

CHAPTER III  
DIRECT TAXES  
*Income-tax*

Amendment of section 2.	3. In section 2 of the Income-tax Act, in clause (15), in the second proviso, for the words "ten lakh rupees", the words "twenty-five lakh rupees" shall be substituted with effect from the 1st day of April, 2012.	30
Amendment of section 10.	4. In section 10 of the Income-tax Act,— (a) in clause (34), the <i>Explanation</i> [as so inserted by the Special Economic Zones Act, 2005] shall be omitted with effect from the 1st day of June, 2011; (b) after clause (44), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2008, namely:— "(45) any allowance or perquisite, as may be notified by the Central Government in the Official Gazette in this behalf, paid to the Chairman or a retired Chairman or any other member or retired member of the Union Public Service Commission;"	28 of 2005. 35 40
	(c) after clause (45) as so inserted, the following shall be inserted with effect from the 1st day of June, 2011, namely:— '(46) any specified income arising to a body or authority or Board or Trust or Commission (by whatever name called) which— (a) has been established or constituted by or under a Central, State or Provincial Act, or constituted by the Central Government or a State Government, with the object of regulating or administering any activity for the benefit of the general public; (b) is not engaged in any commercial activity; and (c) is notified by the Central Government in the Official Gazette for the purposes of this clause.	45 50
	<i>Explanation.</i> — For the purposes of this clause, "specified income" means the income, of the nature and to the extent arising to a body or authority or Board or Trust or Commission (by whatever name called) referred to in this clause, which the Central Government may, by notification in the Official Gazette, specify in this behalf;	

(47) any income of an infrastructure debt fund, set up in accordance with the guidelines as may be prescribed, which is notified by the Central Government in the Official Gazette for the purposes of this clause.'

- 5     **5.** In section 35 of the Income-tax Act, in sub-section (2AA), in clause (a), for the words "one and three-fourth", the word "two" shall be substituted with effect from the 1st day of April, 2012. Amendment of section 35.
6. In section 35AD of the Income-tax Act,— Amendment of section 35AD.
- (a) in sub-section (5), with effect from the 1st day of April, 2012,—
- (i) in clause (ac), the word "and" occurring at the end shall be omitted;
- (ii) after clause (ac), the following clauses shall be inserted, namely:—
- 10         "(ad) on or after the 1st day of April, 2011, where the specified business is in the nature of developing and building a housing project under a scheme for affordable housing framed by the Central Government or a State Government, as the case may be, and notified by the Board in this behalf in accordance with the guidelines as may be prescribed;
- (ae) on or after the 1st day of April, 2011, in a new plant or in a newly installed capacity in an existing plant for production of fertilizer; and";
- 15         (iii) in clause (b), for the words, brackets and letters "and clause (ac)", the words, brackets and letters "clause (ac), clause (ad) and clause (ae)" shall be substituted;
- (b) in sub-section (8), in clause (c),—
- (i) in sub-clause (iv), for the words "new hotel", the word "hotel" shall be substituted;
- 20         (ii) in sub-clause (v), for the words "new hospital", the word "hospital" shall be substituted;
- (iii) after sub-clause (vi), the following sub-clauses shall be inserted with effect from the 1st day of April, 2012, namely:—
- (vii) developing and building a housing project under a scheme for affordable housing framed by the Central Government or a State Government, as the case may be, and notified by the Board in this behalf in accordance with the guidelines as may be prescribed;
- 25         (viii) production of fertilizer in India;".
7. In section 36 of the Income-tax Act, in sub-section (1), after clause (iv), the following shall be inserted with effect from the 1st day of April, 2012, namely:— Amendment of section 36.
- 30         '(iva) 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.
- Explanation.*—For the purposes of this clause, "salary" includes dearness allowance, if the terms of employment so provide, but excludes all other allowances and perquisites;'.
- 35     **8.** In section 80CCE of the Income-tax Act, for the word, figures and letters "section 80CCD", the words, brackets, figures and letters "sub-section (1) of section 80CCD" shall be substituted with effect from the 1st day of April, 2012. Amendment of section 80CCE.
9. In section 80CCF of the Income-tax Act, after the words, figures and letters "previous year relevant to the assessment year beginning on the 1st day of April, 2011", the words, figures and letters "or to the assessment year beginning on the 1st day of April, 2012" shall be inserted with effect from the 1st day of April, 2012. Amendment of section 80CCF.
- 40     **10.** In section 80-IA of the Income-tax Act, in sub-section (4), in clause (iv), for the words, figures and letters "the 31st day of March, 2011", wherever they occur, the words, figures and letters "the 31st day of March, 2012" shall be substituted with effect from the 1st day of April, 2012. Amendment of section 80-IA.
- 45     **11.** In section 80-IB of the Income-tax Act, in sub-section (9), in clause (ii), the following proviso shall be inserted with effect from the 1st day of April, 2012, namely:— Amendment of section 80-IB.
- "Provided that the provisions of this clause shall not apply to blocks licensed under a contract awarded after the 31st day of March, 2011 under the New Exploration Licencing Policy announced by the Government of India *vide* Resolution No. O-19018/22/95-ONG.DO.VL, dated the 10th February, 1999 or in pursuance of any law for the time being in force or by the Central or a State Government in any other manner;".
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(6) In this section,—

