Notes on Clauses

Clause 2 read with the First Schedule to the Bill, seeks to specify the rates at which income-tax is to be levied on income chargeable to tax for the assessment year 2024-2025. Further, it lays down the rates at which tax is to be deducted at source during the financial year under the Income-tax Act; and the rates at which "advance tax" is to be paid, tax is to be deducted at source from, or paid on, income chargeable under the head "Salaries" or deducted under section 194P of the Income-tax Act and tax is to be calculated and charged in special cases for the financial year 2024-2025.

Clause 3 of the Bill seeks to amend section 2 of the Income-tax Act relating to definitions.

Clause (22) of the said section provides the definition of dividend which, *inter alia,* does not include any payment made by a company on purchase of its own shares from a shareholder in accordance with the provisions of section 77A of the Companies Act, 1956.

It is proposed to amend the said clause so as to insert sub-clause (f) therein and omit item (iv) to provide that dividend, *inter alia,* include any payment 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.

These amendments will take effect from 1st October, 2024.

Clause (42A) of the said section provides that "short-term capital asset" means a capital asset held by an assessee for not more than thirty-six months immediately preceding the date of its transfer, provided that in the case of a security (other than a unit) listed in a recognized stock exchange in India or a unit of the Unit Trust of India established under the Unit Trust of India Act, 1963 (52 of 1963) or a unit of an equity oriented fund or a zero coupon bond or in case of a share of a company (not being a share listed in a recognised stock exchange) or a unit of a Mutual Fund specified under clause (*23D*) of section 10, which is transferred during the period beginning on the 1st day of April, 2014 and ending on the 10th day of July, 2014, the period of holding for the purposes of this clause would be twelve months. The clause also provides that in the case of a share of a company, not being a share listed in a recognised stock exchange in India, or an immovable property, being land or building or both, the period of holding for the purposes of the clause would be twenty-four months.

It is proposed to amend the said clause so as to provide that a "short-term capital asset" would mean a capital asset held by an assessee for not more than twenty-four months immediately preceding the date of its transfer.

It is further proposed to amend the first proviso so as to substitute the period of thirty-six months to twenty-four months in order to align the proviso with the amendment proposed above.

It is also proposed to amend the second proviso to insert the words, brackets, letters and figures "as it stood immediately prior to the commencement of the Finance (No.2) Act, 2024" after the words "had been substituted". It is also proposed to omit the third proviso thereof.

This amendment will take effect retrospectively from 23rd July, 2024.

Clause 4 of the Bill seeks to amend section 10 of the Income-tax Act relating to incomes not included in total income.

Clause (4D) of the said section, *inter alia*, provides that any income accrued or arisen to, or received by a specified fund, shall not be included in computing the total income of a previous year subject to the conditions mentioned therein.

It is proposed to insert a new sub-item in item (I) of sub-clause (i) of clause (c) of the *Explanation* to said clause (4D) to expand the scope of specified fund so as to include a fund established or incorporated in India in the form of a trust or a company or a limited liability partnership or a body corporate, which has been granted a certificate as a retail scheme or an Exchange Traded Fund and is regulated under the International Financial Services Centres Authority (Fund Management) Regulations, 2022, made under the International Financial Services Centres Authority Act, 2019 and satisfies such conditions as may be provided by rules.

It is further proposed to insert a new clause (15B) in the said section to provide that any income of a foreign company from lease rentals by whatever name called, of cruise ships, received from a specified company which operates such ship or ships in India, where such foreign company and the specified company are the subsidiaries of the same holding company, and such income is received or accrues or arises in India for any assessment year beginning on the 1st day of April, 2030.

The *Explanation* proposed to the said clause provides the meaning of the expressions "specified company", "holding company" and "subsidiary company".

These amendments will take effect from 1st April, 2025 and will, accordingly, apply in relation to the assessment year 2025-2026 and subsequent years.

Clause (23C) of said section provides exemption to the income of certain entities.

Sub-clauses (iv), (v), (vi) and (via) of clause (23C) of the said section provide exemption to the income received by any person on behalf of any fund or trust or institution or university or other educational institutions or hospital or other institutions which may be approved or provisionally approved by the Principal Commissioner or Commissioner.

First proviso to clause (23C), *inter alia*, provides that exemption to the fund or trust or institution or university or other educational institution or hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via), under the respective sub-clauses, shall not be available to it unless such fund or trust or institution or university or other educational institution or hospital or other medical institution makes an application in the prescribed form and manner to the Principal Commissioner or Commissioner, for grant of approval within the time as provided under the said proviso and the said fund or trust or institution or university or other educational institution or hospital or other medical institution is approved under the second proviso.

Second proviso to clause (23C) of the said section, provides for the procedure for granting approval to by the Principal Commissioner or Commissioner, on receipt of an application made under the first proviso.

It is also proposed to amend the first and second provisos to clause (23C) of the said section to restrict their applicability to the applications made before the 1st October, 2024.

It is also proposed to insert a new proviso to clause (23C) of the said section so as to provide that no approval under second proviso shall be granted in relation to any application made on or after the 1st October, 2024.

These amendments will take effect from 1st October, 2024.

Clause (*23EE*) of the said section provides exemption to the specified income of Core Settlement Guarantee Fund, set up by a recognised clearing corporation in accordance with the regulations.

Clause (i) of the *Explanation* to the said clause defines the expression "recognised clearing corporation" and clause (ii) thereof defines the expression "regulations".

It is also proposed to amend clause (*i*) of the said *Explanation* to expand the definition of the expression "recognised clearing corporation" by including the recognised clearing corporation as defined in clause (n) of sub-regulation (1) of regulation 2 of the International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021 made under the International Financial Services Centres Authority Act, 2019 also within its scope.

It is also proposed to amend clause (*ii*) of the said *Explanation* to expand the definition of the term "regulations" by including the International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021 made under the International Financial Services Centres Authority Act, 2019 also within its scope.

Clause (23FB) of the said section, *inter alia,* provides that any income of a venture capital company or venture capital fund from investment in a venture capital undertaking, shall not be included in computing the total income of a previous year.

It is also proposed to amend item (II) of sub-clause (A) of clause (b) of the *Explanation* to the said clause (23FB) to expand the scope of venture capital fund to include the venture capital fund referred to in sub-regulation (2) of regulation 18 of the International Financial Services Centres Authority (Fund Management) Regulations, 2022 made under the International Financial Services Centres Authority Act, 2019.

It is also proposed to insert sub-item (iv) in the said item (II) to provide for any other condition as may be provided by rules.

These amendments will take effect from 1st April, 2025 and will, accordingly, apply in relation to the assessment year 2025-2026 and subsequent years.

Clause (34) of the said section provides exemption to any income arising to an assessee, being a shareholder, on account of buy back of shares by the company as referred to in section 115QA.

It is also proposed to insert a new proviso to clause (34) of the said section so as to provide that this clause shall not apply with respect to any buy back of shares by a company on or after the 1st day of October, 2024.

This amendment will take effect from 1st October, 2024.

Clause (50) of the said section provides exemption to any income arising from any specified service provided on or after the date on which the provisions of Chapter VIII of the Finance Act, 2016 comes into force, or arising from any e-commerce supply or services made or provided or facilitated on or after the 1st day of April, 2020 and chargeable to equalisation levy under that Chapter.

It is also proposed to amend the said clause so as to exempt the income arising from any e-commerce supply or services made or provided or facilitated on or after the 1st day of April, 2020 till the 1st day of August, 2024.

This amendment will take effect retrospectively from 1st August, 2024.

Clause 5 of the Bill seeks to amend section 11 of the Income-tax Act relating to income from property held for charitable or religious purposes.

Sub-section (7) of the said section provides that where a trust or an institution has been granted registration under section 12AA or section 12AB or has obtained registration at any time under section 12A and the said registration is in force for any previous year, then, nothing contained in section 10 [other than clause (1), clause (23C), clause (23EC), clause (46) and clause (46A) thereof] shall operate to exclude any income derived from the property held under trust from the total income of the person in receipt thereof for that previous year.

It is proposed to amend the sub-section of the said section so as to provide the reference of clause (23EA), clause (23ED) and clause (46B) of section 10 therein.

First proviso to sub-section (7) of the said section provides that registration shall become inoperative from the date on which the trust or institution is approved under clause (23C) of section 10 or is notified under clause (23EC) or clause (46) or clause (46A) of section 10, as the case may be, or the date on which this proviso has come into force, whichever is later.

It is further proposed to amend the first proviso to said sub-section of the said section so as to provide that such registration shall become inoperative from the date on which the trust or institution is approved under clause (23C) of section 10 or is notified under clause (23EA), clause (23EC), clause (23ED), clause (46) or clause (46A) of the said section, as the case may be, or the date on which this proviso has come into force, whichever is later, or, the 1st day of April of the previous year relevant to the assessment year for which the exemption is claimed under clause (46B) of section 10.

Second proviso to sub-section (7) of the said section provides that the trust or institution, whose registration has become inoperative under the first proviso, may apply to get its registration operative under section 12AA or section 12AB subject to the condition that on doing so, the approval under clause (23C) of section 10 or notification under clause (23EC) or clause (46) or clause (46A) of section 10, as the case may be, to such trust or institution

shall cease to have any effect from the date on which the said registration becomes operative and thereafter, it shall not be entitled to exemption under the respective clauses.

It is proposed to amend the said second proviso so as to provide that the trust or institution, whose registration has become inoperative under the first proviso, may apply to get its registration operative under section 12AA or section 12AB subject to the condition that on doing so, the approval under clause (23C) of section 10 or notification under clause (23EA) or clause (23EC) or clause (23ED) or clause (46) or clause (46A) of the said section, as the case may be, to such trust or institution shall cease to have any effect from the date on which the said registration becomes operative and thereafter, it shall not be entitled to exemption under the respective clauses.

These amendments will take effect from 1st April, 2025.

Clause 6 of the Bill seeks to amend section 12A of the Income-tax Act relating to conditions for applicability of sections 11 and 12.

Sub-section (1) of the said section provides the conditions for applicability of sections 11 and 12 in respect of income of any trust or institution.

Clause (ac) of the said sub-section provides that the provisions of section 11 and section 12 shall not apply in relation to the income of any trust or institution unless, *inter alia*, such trust or institution has made an application in the prescribed form and manner to the Principal Commissioner or Commissioner, for registration of the trust or institution within the time period specified under the said clause and such trust or institution is registered under section 12AB.

Sub-clause (ii) of clause (ac) of sub-section (1) of the said section provides that where the trust or institution is registered under section 12AB and the period of the said registration is due to expire, such trust or institution shall make an application for registration at least six months prior to expiry of the said period.

Sub-clause (iii) of clause (ac) of sub-section (1) of the said section provides that where the trust or institution has been provisionally registered under section 12AB, such trust or institution shall make an application for registration at least six months prior to expiry of period of the provisional registration or within six months of commencement of its activities, whichever is earlier.

It is proposed to amend said sub-clauses (ii) and (iii) of clause (ac) of the said sub-section to allow trust or institution approved or provisionally approved as the case may be, under sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10 to apply under the said sub-clauses with similar conditions.

It is further proposed to insert proviso to clause (ac) of sub-section (1) of the said section to provide that where the application is filed beyond the time allowed in sub-clauses (i) to (vi), the Principal Commissioner or Commissioner may, if he considers that there is a reasonable cause for delay in filing the application, condone such delay and such application shall be deemed to have been filed within time.

These amendments will take effect from 1st October, 2024.

Clause 7 of the Bill seeks to amend section 12AB of the Income-tax Act relating to procedure for fresh registration.

Sub-section (3) of the said section provides that the order under clause (a), sub-clause (ii) of clause (b) and clause (c), of sub-section (1) shall be passed, in such form and manner as may be provided by rules, before expiry of the period of three months, six months and one month, respectively, calculated from the end of the month in which the application was received.

It is proposed to amend sub-section (3) of the said section so as to provide that the order under sub-clause (ii) of clause (b) of sub-section (1) shall be passed, in such form and manner as may be provided by rules, before expiry of the period of six months from the end of the quarter in which the application was received.

This amendment will take effect from 1st October, 2024.

Clause 8 of the Bill seeks to insert a new section 12AC of the Income-tax Act relating to merger of charitable trusts or institutions in certain cases.

The proposed new section provides that any trust or institution registered under section 12AB or approved under sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10, as the case may be, merges with another trust or institution, the provisions of Chapter XII-EB shall not apply if—

(i) the other trust or institution has same or similar objects;

(ii) the other trust or institution is registered under section 12AA or section 12AB or approved under sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10, as the case may be; and

(iii) the said merger fulfils such conditions as may be provided by rules.

This amendment will take effect from 1st April, 2025.

Clause 9 of the Bill seeks to amend section 13 of the Income-tax Act relating to section 11 not to apply in certain cases.

Clause (d) of sub-section (1) of the said section provides that, in the case of a trust for charitable or religious purposes or a charitable or religious institution, nothing contained in section 11 or section 12 shall operate so as to exclude any income, from the total income of the previous year of such trust or institution, if for any period during the previous year, any funds of the trust or institution are, *inter alia*, invested or deposited otherwise than in any one or more of the forms or modes specified in sub-section (5) of section 11.

It is proposed to insert clause (iv) in the first proviso to clause (d) of sub-section (1) of the said section to exclude any asset referred to in sub-clauses (i), (ia) and (ii) of clause (b) of the third proviso to clause (23C) of section 10 or any accretion to the shares, forming part of the corpus mentioned in the said sub-clauses (i) and (ia) and voluntary contributions referred to in sub-clause (iv) of clause (b) of the said proviso.

This amendment will take effect from 1st October, 2024.

Clause 10 of the Bill seeks to amend section 16 of the Income-tax Act relating to deductions from salaries.

The provisions of clause (ia) of the said section provides that a deduction of fifty thousand rupees or the amount of the salary, whichever is less, shall be made before computing the income under the head "Salaries".

It is proposed to insert a new proviso in the said clause to provide that in a case where income-tax is computed under clause (ii) of sub-section (1A) of section 115BAC, the provisions of clause (ia) of section 16 shall have effect as if for the words "fifty thousand rupees", the words "seventy-five thousand rupees" had been substituted.

This amendment will take effect from 1st April, 2025, and will accordingly apply to assessment year 2025-2026 and subsequent years.

Clause 11 of the Bill seeks to amend section 28 of the Income-tax Act relating to profits and gains of business or profession.

The said section provides various types of income that shall be chargeable to income-tax under the head "Profits and gains of business or profession".

It is proposed to amend the said section and insert a new *Explanation* so as to provide that any income from letting out of a residential house or a part of the house by the owner, shall not be chargeable under the head "Profits and gains of business or profession" and shall be chargeable to tax under the head "Income from house property".

This amendment will take effect from 1st April, 2025 and will, accordingly, apply in relation to the assessment year 2025-2026 and subsequent years.

Clause 12 of the Bill seeks to amend section 36 of the Income-tax Act relating to other deductions.

Sub-section (1) of said section provides for various deductions allowed while computing the income under the head 'Profits and gains of business or profession'. Clause (iva) of the said sub-section provides that any sum paid by the assessee as an employer by way of contribution towards a pension scheme, as referred to in section 80CCD, on account of an employee to the extent it does not exceed ten per cent. of the salary of the employee in the previous year, shall be allowed as a deduction to the assessee.

It is proposed to amend the said clause so as to increase the amount of such employer contribution allowed as deduction to the employer, from ten per cent. to fourteen per cent. of the salary of the employee in the previous year.

This amendment will take effect from 1st April, 2025 and will, accordingly, apply in relation to the assessment year 2025-2026 and subsequent years.

Clause 13 of the Bill seeks to amend section 37 of the Income-tax Act relating to general.

Sub-section (1) of said section, *inter alia*, provides that any expenditure not being the expenditure described under section 30 to 36 or of capital or personal nature, shall be allowed in computing the income chargeable under the head "profits and gains of business or profession".

Explanation 1 to the said sub-section provides that if any expenditure incurred by an assessee for any purpose which is an offence or which is prohibited by law shall not be deemed to have been incurred for the purpose of business or profession and no deduction or allowance shall be made in respect of such expenditure. *Explanation* 3 to the said sub-section, clarifies the expression "expenditure incurred by an assessee for any purpose which is an offence or which is prohibited by law" for the purposes of *Explanation* 1.

