the business or the setting up of the new business of the company;</p>	

	(39) “capital gains” means the income as computed under section 46;	
	(40) “carbon credit” for trading purposes in respect of its one unit shall mean reduction of one tonne of carbon dioxide emissions or emissions of its equivalent gases which can be traded in market at its prevailing market price, which is validated by the United Nations Framework on Climate Change.	
	(41) “card game and other game of any sort” includes any game show, an entertainment programme on television or electronic mode, in which people compete to win prizes or any other similar game;	
	(42) “Chief Commissioner” is an officer appointed as a Chief Commissioner of Income-tax or a Principal Chief Commissioner of Income-tax or a Director-General of Income-tax or a Principal Director-General of Income-tax under section 137;	
	(43) “child” in relation to an individual, includes a step-child and an adopted child of that individual;	
	(44) “closely-held company” means a company which is not a widely held company;	
	(45) “cold chain facility” means a chain of facilities for storage or transportation of agricultural and forest produce, meat and meat products, poultry, marine and dairy products, products of horticulture, floriculture and apiculture and processed food items under scientifically controlled conditions including refrigeration and other facilities necessary for the preservation of such produce;	
	(46) “Commissioner (Appeals)” is an officer appointed as a Commissioner of Income-tax (Appeals) under section 137;	
	(47) “Commissioner” is an officer appointed as a Commissioner of Income-tax or a Principal Commissioner of Income-tax or a Director of Income-tax or a Principal Director of Income-tax under section 137;	
	(48) “company” means— (a) any Indian company; (b) any body corporate incorporated by or under the laws of a country outside India; or (c) any person who is or was assessable or was assessed as a company under the Indian Income-tax Act, 1922, or the Income-tax Act, 1961;	
	(49) “Competent Investigating Authority” means any income-tax authority, not below the rank of Joint Commissioner, prescribed as such;	
	(50) “Comptroller and Auditor-General of India” means the Comptroller and Auditor General	

	of India appointed under article 148 of the Constitution;	
	(51) “Controller of Insurance” shall have the same meaning assigned to it in clause (5B) of section 2 of the Insurance Act, 1938;	
	(52) “converted property” means— (a) any property having been the separate property of an individual has been converted by the individual into property as belonging to the Hindu undivided family through the act of impressing such separate property with the character of property belonging to the family or throwing it into the common stock of the family; or (b) any property which has been transferred by the individual, directly or indirectly, to such family otherwise than for adequate consideration;	
	(53) “co-operative bank” shall have the same meaning as assigned to it in Part V of the Banking Regulation Act, 1949;	
	(54) “co-operative sector company” means a company in which not less than fifty-one per cent. of the paid- up equity share capital is beneficially held by one or more co-operative societies throughout the financial year;	
	(55) “co-operative society” means a co-operative society registered under the Co-operative Societies Act, 1912 or under any State or Provincial Act for the time being in force for the registration of co-operative societies;	
	(56) “cost inflation index” in relation to a financial year means such index as the Central Government may specify by notification, having regard to seventy-five per cent. of the average rise in the consumer price index for non-urban manual employees for the immediately preceding financial year;	
	(57) “cost of the project” in relation to actual cost means the actual cost of the fixed assets, being land, buildings (including expenditure on development of land and buildings), leaseholds, plant, machinery, furniture, fittings and railway sidings, which are shown in the books of the assessee— (a) in a case where the prescribed expenditure referred to in serial number 6 of the Table of the Twelfth Schedule is incurred before the commencement of the business, as on the last day of the financial year in which the business of the assessee commences; (b) in any other case, as on the last day of the financial year in which the extension of the business is completed, or the new business commences production or operation, in so far as such fixed assets have been acquired or developed in connection with the extension of the business or the setting up of the new business of the assessee;	
	(58) “cultivation” includes any process ordinarily employed by a cultivator or receiver-of-rent in kind to render the produce raised or received by him fit to be taken to market;	

	(59) “current income from ordinary sources” means the net result of the aggregation under sub-section (1) of section 61;	
	(60) “current income from the special source” means the income referred to in sub-section (2) of section 62;	
	(61) “date of setting up of a business” means— (a) in the case of business of manufacturing, production or processing of goods, the date on which the manufacture, production or processing of the goods begins after successful trial run of the plant; or (b) in any other case, the date on which it is ready to commence its commercial operations;	
	(62) “debt” includes a loan or borrowing;	
	(63) “debt instrument” means a paper or electronic obligation that enables the borrower to raise funds by promising to repay the lender, or investor, in accordance with the terms of a contract and includes note, bond, certificate, mortgage, lease, loan, borrowing or other agreement between the borrower and the lender;	
	(64) “deduction of tax at source” or “collection of tax at source” with all their grammatical variations mean deduction or collection of tax under Chapter XIV;	
	(65) “deductor” means a person responsible for making any payment in respect of which he is liable to deduct tax at source under Sub-chapter A of Chapter XIV;	
	(66) “demerged company” means— (a) the company whose undertaking is transferred, pursuant to a demerger, to a resulting company; or (b) the authority or the body constituted or established under a Central, State or Provincial Act, or a local authority or a public sector company, which is split up or reconstructed, to form a resulting company;	
	(67) “demerger” means— (a) the transfer, pursuant to a scheme of arrangement under sections 391 to 394 of the Companies Act, 1956 or sections 230 to 234 of the Companies Act, 2013, by a demerged company of one or more of its undertakings to any resulting company, if— (i) all the assets and liabilities of the undertaking or undertakings immediately before the transfer become the assets and liabilities of the resulting company; (ii) the assets and the liabilities are transferred at values (other than change in the value of assets consequent to their revaluation) appearing in its books of account immediately before the transfer; (iii) the resulting company issues, in consideration of the transfer, its shares to the	1 of 1956 18 of 2013

	<p>shareholders of the demerged company on a proportionate basis except where resulting company itself is a shareholder of the demerged company;</p> <p>(iv) the shareholders holding seventy-five per cent. or more, in value of the shares in the demerged company (other than shares already held by the resulting company or its nominee or its subsidiary, immediately before the transfer) become shareholders of the resulting company or companies, otherwise than as a result of the acquisition of the assets of the demerged company or any undertaking thereof by the resulting company;</p> <p>(v) the transfer of the undertaking is on a going concern basis; and</p> <p>(vi) the transfer is in accordance with such other conditions as may be notified by the Central Government having regard to the necessity to ensure that the transfer is for genuine business purposes; or</p> <p>(b) the splitting up, or the reconstruction, of any authority or a body constituted or established under a Central, State or Provincial Act, or a local authority or a public sector company to form a resulting company, in accordance with the conditions as may be notified by the Central Government;</p>	
	(68) “Deputy Commissioner” is an officer appointed as a Deputy Commissioner of Income-tax under section 137;	
	(69) “Deputy Director” is an officer appointed as a Deputy Director of Income-tax under section 137;	
	(70) “Director” is an officer appointed as a Director of Income-tax under section 137;	
	(71) “Director General” is an officer appointed as a Director General of Income-tax under section 137;	
	(72) “director” and “manager”, in relation to a company, have the meanings respectively assigned to them in the Companies Act, 2013;	18 of 2013
	(73) “Dispute Resolution Panel” means a collegium comprising of three Commissioners of Income-tax constituted by the Board;	
	<p>(74) “dividend” distributed or paid by a company-</p> <p>(I) includes—</p> <p>(a) any distribution by a company of accumulated profits, whether capitalised or not, if such distribution entails the release by the company to its shareholders of all or any part of the assets of the company;</p> <p>(b) any distribution to its shareholders by a company of debentures, debenture-stock, or deposit certificates in any form, whether with or without interest, and any distribution to shareholders of its preference shares by way of bonus, to the extent to which the company possesses accumulated profits, whether capitalised or not;</p> <p>(c) any distribution made to the shareholders (other than shareholders not entitled in the event of liquidation to participate in the surplus assets) of a company on its liquidation, to the extent to which the distribution is attributable to the accumulated profits of the</p>	

	<p>company immediately before its liquidation, whether capitalised or not;</p> <p>(d) any distribution to its shareholders (other than shareholders not entitled in the event of liquidation to participate in the surplus assets) by a company on the reduction of its capital, to the extent to which the company possesses accumulated profits, whether such accumulated profits have been capitalised or not; and</p> <p>(e) any payment by a closely-held company, to the extent of its accumulated profits, if such payment is—</p> <p>(i) by way of advance or loan to a shareholder being the beneficial owner of equity shares holding not less than ten per cent. of the voting power; or</p> <p>(ii) by way of advance or loan to any Hindu undivided family, or a firm, or an association of persons, or a body of individuals, or a company (in this clause referred to as the said concern), in which such shareholder is a member or a partner or a shareholder, and in which he has a substantial interest; or</p> <p>(iii) to any person on behalf, or for the individual benefit, of such shareholder;</p> <p>(II) but does not include—</p> <p>(a) any advance or loan made to a shareholder or the said concern by a company in the ordinary course of its business, where the lending of money is a substantial part of the business of the company;</p> <p>(b) any dividend paid by a company which is set off by the company against the whole or any part of any sum previously paid by it and treated as a dividend within the meaning of sub-clause (e), to the extent to which it is so set off;</p> <p>(c) any payment made by a company on purchase of its own shares from a shareholder in accordance with the provisions of section 68 of the Companies Act, 2013; and</p> <p>(d) any distribution of shares pursuant to a demerger by the resulting company to the shareholders of the demerged company (whether or not there is a reduction of capital in the demerged company);</p>	18 of 2013
	(75) “dividend distribution tax” means the tax chargeable under section 112;	
	(76) “document” includes an electronic record as defined in clause (t) of sub-section (I) of section 2 of the Information Technology Act, 2000;	
	(77) “domestic company” means a company resident in India;	
	(78) “disaster” shall have the same meaning as assigned to it under clause (d) of section 2 of the Disaster Management Act, 2005;	
	<p>(79) “due date” means—</p> <p>(a) in relation to the return of tax bases—</p> <p>(i) the 30th June following the financial year, if the person is not a company and does not derive any income from business; or</p> <p>(ii) the 30th November following the financial year , if the person is required to furnish a report under sub-section (6) of section 88; or</p>	

	<p>(iii) the 31st August following the financial year, in all other cases; or</p> <p>(iv) the 30th June or the 31st August, as the case may be, following the 31st day of March of the relevant year, if the financial year referred to in (i) and (ii) ends before the 31st day of March as per the provisions of sub-clauses (a), (b) or (c) of clause (92) of section 320; or (b) in relation to any other return, such date as may be prescribed;</p> <p>(c) in relation to the report required to be furnished under,-</p> <p>(i) sub-section (3) of section 88, section 103, section 106, the 31st August;</p> <p>(ii) sub-section (6) of section 88, the 30th November following the financial year.;</p>	
	(80) “electoral trust” means a trust so approved by the Board in accordance with the scheme made in this regard by the Central Government ;	
	(81) “equity oriented fund” means a fund where more than sixty-five per cent of the total proceeds of such fund are invested by way of equity shares in domestic companies;	
	(82) “equity shares” shall be construed to have the meaning in accordance with the provisions of section 43 of the Companies Act, 2013;	18 of 2013
	<p>(83) “ex-serviceman” means—</p> <p>(a) a person who has served in any rank, whether as combatant or non-combatant, in the armed forces of the Union (but excluding the Assam Rifles, Defence Security Corps, General Reserve Engineering Force, Lok Sahayak Sena, Jammu and Kashmir Militia and Territorial Army) for a continuous period of not less than six months after attestation and has been released, otherwise than by way of dismissal or discharge on account of misconduct or inefficiency; and</p> <p>(b) in the case of a deceased or incapacitated ex-serviceman, it includes the spouse, children, father, mother, minor brother, widowed daughter and widowed sister, wholly dependant upon such ex-serviceman immediately before his death or incapacitation;</p>	
	(84) “fair market value”, in relation to an asset, means the price determined in such manner as may be prescribed;	
	<p>(85) “family” in relation to an individual, means —</p> <p>(a) the spouse and children of the individual; and</p> <p>(b) the parents, brothers or sisters of the individual, if wholly dependant on the individual;</p>	
	(86) “family pension” means a regular monthly amount payable by the employer to a person belonging to the family of an employee in the event of the death of the employee;	
	<p>(87) “farm house” means any building which fulfills the following conditions, namely:—</p> <p>(a) it is situated on, or in the immediate vicinity of an agricultural land not being a land</p>	

	<p>situated-</p> <ul style="list-style-type: none"> (i) in any area which is comprised within the jurisdiction of a municipality (whether known as a municipality, municipal corporation, notified area committee, town area committee, town committee or by any other name) or a Cantonment Board and which has a population of not less than ten thousand; or (ii) in any area within such distance, measured aerially,- <ul style="list-style-type: none"> (A) not being more than two kilometers, from the local limits of any municipality or Cantonment Board referred to in item (i) and which has a population of more than ten thousand but not exceeding one lakh; or (B) not being more than six kilometers, from the local limits of any municipality or Cantonment Board referred to in item (i) and which has a population of more than one lakh but not exceeding ten lakh; or (C) not being more than eight kilometers, from the local limits of any municipality or Cantonment Board referred to in item (i) and which has a population of more than ten lakh; (b) the building is used exclusively— <ul style="list-style-type: none"> (i) as a dwelling house, store-house, or other out-building, for agricultural purpose; or (ii) to carry out any process to render the produce raised or received by the owner fit to be taken to the market; and (c) the building is— <ul style="list-style-type: none"> (i) occupied by the cultivator or the receiver of rent-in-kind; or (ii) owned and occupied by the receiver of rent-in-kind; 	
	<p>(88) “fees for technical services” —</p> <ul style="list-style-type: none"> (a) means any consideration (including any lump sum consideration) paid or payable, directly or indirectly, for— <ul style="list-style-type: none"> (i) rendering of any managerial, technical or consultancy services; (ii) provision of services of technical or other personnel; or (iii) development and transfer of a design, drawing, plan or software, or such other services; but (b) does not include consideration for any construction, assembly, mining or like project undertaken by the recipient or consideration which would be income of the recipient chargeable under the head “Income from employment”; 	
	<p>(89) “financial institution” means—</p> <ul style="list-style-type: none"> (a) a banking company or a scheduled bank; (b) a non-banking financial company; (c) a public financial institution; (d) a state financial corporation; (e) a state industrial investment corporation; or (f) a housing finance public company; 	
	<p>(90) “financial intermediary” means stock broker or sub-broker or such other intermediary</p>	

15 of 1992 22 of 1996	registered under section 12 of the Securities and Exchange Board of India Act, 1992 or the Depositories Act, 1996;	
	(91) “financial lease” with its grammatical variations, means a lease transaction where— (a) contract for lease is entered into between two parties for leasing of a specific asset; (b) such contract is for use and occupation of the asset by the lessee; (c) the lease payment is calculated so as to cover the full cost of the asset together with the interest charges; and (d) the lessee is entitled to own, or has the option to own, the asset at the end of the lease period after making the lease payment;	
	(92) “financial year” means— (a) the period beginning with the date of setting up of a business and ending with the closure of the business or the 31st day of March following the date of setting up of such business, whichever is earlier; (b) the period beginning with the date on which a source of income newly comes into existence and ending with the closure of the business or the 31st day of March following the date on which such new source comes into existence, whichever is earlier; (c) the period beginning with the 1st day of the financial year and ending with the date of discontinuance of the business or dissolution of the unincorporated body or liquidation of the company, as the case may be; or (d) the period of twelve months commencing from the 1st day of April of the relevant year in any other case;	
	(93) “firm” shall have the meaning assigned to it in the Indian Partnership Act, 1932 and shall include a limited liability partnership as defined in the Limited Liability Partnership Act, 2008 where the context so requires;	9 of 1932 6 of 2009
	(94) “foreign company” means a company which is not a domestic company;	
	(95) “foreign currency” shall have the same meaning as assigned to it in section 2 of the Foreign Exchange Management Act, 1999;	42 of 1999
	(96) “forward contract” means a contract with an authorised person, as defined in section 2 of the Foreign Exchange Management Act, 1999, for providing a specified sum in a foreign currency on or after a stipulated future date at the rate of exchange specified in the contract;	42 of 1999
	(97) “Global Depository Receipt” means any instrument (by whatever name called)- (a) created by the Overseas Depository Bank outside India against issue of foreign currency convertible bonds or ordinary shares, of a domestic company; and (b) issued to non-residents;	

	(98) "Government security" shall have the meaning assigned to it in clause (b) of section 2 of the Securities Contracts (Regulation) Act, 1956 ;	42 of 1956
	(99) "gross total income" for a financial year means the aggregate of the gross total income from ordinary sources and the aggregate of current income from special source in respect of each special source computed under sub-section (1) of section 62 , for that financial year;	
	(100) "gross total income from ordinary sources" of a financial year means the net result of the aggregation under sub-section (2) or sub-section (3) of section 61, for that financial year;	
	(101) "head office expenditure" means executive and general administration expenditure incurred by the assessee outside India, including expenditure incurred in respect of— <ul style="list-style-type: none"> (a) rent, rates, taxes, repairs or insurance of any premises outside India used for the purposes of the business; (b) salary, wages, annuity, pension, fees, bonus, commission, gratuity, perquisites or profits in lieu of or in addition to salary, whether paid or allowed to any employee or other person employed in, or managing the affairs of, any office outside India; (c) traveling by any employee or other person employed in, or managing the affairs of, any office outside India; and (d) such other matters connected with administration as may be prescribed; 	
59 of 1988	(102) "heavy goods vehicle" shall have the same meaning as assigned to it in section 2 of the Motor Vehicles Act, 1988;	
	(103) "horse race" means a horse race upon which wagering or betting is lawfully made;	
	(104) "hospital" for the purposes of this Code other than the Tenth Schedule, includes a dispensary or a clinic or a nursing home;	
	(105) "house property" means— <ul style="list-style-type: none"> (a) any building or land appurtenant thereto along with facilities and services, if any, whether in-built or provided separately; or (b) any building along with any machinery, plant, furniture or any other facility or services, if any, whether in-built or provided separately; 	
53 of 1987	(106) "housing-finance public company" means a company— <ul style="list-style-type: none"> (a) which is a public company; (b) whose main object is carrying on the business of providing long-term finance for construction or purchase of houses in India for residential purposes; and (c) which is registered in accordance with the Housing Finance Companies (NHB) Directions, 1989 given under section 30 and section 31 of the National Housing Bank Act, 1987; 	

43 of 1961 27 of 1957	(107) “incidental financial charges” means any fee, commission, brokerage, tax payable (other than tax payable under this Code or under the Income-tax Act, 1961 or the Wealth-tax Act, 1957, as they stood before the commencement of this Code) or any other similar expenditure incurred for the purposes of borrowing or incurring any debt or in respect of any credit facility which has not been utilised;	
	(108) “investor” means foreign institutional investor or foreign portfolio investor or such other investor as the Central Government may notify in this behalf;	
	(109) “income” includes,— <ul style="list-style-type: none"> (a) gross salary referred to in section 22; (b) gross rent referred to in section 26; (c) the amount of any accrual or receipt from the businesses referred to in column (2) of the Table in sub-section (2) of section 32; (d) gross earnings from the business referred to in section 33; (e) full value of the consideration received or accruing as a result of the transfer of any investment asset referred to in section 50; (f) gross residuary income referred to in section 58; (g) gross receipts referred to in section 93; (h) voluntary contributions received by a political party or an electoral trust; (i) any sum deducted at source on payment received, in accordance with the provisions of Chapter XIV; and (j) income of the nature referred to in column (3) of the Table in Part III of the First Schedule; 	
	(110) “income from business” means the profits of the business as computed under section 32;	
	(111) “income under the head ‘Capital gains’ ” means the income in respect of that head as computed under sub-section (3) of section 60;	
	(112) “income under the head ‘Income from business’ ” means the income in respect of that head, as computed under sub-section (7) of section 60;	
	(113) “income from employment” means the income as computed under section 21;	
	(114) “income under the head ‘Income from employment’ ” means the income in respect of that head, as computed under sub-section (1) of section 60;	
	(115) “income from house property” means the income as computed under section 25;	
	(116) “income under the head ‘Income from house property’ ” means the income in respect of	

	that head, as computed under sub-section (1) of section 60;	
	(117) “income from residuary sources” means the income as computed under section 57;	
	(118) “income under the head ‘Income from residuary sources’ ” means the income in respect of the head as computed under sub-section (9) of section 60;	
	(119) “Income-tax Officer” means a person appointed to be an Income-tax Officer under section 137;	
80 of 1976	(120) “India” means— (a) the territory of India as referred to in article 1 of the Constitution; (b) its territorial waters, continental shelf, exclusive economic zone or any other maritime zone as defined in the Territorial Waters, Continental Shelf, Exclusive Economic Zone and Other Maritime Zones Act, 1976; (c) the sea-bed and the subsoil underlying the territorial waters; and (d) the air space above its territory and territorial waters;	
18 of 2013 1 of 1956	(121) “Indian company” means a body corporate which— (a) is registered or established or constituted by or under— (i) the Companies Act, 2013; (ii) the Companies Act, 1956; (iii) a Central, State or Provincial Act; (iv) any law relating to companies formerly in force in any part of India other than the State of Jammu and Kashmir; (v) any law for the time being in force in the State of Jammu and Kashmir; and (b) has its registered or, as the case may be, principal office in India;	
42 of 1999	(122) “Indian currency” shall have the same meaning as assigned to it in section 2 of the Foreign Exchange Management Act, 1999;	
	(123) “Indian income-tax” means income-tax charged in accordance with the provisions of this Code;	
	(124) “Indian rate of tax” means the rate determined by dividing the amount of Indian income-tax after deduction of any relief due under the provisions of this Code but before deduction of any relief due under section 228, by the total income;	
44 of 1958	(125) “Indian ship” shall have the same meaning as assigned to it in clause (18) of section 3 of the Merchant Shipping Act, 1958;	

	<p>(126) “infrastructure facility” means the following facilities, namely:—</p> <ul style="list-style-type: none"> (a) a road including toll road, a bridge or a rail system; (b) a highway project including housing or other activities being an integral part of the highway project; (c) a water supply project, water treatment system, irrigation project, sanitation and sewerage system or solid waste management system; and (d) a port, airport, inland waterway or inland port; 	
	<p>(127) “Inspector of Income-tax” means a person appointed to be an Inspector of Income-tax under section 137;</p>	
	<p>(128) “insurer” means an Indian insurance company under clause (7A) and any person referred to in clause (9) of section 2 of the Insurance Act, 1938, which has been granted a certificate of registration under section 3 of that Act;</p>	4 of 1938
	<p>(129) “interest” means any amount payable to any person (including any participant), in any manner, in respect of any borrowing or debt incurred (including a deposit or claim) or any other similar right or obligation and includes any service fee or other charges in respect of the money borrowed or debt incurred or in respect of any credit facility which has not been utilised;</p>	
	<p>(130) “investment asset” means—</p> <ul style="list-style-type: none"> (a) any capital asset which is not a business capital asset; (b) any capital asset self generated in the course of business; (c) any security held by a foreign institutional investor which has invested in such security, whether listed or unlisted, with the prior permission of the Competent authority in accordance with the Securities and Exchange Board of India (Foreign Institutional Investor) Regulations, 1995 and such other regulations as may be applicable; (d) any security held by a qualified foreign investor; (e) any undertaking or division of a business; 	
	<p>(131) “jewellery” includes—</p> <ul style="list-style-type: none"> (a) ornaments made of gold, silver, platinum or any other precious metal or any alloy containing one or more of such precious metals, whether or not containing any precious or semi-precious stone, and whether or not worked or sewn into any wearing apparel; (b) precious or semi-precious stones, whether or not set in any furniture, utensil or other article, worked or sewn into any wearing apparel; 	
	<p>(132) “Joint Commissioner” is an officer appointed as a Joint Commissioner of Income-tax or an Additional Commissioner of Income-tax under section 137;</p>	

	(133) “Joint Director” is an officer appointed as a Joint Director of Income-tax or an Additional Director of Income-tax under section 137;	
	(134) “Keyman insurance policy” means a life insurance policy taken by— (a) an employer on the life of an employee or a former employee; or (b) a person on the life of another person who is, or was, connected in any manner whatsoever with the business of the first-mentioned person, and includes such policy which has been assigned to any person, at any time during the term of the policy, with or without any consideration;	
	(135) “khadi” and “village industries” shall have the meanings respectively assigned to them in the Khadi and Village Industries Commission Act, 1956;	
	(136) “last of the authorisations” means — (a) in the case of a search under section 145, on the conclusion of the search as recorded in the last panchnama drawn in relation to any person in whose case the authorisation has been issued; or (b) in the case of requisition under section 146, on the date on which all the books of accounts, other documents or assets are received by the Requisitioning Officer;	
5 of 1908	(137) “legal representative” shall have the same meaning as assigned to it in clause (11) of section 2 of the Code of Civil Procedure, 1908;	
	(138) “liabilities” in relation to a demerger shall include— (a) the liabilities which arise out of the activities or operations of the undertaking; (b) the loans or borrowings (including debentures) raised, incurred and utilised solely for the activities or operations of the undertaking; and (c) in cases, other than those referred to in clause (a) or clause (b), so much of the amounts of general or multipurpose borrowings, if any, of the assessee as they stand in the same proportion which the value of the assets transferred in a demerger bears to the total value of the assets of such assessee immediately before the demerger;	
	(139) “life insurer” means an insurer who is wholly engaged in the business of providing assurance on the life of human beings;	
	(140) “light goods vehicle” means a vehicle which is not a heavy goods vehicle;	
	(141) “local authority” means— (a) a Panchayat as referred to in clause (d) of article 243 of the Constitution; (b) a Municipality as referred to in clause (e) of article 243P of the Constitution; (c) a Municipal Committee and a District Board, legally entitled to, or entrusted by the	

41 of 2006	<p>Government with, the control or management of a municipal or local fund; or</p> <p>(d) a Cantonment Board as defined in section 3 of the Cantonments Act, 2006;</p>	
	<p>(142) “long-term borrowings” means—</p> <p>(a) moneys borrowed from the Government, a scheduled bank or a financial institution where the terms of the borrowings provide for the repayment during a period of not less than five years; or</p> <p>(b) moneys borrowed or debt incurred in a foreign country for the purchase of plant and machinery outside India, where the terms of the borrowings provide for the repayment during a period of not less than seven years;</p>	
	<p>(143) “long-term finance” means any loan or advance where the terms under which money is loaned or advanced provide for its repayment along with interest thereon during a period of not less than five years;</p>	
	<p>(144) “long- term leasing” means—</p> <p>(a) a lease for a term of not less than twelve years; or</p> <p>(b) a lease which provides for the extension of its term by a further term or terms, and the aggregate of the term for which such lease is granted or to be extended is not less than twelve years;</p>	
	<p>(145) “lottery” includes winnings from prizes awarded to any person by draw of lots or by chance or in any other manner whatsoever, under any scheme or arrangement by whatever name called;</p>	
	<p>(146) “manufacture”, with its grammatical variations, means a change in a non-living physical object or article or thing—</p> <p>(a) resulting in transformation of the object or article or thing into a new and distinct object or article or thing having a different name, character and use; or</p> <p>(b) bringing into existence of a new and distinct object or article or thing with a different chemical composition or integral structure;</p>	
	<p>(147) “material” includes any books of account, document, money, bullion, jewellery or other valuable article or thing;</p>	
	<p>(148) “maximum marginal rate” means the rate of income-tax applicable in relation to the highest slab of income in the case of an individual or Hindu undivided family or artificial juridical person, as specified in the First Schedule;</p>	
	<p>(149) “medical authority” means—</p> <p>(i) the medical authority referred to in clause (p) of section 2 of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995; or</p>	1 of 1996

	(ii) such other medical authority as may be notified by the Central Government for this purpose.	
	(150) “mineral oil” shall have the meaning assigned to it in the Eighth Schedule;	
	(151) “mutual benefit finance company” means a company— (a) which carries on, as its principal business, the business of acceptance of deposits from its members; and (b) which is a <i>Nidhi</i> or Mutual Benefit Society within the meaning of section 620A of the Companies Act, 1956 or section 406 of the Companies Act, 2013;	1 of 1956 18 of 2013
	(152) “mutual fund” means a mutual fund registered as such under the Securities and Exchange Board of India Act, 1992;	15 of 1992
	(153) “National Housing Bank” means the National Housing Bank established under section 3 of the National Housing Bank Act, 1987;	53 of 1987
1 of 1986	(154) “net worth” in relation to— (a) a demerged company, means the aggregate of the paid-up share capital and general reserves as appearing in the books of account of the demerged company immediately before the demerger; (b) an undertaking or division transferred under slump sale, means the value determined in such manner as may be prescribed; and (c) a sick industrial company shall have the meaning assigned to it in clause (ga) of sub-section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985;	
	(155) “new investment asset” means the new investment asset within the meaning of section 55;	
2 of 1882	(156) “New Pension System Trust” means the New Pension System Trust established on the 27th day of February, 2008 under the provisions of the Indian Trusts Act, 1882;	
	(157) “non-profit organisation” means – (A) an organisation, by whatever name called, including a trust, if— (i) it is not established for the benefit of any particular caste or religious community; (ii) it does not provide any benefit for the members of any particular caste or religious community; (iii) it is established for the benefit of the general public or for the benefit of the Scheduled Castes, the Scheduled Tribes, backward classes, women or children; (iv) it is established for carrying on charitable activities; (v) it is not established for the benefit of any of its members; (vi) it actually carries on the charitable activities during the financial year; and	

	<p>(vii) the actual beneficiaries of its activities are the general public, the Scheduled Castes, the Scheduled Tribes, backward classes, or women or children;</p> <p>(B) an organisation, engaged in activity intended to promote international welfare in which India is interested and which is notified in this behalf;</p>	
	(158) “non-resident” means a person who is not a resident;	
	(159) “non-resident deductee” means a person who is non-resident in India and receives any amount which is liable to deduction of tax at source under Chapter XIV;	
	(160) “notice” means the legal instrumentality by which intimation is provided;	
	(161) “notification” means a notification published in the Gazette of India and the expression “notify” shall be construed accordingly;	
	(162) “option” in relation to sweat equity shares means a right but not an obligation, granted to an employee to apply for the sweat equity shares at a predetermined price;	
	(163) “original investment asset” means an investment asset in respect of which deduction under section 55 is claimed;	
	(164) “Overseas Depository Bank” means a bank authorised by the issuing company to issue Global Depository Receipts against issue of Foreign Currency Convertible Bonds or ordinary shares of the issuing company;	
	<p>(165) “owner” in relation to a house property includes—</p> <p>(a) an individual who transfers otherwise than for adequate consideration any house property to his or her spouse, not being a transfer in connection with an agreement to live apart, or to a minor child;</p> <p>(b) the holder of an impartible estate;</p> <p>(c) a member of a co-operative society, company or other association of persons to whom a building or part thereof is allotted or leased under a house building scheme of the society, company or association; and</p> <p>(d) a person who is allowed to take or retain possession of any building or part thereof under a lease for a term of not less than twelve years or in part performance of a contract of the nature referred to in section 53A of the Transfer of Property Act, 1882;</p>	4 of 1882
	<p>(166) “paid”—</p> <p>(a) in relation to “Income from business” or “Income from residuary sources”, means incurred or actually paid, according to the method of accounting on the basis of which the income under those heads are computed; and</p> <p>(b) in all other cases, mean actually paid;</p>	

	<p>(167) “participant” means—</p> <p>(a) a partner in relation to a firm; or</p> <p>(b) a member in relation to an association of persons or body of individuals;</p>	
	<p>(168) “partner” shall have the meaning as assigned to it in the Indian Partnership Act, 1932 and shall include—</p> <p>(a) a partner of a limited liability partnership as defined in the Limited Liability Partnership Act, 2008; and</p> <p>(b) any person who, being a minor, has been admitted to the benefits of partnership;</p>	<p>9 of 1932</p> <p>6 of 2009</p>
	<p>(169) “partnership” shall have the meaning as assigned to it in the Indian Partnership Act, 1932 and shall include a limited liability partnership as defined in the Limited Liability Partnership Act, 2008;</p>	<p>9 of 1932</p> <p>6 of 2009</p>
	<p>(170) “permanent account number” means a permanent account number allotted to a person under section 296;</p>	
	<p>(171) “permanent establishment” means a fixed place of business through which the business of a non-resident assessee is wholly or partly carried on and—</p> <p>(a) includes—</p> <p>(i) a place of management;</p> <p>(ii) a branch;</p> <p>(iii) an office;</p> <p>(iv) a factory;</p> <p>(v) a workshop;</p> <p>(vi) a sales outlet;</p> <p>(vii) a warehouse in relation to a person providing storage facilities for others;</p> <p>(viii) a farm, plantation or other place where agricultural, forestry, plantation or related activities are carried on;</p> <p>(ix) a mine, an oil or gas well, a quarry or any other place of extraction of natural resources;</p> <p>(x) a building site or construction, installation or assembly project or supervisory activities in connection therewith;</p> <p>(xi) furnishing of services, including consultancy services, by the assessee through employees or other personnel engaged by him for such purpose; and</p> <p>(xii) an installation or structure or plant or equipment, used for exploration or for exploitation of natural resources; and</p> <p>(b) deemed to include—</p> <p>(i) a person, acting in India on behalf of an assessee, other than an independent agent being a broker, general commission agent or any other agent of independent status acting in the ordinary course of his business, if such person—</p>	

	<p>(A) has and habitually exercises in India an authority to conclude contracts on behalf of the assessee, unless his activities are limited to the purchase of goods or merchandise for the assessee;</p> <p>(B) habitually maintains in India a stock of goods or merchandise from which he regularly delivers goods or merchandise on behalf of the assessee; or</p> <p>(C) habitually secures orders in India, mainly or wholly for the non-resident or for that non-resident and other non-residents controlling, controlled by, or subject to the same common control, as that non-resident;</p> <p>(ii) a person acting in India on behalf of an assessee engaged in the business of insurance, through whom the assessee collects premia in the territory of India or insures risks situated therein;</p> <p>(iii) a person who by way of lease or license or any other manner provides or uses equipment of purchase price of fifty lakh rupees or above in India irrespective of whether owned or under any contract with the assessee;</p> <p><i>Explanation.</i> - For the purposes of this clause, it is hereby declared that the subsidiary of a foreign company in India shall not of its own constitute a permanent establishment of such foreign company unless it fulfils any of the conditions in sub-clause (a) or (b).</p>	
	<p>(172) “person” includes—</p> <p>(a) an individual,</p> <p>(b) a Hindu undivided family,</p> <p>(c) a company,</p> <p>(d) a co-operative society or any other society,</p> <p>(e) a firm,</p> <p>(f) a non-profit organisation,</p> <p>(g) an association of persons,</p> <p>(h) a body of individuals,</p> <p>(i) a local authority,</p> <p>(j) every artificial juridical person, not falling within any of the preceding sub-clauses ,</p> <p>whether or not the society, firm, organisation, association, body, local authority or artificial juridical person was formed or established or incorporated with the object of deriving income and wherever the context requires, shall include all persons, resident or non-resident, whether or not the non-resident person has a residence or place of business or business connection in India or any other presence in any manner whatsoever in India;</p>	
	<p>(173) “person having a substantial interest in a concern”, with its grammatical variations, means—</p> <p>(a) a person who is the beneficial owner (including the beneficial ownership held by one or more of his relatives, in case the person is an individual) of equity shares carrying not less than twenty per cent. of the voting power, at any time during the financial year, in a concern being a company; and</p> <p>(b) a person who is, at any time during the financial year, beneficially entitled (including</p>	

