INCOME-TAX RULES, 1962

[NOTIFICATION NO. S.O. 969, DATED 26-3-1962]

In exercise of the powers conferred by section 295 of the Income-tax Act, 1961 (43 of 1961) and rule 15 of Part A, rule 11 of Part B and rule 9 of Part C of the Fourth Schedule to that Act, the Central Board of Revenue hereby makes the following rules, namely :—

PART I

PRELIMINARY

Short title and commencement.

1. (1) These rules may be called the Income-tax Rules, 1962.

(2) They shall come into force on the 1st day of April, 1962.

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Definitions.

2. (1) In these rules, unless the context otherwise requires,—

(*a*) "Act" means the Income-tax Act, 1961 (43 of 1961);

(*aa*) "authorised bank" means any bank as may be appointed by the Reserve Bank of India as its agent under the provisions of sub-section (1) of section 45 of the Reserve Bank of India Act, 1934 (2 of 1934);

(*b*) "Chapter", "section" and "Schedule" means respectively Chapter and section of, and Schedule to, the Act.

(2) All references to "Forms" in these rules shall be construed as references to the forms set out in Appendix II hereto.

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PART II

DETERMINATION OF INCOME

A.—Salaries

Limits for the purposes of section 10(*13A*).

2A. The amount which is not to be included in the total income of an assessee in respect of the special allowance referred to in clause (*13A*) of section 10 shall be—

(*a*) the actual amount of such allowance received by the assessee in respect of the relevant period; or

(*b*) the amount by which the expenditure actually incurred by the assessee in payment of rent in respect of residential accommodation occupied by him exceeds one-tenth of the amount of salary due to the assessee in respect of the relevant period; or

(*c*) an amount equal to—

(*i*) where such accommodation is situate at Bombay, Calcutta, Delhi or Madras, one-half of the amount of salary due to the assessee in respect of the relevant period; and

(*ii*) where such accommodation is situate at any other place, two-fifth of the amount of salary due to the assessee in respect of the relevant period,

(*d*) [***]

whichever is the least.

Explanation.—In this rule—

(*i*) "salary" shall have the meaning assigned to it in clause (*h*) of rule 2 of Part A of the Fourth Schedule;

(*ii*) "relevant period" means the period during which the said accommodation was occupied by the assessee during the previous year.

(*iii*) [***]

Conditions for the purpose of section 10(*5*).

2B. (1) The amount exempted under clause (*5*) of section 10 in respect of the value of travel concession or assistance received by or due to the individual from his employer or former employer for himself and his family, in connection with his proceeding,—

(*a*) on leave to any place in India;

(*b*) to any place in India after retirement from service or after the termination of his service,

shall be the amount actually incurred on the performance of such travel subject to the following conditions, namely :—

(*i*) where the journey is performed on or after the 1st day of October, 1997, by air, an amount not exceeding the air economy fare of the national carrier by the shortest route to the place of destination;

(*ii*) where places of origin of journey and destination are connected by rail and the journey is performed on or after the 1st day of October, 1997, by any mode of transport other than by air, an amount not exceeding the air-conditioned first class rail fare by the shortest route to the place of destination; and

(*iii*) where the places of origin of journey and destination or part thereof are not connected by rail and the journey is performed on or after the 1st day of October, 1997, between such places, the amount eligible for exemption shall be :—

(*A*) where a recognised public transport system exists, an amount not exceeding the 1st class or deluxe class fare, as the case may be, on such transport by the shortest route to the place of destination; and

(*B*) where no recognised public transport system exists, an amount equivalent to the air-conditioned first class rail fare, for the distance of the journey by the shortest route, as if the journey had been performed by rail.

[1][(1A) For the assessment year beginning on the 1st day of April, 2021, where the individual referred to in sub-rule (1) avails any cash allowance from his employer in lieu of any travel concession or assistance, the amount exempted under the second proviso to clause (*5*) of section 10 shall be the amount, not exceeding thirty-six thousand rupees per person, for the individual and the member of his family, or one-third of the specified expenditure, whichever is less, subject to fulfilment of the following conditions, namely:—

(*i*) the individual has exercised an option to avail exemption under the second proviso of clause (*5*) of section 10, in lieu of the exemption under clause (*5*) of section 10 in respect of one unutilised journey during the block of four calendar years commencing from the calendar year 2018;

(*ii*) the payment in respect of the specified expenditure is made by the individual or any member of his family to a registered person during the specified period;

(*iii*) the payment in respect of the specified expenditure is made by an account payee cheque drawn on a bank or account payee bank draft, or use of electronic clearing system through a bank account or through such other electronic mode as prescribed under rule 6ABBA; and

(*iv*) the individual obtains a tax invoice in respect of specified expenditure from the registered person referred to in clause (*ii*).

Explanation 1.—For the purpose of this sub-rule,—

(*i*) 'tax invoice' means an invoice issued by the registered person under section 31 of the Central Goods and Services Tax Act, 2017 (12 of 2017);

(*ii*) 'registered person' shall have the meaning assigned to it in clause (*94*) of section 2 of the Central Goods and Services Tax Act, 2017 (12 of 2017);

(*iii*) 'specified expenditure' means expenditure incurred by an individual or a member of his family during specified period on goods or services, which are liable to tax at an aggregate rate of twelve per cent or above under various Goods and Services Tax (GST) laws and goods are purchased or services procured from GST registered vendors or service providers;

(*iv*) 'specified period' means the period commencing from the 12th day of October, 2020 and ending on the 31st day of March, 2021.

Explanation 2.—For the removal of doubt, it is hereby clarified that if the amount received by or due to an individual, as per the terms of his employment, from his employer in relation to himself and member of his family, in connection with the specified expenditure is in excess of the thirty six thousand rupees per person, for the individual and the member of his family, the exemption under this sub-rule would be restricted to thirty-six thousand rupees per person, for the individual and the member of his family, or one-third of the specified expenditure, whichever is less.

Explanation 3.—It is hereby clarified that the clarification issued by the Department of Expenditure, Ministry of Finance, *vide* OM F. No. 12(2)/2020-EII (A) dated 12th October, 2020 and any subsequent clarifications, if any, issued in this regard shall apply *mutatis mutandis* to the exemption under this sub-rule.

(1B) Where an exemption under the second proviso to clause (*5*) of section 10 is claimed and allowed, sub-rule (2) shall have effect as if for the words "two journeys", the words "one journey" has been substituted.]

(2) The exemption referred to in sub-rule (1) shall be available to an individual in respect of two journeys performed in a block of four calendar years commencing from the calendar year 1986 :

Provided that nothing contained in this sub-rule shall apply to the benefit already availed of by the assessee in respect of any number of journeys performed before the 1st day of April, 1989 except to the extent that the journey or journeys so performed shall be taken into account for computing the limit of two journeys specified in this sub-rule.

(3) Where such travel concession or assistance is not availed of by the individual during any such block of four calendar years, an amount in respect of the value of the travel concession or assistance, if any, first availed of by the individual during first calendar year of the immediately succeeding block of four calendar years shall be eligible for exemption.

Explanation.— The amount in respect of the value of the travel concession or assistance referred to in this sub-rule shall not be taken into account in determining the eligibility of the amount in respect of the value of the travel concession or assistance in relation to the number of journeys under sub-rule (2).

(4) The exemption referred to in sub-rule (1) shall not be available to more than two surviving children of an individual after 1st October, 1998 :

Provided that this sub-rule shall not apply in respect of children born before 1st October, 1998, and also in case of multiple births after one child.

1. Sub-rules (1A) and (1B) inserted by the IT (Fifteenth Amdt.) Rules, 2021, w.r.e.f. 1-4-2021.

Guidelines for the purposes of section 10(*10C*).

2BA. The amount received by an employee of—

(*i*) a public sector company; or
(*ii*) any other company; or
(*iii*) an authority established under a Central, State or Provincial Act; or
(*iv*) a local authority; or
(*v*) a co-operative society; or
(*vi*) a University established or incorporated by or under a Central, State or Provincial Act and an institution declared to be a University under section 3 of the University Grants Commission Act, 1956 (3 of 1956); or
(*vii*) an Indian Institute of Technology within the meaning of clause (*g*) of section 3 of the Institutes of Technology Act, 1961 (59 of 1961); or
(*viia*) an institution, having importance throughout India or in any State or States, as the Central Government may, by notification in the Official Gazette, specify in this behalf; or
(*viii*) such institute of management as the Central Government may, by notification in the Official Gazette, specify in this behalf,

at the time of his voluntary retirement or voluntary separation shall be exempt under clause (*10C*) of section 10 only if the scheme of voluntary retirement framed by the aforesaid company or authority or co-operative society or University or institute, as the case may be or if the scheme of voluntary separation framed by a public sector company, is in accordance with the following requirements, namely :—

(*i*) it applies to an employee who has completed 10 years of service or completed 40 years of age;
(*ii*) it applies to all employees (by whatever name called) including workers and executives of a company or of an authority or of a co-operative society, as the case may be, excepting directors of a company or of a co-operative society;
(*iii*) the scheme of voluntary retirement or voluntary separation has been drawn to result in overall reduction in the existing strength of the employees;
(*iv*) the vacancy caused by the voluntary retirement or voluntary separation is not to be filled up;
(*v*) the retiring employee of a company shall not be employed in another company or concern belonging to the same management;
(*vi*) the amount receivable on account of voluntary retirement or voluntary separation of the employee does not exceed the amount equivalent to three months' salary for each completed year of service or salary at the time of retirement multiplied by the balance months of service left before the date of his retirement on superannuation :

Provided that requirement of (*i*) above would not be applicable in case of amount received by an employee of a public sector company under the scheme of voluntary separation framed by such public sector company.

Explanation.—In this rule, the expression "salary" shall have the same meaning as is assigned to it in clause (*h*) of rule 2 of Part A of the Fourth Schedule.

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Prescribed allowances for the purposes of clause (*14*) of section 10.

2BB. (1) For the purposes of sub-clause (*i*) of clause (*14*) of section 10, prescribed allowances, by whatever name called, shall be the following, namely :—

(*a*) any allowance granted to meet the cost of travel on tour or on transfer;

(*b*) any allowance, whether granted on tour or for the period of journey in connection with transfer, to meet the ordinary daily charges incurred by an employee on account of absence from his normal place of duty;

(*c*) any allowance granted to meet the expenditure incurred on conveyance in performance of duties of an office or employment of profit :

Provided that free conveyance is not provided by the employer;

(*d*) any allowance granted to meet the expenditure incurred on a helper where such helper is engaged for the performance of the duties of an office or employment of profit;

(*e*) any allowance granted for encouraging the academic, research and training pursuits in educational and research institutions;

(*f*) any allowance granted to meet the expenditure incurred on the purchase or maintenance of uniform for wear during the performance of the duties of an office or employment of profit.

Explanation.—For the purpose of clause (*a*), "allowance granted to meet the cost of travel on transfer" includes any sum paid in connection with transfer, packing and transportation of personal effects on such transfer.