It is proposed to amend the said *Explanation* 3 to include any expenditure incurred by an assessee to settle proceedings initiated in relation to contravention under such law as may be notified by the Central Government in the Official Gazette in this behalf within the scope of its clarification.

This amendment will take effect from 1st April, 2025 and will, accordingly, apply in relation to the assessment year 2025-2026 and subsequent years.

Clause 14 of the Bill seeks to amend section 40 of the Income-tax Act relating to amounts not deductible.

Sub-clause (v) of clause (b) of the said section provides for disallowance of remuneration paid to any working partner above certain threshold limits.

It is proposed to amend item (a) of sub-clause (v) of clause (b) of the said section 40 so as to increase the limit of remuneration to working partners, which is allowable as deduction such that on the first Rs 6,00,000 of the book-profit or in case of a loss, the limit of remuneration is increased to Rs 3,00,000 or at the rate of 90 per cent. of the book-profit, whichever is more.

This amendment will take effect from 1st April, 2025 and will, accordingly, apply in relation to the assessment year 2025-2026 and subsequent years.

Clause 15 of the Bill seeks to amend section 43D of the Income-tax Act relating to special provision in case of income of public financial institutions, public companies, etc.

The said section provides that the income by way of interest credited in relation to certain categories of bad or doubtful debts shall be chargeable to tax in the previous year in which it is credited to the profit and loss account or, as the case may be, in which it is actually received, whichever is earlier.

It is proposed to amend the marginal heading to omit the expression "public companies," and "or the public company" from body of the said section.

It is further proposed to omit clause (b) of the said section and clauses (a) and (b) of the *Explanation* thereof.

These amendments will take effect from 1st April, 2025 and will, accordingly, apply in relation to the assessment year 2025-2026 and subsequent years.

Clause 16 of the Bill seeks to amend section 44B of the Income-tax Act relating to special provision for computing profits and gains of shipping business in the case of non-residents.

It is proposed to amend the marginal heading and sub-section (1) of the said section so as to provide that the same shall be applicable in the case of non-resident assessee engaged in the business of operation of ships other than cruise ships referred to in section 44BBC.

Sub-section (1) of the said section provides that notwithstanding anything to the contrary contained in sections 28 to 43A, in the case of an assessee, being a non-resident, engaged in the business of operation of ships, a sum equal to seven and a half per cent. of the aggregate of the amounts specified in sub-section (2) of the said section shall be deemed to be the profits and gains of such business chargeable to tax under the head "Profits and gains of business or profession".

It is further proposed to amend the said sub-section to exclude the application of cruise ships referred to in section 44BBC from the said section.

These amendments will take effect from 1st April, 2025 and will, accordingly, apply in relation to the assessment year 2025-2026 and subsequent years.

Clause 17 of the Bill seeks to insert new section 44BBC in the Income-tax Act relating to special provision for computing profits and gains of the business of operation of cruise ships in the case of non-residents.

Sub-section (1) of the said section seeks to provide that notwithstanding anything to the contrary contained in sections 28 to 43A, in the case of an assessee, being a non-resident, engaged in the business of operation of cruise ships subject to the conditions, a sum equal to twenty per cent. of the aggregate of the amounts specified in sub-section (2) shall be deemed to be the profits and gains of such business chargeable to tax under the head "Profits and gains of business or profession".

Sub-section (2) of the said section further proposes to provide that the amounts referred to in sub-section (1) shall be the following, namely:—

(i) the amount paid or payable to the assessee or to any person on his behalf on account of the carriage of passengers; and

(ii) the amount received or deemed to be received by or on behalf of the assessee on account of the carriage of passengers.

These amendments will take effect from 1st April, 2025 and will, accordingly, apply in relation to the assessment year 2025-2026 and subsequent years.

Clause 18 of the Bill seeks to amend section 46A of the Income-tax Act relating to capital gains on purchase by company of its own shares or other specified securities.

The said section provides that where a shareholder or a holder of other specified securities receives any consideration from any company for purchase of its own shares or other specified securities held by such shareholder or holder of other specified securities, then, subject to the provisions of section 48, the difference between the cost of acquisition and the value of consideration received by the shareholder or the holder of other specified securities, as the case may be, shall be deemed to be the capital gains arising to such shareholder or the holder of other specified securities, as the case may be, in the year in which such shares or other specified securities were purchased by the company.

It is proposed to insert a proviso to the said section so as to provide that where the shareholder receives any consideration of the nature referred to in sub-clause (f) of clause (22) of section 2 from any company, in respect of any buy-back of shares, that takes place on or after the 1st day of October, 2024, then for the purposes of this section, the value of consideration received by the shareholder shall be deemed to be nil.

This amendment will take effect from 1st October, 2024.

Clause 19 of the Bill seeks to amend section 47 of the Income-tax Act relating to transactions not regarded as transfer.

The provisions of clause (iii) of the said section provide that any transfer of a capital asset, under a gift or will or an irrevocable trust shall not be regarded as a transfer. The proviso to the said clause makes an exception to the clause in respect of specified Employees' Stock Option Plan or Scheme of a company.

It is proposed to substitute the said clause so as to provide that nothing contained in section 45 shall apply to any transfer of a capital asset by an individual or a Hindu undivided family under a gift or will or an irrevocable trust.

This amendment will take effect from 1st April, 2025 and will, accordingly, apply to assessment year 2025-2026 and subsequent years.

Clause 20 of the Bill seeks to amend section 48 of the Income-tax Act relating to mode of computation.

The second proviso to the said section provides that where long-term capital gain arises from the transfer of a long-term capital asset, other than capital gain arising to a non-resident from the transfer of shares in, or debentures of, an Indian company referred to in the first proviso, the provisions of clause (ii) of the section shall have effect as if for the words "cost of acquisition" and "cost of any improvement", the words "indexed cost of acquisition" and "indexed cost of any improvement" had respectively been substituted.

It is proposed to amend the said proviso so as to limit its applicability to cases where long-term capital gain arises from the transfer which takes place before the 23rd day of July, 2024, of a long-term capital asset, other than capital gain arising to a non-resident from the transfer of shares in, or debentures of, an Indian company referred to in the first proviso.

This amendment will take effect retrospectively from 23rd July, 2024.

Clause 21 of the Bill seeks to amend section 50AA of the Income-tax Act relating to Special provision for computation of capital gains in case of Market Linked Debenture.

It is proposed to substitute the opening portion of the said section so as to provide that notwithstanding anything contained in clause (42A) of section 2 or section 48, where the capital asset—

(a) is a unit of a Specified Mutual Fund acquired on or after the 1st day of April, 2023 or a Market Linked Debenture; or

(b) is an unlisted bond or an unlisted debenture which is transferred or redeemed or matures on or after the 23rd day of July, 2024;

the full value of consideration received or accruing as a result of the transfer or redemption or maturity of such debenture or unit or bond as reduced by—

(i) the cost of acquisition of the debenture or unit or bond; and

(ii) the expenditure incurred wholly and exclusively in connection with such transfer or redemption or maturity,

shall be deemed to be the capital gains arising from the transfer of a short-term capital asset.

This amendment will take effect retrospectively from 23rd July, 2024.

Clause (ii) of the *Explanation* to the said section provides that for the purposes of the section, "Specified Mutual Fund" means a Mutual Fund by whatever name called, where not more than thirty-five per cent. of its total proceeds is invested in the equity shares of domestic companies, provided that the percentage of equity shareholding held in respect of the Specified Mutual Fund shall be computed with reference to the annual average of the daily closing figures.

It is further proposed to substitute the clause (ii) of the *Explanation* and its proviso to provide that "Specified Mutual Fund" means a Mutual Fund by whatever name called, which invests more than sixty-five per cent. of its total proceeds in debt and money market instruments, or a fund which invests sixty-five per cent. or more of its total proceeds in units of a fund referred to in sub-clause (a), provided that the percentage of investment in debt and money market instruments or in units of a fund, as the case may be, in respect of the Specified Mutual Fund, shall be computed with reference to the annual average of the daily closing figures, and provided further that for the purposes of this clause, "debt and money market instruments" shall include any securities, by whatever name called, classified or regulated as debt and money market instruments by the Securities and Exchange Board of India.

This amendment will take effect from 1st April, 2026 and will, accordingly, apply in relation to the assessment year 2026-2027 and subsequent years.

Clause 22 of the Bill seeks to amend section 55 of the Income-tax Act relating to meaning of "adjusted, "cost of improvement" and "cost of acquisition".

Sub-clause (iii) of clause (a) of the *Explanation* to clause (ac) of sub-section (2) of the said section, *inter alia*, provides that where the capital asset is an equity share in a company, the "fair market value" means an amount which bears to the cost of acquisition the same proportion as Cost Inflation Index for the financial year 2017-2018 bears to the Cost Inflation Index for the first year in which the asset was held by the assessee or for the year beginning on the first day of April, 2001, whichever is later.

It is proposed to insert item (AA) in the said sub-clause to provide that in a case where the capital asset is an equity share in a company which is not listed on a recognised stock exchange as on the 31st day of January, 2018, or which became the property of the assessee in consideration of share which is not listed on such exchange as on the 31st day of January, 2018 by way of transaction not regarded as transfer under section 47, as the case may be, but listed on such exchange subsequent to the date of transfer, where such transfer is in respect of sale of unlisted equity shares under an offer for sale to the public included in an initial public offer, "fair market value" would mean an amount which bears to the cost of acquisition the same proportion as Cost Inflation Index for the financial year 2017-2018 bears to the Cost Inflation Index for the first year in which the asset was held by the assessee or for the year beginning on the first day of April, 2001, whichever is later.

This amendment will take effect retrospectively from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

Clause 23 of the Bill seeks to amend section 56 of the Income-tax Act relating to income from other sources.

The provisions of clause (viib) of sub-section (2) of the said section provides that where a company, not being a company in which the public are substantially interested, receives, in any previous year, from any person, any consideration for issue of shares that exceeds the face value of such shares, the aggregate consideration received for such shares as exceeds the fair market value of the shares shall be chargeable to income-tax under the head "Income from other sources".

It is also provides that this clause shall not apply where the consideration for issue of shares is received (i) by a venture capital undertaking from a venture capital company or a venture capital fund or a specified fund; or (ii) by a company from a class or classes of persons as may be notified by the Central Government in this behalf.

It is proposed to amend the said clause so as to provide that the provisions of the said clause shall not apply on or after 1st April, 2025.

This amendment will take effect from 1st April, 2025.

Clause 24 of the Bill seeks to amend section 57 of the Income-tax Act relating to deductions.

Clause (i) of the said section provides that the income chargeable under the head "Income from other sources" in the case of dividends, or interest on securities, shall be computed after making the deductions, of any reasonable sum paid by way of commission or remuneration to a banker or any other person for the purpose of realising such dividend or interest on behalf of the assessee.

It is proposed to amend the said clause to exclude the dividend referred in sub-clause (f) of clause (22) of section 2 for the purposes of the said clause.

It is also proposed to insert a new proviso to the said section to provide that that no deduction shall be allowed in case of dividend income of the nature referred to in sub-clause (f) of clause (22) of section 2.

These amendments will take effect from 1st October, 2024.

Clause (iia) of the said section provides that in the case of income in the nature of family pension, a deduction of a sum equal to thirty-three and one-third per cent. of such income or fifteen thousand rupees, whichever is less, shall be made before computing the income chargeable under the head "Income from other sources".

It is proposed to insert a new proviso in the said clause so as to provide that in a case where income-tax is computed under clause (ii) of sub-section (1A) of section 115BAC of the Act, the provisions of clause (iia) of section 57 shall have effect as if for the words "fifteen thousand rupees", the words "twenty-five thousand rupees" had been substituted.

This amendment will take effect from 1st April, 2025, and will accordingly apply to assessment year 2025-2026 and subsequent years.

Clause 25 of the Bill seeks to amend section 80CCD of the Income-tax Act relating to deduction in respect of contribution to pension scheme of Central Government.

Sub-section (2) of the said section provides that any contribution by the Central Government or the State Government or any other employer to the account of an assessee referred to in sub-section (1), shall be allowed as a deduction to the assessee in the computation of their total income, if it does not exceed fourteen per cent. of their salary in previous year, where such contribution is made by the Central Government or the State Government and ten per cent. of salary in previous year where such contribution is made by any other employer.

It is proposed to insert a proviso to sub-section (2) in the said section, to provide that where the total income of the assessee is chargeable to tax under sub-section (1A) of section 115BAC, the assessee shall be allowed as a deduction of the whole of the amount of the employer contribution as does not exceed fourteen per cent. of his salary in previous year.

These amendments will take effect from 1st April, 2025 and will, accordingly, apply in relation to the assessment year 2025-2026 and subsequent years.

Clause 26 of the Bill seeks to amend section 80G of the Income-tax Act relating to deduction in respect of donations to certain funds, charitable institutions, etc.

Sub-clause (iiihg) of clause (a) of sub-section (2) of the said section provides that in computing the total income of an assessee, there shall be deducted, in accordance with and subject to the provisions of this section, any sums paid by the assessee in the previous year as donations to the National Sports Fund to be set up by the Central Government.

Since, the Central Government had already set up the said fund by the name National Sports Development Fund with effect from 12th November, 1998, it is proposed to amend sub-clause (iiihg) of clause (a) of the said sub-section so as to substitute the expression "The National Sports Fund to be set up" with the expression "The National Sports Development Fund set up".

This amendment will take effect from 1st April, 2025, and will, accordingly, apply in relation to the assessment year 2025-2026 and subsequent years.

First proviso to sub-section (5) of the said section provides that the institution or fund referred to in clause (vi) shall make an application in the prescribed form and manner to the Principal Commissioner or Commissioner, for grant of approval.

It is further proposed to amend the first proviso to sub-section (5) of the said section so as to insert "or" between the clause (iii) and (iv) of the said first proviso and to amend clause (iv) of first proviso thereof to provide that, where activities of the institution or fund have not commenced, at least one month prior to the commencement of the previous year relevant to the assessment year from which the said approval is sought; or commenced, at any time after the commencement of such activities shall make an application for grant of approval.

Item (B) of sub-clause (b) of clause (ii) of second proviso to sub-section (5) of the said section, *inter alia*, provides that the Principal Commissioner or Commissioner, on receipt of an application made under the first proviso, shall where the application is made under clause (ii) or clause (iii) or sub-clause (B) of clause (iv) of the first proviso, after satisfying himself about the genuineness of activities and the fulfilment of all the conditions if he is not so satisfied, pass an order in writing, in this manner specified therein after affording it a reasonable opportunity of being heard.

It is also proposed to amend item (B) of sub-clause (b) of clause (ii) of second proviso to the said sub-section (5) to provide that if the Principal Commissioner or Commissioner is not so satisfied, shall pass an order in writing, rejecting such application and cancelling its approval, if any, after affording it a reasonable opportunity of being heard.

Third proviso to sub-section (5) of the said section provide that the order under clause (i), sub-clause (b) of clause (ii) and clause (iii) of the second proviso to the said sub-section (5) shall be passed in such form and manner as may be provided by rules, before expiry of the period of three months, six months and one month, respectively, calculated from the end of the month in which the application was received.

It is also proposed to amend the third proviso to said sub-section (5) to omit that the order under sub-clause (b) of clause (ii) of the second proviso to the said sub-section (5) shall be passed in such form and manner as may be provided by rules, before expiry of the period of six months, calculated from the end of the month in which the application was received.

It is also proposed to insert a proviso after the third proviso to sub-section (5) of the said section to provide that the order under sub-clause (b) of clause (ii) of the second proviso shall be passed in such form and manner as may be provided by rules, before expiry of the period of six months from the end of the quarter in which the application was received.

These amendments will take effect from 1st October, 2024.

Clause 27 of the Bill seeks to amend section 92CA of the Income-tax Act relating to reference to Transfer Pricing Officer.

Sub-section (2A) of the said section provides that where any other international transaction [other than an international transaction referred under sub-section (1)], comes to the notice of the Transfer Pricing Officer during the course of the proceedings before him, the provisions of Chapter X shall apply as if such other international transaction is an international transaction referred to him under sub-section (1).

Sub-section (2B) of the said section provides that where in respect of an international transaction, the assessee has not furnished the report under section 92E and such transaction comes to the notice of the Transfer Pricing Officer during the course of the proceeding before him, the provisions of Chapter X shall apply as if such transaction is an international transaction referred to him under sub-section (1).

It is proposed to amend the said sub-section so as to include reference of specified domestic transaction in them.