	<p>the income which is beneficially entitled to one or more of his relative, in case the person is an individual) to not less than twenty per cent. of the income in any other concern being a Hindu undivided family, or a firm or an unincorporated body;</p>	
	<p>(174) “person of Indian origin” means any person who or either of whose parents or any of whose grand parents—</p> <ul style="list-style-type: none"> (i) was born in India, or (ii) was born in India as defined in the Government of India Act, 1935, in case the person or the parent or the grand parent was born before the 15th day of August, 1947; 	
	<p>(175) “person responsible for making a specified payment” means—</p> <ul style="list-style-type: none"> (a) an employer who makes the payment which is in the nature of salary; (b) any person who makes the payment of the nature specified in column (2) of the Twentieth Schedule or the Twenty- First Schedule; (c) in the case payment of the nature specified in column (2) of the Twentieth Schedule or the Twenty- First Schedule, as the case may be, made by or on behalf of the Central Government or the Government of a State, the drawing and disbursing officer or any other person, by whatever name called, responsible for crediting, or as the case may be, paying such sum; 	
	<p>(176) “person with disability” means a person referred to—</p> <ul style="list-style-type: none"> (i) in clause (t) of section 2 of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995; or (ii) in clause (j) of section 2 of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999. 	<p>1 of 1996 44 of 1999</p>
	<p>(177) “person with severe disability” means—</p> <ul style="list-style-type: none"> (i) a person with eighty per cent. or more of one or more disabilities, as referred to in sub-section (4) of section 56 of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995; or (ii) a person with severe disability referred to in clause (o) of section 2 of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999; 	<p>1 of 1996 44 of 1999</p>
	<p>(178) “personal effects” in relation to a capital asset means any movable property including wearing apparel and furniture held for personal use by the assessee or any member of his family dependent on him, but excludes—</p> <ul style="list-style-type: none"> (a) jewellery; (b) archaeological collections; (c) drawings; (d) paintings; (e) sculptures; and 	

	(f) any work of art;	
	<p>(179) “perquisite” for the purposes of “Income from employment” means—</p> <p>(a) the amenity, facility, privilege or service, whether convertible into money or not, provided directly or indirectly to an employee by the employer, whether by way of reimbursement or otherwise, being—</p> <p>(i) the value of any accommodation computed in such manner as may be prescribed;</p> <p>(ii) any sum payable to effect an assurance on life or to effect a contract for an annuity;</p> <p>(iii) the value of any sweat equity share allotted or transferred, as on the date on which the option is exercised by the employee; or</p> <p>(iv) the value of any obligation which, but for payment by the employer, would have been payable by the employee, computed in such manner as may be prescribed;</p> <p>(b) the value of any amenity, facility, privilege or service, other than those referred to in sub-clause (a) computed in such manner as may be prescribed; but does not include—</p> <p>(i) the value of any medical treatment provided to an employee or any member of his family in a hospital maintained by the employer;</p> <p>(ii) any sum paid by an employer in respect of any expenditure actually incurred by an employee on medical treatment of himself or his family members in any hospital maintained by the Government or any local authority or any other hospital approved by the Government;</p> <p>(iii) any sum paid by an employer in respect of any expenditure actually incurred by an employee on medical treatment of himself or his family members with regard to specified diseases, in any hospital approved by the Chief Commissioner in accordance with such guidelines as may be prescribed;</p> <p>(iv) any premium paid or reimbursed by an employer to effect or to keep in force an insurance on the health of an employee under any scheme approved by the Central Government or the Insurance Regulatory and Development Authority;</p> <p>(v) any sum paid by an employer in respect of any expenditure actually incurred by an employee on medical treatment of himself or his family members, other than the expenditure on treatment referred to in items (i), (ii) and (iii), to the extent it does not exceed fifty thousand rupees in a financial year;</p> <p>(vi) any sum paid by an employer in respect of,-</p> <p>(A) any expenditure actually incurred by an employee outside India on medical treatment of himself or his family members (including expenditure incurred on stay abroad of the patient and one attendant accompanying the patient in connection with such treatment), if the expenditure does not exceed the amount permitted by the Reserve Bank of India;</p> <p>(B) any expenditure actually incurred on travel of the patient and one attendant accompanying the patient in connection with such treatment if the income from employment, excluding the amount of expenditure referred to in this sub- item , of such employee does not exceed five lakh rupees in the financial year;</p>	
	(180) “place of effective management” means the place where key management and commercial decisions that are necessary for the conduct of the business of an entity as a whole are,	

	in substance made;	
	(181) “plant” includes ships, aircrafts, vehicles, books, scientific apparatus and surgical equipment; but does not include tea bushes, livestock, buildings or furniture and fittings;	
	(182) “political party” means a political party registered and recognised under the Representation of the People Act, 1951;	43 of 1951
	(183) “population” means population according to the last preceding census of which the relevant figures have been published before the first day of the previous year;	
	(184) “predecessor” in relation to a business re-organisation means— (a) the amalgamating company or amalgamating co-operative, in the case of amalgamation; (b) the merging company in the case of business re-organisation referred to in sub-clause (b) of clause (35); (c) the demerged company, in the case of demerger; or	
	(185) “preference shares” shall be construed to have the meaning in accordance with the provisions of section 43 of the Companies Act, 2013;	18 of 2013
	(186) “prescribed” means prescribed by rules made under this Code;	
	(187) “primary co-operative agricultural and rural development bank” means a society having its area of operation confined to a taluk and the principal object of which is to provide for long-term credit for agricultural and rural development activities;	
	(188) “principal officer” in relation to a person, being a local authority or any other public body or a company or an unincorporated body, means— (a) the secretary, treasurer, manager or agent of the person, or (b) any person connected with the management or administration of the person upon whom the Assessing Officer has served a notice of his intention of treating him as the principal officer thereof;	
	(189) “private discretionary trust” means any entity, whether incorporated or not, which fulfills the following conditions, namely:— (a) the shares of its beneficiaries are indeterminate or unknown; (b) it is not a non-profit organisation; and (c) it is not registered under any law of the Central, State or Provincial Government for the regulation of the religious endowments;	
	(190) “profits in lieu of or in addition to any salary” includes—	

	<p>(a) the amount of any compensation due to or received by an employee from his employer or former employer at or in connection with his voluntary retirement, the termination of his employment, or the modification of the terms and conditions relating thereto;</p> <p>(b) any sum received under a keyman insurance policy including the sum allocated by way of bonus on such policy, if any part of the contribution to the policy is made by his employer or former employer; and</p> <p>(c) any amount due to or received, directly or indirectly, by any assessee from any person—</p> <p>(i) before his joining any employment with that person; or</p> <p>(ii) after cessation of his employment with that person;</p>	
	(191) “public company” shall have the meaning as assigned to it in clause (71) of section 2 of the Companies Act, 18 of 2013;	18 of 2013
	(192) “public financial institution” shall have the meaning as assigned to it in clause (72) of section 2 of the Companies Act, 2013;	18 of 2013
	<p>(193) “public sector company” means—</p> <p>(a) any corporation established by or under any Central, State or Provincial Act, or</p> <p>(b) a Government company as defined in clause (45) of section 2 of the Companies Act, 2013;</p>	18 of 2013
	(194) “public servant” shall have the meaning as assigned to it in section 21 of the Indian Penal Code;	45 of 1860
	(195) “rate of exchange” means the rate of exchange prescribed for the conversion of Indian rupee into foreign currency or <i>vice versa</i> ;	
	(196) “rate of tax of the other country” means income-tax or wealth-tax, as the case may be, and surcharge or cess thereon, if any, actually paid in the other country in accordance with the corresponding laws in force in the said country after deduction of all relief due, but before deduction of any relief due in the said country in respect of double taxation, divided by the whole amount of the income as assessed in the said country;	
	<p>(197) “rate in force” , in relation to a financial year means the rate of income-tax or wealth-tax, as the case may be, specified for the relevant purpose—</p> <p>(a) in this Code; or</p> <p>(b) in the relevant agreement entered into by the Central Government under section 295;</p>	
	<p>(198) “re-assessment” means any assessment of tax bases in pursuance of a notice issued under section 171, whether or not—</p> <p>(a) a return of tax bases has been filed before, or after, the issue of the said notice; or</p> <p>(b) an assessment of the tax bases has been made before the issue of the said notice;</p>	

	(199) “recognised stock exchange” means a recognised stock exchange as referred to in clause (f) of section 2 of the Securities Contracts (Regulation) Act, 1956 and which fulfils such conditions as may be prescribed, and notified by the Central Government for this purpose;	42 of 1956
	(200) “recognised commodity exchange” means a recognised association as defined in clause (j) of section 2 of the Forward Contracts (Regulation) Act, 1952 and which fulfils such conditions as may be prescribed and is notified by the Central Government for this purpose;	74 of 1952
	(201) “registered valuer” means a person registered as such by the Board for determining the value of any asset in accordance with the procedure as may be prescribed;	
	(202) “regular income-tax” shall have the meaning assigned to it in clause (a) of section 108;	
	(203) “relative”, in relation to an individual, means— <ul style="list-style-type: none"> (a) spouse of the individual; (b) brother or sister of the individual; (c) brother or sister of the spouse of the individual; (d) brother or sister of either of the parents of the individual; (e) any lineal ascendant or descendant of the individual; (f) any lineal ascendant or descendant of the spouse of the individual; (g) spouse of the persons referred to in sub-clauses (b) to (f); or (h) any lineal descendant of a brother or sister of either the individual or of the spouse of the individual; 	
	(204) “remission or cessation of any liability” includes the remission or cessation of any liability— <ul style="list-style-type: none"> (a) by a unilateral act by the assessee by way of writing off such liability in his account or creating a reserve (by whatever name called); or (b) by virtue of there being no transaction with the creditor during the period of five years from the end of the financial year in which the last transaction took place and no suit is pending in any court for recovery of such liability; 	
2 of 1934	(205) “Reserve Bank of India” means the Bank constituted under sub-section (1) of section 3 of the Reserve Bank of India Act, 1934;	
	(206) “resident” means a person who is resident in India within the meaning of section 4;	
	(207) “resident deductee” means a person who is resident and receives any amount liable to deduction of tax at source under Chapter XIV;	

	<p>(208) “resulting company” means—</p> <ul style="list-style-type: none"> (a) one or more companies (including a wholly owned subsidiary thereof) to which the undertaking of the demerged company is transferred in a demerger, and the resulting company in consideration of such transfer of undertaking, issues shares to the shareholders of the demerged company; or (b) any authority, body, local authority or a company established, constituted or formed as a result of demerger; 	
	<p>(209) “royalty” means consideration (including any lump-sum consideration but excluding any consideration which would be the income of the recipient chargeable under the head “Capital gains”) for—</p> <ul style="list-style-type: none"> (a) the transfer of all or any rights (including the granting of a licence) in respect of a patent, invention, model, design, trade mark, secret formula, process, or similar property; (b) the imparting of any information concerning the working of, or the use of, a patent, invention, model, design, secret formula, process, trade mark, or similar property; (c) the use of any patent, invention, model, design, secret formula, process, trade mark, or similar property; (d) the imparting of any information concerning technical, industrial, commercial or scientific knowledge, experience or skill; (e) the use or right to use of any industrial, commercial or scientific equipment including ship or aircraft but excluding the amount, referred to in item numbers 7 and 8 of the Table in the Eleventh Schedule, which is subject to tax in accordance with the provisions of that Schedule; (f) the use or right to use of transmission by satellite, cable, optic fiber or similar technology; (g) the transfer of all or any rights (including the granting of a licence) in respect of — <ul style="list-style-type: none"> (i) any copyright of literary, artistic or scientific work; (ii) cinematographic films or work on films, tapes or any other means of reproduction; or (iii) live coverage of any event; (h) the rendering of any services in connection with the activities referred to in sub-clauses (a) to (g); <p><i>Explanation .—</i>For the removal of doubts, it is hereby clarified that , -</p> <ul style="list-style-type: none"> (i) the transfer of all or any rights in respect of any right, property or information includes transfer of all or any right for use or right to use a computer software (including granting of a licence) irrespective of the medium through which such right is transferred; (ii) the royalty includes consideration in respect of any right, property or information, whether or not— <ul style="list-style-type: none"> (a) the possession or control of such right, property or information is with the payer; (b) such right, property or information is used directly by the payer; 	

	<p>(c) the location of such right, property or information is in India;</p> <p>(iii) the expression "process" includes transmission by satellite (including up-linking, amplification, conversion for down-linking of any signal), cable, optic fibre or by any other similar technology, whether or not such process is secret;</p>	
	<p>(210) "rural area" means any area not being an urban area;</p>	
	<p>(211) "salary" includes—</p> <p>(a) wages;</p> <p>(b) remuneration;</p> <p>(c) perquisites;</p> <p>(d) profits in lieu of or in addition to any salary;</p> <p>(e) any advance or arrear of salary;</p> <p>(f) any allowance or benefit granted to an employee—</p> <p>(i) to meet his personal expenses at the place where the duties of his office or employment of profit are ordinarily performed by him or where he ordinarily resides;</p> <p>(ii) to compensate him for the increased cost of living;</p> <p>(iii) to meet expenses wholly, necessarily and exclusively for the performance of the duties of an office or employment of profit;</p> <p>(iv) to remunerate or compensate him for performing duties of a special nature relating to his office or employment of profit;</p> <p>(v) to meet expenses on travel during leave; or</p> <p>(vi) which is in the nature of house rent allowance;</p> <p>(g) any allowance, other than the allowances referred to in sub-clause (f), concession or assistance;</p> <p>(h) any payment received by an employee in respect of any period of leave not availed by him;</p> <p>(i) any contribution made by an employer, in the financial year, to the account of an employee under a pension fund;</p> <p>(j) any contribution made by an employer, in the financial year, to the account of an employee in any other fund;</p> <p>(k) any amount of interest credited, in the financial year, on the balance to the credit of an employee in a fund referred to in clause (j);</p> <p>(l) any annuity, pension or any commutation thereof;</p> <p>(m) any gratuity;</p> <p>(n) any fees or commission;</p>	
	<p>(212) "Schedule" means a Schedule to this Code;</p>	

	(213) “scheduled bank” means any bank listed in the Second Schedule to the Reserve Bank of India Act, 1934;	2 of 1934
	(214) “Scheduled Castes” and “Scheduled Tribes” shall have the meaning respectively assigned to them in clauses (24) and (25) of article 366 of the Constitution;	
	<p>(215) “scientific research and development” means systemic investigation and research in a field of technology, natural or applied science (including agriculture, animal husbandary or fisheries), if—</p> <p>(a) it is carried out by the assessee by means of experiment or analysis;</p> <p>(b) it is in the nature of—</p> <p>(i) basic research, namely, work undertaken for the advancement of scientific knowledge without a specific practical application in view;</p> <p>(ii) applied research, namely, work undertaken for the advancement of scientific knowledge with a specific practical application in view; or</p> <p>(iii) experimental development, namely, work undertaken for the purpose of achieving technological advancement for the purpose of creating new, or improving existing materials, devices, products or processes, including incremental improvements thereto; and</p> <p>(c) it is not in the nature of—</p> <p>(i) market research or sales promotion;</p> <p>(ii) quality control or routine testing of materials, devices, products or processes;</p> <p>(iii) research in social sciences or humanities;</p> <p>(iv) prospecting for, exploring or drilling for, or producing, minerals, petroleum or natural gas;</p> <p>(v) the commercial production of a new or improved material, device or product or the commercial use of a new or improved process;</p> <p>(vi) style changes; or</p> <p>(vii) routine data collection;</p>	
	(216) “security” shall have the same meaning as assigned to it in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956;	74 of 1956
	(217) “Securities and Exchange Board of India” means the Board established under section 3 of the Securities and Exchange Board of India Act, 1992;	15 of 1992
	(218) “self-assessment tax” means the tax paid after the financial year but before filing the return of tax bases;	
	(219) “senior citizen” means an individual resident in India who attains the age of sixty years or more at any time during the financial year;	

	(220) “service” for the purposes of agreement for non-compete means service of any description which is made available to potential users and includes the provision of services in connection with business of any industrial or commercial nature such as accounting, banking, merchant banking, communication, conveying of news or information, advertising, entertainment, amusement, education, financing, insurance, chit funds, real estate, construction, transport, storage, processing, supply of electrical or other energy, boarding and lodging;	
	(221) “Sikkimese” means— (a) an individual, whose name is recorded in the register maintained under the Sikkim Subjects Regulation, 1961 read with the Sikkim Subject Rules, 1961 (in this clause referred to as the “Register of Sikkim Subjects”), immediately before the 26th day of April, 1975; (b) an individual, whose name is included in the Register of Sikkim Subjects by virtue of the Government of India Order No.26030/36/90-I.C.I., dated the 7th August, 1990 and Order of even number dated the 8th April, 1991; or (c) any other individual, whose name does not appear in the Register of Sikkim Subjects, but it is established beyond doubt that the name of such individual’s father or husband or paternal grandfather or brother from the same father has been recorded in that register;	
	(222) “slump sale” means the sale of any undertaking or division of a business for a lump-sum consideration without values being assigned to the individual assets and liabilities in such sale, other than the assignment of values to the assets or liabilities for the sole purpose of payment of stamp duty, registration fees or other similar taxes or fees;	
	(223) “society” means a society registered under the Societies Registration Act, 1860 or under any law corresponding to that Act in force in any part of India;	21 of 1860
	(224) “sold” includes a transfer by way of exchange or a compulsory acquisition under any law for the time being in force but does not include a transfer, in a scheme of business re-organisation, of any asset by the predecessor to the successor;	
	(225) “ special economic zone” shall have the meaning assigned to it under clause (za) of section 2 of the Special Economic Zones Act, 2005;	28 of 2005
	(226) “special modes of acquisition” means— (a) acquisition of converted property by a Hindu undivided family; or (b) acquisition by any person in any of the following manner— (i) upon distribution of any asset on the total or partial partition of a Hindu undivided family; (ii) by way of a gift; (iii) under a will;	

	<p>(iv) by way of succession, inheritance or devolution;</p> <p>(v) upon distribution of any asset on the dissolution of an unincorporated body;</p> <p>(vi) upon distribution of any asset on the liquidation of a company;</p> <p>(vii) upon a revocable or an irrevocable settlement to a trust; or</p> <p>(viii) under a transaction referred to in clause (d) to clause (h) of sub-section (1) of section 47;</p>	
	<p>(227) “special source”, in its grammatical variation, shall have the meaning assigned to it in section 15.</p>	
	<p>(228) “specified association” means any institution, association or body, whether incorporated or not, functioning under any law for the time being in force in India or the laws of the specified territory outside India and notified as such by the Central Government;</p>	
	<p>(229) “specified derivative transaction” means any transaction in derivatives, if—</p> <p>(a) it is carried out electronically on screen-based systems of a recognised stock exchange or a recognised commodity exchange;</p> <p>(b) it is carried out by a bank or mutual fund or any other person, through a broker, member or such other intermediary; and</p> <p>(c) it is supported by a time stamped contract note issued by the intermediary to every client indicating in the contract note—</p> <p>(i) the unique client identity number allotted under any law for the time being in force; and</p> <p>(ii) the permanent account number allotted under this Code;</p>	
	<p>(230) “specified domestic transaction” in case of a person means any of the following transactions, not being an international transaction referred to in sub-section (11) of section 127, namely:—</p> <p>(i) any expenditure in respect of which payment has been made or is to be made to an associated person referred to in sub-section (5) of section 127; or</p> <p>(ii) any other transaction as may be prescribed,</p> <p>and where the aggregate of such transactions entered into by the person in the financial year exceeds a sum of five crore rupees;</p>	
	<p>(231) “specified territory” means any area outside India and notified as such by the Central Government;</p>	
	<p>(232) “speculative business” means the speculative transactions carried on in the nature of a business and shall include such part of business of a company (other than a company, the principal</p>	

	business of which is the business of banking or the granting of loans and advances or an insurance company) which consists of purchase and sale of shares of other companies;	
	<p>(233) “speculative transaction” means a transaction in which a contract for the purchase or sale of any commodity, including stocks and shares, is periodically or ultimately settled otherwise than by the actual delivery or transfer of the commodity or scrips, other than the following transactions; namely,—</p> <p>(a) a specified derivative transaction;</p> <p>(b) a contract in respect of raw materials or merchandise entered into by a person in the course of his manufacturing or merchandising business to guard against loss through future price fluctuations in respect of his contracts for actual delivery of goods manufactured, or merchandise sold by him;</p> <p>(c) a contract in respect of stocks and shares entered into by a dealer or investor therein to guard against loss in his holdings of stocks and shares through price fluctuations; and</p> <p>(d) a contract entered into by a member of a forward market or a stock exchange in the course of any transaction in the nature of jobbing or arbitrage to guard against loss which may arise in the ordinary course of his business as such member;</p>	
	<p>(234) “stamp duty value” means—</p> <p>(a) the value adopted, or assessed, by any authority of the Central Government or a State Government for the purposes of payment of stamp duty in respect of an immovable property; or</p> <p>(b) the value which the stamp valuation authority would have, notwithstanding anything in any other law for the time being in force, adopted or assessed, if it were referred to such authority for the purposes of payment of stamp duty;</p>	
	(235) “State Bank of India” means the State Bank of India constituted under the State Bank of India Act, 1955;	23 of 1955
	(236) “State financial corporation” means a financial corporation established under section 3 or section 3A or an institution notified under section 46 of the State Financial Corporations Act, 1951;	63 of 1951
	(237) “State industrial investment corporation” means a Government company within the meaning of clause (45) of section 2 of the Companies Act, 2013, engaged In the business of providing long-term finance for industrial projects;	18 of 2013
	(238) “State Pooled Finance Entity” means such entity which is set up in accordance with the guidelines for the Pooled Finance Development Scheme notified by the Central Government;	
	(239) “subsidiary” shall have the meaning as assigned to it in clause (87) section 2 of the Companies Act, 2013 and includes subsidiary incorporated outside India;	18 of 2013
	(240) “successor” in relation to –	

	<p>I. business re-organisation means—</p> <p>(a) the amalgamated company or amalgamated co-operative, in the case of amalgamation;</p> <p>(b) the merged company in the case of business re-organisation referred to in sub-clause (b) of clause (41);</p> <p>(c) the resulting company, in the case of demerger;</p> <p>II. business means-</p> <p>(a) a successor in a business re-organisation;</p> <p>(b) a firm which succeeds another firm carrying on a business; and</p> <p>(c) a person who succeeds any other person in a business;</p>	
	<p>(241) “sweat equity share” means—</p> <p>(a) any security underlying any employees’ stock option granted under any plan, or scheme, of the employer; or</p> <p>(b) any security issued by a company to its employee or director, at a discount or for consideration other than cash;</p>	
	<p>(242) “tax” means any tax chargeable under the provisions of this Code and includes surcharge or cess, if any;</p>	
	<p>(243) “tax account number” means a number allotted under this Code to a person who is liable to deduct tax at source or collect tax at source under Sub-chapter A or Sub-chapter B of Chapter XIV;</p>	
	<p>(244) “tax arrear” means any amount of tax, interest, penalty, fine or any other sum, due from an assessee under this Code;</p>	
	<p>(245) “tax bases” means—</p> <p>(a) income or total income, as the case may be, in relation to income-tax;</p> <p>(b) net wealth in relation to wealth-tax;</p> <p>(c) dividend distributed in relation to dividend distribution tax or income distributed in relation to tax on distributed income;</p> <p>(d) branch profits in relation to branch profits tax;</p> <p>(e) the income or total income, net wealth, dividend, income distributed or branch profits referred to in sub-clauses (a) to (d) of any other person in respect of which the assessee is assessable under this Code;</p>	
	<p>(246) “Tax Recovery Officer” means any Income-tax Officer who may be authorised by the Chief Commissioner or the Commissioner, by general or special order in writing,—</p> <p>(a) to exercise the powers of a Tax Recovery Officer; and</p> <p>(b) to exercise or perform such powers and functions, which are conferred on or assigned</p>	

	to an Assessing Officer, as may be prescribed;	
	<p>(247) “test of continuity of business” stands satisfied, in case of a successor, if he—</p> <p>(a) holds at least three-fourths of the book value of fixed assets of the predecessor acquired through business re-organisation, continuously for a minimum period of five financial years immediately succeeding the financial year in which the business re-organisation takes place;</p> <p>(b) continues the business of the predecessor for a minimum period of five financial years immediately succeeding the financial year in which the business re-organisation takes place; and</p> <p>(c) fulfils such other conditions as may be prescribed to ensure the revival of the business of the predecessor or to ensure that the business re-organisation is for genuine business purpose;</p>	
	(248) “threshold limit” means the maximum amount which is not liable to income-tax;	
	(249) “total income” of a financial year means the total income computed under section 63, section 91, section 103 or section 106, as the case may be, for that financial year;	
	(250) “total income from special sources” of a financial year means the net result of the aggregation under sub-section (2) of section 62 for that financial year;	
	(251) “total turnover” in relation to a business means the gross sum received or receivable by the assessee, directly or indirectly, in respect of his worldwide sale of goods or supply of services, as the case may be, of the business including any tax, duty, cess or fee (by whatever name called) collected or collectible in respect of the sale or supply;	
	<p>(252) “trade debt” means a debt—</p> <p>(a) which has been taken into account in computing the income of the assessee in any financial year; or</p> <p>(b) which is money lent in the ordinary course of banking or money lending which is carried on by the assessee;</p>	
	<p>(253) “transfer”, in relation to a capital asset, includes—</p> <p>(a) the sale, exchange or relinquishment of the asset;</p> <p>(b) the extinguishment of any rights in it;</p> <p>(c) its compulsory acquisition under any law for the time being in force;</p> <p>(d) its conversion into, or its treatment as, stock-in-trade of a business;</p> <p>(e) the buy-back of any shares or other specified securities referred to in clause (a) of the <i>Explanation</i> to section 68 of the Companies Act, 2013, by the issuer of such shares or securities;</p> <p>(f) any contribution of the asset, whether by way of capital or otherwise, to a company or an unincorporated body, in which the transferor is, or becomes, a shareholder or participant, as the case may be;</p> <p>(g) the distribution of the asset on account of dissolution of an unincorporated body;</p>	18 of 2013

	<p>(h) the distribution of the asset on account of liquidation or dissolution of a company;</p> <p>(i) any transaction allowing the possession of an immovable property to be taken or retained in part performance of a contract of the nature referred to in section 53A of the Transfer of Property Act, 1882;</p> <p>(j) any transaction which enables the enjoyment of the asset, being any immovable property, whether by way of becoming a participant in an unincorporated body or acquiring shares in a company or by way of any agreement, arrangement or in any other manner;</p> <p>(k) the maturity or redemption of a zero coupon bond;</p> <p>(l) slump sale;</p> <p>(m) any damage to the insured asset or its destruction as a result of—</p> <p>(i) flood, typhoon, hurricane, cyclone, earthquake or any other convulsion of nature;</p> <p>(ii) riot or civil disturbance;</p> <p>(iii) accidental fire or explosion; or</p> <p>(iv) action by an enemy or action taken in combating an enemy (whether with or without a declaration of war);</p> <p>(n) transfer of securities by a person having beneficial interest in the securities held by a depository as registered owner;</p> <p>(o) distribution of money or the asset to a participant in an unincorporated body on account of his retirement from the body;</p> <p>(p) any disposition, settlement, trust, covenant, agreement or arrangement; and</p> <p>(q) disposing of or parting with an asset or any interest therein, or creating any interest in any asset in any manner whatsoever, directly or indirectly, absolutely or conditionally, voluntarily or involuntarily, by way of an agreement (whether entered into in India or outside India) or otherwise, notwithstanding the fact that such transfer of rights has been characterised as being effected or dependent upon or flowing from the transfer of a share or shares of a company registered or incorporated outside India.</p>	4 of 1882
	<p>(254) “Transfer Pricing Officer” means an Additional Commissioner, Joint Commissioner, Deputy Commissioner or Assistant Commissioner, authorised by the Board to perform all or any of the functions for determining the arm’s length price in respect of an international transaction and for levying any penalty connected thereto, in respect of any person or class of persons;</p>	
	<p>(255) “transportation charge” includes—</p> <p>(a) any amount paid whether in or out of India to the assessee, or to any person on his behalf, on account of the carriage of passengers, livestock, mail (including courier) or goods from any place or any port in India;</p> <p>(b) any amount received or deemed to be received in India by or on behalf of the assessee on account of the carriage of passengers, livestock, mail (including courier) or goods from any place or any port outside India;</p> <p>(c) any amount paid to, or received or deemed to be received in India by, the assessee or any person on his behalf by way of demurrage charges or handling charges or such other charges in relation to sub-clauses (a) or (b), as the case may be; or</p> <p>(d) any amount paid to, or received or deemed to be received by, the assessee or any</p>	

	<p>person on his behalf for charter, whether or not with crew, including an arrangement as slot charter, space charter, joint charter or any similar arrangement, of ships, aircraft or any other mode of transport, in relation to sub-clauses (a) or (b), as the case may be;</p>	
	<p>(256) “trust” shall have the meaning assigned to it in clause (f) of section 102;</p>	
	<p>(257) “undertaking” in relation to demerger includes—</p> <ul style="list-style-type: none"> (a) any part of an undertaking; (b) a unit or division of an undertaking; (c) a business activity taken as a whole; or (d) individual assets or liabilities or any combination thereof which constitutes a business activity; 	
	<p>(258) “unincorporated body” means—</p> <ul style="list-style-type: none"> (a) a firm; (b) an association of persons; or (c) a body of individuals; 	
	<p>(259) “university” means a university established or incorporated by or under a Central, State or Provincial Act and includes an institution deemed to be a University under section 3 of the University Grants Commission Act, 1956;</p>	3 of 1956
	<p>(260) “urban area” means—</p> <ul style="list-style-type: none"> (a) an area within the jurisdiction of a municipality (whether known as a municipality, municipal corporation, notified area committee, town area committee, town committee or by any other name) or a Cantonment Board and which has a population of ten thousand or more; or (b) an area within such distance, measured aerially,- <ul style="list-style-type: none"> (i) not being more than two kilometers, from the local limits of any municipality or Cantonment Board referred to in sub-clause (a) and which has a population of more than ten thousand but not exceeding one lakh; or (ii) not being more than six kilometers, from the local limits of any municipality or Cantonment Board referred to in sub-clause (a) and which has a population of more than one lakh but not exceeding ten lakh; or (iii) not being more than eight kilometers, from the local limits of any municipality or Cantonment Board referred to in sub-clause (a) and which has a population of more than ten lakh; 	
	<p>(261) “valuation date” in relation to wealth-tax means the 31st day of March of the relevant financial year;</p>	

	(262) “valuation officer” means a person appointed as a valuation officer by the Central Government and includes a regional valuation officer, a district valuation officer and an assistant valuation officer;	
	(263) “value of inventory of the business” as on the— (a) close of the financial year means the value of stock of finished goods, work-in-progress, raw material, stores and spares or any other inventory remaining in stock, as on the close of the said financial year and the value is computed in accordance with the method of accounting regularly employed by the assessee; and (b) beginning of the financial year shall be— (i) nil, if the business has commenced during the financial year; and (ii) the value of inventory of the business, as on the close of the immediately preceding financial year, in any other case;	
	(264) “value of sweat equity share” shall be the value of the sweat equity share on the date on which the option is exercised by the assessee, determined in accordance with the method as may be prescribed, as reduced by the amount actually paid by, or recovered from, the assessee in respect of such shares;	
15 of 1992 15 of 1992	(265) “venture capital company” means a company which— (A) has been granted a certificate of registration, before the 21st day of May, 2012, as a Venture Capital Fund and is regulated under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 made under the Securities and Exchange Board of India Act, 1992 ; or (B) has been granted a certificate of registration as Venture Capital Fund as a sub-category of Category I Alternative Investment Fund and is regulated under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 made under the Securities and Exchange Board of India Act, 1992, if-- (i) it is not listed on a recognised stock exchange; (ii) it has invested not less than two-thirds of its investible funds in unlisted equity shares or equity linked instruments of venture capital undertaking; and (iii) it has not invested in any venture capital undertaking in which its director or a substantial shareholder (being a beneficial owner of equity shares exceeding ten per cent. of its equity share capital) holds, either individually or collectively, equity shares in excess of fifteen per cent. of the paid-up equity share capital of such venture capital undertaking;	
	(266) “venture capital fund” means a fund— (A) operating under a trust deed registered under the provisions of the Registration Act, 1908 , which— (I) has been granted a certificate of registration, before the 21st day of May, 2012, as a Venture Capital Fund and is regulated under Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996; or	16 of 1908

	<p>(II) has been granted a certificate of registration as Venture Capital Fund as a sub-category of Category I Alternative Investment Fund under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, if</p> <p>(i) it has invested not less than two-thirds of its investible funds in unlisted equity shares or equity linked instruments of venture capital undertaking;</p> <p>(ii) it has not invested in any venture capital undertaking in which its trustee or the settler holds, either individually or collectively, equity shares in excess of fifteen per cent. of the paid-up equity share capital of such venture capital undertaking; and</p> <p>(iii) the units, if any, issued by it are not listed in any recognised stock exchange; or</p> <p>(B) operating as a venture capital scheme made by the Unit Trust of India established under the Unit Trust of India Act, 1963;</p>	52 of 1963
	<p>(267) “venture capital undertaking” means-</p> <p>(i) a venture capital undertaking as defined in clause (n) of regulation 2 of the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996; or</p> <p>(ii) a venture capital undertaking as defined in clause (aa) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012; -</p>	
	<p>(268) “widely held company” means—</p> <p>(a) a company owned by the Government or the Reserve Bank of India;</p> <p>(b) a company in which not less than forty per cent. of the paid-up share capital is held (whether alone or taken together) by the Government or the Reserve Bank of India or a corporation owned by that bank;</p> <p>(c) a company registered under section 25 of the Companies Act, 1956 or section 8 of the Companies Act, 2013;</p> <p>(d) a mutual benefit finance company;</p> <p>(e) a co-operative sector company;</p> <p>(f) a public company whose shares are listed on a recognised stock exchange;</p> <p>(g) a corporation established by or under a Central, State or Provincial Act;</p> <p>(h) a company in which not less than fifty per cent. of the paid up equity share capital is held throughout the relevant financial year, by the companies (whether alone or taken together) to which this clause applies; or</p> <p>(i) a company which is not a private company as defined in clause (68) section 2 of the Companies Act, 2013 and the shares in such company, carrying not less than fifty per cent. of the voting power, have been allotted and were throughout the relevant financial year held—</p> <p>(I) by the companies referred to in clauses (a) to (h) (whether alone or taken together); or</p> <p>(II) by a subsidiary of a company referred to in clauses (a) to (h), if the whole of the paid-up share capital of such subsidiary company has been held by the parent company or</p>	<p>1 of 1956 18 of 2013</p> <p>18 of 2013</p>

	by its nominees throughout the financial year;	
	(269) “working participant” means an individual who is actively engaged in conducting the affairs of the business of the unincorporated body of which he is a participant;	
	(270) “written down value” shall have the meaning assigned to it in section 45;	
	(271) “written off” in relation to a debt means recording an appropriate entry in the account of the debtor so as to reduce the amount of the debt without any recovery thereof;	
	(272) “zero coupon bond” means a bond— (a) issued by any company, fund or scheduled bank in accordance with a scheme notified by the Central Government; (b) in respect of which no payment and benefit is received or receivable before maturity or redemption from the company, fund or scheduled bank; and (c) which the Central Government may, by notification, specify in this behalf.	
Construction	321. In this Code, unless otherwise stated,— (a) a reference to any income, or to the result of any computation, shall be construed as a reference to both the negative and positive variation of the income or the result, as the case may be; (b) any direction for aggregation of two or more items, which are expressed as amounts, shall be construed also to include a direction for aggregation of negative and positive amounts in all their combinations; (c) the value of any variable in a formula shall be deemed to be nil, if the value of such variable is indeterminable or unascertainable.	
	CHAPTER XXI MISCELLANEOUS	
	322. (1) The Board may, subject to the control of the Central Government, by notification, make rules for the whole or any part of India for carrying out the purposes of this Code. (2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:— (a) the ascertainment and determination of any class of income; (b) the manner in which and the procedure by which the income shall be arrived at, in the case of— (i) agricultural income; (ii) a person residing outside India; (iii) a person whose total income includes income referred to in section 9; (c) the determination of the amount of expenditure allowable under this Code in such manner, extent and on such basis and conditions, as appears to the Board to be proper and reasonable; (d) the methods by which an estimate of any income liable to tax, or expenditure liable to	Power to make rules.

deduction, may be made, if such income or expenditure cannot be definitely ascertained, or can be ascertained only with an amount of trouble and expense to the assessee which in the opinion of the Board is unreasonable;

- (e) the form and manner in which any document, application, claim, return or information may be made or furnished and the fees that may be levied in respect of any document, application or claim;
- (f) the class or classes of persons who shall be required to furnish any document, application, claim, return or information in electronic form;
- (g) the form and manner in which a document, application, claim, return or information may be furnished electronically;
- (h) the document, statement, receipt, certificate or report which, regardless of anything to the contrary contained in this Code, may not be furnished along with the return but shall be produced before the Assessing Officer on demand;
- (i) the computer resource or the electronic record to which a document, application, claim, return or information may be transmitted electronically;
- (j) the manner in which any document, application, claim, return or information required to be filed under this Code may be verified;
- (k) the authority, agency or organisation who may receive any application, claim, return or information on behalf of the Board or the Department;
- (l) the procedure to be followed in calculating interest payable by assesseees or interest payable by Government to assesseees under any provision of this Code, including the rounding off of the period for which such interest is to be calculated in cases where such period includes a fraction of a month, and specifying the circumstances in which and the extent to which petty amounts of interest payable by assesseees may be ignored;
- (m) the form and manner in which any appeal or cross-objection may be filed under this Code and the manner in which intimation of any such order as is referred to in clause (d) of sub-section (2) of section 191 may be served;
- (n) the circumstances, the conditions and the manner in which, the Commissioner (Appeals) may permit an appellant to produce evidence which he did not produce or which he was not allowed to produce before the Assessing Officer;
- (o) the fee payable in respect of any appeal, application, reference or ruling;
- (p) the maintenance of a register of persons referred to in section 309, other than legal practitioners or accountants, practicing before income-tax authorities and for the constitution of and the procedure to be followed by the authority referred to in sub-section (4) of that section;
- (q) the issue of certificate verifying the payment of tax by assesseees;
- (r) the authority to be prescribed for any of the purposes of this Code;
- (s) the procedure for giving effect to the terms of any agreement for the granting of relief in respect of double taxation or for the avoidance of double taxation which may be entered into by the Central Government under this Code; and
- (t) any other matter which by this Code is to be, or may be, prescribed.