(2) For the purposes of sub-clause (*ii*) of clause (*14*) of section 10, the prescribed allowances, by whatever name called, and the extent thereof shall be the following, namely :—

Sl. No.	*Name of allowance*	*Place at which allowance is exempt*	*Extent to which allowance is exempt*
(1)	(2)	(3)	(4)
1.	Any Special Compensatory Allowance in the nature of Special Compensatory (Hilly Areas) Allowance or High Altitude Allowance or Uncongenial Climate Allowance or Snow Bound Area Allowance or Avalanche Allowance	**I.** (*a*) Manipur Mollan/RH-2365. (*b*) Arunachal Pradesh (*i*) Kameng; (*ii*) North Eastern Arunachal Pradesh where heights are 9,000 ft. and above; (*iii*) Areas east or west of Siang and Subansiri sectors (*c*) Sikkim (*i*) Area North-NE-East of line Chhaten LR 0105, Launchung LR 1902, pt. 4326 LW 1790, pt. 4549 LW 1479, pt. 3601 LW 1471 to mile 13 LW 1367 to Berluk LW 2253. (*ii*) All other areas at 9,000 ft. and above. (*d*) Uttar Pradesh Areas of Harsil, Mana and Malari Sub-divisions and other areas of heights at 9,000 ft. and above. (*e*) Himachal Pradesh (*i*) All areas at 9,000 ft. and above ahead of line joining Puhkaja-kunzomla towards the bower. (*ii*) Area ahead of line joining Karchham and Shigrila to—wards the bower. (*iii*) All areas in Kalpa, Spiti, Lahaul and Tisa. (*f*) Jammu and Kashmir (*i*) All areas from NR 396950 to NR 350850, NR 370790, NR 311776 North of Shaikhra Village, North of Pindi Village to NR 240800. (*ii*) Areas of Doda, Sank and other posts located in areas at a height of 9,000 ft. and above. (*iii*) North of line Kud-Dudu and Bastt-garh, Bilwar, Batote and Patnitop. (*iv*) All areas ahead of Zojila served by Road Srinagar-Zojila-Leh in Leh District. (*v*) Gulmarg - All areas forward of line joining Anita Linyan 3309 - Kaunrali - 2407. (*vi*) Uri South - All areas forward of Kaunrali - Kandi 1810 Kustam 1505 - Sebasantra 1006 Changez 0507 - Jak 19904 Keekar 9704 Jamun 9607 Neeta 9508. (*vii*) BAAZ Kaiyan Bowl - All areas forward of Dulurja 9712-BAAZ 0317 - Shamsher 0416 including New Shamsher 0615 - Zorawar 1017 - Malaugan Base 1027 - Radha 0836 to Nastachun Pass 9847. (*viii*) Tangdhar - All areas west of Nastachun Pass Tangdhar Bowl and on Shamshabari Range and forward of it. (*ix*) Karan and Machhal sub-sectors - All areas along the line Pharkiangali 0869 to Z Gali 4376 and forward of Sham-shabari Range. (*x*) Panzgam, Trehgam and Drugmul.	Rs. 800 per month
		II. Siachen area of Jammu and Kashmir	Rs. 7,000 per month
		III. All places located at a height of 1,000 metres or more above the sea level, other than places specified at (I) and (II) above.	Rs. 300 per month

2.	Any Special Compensatory Allowance in the nature of Border Area Allowance, Remote Locality Allowance or Difficult Area Allowance or Disturbed Area Allowance	

I. (*a*) Little Andaman, Nicobar Rs. 1,300 per and Narcondum Islands; — Rs. 1,300 per month

(*b*) North and Middle Andamans;

(*c*) Throughout Lakshadweep and Minicoy Islands;

(*d*) All places on or north of the following demarcation line:

Point 14600 (2881) to Sala MS 2686-Matau MS 6777 - Sakong MT 1379-Bamong-Khonawa MO 2803 - Nyapin MO 7525 - River Khru to its junction with the river Kamla MP - 2226 - Taliha - Yapuik MK 7410 - Gshong MK 9749 - Yinki Yong NF 4324-Damoroh MF 6208 - Ahinkolin NF 8811 - Kronli MG 2407 - Hanli NM 4096 - Gurongon NM 4592-Loon NM 7579 - Mayuliang NM 0169-Chawah NM 9943 - Kamphu NM 1125 - Point 6490 (NM 1493) Vijayanagar NSA 486;

(*e*) Following areas in Himachal Pradesh :

(*i*) Pangi Tehsil of Chamba District;

(*ii*) Following Panchayats and villages of Bharmour Tehsil of Chamba District :

(*A*) Panchayat :
Badgaun, Bajol, Deol Kugti Nayagam and Tundah.

(*B*) Villages :
Ghatu of Gram Panchayat Jagat Kanarsi of Gram Panchayat, Cauhata.

(*iii*) Lahaul and Spiti District;

(*iv*) Kinnaur district:

(*A*) Asrang, Chitkul and Hango Kuno Charang Panchayats;

(*B*) 15/20 Area comprising the Gram Panchayats of Chhota Khamba, Nathpa and Rupi;

(*C*) Pooh Sub-Division excluding the Panchayat Areas specified above.

(*v*) 15/20 Area of Rampur Tehsil comprising of Panchayats of Koot, Labana-Sadana, Sarpara and Chandi Branda of Shimla District.

(*vi*) 15/20 Area of Nirmand Tehsil, comprising the Gram Panchayats of Kharga, Kushwar and Sarga of Kullu District.

(*f*) Chimptuipui District of Mizoram and areas beyond 25 km. from Lunglei town in Lunglei District of Mizoram.

(*g*) Following areas in Jammu and Kashmir:

(*i*) Niabat Bani, Lohi, Malhar and Macchodi of Kathua District;

(*ii*) Dudu Basantgarh Lander Bhamag Illaqa, Thakrakote and Nagote of Udhampur District;

(*iii*) All areas in Tehsil Mahore except those specified at III(*f*)(*i*)below in Udhampur District;

(*iv*) Illaqas of Padder and Niabat Nowgaon in Kishtwar Tehsil of Doda District;

(*v*) Leh District;

(*vi*) Entire Gurez - Niabat, Tangdhar Sub-Division and Keran Illaqa of Baramulla District.

(*h*) Following areas of Uttar Pradesh :—

(*i*) Chamoli District;

(*ii*) Pithoragarh District;

(*iii*) Uttarkashi District.

(*i*) Throughout Sikkim State.

II. Installations in the Continental Shelf of India and the Exclusive Economic Zone of India. — Rs. 1,100 per month

III. (*a*) Throughout Arunachal Pradesh other than areas covered by those specified at I(*d*) above. — Rs. 1,050 per month

(*b*) Throughout Nagaland State.

(*c*) South Andaman (including Port Blair).

(*d*) Throughout Lunglei District (excluding areas beyond 25 km. from Lunglei town) of Mizoram.

(*e*) Dharmanagar, Kailasahar, Amarpur and Khowai in Tripura.

(*f*) Following areas in Jammu and Kashmir :

(*i*) Areas up to Goel from Kamban side and areas upto Arnas from Keasi side in Tehsil Mahore of Udhampur District;

(*ii*) Matchill in Baramulla District.

(*g*) Following areas in Himachal Pradesh :

(*i*) Bharmour Tehsil, excluding Panchayats and villages covered by those specified at I(*e*)(*ii*) above of Chamba District;

(*ii*) Chhota Bhangal and Bara Bhangal area of Kangra District;

(*iii*) Kinnaur District other than areas specified at I(*e*)(*iv*);

(*iv*) Dodra - Kawar Tehsil, Gram Panchayats of Darkali in Rampur, Kashapath Tehsil and Munish, Ghori Chaibis of Pargana Sarahan of Shimla District.

IV.	(*a*) Throughout Aizawal District of Mizoram;	Rs. 750 per month
	(*b*) Throughout Tripura except areas those specified at III(*e*);	
	(*c*) Throughout Manipur;	
	(*d*) Following areas of Himachal Pradesh : (*i*) Jhandru Panchayat in Bhatiyat Tehsil, Churah Tehsil, Dalhousie Town (including Banikhet proper) of Chamba District; (*ii*) Outer Seraj (excluding Village of Jakat Khana and Burow in Nirmand Tehsil of Kullu District); (*iii*) Following areas of Mandi District : (*A*) Chhuhar Valley (Jogindernagar Tehsil); (*B*) Bagra, Chhatri, Chhotdhar, Garagushain, Gatoo, Gharyas, Janjehli, Jaryar, Johar Kalhani Kalwan, Kholanal, Loth, Silibagi, Somachan, Thachdhar, Tachi and Thana Panchayats of Thunag Tehsil; (*C*) Binga, Kamlah, Saklana, Tanyar and Tarakholah, Panchayats of Dharampur Block; (*D*) Balidhar, Bagra, Gopalpur, Khajol, Mahog, Mehudi, Manj, Pekhi, Sainj, Sarahan and Teban, Panchayats of Karsog Tehsil; (*E*) Bohi, Batwara, Dhanyara, Paura-Kothi, Seri and Shoja, Panchayats of Sundernagar Tehsil. (*iv*) Following areas and offices of Kangra District: (*A*) Dharamshala town and Women's ITI; Dari, Mechanical Workshop, Ramnagar; Child Welfare and Town Country Planning Offices, Sakoh; CRSF Office at lower Sakoh; Kangra Milk Supply Scheme, Shamnagar; Tea Factory, Dari; Forest Corporation Office, Shamnagar; Tea Factory, Dari; Settlement Office, Shamnagar and Binwa Project, Shamnagar. Offices located outside the Municipal limit of Dharamshala town but included in Dharamshala town for purposes of eligibility to special Compensatory (Remote Locality) Allowance; (*B*) Palampur town, including HPKVV Campus at Palampur and H.P. Krishi Vishvavidyalaya Campus; Cattle Development Office/ Jersy Farm, Banuri; Sericulture Office/Indo-German Agriculture Workshop/HPPWD Division, Bundla; Electrical Sub-Division, Lohna; D.P.O. Corporation, Bundla and Electrical HPSEE Division, Ghuggar offices located outside the Municipal limits of Palampur town but included in Palampur town for the purpose of above allowance; (*v*) Chopal Tehsil; Ghoris, Panjgaon, Patsnu, Naubis and Teen Koti of Pargana Sarahan; Deothi Gram Panchayat of Taklesh Area; Pargana Barabis; Kasba Rampur and Ghori Nog of Pargana Rampur of Rampur Tehsil of Shimla District and Shimla Town and its suburbs (Dhalli, Jatog, Kasumpti, Mashobra, Taradevi and Tutu); (*vi*) Panchayats of Bani, Bakhali (Pachhad Tehsil), Bharog Bheneri (Paonata Tehsil), Birla (Nahan Tehsil), Dibber (Pachhad Tehsil) of Thanan Kasoga (Nahan Tehsil) in Sirmour District and Transgiri Tract of Sirmour District; (*vii*) Mangal Panchayat of Solan District;	
	(*e*) Following areas in Jammu and Kashmir : (*i*) Areas in Poonch and Rajouri Districts excluding the towns of Poonch and Rajouri and Sunderbani and other Urban areas in the two districts;	
	(*f*) Following areas in Jammu and Kashmir : Areas not included in I(*g*), III(*f*) and IV(*e*) above, but which are within a distance of 8 km. from the line of actual control or at places which may be declared as qualifying for Border Allowance from time to time by the State Government for their own staff.	
V.	Jog Falls in Shimoga District in Karnataka.	Rs. 300 per month.
VI.	(*a*) Throughout the State of Himachal Pradesh other than areas covered by those specified in I(*e*), III(*g*) and IV(*d*)	Rs. 200 per month.
	(*b*) Throughout the State of Assam and Meghalaya	
3. Special Compensatory (Tribal Areas/Schedule Areas/Agency Areas) Allowance	(*a*) Madhya Pradesh (*b*) Tamil Nadu (*c*) Uttar Pradesh (*d*) Karnataka (*e*) Tripura (*f*) Assam (*g*) West Bengal (*h*) Bihar (*i*) Orissa	Rs. 200 per month.