These amendments will take effect from 1st April, 2025 and will, accordingly, apply in relation to the assessment year 2025-2026 and subsequent years.

Clause 28 of the Bill seeks to amend section 94B of the Income-tax Act relating to limitation on interest deduction in certain cases.

Sub-section (3) of the said section provides that nothing contained in sub-section (1) shall apply to an Indian company or a permanent establishment of a foreign company which is engaged in the business of banking or insurance or such class of non-banking financial companies as may be notified by the Central Government in the Official Gazette in this behalf.

It is proposed to amend the said sub-section so as to include reference of a Finance Company located in any International Financial Services Centre.

It is further proposed to amend sub-section (5) of the said section to provide the meaning of expressions “Finance Company” and “International Financial Services Centre”

These amendments will take effect from 1st April, 2025 and will, accordingly, apply in relation to the assessment year 2025-2026 and subsequent years.

Clause 29 of the Bill seeks to amend section 111A of the Income-tax Act relating to tax on short-term capital gains in certain cases.

The said section, *inter alia,* provides that where the total income of an assessee includes any income chargeable under the head "Capital gains", arising from the transfer of a short-term capital asset, being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust and—

(a) the transaction of sale of such equity share or unit is entered into on or after the date on which Chapter VII of the Finance (No. 2) Act, 2004 comes into force; and

(b) such transaction is chargeable to securities transaction tax under that Chapter, the tax payable by the assessee on the total income shall be the aggregate of—

(i) the amount of income-tax calculated on such short-term capital gains at the rate of fifteen per cent; and

(ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income of the assessee:

Provided that in the case of an individual or a Hindu undivided family, being a resident, where the total income as reduced by such short-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such short-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such short-term capital gains shall be computed at the rate of fifteen per cent

It is proposed to substitute longline so as to provide that the tax payable by the assessee on the total income shall be the aggregate of—

(i) the amount of income-tax calculated on such short term capital gains:—

(a) at the rate of fifteen per cent. for any transfer which takes place before the 23rd day of July, 2024 ; and

(b) at the rate of twenty per cent. for any transfer which takes place on or after the 23rd day of July, 2024;

(ii) the amount of income-tax payable on the balance amount of the total income as if such balance amount were the total income of the assessee.

It is further proposed that in the case of an individual or a Hindu undivided family, being a resident, where the total income as reduced by such short-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such short-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such short-term capital gains shall be computed at the rate as applicable in clause (i).

These amendments will take effect retrospectively from 23rd July, 2024.

Clause 30 of the Bill seeks to amend section 112 of the Income-tax Act relating to tax on long-term capital gains.

The said section provides that where the total income of an assessee includes any income, arising from the transfer of a long-term capital asset, which is chargeable under the head “Capital gains”, the tax payable by the assessee on the total income shall be the aggregate of,—

(*a*) in the case of an individual or a Hindu undivided family, being a resident,—

(*i*) the amount of income-tax payable on the total income as reduced by the amount of such long-term capital gains, had the total income as so reduced been his total income; and

(*ii*) the amount of income-tax calculated on such long-term capital gains at the rate of twenty per cent.:

Provided that where the total income as reduced by such long-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such long-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate of twenty per cent.;

(*b*) in the case of a domestic company,—

(*i*) the amount of income-tax payable on the total income as reduced by the amount of such long-term capital gains, had the total income as so reduced been its total income; and

(*ii*) the amount of income-tax calculated on such long-term capital gains at the rate of twenty per cent.;

(*c*) in the case of a non-resident (not being a company) or a foreign company,—

(*i*) the amount of income-tax payable on the total income as reduced by the amount of such long-term capital gains, had the total income as so reduced been its total income; and

(*ii*) the amount of income-tax calculated on long-term capital gains [except where such gain arises from transfer of capital asset referred to in sub-clause (*iii*)] at the rate of twenty per cent.; and

(*iii*) the amount of income-tax on long-term capital gains arising from the transfer of a capital asset, being unlisted securities or shares of a company not being a company in which the public are substantially interested, calculated at the rate of ten per cent. on the capital gains in respect of such asset as computed without giving effect to the first and second proviso to section 48;

(*d*) in any other case of a resident,—

(*i*) the amount of income-tax payable on the total income as reduced by the amount of long-term capital gains, had the total income as so reduced been its total income; and

(*ii*) the amount of income-tax calculated on such long-term capital gains at the rate of twenty per cent.

Provided that where the tax payable in respect of any income arising from the transfer of a long-term capital asset, being listed securities (other than a unit) or zero coupon bond, exceeds ten per cent. of the amount of capital gains before giving effect to the provisions of the second proviso to section 48, then, such excess shall be ignored for the purpose of computing the tax payable by the assessee:

It is proposed to substitute clauses (a), (b), (c), (d) and the first proviso of said section so as to provide that where the total income of an assessee includes any income, arising from the transfer of a long-term capital asset, which is chargeable under the head "Capital gains", the tax payable by the assessee on the total income shall be the aggregate of,—

(*a*) in the case of an individual or a Hindu undivided family, being a resident,—

(*i*) the amount of income-tax payable on the total income as reduced by the amount of such long-term capital gains, had the total income as so reduced been his total income; and

(*ii*) the amount of income-tax calculated on such long-term capital gains,—

(A) at the rate of twenty per cent. for any transfer which takes place before the 23rd day of July, 2024; and

(B) at the rate of twelve and one-half per cent. for any transfer which takes place on or after the 23rd day of July, 2024:

Provided that where the total income as reduced by such long-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such long-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and the tax on the balance of such long-term capital gains shall be computed at the rate as applicable in sub-clause (ii);

(*b*) in the case of a domestic company,—

(*i*) the amount of income-tax payable on the total income as reduced by the amount of such long-term capital gains, had the total income as so reduced been its total income; and

(*ii*) the amount of income-tax calculated on such long-term capital gains

(A) at the rate of twenty per cent. for any transfer which takes place before the 23rd day of July, 2024; and

(B) at the rate of twelve and one-half per cent. for any transfer which takes place on or after the 23rd day of July, 2024 :

(*c*) in the case of a non-resident (not being a company) or a foreign company,—

(*i*) the amount of income-tax payable on the total income as reduced by the amount of such long-term capital gains, had the total income as so reduced been its total income; and

(*ii*) the amount of income-tax calculated on such long-term capital gains

(A) at the rate of twenty per cent. for any transfer [other than transfer referred to in sub-clause (iii)] which takes place before the 23rd day of July, 2024; and

(B) at the rate of twelve and one-half per cent. for any transfer which takes place on or after the 23rd day of July, 2024:

(*iii*) the amount of income-tax on long-term capital gains arising from the transfer of a capital asset which takes place before the 23rd day of July, 2024, being unlisted securities or shares of a company not being a company in which the public are substantially interested, calculated at the rate of ten per cent. on the capital gains in respect of such asset as computed without giving effect to the first and second proviso to section 48;

(*d*) in any other case of a resident,—

(*i*) the amount of income-tax payable on the total income as reduced by the amount of long-term capital gains, had the total income as so reduced been its total income; and

(*ii*) the amount of income-tax calculated on such long-term capital gains,—

(A) at the rate of twenty per cent. for any transfer which takes place before the 23rd day of July, 2024; and

(B) at the rate of twelve and one-half per cent. for any transfer which takes place on or after the 23rd day of July, 2024:

Provided that where the tax payable in respect of any income arising from the transfer of a long-term capital asset which takes place before the 23rd day of July, 2024, being listed securities (other than a unit) or zero coupon bond, exceeds ten per cent of the amount of capital gains before giving effect to the provisions of the second proviso to section 48, then, such excess shall be ignored for the purpose of computing the tax payable by the assessee:

This amendment will take effect retrospectively from 23rd July, 2024.

Clause 31 of the Bill seeks to amend section 112A of the Income-tax Act relating to tax on long-term capital gains in certain cases.

The sub-section (2) of said section, *inter alia,* provide that the tax payable by the assessee on the total income referred to in sub-section (1) of the section shall be the aggregate of—

(i) the amount of income-tax calculated on such long-term capital gains exceeding one lakh rupees at the rate of ten per cent.; and

(ii) the amount of income-tax payable on the total income as reduced by the amount of long-term capital gains referred to in sub-section (1) as if the total income so reduced were the total income of the assessee.

It is proposed to substitute clause (i) of the said sub-section, *inter alia,* so as to provide that the tax payable by the assessee on the total income referred to in sub-section (1) of the section shall be the aggregate of—

(*i*) the amount of income-tax calculated on such long-term capital gains exceeding one lakh twenty-five thousand rupees-

(a) on long-term capital gains at the rate of ten per cent. for any transfer which takes place before the 23rd day of July, 2024; and

(b) on long-term capital gains, at the rate of twelve and one-half per cent. for any transfer which takes place on or after the 23rd day of July, 2024;

Provided that the limit of one lakh twenty-five thousand rupees shall apply on aggregate of the long-term capital gains under sub-clause (a) and (b).

This amendment will take effect retrospectively from 23rd July, 2024.

Clause 32 of the Bill seeks to amend section 113 of the Income-tax Act relating to tax in the case of block assessment of search cases.

It is proposed to amend the said section in order to provide reference of total income instead of total undisclosed income.

This amendment will take effect from 1st September, 2024.

Clause 33 of the Bill seeks to amend section 115AB of the Income-tax Act relating to tax on income from units purchased in foreign currency or capital gains arising from their transfer.

The sub-section (1) of said section provides that where the total income of an assessee, being an overseas financial organisation (hereinafter referred to as Offshore Fund) includes—

(a) income received in respect of units purchased in foreign currency; or

(b) income by way of long-term capital gains arising from the transfer of units purchased in foreign currency,

the income-tax payable shall be the aggregate of—

(i) the amount of income-tax calculated on the income in respect of units referred to in clause (a), if any, included in the total income, at the rate of ten per cent.;

(ii) the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (b), if any, included in the total income, at the rate of ten per cent.; and

(iii) the amount of income-tax with which the Offshore Fund would have been chargeable had its total income been reduced by the amount of income referred to in clause (a) and clause (b).

It is proposed to substitute clause (ii) of said sub-section so as to provide that the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (*b*), if any, included in the total income, shall be at the rate of ten per cent. for any transfer which takes place before the 23rd day of July, 2024, and at the rate of twelve and one-half per cent. for any transfer which takes place on or after the 23rd day of July, 2024.

This amendment will take effect retrospectively from 23rd July, 2024.

Clause 34 of the Bill seeks to amend section 115AC of the Income-tax Act relating to tax on income from bonds or Global Depository Receipts purchased in foreign currency or capital gains arising from their transfer.

The sub-section (1) of said section provides that where the total income of an assessee, being a non-resident, includes—

(a) income by way of interest on bonds of an Indian company issued in accordance with such scheme as the Central Government may, by notification in the Official Gazette, specify in this behalf, or on bonds of a public sector company sold by the Government, and purchased by him in foreign currency; or

(b) income by way of dividends on Global Depository Receipts—

(i) issued in accordance with such scheme as the Central Government may, by notification in the Official Gazette, specify in this behalf, against the initial issue of shares of an Indian company and purchased by him in foreign currency through an approved intermediary; or

(ii) issued against the shares of a public sector company sold by the Government and purchased by him in foreign currency through an approved intermediary; or

(iii) issued or re-issued in accordance with such scheme as the Central Government may, by notification in the Official Gazette, specify in this behalf, against the existing shares of an Indian company purchased by him in foreign currency through an approved intermediary;

(c) income by way of long-term capital gains arising from the transfer of bonds referred to in clause (a) or, as the case may be, Global Depository Receipts referred to in clause (b),

the income-tax payable shall be the aggregate of—

(i) the amount of income-tax calculated on the income by way of interest or dividends, as the case may be, in respect of bonds referred to in clause (a) or Global Depository Receipts referred to in clause (b), if any, included in the total income, at the rate of ten per cent.;

(ii) the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (c), if any, at the rate of ten per cent.; and

(iii) the amount of income-tax with which the non-resident would have been chargeable had his total income been reduced by the amount of income referred to in clauses (a), (b) and (c).

It is proposed to substitute clause (ii) of longline of said sub-section so as to provide that the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (c), if any, included in the total income, shall be at the rate of ten per cent for any transfer which takes place before the 23rd day of July, 2024 and at the rate of twelve and one-half per cent. for any transfer which takes place on or after the 23rd day of July, 2024.

This amendment will take effect retrospectively from 23rd July, 2024.

Clause 35 of the Bill seeks to amend section 115ACA of the Income-tax Act relating to tax on income from Global Depository Receipts purchased in foreign currency or capital gains arising from their transfer.

The sub-section (1) of said section provides that where the total income of an assessee, being an individual, who is a resident and an employee of an Indian company engaged in specified knowledge based industry or service, or an employee of its subsidiary engaged in specified knowledge based industry or service (hereafter in this section referred to as the resident employee), includes—

(a) income by way of dividends on Global Depository Receipts of an Indian company engaged in specified knowledge based industry or service, issued in accordance with such Employees' Stock Option Scheme as the Central Government may, by notification in the Official Gazette, specify in this behalf and purchased by him in foreign currency; or

(b) income by way of long-term capital gains arising from the transfer of Global Depository Receipts referred to in clause (a),

the income-tax payable shall be the aggregate of—

(i) the amount of income-tax calculated on the income by way of dividends in respect of Global Depository Receipts referred to in clause (a), if any, included in the total income, at the rate of ten per cent.;

(ii) the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (b), if any, at the rate of ten per cent.; and

(iii) the amount of income-tax with which the resident employee would have been chargeable had his total income been reduced by the amount of income referred to in clauses (a) and (b).

It is proposed to substitute clause (ii) of longline of said sub-section so as to provide that the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (b), if any, included in the total income, shall be at the rate of ten per cent. for any transfer which takes place before the 23rd day of July, 2024, and at the rate of twelve and one-half per cent. for any transfer which takes place on or after the 23rd day of July, 2024.

This amendment will take effect retrospectively from 23rd July, 2024.

Clause 36 of the Bill seeks to amend section 115AD of the Income-tax Act relating to tax on income of Foreign Institutional Investors from securities or capital gains arising from their transfer.

The said section, *inter alia,* provides that where the total income of a specified fund or Foreign Institutional Investor includes income by way of short-term or long-term capital gains arising from the transfer of securities (other than units referred to in section 115AB of the Act), the income-tax payable shall be calculated as follows—

(i) the amount of income-tax calculated on the income by way of short-term capital gains, if any, included in the total income, at the rate of thirty per cent, provided that the amount of income-tax calculated on the income by way of short-term capital gains referred to in section 111A shall be at the rate of fifteen per cent;

(ii) the amount of income-tax calculated on the income by way of long-term capital gains, if any, included in the total income, at the rate of ten per cent, provided that in case of income arising from the transfer of a long-term capital asset referred to in section 112A, income-tax at the rate of ten per cent shall be calculated on such income exceeding one lakh rupees.

It is proposed to substitute proviso to clause of longline of said sub-section so as to provide that the amount of income-tax calculated on the income by way of short-term capital gains referred to in section 111A shall be at the rate of—

(a) fifteen per cent. for any transfer which takes place before the 23rd day of July, 2024; and

(b) twenty per cent. for any transfer which takes place on or after the 23rd day of July, 2024;

It is further proposed to substitute proviso to clause (iii) of longline of said sub-section so as to provide that in case of income arising from the transfer of a long-term capital asset referred to in section 112A which exceeds one lakh and twenty-five thousand rupees, income-tax shall be calculated at the rate of—

(a) ten per cent. where transfer of such asset takes place before the 23rd day of July, 2024; and

(b) twelve and one-half per. cent where transfer of such asset takes place on or after the 23rd day of July, 2024;

It is proposed to further provide that the limit of one lakh twenty-five thousand rupees mentioned shall apply on aggregate of the long-term capital gains referred to in clause (a) and (b).

These amendments will take effect retrospectively from 23rd July, 2024.

Clause 37 of the Bill seeks to amend section 115BAC of the Income-tax Act relating to tax on income of individuals and Hindu undivided family.