(i) "person located in a notified jurisdictional area" shall include,—

(a) a person who is resident of the notified jurisdictional area;

5 (b) a person, not being an individual, which is established in the notified jurisdictional area; or

(c) a permanent establishment of a person not falling in sub-clause (a) or sub-clause (b), in the notified jurisdictional area;

(ii) "permanent establishment" shall have the same meaning as defined in clause (iiia) of section 92F;

10 (iii) "transaction" shall have the same meaning as defined in clause (v) of section 92F.¹.

**15.** In section 115A of the Income-tax Act, in sub-section (1), in clause (a), with effect from the 1st day of June, 2011,— Amendment of section 115A.

(a) in sub-clause (ii), after the words "foreign currency", the words, brackets, figures and letter "not being interest of the nature referred to in clause (iia)" shall be inserted;

15 (b) after sub-clause (ii), the following sub-clause shall be inserted, namely:—

"(iia) interest received from an infrastructure debt fund referred to in clause (47) of section 10; or";

(c) after item (B), the following item shall be inserted, namely:—

20 "(BA) the amount of income-tax calculated on the amount of income by way of interest referred to in sub-clause (iia), if any, included in the total income, at the rate of five per cent.;"

(d) in item (D), after the word, brackets and figures "sub-clause (ii)", the word, brackets, figures and letter ", sub-clause (iia)" shall be inserted.

**16.** After section 115BBC of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2012, namely:— Insertion of new section 115BBD.

25 '115BBD. (1) Where the total income of an assessee, being an Indian company, for the previous year relevant to the assessment year beginning on the 1st day of April, 2012 includes any income by way of dividends declared, distributed or paid by a subsidiary foreign company, the income-tax payable shall be the aggregate of— Tax on certain dividends received from foreign companies.

30 (a) the amount of income-tax calculated on the income by way of such dividends, at the rate of fifteen per cent.; and

(b) the amount of income-tax with which the assessee would have been chargeable had its total income been reduced by the aforesaid income by way of dividends.

35 (2) Notwithstanding anything contained in this Act, no deduction in respect of any expenditure or allowance shall be allowed to the assessee under any provision of this Act in computing its income by way of dividends referred to in sub-section (1).

(3) In this section,—

(i) "dividends" shall have the same meaning as is given to "dividend" in clause (22) of section 2 but shall not include sub-clause (e) thereof;

40 (ii) "subsidiary foreign company" means a foreign company in which the Indian company holds more than half in nominal value of the equity share capital of the company.¹.

**17.** In section 115JB of the Income-tax Act, with effect from the 1st day of April, 2012,— Amendment of section 115JB.

(i) in sub-section (1),—

(a) for the words, figures and letters "the 1st day of April, 2011", the words, figures and letters "the 1st day of April, 2012" shall be substituted;

45 (b) for the words "eighteen per cent.", at both the places where they occur, the words "eighteen and one-half per cent." shall be substituted;

28 of 2005. (ii) in sub-section (6) [as so inserted by the Special Economic Zones Act, 2005], the following proviso shall be inserted, namely:—

50 "Provided that the provisions of this sub-section shall cease to have effect in respect of any previous year relevant to the assessment year commencing on or after the 1st day of April, 2012."

Insertion of new Chapter XII-BA.