4.	Any allowance granted to an employee working in any transport system to meet his personal expenditure during his duty performed in the course of running of such transport from one place to another place, provided that such employee is not in receipt of daily allowance	Whole of India	70 per cent of such allowance up to a maximum of Rs. 10,000 per month.
5.	Children Education Allowance	Whole of India	Rs. 100 per month per child up to a maximum of two children.
6.	Any allowance granted to an employee to meet the hostel expenditure on his child	Whole of India	Rs. 300 per month per child up to a maximum of two children.
7.	Compensatory Field Area Allowance	(*a*) Following areas in Arunachal Pradesh :— (*i*) Tirap and Changlang Districts; (*ii*) All areas North of line joining point 4448 in LZ 4179-Nukme Dong MS 3272-Sepla MT 2969-Palin MO 9213-Daporijo NR 5841-Along NL 1273-Hunli NM 3196-Tidding Tuwi MT 6369-Hayuliang NN 0170-Tawaken MT 8136-Champai Bun NM 8814, all inclusive. (*b*) Throughout Manipur and Nagaland. (*c*) Following areas in Sikkim :— All areas North and North East of line joining Phalut LV 4750-Gezing LV 7059-Mangkha LV 6160-Penlang La LW 0666-Rangli LW 1448-BP 1 in LW 2453 on Indo-Bhutan Border, all inclusive. (*d*) Following areas in Himachal Pradesh : All areas East of line joining Umasila NV 3951-Udaipur NY 8663-Manikaran SB 2300-Pir Parbati Pass TA 1459-Taranda TA 2335-Barasua Pass TA 8801, all inclusive. (*e*) Following areas in Uttar Pradesh :— All areas North and North-East of line joining Barasua Pass Gangnani TG 1362-Govind Ghat TG 0937-Tapovan TH 1822-Musiari TN 8982-Relagad TO 2466, all inclusive. (*f*) Following areas in Jammu and Kashmir :— (*i*) Areas North and East of line joining Zojila MU 3036-Baralachala NE 6672 along the Great Himalayan Range, all inclusive; (*ii*) All areas West of line joining point 1556 in NR 5470-Gulmarg MT 3105-Naushara MY 3105-Ringapat MT 2133-Handwara MT 2043-Laingyal MT 2339-Point 8405 in NG 4565-North of line joining point 8403-Bunakut MT 5453-Razan NN 2239-Zojila, all inclusive; (*iii*) All areas West of line joining tip of Chicken Neck RD 7073-Canal junction RD 6364-Mawa Brahmana RD 6183-Chauki RD 6393-Road junction RD 6499-Baramgala MY 3854-Point 1556 in NR 5470, allinclusive.	Rs. 2,600 per month.

8.	Compensatory Modified Field Area Allowance	(*a*) Following areas in Punjab and Rajasthan :— Areas West of line joining Jessai, Barmer, Jaisalmer, Pokharan, Udasar, Mahajan Ranges, Suratgarh, Lalgarh, Jattan, Abohar, Govindgarh, Fazilka, Jandiala Guru, Moga, Dholewal, Deas, Bir Sarangwal, Hussainiwala, Dera Baba Nanak, Laisain pulge upto the international border, all inclusive. (*b*) Following area in Haryana :— Satrod (Hissar). (*c*) Following areas in Himachal Pradesh :— Areas North of line joining Narkhanda, Keylong upto Field Area line/High Altitude line. (*d*) Following areas in Arunachal Pradesh and Assam :— (*i*) Cachar and North Cachar Districts of Assam including Silchar; (*ii*) All areas of Arunachal Pradesh and Assam North of river Brahmaputra except Tejpur -Misamari and Field Areas. (*e*) Throughout Mizoram and Tripura. (*f*) Following areas in Sikkim and West Bengal :— Areas Northwards of line joining Sevoke LV 9112-Burdong LV 985-Sherwani LV 9453 - Bagrakot LW 0113-Damdim LW 1109-New Mal-Hasimara-QB 7894 Ganga Ram Tea Estate QA 1377 upto the High Altitude line/field area line/international border, all inclusive. (*g*) Following areas in Uttar Pradesh :— Areas North of line joining Uttarkashi, Karan Prayag, Gauchar, Joshimath, Chamoli, Rudra Prayag, Askote, Charamgad, Dharchula, Kausani and Narendra Nagar upto international border, all inclusive. (*h*) Following areas in Jammu and Kashmir :— (*i*) Areas West of line joining Pattan, Baramulla, Kupwara, Drugmula, Panges, Mankes, Buniyar, Pantha Chowk, Khanabal, Anantnag, Khundru and Khru upto the existing High altitude line, all inclusive; (*ii*) Areas West of line joining - BP-19, Brahmanadi- Bari, Jindra, Dhansal, Katra, Sanjhi Chatt, Batote, Patnitop, Ramban and Banihal upto the existing High altitude line, all inclusive.	Rs. 1,000 per month
9.	Any special allowance in the nature of counter-insurgency allowance granted to the members of armed forces operating in areas away from their permanent locations	Whole of India	Rs. 3,900 per month.
10.	[1a][***]		
11.	Transport allowance granted to an employee, who is blind [2][or deaf and dumb]or orthopaedically handicapped with disability of lower extremities, to meet his expenditure for the purpose of commuting between the place of his residence and the place of his duty	Whole of India	[3][Rs. 3,200 per month]
12.	Underground allowance granted to an employee who is working in uncongenial, unnatural climate in underground mines	Whole of India	Rs. 800 per month.
13.	Any special allowance in the nature of high altitude (uncongenial climate) allowance granted to the member of the armed forces operating in high altitude areas	(*a*) For altitude of 9,000 to 15,000 feet	Rs. 1,060 per month.
		(*b*) For altitude above 15,000 feet	Rs. 1,600 per month.
14.	Any special allowance granted to the members of the armed forces in the nature of special compensatory highly active field area allowance	Whole of India	Rs. 4,200 per month.
15.	Any special allowance granted to the member of the armed forces in the nature of Island (duty) allowance	Andaman & Nicobar and Lakshadweep Group of Islands	Rs. 3,250 per month:

Provided that any assessee claiming exemption in respect of the allowances mentioned at serial numbers 7 and 8 shall not be entitled to the exemption in respect of the allowance referred to at serial number 2:

Provided further that any assessee claiming exemption in respect of the allowance mentioned at serial number 9 shall not be entitled to the exemption in respect of disturbed area allowance referred to at serial number 2.

[4]**[***(3) Notwithstanding anything contained in sub-rules (1) and (2), an employee, being an assessee,—*

(i) who has exercised option under sub-section (5) of section 115BAC; or

(ii) whose income is chargeable to tax under sub-section (1A) of section 115BAC,

shall be entitled to exemption only in respect of the allowances mentioned in sub-clauses (a) *to* (c) *of sub-rule (1) and at serial No. 11 of the Table below sub-rule (2) to the extent and subject to the conditions, if any, specified therein.***]**

1a. Omitted by the IT (Third Amdt.) Rules, 2018, w.e.f. 1-4-2019 and shall apply to the assessment year 2019-2020 and subsequent assessment years.
2. Inserted by the IT (Thirteenth Amdt.) Rules, 2015, w.e.f. 23-9-2015.
3. Substituted for "Rs. 1,600 per month" by the IT (Sixth Amdt.) Rules, 2015, w.r.e.f. 1-4-2015.
4. Substituted by the IT (Tenth Amdt.) Rules, 2023, w.e.f. **21-6-2023**.

Circumstances and conditions for the purposes of clause (*19*) of section 10.

2BBA. (1) For the purposes of clause (*19*) of section 10, the circumstances of death of a member of the armed forces (including para-military forces) of the Union in the course of operational duties shall be the following, namely :—

(*i*) acts of violence or kidnapping or attacks by terrorists or anti-social elements;

(*ii*) action against extremists or anti-social elements;

(*iii*) enemy action in international war;

(*iv*) action during deployment with a peace keeping mission abroad;

(*v*) border skirmishes;

(*vi*) laying or clearance of mines including enemy mines as also mine sweeping operations;

(*vii*) explosions of mines while laying operationally oriented mine-fields or lifting or negotiation mine-fields laid by the enemy or own forces in operational areas near international borders or the line of control;

(*viii*) in the aid of civil power in dealing with natural calamities and rescue operations;

(*ix*) in the aid of civil power in quelling agitation or riots or revolts by demonstrators.

(2) It shall be certified by the Head of the Department where the deceased member of the armed forces (including para-military forces) last served, or the service headquarters, as the case may be, that the death of such member has occurred in the course of operational duties in circumstances mentioned in sub-rule (1).

[5][**Percentage of Government Grant for considering university, hospital, etc., as substantially financed by the Government for the purposes of clause (*23C*) of section 10.**

2BBB. For the purposes of sub-clauses (*iiiab*) and (*iiiac*) of clause (*23C*) of section 10, any university or other educational institution, hospital or other institution referred therein, shall be considered as being substantially financed by the Government for any previous year, if the Government grant to such university or other educational institution, hospital or other institution exceeds fifty per cent of the total receipts including any voluntary contributions, of such university or other educational institution, hospital or other institution, as the case may be, during the relevant previous year.]

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5. Inserted by the IT (Thirteenth Amdt.) Rules, 2014, w.e.f. 12-12-2014.

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INCOME TAX DEPARTMENT

Amount of annual receipts for the purposes of sub-clauses (*iiiad*) and (*iiiae*) of clause (*23C*) of section 10.

2BC. (1) For the purposes of sub-clause (*iiiad*) of clause (*23C*) of section 10, the amount of annual receipts on or after the 1st day of April, 1998, of any university or other educational institution, existing solely for educational purposes and not for purposes of profit, shall be one crore rupees.

(2) For the purposes of sub-clause (*iiiae*) of clause (*23C*) of section 10, the amount of annual receipts on or after the 1st day of April, 1998, of any hospital or other institution for the reception and treatment of persons suffering from illness or mental defectiveness or for the reception and treatment of persons during convalescence or of persons requiring medical attention or rehabilitation, existing solely for philanthropic purposes and not for purposes of profit, shall be one crore rupees.

[6][**Application for the purpose of grant of approval of a fund or trust or institution or university or any hospital or other medical institution under clause (*i*) or clause (*ii*) or clause (*iii*) or clause (*iv*) of first proviso to clause (*23C*) of section 10.**

2C. (1) An application under clause (*i*) or clause (*ii*) or clause (*iii*) or clause (*iv*) of first proviso to clause (*23C*) of section 10 for the grant of approval of a fund or trust or institution, or university or other educational institution or any hospital or other medical institution (hereinafter referred to as 'the applicant') shall be made in the following Form, namely:—

(*i*) Form No. 10A in case of application under [7]**[***clause (*i*) or sub-clause (*A*) of***]** clause (*iv*) of first proviso to clause (*23C*) of section 10 to the Principal Commissioner or Commissioner authorised by the Board; or

(*ii*) Form No. 10AB in case of application under clause (*ii*) or [8]**[***clause (*iii*) or sub-clause (*B*) of clause (*iv*)***]** of first proviso to clause (*23C*) of section 10 to the Principal Commissioner or Commissioner under the said proviso.

(2) The application under sub-rule (1) shall be accompanied by the following documents, as required by Form No. 10A or 10AB, as the case may be, namely:—

(*a*) where the applicant is created or established, under an instrument, self-certified copy of such instrument creating or establishing the applicant;

(*b*) where the applicant is created or established, otherwise than under an instrument, self-certified copy of the document evidencing the creation or establishment of the applicant;

(*c*) self-certified copy of registration with Registrar of Companies or Registrar of Firms and Societies or Registrar of Public Trusts, as the case may be;

(*d*) self-certified copy of registration under Foreign Contribution (Regulation) Act, 2010 (42 of 2010), if the applicant is registered under such Act;

(*e*) self-certified copy of existing order granting approval under clause (*23C*) of section 10;

(*f*) self-certified copy of order of rejection of application for grant of approval under clause (*23C*) of section 10, if any;

(*g*) where the applicant has been in existence during any year or years prior to the financial year in which the application for registration is made, self-certified copies of the annual accounts of the applicant relating to such prior year or years (not being more than three years immediately preceding the year in which the said application is made) for which such accounts have been made up;

(*h*) where a business undertaking is held by the applicant as per the provisions of sub-section (4) of section 11 and the applicant has been in existence during any year or years prior to the financial year in which the application for registration is made, self-certified copies of the annual accounts of such business undertaking relating to such prior year or years (not being more than three years immediately preceding the year in which the said application is made) for which such accounts have been made up and self-certified copy of the report of audit as per the provisions of section 44AB for such period;

(*i*) where the income of the applicant includes profits and gains of business as per the provisions of sub-section (4A) of section 11 and the applicant has been in existence during any year or years prior to the financial year in which the application for registration is made, self-certified copies of the annual accounts of such business relating to such prior year or years (not being more than three years immediately preceding the year in which the said application is made) for which such accounts have been made up and self-certified copy of the report of audit as per the provisions of section 44AB for such period;

(*j*) note on the activities of the applicant.