It is proposed to amend sub-section (1A) of the said section to provide that notwithstanding anything contained in this Act but subject to the provisions of Chapter XII, the income-tax payable in respect of the total income of a person, being an individual or Hindu undivided family or association of persons (other than a co-operative society), or body of individuals, whether incorporated or not, or an artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2, other than a person who has exercised an option under sub-section (6),—

(i) for any previous year relevant to the assessment year beginning on the 1st day of April, 2024, shall be computed at the rate of tax given in the following Table, namely:—

TABLE

Sl. No.	Total income	Rate of tax
(1)	(2)	(3)
1.	Upto Rs. 3,00,000	Nil
2.	From Rs. 3,00,001 to Rs. 6,00,000	5 per cent.
3.	From Rs. 6,00,001 to Rs. 9,00,000	10 per cent.
4.	From Rs. 9,00,001 to Rs. 12,00,000	15 per cent.
5.	From Rs. 12,00,001 to Rs. 15,00,000	20 per cent.
6.	Above Rs. 15,00,000	30 per cent.;

(ii) any previous year relevant to the assessment year beginning on or after the 1st day of April, 2025, shall be computed at the rate of tax given in the following Table, namely:—

TABLE

Sl. No.	Total income	Rate of tax
(1)	(2)	(3)
1.	Upto Rs. 3,00,000	Nil

2.	From Rs. 3,00,001 to Rs. 7,00,000	5 per cent.
3.	From Rs. 7,00,001 to Rs. 10,00,000	10 per cent.
4.	From Rs. 10,00,001 to Rs. 12,00,000	15 per cent.
5.	From Rs. 12,00,001 to Rs. 15,00,000	20 per cent.
6.	Above Rs. 15,00,000	30 per cent.

These amendments will take effect from 1st April, 2025 and will, accordingly, apply in relation to the assessment year 2025-2026 and subsequent years.

Clause 38 of the Bill seeks to amend section 115E of the Income-tax Act relating to tax on investment income and long-term capital gains.

The said section provides that where the total income of an assessee, being a non-resident Indian, includes—

(a) any income from investment or income from long-term capital gains of an asset other than a specified asset;

(b) income by way of long-term capital gains,

the tax payable by him shall be the aggregate of—

(i) the amount of income-tax calculated on the income in respect of investment income referred to in clause (a), if any, included in the total income, at the rate of twenty per cent.;

(ii) the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (b), if any, included in the total income, at the rate of ten per cent.; and

(iii) the amount of income-tax with which he would have been chargeable had his total income been reduced by the amount of income referred to in clauses (a) and (b).

It is proposed to substitute clause (ii) of longline of said section so as to provide that the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (b), if any, included in the total income at the rate of ten per cent. for any transfer which takes place before the 23rd day of July, 2024 and at the rate of twelve and one-half per cent. for any transfer which takes place on or after the 23rd day of July, 2024.

This amendment will take effect retrospectively from 23rd July, 2024.

Clause 39 of the Bill seeks to amend section 115QA of the Income-tax Act relating to tax on distributed income to shareholders.

Sub-section (1) of the said section, *inter alia,* provides that notwithstanding anything contained in any other provision of this Act, in addition to the income-tax chargeable in respect of the total income of a domestic company for any assessment year, any amount of distributed income by the company on buy-back of shares from a shareholder shall be

charged to tax and such company shall be liable to pay additional income-tax at the rate of twenty per cent on the distributed income.

It is proposed to insert a new proviso to the said sub-section so as to provide that the provisions of the said sub-section shall not apply in respect of any buy-back of shares, that takes place on or after the 1st day of October, 2024.

This amendment will take effect from 1st October, 2024.

Clause 40 of the Bill seeks to amend section 132B of the Income-tax Act relating to application of seized or requisitioned assets.

The said section provides that the amount of any existing liability under the Income-tax Act, the Wealth-tax Act, 1957, the Expenditure-tax Act, 1987, the Gift-tax Act, 1958 and the Interest-tax Act, 1974, and the amount of liability determined on completion of the assessment or reassessment or recomputation and the assessment of the year relevant to the previous year in which search is initiated or requisition is made, or the amount of liability determined, etc., as given in the section may be recovered from the taxpayer out of seized or requisitioned assets under section 132 or requisitioned under section 132A.

The provisions of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 provides for taxation of undisclosed foreign income and undisclosed foreign assets and such undisclosed foreign income and value of undisclosed foreign asset is taxed under the said Act instead of the Income-tax Act.

It is proposed to amend the clause (i) of sub-section (1) of the said section to provide the reference of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 so as to recover the existing liabilities under the said out of seized assets.

This amendment will take effect from 1st October, 2024.

Clause 41 of the Bill seeks to amend section 139 of the Income-tax Act relating to return of income.

The said section provides that every person, being a company or a firm, or being a person other than a company or a firm whose total income exceeds the maximum amount which is not chargeable to income-tax, shall, furnish a return of his income.

It is proposed to insert a new sub-section (9A) in the said section to provide that return of income furnished in pursuance of an order under clause (b) of sub-section (2) of section 119, the provisions of section 139 shall apply.

This amendment will take effect from 1st October, 2024.

Clause 42 of the Bill seeks to amend section 139AA of the Income-tax Act relating to quoting of Aadhaar number.

The said section provides that every person who is eligible to obtain Aadhaar number shall, on or after the 1st day of July, 2017, quote Aadhaar number—

(i) in the application form for allotment of permanent account number;

(ii) in the return of income.

The proviso to the said sub-section provides that where the person does not possess the Aadhaar Number, the Enrolment ID of Aadhaar application form issued to him at the time of enrolment shall be quoted in the application for permanent account number or in the return of income furnished by him.

It is proposed to amend the said sub-section (1) so as to insert a second proviso providing that the first proviso shall not apply in respect of any application form for allotment of permanent account number or return of income furnished on or after the 1st day of October, 2024.

It is further proposed to insert a new sub-section in the said section specifying that every person who has been allotted permanent account number on the basis of Enrolment ID of Aadhaar application form filed prior to the 1st day of October, 2024, shall intimate his Aadhaar number on or before a notified date to the specified authority.

These amendments will take effect from 1st October, 2024.

Clause 43 of the Bill seeks to amend section 144C of the Income-tax Act, relating to reference to dispute resolution panel.

It is proposed to amend sub-section (15) of the said section so as to provide that "eligible assessee" shall not include person referred to in sub-section (1) of section 158BA or section 158BD.

It is further proposed to insert a new sub-section (16) so as to provide that the provisions of this section shall not apply to any proceedings under Chapter XIV-B.

This amendment will take effect from 1st September, 2024.

Clause 44 of the Bill seeks to substitute sections 148 and 148A of the Income-tax Act relating to issue of notice where income has escaped assessment and conducting inquiry, providing opportunity before issue of notice under section 148, respectively.

The existing provisions of the said section, *inter alia*, provides that before making the assessment, reassessment or recomputation under section 147 the Assessing Officer shall serve on the assessee a notice, along with a copy of the order passed.

It is proposed to substitute the said section so as to provide that if there is any information as to the escaped assessment, the Assessing Officer before making the assessment, reassessment or recomputation shall issue a notice to the assessee, along with a copy of the order passed under sub-section (3) of section 148A requiring him to furnish within such period as may be specified, not exceeding a period of three months from the end of the month in which such notice is issued, a return of his income or the income of any other person in respect of whom he is assessable under this Act.

It further provides that the return of income required to be furnished under sub-section (1) shall be furnished in the such form and verified in such manner and setting forth such

other particulars as may be provided by rules, and the provisions of this Act shall apply accordingly as if such return were a return required to be furnished under section 139.

It is also proposed to provide that where the Assessing Officer has received information under the scheme notified under section 135A, no notice shall be issued under section 148 without prior approval of the specified authority.

It also provides that any return of income required to be furnished by an assessee under this section and furnished beyond the period specified in the notice under sub-section (1), shall not be deemed to be a return under section 139.

It also clarifies the information with the Assessing Officer about the income chargeable to tax which has escaped assessment.

The existing provisions of the section 148A, *inter alia*, provides certain procedures to be followed by Assessing Officer before issuing notice under section 148.

It is proposed to substitute the said section so as to provide that where the Assessing Officer has information which suggests that income chargeable to tax has escaped assessment in the case of an assessee for the relevant assessment year, he shall, before issuing any notice under section 148, provide an opportunity of being heard to such assessee who shall furnish his reply, within such time, as may be specified in such notice.

The Assessing Officer shall, on the basis of material available on record and taking into account the reply of the assessee furnished under sub-section (2), if any, pass an order with the prior approval of the specified authority, determining whether or not it is a fit case to issue notice under section 148.

It also proposed that the provisions of the section 148A shall not apply to income chargeable to tax escaping assessment for any assessment year in the case of an assessee where the Assessing Officer has received information under the scheme notified under section 135A.

It also provides to insert an *Explanation* to explain the expression “specified authority”.

These amendments will take effect from 1st September, 2024.

Clause 45 of the Bill seeks to substitute section 149 of the Income-tax Act relating to time limit for notice.

The existing provisions of the said section, *inter alia,* provides the time limit for the issuance of notice under section 148.

It is proposed to substitute the said section to provide the time line beyond which notice under section 148 and notice to show cause under section 148A shall not be issued by the Assessing Officer in respect of income chargeable to tax, which has escaped assessment.

This amendment will take effect from the 1st September, 2024.

Clause 46 of the Bill seeks to substitute section 151 of the Income-tax Act relating to sanction for issue of notice.

Section 151 provides the specified authority for the purpose of sanction.

It is proposed to substitute the said section so as to provide that specified authority for the purposes of section 148 or 148A shall be the Additional Commissioner or the Additional Director or the Joint Commissioner or the Joint Director, as the case may be.

This amendment will take effect from 1st September, 2024.

Clause 47 of the Bill seeks to amend section 152 of the Income-tax Act relating to other provisions.

It is proposed to insert a new sub-section (3) in the said section so as to provide that where a search has been initiated under section 132, or requisition is made under section 132A, or a survey is conducted under section 133A [other than under sub-section (2A)], on or after the 1st day of April, 2021 but before the 1st day of September, 2024, the provisions of sections 147 to 151 shall apply as they stood immediately before the commencement of the Finance (No. 2) Act, 2024.

It is further proposed to insert a new sub-section (4) in the said section so as to provide that where a notice under section 148 has been issued or an order under clause (d) of section 148A has been passed, prior to the 1st day of September, 2024, the assessment, reassessment or recomputation in such case shall be governed as per the provisions of sections 147 to 151, as they stood immediately before the commencement of the Finance (No. 2) Act, 2024.

These amendments will take effect from 1st September, 2024.

Clause 48 of the Bill seeks to amend section 153 of the Income-tax Act relating to time-limit for completion of assessment, reassessment and recomputation.

Sub-section (1) of the said section provides that assessment under section 143 or section 144 shall be completed within twelve months from the end of the assessment year in which the income was first assessable.

It is proposed to insert a new sub-section (1B) in the said section to provide that order of assessment of cases where return of income is furnished in consequence of an order under clause (b) of sub-section (2) of section 119 may be completed within twelve months from the end of the financial year in which such return is furnished.

Sub-section (3) of the said section provides the time-limit for passing the fresh assessment order in pursuance of an order under section 254 or section 263 or section 264 setting aside or cancelling an assessment. It further provides that such fresh assessment order shall be passed at any time before the expiry of twelve months from the end of the financial year in which the order under section 250 or section 254 is received by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner or, as the case may be, the order under section 263 or section 264 is passed by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner, as the case may be.

It is proposed to insert the reference to section 250 in the said sub-section in order to provide the time-limit for disposal of cases which are separately proposed to be set aside by the Commissioner (Appeals).

Sub-section (8) of the said section provides that order of assessment or reassessment relating to any assessment year, which stands revived under sub-section (2) of section 153A, shall be made within a period of one year from the end of the month of such revival or within the period specified in the said section or sub-section (1) of section 153B, whichever is later.

It is proposed to amend the said sub-section so as to provide the timeline for passing of order in the case of revived assessment or re-assessment proceedings as a consequence of annulment of block assessments.

Clause (xii) of *Explanation* 1 to the said section, *inter alia,* provides that the period (not exceeding one hundred and eighty days) commencing from the date of initiation of search and ending on the date on which the books of accounts or documents or seized materials are handed over to the Assessing Officer is excluded while computing the period of limitation.

It is proposed to insert sixth proviso in the said *Explanation* to provide that the date of limitation in such cases falls at the end of the month, after taking into account the exclusion provided in the said *Explanation*.

These amendments will take effect from 1st October, 2024.

Clause 49 of the Bill seeks to substitute Chapter XIV-B of the Income-tax Act relating to special procedure for assessment of search cases.

Proposed section 158B provides definition for expressions "block period" and "undisclosed income".

Proposed section 158BA relates to Assessment of total income as a result of search.

Sub-section (1) of said section provides that notwithstanding anything contained in any other provisions of the Act, where on or after the 1st day of September, 2024, a search is initiated under section 132, or books of account, other documents or any assets are requisitioned under section 132A, in the case of any person, then, the Assessing Officer shall proceed to assess or reassess the total income of the block period in accordance with the provisions of the said Chapter.

Sub-section (2) of said section provides that the assessment or reassessment or recomputation under the provisions of this Act, if any, pertaining to any assessment year falling in the block period, pending on the date of initiation of the search under section 132, or making of requisition under section 132A, as the case may be, shall abate and shall be deemed to have abated on the date of initiation of search or making the requisition.

Sub-section (3) of said section provides that assessment or reassessment or recomputation or order passed shall also abate with reference to sub-section (1) and sub-section (3) of section 92CA.

Sub-section (4) of said section provides that where any assessment under the provisions of this Chapter is pending in the case of an assessee in whose case a subsequent search is initiated, or a requisition is made, such assessment shall be duly completed, and thereafter, the assessment in respect of such subsequent search or requisition shall be made under the provisions of the said Chapter.

Proviso to the said sub-section provides that period for completing the assessment shall extended to three months in given cases.

Sub-section (5) of said section provides that if any proceeding initiated under this Chapter or any order of assessment or reassessment made under clause (*c*) of sub-section (1) of section 158BC has been annulled in appeal or any other legal proceeding, then, notwithstanding anything in this Chapter or section 153, the assessment or reassessment relating to any assessment year which has abated under sub-section (2) or sub-section (3), shall revive with effect from the date of receipt of the order of such annulment by the Principal Commissioner or Commissioner:

Proviso of the said sub-section provides that such revival shall cease to have effect, if such order of annulment is set aside.

Sub-section (6) of said section provides that the total income of the assessment year relevant to the previous year in which the last of the authorisations for a search is executed or a requisition is made, shall be assessed separately in accordance with the other provisions of the Act.

Sub-section (7) of said section provides that the total income relating to the block period shall be charged to tax, at the rate specified in section 113, as income of the block period irrespective of the previous year or years to which such income relates.

Proposed section 158BB relates to computation of total income of block period.

Sub-section (1) of said section provides that the total income referred to in sub-section (1) of section 158BA of the block period shall be the aggregate of certain incomes.

Sub-section (2) of said section provides that the undisclosed income falling within the block period, forming part of the total income referred to in sub-section (1) of section 158BA, shall be computed in accordance with the provisions of the Act, on the basis of evidence found as a result of search or survey or requisition of books of account or other documents and such other materials or information as are either available with the Assessing Officer or come to his notice during the course of proceedings under this Chapter.

Sub-section (3) of said section provides that where any evidence found as a result of search or requisition of books of account or other documents and such other materials or information as are either available with the Assessing Officer or come to his notice during the course of proceedings under this Chapter, or determined on the basis of entries relating to such income or transactions as recorded in books of account and other documents maintained in the normal course on or before the date of the search or requisition, relates to any international transaction or specified domestic transaction referred to in section 92CA, pertaining to the period beginning from the 1st day of April of the previous year in which last of the authorisations was executed and ending with the date on which last of the authorisations was executed, such evidence shall not be considered for the purposes of determining the total income of the block period and such income shall be considered in the assessment made under the other provisions of the Act.

Sub-section (4) of said section provides that for the purposes of determination of undisclosed income,—

(a) of a firm, such income assessed for each of the previous years falling within the block period shall be the income determined before allowing deduction of salary, interest, commission, bonus or remuneration by whatever name called to any partner not being a working partner;

(b) the provisions of sections 68, 69, 69A, 69B and 69C shall, so far as may be, apply and references to "financial year" in those sections shall be construed as references to the relevant previous year falling in the block period;

(c) the provisions of section 92CA shall, so far as may be, apply and references to "previous year" in that section shall be construed as reference to the relevant previous year falling in the block period excluding the period referred to in sub-section (3).