(3) Any order made, proceeding initiated or conducted, or liability or obligation discharged, in accordance with the rules framed under this section shall be deemed to be duly made, initiated, conducted or discharged, in accordance with the provisions of this Code.

(4) The power to make rules conferred by this section shall include the power to give retrospective effect, from a date not earlier than the date of commencement of this Code, to the rules

	or any of them and, unless the contrary is permitted, no retrospective effect shall be given to any rule so as to prejudicially affect the interests of assesseees.	
Laying of rules, schemes and notifications before Parliament.	323. Every rule and scheme made and notification issued under this Code shall be laid, as soon as may be after it is made or issued before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule, scheme or notification or both Houses agree that the rule, scheme or notification should not be made or issued, the rule, scheme or notification shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule, scheme or notification.	
Repeals and savings.	<p>324. (1) The Income-tax Act, 1961 and the Wealth-tax Act, 1957 are hereby repealed.</p> <p>(2) Notwithstanding the repeal of the Income-tax Act, 1961 and the Wealth-tax Act, 1957 (hereinafter referred to as the repealed Income-tax Act or the repealed Wealth-tax Act, respectively),—</p> <p>(a) the provisions of the repealed Income-tax Act or as the case may be, the repealed Wealth-tax Act shall continue to apply to any proceedings (including notices, assessment, re-assessment, rectification, penalty, reference, revision and appeals) in respect of any assessment year beginning on or before the 1st day of April, 2015, and accordingly, the assessment for those years shall continue to be made in accordance with the procedure specified in the repealed Income-tax Act or the repealed Wealth-tax Act, as the case may be;</p> <p>(b) any proceeding for the imposition of a penalty in respect of any assessment year beginning on or before the 1st day of April, 2015, may be initiated and any such penalty may be imposed under the repealed Income-tax Act, or as the case may be, the repealed Wealth-tax Act as if this Code had not been enacted;</p> <p>(c) any proceeding pending on the commencement of this Code before any income-tax authority or any other authority constituted under the repealed Income-tax Act, or as the case may be, the repealed Wealth-tax Act, Appellate Tribunal, or any court, by way of application, appeal, reference or revision, shall be continued and disposed of as if this Code had not been enacted;</p> <p>(d) any election or declaration made, or option exercised, by an assessee under any provision of the repealed Income-tax Act or as the case may be, the repealed Wealth-tax Act and in force immediately before the commencement of this Code shall be deemed to have been an election or declaration made, or option exercised, under the corresponding provision of this Code;</p> <p>(e) where in respect of any proceeding relating to any assessment year beginning on or before the 1st day of April, 2015 a refund falls due after commencement of this Code , or default is made after such commencement in the payment of any sum due under such proceeding , the provisions of this Code, relating to interest payable by the Central Government on refunds and interest payable by the assessee for default , shall apply in respect of the period falling after the enactment of this Code ;</p> <p>(f) where any deduction has been allowed or any amount has not been included in the total income of any person , subject to fulfillment of certain conditions for any assessment year beginning on or before the 1st day of April, 2015, and in case of violation of such conditions, the said amount was required to be included in the total income of any subsequent assessment year under the repealed Income-tax Act , then the said amount shall be deemed to be the income of the financial year in which the</p>	43 of 1961 27 of 1957

violation takes place and shall be included in the total income of the said person under the head "Income from residuary sources" if such violation occurs after commencement of this Code;

- (g) any sum payable under the repealed Income-tax Act or as the case may be, the repealed Wealth-tax Act may be recovered under this Code, but without prejudice to any action already taken for the recovery of such sum under such repealed Acts;
- (h) any agreement entered into under section 90 or section 90A of the repealed Income-tax Act or under section 44A of the repealed Wealth-tax Act shall, so far as it is not inconsistent with section 295 of this Code, be deemed to have been entered into under section 295 of this Code and shall continue in force accordingly;
- (i) any appointment made under the provisions of the repealed Income-tax Act, or as the case may be, the repealed Wealth tax Act shall be deemed to have been made under the corresponding provisions of this Code and shall continue to remain in force accordingly;
- (j) any order made under any provision of the repealed Income-tax Act or as the case may be, the repealed Wealth-Tax Act shall, so far as it is not inconsistent with the corresponding provisions of this Code, be deemed to have been made under the corresponding provisions aforesaid and shall continue in force accordingly;
- (k) where the period prescribed for any application, appeal, reference or revision under the repealed Income-tax Act or as the case may be, the repealed Wealth-tax Act had expired on or before the commencement of this Code, nothing in this Code shall be construed as enabling any such application, appeal, reference or revision to be made under this Code by reason only of the fact that a longer period therefor is prescribed or provision is made for extension of time in suitable cases by the appropriate authority;
- (l) the deduction under section 80-IA, section 80-IB (other than sub-section (9), section 80-IC, section 80-ID, section 80-IE or section 80JJA or section 80JJAA of the repealed Income-tax Act shall continue to be allowed under this Code, if the assessee is eligible for such deduction for the assessment year beginning on the 1st day of April, 2015 relevant to the financial year beginning on the 1st day of April, 2014 subject to the conditions—
 - (i) that the amount of profits eligible for deduction under the provisions of aforesaid sections are calculated in accordance with the provisions of this Code other than the provisions in clauses (d) and (e) of paragraph (5) of the Tenth Schedule relating to capital expenditure, if applicable;
 - (ii) the deduction under the provisions of aforesaid sections shall be allowed only for such financial years under this Code, as would have been allowed (for the corresponding assessment years) had the Income –tax Act not been repealed ;
 - (iii) that the amount related to capital expenditure if any excluded in (i) above shall not be allowed as deduction under this Code in computing the gross total income; and
 - (iv) that the assessee otherwise continues to satisfy the conditions as specified in the respective sections in the financial year;
- (m) the deduction under section 80-IAB of the repealed Income-tax Act shall continue to be allowed under this Code, if the assessee, being a developer is engaged in the business of developing, operating and maintaining a Special Economic Zone notified on or before the 31st day of March, - 2015 under the Special Economic Zones Act, 2005, subject to the conditions—
 - (i) that the amount of profits eligible for deduction under the provisions of the aforesaid section are calculated in accordance with the provisions of this Code other than the provisions in clauses (d) and (e) of paragraph (4) of the Ninth Schedule relating to capital expenditure;

	<p>(ii) that the period for which the deduction is allowed under the provisions of the aforesaid section shall not include a period for which the deduction was otherwise not allowable under the repealed Income-tax Act;</p> <p>(iii) that the amount related to capital expenditure if any excluded in (i) above shall not be allowed as deduction under this Code in computing the gross total income; and</p> <p>(iv) that the assessee otherwise continues to satisfy the conditions as specified in the respective section in the financial year;</p> <p>(n) the deduction under section 80LA of the repealed Income-tax Act shall continue to be allowed under this Code, if the assessee commences its business operation in the Offshore Banking Unit, or unit of an International Financial Services Centre, in the Special Economic Zone on or before the 31st day of March, 2015, subject to the conditions—</p> <p>(i) that the amount of profits eligible for deduction under the provisions of the aforesaid section are calculated in accordance with the provisions of this Code other than the provisions in clauses (d) and (e) of paragraph (4) of the Ninth Schedule relating to capital expenditure;</p> <p>(ii) that the period for which the deduction is allowed under the provisions of the aforesaid section shall not include a period for which the deduction was otherwise not allowable under the repealed Income-tax Act;</p> <p>(iii) that the amount related to capital expenditure if any excluded in (i) above shall not be allowed as deduction under this Code in computing the gross total income; and</p> <p>(iv) that the assessee otherwise continues to satisfy the conditions as specified in the respective section in the financial year;</p> <p>(o) the deduction under section 10AA of the repealed Income-tax Act shall continue to be allowed under this Code, if the assessee, being an entrepreneur as referred to in clause (j) of section 2 of the Special Economic Zones Act, 2005, begins to manufacture or produce articles or things or provide any service in the unit in the Special Economic Zone on or before the 31st day of March, 2015, subject to the conditions—</p> <p>(i) that the amount of profits eligible for deduction under the provisions of the aforesaid section are calculated in accordance with the provisions of this Code other than the provisions in clauses (d) and (e) of paragraph (4) of the Ninth Schedule relating to capital expenditure;</p> <p>(ii) that the period for which the deduction is allowed under the provisions of the aforesaid section shall not include a period for which the deduction was otherwise not allowable under the repealed Income-tax Act;</p> <p>(iii) that the amount related to capital expenditure if any excluded in (i) above shall not be allowed as deduction under this Code in computing the gross total income; and</p> <p>(iv) that the assessee otherwise continues to satisfy the conditions as specified in the respective section in the financial year;</p> <p>(p) the deduction under sub-section (9) of section 80-IB of the repealed Income-tax Act shall continue to be allowed under this Code, if the undertaking referred to in the said sub-section is engaged in --</p> <p>(A) commercial production of mineral oil in any blocks licensed under a contract, awarded on or before the 31st day of March, 2011, under the New Exploration Licensing Policy announced by the Government of India vide Resolution No. O-19018/22/95-ONG.DO.DL, dated 10th February, 1999 (hereinafter referred as the NELP) or any law or by the Central or a State Government in any other manner, and begins commercial production on or before the 31st day of March, 2015;</p>	<p>28 of 2005</p>
--	--	-------------------

(B) refining of mineral oil and begins such refining on or after the 1st day of October, 1998 but not later than the 31st day of March, 2012;

(C) commercial production of natural gas in blocks licensed under the VIII Round of bidding for award of exploration contracts under the NELP and begins commercial production of natural gas on or after the 1st day of April, 2009 but not later than 31st day of March, 2015;

(D) commercial production of natural gas in blocks licensed under the IV Round of bidding for award of exploration contracts for Coal Bed Methane blocks and begins commercial production of natural gas on or after the 1st day of April, 2009 but not later than 31st day of March, 2015,

subject to the conditions—

- (i) that the amount of profits eligible for deduction under the provisions of the aforesaid section are calculated in accordance with the provisions of this Code other than the provisions in clauses (d) and (f) of paragraph 3 of the Eighth Schedule relating to capital expenditure;
 - (ii) that the period for which the deduction is allowed under the provisions of the aforesaid section shall not include a period for which the deduction was otherwise not allowable under the repealed Income-tax Act;
 - (iii) that the amount related to capital expenditure if any excluded in (i) above shall not be allowed as deduction under this Code in computing the gross total income; and
 - (iv) that the assessee otherwise continue to satisfy the conditions as specified in the respective section in the financial year;
- (q) any amount of credit, in respect of tax paid, allowable to be carried forward in the case of an assessee, being a company, under the provisions of section 115 JAA of the repealed Income-tax Act for the assessment year commencing on or before the 1st day of April 2015, had the Income-tax Act not been repealed, shall be deemed to be the amount eligible for credit under section 105 of this Code in the case of said assessee, and credit for the tax paid shall be allowed for the period for which it would have been allowed under the repealed Income –tax Act if the assessee otherwise continues to satisfy the conditions as specified in the respective section in the financial year;
- (r) any amount of credit, in respect of tax paid, allowable to be carried forward in the case of an assessee, being a firm, under the provisions of section 115 JD of the repealed Income-tax Act for the assessment year commencing on or before the 1st day of April, 2015, had the Income-tax Act, 1961 not been repealed, shall be deemed to be the amount eligible for credit under section 107 of this Code in the case of said assessee, and credit for the tax paid shall be allowed for the period for which it would have been allowed under the repealed Income –tax Act if the assessee otherwise continues to satisfy the conditions as specified in the respective section in the financial year;
- (s) any amount of loss under the source or head of income specified in column (2) of the Table given below and referred to in the section of the repealed Income-tax Act specified in column (3) of the said Table, brought forward for the assessment year commencing on the 1st day of April, 2016 (relevant to the financial year commencing on the 1st day of April, 2015) had the Income-tax Act not been repealed, shall be set off and carried forward against the income computed under this Code, in the manner provided in the respective section of the repealed Income-tax Act specified in column (3) of the said table, for the financial years commencing on or after the 1st day of April, 2015:

28 of 2005

TABLE

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

- (t) any amount of loss under the head capital gains, whether related to a long-term capital asset or a short term capital asset, referred to in section 74 of the repealed Income-tax Act, brought forward for the assessment year commencing on the 1st day of April, 2016 (relevant to the financial year commencing on the 1st day of April, 2015) had the Income-tax Act not been repealed, shall be set off and carried forward against the income under the head “Capital gains” computed under this Code for any financial year commencing on or after the 1st day of April, 2015 upto eight financial years immediately succeeding the previous year relevant to assessment year in which such loss was first computed under the repealed Income-tax Act;
- (u) any amount of loss in respect of any specified business referred to in section 35AD of the repealed Income-tax Act, brought forward for the assessment year commencing on the 1st day of April, 2016 (relevant to the financial year commencing on the 1st day of April, 2015) had the Income-tax Act not been repealed, shall be deemed to be the negative profit for the financial year immediately preceding the financial year commencing on the 1st day of April, 2015 under sub-paragraph (f) of paragraph 5 of the Tenth Schedule of this Code and where the business referred to in section 35AD of the repealed Income-tax Act does not form part of specified businesses referred to in the Tenth Schedule of this Code, so much of the loss as it pertains to that business shall be deemed to be unabsorbed preceding year loss from ordinary source pertaining to the head “Income from business” for the financial year commencing on the 1st day of April, 2015;
- (v) any set off of loss or allowance for depreciation made in any previous year relevant to assessment year commencing on or before the 1st day of April, 2015 in the hands of the amalgamated company, successor company or the successor limited liability partnership, in accordance with the provisions of section 72A of the repealed Income-tax Act, shall be deemed to be the income of the amalgamated company, successor company or the successor limited liability partnership, as the case may be, chargeable to tax for the year in which any of the conditions specified in that section are not complied with;
- (w) any set off of accumulated loss or unabsorbed depreciation allowed in any previous year relevant to assessment year commencing on or before the 1st day of April, 2015 to the successor co-operative bank, in accordance with the provisions of section 72AB of the repealed Income-tax Act, shall be deemed to be the income of the successor co-operative bank chargeable to tax for the year in which any of the conditions specified in that section are not complied with;
- (x) any amount of profits or gains arising out of transfer of capital asset not charged under the head capital gains by virtue of the provisions contained in clause (iv), clause (v), clause (xiii), clause (xiii b), or clause (xiv) of section 47 of the repealed Income-tax Act in any previous year relevant to assessment year commencing on or before the 1st day of April, 2015 shall be deemed to be the income chargeable under the head “Capital

	<p>gains” under this Code, if any of the conditions laid down in clauses (i) or (ii) of sub-section (1) of section 47A of the repealed Income-tax Act are satisfied or conditions laid down in clauses (xiii), (xiiib) or (xiv) of section 47, as the case may be, of the repealed Income-tax Act are not complied with, for the financial year in which such conditions are satisfied or not complied with, as the case may be;</p> <p>(y) where any allowance or part thereof, under sub-section (2) of section 32 or sub-section (4) of section 35 of repealed Income-tax Act, is to be carried forward from assessment year commencing on the 1st day of April, 2015, had the Income-tax Act not been repealed, then, the allowance or part thereof shall be added to the amount of capital allowances referred to in clause (a) of sub-section (1) of section 37 for the financial year commencing on the 1st day of April, 2015 and deemed to be part of that allowance, or if there is no such allowance for that financial year, be deemed to be allowance for that financial year;</p> <p>(z) the deduction referred to in section 35ABB, section 35D, section 35DD, section 35DDA, 35E or the first proviso to clause (ix) of sub-section (1) of section 36 of the repealed Income-tax Act, shall, on fulfilment of the conditions mentioned in the said provisions, continue to be allowed under this Code for assessment year commencing on or after the 1st day of April, 2015 had the Income-tax Act not been repealed and such deduction shall be added to the amount of deferred revenue expenditure allowance referred to in clause (e) of sub-section (1) of section 37 for the financial year commencing on or after the 1st day of April, 2015 and deemed to be part of that allowance, or if there is no such allowance for a financial year, be deemed to be that allowance for that financial year;</p> <p>(za) credit balance in the provision for bad and doubtful debts account made under clause (viiia) of sub-section (1) of section 36 of the repealed Income-tax Act standing on the last day of the previous year relevant to the assessment year commencing on 1st day of April, 2015 shall be added to the amount credited to the provision for bad and doubtful debts accounts under clause (c) of sub-section (3) of section 35 for the financial year commencing on the 1st day of April, 2015 and deemed to be part of amount credited to the provision for bad and doubtful debts accounts, or if there is no such amount credited for that financial year, be deemed to be amount credited for that financial year.”.</p> <p>(zb) the deduction referred to in section 42 of the repealed Income-tax Act in respect of the expenditure incurred but not claimed on or before the 31st day of March, 2015 shall, on fulfilment of the conditions mentioned in the said section, continue to be allowed under this Code for assessment year commencing on or after the 1st day of April, 2015 had the Income-tax Act not been repealed and such deduction shall be added to the amount of expenditure to be allowed under paragraph 3 of Eighth Schedule for the financial year commencing on or after the 1st day of April, 2015;</p> <p>(zc) the provisions of section 54GB of the repealed Income-tax Act shall continue to apply under this Code in respect of any transfer of residential property on or before 31st day of March, 2017, subject to the conditions specified therein, and any amount of capital gains not charged under the head “Capital gains” by virtue of the provisions contained in section 54GB of the repealed Income-tax Act in any previous year relevant to assessment year commencing on or before the 1st day of April, 2017 shall be deemed to be the income chargeable under the head “Capital gains” under this Code, if any of the conditions laid down in the said section are satisfied with, for the financial year in which such conditions are satisfied.</p>	
Power to remove difficulties	<p>325. (1) If any difficulty arises—</p> <p>(i) in protecting the interests of the assessee;</p>	

- (ii) in preventing the loss of revenue;
- (iii) in applying the provisions of the Income-tax Act, 1961 and the rules, orders or notifications issued thereunder as it stood before the commencement of this Code;
- (iv) in clarifying or declaring the true intent of the rules, orders or notifications in their application under this Code;
- (v) in giving effect to the provisions of this Code while repealing the Income-tax Act, 1961; or
- (vi) in generally giving effect to the provisions of this Code,

the Central Government may, by order, make such provisions not inconsistent with the provisions of this Code, as it may appear to it to be necessary or expedient for the purpose of removing the difficulty.

(2) In particular, and without prejudice to the generality of the foregoing power, any such order may provide for the adaptations and modifications subject to which the repealed Income-tax Act, 1961 shall apply in relation to the assessments for the financial year ending on the 31st day of March, 2015, or any earlier year.

(3) No order under sub-section (1) shall be made after the expiry of a period of three years from the commencement of this Code.

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

THE FIRST SCHEDULE

[See sections 2(4), 15(1), 62(1), 232(3), 252(11) and 320(109)(j)]

RATES OF INCOME-TAX

PART I

The liability to income tax, of any person, in respect of his total income of a financial year, which does not include income from any special source, shall be the amount of income- tax calculated at the rate specified, and in the manner provided, in the following Paragraph A to Paragraph F:

Paragraph A

(I) In the case of every individual, other than the individual referred to in item (II) of this Paragraph, Hindu undivided family or artificial juridical person, not being a case to which any other Paragraph of this Part applies,—

Rates of income-tax

(1) where the total income does not exceed Rs. 2,00,000	Nil;
(2) where the total income exceeds Rs. 2,00,000 but does not exceed Rs. 5,00,000	10 per cent. of the amount by which the total income exceeds Rs.2,00,000;
(3) where the total income exceeds Rs.5,00,000 but does not exceed Rs.10,00,000	Rs.30,000 plus 20 per cent. of the amount by which the total income exceeds Rs.5,00,000 ;
(4) where the total income exceeds Rs.10,00,000	Rs.1,30,000 plus 30 per cent. of the amount by which the total income exceeds Rs.10,00,000;
(5) where the total income exceeds Rs. 10,00,00,000	Rs. 2,98,30,000 plus 35 per cent. of the amount by which the total income exceeds Rs. 10,00,00,000

(II) In the case of every individual, being a resident in India, who is of the age of sixty years or more at any time during the financial year,—

Rates of income-tax

(1) where the total income does not exceed Rs. 2,50,000	Nil;
(2) where the total income exceeds Rs.2,50,000 but does not exceed Rs.5,00,000;	10 per cent. of the amount by which the total income exceeds Rs. 2,50,000
(3) where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000	Rs. 25,000 plus 20 per cent. of the amount by which the total income exceeds Rs. 5,00,000;
(4) where the total income exceeds Rs.10,00,000 but does not exceed Rs. 10,00,00,000	Rs. 1,25,000 plus 30 per cent. of the amount by which the total income exceeds Rs. 10,00,000;
(5) where the total income exceeds	Rs. 2,98,25,000 plus 35 per cent of the

<p>Rs. 10,00,00,000</p> <p>(I) In the case of every co-operative society,—</p> <p>(1) where the total income does not exceed Rs.10,000</p> <p>(2) where the total income exceeds Rs.10,000 but does not exceed Rs. 20,000</p> <p>(3) where the total income exceeds Rs. 20,000</p> <p>(II) In the case of every other society—</p> <p>On the whole of the total income</p> <p>In the case of every non-profit organisation,—</p> <p>(i) where the total income does not exceed Rs. 1,00,000</p> <p>(ii) where the total income exceeds Rs. 1,00,000</p> <p>In the case of every unincorporated body—</p> <p>On the whole of the total income</p> <p>In the case of a company—</p> <p>On the whole of the total income</p>	<p>amount by which the total income exceeds Rs. 10,00,00,000</p> <p><i>Paragraph B</i></p> <p><i>Rates of income-tax</i></p> <p>10 per cent. of the total income;</p> <p>Rs.1,000 <i>plus</i> 20 per cent. of the amount by which the total income exceeds Rs. 10,000;</p> <p>Rs. 3,000 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 20,000.</p> <p><i>Rate of income-tax</i></p> <p>30 per cent.</p> <p><i>Paragraph C</i></p> <p><i>Rate of income-tax</i></p> <p>Nil;</p> <p>15 per cent. of the amount by which the total income exceeds Rs. 1,00,000</p> <p><i>Paragraph D</i></p> <p><i>Rate of income-tax</i></p> <p>30 per cent.</p> <p><i>Paragraph E</i></p> <p><i>Rate of income-tax</i></p> <p>30 per cent.</p> <p>PART II</p> <p>In the cases to which Paragraph A of Part I applies, where the person has, in the financial year, any net agricultural income exceeding five thousand rupees, in addition to total income from ordinary sources and the total income exceeds the threshold limit, then,</p> <p>(a) the net agricultural income shall be taken into account, in the manner provided in clause (b) [that is to say, as if the net agricultural income were comprised in the total income after the threshold limit but without being liable to tax], only for the purpose of charging income-tax in respect of the total income; and</p> <p>(b) the income-tax chargeable shall be calculated as follows:</p> <p>(i) the total income and the net agricultural income shall be aggregated and the amount of income-tax shall be determined in respect of the aggregate income at the rates specified in the said Paragraph A, as if such aggregate income were the total income;</p>
---	---

(ii) the net agricultural income shall be increased by the amount of threshold limit, and the amount of income-tax shall be determined in respect of the net agricultural income as so increased at the rates specified in the said Paragraph A, as if the net agricultural income as so increased were the total income;

(iii) the amount of income-tax determined in accordance with sub-clause (i) shall be reduced by the amount of income-tax determined in accordance with sub-clause (ii) and the sum so arrived at shall be the income-tax in respect of the total income.

PART III

Where the total income of a person specified in column (2) of the Table given below includes income from any special source specified in the corresponding entry in column (3) of the said Table, the liability to income-tax of the person shall be the aggregate of—

(a) the amount calculated at the rate specified in the corresponding entry in column (4) of the said Table on the income specified in the corresponding entry in column (3); and

(b) the amount of income-tax calculated in accordance with the provisions of Part I and Part II in respect of the balance of his total income, that is, the total income from ordinary sources:

Table

Serial Number	Person	Nature of income	rate of tax
(1)	(2)	(3)	(4)
(1)	Non-resident	(a) On investment income by way of- (i) interest other than specified interest (ii) specified interest (iii) dividends other than dividends liable to dividend distribution tax in accordance with provisions of section 112 (b) On income by way of royalty or fees for technical services (c) On income by way of insurance including reinsurance.	20 per cent. 5 per cent. 20 per cent. 25 per cent. 20 per cent.
(2)	Non-resident sportsperson, who is not a citizen of India	On income by way of— (i) participation in India in any game, other than a game, the winnings wherefrom are taxable under item (ii) or item (iii) of serial number 4, or sport; (ii) advertisement; or (iii) contribution of articles relating to any game or sport in newspapers, magazines or journals in India.	10 per cent. 10 per cent.
(3)	Non-resident sports	On income by way of guarantee	10 per cent.

	<p>association or institution</p> <p>(4) Non -resident entertainer, who is not a citizen of India</p> <p>(5) Resident</p> <p>(6) Any assessee, whether resident or non-resident</p> <p>(7) Any assessee, whether resident or non-resident</p> <hr/> <p>2. For the purposes of this Schedule, “specified interest” means the interest,-</p> <p>(I) payable to a foreign institutional investor or a qualified foreign investor on or after the 1st day of June, 2013 but before the 1st day of June, 2015 in respect of investment made by it in</p> <p>(a) a rupee denominated bond of an Indian company ; or</p> <p>(b) a Government security;</p> <p>and the rate of interest in respect of bond referred to in clause (a) shall not exceed the rate as may be notified by the Central Government in this behalf;</p> <p>(II) payable by an Indian company to a non-resident in respect of monies borrowed by it, during the period as may be notified by the Central Government in this behalf in foreign currency, from a source outside India,—</p> <p>(a) under a loan agreement; or</p> <p>(b) by way of issue of long-term infrastructure bonds,</p> <p>as approved by the Central Government in this behalf and to the extent to which such interest does not exceed the amount of interest calculated at the rate approved by the Central Government in this behalf, having regard to the terms of the loan or the bond and its repayment;</p> <p>(III) payable to a non-resident by an infrastructure debt fund listed at serial number 53 of the Third Schedule.</p>	<p>money in relation to any game or sport played in India.</p> <p>On income by way of performance in India 10 per cent.</p> <p>On income by way of dividends liable to dividend distribution tax in accordance with the provisions of section 112, if the aggregate amount of such dividend exceeds one crore rupees. 10 per cent</p> <p>On income by way of winnings from— 30 per cent.</p> <p>(i) any lottery or crossword puzzle;</p> <p>(ii) race, including horse race (not being the income from the activity of owning and maintaining race horses); or</p> <p>(iii) card game or any other game or gambling or betting.</p> <p>Income referred to in sub-section (4) of section 15. 30 per cent.</p>
--	--	--

PART IV

COMPUTATION OF NET AGRICULTURAL INCOME

1.—Agricultural income of the nature referred to in sub-clause (a) or sub-clause (d) of clause (10) of section 320 shall be computed as if it were income chargeable to tax under the head “Income from business” and the provisions of sections 35 (other than the provisions contained in clause (k) of sub-section (4) thereof), 36, 37 (other than the provisions contained in clause (d) and clause (e) of sub-section (1) thereof), 38, 39, 40, 42, 43, 44 and 45 shall, so far as may be, apply accordingly.

2.—Agricultural income of the nature referred to in sub-clause (b) of clause (10) of section 320 shall be computed as if it were income chargeable to tax under the head “Income from residuary sources” and the provisions of sections 58 (other than the provisions contained in sub-section (3) thereof) and section 59 (other than the provisions contained in clause (c) of sub-section (5) thereof) shall, so far as may be, apply accordingly.

3.—Agricultural income of the nature referred to in sub-clause (c) of clause (10) of section 320 shall be computed as if it were income chargeable to tax under the head “Income from house property” and the provisions of sections 24 to 29 shall, so far as may be, apply accordingly.

4.—Notwithstanding anything contained in any other provisions of this Part, in a case where the assessee derives income from the activities specified in column (2) of the Table given below, the income shall be computed in accordance with the method as may be prescribed, and the percentage of such income as specified in column (3) of the said table shall be regarded as the agricultural income of the assessee—

Serial Number.	Nature of activity	Percentage of income regarded as agricultural income
(1)	(2)	(3)
1.	Sale of tea grown and manufactured by him in India.	60 per cent.
2.	Sale of centrifuged latex or cenex or latex based crepes (such as pale latex crepe) or brown crepes (such as estate brown crepe, re-milled crepe, smoked blanket crepe or flat bark crepe) or technically specified block rubbers manufactured or processed by him from rubber plants grown by him in India.	65 per cent.

3.	Sale of coffee grown and manufactured by him in India	60 per cent.	
<p>5.—Any sum payable by the assessee on account of any tax levied by the State Government on the agricultural income shall be deducted in computing the agricultural income.</p> <p>6.—(1) The income from each source of agricultural income shall be aggregated and the income so aggregated shall be the net agricultural income. (2) In a case where the assessee is a participant in an unincorporated body and the share of the assessee in the agricultural income of the unincorporated body is a negative income, such income shall not be aggregated with any income of the assessee from any other source of agricultural income.</p> <p>7.—The net agricultural income shall be aggregated with the unabsorbed preceding year agricultural loss, if any, and the net result of such aggregation shall be the net agricultural income.</p> <p>8.— The net agricultural income shall be deemed to be <i>nil</i> if the net result of the computation made in accordance with the provisions of paragraph 7 is negative and the absolute value of the net result shall be the amount of unabsorbed current agricultural loss for the financial year.</p> <p>9.—For the purposes of computing the net agricultural income of the assessee, the Assessing Officer shall have the same powers as he has for the purposes of assessment of the total income and all the provisions relating to assessment shall apply accordingly.</p> <p>10.—For the purposes of paragraph 7, “unabsorbed preceding year agricultural loss” means the unabsorbed current agricultural loss for the financial year immediately preceding the relevant financial year.</p>			

	<p>THE SECOND SCHEDULE [See sections 5(9)(b), 58(2)(q) and 295(10)(c)]</p>	
--	---	--

COMPUTATION OF INCOME ATTRIBUTABLE TO A CONTROLLED FOREIGN COMPANY

1. The total income of a resident assessee for a financial year shall include an income which is attributable to a Controlled Foreign Company as computed in accordance with paragraph 3.

2. The attributable income referred to in paragraph 1 shall be included in the total income of the assessee for the financial year in which the accounting period of the company ends.

3. (1) The amount of attributable income shall be computed in accordance with the formula—

$$A \times \frac{B}{100} \times \frac{C}{D}$$

where A = specified income of the Controlled Foreign Company as computed under paragraph 4;

B = percentage of—

- (i) value of capital,
- (ii) voting share or interest,

whichever is higher, held by the assessee, directly or indirectly, in the Controlled Foreign Company;

C = number of days out of D, the voting shares or capital or interest has been held by the assessee in the Controlled Foreign Company;

D = number of days the company remained as a Controlled Foreign Company during the accounting period;

(2) No adjustment shall be made in the attributable income, on account of determination of arm's length price of an international transaction between the resident assessee and the Controlled Foreign Company.

4. (1) The specified income of the Controlled Foreign Company shall be computed in accordance with the formula—

$$(A + B - C - D) \times \frac{E}{F}$$

where A = net profit after tax as per profit and loss account of the Controlled Foreign Company for the accounting period prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board, Generally Accepted Accounting Principles, International Accounting Standards or accounting standards notified under the Companies Act, 2013, as the case may be;

B = amounts set aside to provisions made for meeting liabilities or diminution in value of assets, other than ascertained liabilities;

C = amount or amounts of interim dividend paid out of profits of the accounting period, if such dividend is not debited to profit and loss account;

D = the loss to the extent it has not been previously taken into account under this paragraph in respect of an earlier accounting period, where there is a net loss of the Controlled Foreign Company for such accounting period;

E = number of days during which the company is a Controlled Foreign Company during its accounting period;

F = number of days in the accounting period.

(2) The specified income of the Controlled Foreign Company shall be treated as 'nil', if the specified income computed under sub-paragraph (1) is negative or does not exceed twenty-five lakh rupees.

5. In this Schedule—

(a) "Controlled Foreign Company" means a foreign company which satisfies the following conditions, namely:—

(i) for the purposes of tax, it is a resident of a territory with lower rate of taxation;

(ii) the shares of such company are not traded on any stock exchange recognised by law of the territory of which it is a resident for the purposes of tax;

(iii) one or more persons, resident in India, individually or collectively exercise control over the company; and

(iv) it is not engaged in any active trade or business;

(b) one or more persons resident in India shall be said to exercise control over the company if —

(i) such persons, individually or collectively possess or are entitled to acquire directly or indirectly shares carrying not less than fifty per cent. of the voting power or not less than fifty per cent. capital of the company;

(ii) such persons, individually or collectively are entitled to secure that not less than fifty per cent. of income or asset of the company shall be applied directly or indirectly for their benefit;

(iii) such persons, individually or collectively, exercise dominant influence on the company due to special contractual relationship; or

(iv) such persons, individually or collectively, have, directly or indirectly, sufficient votes to exert a decisive influence in a shareholder meeting of the company.