(3) Form No. 10A or 10AB, as the case may be, shall be furnished electronically,—

(*i*) under digital signature, if the return of income is required to be furnished under digital signature;

(*ii*) through electronic verification code in a case not covered under clause (*i*).

(4) Form No. 10A or 10AB, as the case may be, shall be verified by the person who is authorised to verify the return of income under section 140, as applicable to the applicant.

(5) On receipt of an application in Form No. 10A, the Principal Commissioner or Commissioner, authorised by the Board shall pass an order in writing granting approval under clause (*i*) or (*iii*) of the second proviso read with the ninth proviso to clause (*23C*) of section 10 in Form No. 10AC and issue a sixteen digit alphanumeric Unique Registration Number (URN) to the applicants making application as per clause (*i*) of sub-rule (1).

(6) If, at any point of time, it is noticed that Form No. 10A has not been duly filled in by not providing, fully or partly, or by providing false or incorrect information or documents required to be provided under sub-rule (1) or (2) or by not complying with the requirements of sub-rule (3) or (4), the Principal Commissioner or Commissioner, as referred to in sub-rule (5) after giving an opportunity of being heard, may cancel the approval granted in Form No. 10AC and Unique Registration Number (URN) issued under sub-rule (5), and such approval in Form No. 10AC or such Unique Registration Number (URN) shall be deemed to have never been granted or issued.

(7) In case of an application made under clause (*iv*) of first proviso to clause (*23C*) of [9]**[***section 10 as it stood immediately before its amendment by the Finance Act, 2023*,**]** during previous year beginning on 1st day of April, 2021, the provisional approval shall be effective from the assessment year beginning on 1st day of April, 2022.

(8) In case of an application made in Form No. 10AB under clause (*ii*) of sub-rule (1), the order of approval or rejection or cancellation under second proviso read with the ninth proviso to clause (*23C*) of section 10 shall be in Form No. 10AD and in case if the approval is granted, sixteen digit alphanumeric number Unique Registration Number (URN) shall be issued, by the Principal Commissioner or Commissioner referred to in second proviso to clause (*23C*) of section 10.

(9) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall:

(*i*) lay down the form, data structure, standards and procedure of:

(*a*) furnishing and verification of Form No. 10A or 10AB, as the case may be;

(*b*) passing the order under second proviso to clause (*23C*) of section 10;

(*ii*) be responsible for formulating and implementing appropriate security, archival and retrieval policies in relation to the form so furnished or the order so passed.

6. Substituted by the IT (Sixth Amdt.) Rules, 2021, w.e.f. 1-4-2021.
7. Substituted for "clause (*i*) or" by the IT (Eleventh Amdt.) Rules, 2023, w.e.f. **1-10-2023**.
8. Substituted for "clause (*iii*)" by the IT (Eleventh Amdt.) Rules, 2023, w.e.f. **1-10-2023**.
9. Substituted for "section 10" by the IT (Eleventh Amdt.) Rules, 2023, w.e.f. **1-10-2023**.

Guidelines for approval under clause (*23F*) of section 10.

2D. (1) For the purposes of clause (*23F*) of section 10, the prescribed authority shall be the Director of Income-tax (Exemptions) having jurisdiction over the venture capital fund or the venture capital company who makes application for approval under sub-rule (2).

(2) An application for approval shall be made in Form No. 56A by a venture capital fund or a venture capital company to the Director of Income-tax (Exemptions) referred to in sub-rule (1).

(3) Every application under sub-rule (2) may be made in any previous year in which any income by way of dividend or long-term capital gains of a venture capital fund or a venture capital company from investments made by way of equity shares in a venture capital undertaking shall not be included in computing the total income of such venture capital fund or venture capital company.

(4) Every application for approval under sub-rule (2) shall be accompanied by the following documents, namely :—

(*a*) a copy of trust deed or certificate of incorporation under the Companies Act, 1956 (1 of 1956);

(*b*) balance sheets and profit and loss account for three previous years immediately preceding the previous year in which the application is made;

(*c*) Forms 56B and 56C duly filled in and signed by the applicant; and

(*d*) a copy of the certificate of registration issued by the Securities and Exchange Board of India.

(5) The Director of Income-tax (Exemptions) shall approve the venture capital fund or the venture capital company, as the case may be, subject to the following conditions, namely :—

(*a*) the venture capital fund or the venture capital company, as the case may be, is registered with the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992 (15 of 1992);

(*b*) [***]

(*c*) [***]

(*d*) a venture capital fund or a venture capital company, as the case may be, shall not invest more than twenty per cent of its total monies raised or total paid-up share capital in one venture capital undertaking;

(*e*) a venture capital fund or a venture capital company, as the case may be, shall not make investment of more than forty per cent in the equity capital of one venture capital undertaking;

(*f*) every venture capital fund and venture capital company, shall maintain books of account and get such books audited by an accountant, as defined in *Explanation* to sub-section (2) of section 288 and furnish the report of such audit duly signed and verified by such accountant to the Director of Income-tax (Exemptions) before the due date of filing of the return under sub-section (1) of section 139.

(6) The Director of Income-tax (Exemptions) shall pass an order in writing granting approval or refusing approval to the venture capital fund or venture capital company, as the case may be :

Provided that the Director of Income-tax (Exemptions) shall not refuse the approval except in concurrence with the Director-General of Income-tax (Exemptions):

Provided further that every venture capital fund or venture capital company, as the case may be, shall be given an opportunity of being heard before passing an order under this rule.

(7) The Director of Income-tax (Exemptions) shall withdraw the approval granted under sub-rule (6) in the following circumstances, namely :—

(*a*) if the venture capital fund or the venture capital company—

(*i*) fails to make investments in the manner specified in sub-rule (5);

(*ii*) invests more than twenty per cent of the monies raised by a venture capital fund or twenty per cent of paid-up share capital of the venture capital company, as the case may be, in one venture capital undertaking;

(*iii*) makes an investment of more than forty per cent in the equity capital in one venture capital undertaking;

(*iv*) fails to maintain books of account and get such accounts audited by an accountant or fails to file the audit report required in clause (*f*) of sub-rule (5);

(*v*) violates the provisions of the Act or rules made thereunder;

(*b*) if the certificate of registration granted under section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), to a venture capital fund or a venture capital company is suspended or cancelled by the Securities and Exchange Board of India.

Guidelines for approval under clause (*23FA*) of section 10.

2DA. (1) An application for approval shall be made in Form No. 56AA by a venture capital fund or a venture capital company to the Central Government.

(2) Every application under sub-rule (1) may be made in any previous year in which any income by way of dividend or long-term capital gains of a venture capital fund or a venture capital company from investments made by way of equity shares in a venture capital undertaking shall not be included in computing the total income of such venture capital fund or venture capital company.

(3) Every application for approval under sub-rule (1) shall be accompanied by the following documents, namely :—

(*a*) a copy of the trust deed registered under the provision of the Registration Act, 1908 or a certificate of incorporation under the Companies Act, 1956 (1 of 1956);

(*b*) balance sheets and profit and loss accounts for three previous years immediately preceding the previous year in which the application is made;

(*c*) Forms 56BA and 56CA duly filled in and signed by the applicant; and

(*d*) a copy of the certificate of registration issued by the Securities and Exchange Board of India under sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992).

(4) The Central Government may approve the venture capital fund or the venture capital company, as the case may be, subject to the following conditions, namely :—

(*a*) a venture capital fund or a venture capital company, as the case may be, is registered with the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992 (15 of 1992);

(*b*) a venture capital fund or a venture capital company, as the case may be, shall not invest more than twenty-five per cent of its total monies raised or total paid-up share capital in one venture capital undertaking;

(*c*) every venture capital fund and venture capital company, shall maintain books of account and get such books audited by an accountant, as defined in *Explanation* to sub-section (2) of section 288 of the Act and, furnish the report of such audit duly signed and verified by such accountant to the Central Government before the due date of filing of the return under sub-section (1) of section 139 of the Act.

(5) The Central Government may pass an order in writing granting approval or refusing approval to the venture capital fund or venture capital company, as the case may be :

Provided that no order refusing the approval shall be passed unless an opportunity of being heard has been given to the venture capital fund or the venture capital company.

(6) The approval of the Central Government under sub-rule (5) shall at any one time have effect for such assessment year or years, not exceeding three assessment years.

(7) The Central Government shall withdraw the approval granted under sub-rule (5) in the following circumstances :—

(*a*) if the venture capital fund or the venture capital company—

(*i*) fails to make investments in the manner specified in sub-rule (4);

(*ii*) invests more than twenty-five per cent of the monies raised by a venture capital fund or twenty-five per cent of paid-up share capital of the venture capital company, as the case may be, in one venture capital undertaking;

(*iii*) fails to maintain books of account and get such accounts audited by an accountant or fails to file the audit report required in clause (*d*) of sub-rule (4);

(*iv*) violates the provisions of the Act or rules made thereunder;

(*b*) if the certificate of registration granted under section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), to a venture capital fund or a venture capital company is suspended or cancelled by the Securities and Exchange Board of India.

[1]**[Conditions for the Venture Capital Fund for the clause (*23FB*) of section 10.**

2DAA.*For the purposes of sub-item (*iv*) of item (II) of sub-clause (A) of clause (*b*) of Explanation to clause (23FB) of section 10, the Venture Capital Fund as referred to in sub-regulation (2) of regulation 18 of the International Financial Services Centres Authority (Fund Management) Regulations, 2022 shall be construed as Category I Alternative Investment Fund regulated under the International Financial Services Centres Authority (Fund Management) Regulations, 2022 made under the International Financial Services Centres Authority Act, 2019 (50 of 2019).***]**

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1. Inserted by the IT (Second Amdt.) Rules, 2025, w.e.f. **27-1-2025**.

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INCOME TAX DEPARTMENT

[10][**Other conditions to be satisfied by the pension fund.**

2DB. For the purposes of clause (*23FE*) of section 10, the pension fund shall be required to satisfy the following other conditions, namely:—

(*i*) it is regulated under the law of a foreign country including the laws made by any of its political constituents being a province, State or local body, by whatever name called, under which it is created or established, as the case may be;

(*ii*) it is responsible for administering or investing the assets for meeting the statutory obligations and defined contributions of one or more funds or plans established for providing retirement, social security, employment, disability, death benefits or any similar compensation to the participants or beneficiaries of such funds or plans, as the case may be:

[11][**Provided** that the condition in clause (*ii*) shall be deemed to have been satisfied with respect to assets being administered or invested, if the following conditions are satisfied; namely:—

(*a*) value of such assets is not more than ten per cent of the total value of the assets administered or invested by such fund;

(*b*) such assets are wholly owned directly or indirectly by the Government of a foreign country; and

(*c*) such assets vests in the Government of such foreign country upon dissolution;]

(*iii*) the earnings and assets of the pension fund are used only for meeting statutory obligations and defined contributions for participants or bene-ficiaries of funds or plans referred to in clause (*ii*) and no portion of the earnings or assets of the pension fund inures any benefit to any other private person:

[12][**Provided** that the provisions of clause (*iii*) shall not apply to any payment made to creditors or depositors for loan taken or borrowing for the purposes other than for making investment in India:]

[11][**Provided further** that the provisions of clause (*iii*) shall not apply to earning from the assets referred to in the proviso of clause (*ii*), if the said earning are credited either to the account of the Government of that foreign country or to any other account designated by such Government so that no portion of the earnings inures any benefit to any private person;]

(*iv*) [13][***]

(*v*) it shall intimate the details in respect of each investment made by it in India during the quarter within one month from the end of the quarter in Form No. 10BBB;

(*vi*) it shall file return of income on or before the due date specified under sub-section (1) of section 139 and furnish along with such return a certificate in Form No. 10BBC in respect of compliance to the provisions of clause (*23FE*) of section 10, during the financial year, from an accountant as defined in the *Explanation* below sub-section (2) of section 288.

[14][*Explanation*.—For the purposes of this rule, "loan and borrowing" shall have the same meaning as assigned to it in sub-clause (*b*) of clause (*ii*) of *Explanation 2* to clause (*23FE*) of section 10.]