Sub-section (5) of said section provides that the tax referred to in sub-section (6) of section 158BA shall be charged on the total income determined in the manner specified in sub-section (1) as reduced by the total income referred to in clause (ii), (iii) and clause (iv) of sub-section (1).

Sub-section (6) of said section provides that for the purposes of sub-section (1) and sub-section (5), if the disclosed income under clause (i) of sub-section (1) or where the income disclosed in respect of any previous year comprising the block period, or the returned income or assessed income under clause (ii) or clause (iii) of the sub-section (1), or where the income as determined under clause (iv), is a loss, it shall be ignored.

Sub-section (7) of said section provides that for the purpose of assessment under this Chapter, losses brought forward from the previous year (prior to the first previous

year comprising the block period) under Chapter VI or unabsorbed depreciation under sub-section (2) of section 32 shall not be set off against the undisclosed income determined in the block assessment under this Chapter but may be carried forward for being set off in the previous year subsequent to the assessment year in which the block period ends, for the remaining period, taking into account the block period and such assessment year, and in accordance with the provisions of the Act.

Proposed section 158BC relates to procedure for block assessment.

Sub-section (1) of said section provides that where any search has been initiated under section 132 or books of account, other documents or assets are requisitioned under section 132A, in the case of any person, then,—

(*a*) the Assessing Officer shall, in respect of search initiated, or books of account or other documents or any assets requisitioned, on or after the 1st day of September, 2024, issue a notice to such person, requiring him to furnish within such period, not exceeding a period of sixty days, as may be specified in the notice, a return in the form and verified in the manner, as may be prescribed, setting forth his total income, including the undisclosed income, for the block period.

Provisos to clause (a) deal with certain situations under section 139 and section 148 and deal with revised returns.

Clause (*b*) of said sub-section provides that Assessing Officer shall proceed to determine the total income including the undisclosed income of the block period in the manner laid down in section 158BB and the provisions of section 142, sub-sections (2) and (3) of section 143, section 144, section 145, section 145A and section 145B shall, so far as may be, apply.

Clause (c) of said sub-section provides that Assessing Officer, on determination of the total income of the block period in accordance with this Chapter, shall pass an order of assessment or reassessment and determine the tax payable by him on the basis of such assessment or reassessment.

Provisos of that sub-section deal with orders passed under section 144C and section 158BD.

Clause (d) of said sub-section provides that the assets seized under section 132 or requisitioned under section 132A shall be dealt with in accordance with the provisions of section 132B.

Sub-section (2) of said section provides that the provisions of sub-section (1) of section 143 shall not apply to the return furnished under said section.

Sub-section (3) of said section provides that the prior approval shall be required for issuance of notice.

Proposed section 158BD relates to undisclosed income of any other person.

The said section provides that where the Assessing Officer is satisfied that any undisclosed income belongs to or pertains to or relates to any person, other than the person with respect to whom search was made under section 132 or whose books of account or other documents or any assets were requisitioned under section 132A, then, any money, bullion, jewellery or other valuable article or thing, or assets, or *Explanation* or books of account, other documents, or any information contained therein, seized or requisitioned shall be handed over to the Assessing Officer having jurisdiction over such other person and that Assessing Officer shall proceed under section 158BC against such other person and the provisions of this Chapter shall apply accordingly.

Proposed section 158BE relates to time-limit for completion of block assessment.

Sub-section (1) of said section provides that notwithstanding the provisions of section 153, the order under section 158BC shall be passed within twelve months from the end of the month in which the last of the authorisations for search under section 132, or requisition under section 132A, was executed or made, as the case may be.

Proviso to the said sub-section provide for extension of period by twelve months under certain circumstances.

Sub-section (2) of said section provides that in computing the period of limitation under sub-section (1), the period (not exceeding one hundred and eighty days) commencing from the date on which a search is initiated under section 132 or a requisition is made under section 132A and ending on the date on which the books of account, or other documents or money or bullion or jewellery or other valuable article or thing seized under section 132 or requisitioned under section 132A, as the case may be, are handed over to the Assessing Officer having jurisdiction over the assessee, in whose case such search is initiated under section 132 or such requisition is made under section 132A, as the case may be, shall be excluded.

Proviso to the said sub-section provide for extension of period by twelve months under certain circumstances.

Sub-section (3) of said section provides that the period of limitation for completion of assessment or reassessment for the block period in the case of the other person referred to in section 158BD shall be twelve months from the end of the month in which the notice under section 158BC in pursuance of section 158BD, was issued to such other person.

Proviso to the said sub-section provide for extension of period by twelve months under certain circumstances.

Sub-section (4) of said section provides the periods which shall be excluded in computing the period of limitation.

Proposed section 158BF relates to certain interests and penalties not to be levied or imposed. The said section provides that no interest under the provisions of section 234A, 234B or 234C or penalty under section 270A shall be levied or imposed upon the assessee in respect of the undisclosed income assessed or reassessed for the block period.

Proposed section 158BFA relates to levy of interest and penalty in certain cases.

Sub-section (1) of said section provides that where the return of total income including undisclosed income for the block period, in respect of search initiated under section 132, or books of account, other documents or any assets requisitioned under section 132A, on or after the 1st day of September, 2024, as required by a notice under clause (*a*) of sub-section (1) of section 158BC, is not furnished within the time specified in such notice, or is not furnished, the assessee shall be liable to pay simple interest at the rate of one and one half per cent. of the tax on undisclosed income, determined under clause (*c*) of sub-section (1) of section 158BC, for every month or part of a month comprised in the period commencing on the day immediately following the expiry of the time specified in the notice, and ending on the date of completion of assessment under clause (*c*) of sub-section (1) of section 158BC.

Sub-section (2) of said section, *inter alia,* provides that subject to certain conditions the Assessing Officer or the Commissioner (Appeals) in the course of any proceedings under this Chapter, may direct that the person shall pay by way of penalty a sum which shall be equal to fifty per cent. of tax so leviable in respect of the undisclosed income determined by the Assessing Officer under clause (*c*) of sub-section (1) of section 158BC.

Sub-section (3) of said section provides the circumstance under which no order imposing a penalty under sub-section (2) shall be made.

Sub-section (4) of said section provides the period which shall excluded in computing the period of limitation under the said section.

Sub-section (5) of said section provides that an income-tax authority on making an order under sub-section (2) imposing a penalty, unless he is himself an Assessing Officer, shall forthwith send a copy of such order to the Assessing Officer.

Proposed section 158BG relates to authority competent to make assessment of block period.

The said section provides that the order of assessment for the block period shall be passed by an Assessing Officer not below the rank of a Deputy Commissioner or an Assistant Commissioner or a Deputy Director or an Assistant Director, as the case may be.

Proviso to said section provides that no such order shall be passed without the previous approval of the Additional Commissioner or the Additional Director or the Joint Commissioner or the Joint Director, as the case may be, in respect of search initiated under section 132, or books of account, other documents or any assets requisitioned under section 132A, on or after the 1st day of September, 2024.

Proposed section 158BH relates to application of other provisions of the Act.

The said section provides that save as otherwise provided in this Chapter, all other provisions of this Act shall apply to assessment made under this Chapter.

Proposed section 158BI relates to chapter not to apply in certain circumstances.

The said section provides that the provisions of this Chapter shall not apply where a search was initiated under section 132, or books of account, other documents or any assets were requisitioned under section 132A, before the 1st day of September, 2024, and proceedings in relation to such search or requisition, as the case may be, shall be governed by the other provisions of the Act.

These amendments will take effect from 1st September, 2024.

Clause 50 of the Bill seeks to amend section 192 of the Income-tax Act relating to salary.

The said section provides for provisions relating to deduction of tax at source on salary income.

It is proposed to amend sub-sections (1C) and (2A) of the said section for giving correct reference of clause or sub-section therein.

Sub-section (2B) of the said section provides for consideration of income under any other head and tax, if any, deducted thereon to be taken into account for the purposes of making the deduction under sub-section (1) of the said section.

It is further proposed to expand the scope of the said sub-section by substituting it so as to include any tax deducted or collected under the provisions of Part B or Part BB of this Chapter, as the case may be, to be taken into account for the purposes of making the deduction under sub-section (1).

These amendments will take effect from 1st October, 2024.

Clause 51 of the Bill seeks to amend section 193 of the Income-tax Act relating to interest on securities.

The said section provides for deduction of income-tax at source on interest payable on securities.

The proviso to said section excludes, *inter alia,* any interest payable on any security of the Central Government or a State Government from the requirement of deduction of tax at source. Further, the proviso to clause (iv) of the proviso to the said section provides that any interest payable on 8% Savings (Taxable) Bonds, 2003 or 7.75% Savings (Taxable) Bonds, 2018 shall be liable for deduction of tax at source, if the interest payable on such securities exceeds ten thousand rupees during the financial year.

It is proposed to substitute the proviso to the said clause (iv) to also provide that the interest payable on Floating Rate Savings Bonds, 2020 (Taxable) or any other security of the Central Government or the State Government as may be notified by the Central Government shall also be liable for deduction of tax, if the interest payable on such securities exceeds ten thousand rupees during the financial year.

This amendment will take effect from 1st October, 2024.

Clause 52 of the Bill seeks to amend section 194 of the Income-tax Act relating to dividends.

The said section, *inter alia,* provides that the principal officer of an Indian company or a company which has made the prescribed arrangements for the declaration and payment of dividends (including dividends on preference shares) within India, shall, before making any payment by any mode in respect of any dividend or before making any distribution or payment to a shareholder, who is resident in India, of any dividend within the meaning of sub-clause (a) or sub-clause (b) or sub-clause (c) or sub-clause (d) or sub-clause (e) of clause (22) of section 2, deduct from the amount of such dividend, income-tax at the rate of ten per cent.

It is proposed to amend the said section so as to make it applicable to for sub-clause (f) of clause (22) of section 2.

This amendment will take effect from 1st October, 2024.

Clause 53 of the Bill seeks to amend section 194C of the Income-tax Act relating to payments to contractors.

Clause (iv) of the *Explanation* to the said section provides the meaning for the term "work".

It is proposed to amend the said Clause (iv) to exclude any sum referred to in sub-section (1) of section 194J from the definition of "work".

This amendment will take effect from 1st October, 2024.

Clause 54 of the Bill seeks to amend section 194DA of the Income-tax Act relating to payment in respect of life insurance policy.

The said section provides that any person responsible for paying to a resident any sum under a life insurance policy, including the sum allocated by way of bonus on such policy, other than the amount not includible in the total income under clause (10D) of section 10, shall, at the time of payment thereof, deduct income-tax thereon at the rate of five per cent. on the amount of income comprised therein.

It is proposed to amend the said section so as to reduce the said rate of tax deduction from five per cent. to two per cent.

This amendment will take effect from 1st October, 2024.

Clause 55 of the Bill seeks to omit section 194F of the Income-tax Act relating to payments on account of repurchase of units by Mutual Fund or Unit Trust of India.

The said section provides that the person responsible for paying to any person any amount referred to in sub-section (2) of section 80CCB shall, at the time of payment thereof, deduct income-tax thereon at the rate of twenty per cent.

It is proposed to omit the said section 194F.

This amendment will take effect from 1st October, 2024.

Clause 56 of the Bill seeks to amend section 194G of the Income-tax Act relating to commission etc. on sale of lottery tickets.

The said section provides that any person who is responsible for paying, on or after the 1st day of October, 1991 to any person, who is or has been stocking, distributing, purchasing or selling lottery tickets, any income by way of commission, remuneration or prize (by whatever name called) on such tickets in an amount exceeding fifteen thousand rupees shall, at the time of credit of such income to the account of the payee or at the time of payment of such income in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of five per cent.

It is proposed to amend the said section so as to reduce the said rate of tax deduction from five per cent. to two per cent.

This amendment will take effect from 1st October, 2024.

Clause 57 of the Bill seeks to amend section 194H of the Income-tax Act relating to commission or brokerage.

The said section, *inter alia,* provides that any person, not being an individual or a Hindu undivided family, who is responsible for paying, on or after the 1st day of June, 2001, to a resident, any income by way of commission (not being insurance commission referred to in section 194D) or brokerage, shall, at the time of credit of such income to the account of the payee or at the time of payment of such income in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of five per cent.

It is proposed to amend the said section so as to reduce the said rate of tax deduction from five per cent. to two per cent.

This amendment will take effect from 1st October, 2024.

Clause 58 of the Bill seeks to amend section 194-IA of the Income-tax Act relating to payment on transfer of certain immovable property other than agricultural land.

Sub-section (1) of the said section provides that any person, being a transferee, responsible for paying to a resident transferor any sum by way of consideration for transfer of any immovable property (other than agricultural land), shall, at the time of credit or payment, whichever is earlier, of such sum to the transferor, deduct an amount equal to one per cent. of such sum or the stamp duty value of such property, whichever is higher, as income-tax thereon.

Sub-section (2) of the said section provides that no deduction of tax shall be made where the consideration for the transfer of an immovable property and the stamp duty value of such property, are both less than fifty lakh rupees.

It is proposed to insert a proviso to sub-section (2) of the said section so as to provide that where there is more than one transferor or transferee in respect of any immovable property, then the consideration shall be the aggregate of the amounts paid or payable by all the transferees to the transferor or all the transferors for transfer of such immovable property.

This amendment will take effect from 1st October, 2024.

Clause 59 of the Bill seeks to amend section 194-IB of the Income-tax Act relating to payment of rent by certain individuals or Hindu undivided family.

Sub-section (1) of the said section provides that any person, being an individual or a Hindu undivided family (other than those referred to in the second proviso to section 194-I), responsible for paying to a resident any income by way of rent exceeding fifty thousand rupees for a month or part of a month during the previous year, shall deduct an amount equal to five per cent. of such income as income-tax thereon.

It is proposed to amend the said sub-section so as to reduce the said rate of tax deduction from five per cent. to two per cent.

This amendment will take effect from 1st October, 2024.

Clause 60 of the Bill seeks to amend section 194M of the Income-tax Act relating to payment of certain sums by certain individuals or Hindu undivided family.

Sub-section (1) of the said section provides that any person, being an individual or a Hindu undivided family (other than those who are required to deduct income-tax as per the provisions of section 194C, section 194H or section 194J) responsible for paying any sum to any resident for carrying out any work (including supply of labour for carrying out any work) in pursuance of a contract, by way of commission (not being insurance commission referred to in section 194D) or brokerage or by way of fees for professional services during the financial year, shall, at the time of credit of such sum or at the time of payment of such sum

in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct an amount equal to five per cent. of such sum as income-tax thereon.

It is proposed to amend the said sub-section so as to reduce the said rate of tax deduction from five per cent. to two per cent.

This amendment will take effect from 1st October, 2024.

Clause 61 of the Bill seeks to amend section 194-O of the Income-tax Act relating to payment of certain sums by e-commerce operator to e-commerce participant.

Sub-section (1) of the said section provides that notwithstanding anything to the contrary contained in any of the provisions of Part B of this Chapter, where sale of goods or provision of services of an e-commerce participant is facilitated by an e-commerce operator through its digital or electronic facility or platform (by whatever name called), such e-commerce operator shall, at the time of credit of amount of sale or services or both to the account of an e-commerce participant or at the time of payment thereof to such e-commerce participant by any mode, whichever is earlier, deduct income-tax at the rate of one per cent. of the gross amount of such sales or services or both.

It is proposed to amend the said sub-section so as to reduce the said rate of tax deduction from one per cent. to 0.1 per cent.

This amendment will take effect from 1st October, 2024.

Clause 62 of the Bill seeks to insert a new section 194T in the Income-tax Act relating to payments to partners of firms.

Sub-section (1) of the said section provides that any person, being a firm, responsible for paying any sum in the nature of salary, remuneration, commission, bonus or interest to a partner of the firm, shall, at the time of credit of such amount to the account of the partner (including the capital account) or at the time of payment thereof, whichever is earlier, deduct income-tax thereon at the rate of ten per cent.

Sub-section (2) of the said section provides that no deduction shall be made under sub-section (1) where such sum or, the aggregate of such sums credited or paid or likely to be credited or paid to the partner of the firm does not exceed twenty thousand rupees during the financial year.

This amendment will take effect from 1st April, 2025.

Clause 63 of the Bill seeks to amend section 196B of the Income-tax Act relating to Income from units.

The said section provides that where any income in respect of units referred to in section 115AB or by way of long-term capital gains arising from the transfer of such units is payable to an Offshore Fund, the person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of ten per cent.

