

TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II, SECTION 3,
SUB-SECTION (ii)]

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE)

New Delhi, the 19th May, 2016

The Income Declaration Scheme Rules, 2016

NOTIFICATION

S.O. 1831(E)- In exercise of the powers conferred by sub-section (1) and sub-section (2) of section 199 of the Finance Act, 2016 (28 of 2016), the Central Board of Direct Taxes, subject to the control of the Central Government hereby makes the following rules for carrying out the provisions of Chapter IX of the said Act relating to the Income Declaration Scheme, 2016 namely :—

1. Short title and commencement.

- (1) These rules may be called the Income Declaration Scheme Rules, 2016.
- (2) They shall come into force on the 1st day of June, 2016.

2. Definitions.

- (1) In these rules, unless the context otherwise requires, —
 - (a) “Act” means the Finance Act, 2016 (28 of 2016);
 - (b) “Form” means a form appended to these rules;
 - (c) “recognised stock exchange” shall have the same meaning as assigned to it in clause (f) of section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956);
 - (d) “registered valuer” means a person registered as a valuer under section 34AB of the Wealth-tax Act, 1957 (27 of 1957);
 - (e) “section” means a section of the Act.
- (2) Words and expressions used and not defined in these rules but defined in the Act, or the Income-tax Act, 1961 (43 of 1961) or the rules made thereunder, shall have the meanings respectively assigned to them in those Acts and rules.

3. Determination of Fair market value

- (1) The fair market value of the asset shall be determined in the following manner, namely:—
 - (a) the value of bullion, jewellery or precious stone shall be the higher of—
 - (I) its cost of acquisition; and
 - (II) the price such bullion, jewellery or precious stone shall ordinarily fetch if sold in the open market as on the 1st day of June, 2016, on the basis of the valuation report obtained by the declarant from a registered valuer;
 - (b) the valuation of archaeological collections, drawings, paintings, sculptures or any work of art (hereinafter referred to as artistic work) shall be the higher of—
 - (I) its cost of acquisition; and

- (II) the price such artistic work shall ordinarily fetch if sold in the open market as on the 1st day of June, 2016 on the basis of the valuation report obtained by the declarant from a registered valuer;
- (c) the value of shares and securities of –
- (I) quoted share and securities shall be the higher of –
- (i) its cost of acquisition; and
- (ii) the price determined by taking –
- (A) the average of the lowest and highest price of such shares and securities quoted on a recognised stock exchange as on the 1st day of June, 2016; or
- (B) the average of the lowest and highest price of such shares and securities on a recognised stock exchange on a date immediately preceding the 1st day of June, 2016 when such shares and securities were traded on a recognised stock exchange, where on the 1st day of June, 2016 there is no trading in such shares and securities on a recognised stock exchange;
- (II) unquoted equity shares shall be the higher of –
- (i) its cost of acquisition; and
- (ii) the value, on the 1st day of June, 2016, of such equity shares as determined in the following manner, namely: –

$$\text{the fair market value of unquoted equity shares} = \frac{(A+B - L) \times (PV),}{(PE)}$$

where,

- A = book value of all the assets in the balance sheet (other than bullion, jewellery, precious stone, artistic work, shares, securities and immovable property) as reduced by,- (i) any amount of income-tax paid, if any, less the amount of income-tax refund claimed, if any, and (ii) any amount shown as asset including the unamortised amount of deferred expenditure which does not represent the value of any asset;
- B= fair market value of bullion, jewellery, precious stone, artistic work, shares, securities and immovable property as determined in the manner provided in this rule;
- L= book value of liabilities shown in the balance sheet, but not including the following amounts, namely: –
- (i) the paid-up capital in respect of equity shares;
- (ii) the amount set apart for payment of dividends on preference shares and equity shares;
- (iii) reserves and surplus, by whatever name called, even if the resulting figure is negative, other than those set apart towards depreciation;
- (iv) any amount representing provision for taxation, other than amount of income-tax paid, if any, less the amount of income-tax claimed as refund, if any, to the extent of the excess over the tax payable with reference to the book profits in accordance with the law applicable thereto;

(v) any amount representing provisions made for meeting liabilities, other than ascertained liabilities;

(vi) any amount representing contingent liabilities other than arrears of dividends payable in respect of cumulative preference shares;

PE = total amount of paid up equity share capital as shown in the balance-sheet;

PV= the paid up value of such equity share;

(III) unquoted share and security other than equity share in a company shall be the higher of, –