18. After Chapter XII-B of the Income-tax Act, the following Chapter shall be inserted with effect from the 1st day of April, 2012, namely:—

CHAPTER XII-BA

SPECIAL PROVISIONS RELATING TO CERTAIN LIMITED LIABILITY PARTNERSHIPS

Special provisions for payment of tax by certain limited liability partnerships.	<p>115JC. (1) Notwithstanding anything contained in this Act, where the regular income-tax payable for a previous year by a limited liability partnership is less than the alternate minimum tax payable for such previous year, the adjusted total income shall be deemed to be the total income of the limited liability partnership for such previous year and it shall be liable to pay income-tax on such total income at the rate of eighteen and one-half per cent.</p> <p>(2) Adjusted total income referred to in sub-section (1) shall be the total income before giving effect to this Chapter as increased by—</p> <p style="padding-left: 2em;">(i) deductions claimed, if any, under any section included in Chapter VI-A under the heading "<i>C.—Deductions in respect of certain incomes</i>"; and</p> <p style="padding-left: 2em;">(ii) deduction claimed, if any, under section 10AA.</p> <p>(3) Every limited liability partnership to which this section applies shall obtain a report, in such form as may be prescribed, from an accountant certifying that the adjusted total income and the alternate minimum tax have been computed in accordance with the provisions of this Chapter and furnish such report on or before the due date of filing of return under sub-section (1) of section 139.</p>	5 10 15
Tax credit for alternate minimum tax.	<p>115JD. (1) The credit for tax paid by a limited liability partnership under section 115JC shall be allowed to it in accordance with the provisions of this section.</p> <p>(2) The tax credit of an assessment year to be allowed under sub-section (1) shall be the excess of alternate minimum tax paid over the regular income-tax payable of that year.</p> <p>(3) No interest shall be payable on tax credit allowed under sub-section (1).</p> <p>(4) The amount of tax credit determined under sub-section (2) shall be carried forward and set off in accordance with the provisions of sub-sections (5) and (6) but such carry forward shall not be allowed beyond the tenth assessment year immediately succeeding the assessment year for which tax credit becomes allowable under sub-section (1).</p> <p>(5) In any assessment year in which the regular income-tax exceeds the alternate minimum tax, the tax credit shall be allowed to be set off to the extent of the excess of regular income-tax over the alternate minimum tax and the balance of the tax credit, if any, shall be carried forward.</p> <p>(6) If the amount of regular income-tax or the alternate minimum tax is reduced or increased as a result of any order passed under this Act, the amount of tax credit allowed under this section shall also be varied accordingly.</p>	20 25 30
Application of other provisions of this Act.	<p>115JE. Save as otherwise provided in this Chapter, all other provisions of this Act shall apply to a limited liability partnership referred to in this Chapter.</p>	35
Interpretation in this Chapter.	<p>115JF. In this Chapter—</p> <p style="padding-left: 2em;">(a) "accountant" shall have the same meaning as in the <i>Explanation</i> below sub-section (2) of section 288;</p> <p style="padding-left: 2em;">(b) "alternate minimum tax" means the amount of tax computed on adjusted total income at a rate of eighteen and one-half per cent.;</p> <p style="padding-left: 2em;">(c) "limited liability partnership" shall have the same meaning as assigned to it in clause (n) of sub-section (1) of section 2 of the Limited Liability Partnership Act, 2008;</p> <p style="padding-left: 2em;">(d) "regular income-tax" means the income-tax payable for a previous year by a limited liability partnership on its total income in accordance with the provisions of this Act other than the provisions of this Chapter.'</p>	40 6 of 2009. 45
Amendment of section 115-O.	<p>19. In section 115-O of the Income-tax Act, in sub-section (6) [as so inserted by the Special Economic Zones Act, 2005], the following proviso shall be inserted with effect from the 1st day of June, 2011, namely:—</p> <p style="padding-left: 2em;">"Provided that the provisions of this sub-section shall cease to have effect from the 1st day of June, 2011."</p>	28 of 2005. 50