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10. Rules 2DB and 2DC inserted by the IT (Twentieth Amdt.) Rules, 2020, w.e.f. 17-8-2020.
11. Inserted by the IT (Eleventh Amdt.) Rules, 2021, w.e.f. 26-4-2021.
12. Inserted by the IT (Tenth Amdt.) Rules, 2021, w.e.f. 15-4-2021.
13. Omitted by the IT (Tenth Amdt.) Rules, 2021, w.e.f. 15-4-2021.
14. Inserted by the IT (Tenth Amdt.) Rules, 2021, w.e.f. 15-4-2021.

Guidelines for notification under clause (*23FE*) of section 10.

2DC. (1) For the purposes of notification under sub-clause (*iv*) of clause (*c*) of [15][*Explanation 1*] to the clause (*23FE*) of section 10, the pension fund shall make an application in Form No. 10BBA enclosing therewith relevant documents and evidence, to the,—

(*i*) Member (Legislation), Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, North Block, New Delhi during the financial year 2020-2021;

(*ii*) Member, Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, North Block, New Delhi having supervision and control over the work of Foreign Tax and Tax Research Division during the other financial years.

(2) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall lay down the data structure, standards and procedure of furnishing and verification of Form No. 10BBB and Form No. 10BBC, and shall be responsible for formulating and implementing appropriate security, archival and retrieval policies in relation to the said forms so furnished under this sub-rule.]

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15. Substituted for "*Explanation*" by the IT (Tenth Amdt.) Rules, 2021, w.e.f. 15-4-2021.

[17][**Computation of exempt income of specified fund for the purposes of clause (*23FF*) of section 10.**

2DD. (1) For the purpose of clause (*23FF*) of section 10, income of the nature of capital gains, arising or received by a specified fund, which is attributable to units held by non-resident (not being a permanent establishment of a non-resident in India) in such specified fund shall be computed as under:—

(*i*) where the specified fund files Form No. 10-II in accordance with sub-rule (2), the income exempt under clause (*23FF*) of section 10 = [A×B/C], where,—

A = income of the nature of capital gains, arising or received by a specified fund, which is on account of transfer of shares of a company resident in India, by the specified fund and where such shares were received by the specified fund, being resultant fund, in relocation from the original fund, or from its wholly owned special purpose vehicle, and where such capital gains would not be chargeable to tax if the relocation had not taken place;

B = aggregate of daily 'assets under management' of the specified fund which are held by non-resident unit holders (not being the permanent establishment of a non-resident in India), from the date of acquisition of the share of a company resident in India by the specified fund to the date of transfer of such share;

C = aggregate of daily total 'assets under management' of the specified fund, from the date of acquisition of the share of a company resident in India by the specified fund to the date of transfer of such share;

(*ii*) where no Form No. 10-II is filed by the specified fund, the exempt income shall be *NIL*.

(2) The specified fund shall furnish an annual statement of exempt income in Form No. 10-II electronically under digital signature on or before the due date, which is duly verified in the manner indicated therein.

(3) It shall get the annual statement, referred to in sub-rule (2), certified by an accountant before the specified date and such accountant shall furnish by that date the certificate in Form No. 10-IJ electronically under digital signature, which is duly verified in the manner indicated therein.

(4) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall specify the procedure for filing of the Form Nos. 10-II and 10-IJ and shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to the statements so furnished under this rule.

Explanation.—For the purposes of this rule, the expressions,—

(*a*) "assets under management" means the closing balance of the value of assets or investments of the specified fund as on a particular date;

(*b*) "due date" shall have the meaning assigned to it in the *Explanation 2* below sub-section (1) of section 139;

(*c*) "original fund" , "relocation" and "resultant fund" shall have the meanings respectively assigned to them in the *Explanation* to clause (*viiac*) and clause (*viiad*) of section 47;

(*d*) "permanent establishment" shall have the meaning assigned to it in clause (*iiia*) of section 92F;

(*e*) "securities" shall have the meaning assigned to it in clause (*bb*) of the *Explanation* to clause (*4D*) of section 10;

(*f*) "specified date" in relation to the certification of the annual statement in Form 10-II, means the date one month prior to the due date;

(*g*) "specified fund" shall have the meaning assigned to it in sub-clause (*i*) of clause (*c*) of the *Explanation* to clause (*4D*) of section 10; and

(*h*) "unit" shall have the meaning assigned to it in clause (*f*) of the *Explanation* to clause (*4D*) of section 10.]

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17. Inserted by the IT (Thirty-fourth Amdt.) Rules, 2021, w.e.f. 27-12-2021.

[16][**Computation of minimum investment and exempt income for the purposes of clause (*23FE*) of section 10 of the Act.**

2DCA. (1) For the purposes of clause (*23FE*) of section 10 of the Act, the percentages referred to in item (*c*), item (*d*) and item (*e*) of sub-clause (*iii*), and the exempt income referred to in the fourth, fifth and sixth provisos shall be calculated in accordance with this rule.

(2) The percentage referred to in item (*c*) of sub-clause (*iii*) of clause (*23FE*) of section 10 of the Act shall be calculated in the following manner, namely: —

$$\frac{(A+C+D)}{B} \times 100$$

Where, —

A = Aggregate of eligible investments, appearing in the balance sheet of the Alternative Investment Fund as on the last date of all the financial years starting from the financial year 2021-22 and ending on the financial year immediately preceding the relevant previous year, made in one or more of the company or enterprise or entity referred to in item (*b*) of sub-clause (*iii*) of clause (*23FE*) of section 10 of the Act or in an Infrastructure Investment Trust referred to in sub-clause (*i*) of clause (*13A*) of section 2 of the Act;

B = Aggregate of eligible investments appearing in the balance sheet of the Alternative Investment Fund as on the last date of all the financial years starting from the financial year 2021-22 and ending on the financial year immediately preceding the relevant previous year;

C = Aggregate of eligible investments, appearing in the balance sheet of the Alternative Investment Fund as on the last date of all the financial years starting from the financial year 2021-22 and ending on the financial year immediately preceding the relevant previous year, made in one or more domestic companies referred to in item (*d*) of sub-clause (*iii*) of clause (*23FE*) of section 10 of the Act, multiplied by the percentage for those domestic company or companies determined in accordance with sub-rule (3); and

D = Aggregate of eligible investments appearing in the balance sheet of the Alternative Investment Fund as on the last date of all the financial years starting from the financial year 2021-22 and ending on the financial year immediately preceding the relevant previous year, made in one or more non-banking financial companies referred to in item (*e*) of sub-clause (*iii*) of clause (*23FE*) of section 10 of the Act, multiplied by the percentage for those non-banking financial company or companies determined in accordance with sub-rule (4):

Provided that in the case of financial year 2021-22 being the relevant previous year, the amounts A, B, C and D shall be calculated using the aggregate of eligible investments, appearing in the balance sheet of the financial year 2021-22 as on the 31st day of March, 2022:

Provided further that in a case where the relevant previous year is the year in which the first investment is made by the Alternative Investment Fund, the above amounts shall be calculated using the aggregate of eligible investments, appearing in its balance sheet of the relevant previous year as on the last date of that year:

Provided also that the amounts A, C and D shall also include eligible investments which may not be includible in these amounts as on the date of calculation but would have been included if the calculation was carried out anytime within three months after the date of receipt of such eligible investments by the Alternative Investment Fund:

Provided also that for the financial year [1a]**[***2031-32***]** being the relevant previous year and for subsequent relevant previous years, the percentage referred to in item (*c*) of sub-clause (*iii*) of clause (*23FE*) of section 10 of the Act shall be deemed to have been satisfied if the same is satisfied for the financial year [1b]**[***2030-31***]** being the relevant previous year.

(3) The percentage referred to in item (*d*) of sub-clause (*iii*) of clause (*23FE*) of section 10 of the Act shall be calculated in the following manner, namely: —

$$\frac{E}{F} \times 100$$

Where, —

E = Aggregate of eligible investments, appearing in the balance sheet of the domestic company as on the last date of all the financial years starting from the financial year 2021-22 and ending on the financial year immediately preceding the relevant previous year, made in one or more of the company or enterprise or entity referred to in item (*b*) of sub-clause (*iii*) of clause (*23FE*) of section 10 of the Act; and

F= Aggregate of eligible investments appearing in the balance sheet of the domestic company as on the last date of all the financial years starting from the financial year 2021-22 and ending on the financial year immediately preceding the relevant previous year:

Provided that in the case of financial year 2021-22 being the relevant previous year, the above amounts shall be calculated using the aggregate of eligible investments, appearing in the balance sheet of the financial year 2021-22 as on 31st March, 2022:

Provided further that in a case where the relevant previous year is the year in which the first investment is made by the domestic company, the above amounts shall be calculated using the aggregate of eligible investments, appearing in its balance sheet of the relevant previous year as on the last date of that year:

Provided also that the amount E shall also include eligible investments which may not be includible in these amounts as on the date of calculation but would have been included if the calculation was carried out anytime within three months after the date of receipt of such eligible investments by the domestic company:

Provided also that for the financial year [1a]**[***2031-32***]** being the relevant previous year and for subsequent relevant previous years, the percentage referred to in item (*d*) of sub-clause (*iii*) of clause (*23FE*) of section 10 of the Act shall be deemed to have been satisfied if the same is satisfied for the financial year [1b]**[***2030-31***]** being the relevant previous year.

(4) The percentage referred to in item (*e*) of sub-clause (*iii*) of clause (*23FE*) of section 10 of the Act shall be calculated in the following manner, namely: —

$$\frac{G}{H} \times 100$$

Where,—

G = Aggregate of eligible lending, appearing in the balance sheet of the non-banking financial company as on the last date of all the financial years starting from the financial year 2021-22 and ending with the financial year immediately preceding the relevant previous year, made to one or more of the company or enterprise or entity referred to in item (*b*) of sub-clause (*iii*) of clause (*23FE*) of section 10 of the Act; and

H = Aggregate of eligible lending appearing in the balance sheet of the non-banking financial company as on the last date of all the financial years starting from the financial year 2021-22 and ending on the financial year immediately preceding the relevant previous year:

Provided that in the case of financial year 2021-22 being the relevant previous year, the above amounts shall be calculated using the aggregate of eligible lending appearing in the balance sheet of the financial year 2021-22 as on 31st March 2022:

Provided further that in a case where the relevant previous year is the year in which the first debt or loan is extended by the non-banking financial company, the above amounts shall be calculated using the aggregate of eligible lending appearing in its balance sheet of the relevant previous year as on the last date of that year:

Provided also that for the financial year [1a]**[***2031-32***]** being the relevant previous year and for subsequent relevant previous years, the percentage referred to in item (*e*) of sub-clause (*iii*) of clause (*23FE*) of section 10 of the Act shall be deemed to have been satisfied if the same is satisfied for the financial year [1b]**[***2030-31***]** being the relevant previous year.

(5) For the purposes of the fourth proviso to sub-clause (*iii*) of clause (*23FE*) of section 10 of the Act, the income accrued or arisen or attributed to, or received by, the specified person, who is a unit holder of an Alternative Investment Fund, out of investment made in that fund, shall be chargeable to income-tax in the same manner as if it were the income accrued or arisen or attributed to, or received by, such person had the investment made by such investment fund been made directly by him and the calculation of exempt income of the specified person arising from the investment in such fund during the relevant previous year shall be made in the following manner, namely: —

I + J + K + L

Where,—

I = Income accrued or arisen or attributed or received during the relevant previous year from the eligible investments made by the Alternative Investment Fund in companies or enterprises or entities referred to in item (*b*) of sub-clause (*iii*) of clause (*23FE*) of section 10 of the Act, out of any investment made by the specified person on or after the date of notification of the specified person under the said clause, computed in accordance with the provisions of the Act;

J = Income accrued or arisen or attributed or received during the relevant previous year, computed in accordance with the provisions of the Act, from the investments made by the Alternative Investment Fund in one or more domestic companies, referred to in item (*d*) of sub-clause (*iii*) of clause (*23FE*) of section 10 of the Act, out of any investment made by the specified person multiplied by N and divided by O, where N and O shall have the value assigned to them in sub-rule (6) for each of such domestic company;

K = Income accrued or arisen or attributed or received during the relevant previous year, computed in accordance with the provisions of the Act, from the investments made by the Alternative Investment Fund in one or more non-banking financial companies, referred to in item (*e*) of sub-clause (*iii*) of clause (*23FE*) of section 10 of the Act, out of any investment made by the specified person multiplied by Q and divided by R, where Q and R shall have the value assigned to them in sub-rule (7) for each such non-banking financial company; and

L = Income accrued or arisen or attributed or received during the relevant previous year from the eligible investments made by the Alternative Investment Fund in Infrastructure Investment Trusts referred to in sub-clause (*i*) of clause (*13A*) of section 2 of the Act, out of any investment made by the specified person on or after the date of notification of the specified person under the said clause, computed in accordance with the provisions of the Act.