(i) its cost of acquisition; and

(ii) the price that the share or security shall ordinarily fetch if sold in the open market on the 1st day of June, 2016, , on the basis of the valuation report obtained by the declarant from a registered valuer;

(d) the fair market value of an immovable property shall be higher of –

(I) its cost of acquisition; and

(II) the price that the property shall ordinarily fetch if sold in the open market on the 1st day of June, 2016 on the basis of the valuation report obtained by the declarant from a registered valuer;

(e) value of an interest of a person in a partnership firm or in an association of persons or a limited liability partnership of which he is a member shall be determined in the manner as specified in clause (f);

(f) The net asset of the firm, association of persons or limited liability partnership on the 1st day of June, 2016 shall first be determined and the portion of the net asset of the firm, association of persons or limited liability partnership as is equal to the amount of its capital shall be allocated among its partners or members in the proportion in which capital has been contributed by them and the residue of the net asset shall be allocated among the partners or members in accordance with the agreement of partnership or association or limited liability partnership for distribution of assets in the event of dissolution of the firm, association or limited liability partnership, or, in the absence of such agreement, in the proportion in which the partners or members are entitled to share profits and the sum total of the amount so allocated to a partner or member shall be treated as the value of the interest of that partner or member in the partnership or association.

Explanation. – For the purposes of this clause the net asset of the firm, association of persons or limited liability partnership shall be $(A + B - L)$, which shall be determined in the manner provided in sub-clause (II) of clause (c);

(g) valuation of any other asset shall be higher of –

(I) its cost of acquisition or the amount invested; and

(II) the price that the asset would fetch if sold in the open market on the 1st day of June, 2016.

Explanation – For the purposes of this rule, –

(a) “quoted share or security” in relation to share or security means a share or security quoted on any recognized stock exchange with regularity from

time to time, where the quotations of such shares or securities are based on current transaction made in the ordinary course of business;

- (b) “unquoted share and security” in relation to share or security means share or security which is not a quoted share or security;
- (c) “balance sheet” in relation to any company means the balance sheet of such company (including the notes annexed thereto and forming part of the accounts) as on 31st day of March, 2016, which has been audited by the auditor of the company appointed under the Companies Act, 2013 (18 of 2013) and where the balance sheet as on 31st day of March, 2016 is not audited, the balance sheet (including the notes annexed thereto and forming part of the accounts) which has been approved and adopted in the annual general meeting of the shareholders of the company.

(2) Where investment in any asset is partly from an income which has been assessed to tax prior to assessment year 2017-18, the fair market value of the asset determined in accordance with sub-rule (1) shall be reduced by an amount which bears to the value of the asset as on the 1st day of June, 2016, the same proportion as the assessed income bears to the total cost of the asset.

4. Declaration of income or income in the form of investment in any asset.

(1) A declaration of income or income in the form of investment in any asset under section 183 shall be made in Form-1.

(2) The declaration shall be furnished:-

- (a) electronically under digital signature; or
- (b) through transmission of data in the form electronically under electronic verification code; or
- (c) in print form, to the concerned Principal Commissioner or the Commissioner who has the jurisdiction over the declarant.

(3) The Principal Commissioner or the Commissioner shall issue an acknowledgement in Form-2 to the declarant within fifteen days from the end of the month in which the declaration under section 183 has been furnished.

(4) The proof of payment of tax, surcharge and penalty made pursuant to the acknowledgement issued by the Principal Commissioner or the Commissioner shall be furnished by the declarant to the such Principal Commissioner or Commissioner in Form 3.

(5) The Principal Commissioner or the Commissioner shall grant a certificate in Form-4 to the declarant within fifteen days of the submission of proof of payment of tax, surcharge along with penalty by the declarant under section 187 of the Act in respect of the income so declared.

(6) The Principal Director-General of Income-tax (Systems) or Director-General of Income-tax (Systems) shall specify the procedures, formats and standards for ensuring secure capture and transmission of data and shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to furnishing the form in the manner specified in sub-rule(2).

Explanation. – For the purposes of this rule “electronic verification code” means a code generated for the purpose of electronic verification of the person furnishing the return of income as per the data structure and standards specified by Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems).

FORM OF DECLARATION UNDER SECTION 183 OF THE FINANCE ACT, 2016, IN RESPECT OF THE INCOME
DECLARATION SCHEME, 2016

THE INCOME DECLARATION SCHEME RULES, 2016

Form 1
[See rule 4(1)]

To,
The Principal Commissioner/Commissioner
.....