- 20.** In section 115R of the Income-tax Act, in sub-section (2), with effect from the 1st day of June, 2011,— Amendment of section 115R.
- (a) in clause (i), for the words "income distributed", the words "income distributed to any person being an individual or a Hindu undivided family" shall be substituted;
- 5 (b) after clause (i), the following clause shall be inserted, namely:—
- "(ia) thirty per cent. on income distributed to any other person by a money market mutual fund or a liquid fund;"
- (c) in clause (iii), for the words "twenty per cent.", the words "thirty per cent." shall be substituted.
- 21.** In section 131 of the Income-tax Act, with effect from the 1st day of June, 2011,— Amendment of section 131.
- 10 (i) after sub-section (1A), the following sub-section shall be inserted, namely:—
- "(2) For the purpose of making an inquiry or investigation in respect of any person or class of persons in relation to an agreement referred to in section 90 or section 90A, it shall be competent for any income-tax authority not below the rank of Assistant Commissioner of Income-tax, as may be notified by the Board in this behalf, to exercise the powers conferred under sub-section (1) on
- 15 the income-tax authorities referred to in that sub-section, notwithstanding that no proceedings with respect to such person or class of persons are pending before it or any other income-tax authority.";
- (ii) in sub-section (3), after the words, brackets, figure and letter "or sub-section (1A)", the words, brackets and figure "or sub-section (2)" shall be inserted.
- 20 **22.** In section 133 of the Income-tax Act, after the second proviso, the following proviso shall be inserted with effect from the 1st day of June, 2011, namely:— Amendment of section 133.
- "Provided also that for the purposes of an agreement referred to in section 90 or section 90A, an income-tax authority notified under sub-section (2) of section 131 may exercise all the powers conferred under this section, notwithstanding that no proceedings are pending before it or any other
- 25 income-tax authority.".
- 23.** In section 139 of the Income-tax Act,— Amendment of section 139.
- (a) in sub-section (1), in *Explanation 2*,—
- (i) in clause (a), in sub-clause (i), after the words "a company", the words, brackets and letters "other than a company referred to in clause (aa)" shall be inserted;
- 30 (ii) after clause (a), the following clause shall be inserted, namely:—
- "(aa) in the case of an assessee being a company, which is required to furnish a report referred to in section 92E, the 30th day of November of the assessment year;"
- (b) after sub-section (1B), the following sub-section shall be inserted with effect from the 1st day of June, 2011, namely:—
- 35 "(1C) Notwithstanding anything contained in sub-section (1), the Central Government may, by notification in the Official Gazette, exempt any class or classes of persons from the requirement of furnishing a return of income having regard to such conditions as may be specified in that notification.";
- (c) in sub-section (4C), with effect from the 1st day of June, 2011,—
- 40 (i) after clause (f) and before the words "shall, if the total income", the following clauses shall be inserted, namely:—
- "(g) body or authority or Board or Trust or Commission (by whatever name called) referred to in clause (46) of section 10;
- (h) infrastructure debt fund referred to in clause (47) of section 10,";
- 45 (ii) after the words "medical institution or trade union", the words "or body or authority or Board or Trust or Commission or infrastructure debt fund" shall be inserted.
- 24.** In section 143 of the Income-tax Act, in sub-section (1B), for the words, figures and letters "the 31st day of March, 2011", the words, figures and letters "the 31st day of March, 2012" shall be substituted. Amendment of section 143.
- 25.** In section 153 of the Income-tax Act, in *Explanation 1*, with effect from the 1st day of June, 2011,— Amendment of section 153.
- 50 (a) in clause (vii), for the word, figures and letter "section 245R," the words, figures and letter "section 245R, or" shall be substituted;

(b) after clause (vii) and before the words "shall be excluded", the following clause shall be inserted, namely:—

"(viii) the period commencing from the date on which a reference for exchange of information is made by an authority competent under an agreement referred to in section 90 or section 90A and ending with the date on which the information so requested is received by the Commissioner or a period of six months, whichever is less,".

Amendment of section 153B. **26.** In section 153B of the Income-tax Act, in sub-section (1), in the *Explanation*, with effect from the 1st day of June, 2011,—

(a) in clause (vii), for the words "by the Commissioner," the words "by the Commissioner; or" shall be substituted;

(b) after clause (vii) and before the words "shall be excluded", the following clause shall be inserted, namely:—

"(viii) the period commencing from the date on which a reference for exchange of information is made by an authority competent under an agreement referred to in section 90 or section 90A and ending with the date on which the information so requested is received by the Commissioner or a period of six months, whichever is less,".