(6) For the purposes of fifth proviso to sub-clause (*iii*) of clause (*23FE*) of section 10 of the Act, the exempt income during the relevant previous year shall be calculated in the following manner, namely: —

$$\frac{M}{O} \times N$$

Where, —

M = Income accrued or arisen or attributed or received during the relevant previous year from the investment made by the specified person in one or more domestic companies referred to in item (*d*) of sub-clause (*iii*) of clause (*23FE*) of section 10 of the Act, computed in accordance with the provisions of the Act;

N = Aggregate of eligible investments, appearing in the balance sheet of the domestic company as on the last date of the previous year immediately preceding the relevant previous year (last date of the relevant previous year if eligible investment has been made during the relevant previous year for the first time), made by domestic company in one or more of the company or enterprise or entity referred to in item (*b*) of sub-clause (*iii*) of clause (*23FE*) of section 10 of

the Act, out of investment made by the specified person on or after the date of notification of the specified person under the said clause; and

O = Aggregate of investments, appearing in the balance sheet of the domestic company as on the last date of the previous year immediately preceding the relevant previous year (last date of the relevant previous year if eligible investment has been made during the relevant previous year for the first time), out of any investment made by the specified person.

(7) For the purposes of sixth proviso to sub-clause (*iii*) of clause (*23FE*) of section 10 of the Act, the exempt income during the relevant previous year shall be calculated in the following manner, namely: —

$$\frac{P}{R} \times Q$$

Where, —

P = Income accrued or arisen or attributed or received during the relevant previous year from the investment made by the specified person in one or more non-banking financial companies referred to in item (*e*) of sub-clause (*iii*) of clause (*23FE*) of section 10 of the Act, computed in accordance with the provisions of the Act;

Q = Aggregate of eligible lending appearing in the balance sheet of the non-banking financial company as on the last date of the previous year immediately preceding the relevant previous year (last date of the relevant previous year if eligible lending has been made during the relevant previous year for the first time) made by non-banking financial company to one or more of the company or enterprise or entity referred to in item (*b*) of sub-clause (*iii*) of clause (*23FE*) of section 10 of the Act, out of any investment made by the specified person on or after the date of notification of the specified person under the said clause; and

R = Aggregate of lending appearing in the balance sheet of the non-banking financial company as on the last date of the previous year immediately preceding the relevant previous year (last date of the relevant previous year if eligible lending has been made during the relevant previous year for the first time) out of any investment made by the specified person.

(8) Every Alternative Investment Fund, domestic company and non-banking finance company, which has received funds from any specified person, either directly or through Alternative Investment Fund, shall furnish the details of funds received from specified persons in Form No. 10BBD for each previous year during which such funds or any part thereof remains invested in such Alternative Investment Fund, domestic company and non-banking finance company.

(9) Form No. 10BBD shall be furnished electronically either under digital signature or through electronic verification code and shall be verified by the person who is authorized to verify the return of income of such Alternative Investment Fund, domestic company and non-banking finance company under section 140 of the Act.

(10) Form No. 10BBD shall be furnished on or before the due date referred to in the *Explanation 2* to sub-section (1) of section 139 of the Act for the assessment year relevant to the previous year in which the eligible investments have been first received from the specified person and all subsequent previous years till the eligible investment received from the specified person is returned.

(11) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall —

(*i*) specify the procedure, formats and standards for ensuring secure capture and transmission of the data in Form No. 10BBD; and

(*ii*) specify the procedure, format, data structure, standards and manner of generation of electronic verification code, referred to in sub-rule (9), for verification of the person furnishing the said Form; and

(*iii*) be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to the Form No. 10BBD so furnished.

Explanation 1.—For the purposes of this rule, the expressions —

(*a*) "alternative investment fund" means Category-I or Category-II Alternative Investment Fund referred to in item (*c*) of sub-clause (*iii*) of clause (*23FE*) of section 10 of the Act;

(*b*) "balance sheet" means the balance sheet (including the notes annexed thereto and forming part of the accounts) drawn up as on 31st day of March of the relevant financial year which gives a true and fair view of the state of affairs, complies with applicable accounting standards and has been audited by the auditor of the relevant Alternative Investment Fund or respective companies, in accordance with the provisions of sub-regulation (5) of regulation 20 of Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012 or section 139 of the Companies Act, 2013, as the case may be;

(*c*) "domestic company" means a company referred to in item (*d*) of sub-clause (*iii*) of clause (*23FE*) of section 10 of the Act;

(*d*) "eligible investment" means an investment which has been made by an Alternative Investment Fund or domestic company, as the case may be, on or after the 1st day of April, 2020 but on or before the 31st day of March, [1c]**[***2030***]**;

(*e*) "eligible lending" means lending made by a non-banking financial company on or after the 1st day of April, 2020 but on or before the 31st day of March, [1c]**[***2030***]**;

(*f*) "investment" shall mean movable and immovable assets including current and non-current investments, loans and advances and cash and cash equivalents;

(*g*) "non-banking financial company" means a company referred to in item (*e*) of sub-clause (*iii*) of clause (*23FE*) of section 10 of the Act;

(*h*) "relevant previous year" means the previous year for which the income exempt under clause (*23FE*) of section 10 of the Act is to be calculated:

Provided that for the purposes of fourth proviso of sub-rule (2), fourth proviso of sub-rule (3) and third proviso of sub-rule (4), the previous year [1b]**[***2030-31***]** shall be considered to be relevant previous year even if exempt income under clause (*23FE*) of section 10 of the Act is not required to be calculated for that year; and

(*i*) "specified person" means a person referred to in *Explanation 1* to clause (*23FE*) of section 10 of the Act.]

16. Inserted by the IT (Thirteenth Amdt.) Rules, 2022, w.e.f. 6-5-2022.
1a. Substituted for "2025-26" by the IT (Twenty-Fifth Amdt.) Rules, 2025, w.e.f. **1-9-2025.**
1b. Substituted for "2024-25" by the IT (Twenty-Fifth Amdt.) Rules, 2025, w.e.f. **1-9-2025.**
1c. Substituted for "2024" by the IT (Twenty-Fifth Amdt.) Rules, 2025, w.e.f. **1-9-2025.**

Guidelines for approval under clause (*23G*) of section 10.

2E. (1) An application for approval shall be made on or after the 1st day of June, 1998 in Form No. 56E by an enterprise to the Central Government.

(2) Every application for approval made under sub-rule (1) shall be accompanied by the following documents, namely :—

(*a*) a copy of certificate of incorporation under the Companies Act, 1956 (1 of 1956) or a copy of the document evidencing the constitution of the enterprise and its legal status;

(*b*) a copy of the project report or agreement in respect of the eligible business duly approved by the Central Government or any State Government or any local authority or any other statutory body, as the case may be;

(*c*) balance sheets and profit and loss accounts for the three previous years immediately preceding the previous year in which the application has been made and also for the relevant part of the previous year in which the application has been made :

Provided that an application made under sub-rule (1) may be accompanied by the balance sheets and profit and loss accounts for less than three previous years where an enterprise has been formed at any time during the three previous years immediately preceding the previous year in which the application has been made and also for the relevant part of the previous year in which the application has been made.

(3) The Central Government shall approve an enterprise for the purposes of clause (*23G*) of section 10, if such enterprise is wholly engaged in the eligible business.

(4) The Central Government may, before approving an enterprise, call for such documents (including audited annual accounts) or information from the enterprise, as it thinks necessary in order to satisfy itself that such enterprise is wholly engaged in the eligible business and that Government may also make such enquiries as it may deem necessary in this behalf.

(5) The Central Government shall pass an order in writing while granting approval or refusing approval to the enterprise :

Provided that no order refusing the approval shall be passed unless an opportunity of being heard has been given to the enterprise.

(6) Every enterprise approved under sub-rule (5) shall maintain books of account and get such books audited by an accountant, as defined in *Explanation* to sub-section (2) of section 288 and furnish the report of such audit duly signed and verified by such accountant to the Chief Commissioner of Income-tax under whose jurisdiction it is assessed, before the due date of filing of the return under sub-section (1) of section 139.

(7) Where the enterprise,—

(*a*) ceases to carry on the eligible business; or

(*b*) fails to maintain books of account and get such accounts audited by an accountant as required by sub-rule (6); or

(*c*) fails to furnish the audit report as required by sub-rule (6),

the Chief Commissioner of Income-tax shall, after making such enquiries as he may deem necessary, furnish a report on the circumstances referred to in clauses (*a*), (*b*) and (*c*) to the Central Government, within six months from the due date of filing of return under sub-section (1) of section 139.

(8) The Central Government, on being satisfied that any or all of the circumstances referred to in clauses (*a*), (*b*) and (*c*) of sub-rule (7) exist, shall withdraw the approval granted under sub-rule (5) :

Provided that no order withdrawing the approval shall be passed unless an opportunity of being heard has been given to the enterprise.

Explanation.— For the purposes of this rule,—

(*a*) the expression "enterprise" means any enterprise wholly engaged in the eligible business;

(*b*) the expression "eligible business" means the business referred to in sub-section (4) of section 80-IA or a housing project referred to in sub-section (10) of section 80-IB and which fulfils the conditions specified in the said sub-sections or a hotel project or a hospital project as defined in clauses (*g*) and (*h*) of *Explanation 1* to clause (*23G*) of section 10.

[**Guidelines for setting up an Infrastructure Debt Fund for the purpose of exemption under clause (*47*) of section 10.**

2F. [18]**[** *(1) The Infrastructure Debt Fund shall be set up as a Non-Banking Financial Company conforming to and satisfying the conditions laid down in the regulatory framework provided by the Reserve Bank of India.*

(2) The funds of the Infrastructure Debt Fund shall be invested only in,—

(a) post commencement operation date infrastructure projects which have completed at least one year of satisfactory commercial operations; or

*(b) toll-operate-transfer projects as the direct lender.***]**

[19]**[***(3) The Infrastructure Debt Fund shall,—*

(i) issue rupee denominated bonds or foreign currency bonds in accordance with the directions of Reserve Bank of India and the relevant regulations under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, as amended from time to time;

(ii) issue zero coupon bonds in accordance with rule 8B; or

(iii) raise funds through loan route under external commercial borrowings.

(4) The terms and conditions of, —

(a) a bond issued by the Infrastructure Debt Fund,–

*(a) under clause (*i*) of sub-rule (3) shall be in accordance with the directions of the Reserve Bank of India and the regulations referred to in the said clause;*

*(ii) under clause (*ii*) of sub-rule (3) shall be in accordance with rule 8B; or*

*(b) external commercial borrowings by the Infrastructure Debt Fund, under clause (*iii*) of sub-rule (3) shall be in accordance with the directions of the Foreign Exchange Department of the Reserve Bank of India.***]**

(5) In case of an investor in the aforesaid bond being a non-resident, the original or initial maturity of bond, at time of first investment by such non-resident investor, shall not be less than a period of five years.

[20][***]

[20a]**[***(5A) In case of external commercial borrowings by the Infrastructure Debt Fund, the tenor shall not be less than a period of five years and such borrowings shall not be sourced from foreign branches of Indian banks.***]**

(6) The investment made by the Infrastructure Debt Fund in an individual project or project belonging to a group at any time, shall not exceed twenty per cent of the corpus of the fund.