Sir/ Madam,

I hereby make a declaration under section 183 of the Finance Act, 2016. I give below the necessary particulars:-

1. Name of the declarant
2. Address: Office.....
.....
E-mail.....Telephone No.....
Residence.....
.....
E-mail.....Telephone No.....
3. Permanent Account Number (PAN)
(In case PAN is not held, please apply for PAN and quote here)
4. Status of the declarant
(a) Whether individual, HUF, firm, company etc.
(b) Whether Resident/Non-Resident/Not ordinarily resident
5. Details relating to assessment years for which the declaration is being made:

| Assessment year | Whether return of income filed (Yes/No) | If column (2) is Yes, furnish the income returned/ assessed | Assessing Officer (ward/ circle) if return filed in paper form |
|-----------------|---|---|--|
| (1) | (2) | (3) | (4) |
| | | | |
| | | | |
| | | | |

6. Statement of undisclosed income as per Annexure
7. Total amount of declaration of undisclosed income Rs.....
8. Tax payable thereon (@ 30% of item 7) Rs.....
9. Surcharge payable thereon (@ 25% of item 8) Rs.....
10. Penalty payable thereon (@25% of item 8) Rs.....

11. Tax paid, if any, on or before the date of declaration in respect of items 8, 9 or 10 above
(Attach proof of payment and provide details below)

Rs.....

| Sl | BSR Code of Bank | Date of Deposit (DD/MM/YYYY) | Serial Number of Challan | Amount (Rs) |
|-----|------------------|------------------------------|--------------------------|-------------|
| (1) | (2) | (3) | (4) | (5) |
| | | | | |
| | | | | |

12. Balance tax payable

VERIFICATION

I son/daughter/wife of Shri.....
(Full name in block letters) (name of father/husband)

hereby solemnly declare that-

- (a) the information given in this declaration is correct and complete to the best of my knowledge and belief;
- (b) in addition to my own income in respect of the assessment year(s) for which the declaration is made, income of other persons in respect of which I am chargeable to tax and income accruing or arising from the assets held by me through any other person for which I had failed to furnish a return under section 139 of the Income-tax Act, 1961/which I had failed to disclose in a return of income furnished by me before the commencement of the Scheme/which has otherwise escaped assessment, has also been disclosed in this declaration;
- (c) the income of any other person in respect of which I am not chargeable to tax has not been included in this declaration;
- (d) the provisions of clause (a) of section 196 of the Finance Act, 2016 in respect of Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974 are not applicable to me;
- (e) the provision clause (b) of section 196 of the Finance Act, 2016 in respect of Indian Penal Code, the Narcotic Drugs and Psychotropic Substances Act, 1985, the Unlawful Activities (Prevention) Act, 1967, the Prevention of Corruption Act, 1988 are not applicable to me;
- (f) the undersigned has not been notified under section 3 of the Special Court (Trial of Offences Relating to Transactions in Securities) Act, 1992;
- (g) the income declared is not chargeable to tax under the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015;
- (h) the income declared is not chargeable to tax under the Income-tax Act for any previous year relevant to assessment year,-
 - (i) where a notice under section 142 or sub-section (2) of section 143 or section 148 or section 153A or section 153C of the Income-tax Act has been received in respect of such assessment year and the proceeding is pending before the Assessing Officer;
 - (ii) where a search has been conducted under section 132 or requisition has been made under section 132A or a survey has been carried out under section 133A of the Income-tax Act in a previous year and a notice under sub-section (2) of section 143 of the said Act for the assessment year relevant to such previous year or a notice under section 153A or under section 153C of the said Act for an assessment year relevant to any previous year prior to such previous year has not been received and the time for issuance of such notice has not expired.
- (i) the undisclosed income declared in the form of investment in benami property and existing in the name of benamidar shall be transferred in the name of the real owner on or before 30th September, 2017, failing which immunity under Benami Transactions (Prohibition) Act, 1988 shall not be available.

I further declare that I am making this declaration in my capacity as.....
(Designation)

and that I am competent to make this declaration and verify it.

.....
(Signature)

Place.....

Date.....

*Score out whichever is not applicable.