It is proposed to amend the said section so as to provide that where any income in respect of units referred to in section 115AB or by way of long-term capital gains arising from the transfer of such units is payable to an Offshore Fund, the person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of,-

(a) ten per cent.in respect of income from units referred to in clause (i) of sub-section (1) of section 115AB;

(b) ten per cent.in respect of long-term capital gains arising from transfer of units referred to in section 115AB, which takes place before the 23rd day of July, 2024;

(c) twelve and one-half per cent in respect of long-term capital gains arising from transfer of units referred to in section 115AB, which takes place on or after the 23rd day of July, 2024.

This amendment will take effect retrospectively from 23rd July, 2024.

Clause 64 of the Bill seeks to amend section 196C of the Income-tax Act relating to income from foreign currency bonds or shares of Indian company.

The said section provides that where any income by way of interest or dividends in respect of bonds or Global Depository Receipts referred to in section 115AC or by way of long-term capital gains arising from the transfer of such bonds or Global Depository Receipts is payable to a non-resident, the person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof by any mode, whichever is earlier, deduct income-tax thereon at the rate of ten per cent.

It is proposed to amend the said section so as to provide that where any income by way of interest or dividends in respect of bonds or Global Depository Receipts referred to in section 115AC or by way of long-term capital gains arising from the transfer of such bonds or Global Depository Receipts is payable to a non-resident, the person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof by any mode, whichever is earlier, deduct income-tax thereon at the rate of,—

(a) ten per cent. in respect of income by way of interest or dividends in respect of bonds or Global Depository Receipts referred to in section 115AC;

(b) ten per cent. in respect of long-term capital gains arising from transfer of such bond or Global Depository Receipts referred to in section 115AC which takes place before the 23rd day of July, 2024;

(c) twelve and one-half per cent. in respect of long-term capital gains arising from transfer of such bond or Global Depository Receipts referred to in section 115AC which takes place on or after the 23rd day of July, 2024.

This amendment will take effect retrospectively from 23rd July, 2024.

Clause 65 of the Bill seeks to amend section 197 of the Income-tax Act relating to certificate for deduction at lower rate.

Sub-section (1) of the said section provides that where, in the case of any income of any person or sum payable to any person, income-tax is required to be deducted at the time of credit or, as the case may be, at the time of payment at the rates in force under the provisions of sections 192, 193, 194, 194A, 194C, 194D, 194G, 194H, 194-I, 194J, 194K, 194LA, 194LBA, 194LBB, 194LBC, 194M, 194-O and 195, the Assessing Officer is satisfied that the total income of the recipient justifies the deduction of income-tax at any lower rates or no deduction of income-tax, as the case may be, the Assessing Officer shall, on an application made by the assessee in this behalf, give to him such certificate as may be appropriate.

It is proposed to amend the said sub-section so as to include the provisions relating to deduction of tax at source on payment of certain sum for purchase of goods under section 194Q also within its scope.

This amendment will take effect from 1st October, 2024.

Clause 66 of the Bill seeks to amend section 198 of the Income-tax Act relating to tax deducted is income received. The said section provides that tax deducted as per provisions of Chapter XVII-B shall, for the purpose of computing the income of an assessee, be deemed to be income received.

It is proposed to amend the said section so as to provide that all sums deducted in accordance with the foregoing provisions of the said Chapter and income tax paid outside India by way of deduction and in respect of which an assessee is allowed a credit against the tax payable under the said Act, shall for the purpose of computing the income of the assessee, be deemed to be income received.

This amendment will take effect from 1st April, 2025.

Clause 67 of the Bill seeks to amend section 200 of the Income-tax Act relating to duty of person deducting tax.

Sub-section (3) of the said section requires that a deductor, after paying the tax deducted to the credit of the Central Government within the prescribed time, prepare such statement for such period and furnish it within such period, as may be provided by rules, to the prescribed authority.

The proviso to said sub-section states that a person may also deliver to the prescribed authority a correction statement for rectification of any mistake or to add, delete or update the information furnished in the statement delivered under this sub-section in such form and verified in such manner as may be specified by the authority.

It is proposed to amend the said section to provide that no correction statement shall be delivered after the expiry of six years from the end of the financial year in which the statement referred to in sub-section (3) is required to be delivered.

This amendment will take effect from 1st April, 2025.

Clause 68 of the Bill seeks to amend section 200A of the Income-tax Act relating to processing of statements of tax deducted at source.

The said section provides the manner in which statement of tax deduction at source or a correction statement made by a person deducting any sum (deductor) under section 200 shall be processed.

It is proposed to amend the marginal heading to insert the words "and other statements".

It is proposed to insert a new sub-section (3) in the said section to provide that the Board may make a scheme for processing of statements which have been made by any other person, not being a deductor.

These amendments will take effect from 1st April, 2025.

Clause 69 of the Bill seeks to amend section 201 of the Income-tax Act, relating to consequences of failure to deduct or pay.

Sub-section (3) of said section provides time limits for when order under sub-section (1) of the said section deeming a person to be an assessee in default can be made in respect of failure to deduct the whole or any part of the tax from a person resident in India.

It is further proposed to amend sub-section (3) of the said section so as to provide that no order shall be made under sub-section (1) deeming a person to be an assessee in default for failure to deduct the whole or any part of the tax from any person after the expiry of six years from the end of the financial year, in which payment is made or credit is given or two years from the end of the financial year in which the correction statement is delivered, whichever is later.

This amendment will take effect from 1st April, 2025.

Clause 70 of the Bill seeks to amend section 206C of the Income-tax Act relating to profits and gains from the business of trading in alcoholic liquor, forest produce, scrap, etc.

It is proposed to substitute sub-section (1F) of the said section to extend its scope to, *inter alia*, provide that every person, being a seller, who receives any amount as consideration for sale of any other goods of value exceeding ten lakh rupees, as may be notified by the Central Government shall, at the time of receipt of such amount, collect from the buyer, a sum equal to one per cent. of the sale consideration as income-tax.

This amendment will take effect from 1st January, 2025.

Sub-section (3B) of the said section requires that the person collecting tax may also deliver to the prescribed authority, a correction statement for rectification of any mistake or to add, delete or update the information furnished in the statement delivered under the proviso to sub-section (3) in such form and verified in such manner, as may be specified by the authority.

It is further proposed to amend the said sub-section (3B) to provide that no correction statement shall be delivered after the expiry of six years from the end of the financial year in which the statement referred to in the proviso to sub-section (3) is required to be delivered.

This amendment will take effect from 1st April, 2025.

It is also proposed to amend the sub-section (4) of the said section, to provide that credit for amount collected and paid to the Central Government shall also be given to any other person eligible for credit for the amount so collected in a particular assessment year in accordance with the rules as may be made under the said Act.

This amendment will take effect from 1st January, 2025.

Sub-section (7) of the said section provides that if any person who is liable to collect tax at source does not collect it or after so collecting fails to pay the same to the credit of the Central Government, then he shall be liable to pay interest at the rate of one per cent. for every month or part of month on the amount of such tax from the date on which such tax was collected to the date on which such tax is actually paid.

It is also proposed to amend the said sub-section so as to increase the rate of simple interest from one per cent. to one and one-half per cent. if the person responsible for collecting tax, after collecting the tax fails to pay it as required under this section.

It is also proposed to insert a new sub-section (7A) to the said section so as to provide that no order shall be made under sub-section (6A) deeming a person to be an assessee in default for failure to collect the whole or any part of the tax from any person, at any time after the expiry of six years from the end of the financial year in which tax was collectible or two years from the end of the financial year in which the correction statement is delivered under sub-section (3B), whichever is later.

These amendments will take effect from 1st April, 2025.

Sub-section (9) of the said section provides that where the Assessing Officer is satisfied that the total income of the buyer or licensee or lessee justifies the collection of the tax at any lower rate than the relevant rate specified in sub-section (1) or sub-section (1C), the Assessing Officer shall, on an application made by the buyer or licensee or lessee in this behalf, give to him a certificate for collection of tax at such lower rate than the relevant rate specified in sub-section (1) or sub-section (1C).

It is also proposed to amend sub-section (9) of the said section so as to include sub-section (1H) of that section under its purview.

It is also proposed to insert a new sub-section (12) in the said section so as to provide that no collection of tax shall be made or collection of tax shall be made at such lower rate in respect of specified transaction, from such person or class of persons, including institution, association or body or class of institutions, associations or bodies, as the Central Government may, by notification in the Official Gazette specify in this behalf.

These amendments will take effect from 1st October, 2024.

Clause 71 of the Bill seeks to amend section 230 of the Income-tax Act relating to tax clearance certificate.

Sub-section (1A) of the said section, *inter alia,* provides that no person who is domiciled in India, shall leave India, unless he obtains a certificate from the income-tax authorities stating that he has no liabilities under the Income-tax Act, or the Wealth-tax Act, 1957, or the Gift-tax Act, 1958, or the Expenditure-tax Act, 1987, or he makes satisfactory arrangements for the payment of all or any of such taxes which are or may become payable by that person. Such certificate is required to be obtained where circumstances exist which, in the opinion of an income-tax authority render it necessary for such person to obtain the same.

It is proposed to amend the proviso to the said sub-section by inserting the reference of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 therein, so as to impose the liabilities under the said Act for the purposes of obtaining the certificate relating to no liabilities.

This amendment will take effect from 1st October, 2024.

Clause 72 of the Bill seeks to amend section 244A of the Income-tax Act relating to interest on refunds.

The proviso to sub-section (1A) of the said section provides that where proceedings for assessment or reassessment are pending in respect of an assessee, in computing the period for determining the additional interest payable to such assessee under this sub-section, the period beginning from the date on which such refund is withheld by the Assessing Officer in accordance with and subject to provisions of sub-section (2) of section 245 and ending with the date on which such assessment or reassessment is made, shall be excluded.

It is proposed to amend the said proviso to substitute the words "on which such assessment or reassessment is made" with the words "upto which such refund is withheld".

This amendment will take effect from 1st October, 2024.

Clause 73 of the Bill seeks to amend section 245 of the Income-tax Act relating to set off and withholding of refunds in certain cases.

Sub-section (2) of the said section provides that where a part of the refund is set off under the provisions of sub-section (1), or where no such amount is set off, and refund becomes due to a person and the Assessing Officer, having regard to the fact that proceedings for assessment or reassessment are pending in the case of such person, is of the opinion that the grant of refund is likely to adversely affect the revenue, he may, for reasons to be recorded in writing and with the previous approval of the Principal Commissioner or the Commissioner, withhold the refund up to the date on which such assessment or reassessment is made".

Thus, the said sub-section, *inter alia*, requires the Assessing Officer to form an opinion for withholding the refund that the grant of refund is likely to adversely affect the revenue.

It is proposed to amend the said sub-section to omit the said requirement.

Further, sub-section (2) of the said section provides that the refund can be withheld up to the date of assessment or reassessment.

It is proposed to amend the said sub-section to provide that the refund can be withheld up to sixty days from the date on which such assessment or reassessment is made.

These amendments will take effect from 1st October, 2024.

Clause 74 of the Bill seeks to amend section 245Q of the Income-tax Act relating to application for advance ruling.

Sub-section (4) of the said section provides that where an application for advance ruling is made before the notified date, and in respect of which no order under sub-section (2) of section 245R has been passed or no advance ruling under sub-section (4) of section 245R has been pronounced before such date, such application pending on the file of the Authority shall be transferred to the Board for Advance Rulings.

It is proposed to insert a proviso to the said sub-section to provide that the applicant may, on or before 31st October, 2024, request the Board for Advance Rulings in writing that the application so transferred may not be proceeded with, if up to the date of such request, the Board for Advance Rulings has not passed an order under sub-section (2) of section 245R.

This amendment will take effect from 1st October, 2024.

Clause 75 of the Bill seeks to amend section 245R of the Income-tax Act relating to procedure on receipt of application.

Sub-section (2) of the said section provides that the Authority may, after examining the application and the records called for, by order, either allow or reject the application.

It is proposed to insert a new proviso to the said sub-section to provide that on receipt of an application under the proviso to sub-section (4) of section 245Q, the Board for Advance Rulings may, by an order under the said sub-section, reject the application referred to in sub-section (1) thereof as withdrawn, on or before the 31st December, 2024.

This amendment will take effect from 1st October, 2024.

Clause 76 of the Bill seeks to amend section 246A of the Income-tax Act relating to appealable orders before Commissioner (Appeals).

It is proposed to amend the said section so as to insert a new clause after clause (k) to provide that an order passed under clause (c) of sub-section (1) of section 158BC in respect of search initiated under section 132, or books of account, other documents or any assets requisitioned under section 132A may be appealable under that section.

This amendment will take effect from 1st September, 2024.

Clause 77 of the Bill seeks to amend section 251 of the Income-tax Act relating to powers of the Joint Commissioner (Appeals) or the Commissioner (Appeals).

Sub-section (1) of the said section provides that Commissioner (Appeals) shall have, *inter alia*, the powers to confirm, reduce, enhance or annul the assessment, in the case of an appeal against an order of assessment; or confirm, cancel, or vary to enhance or reduce, the penalty order, in the case of an appeal against an order imposing a penalty while disposing of such appeal.

It is proposed to amend the said sub-section by inserting a proviso in clause (a) of sub-section (1) thereof to provide that where an appeal is against an order of assessment under section 144, the Commissioner (Appeals) shall have the power to set aside such assessment made under section 144, and refer the case back to the Assessing Officer for making a fresh assessment.

This amendment will take effect from 1st October, 2024.

Clause 78 of the Bill seeks to amend section 253 of the Income-tax Act relating to appeals to the Appellate Tribunal.

Sub-section (1) of the said section provides that any assessee aggrieved by any of the orders passed under various provision specified therein may appeal to the Appellate Tribunal against the said orders.

It is proposed to amend clause (a) of the said section 253 to provide the reference of section 158BFA therein which provides for levy of interest and penalty in certain cases.

Sub-section (3) of the said section provides that every appeals to the Appellate Tribunal is to be filed within sixty days of the date on which the order sought to be appealed against is communicated to the assessee or to the Principal Commissioner or Commissioner, as the case may be.

It is proposed to amend the said sub-section to provide that the appeal before the Appellate Tribunal may be filed within two months from the end of the month in which the order sought to be appealed against is communicated to the assessee or to the Principal Commissioner or Commissioner, as the case may be.

These amendments will take effect from 1st October, 2024.

Clause 79 of the Bill seeks to amend section 271FAA of the Income-tax Act, 1961 relating to penalty for furnishing inaccurate statement of financial transaction or reportable account.

The sub-section (1) of the said section, *inter alia*, provide that if a person referred to in sub-section (1) of section 285BA of the Act, who is required to furnish a statement under that section, provides inaccurate information in the statement, and where such inaccuracy is due to the circumstances specified in clauses (a) to (c) therein, then, the prescribed income-tax authority under sub-section (1) of section 285BA may direct that such person shall pay, by way of penalty, a sum of fifty thousand rupees.

It is proposed to substitute the said sub-section so as to provide that if a person who is required to furnish a statement under section 285BA, provides inaccurate information in the statement or fails to furnish correct information within the period specified under sub-section (6) of the said section 285BA; or fails to comply with the due diligence requirement prescribed under sub-section (7) of the said section, then, the prescribed income-tax authority referred to in sub-section (1) thereof may direct that such person shall pay, by way of penalty, a sum of fifty thousand rupees.

This amendment will take effect from 1st October, 2024.

Clause 80 of the Bill seeks to insert a new section 271GC in the Income-tax Act relating to penalty for failure to submit statement under section 285.

It is proposed to insert the said section so as to provide that if any person who is required to furnish statement under section 285, fails to do so within the period prescribed under that section, the Assessing Officer may direct that such person shall pay, by way of penalty, a sum of one thousand rupees for every day for which the failure continues, if the period of failure does not exceed three months or one lakh rupees in any other case.

This amendment will take effect from 1st April, 2025.

Clause 81 of the Bill seeks to amend section 271H of the Income-tax Act, relating to penalty for failure to furnish statements, etc.

Sub-section (1) of the said section provides for penalty for failure to deliver or cause to be delivered statements referred to in sub-section (3) of section 200 (relating to tax deducted at source) or proviso to sub-section (3) of section 206C (relating to tax collected at source) or furnishing of incorrect information in the statement.

Sub-section (3) of the said section prescribed time limit of one year for delivering or causing to be delivered the statements.

It is proposed to amend the sub-section (3) so as to reduce the time limit from one year to one month.