[20b]**[***(7) No investment shall be made by the Infrastructure Debt Fund in any project where its specified shareholder or the associated enterprise or the group of such specified shareholder has a substantial interest.***]**

(8) The Infrastructure Debt Fund shall file its return of income as required by sub-section (4C) of section 139 on or before the due date.

(9) In case the Infrastructure Debt Fund does not fulfil any of the conditions provided in this rule or directions of the Reserve Bank of India, all provisions of the Act shall apply as if it is not an Infrastructure Debt Fund referred to in clause (*47*) of section 10 of the Act.

Explanation.—For the purpose of this rule,—

(*i*) "[20c]**[***associated***]** enterprise" shall have the same meaning as assigned to it in section 92A of the Act;

(*ii*) "concern" shall have the same meaning as in clause (*a*) of *Explanation 3* of sub-section (*22*) of section 2 of the Act;

(*iii*) "concessionaire", "tripartite agreement" and "project authority" respectively shall have the same meaning as assigned to them in the Infrastructure Debt Fund - Non-Banking Financial Companies (Reserve Bank) Directions, 2011;

(*iv*) "corpus" means the total funds of the Infrastructure Debt Fund raised for the purpose of investment;

(*v*) "group" means a group as defined in clause (*mm*) of section 2 of Securities and Exchange Board of India (Mutual Funds) Regulations, 1996;

(*vi*) a person shall be deemed to have substantial interest in—

(*a*) a company if he is the beneficial owner (including beneficial ownership held by one or more of his relatives, in case the person is an individual) of shares (not being the shares entitled to a fixed rate of dividend whether with or without a right to participate in profits) holding not less than 10 per cent of the voting power; or

(*b*) a concern other than a company if he is, at any time during the previous year, beneficially entitled to not less than 20 per cent of the income of such concern;

(*vii*) "relative", in relation to an individual, means—

(*a*) spouse of the individual;
(*b*) brother or sister of the individual;
(*c*) brother or sister of the spouse of the individual;
(*d*) brother or sister of either of the parents of the individual;
(*e*) any lineal ascendant or descendant of the individual;
(*f*) any lineal ascendant or descendant of the spouse of the individual;
(*g*) spouse of the persons referred to in sub-clauses (*b*) to (*f*); or
(*h*) any lineal descendant of a brother or sister of either the individual or of the spouse of the individual;

[21]**[***(viii) "specified shareholder" means a non-banking financial company, or a bank, or any other person holding, directly or indirectly, shares carrying not less than thirty per cent of the voting power in Infrastructure Debt Fund.***]**

18. Substituted by the IT (Third Amdt.) Rules, 2025, w.e.f. **7-2-2025**. Prior to their substitution, sub-rules (1) and (2) as amended by the IT (Seventeenth Amdt.) Rules, 2015, w.r.e.f. 14-5-2015, read as under:

"(1) The Infrastructure Debt Fund shall be set up as a Non-Banking Financial Company conforming to and satisfying the conditions provided by the Reserve Bank of India in the Infrastructure-Debt Fund - Non-Banking Financial Companies (Reserve Bank) Directions, 2011, vide notification No. DNBS.233/CGM (US)-2011, dated the 21st November, 2011 as amended vide notification No. DNBR.020/CGM (CDS) - 2015, dated the 14th May, 2015.

(2) The funds of the Infrastructure Debt Fund shall be invested only in Post Commencement Operation Date Infrastructure Projects which have completed at least one year of satisfactory commercial operations that are—

(*i*) Public Private Partnership Projects and are a party to tripartite agreement with the concessionaire and the project authority for ensuring compulsory buy out and termination payment;

(*ii*) Non-Public Private Partnership Projects and Public Private Partnership Projects without a project authority, in sectors where there is no project authority."

19. Substituted by the IT (Third Amdt.) Rules, 2025, w.e.f. **7-2-2025**. Prior to their substitution, sub-rules (3) and (4) as amended by the Income-tax (Eighth Amendment) Rules, 2022, w.e.f. 6-4-2022. read as under:

"(3) The Infrastructure Debt Fund shall issue,-

(*i*) rupee denominated bonds or foreign currency bonds in accordance with the directions of Reserve Bank of India and the relevant regulations under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, as amended from time to time; or

(*ii*) zero coupon bonds in accordance with rule 8B.

(4) The terms and conditions of a bond issued by the Infrastructure Debt Fund, ─

(*i*) under clause (i) of sub-rule (3) shall be in accordance with the directions of the Reserve Bank of India and the regulations referred to in the said clause; or

(*ii*) under clause (ii) of sub-rule (3) shall be in accordance with rule 8B."

20. Omitted by the IT (Seventh Amdt.) Rules, 2019, w.e.f. 16-9-2019. Prior to its omission, proviso read as under :

"**Provided** that the investment made by a non-resident investor in such bonds shall be subject to a lock in period of not less than three years, but the non-resident investor may transfer the bond to another non-resident investor within such lock in period."

20a. Inserted by the IT (Third Amdt.) Rules, 2025, w.e.f. **7-2-2025**.

20b. Substituted by the IT (Third Amdt.) Rules, 2025, w.e.f. **7-2-2025**. Prior to its substitution, sub-rules (7) read as under:

"(7) No investment shall be made by the Infrastructure Debt Fund in any project where its sponsor or the associate enterprise or the group of such sponsor has a substantial interest."

20c. Substituted for "associate" by the IT (Third Amdt.) Rules, 2025, w.e.f. **7-2-2025**.

21. Substituted by the IT (Third Amdt.) Rules, 2025, w.e.f. **7-2-2025**. Prior to its substitution, clause (*viii*) read as under:

'(*viii*) "sponsor" means a non-banking financial company, or a bank which is allowed to act as sponsor of Infrastructure Debt Fund in accordance with the directions of Reserve Bank of India.'

Valuation of perquisites.

3. For the purpose of computing the income chargeable under the head "Salaries", the value of perquisites provided by the employer directly or indirectly to the assessee (hereinafter referred to as employee) or to any member of his household by reason of his employment shall be determined in accordance with the following sub-rules, namely:—

[21]**[***(1) The value of residential accommodation provided by the employer, for the purpose of sub-clauses* (i) *and* (ii) *of sub-section (2) of section 17, during the previous year shall be determined on the basis provided in the Table I given below*:

TABLE I

Sl. No.	*Circumstances*	*Where accommodation is unfurnished*	*Where accommodation is furnished*
(1)	*(2)*	*(3)*	*(4)*
(1)	*Where the accommodation is provided by the Central Government or any State Government to the employees either holding office or post in connection with the affairs of the Union or of such State.*	*License fee determined by the Central Government or any State Government in respect of accommodation in accordance with the rules framed by such Government as reduced by the rent actually paid by the employee.*	*The value of perquisite as determined under column (3) and increased by 10% per annum of the cost of furniture (including television sets, radio sets, refrigerators, other household appliances, air-conditioning plant or equipment) or if such furniture is hired from a third party, the actual hire charges payable for the same as reduced by any charges paid or payable for the same by the employee during the previous year.*
(2)	*Where the accommodation is provided by any other employer and—*		
	(a) where the accommodation is owned by the employer, or	*(i) 10% of salary in cities having population exceeding 40 lakhs as per 2011 census;* *(ii) 7.5% of salary in cities having population exceeding 15 lakhs but not exceeding 40 lakhs as per 2011 census;* *(iii) 5% of salary in other areas, in respect of the period during which the said accommodation was occupied by the employee during the previous year as reduced by the rent, if any, actually paid by the employee.*	*The value of perquisite as determined under column (3) and increased by 10% per annum of the cost of furniture (including television sets, radio sets, refrigerators, other household appliances, air-conditioning plant or equipment or other similar appliances or gadgets) or if such furniture is hired from a third party, by the actual hire charges payable for the same as reduced by any charges paid or payable for the same by the employee during the previous year.*
	(b) where the accommodation is taken on lease or rent by the employer.	*Actual amount of lease rental paid or payable by the employer or 10% of salary, whichever is lower, as reduced by the rent, if any, actually paid by the employee.*	*The value of perquisite as determined under column (3) and increased by 10% per annum of the cost of furniture (including television sets, radio sets, refri-gerators, other household appliances, air-conditioning plant or equipment or other similar appliances or gadgets) or if such furniture is hired from a third party, by the actual hire charges payable for the same as reduced by any charges paid or payable for the same by the employee during the previous year.*
(3)	*Where the accommodation is provided by the employer specified in serial number (1) or (2) in a hotel (except where the employee is provided such accommodation for a period not exceeding in aggregate fifteen days on his transfer from one place to another).*	*Not applicable.*	*24% of salary paid or payable for the previous year or the actual charges paid or payable to such hotel, which is lower, for the period during which such accommodation is provided as reduced by the rent, if any, actually paid or payable by the employee:*

Provided *that nothing contained in this sub-rule shall apply to any accommodation temporarily provided to an employee working at a mining site or an on-shore oil exploration site or a project execution site, or a dam site or a power generation site or an off-shore site—*

(i) which, having plinth area not exceeding 1000 square feet, is located not less than eight kilometres away from the local limits of any municipality or a cantonment board; or

(ii) which is located in a remote area:

Provided further *that where on account of his transfer from one place to another, the employee is provided with accommodation at the new place of posting while retaining the accommodation at the other place, the value of perquisite shall be determined with reference to only one such accommodation which has the lower value with reference to the Table above for a period not exceeding ninety days and thereafter the value of perquisite shall be charged for both such accommodations in accordance with the Table:*

Provided also *that where the accommodation is owned* [22]**[***or taken on lease or rent***]** *by the employer and the same accommodation is continued to be provided to the same employee for more than one previous year, the amount calculated in accordance with Sl. No. 2*(a) *or 2*(b) *shall not exceed the amount so calculated for the first previous year, as multiplied by the amount which is a ratio of the Cost Inflation Index for the previous year for which the amount is calculated and the Cost Inflation Index for the previous year in which the accommodation was initially provided to the employee.*

Explanation 1.—*For the purposes of this sub-rule, where the accommodation is provided by the Central Government or any State Government to an employee who is serving on deputation with any body or undertaking under the control of such Government,—*

(i) the employer of such an employee shall be deemed to be that body or undertaking where the employee is serving on deputation; and

(ii) the value of perquisite of such an accommodation shall be the amount calculated in accordance with Sl. No. (2)(a) *of Table I, as if the accommodation is owned by the employer.*

Explanation 2.—*For the purposes of third proviso*,—

(i) *"Cost Inflation Index" means the index notified by the Central Government in Official Gazette under clause* (v) *of* Explanation *to section 48;*

(ii) *"first previous year" means the previous year 2023-2024, or the previous year in which the accommodation was provided to the employee, whichever is later.***]**

(2)(*A*) The value of perquisite by way of use of motor car to an employee by an employer shall be determined in accordance with the following Table, namely:—