Insertion of new section 194LB. **27.** After section 194LA of the Income-tax Act, the following section shall be inserted with effect from the 1st day of June, 2011, namely:—

"194LB. Where any income by way of interest is payable to a non-resident, not being a company, or to a foreign company, by an infrastructure debt fund referred to in clause (47) of section 10, 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 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."

Amendment of section 245C. **28.** In section 245C of the Income-tax Act, in sub-section (1), with effect from the 1st day of June, 2011,—

(a) in the proviso, after clause (i), the following clause shall be inserted, namely:—

'(ia) in a case where—

(A) the applicant is related to the person referred to in clause (i) who has filed an application (hereafter in this sub-section referred to as "specified person"); and

(B) the proceedings for assessment or re-assessment for any of the assessment years referred to in clause (b) of sub-section (1) of section 153A or clause (b) of sub-section (1) of section 153B in case of the applicant, being a person referred to in section 153A or section 153C, have been initiated,

the additional amount of income-tax payable on the income disclosed in the application exceeds ten lakh rupees;'

(b) after the proviso, the following *Explanation* shall be inserted, namely:—

"*Explanation.*— For the purposes of clause (ia),—

(a) the applicant, in relation to the specified person referred to in clause (ia), means,—

(i) where the specified person is an individual, any relative of the specified person;

(ii) where the specified person is a company, firm, association of persons or Hindu undivided family, any director of the company, partner of the firm, or member of the association or family, or any relative of such director, partner or member;

(iii) any individual who has a substantial interest in the business or profession of the specified person, or any relative of such individual;

(iv) a company, firm, association of persons or Hindu undivided family having a substantial interest in the business or profession of the specified person or any director, partner or member of such company, firm, association or family, or any relative of such director, partner or member;

(v) a company, firm, association of persons or Hindu undivided family of which a director, partner or member, as the case may be, has a substantial interest in the business or profession of the specified person; or any director, partner or member of such company, firm, association or family or any relative of such director, partner or member;

(vi) any person who carries on a business or profession,—

(A) where the specified person being an individual, or any relative of such specified person, has a substantial interest in the business or profession of that person; or

5 (B) where the specified person being a company, firm, association of persons or Hindu undivided family, or any director of such company, partner of such firm or member of the association or family, or any relative of such director, partner or member, has a substantial interest in the business or profession of that person;

(b) a person shall be deemed to have a substantial interest in a business or profession, if—

10 (A) in a case where the business or profession is carried on by a company, such person is, at any time during the previous year, the beneficial owner of shares (not being shares entitled to a fixed rate of dividend, whether with or without a right to participate in profits) carrying not less than twenty per cent. of the voting power; and

(B) in any other case, such person is, at any time during the previous year, beneficially entitled to not less than twenty per cent. of the profits of such business or profession."

15 **29.** In section 245D of the Income-tax Act, after sub-section (6A), the following sub-section shall be inserted with effect from the 1st day of June, 2011, namely:— Amendment of section 245D.

"(6B) The Settlement Commission may, at any time within a period of six months from the date of the order, with a view to rectifying any mistake apparent from the record, amend any order passed by it under sub-section (4):

20 Provided that an amendment which has the effect of modifying the liability of the applicant shall not be made under this sub-section unless the Settlement Commission has given notice to the applicant and the Commissioner of its intention to do so and has allowed the applicant and the Commissioner an opportunity of being heard."

**30.** Section 282B of the Income-tax Act shall be omitted.

Omission of section 282B.

25 **31.** After section 284 of the Income-tax Act, the following section shall be inserted with effect from the 1st day of June, 2011, namely:—

Insertion of new section 285.

42 of 1999.

30 "285. 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 prescribed."

Submission of statement by a non-resident having liaison office.

**32.** In section 296 of the Income-tax Act, after the words and figures "of section 10", the words, brackets, figures and letter "and every notification issued under sub-section (1C) of section 139" shall be inserted with effect from the 1st day of June, 2011. Amendment of section 296.

35 **33.** In the Fourth Schedule to the Income-tax Act, in Part A, in rule 3, in sub-rule (1), in the first proviso, for the figures, letters and words "31st day of December, 2010", the figures, letters and words "31st day of March, 2012" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of January, 2011. Amendment of Fourth Schedule.