This amendment will take effect from 1st April, 2025.

Clause 82 of the Bill seeks to amend section 273B of the Income-tax Act relating to penalty not to be imposed in certain cases.

The said section, *inter alia,* provides that notwithstanding anything contained in the provisions mentioned therein, no penalty shall be imposable on the person or the assessee, as the case may be, for any failure referred to in the said provisions if he proves that there was reasonable cause for the said failure.

It is proposed to amend the said section to give reference of section 271AA also therein so as to allow non-imposition of penalty on any person or assessee for failure under section 271FAA if he proves that there was reasonable cause for such failure.

This amendment will take effect from 1st October, 2024.

It is further proposed to amend the said section to provide the reference of section 271GC also therein.

This amendment will take effect from 1st April, 2025.

Clause 83 of the Bill seeks to amend section 275 of the Income-tax Act relating to bar of limitation for imposing penalties.

The said section, *inter alia*, provides that no penalty can be imposed in a case where appeal is preferred before the Commissioner of Income tax (Appeal) under section 246 or section 246A after the end of the financial year in which the proceedings, in the course of which action for imposition of penalty has been initiated are completed, or six months from the end of the month in which the order of the Commissioner of Income tax (Appeal) is received by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner, whichever period expires later.

It is proposed to amend sub-sections (1) and (1A) of the said section so as to omit the reference of the Principal Chief Commissioner or Chief Commissioner from the said sub-sections.

These amendments will take effect from 1st October, 2024.

Clause 84 of the Bill seeks to amend section 276B of the Income-tax Act, relating to failure to pay tax to the credit of Central Government under Chapter XII-D or XVII-B.

The said section, *inter alia*, provides that if a person fails to pay to the credit of the Central Government, the tax deducted at source by him as required by or under the provisions of Chapter XVII-B, he shall be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to seven years and with fine.

It is proposed to insert a proviso to the said section so as to provide that the provisions of this section shall not apply if the payment referred to in clause (a) has been made to the credit of the Central Government at any time on or before the time prescribed for filing the statement under sub-section (3) of section 200.

This amendment will take effect from 1st October, 2024.

Clause 85 of the Bill seeks to amend section 276CCC of the Income-tax Act relating to failure to furnish return of income in search cases.

It is proposed to amend said section in order to provide reference of clause (a) of sub-section (1) of section 158BC therein.

This amendment will take effect from 1st September, 2024.

Clause 86 of the Bill seeks to amend section 285 of the Income-tax Act relating to submission of statement by a non-resident having liaison office.

The said section provides that 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 a financial year, prepare and deliver or cause to be delivered to the Assessing Officer having jurisdiction, within sixty days from the end of such financial year, a statement in such form and containing such particulars as may be provided by rules.

It is proposed to amend the said section to provide that the said statement shall be delivered to the Assessing Officer within the period and containing such particulars as may be provided by rules.

This amendment will take effect from 1st April, 2025.

Clause 87 of the Bill seeks to amend the First Schedule to the Income-tax Act relating to insurance business.

Rule 2 of the said Schedule, states that the profits and gains of life insurance business shall be taken to be the annual average of the surplus arrived at by adjusting the surplus or deficit disclosed by the actuarial valuation made in accordance with the Insurance Act, 1938, in respect of the last inter-valuation period ending before the commencement of the assessment year and excluding from it such surplus or deficit included therein which was made in any earlier inter-valuation period.

It is proposed to insert a proviso to the said rule, so as to provide that any expenditure which is not admissible under the provisions of section 37 in computing the profits and gains of a business, shall be included back to the profits and gains of the life insurance business.

This amendment will take effect from 1st April, 2025 and will, accordingly, apply in relation to the assessment year 2025-2026 and subsequent years.

Clauses 88 to 99 of the Bill seek to insert a new Chapter to provide the Direct Tax *Vivad se Vishwas* Scheme, 2024.

The Chapter, *inter alia*, provides—

(a) the definitions of certain expressions relating to “appellant”, “appellant forum”, “declarant”, “declaration”, “designated authority”, “disputed fee”, “disputed income”, “disputed interest”, “disputed penalty”, “disputed tax”, “last date”, “specified date” and “tax arrear”;

(b) the provisions relating to the amount payable by the declarant;

(c) the provisions relating to the particulars to be furnished in the form of declaration;

(d) the provisions relating to the time and manner of payment of tax arrear;

(e) the provisions relating to immunity from initiation of proceedings in respect of offence and imposition of penalty in certain cases;

(f) the provisions of no refund of amount paid under the Scheme;

(g) the provisions relating to benefit, concession or immunity not to apply in other proceedings;

(h) the provisions relating to the Scheme not being applicable in certain cases;

(i) the provisions relating to the power of the Central Board of Direct Taxes to issue directions;

(j) the provisions relating to the power of the Central Government to remove difficulties in giving effect to the provisions of the said Scheme, 2024; and

(k) the provisions relating to the power of the Central Government to make rules for carrying out the provisions of this Scheme.

This Chapter will take effect from such date as the Central Government may notify.

Customs

Clause 100 of the Bill seeks to amend section 28DA of the Customs Act, so as to enable the acceptance of different types of proof of origin provided in trade agreements to align the said provision with new trade agreements which provide for self-certification.

Clause 101 of the Bill seeks to insert a proviso in sub-section (*1*) of section 65 of the Customs Act, to empower the Central Government to specify certain manufacturing processes and other operations in relation to a class of goods that shall not be permitted in a warehouse.

Clause 102 of the Bill seeks to amend section 143AA of the Customs Act by inserting the words "or any other persons," after the words "importers or exporters" so as to facilitate trade and encourage compliances.

Clause 103 of the Bill seeks to insert the words 'or any other persons' in clause (*m*) of sub-section (*2*) of section 157 enabling the Board to make regulation on the measures and separate procedure or documentation for such persons, apart from the existing class or category specified therein.

Clause 104 of the Bill seeks to validate the notification of the Government of India in the Ministry of Finance (Department of Revenue) number G.S.R. 394 (E), dated the 12th July, 2024 issued by the Central Government, in exercise of the powers conferred by sub-section (*1*) of section 25 of the Customs Act, read with sub-section (*12*) of section 3, of the Customs Tariff Act, retrospectively with effect from the 1st day of July, 2017 so as to provide exemption from compensation cess leviable on imports in SEZ by SEZ unit or developer for authorised operations.

Clause 105 of the Bill seeks to amend notification number G.S.R. 356(E), dated the 10th May, 2023, to notify the amended conditions, retrospectively, with effect from the 1st day of April, 2023 as specified in the Second Schedule.

The clause further seeks to provide consequential admissible refund if the person claiming the refund makes an application on or before the 31st day of March, 2025.

Customs Tariff

Clause 106 of the Bill seeks to omit section 6 of the Customs Tariff Act as the tariff commission has been wound up *vide* Resolution, dated 1st June, 2022 by the Government of India.

Clause 107 of the Bill seeks to amend the First Schedule to the Customs Tariff Act so as to create new tariff lines in the manner specified in,—

(*a*) the Third Schedule with a view to revise the rates in respect of certain tariff items;

(*b*) the Fourth Schedule so as to create new tariff lines, modify existing tariff lines and revise the rates in respect of certain tariff items with effect from the 1st day of October, 2024;

Excise

Clause 108 of the Bill seeks to amend the notification issued under sub-section (*1*) of section 5A of the Central Excise Act, *vide* number G.S.R.163(E), dated 17th March, 2012, retrospectively, with effect from 29th June, 2017 in the manner specified in the Fifth Schedule with respect to time frame provided for submission of final mega power project certificates.

Clause 109 of the Bill seeks to amend the notification issued under sub-section (*1*) of section 5A of the Central Excise Act, *vide* number G.S.R.794(E), dated 30th June, 2017, in the manner specified in the Sixth Schedule so as to provide retrospective exemption from Clean Environment Cess on excisable goods lying in stock as on 30th June, 2017, on which Goods and Service Tax compensation cess is payable at the time of supply of such excisable goods on or after 1st July, 2017.

Central Goods and Services Tax

Clause 110 of the Bill seeks to amend sub-section (*1*) of section 9 of the Central Goods and Services Tax Act, so as to not to levy central tax on un-denatured extra neutral alcohol or rectified spirit used for manufacture of alcoholic liquor for human consumption.

Clause 111 of the Bill seeks to make consequential amendments in sub-section (*5*) of section 10 of the Central Goods and Services Tax Act, so as to incorporate a reference to the proposed new section 74A.

Clause 112 of the Bill seeks to insert a new section 11A in the Central Goods and Services Tax Act, so as to empower the Government to regularise non-levy or short levy of central tax where it is satisfied that such non-levy or short levy was a result of general practice.

Clause 113 of the Bill seeks to amend sub-section (*3*) of section 13 of the Central Goods and Services Tax Act, so as to specify the time of supply of services in cases where the invoice is required to be issued by the recipient of services in reverse charge supplies.

Clause 114 of the Bill seeks to insert a new sub-section (*5*) in section 16 of the Central Goods and Services Tax Act, so as to carve out an exception to the existing sub-section (*4*) and to provide that in respect of an invoice or debit note for the Financial Years 2017-18, 2018-19, 2019-20 and 2020-21, the registered person shall be entitled to take input tax credit in any return under section 39 which is filed upto the thirtieth day of November, 2021.

It also proposes to insert a new sub-section (*6*) in the said section so as to allow the availment of input tax credit in respect of an invoice or debit note in a return filed for the period from the date of cancellation of registration or the effective date of cancellation of registration, as the case may be, till the date of order of revocation of cancellation of registration, filed within thirty days of the date of order of revocation of cancellation of registration, subject to the condition that the time-limit for availment of credit in respect of the said invoice or debit note should not have already expired under sub-section (*4*) of the said section on the date of order of cancellation of registration.

The aforesaid amendments are proposed to be made effective from the 1st day of July, 2017.

Further it is proposed that where the tax has been paid or the input tax credit has been reversed, no refund of the same shall be admissible.

Clause 115 of the Bill seeks to amend sub-section (*5*) of section 17 of the Central Goods and Services Tax Act, so as to restrict the non availability of input tax credit in respect of tax paid under section 74 of the said Act only for demands upto Financial Year 2023-24.

It also proposes to remove reference to sections 129 and 130 in the said sub-section.

Clause 116 of the Bill seeks to make consequential amendment in section 21 of the Central Goods and Services Tax Act, so as to incorporate a reference to the proposed new section 74A.

Clause 117 of the Bill seeks to insert a new proviso in sub-section (*2*) of section 30 of the Central Goods and Services Tax Act, so as to empower the Central Government to prescribe conditions and restrictions for revocation of cancellation of registration by rules.

Clause 118 of the Bill seeks to amend clause (*f*) of sub-section (*3*) of section 31 of the Central Goods and Services Tax Act, so as to empower the Central Government to prescribe the time period for issuance of invoice by the recipient in case of reverse charge mechanism supplies by rules.

It also proposes to insert an *Explanation* in sub-section (*3*) of the said section so as to specify that a supplier registered solely for the purposes of tax deduction at source under section 51 of the said Act shall not be considered as a registered person for the purpose of clause (*f*) of sub-section (*3*) of section 31 of the said Act.

Clause 119 of the Bill seeks to make consequential amendment in sub-section (*6*) of section 35 of the Central Goods and Services Tax Act, so as to incorporate a reference to the proposed new section 74A.

Clause 120 of the Bill seeks to substitute sub-section (*3*) of section 39 of the Central Goods and Services Tax Act, so as to mandate the electronic furnishing of return for each month by the registered person required to deduct tax at source, irrespective of whether any deduction has been made in the said month or not.

It also empowers the Government to prescribe by rules, the form, manner and the time within which such return shall be filed.

Clause 121 of the Bill seeks to make consequential amendments in sub-section (*8*) of section 49 of the Central Goods and Services Tax Act, so as to incorporate a reference to the proposed new section 74A.

Clause 122 of the Bill seeks to make consequential amendments in sub-section (*1*) of section 50 in the Central Goods and Services Tax Act, so as to incorporate a reference to the proposed new section 74A.

Clause 123 of the Bill seeks to make consequential amendments in sub-section (*7*) of section 51 of the Central Goods and Services Tax Act, so as to incorporate a reference to the proposed new section 74A.

Clause 124 of the Bill seeks to insert a new sub-section (*15*) in section 54 of the Central Goods and Services Tax Act, so as to omit the second proviso to sub-section (*3*) and to provide that no refund of unutilised input tax credit or of integrated tax shall be allowed in cases of zero rated supply of goods where such goods are subjected to export duty.

Clause 125 of the Bill seeks to make consequential amendments in sub-section (*3*) of section 61 of the Central Goods and Services Tax Act, so as to incorporate a reference to the proposed new section 74A.

Clause 126 of the Bill seeks to make consequential amendments in sub-section (*1*) of section 62 of the Central Goods and Services Tax Act, so as to incorporate a reference to the proposed new section 74A.

Clause 127 of the Bill seeks to make consequential amendments in section 63 of the Central Goods and Services Tax Act, so as to incorporate a reference to the proposed new section 74A.

Clause 128 of the Bill seeks to make consequential amendments in sub-section (*2*) of section 64 of the Central Goods and Services Tax Act, so as to incorporate a reference to the proposed new section 74A.

Clause 129 of the Bill seeks to make consequential amendments in sub-section (*7*) of section 65 of the Central Goods and Services Tax Act, so as to incorporate a reference to the proposed new section 74A.

Clause 130 of the Bill seeks to make consequential amendments in sub-section (*6*) of section 66 of the Central Goods and Services Tax Act, so as to incorporate a reference to the proposed new section 74A.

Clause 131 of the Bill seeks to insert a new sub-section (*1A*) in section 70 of the Central Goods and Services Tax Act, so as to enable an authorised representative to appear on behalf of the summoned person before the proper officer in compliance of summons issued by the said officer.

Clause 132 of the Bill seeks to insert a new sub-section (*12*) in section 73 of the Central Goods and Services Tax Act, so as to restrict the applicability of the said section for determination of tax pertaining to the period upto Financial Year 2023-24.

It also proposes to amend the marginal heading of the said section accordingly.

Clause 133 of the Bill seeks to insert a new sub-section (*12*) in section 74 of the Central Goods and Services Tax Act, so as to restrict the applicability of the said section for determination of tax pertaining to the period upto Financial Year 2023-24.

It also proposes to amend the marginal heading of the said section accordingly.

Clause 134 of the Bill seeks to insert a new section 74A in the Central Goods and Services Tax Act, so as to provide for determination of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised for any reason pertaining to the Financial Year 2024-25 onwards.

It also provides for the same limitation period for issuing demand notices and orders in respect of demands from the Financial Year 2024-25 onwards, irrespective of whether the charges of fraud, wilful misstatement, or suppression of facts are invoked or not, while keeping a higher penalty, for cases involving fraud, wilful misstatement, or suppression of facts.

Clause 135 of the Bill seeks to insert a new sub-section (*2A*) in section 75 of the Central Goods and Services Tax Act, so as to provide for redetermination of penalty demanded in a notice invoking penal provisions under clause (*ii*) of sub-section (*5*) of the proposed section 74A of the said Act to re-determine the penalty as per clause (*i*) of the sub-section (*5*) of the said section, in cases where the charges of fraud, wilful misstatement, or suppression of facts are not established.

It also seeks to make consequential amendments in section 75 of the said Act, so as to incorporate a reference to the proposed section 74A or the relevant sub-sections thereof.

Clause 136 of the Bill seeks to make consequential amendments in sub-section (*1*) of section 104 of the Central Goods and Services Tax Act, so as to incorporate a reference to sub-sections (*2*) and (*7*) of the proposed new section 74A.

Clause 137 of the Bill seeks to amend sub-section (*6*) of section 107 of the Central Goods and Services Tax Act, so as to reduce the maximum amount of pre-deposit for filing appeal before the Appellate Authority from rupees twenty-five crores to rupees twenty crores in central tax.

It also proposes to make consequential amendments in sub-section (*11*) of the said section to incorporate a reference to the proposed new section 74A.

Clause 138 of the Bill seeks to amend section 109 of the Central Goods and Services Tax Act, so as to empower the Appellate Tribunal to examine the matters or adjudicate the cases referred to in sub-section (*2*) of section 171, if so notified under the said section. Such matters are proposed to be examined or adjudicated only by the Principal Bench.