(c) a company shall be regarded as a resident of a territory for the purposes of tax—

(i) if in an accounting period it is liable to tax in the territory by reason of its place of incorporation or the place of management;

(ii) if in any accounting period there are two or more territories falling in sub-clause (i) above, then, the company shall in that accounting period be regarded for purpose of this Schedule as a "resident" of any one of them—

(A) if, throughout the accounting period, the company's place of effective management is situated in one of those territories only, in that territory; and

(B) if, throughout the accounting period, the company's place of effective management is situated in two or more of those territories, then, in one of them in which, at the end of the accounting period, the greater amount of the company's assets is situated; and

(C) if neither item (A) nor item (B) above applies, then, in one of the territories falling within sub-clause (i) above in which, at the end of the accounting period, the greater amount of the company's assets is situated; and

(iii) if in any accounting period a territory is not falling within sub-clause (i) above, then, for the purposes of this Schedule it shall be conclusively presumed that the

company is in that accounting period resident in a territory with a lower rate of taxation;

(d) “territory with a lower rate of taxation” means a country or a territory outside India (other than those included in the notification, if any, issued by the Central Government under paragraph 8) in which the amount of tax paid under the law of that country or territory in respect of profits of a company that accrue in any accounting period including the tax credit in respect of taxes paid outside such country or territory, if any, available to the company in such country or territory for the said accounting period, is less than one-half of the corresponding tax payable on those profits computed under this Code, as if the said company was a domestic company;

(e) a company shall be deemed to be engaged in active trade or business if and only if —

(i) it actively participates in industrial, commercial or financial undertakings through employees or other personnel in the economic life of the territory of which it is resident for tax purposes; and

(ii) less than twenty-five per cent. of income of the company during the accounting period is of the following nature, namely:—

(A) dividend;

(B) interest;

(C) income from house property;

(D) capital gains;

(E) annuity payment;

(F) royalty;

(G) sale or licensing of intangible rights on industrial, literary or artistic property;

(H) income from sale of goods or supply of services including financial services to—

(I) persons that directly or indirectly control the company;

(II) persons that are controlled by the company;

(III) other persons which are controlled by persons referred to in sub-item (I);

(IV) any associated enterprise;

(I) income from management, holding or investment in securities, shareholdings, receivables or other financial assets;

(J) any other income falling under the head income from residuary sources;

(f) “associated enterprise” shall have the meaning as assigned to it in clause (6) of section 127.

6. (1) Unless otherwise provided, each period of twelve months ending with the 31st day of March shall be the accounting period of a company.

(2) Where a company regularly adopts a period of twelve months ending on a day other than the 31st day of March for the purpose of—

(i) complying with the tax law of the territory of which it is a resident for tax purposes;

or

	<p style="text-align: center;">(ii) reporting to its shareholders,</p> <p>then the period of twelve months ending with such other day shall be the accounting period of the company.</p> <p>(3) The first accounting period of the company begins from the date of its incorporation and end with the 31st day of March or such other day, as the case may be, following the date of such incorporation, and the later accounting period shall be the successive periods of twelve months.</p> <p>(4) If the company ceases to exist before the end of accounting period, as mentioned in subparagraphs (1), (2) and (3), the accounting period shall end immediately before the company ceases to exist.</p> <p>7. A resident assessee shall furnish the details of its investment and interest in any entity outside India in such form and manner as may be prescribed.</p> <p>8. The Central Government may, having regard to the tax rates and tax exemptions prevailing in a country or a specified territory outside India, by notification, specify that such a country or a territory shall not be a “territory with a lower rate of taxation” for the purposes of clause (d) of paragraph 5.</p>	
--	--	--

THE THIRD SCHEDULE

(See sections 10 and 18(3))

Income not included in the total income

1. Agricultural income.

2. Subject to the provisions of sub-section (1) of section 9, any sum received by an individual as a member of a Hindu undivided family, if—

(a) the sum has been paid out of the income of the family; or

(b) in the case of any impartible estate, the sum has been paid out of the income of the impartible estate belonging to the family.

3. Any sum received by a person, being a participant in an unincorporated body, towards his share as per the agreement of association in the total income of such body which is separately assessed.

4. The amount of family pension received by the widow or children or nominated heirs, as the case may be, of a member of the armed forces (including paramilitary forces) of the Union, if the death of such member has occurred in the course of operational duties, in such circumstances and subject to such conditions, as may be prescribed.

5. Any income arising to a foreign company, as the Central Government may, by notification, specify in this behalf, by way of royalty or fees for technical services received in pursuance of an agreement entered into with the Government for providing services in or outside India in projects connected with security of India.

6. Any income of the European Economic Community (established by the treaty of Rome of 25th March, 1957) derived in India by way of interest, dividends or capital gains from investments made out of its funds under such scheme as the Central Government may, by notification, specify in this behalf.

7. Any amount of interest payable—

(a) on securities held by the Issue Department of the Central Bank of Ceylon constituted under the Ceylon Monetary Law Act, 1949;

(b) to a bank incorporated in a country outside India and authorised to perform central banking functions in that country, on deposits made by it with any scheduled bank, with the approval of the Reserve Bank of India;

(c) to the Nordic Investment Bank, being a multilateral financial institution constituted by the Governments of Denmark, Finland, Iceland, Norway and Sweden, on a loan advanced by it to a project approved by the Central Government in terms of the Memorandum of Understanding entered into by the Central Government with that Bank on the 25th day of November, 1986;

(d) to European Investment Bank, on a loan granted by it in pursuance of the framework-agreement for financial co-operation entered into on the 25th day of November, 1993 by the Central Government with that Bank.

8. Income accruing to a person, if —

(a) the person is a member of a Scheduled Tribe as defined in clause (25) of article 366 of the Constitution;

(b) the person resides in—

(i) the States of Arunachal Pradesh, Manipur, Mizoram, Nagaland and Tripura,

(ii) any area specified in Part I or Part II of the Table appended to paragraph 20 of the Sixth Schedule to the Constitution,

(iii) the areas covered by notification No. TAD/R/35/50/109, dated the 23rd February, 1951, issued by the Governor of Assam under the proviso to sub-

	<p>paragraph (3) of Paragraph 20 of the Sixth Schedule to the Constitution as it stood immediately before the commencement of the North-Eastern Areas (Reorganisation) Act, 1971, or</p> <p>(iv) the Ladakh region of the State of Jammu and Kashmir; and</p> <p>(c) the income of such person is in the nature of dividend or interest on securities or from any source in the States or areas specified in clause (b).</p> <p>9. Income accruing from any source in the State of Sikkim or by way of dividend or interest on securities to a Sikkimese, other than a Sikkimese woman who, on or after the 1st day of April, 2008, marries an individual who is not a Sikkimese.</p> <p>10. Any income, the nature and extent, accruing to a body or authority which is notified by the Central Government in this behalf, if such body or authority—</p> <p>(a) has been established or constituted or appointed under—</p> <p>(i) a treaty or an agreement entered into by the Central Government with two or more countries; or</p> <p>(ii) a convention signed by the Central Government;</p> <p>(b) is not established, constituted or appointed for the purposes of profit; and</p> <p>11. The amount of accumulated balance in the account of an employee participating in an approved provident fund and any accretion thereto, to the extent provided in paragraph 7 of Part I of the Twenty-Second Schedule.</p> <p>12. Any payment from a provident fund to which the Provident Funds Act, 1925, applies or from any other provident fund set up by the Central Government and notified by it in this behalf.</p> <p>13. Any payment from an approved superannuation fund made—</p> <p>(a) to an employee in lieu of or in commutation of an annuity on his retirement at or after a specified age or on his becoming incapacitated prior to such retirement; or</p> <p>(b) on the death of an employee, to the beneficiary.</p> <p>14. The amount of remuneration received by an individual who is not a citizen of India, if the following conditions are fulfilled, namely:—</p> <p>(a) such individual is an official, by whatever name called, of an embassy, high commission, legation, commission, consulate or the trade representation of a foreign State, or as a member of the staff of any of these officials, for service in such capacity;</p> <p>(b) the remuneration of the corresponding officials or, as the case may be, members of the staff, if any, of the Government resident for similar purposes in the country concerned enjoys a similar exemption in that country; and</p> <p>(c) the members of the staff are subjects of the country represented and are not engaged in any business or employment in India otherwise than as members of such staff.</p> <p>15. The amount received by an individual who is not a citizen of India, by way of remuneration as an employee of a foreign enterprise for services rendered by him during his stay in India, if the following conditions are fulfilled, namely:—</p> <p>(a) the foreign enterprise is not engaged in any trade or business in India;</p> <p>(b) his stay in India does not exceed in the aggregate a period of ninety days in such financial year; and</p> <p>(c) such remuneration is not liable to be deducted from the income of the employer chargeable under this Code.</p> <p>16. The amount received by, or due to, any individual being a non-resident, who is not a citizen of India, by way of remuneration, if the following conditions are fulfilled, namely:—</p>	<p>81 of 1971</p> <p>19 of 1925</p>
--	--	-------------------------------------

	<p>(a) such remuneration is for services rendered in connection with the employment on a foreign ship; and</p> <p>(b) his total stay in India does not exceed in the aggregate a period of ninety days in the financial year.</p> <p>17. The amount of remuneration received by an individual who is not a citizen of India, if the following conditions are fulfilled, namely:—</p> <p>(a) he is an employee of the Government of a foreign State during his stay in India; and</p> <p>(b) his stay in India is in connection with his training in any establishment or office of, or in any undertaking owned by,—</p> <p>(i) the Government;</p> <p>(ii) any company in which the entire paid-up share capital is held by the Central Government, or any State Government or State Governments, or partly by the Central Government and partly by one or more State Governments;</p> <p>(iii) any company which is a subsidiary of a company referred to in item (ii);</p> <p>(iv) any corporation established by or under a Central, State or Provincial Act; or</p> <p>(v) any society registered under the Societies Registration Act, 1860, or under any other corresponding law for the time being in force and wholly financed by the Central Government, or any State Government or State Governments, or partly by the Central Government and partly by one or more State Governments.</p> <p>18. Any amount received by an assessee under the Bhopal Gas Leak Disaster (Processing of Claims) Act, 1985 in excess of the amount, if any, allowed as a deduction in any financial year on account of any loss or damage caused to him by such disaster.</p> <p>19. Any dividend declared, distributed or paid by a domestic company to a non-resident and liable to tax in accordance with the provisions of section 112.</p> <p>20. Any dividend declared, distributed or paid by a domestic company to a resident and liable to tax in accordance with the provisions of section 112, if the aggregate amount of such dividend does not exceed one crore rupees.</p> <p>21. Any income received from a mutual fund or from a life insurer liable to tax in accordance with the provisions of section 113.</p> <p>22. Any amount including bonus, if any, received or receivable under a life insurance policy from a life insurer on maturity or otherwise, where—(i) the premium paid or payable for any of the years during the term of the policy on the life of a person with disability or severe disability does not exceed fifteen per cent. of the capital sum assured;</p> <p>(ii) the premium paid or payable for any of the years during the term of the policy does not exceed ten per cent. of the capital sum assured, in the case of any other person; and</p> <p>(iii) the amount is received only upon completion of original period of contract of the insurance;</p> <p>23. Any income of a securitisation trust from the activity of securitisation .</p> <p>24. Any income, arising to an assessee, being a shareholder, on account of buy back of shares (not being listed on a recognised stock exchange) by the company, liable to tax in accordance with provisions of section 113.</p> <p>25. Any income by way of distributed income liable to tax in accordance with</p>	<p>14 of 1860</p> <p>21 of 1985</p>
--	---	-------------------------------------

	<p>provisions of section 113 received from a securitisation trust by any person being an investor of the said trust.</p> <p>26. Any amount of interest received on Gold Deposit Bonds issued under the Gold Deposit Scheme, 1999 notified by the Central Government.</p> <p>27. Any income of a political party which is computed under the heads “Income from house property” or “Capital gains” or “Income from residuary sources” or any income by way of voluntary contributions received by it from any person, if—</p> <p>(a) the political party keeps and maintains such books of account and other documents as would enable the Assessing Officer to properly deduce its income therefrom;</p> <p>(b) the political party keeps and maintains a record of such contributions in excess of twenty thousand rupees, along with the name and address of the contributors;</p> <p>(c) the accounts of such political party are audited by an accountant; and</p> <p>(d) the treasurer of such political party or any other person authorised by that political party in this behalf submits a report under sub-section (3) of section 29C of the Representation of the People Act, 1951 for the financial year.</p> <p>28. Any amount of interest on monies standing to the credit of an individual in a Non-Resident (External) Account in any bank in India accruing to him , if he—</p> <p>(a) is resident outside India in terms of clause (w) of section 2 of the Foreign Exchange Management Act, 1999; or</p> <p>(b) has been permitted by the Reserve Bank of India to maintain the aforesaid account.</p> <p>29. Any amount of interest payable by a scheduled bank, other than a co-operative bank, to a non-resident, on deposits in foreign currency where the acceptance of such deposits by the bank is approved by the Reserve Bank of India.</p> <p>30. Any amount received by way of—</p> <p>(a) daily allowance by any person by reason of his membership of Parliament or of any State Legislature or of any Committee thereof;</p> <p>(b) an allowance by any person by reason of his membership of Parliament under the Members of Parliament (Constituency Allowance) Rules, 1986;</p> <p>(c) constituency allowance by any person by reason of his membership of any State Legislature under the Act or rules made by the State concerned.</p> <p>31. Any amount received, whether in cash or in kind,—</p> <p>(a) in pursuance of any award instituted by the Central Government or any State Government or instituted by any other body and approved by the Central Government in this behalf; or</p> <p>(b) as a reward from the Central Government or any State Government for such purposes as may be approved by the Central Government in this behalf.</p> <p>32. Any amount received by way of—</p> <p>(a) pension by an individual, who had been in the service of the Central Government or State Government and has been awarded “Param Vir Chakra” or “Maha Vir Chakra” or “Vir Chakra” or such other gallantry award as the Central Government may, by notification, specify in this behalf;</p> <p>(b) family pension by any member of the family of the individual referred to in clause (a).</p> <p>33. Any sum received as compensation, from the multilateral fund of the Montreal Protocol on non-use of Substances that Deplete the Ozone layer under the United Nations Environment Programme, in accordance with the terms of agreement entered into by the</p>	<p>43 of 1951</p> <p>42 of 1999</p>
--	--	-------------------------------------

	<p>Government of India.</p> <p>34. Any income accruing to an individual outside India, in a financial year, from a source other than a business controlled in or set up in India, if the individual—</p> <p style="padding-left: 40px;">(a) has been a non-resident in India in nine out of ten financial years preceding that financial year; or</p> <p style="padding-left: 40px;">(b) has during the seven financial years preceding that financial year been in India for less than seven hundred and thirty days.</p> <p>35. Any amount received from the Central Government, a State Government or a local authority by an individual or his legal heir, by way of compensation on account of any disaster, in excess of the amount, if any, allowed as a deduction in any financial year on account of any loss or damage caused by such disaster, to him or his legal heir.</p> <p>36. Any amount of interest on bonds—</p> <p style="padding-left: 40px;">(a) issued by a local authority or by a State Pooled Finance Entity or a public sector company; and</p> <p style="padding-left: 40px;">(b) specified by the Central Government by notification.</p> <p>37. Any amount of capital gain arising on account of the transfer of—</p> <p style="padding-left: 40px;">(a) agricultural land situated in a rural area;</p> <p style="padding-left: 40px;">(b) any personal effects; or</p> <p style="padding-left: 40px;">(c) Gold Deposit Bonds issued under the Gold Deposit Scheme, 1999 notified by the Central Government.</p> <p>38. Gross rent in respect of any one palace in the occupation of a Ruler, if the annual value of the palace was exempt from income-tax before the commencement of the Constitution (Twenty-sixth Amendment) Act, 1971, by virtue of the provisions of the Merged States (Taxation Concessions) Order, 1949, or the Part B States (Taxation Concessions) Order, 1950, or, as the case may be, the Jammu and Kashmir (Taxation Concessions) Order, 1958.</p> <p>39. Any income and amount thereof accruing to any person from any international sporting event held in India, if—</p> <p style="padding-left: 40px;">(a) such event is approved by the international body regulating the international sport in this regard ;</p> <p style="padding-left: 40px;">(b) such event has participation of more than two countries; and</p> <p style="padding-left: 40px;">(c) the income and amount thereof , the person and the event are notified by the Central Government for the purposes of this paragraph.</p> <p>40. Any income of a venture capital company or a venture capital fund from investment in a venture capital undertaking.</p> <p>41. Any income of a union or an association of such unions, which is computed under the head “Income from house property” or “Income from residuary sources”, if—</p> <p style="padding-left: 40px;">(a) such union is registered under the Trade Unions Act, 1926; and</p> <p style="padding-left: 40px;">(b) it is formed primarily for the purpose of regulating the relations between workmen and employer or amongst workmen.</p> <p>42. Any income received by an individual as a loan, either in lump sum or in instalment, in a transaction of reverse mortgage referred to in clause (v) of sub-section (1) of section 47.</p> <p>43. Any allowance or perquisite paid or allowed outside India by the Government to a citizen of India for rendering service outside India.</p>	16 of 1926
--	---	------------

	<p>44. Any payment, of the nature and to the extent as may be notified, from New Pension System Trust to an employee having an account with the Trust under the New Pension Scheme notified by the Central Government.</p> <p>45. Any payment in commutation of pension received under any scheme of an approved pension fund, to the extent it does not exceed –</p> <p>(a) in a case where employee receives any gratuity, the commuted value of one-third of the pension which he is normally entitled to receive; and</p> <p>(b) in any other case the commuted value of one-half of such pension.</p> <p>46. Any payment received by the employee from one or more employers as the cash equivalent of the leave salary in respect of the period of earned leave at his credit at the time of his retirement, to the extent such amount does not exceed the limit as may be prescribed.</p> <p>47. Any payment received by the employee from one or more employers by way of gratuity—</p> <p>(i) on his retirement;</p> <p>(ii) on his becoming incapacitated prior to such retirement;</p> <p>(iii) on termination of his employment; or</p> <p>(iv) any gratuity received by the family on the death of the employee, to the extent such amount does not exceed the limit as may be prescribed.</p> <p>48. Any amount received by the employee from one or more employers in connection with termination of his service, voluntary retirement or separation under any scheme framed for this purpose in accordance with such rules as may be prescribed, to the extent such amount does not exceed the limit as may be prescribed.</p> <p>49. Any amount of compensation received by a workman under the Industrial Disputes Act, 1947 or under any other law for the time being in force or under any award or contract of service, at the time of his retrenchment, as computed in accordance with the provisions of clause (b) of section 25F of the said Act or five lakh rupees, whichever is less.</p> <p>50. Any amount of scholarship received by a student to meet the cost of education.</p> <p>51. Any sum received by any person from an insurer in respect of a life insurance policy upon death of the insured person.</p> <p>52. Any income and amount thereof accruing to a body, authority, Board, Trust or Commission (by whatever name called) if ,-(i) such body, authority, Board, Trust or Commission has been established or constituted by or under a Central, State or Provincial Act, or constituted by the Central Government or a State Government, as the case may be, with the object of regulating or administering any activity for the benefit of the general public;(ii) such body, authority, Board, Trust or Commission is not engaged in any commercial activity; and (iii) the income and amount thereof and such body, authority, Board, Trust or Commission is notified by the Central Government for the purposes of this paragraph.</p> <p>53. Any income of an infrastructure debt fund setup in accordance with the guidelines as may be prescribed and notified by the Central Government for the purposes of this paragraph.</p> <p>54. Any income received in India in Indian currency by a foreign company on account of sale of any goods or rendering of services as may be notified by the Central Government, to any person in India, if,-</p>	<p>14 of 1947</p>
--	--	-------------------

	<p>(i) receipt of such income in India by the foreign company is pursuant to an agreement or an arrangement entered into or approved by the Central Government;</p> <p>(ii) having regard to the national interest, the foreign company and the agreement or arrangement are notified by the Central Government in this behalf; and</p> <p>(iii) the foreign company is not engaged in any activity, other than receipt of such income, in India.</p> <hr/>	
--	---	--

<p>21 of 1860</p>	<p>26. Any co-operative society formed for promoting the interests of the members of the Scheduled Castes or the Scheduled Tribes or both, if —</p> <p>(a) the membership of the co-operative society consists of only other co-operative societies formed for similar purposes; and</p> <p>(b) the finances of the society are provided by the Government and such other societies.</p> <p>27. Panchayat as referred to in clause (d) of article 243 of the Constitution.</p> <p>28. Municipality as referred to in clause (e) of article 243P of the Constitution.</p> <p>29. Municipal Committee and District Board, legally entitled to, or entrusted by the Government with the control or management of a Municipal or local fund.</p> <p>30. Cantonment Board as defined in section 3 of the Cantonments Act, 2006.</p> <p>31. Any Regimental Fund or Non-Public Fund established by the armed forces of the Union for the welfare of the past and present members of such forces or their dependants.</p> <p>32. Any fund set up, on or after, the 1st day of August, 1996, by an insurer under a pension scheme,—</p> <p>(a) to which contribution is made by any person for the purpose of receiving pension from such fund; and</p> <p>(b) which is approved by the Controller of Insurance or the Insurance Regulatory and Development Authority.</p> <p>33. An authority or Board, by whatever name called, established in a State by or under any State or Provincial Act for the development of khadi or village industries in the State.</p> <p>34. Any body or authority (whether or not a body corporate or a corporation sole) established, constituted or appointed by or under any Central, State or Provincial Act which provides for the administration of any one or more of the following, namely:—</p> <p>(a) public religious or charitable trusts;</p> <p>(b) endowments (including maths, temples, gurdwaras, wakfs, churches, synagogues, agiaries or other places of public religious worship); or</p> <p>(c) societies for religious or charitable purposes registered as such under the Societies Registration Act, 1860, or any other law for the time being in force.</p> <p>35. Any association, authority, body, institution or trust,-</p> <p>(a) registered under the Central, State or Provincial Act for the regulation of public religious endowments; or</p> <p>(b) established wholly for public religious purposes, if—</p> <p>(i) it applies its income wholly for public religious purposes;</p> <p>(ii) it is established for the benefit of the general public;</p> <p>(iii) it maintains books of account and obtains an audit report from an accountant, if its gross receipts in any financial year exceed five lakh rupees;</p> <p>(iv) its funds or assets are not invested or held, at any time during the financial year in any of the forms or modes specified in section 95;</p> <p>(v) its funds or assets are not used or applied or deemed to have been used or applied, directly or indirectly, for the benefit of any interested person as referred to in clause (e) of section 102; and</p> <p>(vi) it is approved by the prescribed authority having regard to the manner in which affairs of such trust or institution are administered and supervised for ensuring that the income accruing thereto is properly applied for the objects thereof.</p> <p>36. SAARC Fund for Regional Projects set-up by the Colombo Declaration issued on the 21st day of December, 1991 under the Charter of the South Asian Association for Regional</p>	<p>41 of 2006</p>
-------------------	--	-------------------

THE FIFTH SCHEDULE

[See section 15(2)]

COMPUTATION OF INCOME FROM SPECIAL SOURCES

1. The income from any special source shall be computed in accordance with the provisions of this Schedule.
2. The income from any special source shall be the aggregate of—
 - (a) any amount by way of accrual or receipt, as the case may be;
 - (b) any amount accrued or received as reimbursement of any expenditure incurred by the person; and
 - (c) any tax borne by the person by whom the income is payable.
3. No deduction or allowance or set-off of any loss shall be allowed in computation of income from the special sources.
4. The income computed under paragraph 2 shall be presumed to have been computed after giving full effect to every loss, allowance or deduction under this Code.
5. The written down value of any business asset used for the purposes of earning income from any special source shall be computed as if the person has claimed and has been actually allowed the deduction in respect of depreciation under section 38, initial depreciation under section 39 and terminal allowance under section 40.
6. The amount of common costs (including depreciation) attributable to the special source and presumed to have been allowed under paragraph 4 shall be determined in such manner as may be prescribed.

THE SIXTH SCHEDULE

[See section 32(2)]

COMPUTATION OF PROFITS OF THE INSURANCE BUSINESS

1. The profits of the business of life insurance shall be the profit determined in the Shareholders' Account (Non-Technical Account) in accordance with the Insurance Act, 1938.

4 of 1938

2. The profits referred to in paragraph 1 shall be—

(a) increased by the aggregate of the amounts referred to in sub-section (2) of section 33 to the extent such amounts are not included in the profits referred to in that paragraph and the amounts referred to in sub-section (4) of section 35 and sub-section (2) of section 36 to the extent such amounts have been claimed as deductions while computing the said profits; and

(b) decreased by the amount allowable as deduction under clause (xxx) of sub-section (2) of section 35 and finance charges allowable as deduction under sub-section (1) of section 36 to the extent such amount has been included under clause (a).

3. The profits of the business of insurance other than life insurance shall be the profits disclosed in the annual accounts, copies of which are required to be furnished under the Insurance Act, 1938, to the Controller of Insurance.

4 of 1938

4. The profits referred to in paragraph 3 shall be—

(a) increased by the aggregate of,—

(i) the amounts referred to in sub-section (2) of section 33 to the extent such amounts are not included in the profits referred to in that paragraph; and

(ii) the amounts referred to in sub-section (4) of section 35 and sub-section (2) of section 36 to the extent such amounts have been claimed as a deduction in computing the profits referred to in that paragraph;

(b) decreased by—

(i) the amount allowable as deductions under clause (xxx) of sub-section (2) of section 35 to the extent such amount has been included under sub-clause (i) of clause (a);

(ii) the amount of finance charges allowable as deduction under sub-section (1) of section 36 to the extent such amount has been included under sub-clause (ii) of clause (a); and

(iii) such amount carried over to a reserve for unexpired risks as may be prescribed.

5. The profits of the branches in India of a person not resident in India and carrying on any business of insurance, may, in the absence of more reliable data, be deemed to be that proportion of the world income of such person which corresponds to the proportion which his premium income derived from India bears to his total premium income.

6. The profits of the business of insurance determined under paragraphs 1 to 5 shall be aggregated and the profits so aggregated shall be the profit from the business of insurance.

7. The profit from the business of insurance shall be aggregated with unabsorbed preceding year loss from the business of insurance, if any, and the net result of such aggregation shall be the current profit from the business of insurance for the financial year.

8. The current profit from the business of insurance shall be treated as *nil*, if the net result of aggregation in paragraph 7 is negative and the absolute value of the net result of the aggregation shall be the amount of unabsorbed current loss of the business of insurance for the financial year.

9. The profits computed under paragraphs 1 to 5 shall be presumed to have been computed—

(a) after giving full effect to every loss, allowance or deduction referred to in sub-

	<p>sections (1) to (3) of section 35, sub-section (1) of section 36 and sections 37 to 40 (both inclusive);</p> <p>(b) after giving full effect to any deduction allowable under Sub-Chapter IV of Chapter III in relation to the profits of the business of insurance.</p> <p>10. The written down value of any business asset used in the business of insurance shall be computed as if the assessee has claimed and has been actually allowed the deduction in respect of depreciation under section 38, initial depreciation under section 39 and terminal allowance under section 40.</p> <p>11. The amount of common costs (including depreciation) attributable to the business of insurance shall be determined in such manner as may be prescribed.</p> <p>12. The successor in a business re-organisation of the business of insurance shall be allowed a deduction in respect of the unabsorbed current loss of the business of insurance determined in the case of the predecessor for—</p> <p>(a) the financial year immediately preceding the financial year in which the business re-organisation has taken place, if the re-organisation is on the first day of the financial year; and</p> <p>(b) the period beginning with the first day of the financial year and ending on the day immediately preceding the date of business re-organisation, in any other case.</p> <p>13. In this Schedule—</p> <p>(a) “business of life insurance” means life insurance business as defined in clause (11) of section 2 of the Insurance Act, 1938;</p> <p>(b) “business of insurance” means—</p> <p>(i) the business of life insurance; and</p> <p>(ii) the business of any insurance, not being life insurance;</p> <p>(c) “common costs” means cost or expenditure incurred in the course of carrying on the business of insurance and any other business; and</p> <p>(d) world income in relation to the business of insurance of a person not resident in India shall be computed in the manner laid down in this Code for the computation of the profits of the business of insurance carried on in India.</p>	<p>4 of 1938</p>
--	--	------------------

THE SEVENTH SCHEDULE

[See section 32 (2)]

COMPUTATION OF PROFITS OF BUSINESS OF OPERATING A QUALIFYING SHIP

1. The profits of the business of operating a qualifying ship for any financial year—

(a) shall be computed in accordance with the provisions of this Schedule, at the option of the assessee; and

(b) on exercise of the option, shall be determined in accordance with the formula—

$$A + B - C$$

where-

A = the total tonnage income of the financial year;

B = the aggregate of the amounts referred to in sub-section (2) of section 33; and

C = the absolute value of the amount of negative profit computed under this Schedule in respect of the business of operating a qualifying ship, for the financial year immediately preceding the relevant financial year.

2. The tonnage income of the financial year in respect of each qualifying ship shall be the daily tonnage income of the ship multiplied by the number of days during which the ship is operated by the company as a qualifying ship.

3. The daily tonnage income of a qualifying ship having tonnage referred to in column (1) of the Table given below shall be the amount specified in the corresponding entry in column (2) of the said Table:

TABLE

Serial Number	<i>Qualifying ship having net tonnage</i>	<i>Amount of daily tonnage income</i>
(1)	(2)	(3)
1.	up to 1,000 tons	Rs. 70 for each 100 tons
2.	exceeding 1,000 tons but not more than 10,000 tons	Rs. 700 <i>plus</i> Rs. 53 for each 100 tons exceeding 1,000 tons
3.	exceeding 10,000 tons but not more than 25,000 tons	Rs. 5,470 <i>plus</i> Rs. 42 for each 100 tons exceeding 10,000 tons
4.	exceeding 25,000 tons	Rs. 11,770 <i>plus</i> Rs. 29 for each 100 tons exceeding 25,000 tons.

4. The profits of the business of operating a qualifying ship shall be treated as 'nil' for the financial year if the profits determined under paragraph 1 is negative.

5. The profits computed under this Schedule shall be presumed to have been computed—

(a) after giving full effect to every loss, allowance or deduction referred to in sections 35 to 40 (both inclusive);

(b) after giving full effect to any deduction allowable under Sub-chapter IV of Chapter III in relation to the profits of the business of operating a qualifying ship.

6. The written down value of any business asset used in the business of operating a qualifying

ship shall be computed as if the assessee has claimed and has been actually allowed the deduction in respect of depreciation under section 38, initial depreciation under section 39 and terminal allowance under section 40.

7. The amount of common costs (including depreciation) attributable to the business of operating a qualifying ship and any other business shall be determined in such manner as may be prescribed.

8. (1) The successor in a business re-organisation of the business of operating a qualifying ship shall be allowed a deduction in respect of the negative profit determined in the case of the predecessor for—

(a) the financial year immediately preceding the financial year in which the business re-organisation has taken place if the re-organisation is on the first day of the financial year; and

(b) the period beginning with the first day of the financial year and ending on the day immediately preceding the date of business re-organisation, in any other case.

(2) The predecessor shall not be allowed a deduction in respect of the negative profit for which the successor is eligible to claim deduction under sub-paragraph (1).

9. A company shall continue to be regarded as an operator of a qualifying ship even in the case of temporary cessation of operation of the ship.

10. A company shall not be regarded as the operator in respect of a ship if the ship has been chartered out by it on bareboat charter-cum-demise terms.

11. A ship shall not be considered as qualifying ship if it temporarily ceases to be a qualifying ship.

12. The book profit or loss derived from the business of operating a qualifying ship shall be excluded from the book profit of the company for the purposes of section 103.

13. The provisions of this Schedule shall not apply to a qualifying shipping company if it is party to any transaction or arrangement which amounts to an abuse of the tonnage income scheme as provided in this Schedule.

14. The Board may make rules for the purposes of computation of income from the business of operating a qualifying ship in respect of the following, namely:—

(a) method and time for opting into the tonnage income scheme and the period for, and circumstances under, which the option shall remain in force;

(b) circumstances under which a company may be excluded from the tonnage income scheme;

(c) such other conditions for applicability of tonnage income scheme having regard to the need for generating internal accruals for acquiring new ships and training of crew;

(d) limits for charter- in of tonnage;

(e) prevention of abuse of the tonnage income scheme, having regard to the need to ensure that no transaction or arrangement results, or but for the rules prescribed hereunder, would have resulted in a tax advantage being obtained for—

(i) a person other than a qualifying shipping company; or

(ii) a qualifying shipping company in respect of its activities other than its business of operating a qualifying ship;

(f) valuation of goods or services where these are transferred between the business of operating a qualifying ship and any other business carried on by a qualifying shipping company;

(g) determination of arm's length price of the business transactions if the arrangement of transactions results in abuse of the tonnage income scheme.

15. In this Schedule, unless the context otherwise requires,—

(a) “bareboat charter” means hiring of a ship for a stipulated period on terms which give the charterer possession and control of the ship, including the right to appoint the master and crew;

(b) “bareboat charter-cum-demise” means a bareboat charter where the ownership of the ship is intended to be transferred after a specified period to the company to whom it has been chartered;

(c) “business of operating a qualifying ship” means the core shipping activities and the permitted incidental shipping activities;

(d) “core shipping activities” means—

(i) the activities relating to operation of a qualifying ship;

(ii) the activities in connection with, or for the execution of, an agreement between two or more persons for providing services through a pool or operating one or more ships and sharing earnings or operating profits on the basis of mutually agreed terms;

(iii) the activities in connection with, or for the execution of, a service contract under which a qualifying shipping company agrees to transport a specified quantity of specified products at a specified rate, between designated loading and discharging ports over a specified period by a qualifying ship;

(iv) on-board or on-shore activities of qualifying ship comprising of fares and food and beverages consumed on board; and

(v) slot charters, space charters, joint charters, feeder services, or container box leasing, of a qualifying ship;

(e) “permitted incidental shipping activities” means activities relating to chartering out of a qualifying ship on bareboat charter terms, maritime consultancy, loading or unloading of cargo, ship management or maritime education or recruitment if the aggregate accruals or receipts from all such activities do not exceed one-fourth per cent. of the turnover from the core shipping activities;

(f) “qualifying shipping company” means a company, which fulfils all the following conditions, namely:—

(i) it is an Indian company;

(ii) the place of effective management of the company is in India;

(iii) it owns at least one qualifying ship; and

(iv) the main object of the company is to carry on the business of operating ships;

(g) “qualifying ship” means a ship, which fulfils the following conditions, namely:—

(i) it is a seagoing ship or vessel of fifteen net tonnage or more;

(ii) it is a ship registered or licensed under, or for the purposes of, the Merchant Shipping Act, 1958;

(iii) a certificate indicating the net tonnage of the ship has been issued under, or for the purposes of, the Merchant Shipping Act, 1958 and is in force during the relevant financial year;

(iv) it is owned or chartered- in by the qualifying shipping company wholly, or partly in an arrangement such as slot charter, space charter, or joint charter; and

(v) the ship is not—

(A) a seagoing ship or vessel if the main purpose for which it is used is the provision of goods or services of a kind normally provided on land;

(B) a fishing vessel as defined in clause (12) of section 3 of the Merchant

	<p>Shipping Act, 1958;</p> <p>(C) a factory ship including a vessel providing processing services in respect of the processing of the fishing produce;</p> <p>(D) a pleasure craft, being a ship primarily used for the purposes of sport or recreation;</p> <p>(E) harbour and river ferries;</p> <p>(F) offshore installations;</p> <p>(G) used as a fishing vessel for a period of more than thirty days during a financial year;</p> <p>(h) “seagoing ship” means a ship certified as such by the competent authority of any country;</p> <p>(i) “tonnage” shall mean—</p> <p>(i) the tonnage specified on a certificate issued under, or for the purposes of, the Merchant Shipping Act, 1958; and</p> <p>(ii) the deemed tonnage in a case where an arrangement has been entered into by the qualifying company for purchase of slots, slot charter or sharing of a qualifying ship, calculated in such manner as may be prescribed;</p> <p>(j) “tonnage income scheme” means a scheme for computation of profits of the business of operating qualifying ships under paragraph 1 of this Schedule;</p> <p>(k) “total tonnage income” shall mean the aggregate of tonnage income from operating of <u>all the qualifying ships.</u></p>	
--	---	--

THE EIGHTH SCHEDULE

[See sections 32(2) 44(7), 320(150) and 324(2)(p)(D)(i)]

COMPUTATION OF PROFITS OF THE BUSINESS OF
MINERAL OIL OR NATURAL GAS

1. The profits of the business of mineral oil or natural gas shall be the gross income from the business carried on by the assessee at any time during the financial year as reduced by the amount of business expenditure incurred by the assessee, wholly and exclusively, for the purposes of the business during the year.