STATEMENT OF UNDISCLOSED INCOME

Description of undisclosed income and income declared in the form of investment in assets (use separate sheet in case of multiple assets in the same category)

I. Total undisclosed income

| S.No. | Assessment year to which the undisclosed income pertains | Amount of undisclosed income (in Rs.) | Nature of undisclosed income |
|--|--|---------------------------------------|------------------------------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| Total (to be taken to item 7 of the Form) | | | |

II. Whether any part of income referred in (I) above is in form of investment in asset Yes No

III. If reply to (II) above is Yes, furnish description of undisclosed income declared in the form of investment in assets (*Use separate sheet in case of multiple assets in the same category*)

1. Immovable property (attach valuation report)

- (i) Nature of property (land/building/flat etc.) _____
- (ii) Address of the property _____
- (iii) Name(s) under which held _____
- (iv) Date of acquisition _____
- (v) Total acquisition cost _____
- (vi) Value as estimated by the registered valuer on
1st June, 2016 _____
- (vii) Fair Market value as per Rule 3 _____

2. Jewellery (attach valuation report)

- (a) Gold
- (I) Purity _____, Weight _____, Value _____
- (II) Purity _____, Weight _____, Value _____
- (b) Diamond (1 carat or more)
- (I) Carat _____, Cut _____, Colour _____, Clarity _____, Value _____
- (II) Carat _____, Cut _____, Colour _____, Clarity _____, Value _____
- (c) Diamond (less than 1 carat) and other precious stones Value _____
- (d) Other precious metals Value _____

3. Artistic work (attach valuation report)

- (i) Nature of artistic work _____
- (ii) Name(s) under which held _____
- (iii) Date of acquisition _____
- (iv) Cost of acquisition _____
- (v) Value of artistic work as estimated by the
registered valuer _____
- (vi) Fair Market value as per Rule 3 _____

4. Shares and securities

(a) Quoted shares and securities [Rule 3(1)(c)(I)]

- (i) Description of security/ share
 - (A) Name of issuer _____
 - (B) Number of securities/shares _____
 - (C) Type of security/ share _____
- (ii) Recognised exchange where quoted _____
- (iii) Name(s) under which held _____
- (iv) Cost of acquisition _____
- (v) Date(s) of acquisition _____
- (vi) Value as determined under Rule 3(1)(c)(I)(ii) _____
- (vii) Fair Market value as per Rule 3 _____

(b) Unquoted equity share [Rule 3(1)(c)(II)] (attach valuation report)

- (i) Description of share
 - (A) Name of issuer _____
 - (B) Number of shares _____
 - (C) Type of share _____
- (ii) Name(s) under which held _____
- (iii) Cost of acquisition _____
- (iv) Date(s) of acquisition _____
- (v) Value as determined under Rule 3(1)(c)(II)(ii) _____
- (vi) Fair Market value as per Rule 3 _____

(c) Unquoted shares and securities other than equity shares in a company [Rule 3(1)(c)(III)] (attach valuation report)

- (i) Description of share/ security
 - (A) Name of issuer _____
 - (B) Number of securities/shares _____
 - (C) Type of security/ share _____
- (ii) Name(s) under which held _____
- (iii) Cost of acquisition _____
- (iv) Date(s) of acquisition _____
- (v) Value as determined under Rule 3(1)(c)(III)(ii) _____
- (vi) Fair Market value as per Rule 3 _____

5. Any other asset

- (i) Description of asset _____
- (ii) Name(s) under which held _____
- (iii) Cost of acquisition/ investment _____
- (iv) Date of acquisition/ investment _____
- (v) Value as determined under Rule 3(1)(g)(II) _____
- (vi) Fair market value as per Rule 3 _____

6. Total value of all the assets declared _____

7. Deduction as per rule 4 of the Income Declaration Scheme Rules, 2016 _____
(where part of asset acquired from income already assessed under the Income-tax Act) (to be provided in respect of each asset separately)
8. Deduction on account of investment made in the asset during the previous year relevant to the assessment year for which a notice u/s 142/143(2)/148/153A/153C of the Income-tax Act is issued _____
9. Total undisclosed income declared in the form of investment in asset (6-7-8) _____

IV. (1) Whether the undisclosed income referred in (I) above had ever been credited in a bank account

| | |
|-----|----|
| Yes | No |
|-----|----|

(2) If Yes, details of such bank accounts

| Name and address of Bank | IFSC Code | Account holder name(s) | Account Number | Balance in the Account as on 01.06.2016 (if any) |
|--------------------------|-----------|------------------------|----------------|--|
| | | | | |
| | | | | |
| | | | | |

.....
 (Signature)

.....
 (Name)

Place.....

Date.....

NOTES:

1. If the total amount of tax, surcharge and penalty payable is not paid before 30th November 2016, the declaration will be treated as void and shall be deemed never to have been made.
2. If the declaration is made by misrepresentation or suppression of facts it shall be void and shall be deemed never to have been made.
3. If space provided is insufficient, separate enclosure may be used for the purpose.
4. In the last column of Table at Point (I) relating to nature of undisclosed income, specify the type of income viz. house property income, business income, professional income, commission income, interest income etc.