It also empowers the Government to notify types of cases that shall be heard only by the Principal Bench of the Appellate Tribunal.

Clause 139 of the Bill seeks to amend sub-sections (*1*) and (*3*) of section 112 of the Central Goods and Services Tax Act, so as to empower the Government to notify the date for filing appeal before the Appellate Tribunal and provide a revised time limit for filing appeals or application before the Appellate Tribunal.

It is proposed to make the said amendments effective from the 1st day August, 2024.

It also seeks to amend sub-section (*6*) of the said section so as to enable the Appellate Tribunal to admit appeals filed by the department within three months after the expiry of the specified time limit of six months.

Further, it seeks to amend sub-section (*8*) of the said section to reduce the maximum amount of pre-deposit for filing appeals before the Appellate Tribunal from the existing twenty percent to ten percent of the tax in dispute and also reduce the maximum amount payable as pre-deposit from rupees fifty crores to rupees twenty crores in central tax.

Clause 140 of the Bill seeks to amend sub-section (*1B*) of section 122 of the Central Goods and Services Tax Act, so as to restrict the applicability of the said sub-section to electronic commerce operators, who are required to collect tax at source under section 52 of the said Act.

The said amendment is proposed to be made effective from the 1st day of October, 2023 when the said sub-section had come into force.

Clause 141 of the Bill seeks to make consequential amendments in section 127 of the Central Goods and Services Tax Act, so as to incorporate a reference to the proposed new section 74A.

Clause 142 of the Bill seeks to insert a new section 128A in the Central Goods and Services Tax Act, so as to provide for conditional waiver of interest and penalty in respect of demand notices issued under section 73 of the said Act for the Financial Years 2017-18, 2018-19 and 2019-20, except the demand notices in respect of erroneous refund.

Further, it is proposed that in cases where interest and penalty have already been paid in respect of any demand for the said financial years, no refund shall be admissible for the same.

Clause 143 of the Bill seeks to amend sub-section (*7*) of section 140 of the Central Goods and Services Tax Act, so as to enable availment of the transitional credit of eligible CENVAT credit on account of input services received by an Input Services Distributor prior to the appointed day, for which invoices were also received prior to the appointed date.

The said amendment is proposed to be made effective from 1st day of July, 2017.

Clause 144 of the Bill seeks to amend sub-section (*2*) of section 171 of the Central Goods and Services Tax Act, so as to empower the Government to notify the date from which the Authority under the said section shall not accept any application for anti-profiteering cases.

An *Explanation* is also proposed to be inserted so as to include the reference of "Appellate Tribunal" in the expression "Authority" under the said section to enable the Government to notify the Appellate Tribunal to act as an Authority to handle anti-profiteering cases.

Clause 145 of the Bill seeks to amend Schedule III to the Central Goods and Services Tax Act, so as to provide that the activity of apportionment of co-insurance premium by the lead insurer to the co-insurer for the insurance services jointly supplied by the lead insurer and the co-insurer to the insured in coinsurance agreements shall be treated as neither supply of goods nor supply of services, provided that the lead insurer pays the tax liability on the entire amount of premium paid by the insured.

It also proposes to provide that the services by the insurer to the re-insurer, for which the ceding commission or the reinsurance commission is deducted from reinsurance premium paid by the insurer to the reinsurer, shall be treated as neither supply of goods nor supply of services, provided that tax liability on the gross reinsurance premium inclusive of reinsurance commission or the ceding commission is paid by the reinsurer.

Clause 146 of the Bill seeks to provide that no refund shall be made of all the tax paid or the input tax credit reversed, which would not have been so paid, or not reversed had the said section 114 been in force at all material times.

Integrated Goods and Services Tax

Clause 147 of the Bill seeks to amend sub-section (*1*) of section 5 of the Integrated Goods and Services Tax Act, so as to not levy integrated tax on extra neutral alcohol or rectified spirit used for manufacture of alcoholic liquor for human consumption.

Clause 148 of the Bill seeks to insert a new section 6A in the Integrated Goods and Services Tax Act, so as to empower the Government to regularise non-levy or short levy of integrated tax where it is satisfied that such non-levy or short levy was a result of general practice.

Clause 149 of the Bill seeks to amend sub-section (*4*) of section 16 of the Integrated Goods and Services Tax Act, 2017, so as to empower the Government to notify the class of persons who may make zero rated supplies of goods or services or both or the class of goods or services which may be supplied on zero rated basis, and in respect of which refund of integrated tax can be claimed under section 54 of the Central Goods and Services Tax Act, subject to such conditions, safeguards and procedures as may be provided by rules.

Further, it proposes to insert a new sub-section (*5*) in the said section to provide that no refund of unutilised input tax credit or of integrated tax paid on account of zero rated supply of goods shall be allowed in cases where the zero rated supply of goods is subjected to export duty.

Clause 150 of the Bill seeks to amend section 20 of the Integrated Goods and Services Tax Act, so as to reduce the maximum amount of pre-deposit payable for filing appeal before the Appellate Authority from rupees fifty crores to rupees forty crores of integrated tax.

Further, it proposes to reduce the maximum amount payable as pre-deposit for filing appeal before the Appellate Tribunal from rupees hundred crores to rupees forty crores of integrated tax.

Union Territory Goods and Services Tax

Clause 151 of the Bill seeks to amend sub-section (*1*) of section 7 of the Union Territory Goods and Services Tax Act, so as to not to levy Union territory tax on extra neutral alcohol or rectified spirit used for manufacture of alcoholic liquor for human consumption.

Clause 152 of the Bill seeks to insert a new section 8A in the Union Territory Goods and Services Tax Act, so as to empower the Government to regularise non-levy or short levy of Union territory tax where it is satisfied that such non-levy or short levy was a result of general practice.

Goods and Services Tax
(Compensation to States)

Clause 153 of the Bill seeks to insert a new section 8A in the Goods and Services Tax (Compensation to States) Act, so as to empower the Government to regularise non-levy or short levy of cess where it is satisfied that such non-levy or short levy was a result of general practice.

Miscellaneous

Clause 154 of the Bill seeks to amend the Prohibition of *Benami* Property Transactions Act, 1988.

Sub-section (2) of section 24 of the said Act provides for any time limit for a *benamidar* to furnish a reply to the notice issued under sub-section (1) or the beneficial owner to file submissions on copy of said notice given to him under sub-section (2).

It is proposed to insert a new sub-section (2A) in the said section so as to provide a maximum period of three months from the last day of the month in which notice is issued under sub-section (1) for the *benamidar* or the beneficial owner to file their explanations or submissions.

Sub-section (3) and sub-section (4) of the said section provide for a time limit of ninety days from the last day of the month in which notice under sub-section (1) is issued for the Initiating Officer to provisionally attach the property or to pass an order for continuing the provisional attachment or revoking the provisional attachment or deciding not to attach the property, as the case may be.

It is further proposed to amend the said sub-sections to increase the said time limit from ninety days to four months from the last day of the month in which notice under sub-section (1) is issued.

Sub-section (5) of the said section allows for a time period of fifteen days from the date of attachment order to the Initiating Officer to draw up a statement of the case and refer it to the Adjudicating Authority.

It is also proposed to amend the said sub-section so as to increase the said time limit to one month from the last day of the month in which the order under sub-clause (i) of clause (a), or under sub-clause (i) of clause (b), of sub-section (4) of the said section, has been passed.

It is also proposed to insert a new section 55A in the Prohibition of *Benami* Property Transactions Act, 1988 relating to power to tender immunity from prosecution.

Sub-section (1) of the proposed new section provides that the Initiating Officer may, with a view to obtaining the evidence of the *benamidar* or any other person as referred to in section 53, other than the beneficial owner, tender immunity from prosecution under the said section to the *benamidar* or such other person, with the previous sanction of the competent authority as referred to in section 55, on condition that the *benamidar* or such other person makes a full and true disclosure of the whole circumstances relating to the benami transaction.

Sub-section (2) of proposed new section provides that the tender of immunity made to, and accepted by, the person *benamidar* or such other person, shall, to the extent to which the immunity extends, render him immune from prosecution for the offence in respect of which the tender was made and from the imposition of any penalty under section 53.

Sub-section (3) of proposed new section provides that if it appears to the Initiating Officer that any person to whom immunity has been tendered under this section has not complied with the conditions subject to which the tender was made, or is wilfully concealing anything, or is giving false evidence, the Initiating Officer may record a finding to that effect, and with the previous sanction of the competent authority as referred to in section 55, withdraw the immunity so tendered.

Sub-section (4) of the proposed new section provides that any person against whom the immunity tendered is withdrawn in accordance with sub-section (3), 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 transaction and shall also be liable for penalty under this Act to which he would otherwise have been liable.

These amendments will take effect from 1st October, 2024.

Clause 155 of the Bill seeks to amend section 98 in Chapter VII of the Finance (No.2) Act, 2004 relating to charge of securities transaction tax.

The said section, *inter alia,* provides that the securities transaction tax on sale of an option in securities is 0.0625 per cent. of the option premium. The section also provides that the securities transaction tax on sale of a futures in securities is 0.0125 per cent. of the price at which “futures” are traded.

It is proposed to amend entries (a) and (c) in column (3), in serial number (4) of the Table to the said section to increase the said rates of securities transaction tax on sale of an option in securities to 0.1 per cent. of the option premium, and on sale of a futures in securities to 0.02 per cent. of the price at which such "futures" are traded.

This amendment will take effect from 1st October, 2024.

Clause 156 of the Bill seeks to amend the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015.

Section 42 of the said Act relating to penalty for failure to furnish return in relation to foreign income and asset. The said Act provides that an assessee being a resident and ordinarily resident who has failed to furnish the return of income when such assessee has held foreign assets as specified. Failure to furnish the return in relation to foreign income and asset, may attract a penalty of an amount of ten lakh rupees. Proviso to the said section makes an exemption in respect of an asset, being one or more bank accounts having an aggregate balance which does not exceed a value equivalent to five hundred thousand rupees at any time during the previous year.

It is proposed to substitute the proviso to the said section to provide that the provisions of the said section shall not apply in respect of an asset or assets (other than immovable property) where the aggregate value of such asset or assets does not exceed twenty lakh rupees.

Section 43 of the said Act relating to penalty for failure to furnish in return of income, an information or furnish inaccurate particulars about an asset (including financial interest in any entity) located outside India. The said section provides for a penalty of ten lakh rupees regardless of the value of asset located outside India when the assessee being a resident and ordinarily resident fails to furnish the details of any specified foreign assets or furnishes inaccurate particulars of such assets in the return of income filed by him. Proviso to the said section makes an exemption in respect of an asset, being one or more bank accounts having an aggregate balance which does not exceed a value equivalent to five hundred thousand rupees at any time during the previous year.

It is proposed to substitute the said proviso to provide that the provisions of the said section shall not apply in respect of an asset or assets (other than immovable property) where the aggregate value of such asset or assets does not exceed twenty lakh rupees.

These amendments will take effect from 1st October, 2024.

Clause 157 of the Bill seeks to amend the Finance Act, 2016.

Section 163 of the said Act provides the extent, commencement and application of Chapter VIII of the said Act. Sub-section (3) of the said section provides that the said Chapter shall apply to consideration received or receivable for specified services provided on or after the commencement of this Chapter, and to consideration received or receivable for e-commerce supply or services made or provided or facilitated on or after the 1st day of April, 2020.

It is proposed to amend the said sub-section to provide that the said Chapter shall also apply to consideration received or receivable for e-commerce supply or services made or provided or facilitated on or after the 1st day of April, 2020 but before the 1st day of August, 2024.

Section 165A of the said Act provides for charge of equalisation levy on e-commerce supply of services.

It is proposed to insert sub-section (4) to the said section to provide that the provisions of the said section shall not apply to any consideration received or receivable by an e-commerce operator from e-commerce supply or services made or provided or facilitated by it on or after the 1st day of August, 2024.

These amendments will take effect retrospectively from 1st August, 2024.

MEMORANDUM REGARDING DELEGATED LEGISLATION

The provisions of the Bill, *inter alia*, empower the Central Government to issue notifications and the Board to make rules for various purposes as specified therein.

Clause 4 of the Bill seeks to amend section 10 of the Income-tax Act relating to income not included in total income.

Sub-clause (a) seeks to insert a new sub-item (b) in item (I) of sub-clause (i) of clause (c) of the *Explanation* to clause (4D) of section 10 relating to any income accrued or arisen to, or received by a specified fund shall not be included in computing the total income. It empowers the Board to specify the conditions by rules which a fund is required to satisfy for the purposes of section 10.

Sub-clause (c)(ii) seeks to amend clause (23FB), *inter alia,* relating to any income of a venture capital company or venture capital fund from investment in a venture capital undertaking shall not be included in computing the total income of a previous year. It empowers the Board to make rules to specify the conditions by rules which a venture capital fund is required to satisfy for the purposes of section 10. It further empowers the Board to make rules to provide conditions relating to procedure for fresh registration. It also empowers the Board to make rules to provide the form and the manner in which the order under clause (a) of sub-clause (ii) of clause (b) and clause (c) of sub-section (1) of section 3 shall be passed.

Clause 8 of the Bill seeks to insert in section 12AC in the Income-tax Act, relating to merger of charitable trusts or institutions in certain cases. Proposed new section empowers the Board to make rules to specify the conditions for the purpose of merger.

Clause 17 of the Bill seeks to insert section 44BBC in the Income-tax Act, relating to special provision for computing profits and gains of the business of operation of cruise ships in the case of non-residents. Proposed sub-section (1) of the said section empowers the Board to make rules to specify the conditions for the purpose of charging the tax under the head "profits and gains of business or profession".

Clause 26 of the Bill seeks to amend section 80G of the Income-tax Act relating to deduction in respect of donations to obtain funds, charitable institutions, etc. Third proviso to sub-section (5) of section 80G empowers the Board to make rules to specify the form and the manner of the order to be passed under clauses (ii) and (iii) of the second proviso to sub-section (5) of said section. The proposed fourth proviso to sub-section (5) of section 80G, empowers the Board to make rules to specify the form and the manner of order to be passed under sub-clause (b) of clause (ii) of the second proviso of the said section.

Clause 42 of the Bill seeks to insert sub-section (2A) in section 139AA of the Income-tax Act relating to quoting of Aadhaar number. Sub-section (2A) of the said section empowers the Board to provide by rules, the authority, form and manner in which every person who has been allotted permanent account number on the basis of enrolment ID of Aadhaar application form filed prior to 1st October, 2024, shall intimate his Aadhar number.

Clause 44 of the Bill seeks to substitute section 148 of the Income-tax Act relating to issue of notice where income has escaped assessment. Sub-section (2) of section 148 empowers the Board to provide by rules form, manner and particulars as to the return of income required under sub-section (1) of section 148 shall be furnished.

Clause 50 of the Bill seeks to amend section 192 of the Income-tax Act relating to salary. Sub-section (2B) of the said section empowers the Board to provide by rules the particulars which is to be send by the assessee to the person responsible for making the payment referred to in sub-section (1) of section 192 of the said Act.

Clause 117 of the Bill seeks to insert a new proviso in sub-section (*2*) of section 30 of the Central Goods and Services Tax Act to empower the Government to make rules prescribing conditions for revocation of cancellation of registration of a taxpayer.

Clause 118 of the Bill seeks to amend clause (*f*) of sub-section (*3*) of section 31 of the Central Goods and Services Tax Act to empower the Government to make rules prescribing the time period for issuance of invoice by the recipient in case of reverse charge mechanism supplies.

Clause 120 of the Bill seeks to substitute sub-section (*3*) of section 39 of the Central Goods and Services Tax Act to empower the Government to prescribe the form, manner and the time within which return is to be filed by registered person required to deduct tax at source under section 52 of the said Act.

Clause 142 of the Bill seeks to insert a new section 128A in the Central Goods and Services Tax Act. Sub-section (*1*) of the said section empowers the Government to make rules for prescribing the conditions subject to which the proceedings with regard to demand notices issued under section 73 of the said Act shall be deemed to be concluded as per provisions of sub-section (*1*) of the proposed section 128A of the said Act.

2. The matters in respect of which rules may be made and matters of procedure and details and it is not practicable to provide for them in the Bill itself. The delegation of legislative powers is, therefore, of a normal character.

LOK SABHA

A

BILL

to give effect to the financial proposals of the Central Government for the financial year 2024-2025.

(*Smt. Nirmala Sitharaman,*
Minister of Finance.)