2. The gross income referred to in paragraph 1 shall be the aggregate of—

(a) the accruals or receipts derived by the assessee from—

(i) the business of mineral oil or natural gas;

(ii) the leasing or transfer of whole of, or part of, or any interest in, any—

(A) mineral oil or natural gas rights; and

(B) asset used in the business of mineral oil or natural gas; and

(iii) the demolition, destruction, discarding or transferring of any business capital asset (other than land, goodwill or financial instrument) in respect of which deduction has been allowed, or allowable, under paragraph 3 in any financial year;

(iv) withdrawal or utilisation of any amount from site restoration account in such manner as may be prescribed; and

(b) the amounts referred to in sub-section (2) of section 33.

3. The amount of business expenditure referred to in paragraph 1 shall be the aggregate of the amount of-

(a) operating expenditure referred to in section 35 incurred by the assessee;

(b) finance charges referred to in section 36 incurred by the assessee;

(c) expenditure on any license charges, rental fees or other charges, incurred by the assessee;

(d) capital expenditure incurred by the assessee in respect of business of mineral oil or natural gas commencing on or after the 1st day of April, 2015;

(e) expenditure on infructuous or abortive exploration of any area;

(f) expenditure referred to in clauses (a) to (e) incurred before the commencement of the business.

(g) payment to Site Restoration Account maintained in the State Bank of India or any other bank in accordance with such scheme as may generally or in any specific case be prescribed;

(h) the amount of negative profit computed under this Schedule for any financial year immediately preceding the relevant financial year.

4. The profits of the business of mineral oil or natural gas shall be treated as 'nil' if the profits determined under paragraph 1 is negative.

5. Save as otherwise provided in paragraphs 11 and 13, the profits computed under paragraph 1 shall be presumed to have been computed,-

(a) after giving full effect to every loss, allowance or deduction referred to in sub-sections 37 to 40 (both inclusive);

(b) after giving full effect to any deduction allowable under Sub-chapter-IV of Chapter III in relation to the profits of the business of mineral oil or natural gas.

6. The amount of common costs including depreciation attributable to the business of mineral oil or natural gas shall be determined in such manner as may be prescribed.

7. The provisions of this Schedule shall apply to the business referred to in paragraph 1, which fulfils the following conditions, namely:—

(a) it is not set-up by splitting up, or the reconstruction, of a business already in existence;

(b) it is not set up by the transfer to the business of machinery or plant previously used for any purpose.

8. For the purposes of sub-paragraph (b) of paragraph 8,-

(a) any machinery or plant which was used outside India by any person other than the assessee shall not be regarded as machinery or plant previously used for any purpose, if—

(i) the machinery or plant was not, at any time prior to the date of the installation by the assessee, used in India;

(ii) the machinery or plant is imported into India from any country outside India; and

(iii) no deduction on account of depreciation in respect of the machinery or plant has been allowed or is allowable under the provisions of this Code, or the Income-tax Act, 1961, as it stood before the commencement of this Code, in computing the total income of any person for any period prior to the date of the installation of the machinery or plant by the assessee;

(b) the condition specified therein shall be deemed to have been complied with, if the total value of the machinery or plant or any part thereof, previously used for any purpose and transferred to the business referred to in paragraph 1, does not exceed twenty per cent. of the total value of the machinery or plant used in the business.

9. (1) The successor in a business re-organisation of the business of mineral oil and natural gas shall be allowed a deduction in respect of the negative profit determined in the case of the predecessor for—

(a) the financial year immediately preceding the financial year in which the business re-organisation has taken place if the re-organisation is on the first day of the financial year; and

(b) the period beginning with the first day of the financial year and ending on the day immediately preceding the date of business re-organisation, in any other case.

(2) The predecessor shall not be allowed a deduction in respect of the negative profit for which the successor is eligible to claim deduction under sub-paragraph (1).

10.(1) The Central Government may, if it is satisfied that it is necessary or expedient to do so in the public interest, by notification, make modification in the status in which the class of persons specified in sub-paragraph (2) or the members thereof are to be assessed on their income from the business of mineral oil or natural gas.

(2) The persons referred to in sub-paragraph (1) are the following, namely:-

(a) persons with whom the Central Government has entered into agreements for the association or participation of that Government or any person authorised by that Government in any business of mineral oil or natural gas;

(b) persons providing any services or facilities or supplying any ship, aircraft, machinery or plant (whether by way of sale or hire) in connection with any business of mineral oil or natural

gas carried on by that Government or any person specified by that Government in this behalf by notification; and

(c) employees of the persons referred to in sub-paragraph (a) or sub-paragraph (b) .

11. The provisions of sections 37, 38, 40, 42, 44 and 45 shall, so far as may be, apply in respect of the assets acquired on or before the 31st day of March, 2015 in respect of which the provisions of sub-section (1) of section 32, sub-section (2) of section 41, section 50 and section 50A of the Income-tax Act, 1961 would have been applicable for assessment year commencing on or after the 1st day of April, 2015 had the Income-tax Act not been repealed, and the profits computed under paragraph (1) shall be adjusted accordingly.

12. The provisions of this Schedule shall apply to an assessee after expiry of the period for which he is eligible to claim the deduction under sub-section (9) of section 80-IB of the Income-tax Act, 1961 in accordance with clause (p) of sub-section (2) of section 324 of this Code.

13. The provisions of sections 37, 38, 40, 42, 44 and 45 shall, so far as may be, apply in respect of the business capital asset in respect of which deduction is not admissible under paragraph 3 in any financial year and the profits computed under paragraph (1) shall be adjusted accordingly.

14. In this Schedule, unless the context otherwise requires,—

(a) “business of mineral oil or natural gas” means any business of the prospecting for or extraction or production of mineral oil or natural gas;

(b) “capital expenditure” means expenditure incurred on –

(i) building which is not mainly used for office and residential purpose;

(ii) machinery and plant (other than ship, aeroplane, vehicle, or any machinery or plant installed at office or residential premises) ;

(iii) furniture and fittings other than that installed at office or residential premises;

(iv) acquisition of mineral oil or natural gas right;

(c) “mineral oil” means crude oil, being petroleum in its natural state before it is refined or otherwise treated but from which water and foreign substances have been extracted;

(d) “natural gas” means any sub-soil combustible gaseous fossil fuel;

(e) “mineral oil or natural gas right” means any reconnaissance permit, technical cooperation permit, exploration right, or production right assigned under the Oilfields (Regulation and Development) Act, 1948 or any other law for the time being in force, or any right or interest therein;

(f) “status” means the category under which the assessee is assessed as “individual”, “Hindu undivided family” and so on.

THE NINTH SCHEDULE

[See sections 32(2) 44(7), 324(2)(m)(i), 324(2)(n)(i) and 324(2)(o)(i)]

COMPUTATION OF PROFITS OF THE BUSINESS OF DEVELOPING OF A SPECIAL ECONOMIC ZONE OR
MANUFACTURE OR PRODUCTION OF ANY ARTICLE OR THING OR PROVIDING OF ANY SERVICE BY A UNIT
ESTABLISHED IN A SPECIAL ECONOMIC ZONE

1. The provisions of this Schedule shall apply to the business specified herein below—

(a) the business of developing a special economic zone; and

(b) a unit established in a special economic zone engaged in the business of manufacture or production of any article or thing or providing of any service.

2. The profits of the specified business under paragraph 1 shall be the gross income from such business carried on by the assessee at any time during the financial year as reduced by the amount of business expenditure incurred by the assessee, wholly and exclusively, for the purposes of the business during the year.

3. The gross income referred to in paragraph 2 shall be the aggregate of—

(a) the accruals or receipts derived by the assessee from the specified business;

(b) the accruals or receipts derived by the assessee from the demolition, destruction, discarding or transferring of any business capital asset in respect of which deduction has been allowed, or allowable, under paragraph 4 in any financial year; and

(c) the amounts referred to in sub-section (2) of section 33.

4. The amount of business expenditure referred to in paragraph 2 shall be the aggregate of the amount of—

(a) operating expenditure referred to in section 35 incurred by the assessee;

(b) finance charges referred to in section 36 incurred by the assessee;

(c) expenditure on any licence charges, rental fees or other similar charges, incurred by the assessee;

(d) capital expenditure incurred by the assessee;

(e) expenditure referred to in clauses (a) to (d) incurred before the commencement of specified business;

(f) the amount of negative profit computed under this Schedule for any financial year immediately preceding the relevant financial year.

5. The profits of the specified business under paragraph 1 shall be treated as 'nil' if the profits determined under paragraph 2 is negative.

6. Save as otherwise provided in paragraphs 11 and 12, the profits computed under paragraph 2 shall be presumed to have been computed—

(a) after giving full effect to every loss, allowance or deduction referred to in sub-sections (1) to (3) of section 35, sub-section (1) of section 36 and sections 37 to 40 (both inclusive);

(b) after giving full effect to any deduction allowable under Sub-chapter-IV of Chapter III

in relation to the profits of the specified business.

7. The amount of common costs (including depreciation) attributable to the specified business shall be determined in such manner as may be prescribed.

8. The provisions of this Schedule shall apply to a specified business, which fulfils the following conditions, namely:—

(a) it is not set-up by splitting up, or the reconstruction, of a business already in existence; and

(b) it is not set-up by the transfer to the specified business, of machinery or plant previously used for any purpose.

9. For the purposes of sub-paragraph (b) of paragraph 9,-

(a) any machinery or plant which was used outside India by any person other than the assessee shall not be regarded as machinery or plant previously used for any purpose, if—

(i) the machinery or plant was not, at any time prior to the date of the installation by the assessee, used in India;

(ii) the machinery or plant is imported into India from any country outside India; and

(iii) no deduction on account of depreciation in respect of the machinery or plant has been allowed or is allowable under the provisions of this Code, or the Income-tax Act, 1961, as it stood before the commencement of this Code, in computing the total income of any person for any period prior to the date of the installation of the machinery or plant by the assessee;

(b) the condition specified therein shall be deemed to have been complied with, if the total value of the machinery or plant or any part thereof, previously used for any purpose and transferred to the specified business does not exceed twenty per cent. of the total value of the machinery or plant used in the said business;

10. (1) The successor in a business re-organisation of the business referred to in paragraph (1) shall be allowed a deduction in respect of the negative profit determined in the case of the predecessor for—

(a) the financial year immediately preceding the financial year in which the business re-organisation has taken place if the re-organisation is on the first day of the financial year; and

(b) the period beginning with the first day of the financial year and ending on the day immediately preceding the date of business re-organisation, in any other case.

(2) The predecessor shall not be allowed a deduction in respect of the negative profit for which the successor is eligible to claim deduction under sub-paragraph (1).

11. The provisions of sections 37, 38, 40, 42, 44 and 45 shall, so far as may be, apply in respect of the assets acquired on or before the 31st day of March, 2015 in respect of which the provisions of sub-section (1) of section 32, sub-section (2) of section 41, section 50 and section 50A of the Income-tax Act, 1961 would have been applicable for assessment year commencing on or after the 1st day of April, 2015 had the Income-tax Act not been repealed, and the profits computed under paragraph (1) shall be adjusted accordingly.

12. The provisions of this Schedule shall apply to an assessee after expiry of the period for which he is eligible to claim the deduction under sections 10AA or 80-IAB of the Income-tax Act, 1961 in accordance with clauses (m) or (o) of sub-section (2) of section 324 of this Code.

13. The provisions of sections 37, 38, 40, 42, 44 and 45 shall, so far as may be, apply in respect of the business capital asset in respect of which deduction is not admissible under paragraph 4 in any financial year and the profits computed under paragraph (1) shall be adjusted accordingly.

	<p>14. In this Schedule, unless the context otherwise requires, capital expenditure means expenditure incurred on –</p> <ul style="list-style-type: none">(i) building which is not mainly used for office and residential purpose;(ii) machinery and plant (other than ship, aeroplane, vehicle, or any machinery or plant installed at office or residential premises) ;(iii) furniture and fittings other than that installed at office or residential premises; <hr/>	
--	---	--

THE TENTH SCHEDULE
[See sections 32(2), 44(7) and 324(2)(1)(i)]

COMPUTATION OF PROFITS OF A SPECIFIED BUSINESS

1. The provisions of this Schedule shall apply to the following specified businesses which fulfill such conditions as may be prescribed by the Central Government:—

(a) business of generation, transmission or distribution of power;

(b) business of developing, or operating and maintaining, any infrastructure facility;

(c) business of owning and operating a hospital, with at least one hundred beds for patients in any area, other than excluded area;

(d) business of processing, preservation and packaging of fruits and vegetables;

(e) business of laying and operating a cross country natural gas or crude or petroleum oil pipeline network for distribution, including storage facilities being an integral part of the network;

(f) business of setting up and operating a cold chain facility;

(g) business of setting up and operating a warehousing facility for storage of agricultural produce;

(h) business of owning and operating, anywhere in India, a hotel of three-star or above category as classified by the Central Government;

(i) business of developing and building a housing project under a scheme, for slum re-development or rehabilitation framed by the Central Government or a State Government, as the case may be, and notified by the Board in this behalf in accordance with the guidelines as may be prescribed;

(j) business of production of fertilizer;

(k) business of setting up and operating an inland container depot or a container freight station notified or approved under the Customs Act, 1962;

(l) business of setting up and operating a warehousing facility for storage of sugar;

(m) business of manufacture of semi-conductor by way of wafer fabrication;

(n) business of laying and operating a slurry pipeline for transportation of iron ore.

2. The profits of every specified business shall be computed separately under this Schedule.

3. The profits of any specified business shall be the gross income from the business carried on by the assessee at any time during the financial year as reduced by the amount of business expenditure incurred by the assessee, wholly and exclusively, for the purposes of the business during the year.

4. The gross income referred to in paragraph 3 shall be the aggregate of—

(a) the accruals or receipts derived by the assessee from the specified business;

(b) the accruals or receipts derived by the assessee from the transfer, discarding, destruction or demolition of any business capital asset in respect of which deduction has been allowed, or

allowable, under paragraph 5 in any financial year; and

(c) the amounts referred to in sub-section (2) of section 33.

5. The amount of business expenditure referred to in paragraph 1 shall be the aggregate of the amount of—

(a) operating expenditure referred to in section 35 incurred by the assessee;

(b) finance charges referred to in section 36 incurred by the assessee;

(c) expenditure on any licence charges, rental fees or other similar charges incurred by the assessee;

(d) capital expenditure incurred by the assessee;

(e) expenditure referred to in clauses (a) to (d) incurred before the commencement of the business;

(f) the amount of negative profit computed under this Schedule for any financial year immediately preceding the relevant financial year.

6. The profits of the specified business under paragraph 1 shall be treated as 'nil' if the profits determined under paragraph 3 is negative.

7. Save as otherwise provided in paragraphs 12 and 13 the profits computed under paragraph 1 shall be presumed to have been computed—

(a) after giving full effect to every loss, allowance or deduction referred to in sections 37 to 40 (both inclusive);

(b) after giving full effect to any deduction allowable under Sub-Chapter-IV of Chapter III in relation to the profits of the specified business.

8. The amount of common costs including depreciation attributable to the specified business shall be determined in such manner as may be prescribed.

9. The provisions of this Schedule shall apply to the business referred to in paragraph 1, which fulfils the following conditions, namely:—

(a) it is not set-up by splitting up, or the reconstruction, of a business already in existence;

(b) it is not set-up by the transfer to the specified business of machinery or plant previously used for any purpose; and

(c) in a case where the business is of the nature referred to in clause (e) of paragraph 1, the business—

(i) is owned by a company formed and registered in India under the Companies Act, 1956 or the Companies Act, 2013 or by a consortium of such companies or by an authority or a board or a corporation established or constituted under any Central or State Act;

(ii) has been approved by the Petroleum and Natural Gas Regulatory Board established under sub-section (1) of section 3 of the Petroleum and Natural Gas Regulatory Board Act, 2006 and notified by the Central Government in this behalf;

(iii) has made not less than such proportion of its total pipeline capacity as specified by the regulations made by the Petroleum and Natural Gas Regulatory Board established under sub-section (1) of section 3 of the Petroleum and Natural Gas Regulatory Board Act, 2006 available for use on common carrier basis by any person other than the assessee or an associated person; and

(iv) fulfils any other condition as may be prescribed.

10. For the purpose of sub-paragraph (b) of paragraph 10,-

(a) any machinery or plant which was used outside India by any person other than the assessee shall not be regarded as machinery or plant previously used for any purpose, if—

(i) the machinery or plant was not, at any time prior to the date of the installation by the assessee, used in India;

(ii) the machinery or plant is imported into India from any country outside India; and

(iii) no deduction on account of depreciation in respect of the machinery or plant has been allowed or is allowable under the provisions of this Code, or the Income-tax Act, 1961, as it stood before the commencement of this Code, in computing the total income of any person for any period prior to the date of the installation of the machinery or plant by the assessee;

(b) the condition specified therein shall be deemed to have been complied with, if the total value of the machinery or plant or any part thereof, previously used for any purpose and transferred to the specified business, does not exceed twenty per cent. of the total value of the machinery or plant used in the business;

11.(1) The successor in a business re-organisation of the business referred to in paragraph (1) shall be allowed a deduction in respect of the negative profit determined in the case of the predecessor for—

(a) the financial year immediately preceding the financial year in which the business re-organisation has taken place if the re-organisation is on the first day of the financial year; and

(b) the period beginning with the first day of the financial year and ending on the day immediately preceding the date of business re-organisation, in any other case.

(2) The predecessor shall not be allowed a deduction in respect of the negative profit for which the successor is eligible to claim deduction under sub-paragraph (1).

12. The provisions of sections 37, 38, 40, 42, 44 and 45 shall, so far as may be, apply in respect of the assets acquired on or before the 31st day of March, 2015 in respect of which the provisions of sub-section (1) of section 32, sub-section (2) of section 41, section 50 and section 50A of the Income-tax Act, 1961 would have been applicable for assessment year commencing on or after the 1st day of April, 2015 had the Income-tax Act not been repealed, and the profits computed under paragraph (1) shall be adjusted accordingly.

13. The provisions of sections 37, 38, 40, 42, 44 and 45 shall, so far as may be, apply in respect of the business capital asset in respect of which deduction is not admissible under paragraph 5 in any financial year and the profits computed under paragraph (1) shall be adjusted accordingly.

14. The Central Government may notify specific areas for a specified period for allowance of deduction under clause (d) of paragraph 5 of an amount equal to one and one-half times of the expenditure referred to therein having regard to the backwardness of the area, level of literacy and such other conditions as may be prescribed.

15. The provisions of this Schedule shall apply to an assessee after expiry of the period for which he is eligible to claim the deduction under sections 80-IA, 80-IB [other than sub-section (9)], 80-IC, 80-ID and 80-IE of the Income-tax Act, 1961 in accordance with clause (1) of sub-section (2) of section 324 of this Code.

16. In this Schedule, unless the context otherwise requires,—

(a) an “associated person” in relation to the assessee, means a person—

(i) who participates, directly or indirectly, or through one or more intermediaries in the management or control or capital of the assessee;

	<p>(ii) who holds, directly or indirectly, shares carrying not less than twenty-six per cent. of the voting power in the capital of the assessee;</p> <p>(iii) who appoints more than half of the Board of directors or members of the governing board, or one or more executive directors or executive members of the governing board of the assessee; or</p> <p>(iv) who guarantees not less than ten per cent. of the total borrowings of the assessee;</p> <p>(b) “capital expenditure” means expenditure incurred on –</p> <p>(i) building which is not mainly used for office and residential purpose;</p> <p>(ii) machinery and plant (other than ship, aeroplane, vehicle, or any machinery or plant installed at office or residential premises) ;</p> <p>(iii) furniture and fittings other than that installed at office or residential premises;</p> <p>(c) ‘excluded area’ means the areas of—</p> <p>(i) Greater Mumbai urban agglomeration;</p> <p>(ii) Delhi urban agglomeration;</p> <p>(iii) Kolkata urban agglomeration;</p> <p>(iv) Chennai urban agglomeration;</p> <p>(v) Hyderabad urban agglomeration;</p> <p>(vi) Bangalore urban agglomeration;</p> <p>(vii) Ahmedabad urban agglomeration;</p> <p>(viii) the District of Faridabad;</p> <p>(ix) the District of Gurgaon;</p> <p>(x) the District of Gautam Budh Nagar;</p> <p>(xi) the District of Ghaziabad;</p> <p>(xii) the District of Gandhinagar; and</p> <p>(xiii) the City of Secunderabad;</p> <p>(d) “urban agglomeration” means the area included in the relevant urban agglomeration on the basis of the 2001 census.</p>	
--	--	--

THE ELEVENTH SCHEDULE

[See section 32 (2), 88(4), 182 (4) (a), 320(209) (e)]

DETERMINATION OF INCOME ON A PRESUMPTIVE BASIS

1. The income from the business specified in column (2) of the Table given below, carried on by the assessee at any time during the financial year, shall be the amount specified in column 3 thereof, subject to the conditions specified in column (4) therein:

TABLE

Serial Number	Nature of Business	Amount of income	Conditions
(1)	(2)	(3)	(4)
1.	Business of plying, hiring or leasing of heavy goods or light goods vehicle.	The aggregate amount of income from all the heavy goods vehicles and light goods vehicles owned by the assessee, calculated at the rate of – (i) five thousand rupees from each heavy goods vehicle for every month or part of a month during which the vehicle is owned by the assessee in the financial year; or (ii) four thousand five hundred rupees from each light goods vehicle for every month or part of a month during which the vehicle is owned by the assessee in the financial year.	The total number of heavy goods and light goods vehicles owned by the assessee at any time during the financial year should be ten or less.
2.	Any business (other than a profession or an agency business or a business having commission or brokerage as its main receipts or the business referred to in serial number 1).	Eight per cent. of the total turnover, or gross receipts, of the assessee in the financial year from the business.	(i) the assessee is a resident; (ii) the assessee is an individual, a Hindu undivided family or a firm excluding a limited liability partnership; and (iii) the total turnover or gross receipts of the assessee in the financial year from the business is one crore rupees or less.

3.	Business of civil construction in connection with a turnkey power project approved by the Central Government in this behalf.	The amount shall be a sum equal to ten per cent. of the amount paid or payable (whether in or out of India), directly or indirectly, to the assessee or to any person on his behalf on account of the civil construction.	The assessee is a foreign company.
4.	Business of erection of plant or machinery or testing or commissioning thereof, in connection with a turnkey power project approved by the Central Government in this behalf.	The amount shall be a sum equal to ten per cent. of the amount paid or payable (whether in or out of India), directly or indirectly, to the assessee or to any person on his behalf on account of erection, testing or commissioning.	The assessee is a foreign company.
5.	Business of providing services or facilities in connection with the prospecting for, or extraction or production of, mineral oil or natural gas.	The amount shall be a sum equal to ten per cent. of aggregate of— (i) the amount paid or payable (whether in or out of India), directly or indirectly, to the assessee or to any person on his behalf on account of the provisions of services and facilities in connection with the prospecting for, or extraction or production of, mineral oil or natural gas in India; and (ii) the amount received or deemed to be received in India, directly or indirectly, by or on behalf of the assessee on account of the provisions of services and facilities in connection with the prospecting for, or extraction or production of, mineral oil or natural gas outside India.	The assessee is a non- resident.
6.	Business of supplying plant and machinery on hire, used or to be used, in the prospecting for, or extraction or production of, mineral oil or natural gas.	The amount shall be a sum equal to ten per cent. of aggregate of— (i) the amount paid or payable (whether in or out of India), directly or	The assessee is a non- resident.

		<p>indirectly, to the assessee or to any person on his behalf on account of the supply of plant and machinery on hire, used or to be used, in the prospecting for, or extraction or production of, mineral oil or natural gas in India; and</p> <p>(ii) the amount received or deemed to be received in India, directly or indirectly, by or on behalf of the assessee on account of the supply of plant and machinery on hire, used or to be used, in the prospecting for, or extraction or production of, mineral oil or natural gas outside India.</p>	
7.	Business of operation of ships (including an arrangement such as slot charter, space charter or joint charter).	Ten per cent. of transportation charges on account of the carriage of passengers, live-stock, mail or goods.	The assessee is a non-resident.
8.	Business of operation of aircraft (including an arrangement such as slot charter, space charter or joint charter).	Seven per cent. of the transportation charges on account of the carriage of passengers, live-stock, mail or goods.	The assessee is a non- resident.

	<p>2. Where an assessee , in his return of tax bases, declares an income higher than the amount determined under paragraph 1, such higher amount shall be deemed to be the income from the business specified in paragraph 1.</p> <p>3. The income computed under paragraph 1 or paragraph 2, as the case may be, shall be presumed to have been computed after giving full effect to every loss, allowance or deduction under this Code.</p> <p>4. The written down value of any business asset used for the purposes of earning income from the business specified in column (2) of the Table in paragraph 1 shall be computed as if the person has claimed and has been actually allowed the deduction in respect of depreciation under section 38, initial depreciation under section 39 and terminal allowance under section 40.</p> <p>5. The amount of common costs (including depreciation) attributable to the business specified in column (2) of the Table in paragraph 1 and presumed to have been allowed under Paragraph 3 shall be determined in such manner as may be prescribed.</p> <p>6. The provisions of this Schedule shall not apply to any income which is derived from any special source.</p> <p>7. The assessee may claim lower income from ordinary sources in respect of the business referred to in column (2) of the Table in paragraph 1, if—</p> <ul style="list-style-type: none"> (i) the assessee keeps and maintains all the books of account and other documents referred to in section 87 in respect of the business irrespective of anything in that section; (ii) the assessee gets his accounts audited and obtains a report of such audit as required under section 88 in respect of the business irrespective of anything in that section; (iii) the accounts are correct and complete to the satisfaction of the Assessing Officer; (iv) the income can be properly deduced from the accounts; and (v) the assessee produces the books of account and other documents before the Assessing Officer, as and when called for. 	
--	---	--

THE TWELFTH SCHEDULE
[See sections 37(5),320(38)(a) and 320(57)(a)]

DEFERRED REVENUE EXPENDITURE ALLOWANCE

1. The deferred revenue expenditure allowance for a financial year, in respect of an expenditure of the nature specified in column (2) of the Table given below, shall be the amount equal to the appropriate fraction of the amount of such expenditure.

2. The appropriate fraction referred to in paragraph 1 shall be the fraction, the numerator of which is one and the denominator of which is the total number of the financial years specified in column (3) of the said Table against the relevant deferred revenue expenditure.

3. The deferred revenue expenditure allowance shall be allowable for such number of consecutive financial years as specified in column (3) of the said Table against the relevant deferred revenue expenditure, the first such financial year of allowability, being —

(a) in case of expenditure at serial numbers 1, 2, 3 and 4, the year in which such amount is actually paid;

(b) in case of expenditure at serial number 3, the year in which business re-organisation takes place;

(c) in case of expenditure at serial number 5, the year in which the loss referred to therein has been incurred;

(d) in case of expenditure at serial number 6, the year of commencement of the business or extension of the business or setting up of new business, as the case may be.

4. The total amount of deferred revenue expenditure allowable under clause (e) of sub-section (1) of section 37 shall be the aggregate of the amounts under this Schedule-

TABLE

Serial number	Nature of deferred revenue expenditure	Number of financial years for which expenditure is allowable
(1)	(2)	(3)
1	Non-compete fee	6
2	Amount paid to an employee in connection with his voluntary retirement in accordance with any scheme of voluntary retirement.	6
3	Expenditure incurred by an Indian company wholly and exclusively for the purposes of business re-organisation	6
4	Expenditure incurred by a person resident in India wholly and exclusively on any operations relating to prospecting for any mineral or a group of associated minerals specified in Part I and Part II of the Twenty-third Schedule respectively or the development of a mine or other natural deposit of such mineral or group of associated minerals, to such extent, as may be prescribed.	10
5	Any capital loss on account of forfeiture of any agreement entered into in the course of the business.	6
6	Any preliminary expenditure incurred- (a) before the commencement of the business; (b) in connection with the extension of the business; or (c) in connection with the setting up of new business, as may be prescribed having regard to the capital employed in the business and the cost of the project.	6

THE THIRTEENTH SCHEDULE
[See section 38 (1)(b), 38 (4) (a), 39(1) (b), 40 (1) (b), 42 (1)]

DEPRECIATION

1. The allowance under section 37 in respect of depreciation of any block of assets, specified in column (3) of the Table given below, shall be calculated at the percentages, specified in corresponding entry in column (4) of the said Table, on the adjusted value or written down value of such block of assets, as the case may be, as are used for the purposes of the business of the assessee at any time during the financial year:

TABLE

RATES AT WHICH DEPRECIATION IS ADMISSIBLE

Serial number	Class of assets	Block of assets	Depreciation allowance as percentage of adjusted value or of written down value of block of assets.
(1)	(2)	(3)	(4)
1.	Buildings	(1) Buildings which are used mainly for residential purposes. (2) Buildings which are purely temporary erections such as wooden structures. (3) Buildings used as, or for— (i) hotel or boarding house, (ii) railway station, (iii) airport, (iv) sea port, (v) bus terminal (vi) hospital, or (vii) convention centre (4) Any other building.	5 100 15 10
2.	Furniture and fittings	Furniture and fittings including electrical fittings.	10
3.	Vehicles	(1) Motor buses, motor lorries and motor cars, used in a business of running them on hire. (2) Any other motor bus, motor lorry or motor car.	30 15
4.	Aeroplanes	Aeroplanes including aeroengines.	40
5.	Rails	(1) Engines, coaches and wagons. (2) Rolling stock.	40 15
6	Ships	1) Ocean-going vessels. (2) Speed boats ordinarily operating on inland waters. (3) Any other vessel ordinarily operating on inland waters.	20 20 20
7	Books	(1) Annual publications used for carrying on a profession. (2) Any other book used for carrying on	100 60

		a profession. (3) Book used for carrying on a business of running lending libraries . (4) Any other book .	100 25
8.	Machinery and Plant	(1) Moulds used in rubber and plastic goods factories. (2) Air pollution control equipment. (3) Water pollution control equipment. (4) Solid waste control equipment or solid waste recycling and resource recovery systems. (5) Life saving medical equipment. (6) Containers made of glass or plastic used as refills. (7) Computers including computer software. (8) Energy saving devices. (9) Renewable energy devices. (10) Machinery and plant, used in semiconductor industry. (11) Wooden parts used in artificial silk manufacturing machinery. (12) Bulbs of studio lights used for cinematograph films. (13) Wooden match frames used in match factories. (14) Tubs, winding ropes, haulage ropes, sand stowing pipes and safety lamps used in mines and quarries. (15) Salt pans, reservoirs and condensers, made of earthy, sandy or clayey material or any other similar material, used in salt works. (16) Rollers used in flour mills or sugar works. (17) Rolling mill rolls used in iron and steel industry. (18) Gas cylinders including valves and regulators. (19) Glass manufacturing concerns- direct fire glass melting furnaces. (20) Returnable packages used in field operations (above ground) distribution by petroleum or natural gas concerns. (21) Plant used in field operations (below ground) by petroleum or natural gas concerns. (22) Machinery and plant acquired and installed in a water supply project or water treatment system and which is put to use for the pupose of business of providing infrastructure facility.	30 100 100 100 40 50 60 80 80 30 100 100 100 100 100 100 80 80 60 60 60 60 100

		(23) Any other machinery or plant.	15
9.	Scientific research assets	All assets, other than land, used for scientific research.	100
10.	Family planning asset	All assets used by a company for the purpose of promoting family planning.	25
11.	Animals	Animals.	0
12.	Intangible assets	<p>(1) Any right, by way of licence or franchise, to operate a business or to use a know-how, patent, copyright, trademark or any other business or commercial right of similar nature.</p> <p>(2) Asset or project constructed, erected or set up by the assessee, if—</p> <p style="padding-left: 40px;">(a) benefit or advantage arises to the assessee over a fixed period not exceeding ten years; and</p> <p style="padding-left: 40px;">(b) asset is not owned by the assessee.</p> <p>(3) Asset or project constructed, erected or set up by the assessee, if—</p> <p style="padding-left: 40px;">(a) benefit or advantage arises to the assessee over a fixed period exceeding ten years; and</p> <p style="padding-left: 40px;">(b) asset is not owned by the assessee.</p>	<p>25</p> <p>20</p> <p>15</p>

	<p>2. No depreciation shall be allowed in respect of any machinery or plant, if the actual cost thereof is allowed as a deduction in one or more years.</p> <p>3. The depreciation shall be one hundred per cent. of the adjusted written down value of the block of assets referred to in the class of assets at serial number 12 of the Table, if the adjusted value or written down value of the block of assets is one lakh rupees or less.</p> <p>4. In respect of any structure, or work, by way of renovation or improvement in, or in relation to, a building used for the purposes of business of the person, the percentage to be applied shall be the percentage specified in any sub-item of the block of assets in serial number 1 of the said Table, as may be appropriate to the class of building in, or in relation to, which the renovation or improvement is effected.</p> <p>5. In respect of any structure constructed, or work done, by way of extension of any building used for the purposes of business of the person, the percentage to be applied shall be the percentage specified in any sub-item of the block of assets in serial number 1 of the said Table above, as would be appropriate, as if the structure, or work, constituted a separate building.</p> <p>6. In this Schedule—</p> <p style="padding-left: 40px;">(a) “buildings” include roads, bridges, culverts, wells and tubewells;</p> <p style="padding-left: 40px;">(b) a building shall be deemed to be a building used mainly for residential purposes, if the built-up floor area thereof used for residential purposes is not less than sixty-six and two-third per cent. of its total built-up floor area and shall include any such</p>	
--	--	--