ACKNOWLEDGEMENT OF DECLARATION UNDER SECTION 183 OF THE FINANCE ACT, 2016 IN
RESPECT OF THE INCOME DECLARATION SCHEME, 2016

THE INCOME DECLARATION SCHEME RULES, 2016

Form 2
[See rule 4(3)]

Whereas Mr./Mrs./M/s (hereinafter referred to as the declarant) has filed a declaration under section 183 of the Finance Act, 2016;

And whereas the said declaration has been received on ;

Now, therefore after consideration of relevant material, I hereby determine the following amount payable by you with respect to the declaration made under the scheme:

| Sl. No. | Assessment year | Undisclosed income as declared in Form 1 | Undisclosed income eligible for the scheme | Amount payable | | | Reasons (in case of difference in amounts in Column (3) and (4)) |
|--------------|-----------------|--|--|----------------|-----------|---------|--|
| | | | | (5) | | | |
| (1) | (2) | (3) | (4) | Tax | Surcharge | Penalty | (6) |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| Total | | | | | | | |

The declarant is hereby directed to make the payment of sum payable as per column (5) above on or before the 30th day of November, 2016.

In case of non-payment of amount payable upto the 30th day of November, 2016, the declaration under Form-1 shall be treated as void and shall be deemed never to have been made.

Place
Date

.....
Name, signature and seal of Designated Authority

INTIMATION OF PAYMENT UNDER SUB-SECTION (1) OF SECTION 187 OF THE FINANCE ACT, 2016
IN RESPECT OF THE INCOME DECLARATION SCHEME, 2016

THE INCOME DECLARATION SCHEME RULES, 2016

Form 3
[See rule 4(4)]

To,

The Principal Commissioner/Commissioner

.....

Sir/Madam,

Pursuant to the acknowledgement received from you in Form-2 vide certificate F.No._____ dated _____, the detail of payments made are as under:

| Sl | BSR Code of Bank | Date of Deposit (DD/MM/YYYY) | Serial Number of Challan | Amount (Rs) |
|-----|------------------|---------------------------------|-----------------------------|-------------|
| (1) | (2) | (3) | (4) | (5) |
| | | | | |
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Attach proof of payment as detailed above

Place:

.....

Signature

Date:

.....

Designation

.....

Address

.....

PAN

CERTIFICATE OF DECLARATION UNDER SECTION 183 OF THE FINANCE ACT, 2016 IN RESPECT OF
THE INCOME DECLARATION SCHEME, 2016

THE INCOME DECLARATION SCHEME RULES, 2016

Form 4
[See rule 4(5)]

Office of the Principal Commissioner/Commissioner of Income-tax,

.....
.....

This is to acknowledge that a declaration under section 183 of the Finance Act, 2016 has been accepted in respect of the following:

- 1) Name and address of the declarant:
- 2) Son/Daughter/Wife of
- 3) PAN
- 4) Receipt No. and date of filing the Declaration:
- 5) Details of Declaration as per the acknowledgment issued in Form-2

| S.No. | Assessment year | Amount of undisclosed income declared and accepted | Description of assets where undisclosed income declared in the form of investment in asset |
|-------|-----------------|--|--|
| | | | |
| | | | |
| | | | |

- 6) Tax payable on the undisclosed income declared & accepted Rs.
- 7) Surcharge payable on the undisclosed income declared & accepted Rs.
- 8) Penalty payable on the undisclosed income declared & accepted Rs.
- 9) Total Amount payable (6) + (7) + (8) Rs.

10) Details of tax paid

| Sl | BSR Code of Bank | Date of Deposit (DD/MM/YYYY) | Serial Number of Challan | Amount (Rs) |
|-----|------------------|------------------------------|--------------------------|-------------|
| (1) | (2) | (3) | (4) | (5) |
| i | | | | |
| ii | | | | |

11) The declarant shall furnish a proof of transfer of benami property in the name of the real owner on or before 30.09.2017 failing which the immunity from Benami Transactions (Prohibition) Act, 1988 shall not be available.

Date:

.....
(Principal Commissioner/Commissioner of Income-tax)

NOTE: No certificate will be issued unless the total amount of tax, surcharge and penalty payable has been paid

[Notification No. 33/2016, F.No.142/8/2016-TPL

(Ekta Jain)
Deputy Secretary to the Government of India