	<p>building in the factory premises;</p> <p>(c) “water treatment system” includes water treatment system for desalination, demineralisation and purification of water as well as pipes needed for delivery from the source of supply of raw water to the plant and from the plant to the storage facility;</p> <p>(d) “electrical fittings” include electrical wiring, switches, sockets and other fittings and fans;</p> <p>(e) “computer software” means any computer programme recorded on any disc, tape, perforated media or other information storage device;</p> <p>(f) “speed boat” means a motor boat driven by a high speed internal combustion engine capable of propelling the boat at a speed exceeding 24 kilometers per hour in still water and so designed that when running at a speed, its bow will rise from the water;</p> <p>(g) “ocean-going vessels” include dredgers, tugs, barges, survey launches, other similar ships used mainly for dredging purposes and fishing vessels with wooden hull;</p> <p>(h) “air pollution control equipment” means—</p> <ul style="list-style-type: none"> (i) electrostatic precipitation systems; (ii) felt-filter systems; (iii) dust collector systems; (iv) scrubber-counter current, venture, packed bed, cyclonic scrubbers; (v) ash handling system and evacuation system; <p>(i) “water pollution control equipment” means—</p> <ul style="list-style-type: none"> (i) mechanical screen systems; (ii) aerated detritus chambers (including air compressor); (iii) mechanically skimmed oil and grease removal systems; (iv) chemical feed systems and flash mixing equipment; (v) mechanical flocculators and mechanical reactors; (vi) diffused air, mechanically aerated activated sludge systems; (vii) aerated lagoon systems; (viii) biofilters; (ix) methane-recovery anaerobic digester systems; (x) air floatation systems; (xi) air/ steam stripping systems; (xii) urea hydrolysis systems; (xiii) marine outfall systems; (xiv) centrifuge for dewatering sludge; (xv) rotating biological contractor or bio-disc; (xvi) ion exchange resin column; (xvii) activated carbon column; <p>(j) “Solidwaste control equipment” means caustic/ lime/ chrome/ mineral/</p>	
--	---	--

	<p>cryolite recovery systems;</p> <p>(k) “life saving medical equipment” means—</p> <p>(i) D.C. defibrillators for internal use and pace makers;</p> <p>(ii) haemodialysors;</p> <p>(iii) heart lung machine;</p> <p>(iv) cobalt therapy unit;</p> <p>(v) colour doppler;</p> <p>(vi) SPECT gamma camera;</p> <p>(vii) vascular angiography system including digital subtraction angiography;</p> <p>(viii) ventilator used with anaesthesia apparatus;</p> <p>(ix) magnetic resonance imaging system;</p> <p>(x) surgical laser;</p> <p>(xi) ventilators other than those used with anaesthesia;</p> <p>(xii) gamma knife;</p> <p>(xiii) bone marrow transplant equipment including silastic long standing intravenous catheters for chemotherapy;</p> <p>(xiv) fibre optic endoscopes including paediatric resectoscope/audit resectoscope, peritoneoscopes, arthroscope, microlaryngoscope, fibreoptic flexible nasal pharyngo bronchoscope, fibreoptic flexible laryngo bronchoscope, video laryngo bronchoscope and video oesophago gastroscope, stroboscope, fibreoptic flexible oesophago gastroscope;</p> <p>(xv) laparoscope (single incision);</p> <p>(l) “energy saving device” means—</p> <p>(i) specialised boilers and furnaces, being—</p> <p>(A) Ignifluid/fluidized bed boilers;</p> <p>(B) flameless furnaces and continuous pusher type furnaces;</p> <p>(C) fluidized bed type heat treatment furnaces;</p> <p>(D) high efficiency boilers (thermal efficiency higher than 75 per cent. in case of coal fired and 80 per cent. in case of oil/gas fired boilers);</p> <p>(ii) instrumentation and monitoring system for monitoring energy flows, being—</p> <p>(A) automatic electrical load monitoring systems;</p> <p>(B) digital heat loss meters;</p> <p>(C) micro-processor based control systems;</p> <p>(D) infra-red thermography;</p> <p>(E) meters for measuring heat losses, furnace oil flow, steam flow, electric energy and power factor meters;</p> <p>(F) maximum demand indicator and clamp on power meters;</p>	
--	---	--

	<p>(G) exhaust gases analyzer;</p> <p>(H) fuel oil pump test bench;</p> <p>(iii) waste heat recovery equipment, being—</p> <p>(A) economisers and feed water heaters;</p> <p>(B) recuperators and air pre-heaters;</p> <p>(C) heat pumps;</p> <p>(D) thermal energy wheel for high and low temperature waste heat recovery;</p> <p>(iv) co-generation systems, being—</p> <p>(A) back pressure pass out, controlled extraction, extraction-cum-condensing turbines for co-generation along with pressure boilers;</p> <p>(B) vapour absorption refrigeration systems;</p> <p>(C) organic rankine cycle power systems;</p> <p>(D) low inlet pressure small steam turbines;</p> <p>(v) electrical equipment, being—</p> <p>(A) shunt capacitors and synchronous condenser systems;</p> <p>(B) automatic power cut off devices (relays) mounted on individual motors;</p> <p>(C) automatic voltage controller;</p> <p>(D) power factor controller for AC motors;</p> <p>(E) solid state devices for controlling motor speeds;</p> <p>(F) thermally energy-efficient stenters (which require 800 or less kilocalories of heat to evaporate one kilogram of water);</p> <p>(G) series compensation equipment;</p> <p>(H) Flexible AC Transmission (FACT) devices - Thyristor controlled series compensation equipment;</p> <p>(I) Time of Day (ToD) energy meters;</p> <p>(J) equipment to establish transmission highways for National Power Grid to facilitate transfer of surplus power of one region to the deficient region;</p> <p>(K) remote terminal units/intelligent electronic devices, computer hardware/ software, router/bridges, other required equipment and associated communication systems for supervisory control and data acquisition systems, energy management systems and distribution management systems for power transmission systems;</p> <p>(L) special energy meters for Availability Based Tariff (ABT);</p> <p>(vi) burners, being —</p> <p>(A) 0 to 10 per cent. excess air burners;</p> <p>(B) emulsion burners;</p>	
--	---	--

	<p>(C) burners using air with high pre-heat temperature (above 300°C);</p> <p>(vii) other energy saving device, being —</p> <p>(A) wet air oxidation equipment for recovery of chemicals and heat;</p> <p>(B) mechanical vapour recompressors;</p> <p>(C) thin film evaporators;</p> <p>(D) automatic micro-processor based load demand controllers;</p> <p>(E) coal based producer gas plants;</p> <p>(F) fluid drives and fluid couplings;</p> <p>(G) turbo charges/super-charges;</p> <p>(H) sealed radiation sources for radiation processing plants;</p> <p>(m) “renewable energy device” means—</p> <p>(i) flat plate solar collectors;</p> <p>(ii) concentrating and pipe type solar collectors;</p> <p>(iii) solar cookers;</p> <p>(iv) solar water heaters and systems;</p> <p>(v) air/gas/fluid heating systems;</p> <p>(vi) solar crop driers and systems;</p> <p>(vii) solar refrigeration, cold storages and air-conditioning systems;</p> <p>(viii) solar steels and desalination systems;</p> <p>(ix) solar power generating systems;</p> <p>(x) solar pumps based on solar-thermal and solar-photovoltaic conversion;</p> <p>(xi) solar-photovoltaic modules and panels for water pumping and other applications;</p> <p>(xii) biogas-plant and biogas-engines;</p> <p>(xiii) electrically operated vehicles including battery powered or fuel-cell powered vehicles;</p> <p>(xiv) agricultural and municipal waste conversion devices producing energy;</p> <p>(xv) equipment for utilising ocean waste and thermal energy;</p> <p>(xvi) machinery and plant used in the manufacture of any of the above sub-items;</p> <p>(n) “machinery and plant used in semi-conductor industry” means machinery and plant used in semi-conductor industry covering all integrated circuits (ICs) (excluding hybrid integrated circuits) ranging from small scale integration (SSI) to large scale integration/very large scale integration (LSI/VLSI) as also discrete semi-conductor devices such as diodes, transistors, thyristors, triacs, etc., other than those covered by entries (2),(3),(4),(5),(8) and (9) of item 8 of the Table above.</p>	
--	--	--

	<p style="text-align: center;">THE FOURTEENTH SCHEDULE [See section 41] LIST OF ARTICLES OR THINGS</p> <ol style="list-style-type: none"> 1. Beer, wine and other alcoholic spirits. 2. Tobacco and tobacco preparations, such as, cigars and cheroots, cigarettes, biris, smoking mixtures for pipes and cigarettes, chewing tobacco and snuff. 3. Cosmetics and toilet preparations. 4. Tooth paste, dental cream, tooth powder and soap. 5. Aerated waters in the manufacture of which blended flavouring concentrates (including synthetic essences) in any form are used. 6. Confectionery and chocolates. 7. Gramophones, including record-players and gramophone records. 8. Projectors. 9. Photographic apparatus and goods. 10. Office machines and apparatus (including all machines and apparatus used in offices, shops, factories, workshops, educational institutions, railway stations, hotels and restaurants for doing office work and for data processing, not being computers) such as typewriters, calculating machines, cash registering machines, cheque writing machines, intercom machines and teleprinters. 11. Steel furniture, whether made partly or wholly of steel. 12. Safes, strong boxes, cash and deed boxes and strong room doors. 13. Latex foam sponge and polyurethane foam. 14. Crown corks, or other fittings of cork, rubber, polyethylene or any other material. 15. Pilfer-proof caps for packaging or other fittings of cork, rubber, polyethylene or any other material. 	
--	--	--

THE FIFTEENTH SCHEDULE [See section 53(2)] DETERMINATION OF COST OF ACQUISITION IN CERTAIN CASES			
Serial number	Nature of investment asset	Mode of acquisition	Cost of acquisition of the investment asset
(1)	(2)	(3)	(4)
1.	Shares in an amalgamated company, being an Indian company or a successor co-operative bank.	By way of transfer referred to in clause (j) or clause (k), as the case may be, of sub-section (1) of section 47.	The cost of acquisition to the assessee of the shares in the amalgamating company or predecessor co-operative bank.
2.	Transferable interest of partner referred to in section 42 of the Limited Liability Partnership Act, 2008 (6 of 2009).	By way of transfer referred to in clause (n) of sub-section (1) of section 47.	The cost of acquisition to the assessee of the shares in the company immediately before its conversion into limited liability partnership.
3.	Shares or debenture in a company.	By way of transfer referred to in clause (s) or clause (t) of sub-section (1) of section 47.	That part of the cost of bond, debenture, debenture-stock or deposit certificates in relation to which the investment asset is acquired by the assessee.
4.	Shares in the resulting company or co-operative bank.	By way of a transfer effected under a scheme of demerger.	The amount which bears to the cost of acquisition of shares held by the assessee in the demerged company or co-operative bank, the same proportion as the net book value of the assets transferred in a demerger bears to the net worth of the demerged company or co-operative bank immediately before such demerger.
5.	Original shares in the demerged company or a co-operative bank.	By way of transfer in any manner.	The cost of acquisition of the original shares held by the assessee in the demerged company immediately before the demerger as reduced by the amount as so arrived at under column (4) in respect of the entry at serial number 3 of this Table.
06.	Shares or any other security.	By way of purchase of the share or such other security.	The amount actually paid by the assessee for acquiring the asset.
07.	Any right to renounce the entitlement to subscribe to shares or any other security.	By way of purchase of the original share or other security.	Nil
08.	Any right to subscribe to additional shares or any other security on the basis of holding	By way of purchase of the original share or other security.	The amount actually paid by the assessee for acquiring the asset.

	the original share or security.		
09.	Shares or any other security.	By way of allotment on the basis of holding any share or any other security without payment.	Nil
10.	Right in the nature of an entitlement to subscribe to shares or any other security	By way of purchase of such right from another person.	The aggregate of the amount of purchase price paid by the assessee to the person renouncing the right and the amount paid by the assessee to the company or institution, as the case may be, for acquiring the investment asset.
11.	Sweat equity shares.	By way of allotment or transfer, directly or indirectly, by an employer to his employee (including former employee).	The fair market value of the sweat equity share which has been taken into account while computing the value of perquisite for the purposes of section 22.
12.	Shares of a recognised stock exchange in India.	Under a scheme of demutualisation or corporatisation approved by the Securities and Exchange Board of India.	Cost of acquisition by the assessee of his original membership of the stock exchange.
13.	Trading or clearing rights of a recognised stock exchange in India acquired by a shareholder.	Under a scheme of demutualisation or corporatisation approved by the Securities and Exchange Board of India.	Nil
14.	Shares or stocks of a company.	(a) in pursuance of consolidation or division or sub-division of all or any of the share capital of the company into shares of larger amount or smaller amount, as the case may be, than its existing shares; or (b) by way of conversion of any shares of the company into stock of the same company, or re-conversion thereof; or (c) by way of conversion of one kind of shares of the company into another kind of shares of the same company.	Cost of acquisition of the shares or stock from which the investment asset is derived.

THE SIXTEENTH SCHEDULE

[See section 79(1) and (4)]

PART I

CONTRIBUTIONS OR DONATIONS TO PERSONS SPECIFIED BELOW- ELIGIBLE FOR ONE HUNDRED AND TWENTY-FIVE PER CENT. DEDUCTION

1. Any research association or national laboratory or university, college or other institution, if—
 - (a) it is engaged in carrying on scientific research and development; and
 - (b) such association, university, college or other institution is approved by the prescribed authority in this behalf subject to such conditions and in accordance with such guidelines, as may be prescribed.

2. Any research association or a university, college or other institution, if—
 - (a) it is engaged in carrying on statistical research or research in social science; and
 - (b) such association, university, college or other institution is approved by the prescribed authority in this behalf subject to such conditions and in accordance with such guidelines, as may be prescribed.

PART II DONATIONS TO PERSONS SPECIFIED BELOW- ELIGIBLE FOR ONE HUNDRED PER CENT. DEDUCTION

1. The National Defence Fund set up by the Central Government.
2. The Prime Minister's National Relief Fund.
3. The Africa (Public Contributions-India) Fund.
4. The National Foundation for Communal Harmony.
5. Any University or educational institution of national eminence as may be approved by the prescribed authority in this behalf.
6. Any Zila Saksharta Samiti constituted in any district under the chairmanship of the Collector of that district for the purposes of improvement of primary education in villages and towns in such district and for literacy and post-literacy activities.
7. The National Blood Transfusion Council or any State Blood Transfusion Council which has as its sole object, the control, supervision, regulation or encouragement in India of the services related to operation and requirements of blood banks.
8. Any fund set up by a State Government to provide medical relief to the poor.
9. The Army Central Welfare Fund or the Indian Naval Benevolent Fund or the Air Force Central Welfare Fund established by the armed forces of the Union for the welfare of the past and present members of such forces or their dependants.
10. The National Illness Assistance Fund.
11. The Chief Minister's Relief Fund or the Lieutenant Governor's Relief Fund in respect of any State or Union territory, as the case may be, where such Fund is—
 - (a) the only Fund of its kind established in the State or the Union territory, as the case may be;
 - (b) under the overall control of the State or the Union territory, as the case may be;
 - (c) administered in such manner as may be specified by the State Government or the Lieutenant Governor, as the case may be.

44 of 1999

12. The National Sports Fund set up by the Central Government.

13. The National Cultural Fund set up by the Central Government.

14. The Fund for Technology Development and Application set up by the Central Government.

15. The National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities constituted under sub-section (1) of section 3 of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999.

16. The Government or any local authority, institution or association as may be approved in this behalf by the Central Government and the donation to be utilised for the purpose of promoting family planning.

17. The Indian Olympic Association or to any other association or institution established in India, as the Central Government may, having regard to the prescribed guidelines, by notification, specify in this behalf for—

(a) the development of infrastructure for sports and games; or

(b) the sponsorship of sports and games, in India and where the sum is paid by an assessee, being a company.

18. A rural development fund set up and notified by the Central Government.

19. The National Urban Poverty Eradication Fund set up and notified by the Central Government.

20. The National Children's Fund.

PART III

DONATIONS TO PERSONS SPECIFIED BELOW- ELIGIBLE FOR FIFTY PER CENT. DEDUCTION

1. The Jawaharlal Nehru Memorial Fund referred to in the Deed of Declaration of Trust adopted by the National Committee at its meeting held on the 17th day of August, 1964.

2. The Prime Minister's Drought Relief Fund.

3. The Indira Gandhi Memorial Trust, the deed of declaration in respect whereof was registered at New Delhi on the 21st day of February, 1985.

4. The Rajiv Gandhi Foundation, the deed of declaration in respect whereof was registered at New Delhi on the 21st day of June, 1991.

5. Any other fund or institution which is registered or deemed to be registered under section 97 or any person notified as a non-profit organisation of public importance under sub-section (2) of section 90;

6. The Government or any local authority and the donation to be utilised for any charitable purpose other than the purpose of promoting family planning.

7. Any authority constituted in India by or under any law enacted either for the purpose of dealing with and satisfying the need for housing accommodation or for the purpose of planning, development or improvement of cities, towns and villages, or for both.

8. Any corporation established by the Central Government or any State Government for promoting the interests of a minority community.

9. A temple, mosque, gurdwara, church or any other place as is notified by the Central Government to be of historic, archaeological or artistic importance or to be a place of public worship of renown throughout a State or States, and the donation to be utilised for the renovation or repair of such temple, mosque, gurdwara, church or other place.

NOTE:— (a) For the purposes of item 6 of Part II, "town" means a town which has a population

<p>21 of 1860</p> <p>21 of 1860</p>	<p>not exceeding one lakh according to the last preceding census of which the relevant figures have been published before the first day of the financial year;</p> <p>(b) For the purposes of item 7 of Part II, —</p> <p>(i) “National Blood Transfusion Council” means a society registered as such under the Societies Registration Act, 1860 under the administrative control of the Union Ministry of Health and Family Welfare;</p> <p>(ii) “State Blood Transfusion Council” means a society registered, in consultation with the National Blood Transfusion Council, under the Societies Registration Act, 1860 under the administrative control of the Department of Health of the respective State Government.</p>	
-------------------------------------	--	--

THE SEVENTEENTH SCHEDULE

[See sections 103(1), 106(1), 108(b), 108(c), 112(2), 113(3), 114(2), 115 (2) and 252(11)]

RATES OF OTHER TAXES

A.—Tax on book profit

1. The income-tax referred to in sub-section (1) of section 103 shall be calculated at the rate specified hereunder:—

Rate of tax

On the amount of book profit 18.5 per cent.

B.—Tax on adjusted total income

2. The income-tax referred to in sub-section (1) of section 106 shall be calculated at the rate specified hereunder:—

Rate of tax

On the amount of adjusted total income 18.5 per cent.

C.—Tax on distributed profits of a domestic company

3. The tax referred to in sub-section (2) of section 112 shall be calculated at the rate specified hereunder:—

Rate of tax

On the amount of dividend declared, distributed 15 per cent.
or paid by a domestic company

D.—Tax on distributed income

4. The tax referred to in sub-section 1) of section 113 shall be calculated at the rates specified hereunder:—

Rates of tax

On the amount of income distributed by-

Sl.No	Person	Nature of Income distributed	Rate of Additional Income-tax
(1)	(2)	(3)	(4)
1	Mutual Fund	Income distributed or paid to the unit holders of an equity oriented fund.	5 per cent.
2	Mutual Fund	Income distributed or paid to the unit holders, being non-residents, under an infrastructure debt fund scheme.	5 per cent.
3	Mutual Fund	Income distributed or paid by to the unit holders of a fund, other than an equity oriented fund, - (a) where the payee is an Individual or a Hindu undivided family; (b) any other payee.	25 per cent. 30 per cent.
4	Person being a life insurer	Income distributed or paid to the policy holders under an approved equity oriented life insurance scheme.	5 per cent.
5	Person being a life insurer	Income distributed or paid by a life insurer to the policy holders	

		under a scheme, other than – (i) under an approved equity oriented life insurance scheme; or (ii) a policy referred to in clause 22 of Third Schedule,- (a) where the payee is an Individual or a Hindu undivided family; (b) any other payee.	25 per cent. 30 per cent.
6	Domestic company	Income distributed to the shareholders on buy-back of shares (not being shares listed on a recognised stock exchange)	20 per cent.
7	Securitisation trust	Income distributed to its investor being,- (a) an individual or a Hindu undivided family (b) any other person (c) any person mentioned in the Fourth Schedule	25 per cent 30 per cent Nil

E.—Tax on branch profits

5.. The tax referred to in sub-section (2) of section 114 shall be calculated at the rate specified hereunder:—

Rate of tax

On the branch profits 15 per cent.

F.—Tax on net wealth

6. The tax referred to in sub-section (2) of section 115 shall be calculated at the rate specified and in the manner provided hereunder:—

Rates of tax

(1) For an Individual or a Hindu undivided family-

(a) where the net wealth, as on the valuation date, does not exceed fifty crore rupees NIL

(b) where the net wealth, as on the valuation date exceeds fifty crore rupees 0.25 per cent. of the amount by which the net wealth exceeds fifty crore rupees

(2) For a Private discretionary trust 0.25 per cent. of net wealth

<p>Interest, costs and charges recoverable.</p>	<p>defaulter's movable or immovable property even after that date.</p> <p>4. There shall be recoverable, in the proceedings in execution of every certificate—</p> <p>(a) such interest upon the amount of tax or penalty or other sum to which the certificate relates as is payable in accordance with section 234, and</p> <p>(b) all charges incurred in respect of—</p> <p>(i) the service of notice upon the defaulter to pay the arrears, and of warrants and other processes, and</p> <p>(ii) all other proceedings taken for realising the arrears.</p> <p>5. (1) Where property is sold in execution of a certificate, there shall vest in the purchaser merely the right, title and interest of the defaulter at the time of the sale, even though the property itself be specified.</p> <p>(2) Where immovable property is sold in execution of a certificate, and such sale has become absolute, the purchaser's right, title and interest shall be deemed to have vested in him from the time when the property is sold, and not from the time when the sale becomes absolute.</p> <p>6. (1) No suit shall be maintained against any person claiming title under a purchase certified by the Tax Recovery Officer in the manner laid down in this Schedule, on the ground that the purchase was made on behalf of the plaintiff or on behalf of some one through whom the plaintiff claims.</p> <p>(2) Nothing in paragraph (1) shall bar a suit to obtain a declaration that the name of any purchaser certified thereunder was inserted in the certificate fraudulently or without the consent of the real purchaser, or interfere with the right of a third person to proceed against that property, though ostensibly sold to the certified purchaser, on the ground that it is liable to satisfy a claim of such third person against the real owner.</p> <p>7. (1) Whenever assets are realised by sale, or otherwise, in execution of a certificate, the proceeds shall be disposed of in the following manner, namely:—</p> <p>(a) they shall first be adjusted towards the amount due under the certificate in execution of which the assets were realised and the costs incurred in the course of such execution;</p> <p>(b) if there remains a balance after the adjustment referred to in clause (a), the same shall be utilised for satisfaction of any other amount recoverable from the assessee under this Code which may be due on the date on which the assets were realised; and</p> <p>(c) the balance, if any, remaining after the adjustments under clauses (a) and (b) shall be paid to the defaulter.</p> <p>(2) If the defaulter disputes any adjustment under clause (b) of sub-paragraph (1), the Tax Recovery Officer shall determine the dispute.</p> <p>8. (1) Except as otherwise expressly provided in this Code, every question arising between the Tax Recovery Officer and the defaulter or their representatives, relating to the execution, discharge or satisfaction of a certificate, or relating to the confirmation or setting aside by an order under this Code of a sale held in execution of such certificate, shall be determined, by the order of the Tax Recovery Officer before whom such question arises and not by suit in courts.</p> <p>(2) Notwithstanding sub-paragraph (1), a suit may be brought in a civil court in respect of any question referred to in that sub-paragraph upon the ground of fraud.</p> <p>9. (1) Any property exempted, under the Code of Civil Procedure, 1908, from attachment and sale in execution of a decree of a civil court, shall be exempt from attachment and sale under this Schedule.</p> <p>(2) The Tax Recovery Officer's decision as to what property is so entitled to</p>	<p>Purchaser's title.</p> <p>Suit against purchaser not maintainable on ground of purchase being made on behalf of plaintiff.</p> <p>Disposal of proceeds of execution.</p> <p>General bar to jurisdiction of civil courts, save where fraud alleged.</p> <p>Property exempt from attachment.</p>
---	---	---

<p>Removal of attachment on satisfaction or cancellation of certificate.</p> <p>Officer entitled to attach and</p>	<p>exemption other than the property exempt under sub-paragraph (I) shall be conclusive.</p> <p>10. (I) Where any claim is preferred to, or any objection is made to the attachment or sale of, any property in execution of a certificate, on the ground that such property is not liable to such attachment or sale, the Tax Recovery Officer shall proceed to investigate the claim or objection.</p> <p>(2) No investigation under sub-paragraph (I) shall be made, where the Tax Recovery Officer considers that the claim or objection was designedly or unnecessarily delayed.</p> <p>(3) Where the property to which the claim or objection applies has been advertised for sale, the Tax Recovery Officer ordering the sale may postpone it pending the investigation of the claim or objection, upon such terms as to security or otherwise as he thinks fit.</p> <p>(4) The claimant or objector must adduce evidence,—</p> <p>(a) in the case of an immovable property, at the date of the service of the notice issued under this Schedule to pay the arrears, or</p> <p>(b) in the case of a movable property, at the date of the attachment, to show that he had some interest in, or was possessed of, the property in question—</p> <p>(5) The Tax Recovery Officer shall make an order releasing the property wholly or to such extent as he thinks fit, from attachment or sale, if he is satisfied upon said investigation that for the reason stated in the claim or objection, such property—</p> <p>(a) was not, at the said date, in the possession of the defaulter or of some person in trust for him;</p> <p>(b) was not in the occupancy of a tenant or other person paying rent to the defaulter; or</p> <p>(c) being in the possession of the defaulter at the said date, it was so in his possession, not on his own account or as his own property, but on account of or in trust for some other person, or partly on his own account and partly on account of some other person.</p> <p>(6) The Tax Recovery Officer shall disallow the claim, for reasons to be recorded in writing, if he is satisfied that the property was—</p> <p>(a) at the said date, in the possession of the defaulter as his own property and not on account of any other person;</p> <p>(b) in the possession of some other person in trust for the defaulter; or</p> <p>(c) in the occupancy of a tenant or other person paying rent to the defaulter.</p> <p>(7) Where a claim or an objection is preferred, the party against whom an order is made may institute a suit in a civil court to establish his right to the property in dispute; but subject to the outcome of such suit, if any, the order of the Tax Recovery Officer shall be conclusive.</p> <p>11. Where—</p> <p>(a) the amount due, with costs and all charges and expenses resulting from the attachment of any property or incurred in order to hold a sale, are paid to the Tax Recovery Officer, or</p> <p>(b) the certificate is cancelled,</p> <p>the attachment shall be deemed to be withdrawn and, in the case of immovable property, the withdrawal shall, if the defaulter so desires, be proclaimed at his expense, and a copy of the proclamation shall be affixed in the manner provided in this Schedule.</p> <p>12. The attachment and sale of movable and immovable property may be made by such persons as the Tax Recovery Officer may from time to time direct.</p>	<p>Investigation by Tax Recovery Officer.</p>
--	--	---

<p>sell.</p> <p>Defaulting purchaser answerable for loss on resale.</p>	<p>13. (1) Any deficiency of price which may happen on a resale by reason of the purchaser's default, and all expenses attending such resale, shall be certified to the Tax Recovery Officer by the officer holding the sale, and shall, at the instance of either the Tax Recovery Officer or the defaulter, be recoverable from the defaulting purchaser under the procedure provided in this Schedule.</p> <p>(2) No application under sub-paragraph (1) from the defaulter shall be entertained, if it is filed after the end of the fifteenth day from the date of resale.</p> <p>14. (1) The Tax Recovery Officer may, in his discretion, adjourn any sale hereunder to a specified day and hour and the officer conducting any such sale may, in his discretion, adjourn the sale, after recording his reasons for such adjournment.</p> <p>(2) If the sale is made in, or within the precincts of, the office of the Tax Recovery Officer, no such adjournment shall be made without the leave of the Tax Recovery Officer.</p> <p>(3) Where a sale of immovable property is adjourned under sub-paragraph (1) for a longer period than one calendar month, a fresh proclamation of sale under this Schedule shall be made unless the defaulter consents to waive it.</p> <p>(4) Every sale shall be stopped if, before the lot is knocked down, the arrears and costs (including the costs of the sale) are tendered to the officer conducting the sale, or proof is given to his satisfaction that the amount of such arrears and costs has been paid to the Tax Recovery Officer who ordered the sale.</p> <p>15. (1) Where a notice has been served on a defaulter under paragraph 1, the defaulter, or his representative in interest, shall not be competent to mortgage, charge, lease or otherwise deal with any property belonging to him except with the permission of the Tax Recovery Officer, nor shall any civil court issue any process against such property in execution of a decree for the payment of money.</p> <p>(2) Where an attachment has been made under this Schedule, any private transfer, or delivery, of the property attached or of any interest therein and any payment to the defaulter of any debt, dividend or other moneys contrary to such attachment, shall be void as against all claims enforceable under the attachment.</p> <p>16. No officer or other person having any duty to perform in connection with any sale under this Schedule shall, either directly or indirectly, bid for, acquire or attempt to acquire any interest in the property sold.</p> <p>17. No sale under this Schedule shall take place on —</p> <p>(a) a Sunday;</p> <p>(b) other general holiday recognised by the State Government ; or</p> <p>(c) any day which has been notified by the State Government to be a local holiday for the area in which the sale is to take place.</p> <p>18. Any officer authorised to attach or sell any property or to arrest the defaulter or charged with any duty to be performed under this Schedule, may apply to the officer-in-charge of the nearest police station for such assistance as may be necessary in the discharge of his duties, and the authority to whom such application is made shall depute a sufficient number of police personnel for furnishing such assistance.</p> <p>19. A Tax Recovery Officer may, with the previous approval of the Joint Commissioner, entrust any of his functions as the Tax Recovery Officer to any other officer lower than him in rank (not being lower in rank than an Inspector of Income-tax) and such officer shall, in relation to the functions so entrusted to him, be deemed to be a</p>	<p>Adjournment or stoppage of sale.</p> <p>Private alienation to be void in certain cases.</p> <p>Prohibition against bidding or purchase by officer.</p> <p>Prohibition against sale on holidays.</p> <p>Assistance by police.</p> <p>Entrustment of certain functions by Tax Recovery</p>
---	---	---

<p>Service of copy of warrant.</p> <p>Attachment.</p> <p>Property in defaulter's possession.</p> <p>Agricultural produce.</p> <p>Provisions as to agricultural produce under attachment.</p>	<p>Tax Recovery Officer.</p> <p style="text-align: center;">PART II</p> <p style="text-align: center;">ATTACHMENT AND SALE OF MOVABLE PROPERTY</p> <p style="text-align: center;"><i>Attachment</i></p> <p>20. Except as otherwise provided in this Schedule, when any movable property is to be attached, the officer shall be furnished by the Tax Recovery Officer (or other officer empowered by him in that behalf) a warrant in writing and signed with his name specifying the name of the defaulter and the amount to be realised.</p> <p>21. The officer shall cause a copy of the warrant to be served on the defaulter.</p> <p>22. If, after service of the copy of the warrant, the amount is not paid forthwith, the officer shall proceed to attach the movable property of the defaulter.</p> <p>23. (1) Where the property to be attached is movable property (other than agricultural produce) in the possession of the defaulter, the attachment shall be made by actual seizure, and the officer shall keep the property in his own custody or the custody of one of his subordinates and shall be responsible for due custody thereof.</p> <p>(2) The officer referred in sub-paragraph (1) may sell the property seized at once, if—</p> <p style="padding-left: 40px;">(a) the property seized is subject to speedy and natural decay; or</p> <p style="padding-left: 40px;">(b) the expense of keeping the seized property in custody is likely to exceed its value.</p> <p>24. (1) Where the property to be attached is agricultural produce, the attachment shall be made by affixing a copy of the warrant of attachment—</p> <p style="padding-left: 40px;">(a) where such produce is growing crop, on the land on which such crop has grown; or</p> <p style="padding-left: 40px;">(b) where such produce has been cut or gathered, on the threshing floor or place for treading out grain or the like, or fodder-stack, on or in which it is deposited, in such manner as may be considered necessary.</p> <p>(2) A copy of warrant of attachment, where the property to be attached is agricultural produce, shall also be affixed on the outer door or on some other conspicuous part of the house in which the defaulter ordinarily resides, or with the leave of the Tax Recovery Officer, on the outer door or on some other conspicuous part of the house in which he—</p> <p style="padding-left: 40px;">(a) carries on business or personally works for gain; or</p> <p style="padding-left: 40px;">(b) is known to have last resided or carried on business or personally worked for gain.</p> <p>(3) Upon affixing the copy of warrant under sub-paragraphs (1) and (2), the produce shall be deemed to have passed into the possession of the Tax Recovery Officer.</p> <p>25. (1) Where agricultural produce is attached, the Tax Recovery Officer shall make such arrangements for the custody, watching, tending, cutting and gathering thereof as he may deem sufficient and he shall have power to defray the cost of such arrangements.</p> <p>(2) The defaulter may tend, cut, gather and store the produce and do any other act necessary for maturing or preserving it, subject to such conditions as may be imposed by the Tax Recovery Officer in this behalf, either in the order of attachment or in any subsequent order.</p> <p>(3) If the defaulter fails to do all or any of the acts referred to in sub-paragraph (2), any person appointed by the Tax Recovery Officer in this behalf may, subject to the like</p>	<p>Officer.</p> <p>Warrant.</p>
--	--	---------------------------------

	<p>conditions, do all or any of such acts, and the costs incurred by such person shall be recoverable from the defaulter as if they were included in the certificate.</p> <p>(4) Any agricultural produce attached as a growing crop shall not be deemed to have ceased to be under attachment or to require re-attachment merely because it has been severed from the soil.</p> <p>(5) Where an order for the attachment of a growing crop has been made at a considerable time before the crop is likely to be fit to be cut or gathered, the Tax Recovery Officer may suspend the execution of the order for such time as he thinks fit, and may, in his discretion, make a further order prohibiting the removal of the crop pending the execution of the order of attachment.</p> <p>(6) A growing crop which from its nature does not admit of being stored shall not be attached under this paragraph at any time less than twenty days before the time at which it is likely to be fit to be cut or gathered.</p> <p>26. (1) In the case of a debt not secured by a negotiable instrument, a share in a corporation or other movable property not in the possession of the defaulter except property deposited in, or in the custody of, any court, the attachment shall be made by a written order prohibiting,</p> <p>(a) in the case of the debt, the creditor from recovering the debt and the debtor from making payment thereof until the further order of the Tax Recovery Officer;</p> <p>(b) in the case of the share, the person in whose name the share may be standing from transferring the same or receiving any dividend thereon;</p> <p>(c) in the case of the other movable property (except as aforesaid), the person in possession of the same from giving it over to the defaulter.</p> <p>(2) A copy of such order shall be affixed on some conspicuous part of the office of the Tax Recovery Officer, and another copy shall be sent, in the case of the debt, to the debtor, in the case of the share, to the proper officer of the corporation, and in the case of the other movable property (except as aforesaid), to the person in possession of the same.</p> <p>(3) A debtor prohibited under clause (a) of sub-paragraph (1) may pay the amount of his debt to the Tax Recovery Officer, and such payment shall discharge him as effectually as payment to the party entitled to receive the same.</p> <p>27. (1) The attachment of a decree of a civil court for the payment of money, or for sale in enforcement of a mortgage or charge, shall be made by the issue to the civil court of a notice requesting the civil court to stay the execution of the decree unless and until—</p> <p>(a) the Tax Recovery Officer cancels the notice; or</p> <p>(b) the Tax Recovery Officer, or the defaulter, applies to the court receiving such notice to execute the decree.</p> <p>(2) Where a civil court receives an application under clause (b) of sub-paragraph (1), it shall, on the application of the Tax Recovery Officer, or the defaulter, and subject to the provisions of the Code of Civil Procedure, 1908, proceed to execute the attached decree and apply the net proceeds in satisfaction of the certificate.</p> <p>(3) The Tax Recovery Officer shall be deemed to be the representative of the holder of the attached decree, and to be entitled to execute such attached decree in any manner lawful for the holder thereof.</p> <p>28. Where the property to be attached consists of the share, or interest, of the defaulter in movable property belonging to him and another as co-owners, the attachment shall be made by a notice to the defaulter prohibiting him from transferring the share or interest or charging it in any way.</p> <p>29. Attachment of the salary or allowances of servants of the Government, or a local authority, may be made in the manner provided under rule 48 of Order 21 of the First Schedule to the Code of Civil Procedure, 1908, and the provisions of the said rule shall,</p>	<p>Debts and shares.</p> <p>Attachment of decree.</p> <p>5 of 1908</p> <p>Share in movable property.</p> <p>Salary of Government servants.</p>
--	---	--

	<p>for the purposes of this paragraph, apply subject to such modifications as may be necessary.</p> <p>30. Where the property is a negotiable instrument neither deposited in a court nor in the custody of a public officer, the attachment shall be made by actual seizure, and the instrument shall be brought before the Tax Recovery Officer and held subject to his orders.</p> <p>31. (1) Where the property to be attached is in the custody of any court or public officer, the attachment shall be made by a notice to such court or officer, requesting that such property, and any interest or dividend becoming payable thereon, may be held subject to the further orders of the Tax Recovery Officer by whom the notice is issued.</p> <p>(2) Where the property is in the custody of a court, any question of title or priority arising between the Tax Recovery Officer and any other person, not being the defaulter, claiming to be interested in such property by virtue of any assignment, attachment or otherwise, shall be determined by the court.</p>	<p>Attachment of negotiable instrument.</p> <p>Attachment of property in custody of court or public officer.</p>
<p>Attachment of partnership property.</p> <p>Inventory.</p>	<p>32. (1) Where the property to be attached consists of an interest of the defaulter, being a partner, in the partnership property, the Tax Recovery Officer may make an order charging the share of such partner in the partnership property and profits with payment of the amount due under the certificate.</p> <p>(2) The Tax Recovery Officer may, by the order referred to in sub-paragraph (1) or any subsequent order, appoint a receiver of the share of such partner in the profits, whether already declared or accruing and of any other money which may become due to him in respect of the partnership, and direct accounts and inquiries and make an order for the sale of such interest or such other order as the circumstances of the case may require.</p> <p>(3) The other persons shall be at liberty at any time to redeem the interest charged or, in the case of a sale being directed, to purchase the same.</p> <p>33. In the case of attachment of movable property by actual seizure, the officer shall, after attachment of the property, prepare an inventory of all the property attached, specifying in it the place where it is lodged or kept, and shall forward the same to the Tax Recovery Officer and a copy of the inventory shall be delivered by the officer to the defaulter.</p>	
<p>Attachment not to be excessive.</p> <p>Seizure between sunrise and sunset.</p>	<p>34. The attachment by seizure shall not be excessive, that is to say, the property attached shall be as nearly as possible proportionate to the amount specified in the warrant.</p> <p>35. Attachment by seizure shall be made after sunrise and before sunset and not otherwise.</p>	
<p>Power to break open doors.</p> <p>Sale.</p>	<p>36. The officer may break open any inner or outer door or window of any building and enter any building in order to seize any movable property, if the officer has reasonable grounds to believe that such building contains movable property liable to seizure under the warrant and the officer has notified his authority and intention of breaking open if admission is not given provided that before breaking open, he shall give all reasonable opportunity to women to withdraw.</p> <p style="text-align: center;"><i>“Sale”</i></p> <p>37. The Tax Recovery Officer may direct that any movable property attached under this Schedule or such portion thereof as may seem necessary to satisfy the certificate shall be sold.</p>	
<p>Issue of</p>	<p>38. When any sale of movable property is ordered by the Tax Recovery Officer, the Tax Recovery Officer shall issue a proclamation, in the language in use in the district, of</p>	

proclamation.	the intended sale, specifying the time and place of sale and whether the sale is subject to confirmation or not.	
Proclamation how made.	<p>39. (1) Such proclamation shall be made by beat of drum or other customary mode—</p> <p>(a) in the case of property attached by actual seizure—</p> <p>(i) in the village in which the property was seized, or, if the property was seized in a town or city, then, in the locality in which it was seized; and</p> <p>(ii) at such other places as the Tax Recovery Officer may direct;</p> <p>(b) in the case of property attached otherwise than by actual seizure, in such places, if any, as the Tax Recovery Officer may direct.</p> <p>(2) A copy of the proclamation shall also be affixed in a conspicuous part of the office of the Tax Recovery Officer.</p>	
Sale after fifteen days.	<p>40. Except where the property is subject to speedy and natural decay, or when the expense of keeping it in custody is likely to exceed its value, no sale of movable property under this Schedule shall, without the consent in writing of the defaulter, take place until after the expiry of at least fifteen days calculated from the date on which a copy of the sale proclamation was affixed in the office of the Tax Recovery Officer.</p> <p>41. (1) Where the property to be sold is agricultural produce, the sale shall be held—</p> <p>(a) if such produce is a growing crop, on or near the land on which such crop has grown, or</p> <p>(b) if such produce has been cut or gathered, at or near the threshing floor or place for treading out grain or the like, or fodder-stack, on or in which it is deposited.</p> <p>(2) The Tax Recovery Officer may direct the sale to be held at the nearest place of public resort, if he is of the opinion that the produce is thereby likely to sell at a greater value.</p> <p>(3) The sale shall be postponed, where, on the produce being put up for sale—</p> <p>(a) a fair price, in the estimation of the person holding the sale, is not offered for it, and</p> <p>(b) the owner of the produce, or a person authorised to act on his behalf, applies to have the sale postponed till the next day or, if a market is held at the place of sale, the next market day.</p> <p>(4) When the sale has been postponed under sub-paragraph (3), it shall be then completed on the date postponed irrespective of any price offered for the produce.</p> <p>42. (1) Where the property to be sold is a growing crop and the crop from its nature admits of being stored but has not yet been stored, the day of the sale shall be so fixed as to admit of the crop being made ready for storing before the arrival of such day, and the sale shall not be held until the crop has been cut, or gathered, and is ready for storing.</p> <p>(2) Where the crop from its nature does not admit of being stored or can be sold at a greater value in an unripe stage, it may be sold before it is cut and gathered, and the purchaser shall be entitled to enter on the land, and to do all that is necessary for the purpose of tending or cutting or gathering the crop.</p> <p>43. The property shall be sold by public auction in one, or more, lots as the officer may consider advisable, and if the amount to be realised by sale is satisfied by the sale of a portion of the property, the sale shall be immediately stopped with respect to the remainder of the lots.</p> <p>44. (1) Where movable property is sold by public auction, the price of each lot shall be paid at the time of sale or as soon after as the officer holding the sale directs and in</p>	<p>Sale of agricultural produce.</p> <p>Special provisions relating to growing crops.</p> <p>Sale to be by auction.</p> <p>Sale by public auction.</p>

<p>Order for payment of coin or currency notes to the Assessing Officer.</p> <p>Attachment.</p> <p>Service of notice of attachment.</p> <p>Proclamation of attachment.</p> <p>Attachment to relate back from the date of service of notice.</p> <p>Sale and proclamation of sale.</p>	<p>default of payment, the property shall forthwith be resold.</p> <p>(2) On payment of the purchase-money, the officer holding the sale shall grant a certificate specifying the property purchased, the price paid and the name of the purchaser, and the sale shall become absolute.</p> <p>(3) Where the movable property to be sold is a share in goods belonging to the defaulter and a co-owner, and two or more persons, of whom one is such co-owner, respectively, bid the same sum for such property or for any lot, the bidding shall be deemed to be the bidding of the co-owner.</p> <p>45. No irregularity in publishing, or conducting, the sale of movable property shall vitiate the sale, but any person sustaining substantial injury by reason of such irregularity at the hand of any other person may institute a suit in a civil court against him for compensation, or (if such other person is the purchaser) for the recovery of the specific property and for compensation in default of such recovery.</p> <p>46. The Tax Recovery Officer may, notwithstanding anything in this Schedule, authorise the sale of any property, which is a negotiable instrument or a share in a corporation, through a broker instead of directing the sale to be made by public auction.</p> <p>47. Where the property attached is currency coin or currency notes, the Tax Recovery Officer may, at any time during the continuance of the attachment, direct that such coins or notes shall be credited to the Central Government and the amount so credited shall be dealt with in the manner specified in paragraph 7.</p> <p style="text-align: center;">PART III</p> <p style="text-align: center;">ATTACHMENT AND SALE OF IMMOVABLE PROPERTY</p> <p style="text-align: center;"><i>ATTACHMENT</i></p> <p>48. The Attachment of the immovable property of the defaulter shall be made by an order prohibiting the defaulter from transferring, or charging, the property in any way and prohibiting all persons from taking any benefit under such transfer or charge.</p> <p>49. A copy of the order of attachment shall be served on the defaulter.</p> <p>50. The order of attachment shall be proclaimed at some place on, or adjacent to, the property attached by beat of drum, or other customary mode, and a copy of the order shall be affixed on a conspicuous part of the property and on the notice board of the office of the Tax Recovery Officer.</p> <p>51. Where any immovable property is attached under this Schedule, the attachment shall relate back to, and take effect from, the date on which the notice to pay the arrears, issued under this Schedule, was served upon the defaulter.</p> <p style="text-align: center;"><i>SALE</i></p> <p>52. (1) The Tax Recovery Officer may direct that any immovable property which has been attached, or such portion thereof as may seem necessary to satisfy the certificate, shall be sold.</p> <p>(2) Where any immovable property is ordered to be sold, the Tax Recovery Officer shall cause a proclamation of the intended sale to be made in the language in use in the</p>	<p>Irregularity not to vitiate sale, but any person injured may sue.</p> <p>Negotiable instruments and shares in a corporation.</p>
---	---	---

<p>Contents of proclamation.</p> <p>Mode of making proclamation.</p>	<p>district.</p> <p>53. A proclamation of sale of immovable property shall be drawn up after notice to the defaulter, and shall state the time and place of sale, and specify as fairly and accurately as possible—</p> <p>(a) the property to be sold;</p> <p>(b) the revenue, if any, assessed upon the property or any part thereof;</p> <p>(c) the amount for the recovery of which the sale is ordered;</p> <p>(d) the reserve price, if any, below which the property may not be sold; and</p> <p>(e) any other thing which the Tax Recovery Officer considers it material for a purchaser to know, in order to judge the nature and value of the property.</p> <p>54. (1) Every proclamation for the sale of immovable property shall be made at some place on or near such property by beat of drum or other customary mode, and a copy of the proclamation shall be affixed on a conspicuous part of the property and also upon a conspicuous part of the office of the Tax Recovery Officer.</p> <p>(2) Where the Tax Recovery Officer so directs, such proclamation shall also be published in the Official Gazette or in a local newspaper, or in both and the cost of such publication shall be deemed to be costs of the sale.</p> <p>(3) Where the property is divided into lots for the purpose of being sold separately, it shall not be necessary to make a separate proclamation for each lot, unless proper notice of the sale cannot, in the opinion of the Tax Recovery Officer, otherwise be given.</p> <p>55. No sale of immovable property under this Schedule shall, without the consent in writing of the defaulter, take place until after the expiration of at least thirty days calculated from the date on which a copy of the proclamation of sale has been affixed on the property or in the office of the Tax Recovery Officer, whichever is later.</p> <p>56. (1) The sale shall be by public auction to the highest bidder and shall be subject to confirmation by the Tax Recovery Officer.</p> <p>(2) No sale under this paragraph shall be made, if the amount bid by the highest bidder is less than the reserve price, if any, specified under clause (d) of paragraph 53.</p> <p>57. (1) On every sale of immovable property, the person declared to be the purchaser shall pay, immediately after such declaration, a deposit of twenty-five per cent. on the amount of his purchase money, to the officer conducting the sale and, in default of such deposit, the property shall forthwith be resold.</p> <p>(2) The full amount of purchase money payable shall be paid by the purchaser to the Tax Recovery Officer on or before the fifteenth day from the date of the sale of the property.</p> <p>58. In default of payment within the period mentioned in paragraph 57, the deposit may, if the Tax Recovery Officer thinks fit, after defraying the expenses of the sale, be forfeited to the Government, and the property shall be resold, and the defaulting purchaser shall forfeit all claims to the property or to any part of the sum for which it may subsequently be sold.</p> <p>59. (1) Where the sale of a property, for which a reserve price has been specified under clause (d) of paragraph 53, has been postponed for want of a bid of an amount not less than such reserve price, it shall be lawful for an Assessing Officer, if so authorised by the Chief Commissioner or the Commissioner in this behalf, to bid for the property on behalf of the Central Government at any subsequent sale.</p> <p>(2) All persons bidding at the sale shall be required to declare, if they are bidding on their own behalf or on behalf of their principal.</p> <p>(3) The bid shall be rejected if the person bidding on behalf of his principal fails to deposit the authority.</p>	<p>Time of sale.</p> <p>Sale to be by auction.</p> <p>Deposit by purchaser and resale in default.</p> <p>Procedure in default of payment.</p> <p>Authority to bid.</p>
--	--	--

	<p>(4) Where the Assessing Officer referred to in sub-paragraph (1) is declared to be the purchaser of the property at any subsequent sale, nothing contained in paragraph 57 shall apply to the case and the amount of the purchase price shall be adjusted towards the amount specified in the certificate.</p> <p>60. (1) Where immovable property has been sold in execution of a certificate, the defaulter, or any person whose interests are affected by the sale, may, at any time within a period of thirty days from the date of the sale, apply to the Tax Recovery Officer to set aside the sale, on his depositing—</p> <p>(a) the amount specified in the proclamation of sale as that for the recovery of which the sale was ordered, with interest thereon at the rate of one and one-fourth per cent. for every month or part of the month calculated from the date of the proclamation of sale to the date when the deposit is made; and</p> <p>(b) for payment to the purchaser, as penalty, a sum equal to five per cent. of the purchase money, but not less than ten thousand rupees.</p> <p>(2) Where a person makes an application under paragraph 61 for setting aside the sale of his immovable property, he shall not, unless he withdraws that application, be entitled to make or prosecute an application under this paragraph.</p> <p>61. (1) Where immovable property has been sold in execution of a certificate by such Income tax Officer as may be authorised by the Chief Commissioner or the Commissioner in this behalf, the defaulter or any person whose interests are affected by the sale, may at any time within thirty days from the date of the sale, apply to the Tax Recovery Officer to set aside the sale of the immovable property on the ground—</p> <p>(a) that notice was not served on the defaulter to pay the arrears as required by this Schedule; or</p> <p>(b) of a material irregularity in publishing, or conducting, the sale.</p> <p>(2) No sale shall be set aside on any ground referred to in sub-paragraph (1) unless the Tax Recovery Officer is satisfied that the applicant has sustained substantial injury by reason of the non-service or irregularity.</p> <p>(3) An application made by a defaulter under this paragraph shall be disallowed unless the applicant deposits the amount recoverable from him in the execution of the certificate.</p> <p>62. At any time within a period of thirty days of the sale, the purchaser may apply to the Tax Recovery Officer to set aside the sale on the ground that the defaulter had no saleable interest in the property sold.</p> <p>63. (1) Where no application is made for setting aside the sale under paragraph 60 or paragraph 61 or where such an application is made and disallowed by the Tax Recovery Officer, the Tax Recovery Officer shall (if the full amount of the purchase money has been paid) make an order confirming the sale and thereupon, the sale shall become absolute.</p> <p>(2) Where application is made and allowed, and where, in the case of an application made to set aside the sale on deposit of the amount and penalty and charges, the deposit is made within a period of thirty days from the date of the sale, the Tax Recovery Officer shall make an order setting aside the sale.</p> <p>(3) No order under sub-paragraph (2) shall be made unless notice of the application has been given to the persons affected thereby.</p> <p>64. Where a sale of immovable property is set aside, any money paid or deposited by the purchaser on account of the purchase, together with the penalty, if any, deposited for payment to the purchaser, and such interest as the Tax Recovery Officer may allow, shall be paid to the purchaser.</p>	<p>Application to set aside sale of immovable property on deposit.</p> <p>Application to set aside sale of immovable property on ground of non-service of notice or irregularity.</p> <p>Setting aside sale where defaulter has no saleable interest</p> <p>Confirmation of sale</p> <p>Return of purchase money in certain cases</p>
--	---	---

	<p>65. Where a sale of immovable property has become absolute, the Tax Recovery Officer shall grant a certificate specifying the property sold, and the name of the person who at the time of sale is declared to be the purchaser and such certificate shall state the date on which the sale became absolute.</p> <p>66. (1) Where an order for the sale of immovable property has been made, if the defaulter can satisfy the Tax Recovery Officer that there is reason to believe that the amount of the certificate may be raised by the mortgage or lease or private sale of such property, or some part thereof, or of any other immovable property of the defaulter, the Tax Recovery Officer may, on his application, postpone the sale of the property comprised in the order for sale, on such terms, and for such period as he thinks proper, to enable him to raise the amount.</p> <p>(2) In such case, the Tax Recovery Officer shall grant a certificate to the defaulter, authorising him, within a period to be mentioned therein, and notwithstanding anything contained in this Schedule, to make the proposed mortgage, lease or sale.</p> <p>(3) All moneys payable under the mortgage, lease or sale referred to in sub-paragraph (2) shall be paid to the Tax Recovery Officer and not to the defaulter.</p> <p>(4) No mortgage, lease or sale under this paragraph shall become absolute until it has been confirmed by the Tax Recovery Officer.</p> <p>67. Every resale of immovable property, in default of payment of the purchase money within the period allowed for such payment, shall be made after the issue of a fresh proclamation in the manner and for the period hereinbefore provided for the sale.</p> <p>68. Where the property sold is a share of undivided immovable property, and two or more persons, of whom one is a co-sharer, respectively, bid the same sum for such property or for any lot, the bid shall be deemed to be the bid of the co-sharer.</p> <p>69. (1) Without prejudice to the provisions contained in this Part, an Assessing Officer, duly authorised by the Chief Commissioner or the Commissioner in this behalf, may accept in satisfaction of the whole or any part of the amount due from the defaulter the property, the sale of which has been postponed for the reason mentioned in sub-paragraph (1) of paragraph 59, at such price as may be agreed upon between the Assessing Officer and the defaulter.</p> <p>(2) Where any property is accepted under sub-paragraph (1), the defaulter shall deliver possession of such property to the Assessing Officer and on the date the possession of the property is delivered to the Assessing Officer, the property shall vest in the Central Government and the Central Government shall, where necessary, intimate the concerned Registering Officer appointed under the Registration Act, 1908, accordingly.</p> <p>(3) Where the price of the property agreed upon under sub-paragraph (1) exceeds the amount due from the defaulter, such excess shall be paid by the Assessing Officer to the defaulter within a period of three months from the date of delivery of possession of the property.</p> <p>(4) Where the Assessing Officer fails to pay the excess amount referred to in sub-paragraph (3) within the period referred therein, the Central Government shall, for the period commencing on the expiry of such period and ending with the date of payment of the amount remaining unpaid, pay simple interest at one-half per cent for every month or part of a month to the defaulter on such amount.</p> <p>70. (1) No sale of immovable property shall be made under this Part after the expiry of the period of six years from the end of the financial year in which the order giving rise to a demand of any tax, interest, fine, penalty or any other sum, for the recovery of which the immovable property has been attached, has become final in terms of the provisions of Sub-chapter D of Chapter XIII.</p> <p>(2) The period of limitation referred to in sub-paragraph (1) shall stand extended by one year, if the immovable property is required to be re-sold—</p>	<p>Sale certificate</p> <p>Postponement of sale to enable defaulter to raise amount due under certificate</p> <p>Fresh proclamation before resale</p> <p>Bid of co-sharer to have preference.</p> <p>Acceptance of property in satisfaction of amount due from the defaulter.</p> <p>Time limit for sale of attached immovable property.</p>
--	--	--

	<p>(a) due to the amount of highest bid being less than the reserve price;</p> <p>(b) under the circumstances mentioned in paragraph 57 or paragraph 58; or</p> <p>(c) due to the sale being set aside under paragraph 61.</p> <p>(3) In computing the period of limitation under sub-paragraph (1), the following period shall be excluded—</p> <p>(a) the period during which the levy of the aforesaid tax, interest, fine, penalty or any other sum is stayed by an order or injunction of any court;</p> <p>(b) the period during which the proceedings of attachment or sale of the immovable property are stayed by an order or injunction of any court; or</p> <p>(c) the period commencing from the date of the presentation of any appeal against the order passed by the Tax Recovery Officer under this Schedule and ending on the day the appeal is decided.</p> <p>(4) Where immediately after the exclusion of the period referred in sub-paragraph (3), the period of limitation for the sale of the immovable property is less than 180 days, such remaining period shall be extended to 180 days and the aforesaid period of limitation shall be deemed to be extended accordingly.</p> <p>(5) Where the sale of immovable property is not made in accordance with the provisions of sub-paragraph (1), the attachment order in relation to the said property shall be deemed to have been vacated on the expiry of the time of limitation specified under this paragraph.</p> <p style="text-align: center;">PART IV PROCEDURE FOR DISTRAINT</p> <p>71. Where any distraint and sale of movable property are to be effected by any Assessing Officer or Tax Recovery Officer authorised for the purpose, such distraint and sale shall be made, as far as may be, in the same manner as attachment and sale of any movable property attachable by actual seizure, and the provisions of this Schedule relating to attachment and sale shall, so far as may be, apply in respect of such distraint and sale.</p> <p style="text-align: center;">PART V APPOINTMENT OF RECEIVER</p> <p>72. (1) Where the property of a defaulter consists of a business, the Tax Recovery Officer may attach the business and appoint a person as receiver to manage the business.</p> <p>(2) The attachment of a business under this paragraph shall be made by an order prohibiting the defaulter from transferring or charging the business in any way and prohibiting all persons from taking any benefit under such transfer or charge, and intimating that the business has been attached under this paragraph.</p> <p>(3) A copy of the order of attachment shall be served on the defaulter, and another copy shall be affixed on a conspicuous part of the premises in which the business is carried on and on the notice board of the office of the Tax Recovery Officer.</p> <p>73. Where immovable property is attached, the Tax Recovery Officer may, instead of directing a sale of the property, appoint a person as receiver to manage such property.</p> <p>74. (1) Where any business or other property is attached and taken under management under paragraphs 72 and 73, the receiver shall, subject to the control of the Tax Recovery Officer, have such powers as may be necessary for the proper management of the property and the realisation of the profits, or rents and profits, thereof.</p> <p>(2) The profits, or rents and profits, of such business or other property, shall, after defraying the expenses of management, be adjusted towards discharge of the arrears, and</p>	<p>Procedure for distraint</p> <p>Appointment of receiver for business</p> <p>Appointment of receiver for immovable property</p> <p>Powers of receiver</p>
--	--	--

	<p>the balance, if any, shall be paid to the defaulter.</p> <p>75. The attachment and management under this Part may be withdrawn at any time at the discretion of the Tax Recovery Officer, or if the arrears are discharged by receipt of such profits and rents or are otherwise paid.</p> <p style="text-align: center;">PART VI</p> <p style="text-align: center;">ARREST AND DETENTION OF THE DEFAULTER</p> <p>76. (1) No order for the arrest and detention in civil prison of a defaulter shall be made unless the Tax Recovery Officer has issued and served a notice upon the defaulter calling upon him to appear before him on the date specified in the notice and to show cause why he should not be committed to the civil prison.</p> <p>(2) The provisions of sub-paragraph (1) shall not apply if the Tax Recovery Officer, for reasons recorded in writing, is satisfied—</p> <p>(a) that the defaulter has, with the object or effect of obstructing the execution of the certificate, after the drawing up of the certificate by the Tax Recovery Officer, dishonestly transferred, concealed, or removed any part of his property; or</p> <p>(b) that the defaulter has, or has had since the drawing up of the certificate by the Tax Recovery Officer, the means to pay the arrears or some substantial part thereof and refuses or neglects or has refused or neglected to pay the same.</p> <p>(3) Notwithstanding anything in sub-paragraph (1), a warrant for the arrest of the defaulter may be issued by the Tax Recovery Officer, if he is satisfied, by affidavit or otherwise, that the defaulter is likely to abscond, or leave the local limits of the jurisdiction of the Tax Recovery Officer, with the object, or effect, of delaying the execution of the certificate.</p> <p>(4) The Tax Recovery Officer may issue a warrant for the arrest of the defaulter if appearance is not made in obedience to a notice issued and served under sub-paragraph (1).</p> <p>(5) A warrant of arrest issued by a Tax Recovery Officer under sub-paragraph (3) or sub-paragraph (4) may also be executed by any other Tax Recovery Officer within whose jurisdiction the defaulter may for the time being be found.</p> <p>(6) Every person arrested in pursuance of a warrant of arrest under this paragraph shall be brought before the Tax Recovery Officer issuing the warrant as soon as practicable and in any event within twenty-four hours of his arrest (exclusive of the time required for the journey).</p> <p>(7) The Tax Recovery Officer shall at once release the defaulter if he pays the amount entered in the warrant of arrest as due and the costs of the arrest to the officer arresting him.</p> <p>(8) In this paragraph, the <i>karta</i> of a Hindu undivided family shall be deemed to be the defaulter if the defaulter is the Hindu undivided family.</p> <p>77. The Tax Recovery Officer shall give the defaulter an opportunity of showing cause why he should not be committed to the civil prison, when the defaulter appears before the Tax Recovery Officer pursuant to the notice under paragraph 76 or is brought before the Tax Recovery Officer under the said paragraph.</p> <p>78. Pending the conclusion of the inquiry, the Tax Recovery Officer may, in his discretion, order the defaulter to be detained in the custody of such officer as the Tax Recovery Officer may think fit or release him on his furnishing security to the satisfaction of the Tax Recovery Officer for his appearance when required.</p> <p>79. (1) Upon the conclusion of the inquiry, the Tax Recovery Officer may make an order for the detention of the defaulter in the civil prison and shall in that event cause him</p>	<p>Withdrawal of management .</p> <p>Notice to show cause.</p> <p>Hearing.</p> <p>Custody pending hearing.</p> <p>Order of detention.</p>
--	--	---

	<p>to be arrested if he is not already under arrest.</p> <p>(2) In order to give the defaulter an opportunity of satisfying the arrears, the Tax Recovery Officer may, before making the order of detention—</p> <p>(a) leave the defaulter in the custody of the officer arresting him, or of any other officer, for a specified period not exceeding 15 days; or</p> <p>(b) release him on his furnishing security to the satisfaction of the Tax Recovery Officer for his appearance at the expiration of the specified period if the arrears are not so satisfied.</p> <p>(3) The Tax Recovery Officer shall direct the release of the defaulter, who is under arrest, if he does not make an order of detention under sub-paragraph (1).</p> <p>80. (1) Every person detained in the civil prison in execution of a certificate may be so detained—</p> <p>(a) where the certificate is for a demand of an amount exceeding one lakh rupees, for a period of six months; and</p> <p>(b) in any other case, for a period of six weeks.</p> <p>(2) The person so detained shall be released from detention—</p> <p>(a) on the amount mentioned in the warrant for his detention being paid to the officer-in-charge of the civil prison, or</p> <p>(b) on the request of the Tax Recovery Officer on any ground other than the grounds mentioned in paragraphs 81 and 82.</p> <p>(3) A defaulter released from detention under this paragraph shall not, merely by reason of his release, be discharged from his liability for the arrears; but shall not liable to be rearrested under the certificate in execution of which he was detained in the civil prison.</p> <p>81. (1) The Tax Recovery Officer may order the release of a defaulter who has been arrested in execution of a certificate upon being satisfied that—</p> <p>(a) he has disclosed the whole of his property and has placed it at the disposal of the Tax Recovery Officer; and</p> <p>(b) he has not committed any act of bad faith.</p> <p>(2) The Tax Recovery Officer may order the rearrest of the defaulter in execution of the certificate, if he has ground for believing the disclosure made by the defaulter under sub-paragraph (1) to have been untrue.</p> <p>(3) The period of the detention of the defaulter in the civil prison shall not in the aggregate exceed the period authorised under paragraph 80.</p> <p>82. (1) The Tax Recovery Officer may, at any time after a warrant for the arrest of a defaulter has been issued, cancel the warrant on the ground of serious illness of the defaulter.</p> <p>(2) The Tax Recovery Officer may, in a case where a defaulter has been arrested, release him if, in the opinion of the Tax Recovery Officer, he is not in a fit state of health to be detained in the civil prison.</p> <p>(3) A defaulter, who has been committed to the civil prison, may be released therefrom by the Tax Recovery Officer on the ground of the existence of any infectious or contagious disease, or on the ground of his suffering from any serious illness.</p> <p>(4) A defaulter released under this paragraph may be rearrested, but the period of his detention in the civil prison shall not in the aggregate exceed the period authorised under paragraph 80.</p> <p>83. For the purpose of making an arrest under this Schedule—</p> <p>(a) no dwelling house shall be entered after sunset and before sunrise;</p>	<p>Detention in and release from prison.</p> <p>Release</p> <p>Release on grounds of illness</p> <p>Entry into dwelling house</p>
--	--	---

<p>18 of 1850</p>	<p>(b) no outer door of a dwelling house shall be broken open unless such dwelling house or a portion thereof is in the occupancy of the defaulter and he or other occupant of the house refuses or in any way prevents access thereto; but, when the person executing any such warrant has duly gained access to any dwelling house, he may break open the door of any room or apartment if he has reason to believe that the defaulter is likely to be found there;</p> <p>(c) no room, which is in the actual occupancy of a woman who, according to the customs of the country, does not appear in public, shall be entered into unless the officer authorised to make the arrest has given notice to her that she is at liberty to withdraw and has given her reasonable time and facility for withdrawing.</p> <p>84. The Tax Recovery Officer shall not order the arrest and detention in the civil prison of—</p> <p>(a) a woman; or</p> <p>(b) any person who, in his opinion, is a minor or of unsound mind.</p> <p style="text-align: center;">PART VII MISCELLANEOUS</p> <p>85. Every Chief Commissioner, Commissioner, Tax Recovery Officer or other officer shall while acting in the discharge of his functions under this Schedule, be deemed to be acting judicially within the meaning of the Judicial Officers Protection Act, 1850.</p> <p>86. Every Chief Commissioner, Commissioner, Tax Recovery Officer or other officer acting under the provisions of this Schedule shall have the powers of a civil court while trying a suit for the purpose of receiving evidence, administering oaths, enforcing the attendance of witnesses and compelling the production of documents.</p> <p>87. No certificate shall cease to be in force by reason of the death of the defaulter.</p> <p>88. The proceedings under this Schedule, except arrest and detention, may be continued against the legal representative of the defaulter, and the provisions of this Schedule shall apply as if the legal representative were the defaulter, if the defaulter dies, at any time, after the certificate is drawn up by the Tax Recovery Officer.</p> <p>89. (1) An appeal from any original order passed by the Tax Recovery Officer under this Schedule, not being an order which is conclusive, shall lie to the Chief Commissioner or Commissioner.</p> <p>(2) Every appeal under this paragraph may be presented within a period of thirty days from the date of the order appealed against.</p> <p>(3) Pending the decision of any appeal, execution of the certificate may be stayed if the appellate authority so directs, but not otherwise.</p> <p>(4) Where a Chief Commissioner or Commissioner is authorised to exercise powers as such in respect of any area, then, notwithstanding anything in sub-paragraph (1), all appeals against the orders passed before the date of such authorisation by any Tax Recovery Officer authorised to exercise powers as such in respect of that area, or an area which is included in that area, shall lie to such Chief Commissioner or Commissioner.</p> <p>90. Any order passed under this Schedule may, after notice to all persons interested, be reviewed by the Chief Commissioner, Commissioner, Tax Recovery Officer or other officer who made the order, or by his successor in office, on account of any mistake apparent from the record.</p> <p>91. A person may be proceeded against under this Schedule, if he has become surety for the amount due by a defaulter, as if such person were the defaulter.</p> <p>92. (1) The sum payable for the subsistence of a defaulter, who is arrested or detained in the civil prison, from the time of arrest until he is released shall be borne by</p>	<p>Prohibition against arrest of women or minors, etc.</p> <p>Officers deemed to be acting judicially</p> <p>Power to take evidence.</p> <p>Continuance of certificate.</p> <p>Procedure on death of defaulter.</p> <p>Appeals.</p> <p>Review.</p> <p>Recovery from surety.</p> <p>Subsistence allowance.</p>
-------------------	--	---

<p>Saving regarding charge.</p> <p>Continuance of certain pending proceedings and power to remove difficulties</p> <p>Interpretations in this Schedule.</p>	<p>the Tax Recovery Officer.</p> <p>(2) The sum shall be calculated on the scale fixed by the State Government for the subsistence of judgment-debtors arrested in execution of a decree of a civil court.</p> <p>(3) The sums payable under this paragraph shall be deemed to be the costs in the proceeding; but the defaulter shall not be detained in the civil prison or arrested on account of any sum so payable.</p> <p>93. The Board may prescribe the form to be used for any order, notice, warrant, or certificate to be issued under this Schedule.</p> <p>94. (1) The Board may make rules, consistent with the provisions of this Code, for regulating the procedure to be followed by Chief Commissioners, Commissioners, Tax Recovery Officers and other officers acting under this Schedule.</p> <p>(2) In particular, and without prejudice to the generality of the power conferred by sub-paragraph (1), such rules may provide for all, or any of the following matters, namely:—</p> <p>(a) the area within which Chief Commissioners, Commissioners or Tax Recovery Officers may exercise jurisdiction;</p> <p>(b) the manner in which any property sold under this Schedule may be delivered;</p> <p>(c) the execution of a document or the endorsement of a negotiable instrument or a share in a corporation, by or on behalf of the Tax Recovery Officer, where such execution, or endorsement, is required to transfer such negotiable instrument, or share, to a person who has purchased it under a sale under this Schedule;</p> <p>(d) the procedure for dealing with resistance, or obstruction, offered by any person to a purchaser of any immovable property sold under this Schedule, in obtaining possession of the property;</p> <p>(e) the fees to be charged for any process issued under this Schedule;</p> <p>(f) the scale of charges to be recovered in respect of any other proceeding taken under this Schedule;</p> <p>(g) the maintenance and custody, while under attachment, of livestock or other movable property, the fees to be charged for such maintenance and custody, the sale of such livestock or property, and the disposal of proceeds of such sale;</p> <p>(h) the mode of attachment of business.</p> <p>95. Nothing in this Schedule shall affect any provision of this Code whereunder the tax is a first charge upon any asset.</p> <p>96. All proceedings for the recovery of tax pending immediately before the coming into force of this Code shall be continued under this Schedule from the stage they had reached, and if any difficulty arises in continuing the said proceedings, the Board may issue (whether by way of modification, not affecting the substance, of any rule in this Schedule or otherwise) general or special orders which appear to it to be necessary or expedient for the purpose of removing the difficulty.</p> <p>97. In this Schedule, unless the context otherwise requires,—</p> <p>(a) “certificate”, except in paragraphs 6, 44, 65 and sub-paragraph (2) of paragraph 66, in respect of any assessee means the certificate referred to in subsection (1) of section 241;</p> <p>(b) “defaulter” means the assessee mentioned in the certificate;</p> <p>(c) “execution” in relation to a certificate means recovery of arrears in pursuance of the certificate;</p> <p>(d) “movable property” includes growing crops;</p> <p>(e) “officer” means a person authorised to make an attachment or sale under this Schedule;</p> <p>(f) “paragraph” means a paragraph contained in this Schedule; and</p> <p>(g) “share in a corporation” includes stock, debenture-stock, debentures or bonds.</p>	<p>Forms.</p> <p>Power to make rules.</p>
---	---	---

THE NINETEENTH SCHEDULE

[See section 190 (1)]

ORDERS APPEALABLE BEFORE COMMISSIONER (APPEALS)

Serial number	Orders against which appeal may be preferred or filed	Section, Chapter or Schedule under which Order is passed	Income-tax Authority by whom order is passed
(1)	(2)	(3)	(4)
1	An intimation, where the assessee objects to the making of adjustments to its return of tax bases or return of tax deduction or return of tax collection.	160, 224	Assessing Officer or the Processing Authority
2	An order of assessment (except an order passed in pursuance of directions of the Dispute Resolution Panel).	165	Assessing Officer
3	An order of best judgment assessment.	166	Assessing Officer
4	An order against the assessee where he denies his liability to be assessed under this Code.	Under the relevant provisions of the Code	Assessing Officer
5	An order of assessment, reassessment or re-computation [except an order passed in pursuance of the directions of the Dispute Resolution Panel or with the approval of the Commissioner under sub-section (12) of section 169].	171	Assessing Officer
6	An order made having the effect of enhancing the assessment or reducing a refund or an order refusing to allow the claim made by the assessee under the said section [except where such order is passed by the Commissioner or Commissioner (Appeals) or by the Assessing Officer in pursuance of the directions of the Dispute Resolution Panel or with the approval of the Commissioner under sub-section (12) of section 169].	173	Assessing Officer
7	An order made treating the assessee as the agent of a non-resident.	176	Assessing Officer
8	An assessment order made upon business re-organisation.	180	Assessing Officer
9	An assessment order made after partition of a Hindu undivided family.	181	Assessing Officer
10	An assessment order made in respect of a non-resident engaged in occasional shipping business.	182	Assessing Officer
11	An assessment order in respect of persons leaving India.	183	Assessing Officer
12	An assessment order in respect of an unincorporated body formed for a particular event or purpose.	184	Assessing Officer
13	An assessment order in respect of persons likely to transfer property to avoid tax.	185	Assessing Officer
14	An assessment order in respect of a discontinued	186	Assessing

	business.		Officer
15	An assessment order in respect of an unincorporated body in case of change in its constitution.	187	Assessing Officer
16	Assessment order in respect of any two unincorporated bodies in case of succession of one unincorporated body by the other on account of death or retirement of all or any participant.	188	Assessing Officer
17	An assessment order in respect of a deductor or collector.	189	Assessing Officer
18	An order of charging interest on failure to pay demand raised.	234	Assessing Officer
19	An order of charging interest for failure to deduct or pay tax.	235	Assessing Officer
20	An order of refund.	236	Assessing Officer
21	An order imposing a penalty or enhancing the penalty.	Chapter XV	Income-tax Authority below the rank of Commissioner or Commissioner (Appeals)
22	An order under the Seventh Schedule in relation to an application made by a qualifying shipping company for opting for tonnage tax scheme.	Seventh Schedule	The prescribed authority.
23	An order made under the provisions of this Code in the case of such person or class of persons, as the Board may, having regard to the nature of the cases, the complexities involved and other relevant considerations, direct.	Under the relevant provisions of the Code	Assessing Officer
24	Any order passed under the Income-tax Act, 1961 or the Wealth Tax Act, 1957 and which was appealable under the said Acts, before the commencement of this Code.	Under the provisions of the Income-tax Act, 1961 or the Wealth-tax Act, 1957 as they stood before the commencement of this Code	Assessing Officer or the authority passing the order under the relevant Acts.

	of sub-section (2) of section 80CCA of the Income-tax Act, 1961 as it stood immediately before the commencement of this Code	
12.	Winnings from any lottery or crossword puzzle or card game or any other game or gambling or betting	30 per cent.
13.	Winnings from race, including horse race (not related to the activity of owning and maintaining horse races) .	30 per cent.
14.	Any remuneration or fees or commission (by whatever name called), other than those referred to in serial number 1, to a director of a company.	10 per cent.
15.	Payment by way of consideration (other than the payment of compensation referred to in serial number 9) for transfer of immovable property, being any land (other than rural agricultural land) or any building or part of a building.	1 per cent.

THE TWENTY- FIRST SCHEDULE

[See sections 213 (3) , 213 (4), 213 (8) and 320(175)(b)]
(Rates for deduction of tax at source in the case of non-resident deductee)

Serial number	Nature of payment (Specified payment)	Rate
(1)	(2)	(3)
1.	Income from employment	The average rate of income-tax on estimated income from employment during the financial year, computed on the basis of the rates specified in Part I of the First Schedule
2.	Payment by way of — <i>(i)</i> interest other than specified interest; or <i>(ii)</i> dividends other than dividends liable to dividend distribution tax in accordance with provisions of section 112	20 per cent. 20 per cent.
3.	Payment by way of specified interest	5 per cent.
4.	Payment by way of royalty or fees for technical services.	25 per cent.
5.	Winnings from any lottery, or crossword puzzle or card game or any other game or gambling or betting.	30 per cent.
6.	Winnings from race, including horse race (not related to the activity of owning and maintaining race horses).	30 per cent.
7.	Payment to a non-resident sportsman (not being a citizen of India) by way of— <i>(i)</i> participation in India in any game or sport (other than winnings referred to at serial numbers 4 and 5); <i>(ii)</i> advertisement; or <i>(iii)</i> contribution of articles relating to any game or sport in newspapers, magazines or journals in India	10 per cent.
8.	Payment by way of guarantee money to a non-resident sports association or institution in relation to any game or sport played in India	10 per cent.

9.	Payment to a non resident entertainer (not being citizen of India) in respect of his performance in India.	10 per cent.
10.	Payment by way of insurance including reinsurance	20 per cent.
11.	Any other sum, if such sum chargeable to tax.	30 per cent.
<p>In this Schedule“specified interest” means the interest,-</p> <p style="margin-left: 40px;">(I) payable to a Foreign Institutional Investor or a Qualified Foreign Investor on or after the 1st day of June, 2013 but before the 1st day of June, 2015 in respect of investment made by it in—</p> <p style="margin-left: 80px;">(a) a rupee denominated bond of an Indian company ; or</p> <p style="margin-left: 80px;">(b) a Government security,</p> <p style="margin-left: 40px;">and the rate of interest in respect of bond referred to in clause (a) shall not exceed the rate as may be notified by the Central Government in this behalf;</p> <p style="margin-left: 40px;">(II) payable by an Indian company to a non-resident in respect of monies borrowed by it, during the period as may be notified by the Central Government in this behalf , in foreign currency, from a source outside India,—</p> <p style="margin-left: 80px;">(a) under a loan agreement; or</p> <p style="margin-left: 80px;">(b) by way of issue of long-term infrastructure bonds,</p> <p style="margin-left: 40px;">as approved by the Central Government in this behalf and to the extent to which such interest does not exceed the amount of interest calculated at the rate approved by the Central Government in this behalf, having regard to the terms of the loan or the bond and its repayment;</p> <p style="margin-left: 40px;">(III) payable to a non-resident by an infrastructure debt fund listed at serial number 53 of the Third Schedule.</p>		

	<p>THE TWENTY- SECOND SCHEDULE [See section 320(17)]</p> <p>PART—I</p> <p>APPROVED PROVIDENT FUNDS</p>	
Application of this Part.	<p>1. A provident fund shall be granted approval in accordance with the provisions of this Part.</p>	
According approval of provident fund and its withdrawal.	<p>2. (1) The Commissioner may accord approval to any provident fund which, in his opinion, satisfies the conditions prescribed in paragraph 3 and the rules made by the Board in this behalf, and may, at any time, withdraw such approval if, in his opinion, the provident fund contravenes any of those conditions.</p> <p>(2) An order according approval shall take effect on such date as the Commissioner may fix in accordance with any rules the Board may make in this behalf, such date not being later than the last day of the financial year in which the order is made.</p> <p>(3) An order withdrawing approval shall take effect from the date on which it is made.</p> <p>(4) An order according approval to a provident fund shall not, unless the Commissioner otherwise directs, be affected by the fact that the fund is subsequently amalgamated with another provident fund on the occurrence of an amalgamation of these undertakings in connection with which the two funds are maintained, or that it subsequently absorbs the whole or a part of another provident fund belonging to any undertaking which is wholly or in part transferred to or merged in the undertaking of the employer maintaining the first-mentioned fund.</p>	
Conditions to be satisfied by approved provident fund.	<p>3. In order that a provident fund may receive and retain approval, it shall, subject to the provisions of paragraph 4, satisfy the conditions set out below and any other conditions which the Board may, by rules, specify—</p> <p>(a) all employees shall be employed in India, or shall be employed by an employer whose principal place of business is in India;</p> <p>(b) the contributions of an employee in any year shall be a definite proportion of his salary for that year, and shall be deducted by the employer from the employee's salary in that proportion, at each periodical payment of such salary in that year, and credited to the employee's individual account in the fund;</p> <p>(c) the contributions of an employer to the individual account of an employee in any year shall not exceed the amount of the contributions of the employee in that year, and shall be credited to the employee's individual account at intervals not exceeding one year;</p> <p>(d) the fund shall be vested in two or more trustees or in the Official Trustee under a trust which shall not be revocable, save with the consent of all the beneficiaries;</p> <p>(e) the fund shall consist of contributions as above specified, received by the trustees, of accumulations thereof, and of interest credited</p>	

	<p>in respect of such contributions and accumulations, and of securities purchased therewith and of any capital gains arising from the transfer of capital assets of the fund, and of no other sums;</p> <p>(f) the fund shall be a fund of an establishment to which the provisions of sub-section (3) of section 1 of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 apply or of an establishment which has been notified by the Central Provident Fund Commissioner under sub-section (4) of section 1 of the said Act, and such establishment shall obtain exemption under section 17 of the said Act from the operation of all or any of the provisions of any scheme referred to in that section;</p> <p>(g) the employer shall not be entitled to recover any sum whatsoever from the fund, save in cases where the employee is dismissed for misconduct or voluntarily leaves his employment otherwise than on account of ill-health or other unavoidable cause before the expiration of the term of service specified in this behalf in the regulations of the fund:</p> <p>(h) the accumulated balance due to an employee shall be payable on the day he ceases to be an employee of the employer maintaining the fund;</p> <p>(i) save as provided in clause (h) or in accordance with such conditions and restrictions as the Board may, by rules, specify, no portion of the balance to the credit of an employee shall be payable to him.</p>	
	<p>4. (1) Notwithstanding anything contained in clause (a) of paragraph 3, the Commissioner may, if he thinks fit, and subject to such conditions, if any, as he thinks proper to attach to the approval, accord approval to a fund maintained by an employer whose principal place of business is not in India, provided the proportion of employees employed outside India does not exceed ten per cent.</p> <p>(2) Notwithstanding anything contained in clause (b) of paragraph 3, an employee who retains his employment while serving in the armed forces of the Union or when taken into or employed in the national service under any law for the time being in force, may, whether he receives from the employer any salary or not, contribute to the fund during his service in the armed forces of the union or while so taken into or employed in the national service a sum not exceeding the amount he would have contributed had he continued to serve the employer.</p> <p>(3) Notwithstanding anything contained in clause (e) or clause (h) of paragraph 3 —</p> <p>(a) at the request made in writing by the employee who ceases to be an employee of the employer maintaining the fund, the trustees of the fund may consent to retain the whole or any part of the accumulated balance due to the employee to be drawn by him at any time on demand;</p> <p>(b) where the accumulated balance due to an employee who has ceased to be an employee is retained in the fund in accordance with clause (a), the fund may consist also of interest in respect of such accumulated balance.</p> <p>(c) the fund may also consist of any amount transferred from the individual account of an employee in any approved provident fund maintained by his former employer and the interest in respect thereof.</p> <p>(4) Subject to any rules which the Board may make in this behalf, the Commissioner may, in respect of any particular fund, relax the provisions of</p>	<p>Relaxation of conditions.</p>

	<p>clause (c) of paragraph 3 —</p> <p>(a) so as to permit the payment of larger contributions by an employer to the individual accounts of employees whose salaries do not in each case exceed five hundred rupees per mensem; and</p> <p>(b) so as to permit the crediting by employers to the individual accounts of employees of periodical bonuses or other contributions of a contingent nature, where the calculation and payment of such bonuses or other contributions is provided for on definite principles by the regulations of the fund.</p> <p>(5) Notwithstanding anything contained in clause (i) of paragraph 3, in order to enable an employee to pay the amount of tax assessed on his total income as determined under sub- paragraph (4) of paragraph 10, he shall be entitled to withdraw from the balance to his credit in the approved provident fund a sum not exceeding the difference between such amount and the amount to which he would have been assessed if the transferred balance referred to in sub- paragraph (2) of paragraph 10 had not been included in his total income.</p>	
Employer's annual contributions, when deemed to be income received by employee.	<p>5. That portion of the annual accretion in any financial year to the balance at the credit of an employee participating in an approved provident fund as consists of —</p> <p>(a) contributions made by the employer in excess of twelve per cent. of the salary of the employee ; and</p> <p>(b) interest credited on the balance to the credit of the employee in so far as it is allowed at a rate exceeding the rate as may be fixed by the Central Government by notification in this behalf, shall be deemed to have been received by the employee in that financial year and shall be included in his total income for that financial year, and shall be liable to income-tax.</p>	
Exemption for employee's contribution.	<p>6. An employee participating in an approved provident fund shall, in respect of his own contributions to his individual account in the fund in the financial year, be entitled to a deduction in the computation of his total income of an amount determined in accordance with section 69.</p>	
Exclusion from total income of accumulated balance.	<p>7. (1) The accumulated balance due and becoming payable to an employee participating in an approved provident fund shall be excluded from the computation of his total income—</p> <p>(a) if he has rendered continuous service with his employer for a period of five years or more;</p> <p>(b) if, though he has not rendered such continuous service, the service has been terminated by reason of the employee's ill-health, or by the contraction or discontinuance of the employer's business or other cause beyond the control of the employee; or</p> <p>(c) if, on the cessation of his employment, the employee obtains employment with any other employer, to the extent the accumulated balance due and becoming payable to him is transferred to his individual account in any approved provident fund maintained by such other employer.</p> <p>(2) Where the accumulated balance due and becoming payable to an</p>	

	<p>employee participating in an approved provident fund maintained by his employer includes any amount transferred from his individual account in any other approved provident fund or funds maintained by his former employer or employers, then, in computing the period of continuous service for the purposes of clause (a) or clause (b) of sub-paragraph (1), the period or the periods for which such employee rendered continuous service under his former employer or employers aforesaid shall be included.</p>	
	<p>8. Where the accumulated balance due to an employee participating in an approved provident fund is included in his total income owing to the provisions of paragraph 7 not being applicable, the Assessing Officer shall calculate the total of the various sums of tax which would have been payable by the employee in respect of his total income for each of the years concerned if the fund had not been an approved provident fund, and the amount by which such total exceeds the total of all sums paid by or on behalf of such employee by way of tax for such years shall be payable by the employee in addition to any other tax for which he may be liable for the financial year in which the accumulated balance due to him becomes payable.</p>	<p>Tax on accumulated balance.</p>
	<p>9. The trustees of an approved provident fund, or any person authorised by the regulations of the fund to make payment of accumulated balances due to employees, shall, in cases where paragraph 8 applies, at the time an accumulated balance due to an employee is paid, deduct therefrom the amount payable under that paragraph and all the provisions of Chapter XIV shall apply as if the accumulated balance were income chargeable under the head "Income from employment".</p>	<p>Deduction at source of tax payable on accumulated balance.</p>
	<p>10. (1) Where approval is accorded to a provident fund with existing balances, an account shall be made of the fund up to the day immediately preceding the day on which the approval takes effect, showing the balance to the credit of each employee on such day, and containing such further particulars as the Board may prescribe.</p> <p>(2) The account shall also show in respect of the balance to the credit of each employee the amount thereof which is to be transferred to that employee's account in the approved provident fund, and such amount (hereinafter called his transferred balance) shall be shown as the balance to his credit in the approved provident fund on the date on which the approval of the fund takes effect, and sub-paragraph (4) of this paragraph and sub-paragraph (5) of paragraph 4 shall apply thereto.</p> <p>(3) Any portion of the balance to the credit of an employee in the existing fund which is not transferred to the approved fund shall be excluded from the accounts of the approved fund and shall be liable to income-tax in accordance with the provisions of this Code, other than this Part.</p> <p>(4) Subject to such rules as the Board may make in this behalf, the Assessing Officer shall make a calculation of the aggregate of all sums comprised in a transferred balance which would have been liable to income-tax if this Part had been in force from the date of the institution of the fund, without regard to any tax which may have been paid on any sum, and such aggregate (if any) shall be deemed to be income received by the employee in the financial year in which the approval of the fund takes effect and shall be included in the total income of the employee for that financial year, and, for the purposes of assessment, the remainder of the transferred balance shall be disregarded, but no</p>	<p>Treatment of balance in newly approved provident fund.</p>

	<p>other exemption or relief, by way of refund or otherwise, shall be granted in respect of any sum comprised in such transferred balance.</p> <p>(5) Nothing in this paragraph shall affect the rights of the persons administering an unapproved provident fund or dealing with it, or with the balance to the credit of any individual employee before approval is accorded, in any manner which may be lawful.</p>	
Accounts of approved provident funds.	<p>11. (1) The accounts of an approved provident fund shall be maintained by the trustees of the fund and shall be in such form and for such periods, and shall contain such particulars, as the Board may prescribe.</p> <p>(2) The accounts shall be open to inspection at all reasonable times by income-tax authorities, and the trustees shall furnish to the Assessing Officer such abstracts thereof as the Board may prescribe.</p>	
Appeals.	<p>12. (1) An employer objecting to an order of the Commissioner refusing to approve or an order withdrawing approval from a provident fund may appeal, within a period of sixty days of such order, to the Board.</p> <p>(2) The appeal shall be in such form, verified in such manner and accompanied by such fee, as the Board may prescribe.</p>	
Treatment of fund transferred by employer to trustee.	<p>13. (1) Where an employer, who maintains a provident fund (whether approved or not) for the benefit of his employees and has not transferred the fund or any portion of it, transfers such fund or portion to trustee in trust for the employees participating in the fund, the amount so transferred shall be deemed to be of the nature of capital expenditure.</p> <p>(2) When an employee participating in such fund is paid the accumulated balance due to him therefrom, any portion of such balance as represents his share in the amount so transferred to the trustees (without addition of interest, and exclusive of the employee's contributions and interest thereon) shall, if the employer has made effective arrangements to secure that tax shall be deducted at source from the amount of such share when paid to the employee, be deemed to be an expenditure by the employer within the meaning of section 35 incurred in the financial year in which the accumulated balance due to the employee is paid.</p>	
Provident funds deemed to be approved.	<p>14. The provisions of paragraphs 2 to 13 shall not apply to a provident fund established under a scheme framed under the following, namely:—</p> <p>(i) the Provident Funds Act, 1925;</p> <p>(ii) the Public Provident Fund Act, 1968;</p> <p>(iii) the Employees Provident Funds and Miscellaneous Provisions Act, 1952;</p> <p>(iv) the Coal Mines Provident Fund and Miscellaneous Provisions Act, 1948, and</p> <p>such provident fund shall be deemed to be an approved provident fund if it is notified by the Board in accordance with the guidelines framed by the Central Government in this behalf.</p>	<p>19 of 1925</p> <p>23 of 1968</p> <p>19 of 1952</p> <p>46 of 1948</p>
	<p>15. The Board may, for the purposes of this Part, prescribe—</p> <p>(a) the statements and other information to be submitted along with</p>	Provisions relating to rules.

	<p>an application for approval;</p> <p>(b) limiting the contributions to an approved provident fund by employees of a company who are shareholders in the company;</p> <p>(c) regulating the investment or deposit or the moneys of an approved provident fund;</p> <p>(d) providing for the assessment by way of penalty of any consideration received by an employee for an assignment of, or creation of a charge upon, his beneficial interest in an approved provident fund;</p> <p>(e) determining the extent to and the manner in which exemption from payment of tax may be granted in respect of contributions and interest credited to the individual accounts of employees in a provident fund from which approval has been withdrawn; and</p> <p>(f) generally, to carry out the purposes of this Part and to secure such further control over the approval of provident funds and the administration of approved provident funds as it may deem requisite.</p>	
	<p>16. In this Part, unless the context otherwise requires,—</p> <p>(a) “employer” means,—</p> <p>(i) an individual engaged in a business, the income whereof is assessable to income-tax under the head “Income from business”, or</p> <p>(ii) any other person,</p> <p>who maintains a provident fund for the benefit of his employees;</p> <p>(b) “employee” means an employee participating in a provident fund, but does not include a personal or domestic servant;</p> <p>(c) “contribution” means any sum credited by or on behalf of any employee out of his salary, or by an employer out of his own monies, to the individual account of an employee, but does not include any sum credited as interest;</p> <p>(d) “balance to the credit of an employee” means the total amount to the credit of his individual account in a provident fund at any time;</p> <p>(e) “annual accretion” in relation to the balance to the credit of an employee, means the increase to such balance in any year, arising from contributions and interest;</p> <p>(f) “accumulated balance due to an employee” means the balance to his credit, or such portion thereof as may be claimable by him under the regulations of the fund, on the day he ceases to be an employee of the employer maintaining the fund;</p> <p>(g) “regulations of a fund” means the special body of regulations governing the constitution and administration of a particular provident fund; and</p> <p>(h) “salary” includes dearness allowance, if the terms of employment so provide, but excludes all other allowances and perquisites.</p>	<p>Interpretations in this Part.</p>
	<p>PART-II</p> <p>APPROVED SUPERANNUATION FUNDS</p>	
	<p>1. (1) The Commissioner may accord approval to any superannuation</p>	

<p>Approval of superannuation fund and its withdrawal.</p>	<p>fund or any part of a superannuation fund which, in his opinion, complies with the requirements of paragraph 2, and may at any time withdraw such approval, if in his opinion, the circumstances of the fund or part cease to warrant the continuance of the approval.</p> <p>(2) The Commissioner shall communicate in writing to the trustees of the fund, the grant of approval with the date on which the approval is to take effect, and, where the approval is granted subject to conditions, those conditions.</p> <p>(3) The Commissioner shall communicate in writing to the trustees of the fund any withdrawal of approval with the reasons for such withdrawal and the date on which the withdrawal is to take effect.</p> <p>(4) The Commissioner shall neither refuse nor withdraw approval to any superannuation fund or any part of a superannuation fund unless he has given the trustees of that fund an opportunity of being heard in the matter.</p>	
<p>Conditions for approval.</p>	<p>2. In order that a superannuation fund may receive and retain approval, it shall satisfy the conditions set out below and any other conditions which the Board may, by rules, specify—</p> <p>(a) the fund shall be a fund established under an irrevocable trust in connection with a trade or undertaking carried on in India, and not less than ninety per cent. of the employees shall be employed in India;</p> <p>(b) the fund shall have for its sole purpose the provision of annuities for employees in the trade or undertaking on their retirement at or after a specified age or on their becoming incapacitated prior to such retirement, or for the surviving spouse, children or dependants of persons who are or have been such employees on the death of those persons;</p> <p>(c) the employer in the trade or undertaking shall be a contributor to the fund; and</p> <p>(d) all annuities, pensions and other benefits granted from the fund shall be payable only in India.</p>	
<p>Application for approval.</p>	<p>3. (1) An application for approval of a superannuation fund or part of a superannuation fund shall be made in writing by the trustees of the fund to the Assessing Officer by whom the employer is assessable, and shall be accompanied by a copy of the instrument under which the fund is established and by two copies of the rules and, where the fund has been in existence during any year or years prior to the financial year in which the application for approval is made, also two copies of the accounts of the fund relating to such prior year or years (not being more than three years immediately preceding the year in which the said application is made) for which such accounts have been made up, but the Commissioner may require such further information to be supplied as he thinks proper.</p> <p>(2) If any alteration in the rules, constitution, objects or conditions of the fund is made at any time after the date of the application for approval, the trustees of the fund shall forthwith communicate such alteration to the Assessing Officer mentioned in sub-paragraph (1), and in default of such communication any approval given shall, unless the Commissioner otherwise orders, be deemed to have been withdrawn from the date on which the alteration took effect.</p>	

	<p>4. Where any contributions by an employer (including the interest thereon, if any) are repaid to the employer, the amount so repaid shall be deemed for the purpose of income-tax to be the income of the employer of the financial year in which it is so repaid.</p>	Contribution by employer, when deemed to be income of employer.
	<p>5. Where any contributions made by an employer, including interest on contributions, if any, are paid to any employee during his lifetime, in circumstances other than those referred to in paragraph 13 of the Third Schedule, tax on the amounts so paid shall be deducted at the average rate of tax at which the employee was liable to tax during the preceding three years or during the period, if less than three years, when he was a member of the fund, and shall be paid by the trustees to the credit of the Central Government within such time and in such manner, as the Board may direct.</p>	Deduction of tax on contributions paid to an employee.
	<p>6. Where an employer deducts from the emoluments paid to an employee or pays on his behalf any contributions of that employee to an approved superannuation fund, he shall include all such deductions or payments in the return which he is required to furnish under section 217.</p>	Deduction from pay of and contributions on behalf of employee to be included in return.
	<p>7. (1) An employer objecting to an order of the Commissioner refusing to accord approval to a superannuation fund or an order withdrawing such approval may appeal, within a period of sixty days of such order, to the Board.</p> <p>(2) The appeal shall be in such form, verified in such manner and accompanied by such fee, as the Board may prescribe.</p>	Appeals.
	<p>8. If a fund or a part of a fund for any reason ceases to be an approved superannuation fund, the trustees of the fund shall nevertheless remain liable to tax on any sum paid on account of returned contributions (including interest on contributions, if any), in so far as the sum so paid is in respect of contributions made before the fund or part of the fund ceased to be an approved superannuation fund under the provisions of this Part.</p>	Liability of trustees on cessation of approval.
	<p>9. The trustees of an approved superannuation fund and any employer who contributes to an approved superannuation fund shall, when required by notice from the Assessing Officer, within such period, not being less than twenty-one days from the date of the notice, as may be specified in the notice, furnish such return, statement, particulars or information, as the Assessing Officer may require.</p>	Particulars to be furnished in respect of superannuation funds.
Provision relating to rules.	<p>10. The Board may, for the purposes of this Part, prescribe—</p> <p>(a) the statements and other information to be submitted along with an application for approval;</p>	

	<p>(b) the returns, statements, particulars, or information which the Assessing Officer may require from the trustees of an approved superannuation fund or from the employer;</p> <p>(c) limiting the ordinary annual contribution and any other contribution to an approved superannuation fund by an employer;</p> <p>(d) regulating the investment or deposit of the moneys of an approved superannuation fund;</p> <p>(e) providing for the assessment by way of penalty of any consideration received by an employee for any assignment of, or creation of a charge upon, his beneficial interest in an approved superannuation fund;</p> <p>(f) determining the extent to, and the manner in, which exemption from payment of tax may be granted in respect of any payment made from a superannuation fund from which approval has been withdrawn;</p> <p>(g) providing for the withdrawal of approval in the case of a fund which ceases to satisfy the requirements of this Part or of the rules made thereunder; and</p> <p>(h) generally, to carry out the purposes of this Part and to secure such further control over the approval of superannuation funds and the administration of approved superannuation funds as it may deem requisite.</p>	
Interpretations in this Part.	<p>11. In this Part, unless the context otherwise requires, “employer”, “employee”, “contribution” and “salary” shall have, in relation to superannuation funds, the meaning respectively assigned to them in paragraph 16 of Part I in relation to provident funds.</p>	
	<p>PART III</p> <p>APPROVED GRATUITY FUNDS</p>	
Approval of gratuity fund and its withdrawal.	<p>1. (1) The Commissioner may accord approval to any gratuity fund which, in his opinion, complies with the requirements of paragraph 2, and may at any time withdraw such approval if, in his opinion, the circumstances of the fund cease to warrant the continuance of the approval.</p> <p>(2) The Commissioner shall communicate in writing to the trustees of the fund, the grant of approval with the date on which the approval is to take effect, and, where the approval is granted subject to conditions, those conditions.</p> <p>(3) The Commissioner shall communicate in writing to the trustees of the fund any withdrawal of approval with the reasons for such withdrawal and the date on which the withdrawal is to take effect.</p> <p>(4) The Commissioner shall neither refuse nor withdraw approval to any gratuityfund unless he has given the trustees of that fund an opportunity of being heard in the matter.</p>	
Conditions for approval.	<p>2. In order that a gratuity fund may receive and retain approval, it shall satisfy the conditions set out below and any other conditions which the Board may, by rules, specify—</p>	

	<p>(a) the fund shall be a fund established under an irrevocable trust in connection with a trade or undertaking carried on in India, and not less than ninety per cent. of the employees shall be employed in India;</p> <p>(b) the fund shall have for its sole purpose the provision of gratuity to employees in the trade or undertaking, on their retirement at or after a specified age or on their becoming incapacitated prior to such retirement or on termination of their employment after a minimum period of service specified in the rules of the fund, or to the surviving spouse, children or dependants of such employees on their death;</p> <p>(c) the employer in the trade or undertaking shall be a contributor to the fund; and</p> <p>(d) all benefits granted by the fund shall be payable only in India.</p>	
Application for approval.	<p>3. (1) An application for approval of a gratuity fund shall be made in writing by the trustees of the fund to the Assessing Officer by whom the employer is assessable and shall be accompanied by a copy of the instrument under which the fund is established and by two copies of the rules and, where the fund has been in existence during any year or years prior to the financial year in which the application for approval is made, also two copies of the accounts of the fund relating to such prior year or years (not being more than three years immediately preceding the year in which the said application is made) for which such accounts have been made up, but the Commissioner may require such further information to be supplied as he thinks proper.</p> <p>(2) If any alteration in the rules, constitution, objects or conditions of the fund is made at any time after the date of the application for approval, the trustees of the fund shall forthwith communicate such alteration to the Assessing Officer mentioned in sub-paragraph (1), and in default of such communication any approval given shall, unless the Commissioner otherwise orders, be deemed to have been withdrawn from the date on which the alteration took effect.</p>	
Gratuity deemed to be salary.	<p>4. Where any gratuity is paid to an employee during his lifetime, the gratuity shall be treated as salary paid to the employee for the purposes of this Code.</p>	
Liability of trustees on cessation of approval.	<p>5. If a gratuity fund for any reason ceases to be an approved gratuity fund, the trustees of the fund shall nevertheless remain liable to tax on any gratuity paid to any employee.</p>	
Contributions by employer, when deemed to be income of employer.	<p>6. Where any contributions by an employer (including the interest thereon, if any) are repaid to the employer, the amount so repaid shall be deemed for the purposes of income-tax to be the income of the employer of the financial year in which they are so repaid.</p>	
Appeals	<p>7. (1) An employer objecting to an order of the Commissioner refusing to accord approval to a gratuity fund or an order withdrawing such approval may appeal, within a period of sixty days of such order, to the Board;</p>	

	(2) The appeal shall be in such form, verified in such manner and accompanied by such fee, as the Board may prescribe.	
Particulars to be furnished in respect of gratuity funds.	8. The trustees of an approved gratuity fund and any employer who contributes to an approved gratuity fund shall, when required by notice from the Assessing Officer, furnish within such period, not being less than twenty-one days from the date of the notice, as may be specified in the notice, such return, statement, particulars or information, as the Assessing Officer may require.	
Provisions relating to rules.	9. The Board may, for the purposes of this Part, prescribe— <p>(a) the statements and other information to be submitted along with an application for approval;</p> <p>(b) limiting the ordinary annual and other contributions of an employer to the fund;</p> <p>(c) regulating the investment or deposit of the moneys of an approved gratuity fund;</p> <p>(d) providing for the assessment by way of penalty of any consideration received by an employee for any assignment of, or creation of a charge upon, his beneficial interest in an approved gratuity fund;</p> <p>(e) providing for the withdrawal of approval in the case of a fund which ceases to satisfy the requirements of this Part or of the rules made thereunder;</p> <p>(f) generally, to carry out the purposes of this Part and to secure such further control over the approval of gratuity funds and the administration of gratuity funds as it may deem requisite.</p>	
Interpretations under this Part.	10. In this Part, unless the context otherwise requires, “employer”, “employee”, “contribution” and “salary” shall have, in relation to gratuity funds, the meaning respectively assigned to them in paragraph 16 of Part I in relation to provident funds.	
	PART IV DEEMED APPROVED FUNDS	
Funds deemed to be approved	1. A provident fund, superannuation fund or gratuity fund recognized or approved, as the case may be, in accordance with the provisions of the Income-tax Act, 1961, as it stood before the commencement of this code, shall be deemed to have been approved for the purposes of this Schedule, if it complies with the requirements of this Schedule.	43 of 1961
Application of other provisions of this Schedule	2. All the provisions of this Schedule shall, as far as may be, apply in relation to such funds.	

THE TWENTY- THIRD SCHEDULE
[See Twelfth Schedule]
MINERALS AND GROUP OF ASSOCIATED MINERALS
PART I
Minerals

1. Aluminium ores.
2. Apatite and phosphatic ores.
3. Beryl.
4. Chrome ore.
5. Coal and lignite.
6. Columbite, Samarskite and other minerals of the “rare earths” group.
7. Copper.
8. Gold.
9. Gypsum.
10. Iron ore.
11. Lead.
12. Manganese ore.
13. Molybdenum.
14. Nickel ores.
15. Platinum and other precious metals and their ores.
16. Pitchblende and other uranium ores.
17. Precious stones.
18. Rutile.
19. Silver.
20. Sulphur and its ores.
21. Tin.
22. Tungsten ores.
23. Uraniferous allanite, monazite and other thorium minerals.
24. Uranium bearing tailings left over from ores after extraction of copper and gold, ilmenite and other titanium ores.
25. Vanadium ores.
26. Zinc.
27. Zircon .

Part II

Groups of Associated Minerals

1. Apatite, Beryl, Cassiterite, Columbite, Emerald, Felspar, Lepidolite, Mica, Pitchblende, Quartz, Samarskite, Scheelite, Topaz, Tantalite, Tourmaline.
2. Iron, Manganese, Titanium, Vanadium and Nickel Minerals.
3. Lead, Zinc, Copper, Cadmium, Arsenic, Antimony, Bismuth, Cobalt, Nickel, Molybdenum, and Uranium minerals, and Gold and Silver, Arsinopyrite, Chalcopyrite, Pyrite, Pyphrotite and Pentlandite.
4. Chromium, Osmiridium, Platinum, and Nickel minerals.
5. Kyanite, Sillimanite, Corundum, Dumortieite and Topaz.
6. Gold, Silver, Tellurium, Selenium and Pyrite.
7. Barytes, Fluorite, Chalcocite, Selenium, and minerals of Zinc, Lead and Silver.
8. Tin and Tungsten minerals.
9. Limestone, Dolomite and Magnesite.
10. Ilmenite, Monazite, Zircon, Rutile, Garnet and Sillimanite.
11. Sulphides of copper and iron.
12. Coal, Fireclay and Shale.
13. Magnetite and Apatite.
14. Magnesite and Chromite.
15. Talc (Soapstone and Steatite) and Dolomite.
16. Bauxite, Laterite, Aluminous Clays, Lithomarge, Titanium, Vanadium, Galtium and
17. Columbiur minerals.