TABLE II

VALUE OF PERQUISITE PER CALENDAR MONTH

Sl. No.	*Circumstances*	*Where cubic capacity of engine does not exceed 1.6 litres*	*Where cubic capacity of engine exceeds 1.6 litres*
(1)	*(2)*	*(3)*	*(4)*
(1)	Where the motor car is owned or hired by the employer and—		
	(*a*) is used wholly and exclusively in the performance of his official duties;	No value: **Provided** that the documents specified in clause (*B*) of this sub-rule are maintained by the employer.	No value: **Provided** that the documents specified in clause (*B*) of this sub-rule are maintained by the employer.
	(*b*) is used exclusively for the private or personal purposes of the employee or any member of his household and the running and maintenance expenses are met or reimbursed by the employer;	Actual amount of expenditure incurred by the employer on the running and maintenance of motor car during the relevant previous year including remuneration, if any, paid by the employer to the chauffeur as increased by the amount representing normal wear and tear of the motor car and as reduced by any amount charged from the employee for such use.	Actual amount of expenditure incurred by the employer on the running and maintenance of motor car during the relevant previous year including remuneration, if any, paid by the employer to the chauffeur as increased by the amount representing normal wear and tear of the motor car and as reduced by an amount charged from the employee for such use.
	(*c*) is used partly in the performance of duties and partly for private or personal purposes of his own or any member of his household and—		
	(*i*) the expenses on maintenance and running are met or reimbursed by the employer;	Rs. 1,800 (*plus* Rs. 900, if chauffeur is also provided to run the motor car)	Rs. 2,400 (*plus* Rs. 900, if chauffeur is also provided to run the motor car)
	(*ii*) the expenses on running and maintenance for private or personal use are fully met by the assessee.	Rs. 600 (*plus* Rs. 900, if chauffeur is also provided by the employer to run the motor car)	Rs. 900 (*plus* Rs. 900, if chauffeur is also provided to run the motor car)
(2)	Where the employee owns a motor car but the actual running and maintenance charges (including remuneration of the chauffeur, if any) are met or reimbursed to him by the employer and—		
	(*i*) such reimbursement is for the use of the vehicle wholly and exclusively for official purposes;	No value: **Provided** that the documents specified in clause (*B*) of this sub-rule are maintained by the employer.	No value: **Provided** that the documents specified in clause (*B*) of this sub-rule are maintained by the employer.
	(*ii*) such reimbursement is for the use of the vehicle partly for official purposes and partly for personal or private purposes of the employee or any member of his household.	Subject to the provisions of clause (*B*) of this sub-rule, the actual amount of expenditure incurred by the employer as reduced by the amount specified in Sl. No. (1)(*c*)(*i*) above.	Subject to the provisions of clause (*B*) of this subrule, the actual amount of expenditure incurred by the employer as reduced by the amount specified in Sl. No. (1)(*c*)(*i*) above.
(3)	Where the employee owns any other automotive conveyance but the actual running and maintenance charges are met or reimbursed to him by the employer and		
	(*i*) such reimbursement is for the use of the vehicle wholly and exclusively for official purposes;	No value : **Provided** that the documents specified in clause (*B*) of this sub-rule are maintained by the employer.	Not applicable :
	(*ii*) such reimbursement is for the use of vehicle partly for official purposes and partly for personal or private purposes of the employee	Subject to the provisions of clause (*B*) of this sub-rule, the actual amount of expenditure incurred by the employer as reduced by the amount of Rs. 900.	

Provided that where one or more motor-cars are owned or hired by the employer and the employee or any member of his household are allowed the use of such motor-car or all of any of such motor-cars (otherwise than wholly and exclusively in the performance of his duties), the value of perquisite shall be the amount calculated in respect of one car in accordance with Sl. No. (1)(*c*)(*i*) of Table II as if the employee had been provided one motor-car for use partly in the performance of his duties and partly for his private or personal purposes and the amount calculated in respect of the other car or cars in accordance with Sl. No. (1)(*b*) of Table II as if he had been provided with such car exclusively for his private or personal purposes.

(*B*) Where the employer or the employee claims that the motor-car is used wholly and exclusively in the performance of official duty or that the actual expenses on the running and maintenance of the motor-car owned by the employee for official purposes is more than the amounts deductible in Sl. No. 2(*ii*) or 3(*ii*) of Table II, he may claim a higher amount attributable to such official use and the value of perquisite in such a case shall be the actual amount of charges met or reimbursed by the employer as reduced by such higher amount attributable to official use of the vehicle provided that the following conditions are fulfilled :—

(*a*) the employer has maintained complete details of journey undertaken for official purpose which may include date of journey, destination, mileage, and the amount of expenditure incurred thereon;

(*b*) the employer gives a certificate to the effect that the expenditure was incurred wholly and exclusively for the performance of official duties.

Explanation.—For the purposes of this sub-rule, the normal wear and tear of a motor-car shall be taken at 10 per cent per annum of the actual cost of the motor-car or cars.

(3) The value of benefit to the employee or any member of his household resulting from the provision by the employer of services of a sweeper, a gardener, a watchman or a personal attendant, shall be the actual cost to the employer. The actual cost in such a case shall be the total amount of salary paid or payable by the employer or any other person on his behalf for such services as reduced by any amount paid by the employee for such services.

(4) The value of the benefit to the employee resulting from the supply of gas, electric energy or water for his household consumption shall be determined as the sum equal to the amount paid on that account by the employer to the agency supplying the gas, electric energy or water. Where such supply is made from resources owned by the employer, without purchasing them from any other outside agency, the value of perquisite would be the manufacturing cost per unit incurred by the employer. Where the employee is paying any amount in respect of such services, the amount so paid shall be deducted from the value so arrived at.

(5) The value of benefit to the employee resulting from the provision of free or concessional educational facilities for any member of his household shall be determined as the sum equal to the amount of expenditure incurred by the employer in that behalf or where the educational institution is itself maintained and owned by the employer or where free educational facilities for such member of employees' household are allowed in any other educational institution by reason of his being in employment of that employer, the value of the perquisite to the employee shall be determined with reference to the cost of such education in a similar institution in or near the locality. Where any amount is paid or recovered from the employee on that account, the value of benefit shall be reduced by the amount so paid or recovered :

Provided that where the educational institution itself is maintained and owned by the employer and free educational facilities are provided to the children of the employee or where such free educational facilities are provided in any institution by reason of his being in employment of that employer, nothing contained in this sub-rule shall apply if the cost of such education or the value of such benefit per child does not exceed one thousand rupees per month.

(6) The value of any benefit or amenity resulting from the provision by an employer who is engaged in the carriage of passengers or goods, to any employee or to any member of his household for personal or private journey free of cost or at concessional fare, in any conveyance owned, leased or made available by any other arrangement by such employer for the purpose of transport of passengers or goods shall be taken to be the value at which such benefit or amenity is offered by such employer to the public as reduced by the amount, if any, paid by or recovered from the employee for such benefit or amenity :

Provided that nothing contained in this sub-rule shall apply to the employees of an airline or the railways.

(7) In terms of provisions contained in sub-clause (*viii*) of clause (*2*) of section 17, the following other benefits or amenities and value thereof shall be determined in the manner provided hereunder:

(*i*) The value of the benefit to the assessee resulting from the provision of interest-free or concessional loan for any purpose made available to the employee or any member of his household during the relevant previous year by the employer or any person on his behalf shall be determined as the sum equal to the interest computed at the rate charged per annum by the State Bank of India, constituted under the State Bank of India Act, 1955 (23 of 1955), as on the 1st day of the relevant previous year in respect of loans for the same purpose advanced by it on the maximum outstanding monthly balance as reduced by the interest, if any, actually paid by him or any such member of his household:

Provided that no value would be charged if such loans are made available for medical treatment in respect of diseases specified in rule 3A of these Rules or where the amount of loans are petty not exceeding in the aggregate twenty thousand rupees:

Provided further that where the benefit relates to the loans made available for medical treatment referred to above, the exemption so provided shall not apply to so much of the loan as has been reimbursed to the employee under any medical insurance scheme.

(*ii*) The value of travelling, touring, accommodation and any other expenses paid for or borne or reimbursed by the employer for any holiday availed of by the employee or any member of his household, other than concession or assistance referred to in rule 2B of these rules, shall be determined as the sum equal to the amount of the expenditure incurred by such employer in that behalf. Where such facility is maintained by the employer, and is not available uniformly to all employees, the value of benefit shall be taken to be the value at which such facilities are offered by other agencies to the public. Where the employee is on official tour and the expenses are incurred in respect of any member of his household accompanying him, the amount of expenditure so incurred shall also be a fringe benefit or amenity:

Provided that where any official tour is extended as a vacation, the value of such fringe benefit shall be limited to the expenses incurred in relation to such extended period of stay or vacation. The amount so determined shall be reduced by the amount, if any, paid or recovered from the employee for such benefit or amenity.

(*iii*) The value of free food and non-alcoholic beverages provided by the employer to an employee shall be the amount of expenditure incurred by such employer. The amount so determined shall be reduced by the amount, if any, paid or recovered from the employee for such benefit or amenity:

Provided that nothing contained in this clause shall apply to free food and non-alcoholic beverages provided by such employer during working hours at office or business premises or through paid vouchers which are not transferable and usable only at eating joints, to the extent the value thereof in either case does not exceed fifty rupees per meal or to tea or snacks provided during working hours or to free food and non-alcoholic beverages during working hours provided in a remote area or an off-shore installation:

[23]**[Provided further** *that the provisions of the first proviso in respect of free food and non-alcoholic beverage provided by the employer through paid voucher shall not apply to an employee, being an assessee, who has exercised an option under sub-section (5) of section 115BAC or whose income is chargeable to tax under sub-section (1A) of section 115BAC.***]**

(*iv*) The value of any gift, or voucher, or token in lieu of which such gift may be received by the employee or by member of his household on ceremonial occasions or otherwise from the employer shall be determined as the sum equal to the amount of such gift:

Provided that where the value of such gift, voucher or token, as the case may be, is below five thousand rupees in the aggregate during the previous year, the value of perquisite shall be taken as "*nil*".

(*v*) The amount of expenses including membership fees and annual fees incurred by the employee or any member of his household, which is charged to a credit card (including any add-on-card) provided by the employer, or otherwise, paid for or reimbursed by such employer shall be taken to be the value of perquisite chargeable to tax as reduced by the amount, if any paid or recovered from the employee for such benefit or amenity:

Provided that there shall be no value of such benefit where expenses are incurred wholly and exclusively for official purposes and the following conditions are fulfilled:—

(*a*) complete details in respect of such expenditure are maintained by the employer which may, *inter alia*, include the date of expenditure and the nature of expenditure;

(*b*) the employer gives a certificate for such expenditure to the effect that the same was incurred wholly and exclusively for the performance of official duties.

(*vi*) (*A*) The value of benefit to the employee resulting from the payment or reimbursement by the employer of any expenditure incurred (including the amount of annual or periodical fee) in a club by him or by a member of his household shall be determined to be the actual amount of expenditure incurred or reimbursed by such employer on that account. The amount so determined shall be reduced by the amount, if any paid or recovered from the employee for such benefit or amenity:

Provided that where the employer has obtained corporate membership of the club and the facility is enjoyed by the employee or any member of his household, the value of perquisite shall not include the initial fee paid for acquiring such corporate membership.

(*B*) Nothing contained in this clause shall apply if such expenditure is incurred wholly and exclusively for business purposes and the following conditions are fulfilled:—

(*a*) complete details in respect of such expenditure are maintained by the employer which may, *inter alia*, include the date of expenditure, the nature of expenditure and its business expediency;

(*b*) the employer gives a certificate for such expenditure to the effect that the same was incurred wholly and exclusively for the performance of official duties.

(*C*) Nothing contained in this clause shall apply for use of health club, sports and similar facilities provided uniformly to all employees by the employer.

(*vii*) The value of benefit to the employee resulting from the use by the employee or any member of his household of any movable asset (other than assets already specified in this rule and other than laptops and computers) belonging to the employer or hired by him shall be determined at 10 per cent per annum of the actual cost of such asset or the amount of rent or charge paid or payable by the employer, as the case may be, as reduced by the amount, if any, paid or recovered from the employee for such use.

(*viii*) The value of benefit to the employee arising from the transfer of any movable asset belonging to the employer directly or indirectly to the employee or any member of his household shall be determined to be the amount representing the actual cost of such assets to the employer as reduced by the cost of normal wear and tear calculated at the rate of 10 per cent of such cost for each completed year during which such asset was put to use by the employer and as further reduced by the amount, if any, paid or recovered from the employee being the consideration for such transfer :

Provided that in the case of computers and electronic items, the normal wear and tear would be calculated at the rate of 50 per cent and in the case of motor cars at the rate of 20 per cent by the reducing balance method.

(*ix*) The value of any other benefit or amenity, service, right or privilege provided by the employer shall be determined on the basis of cost to the employer under an arm's length transaction as reduced by the employee's contribution, if any :

Provided that nothing contained in this clause shall apply to the expenses on telephones including a mobile phone actually incurred on behalf of the employee by the employer.

(8)(*i*) For the purposes of sub-clause (*vi*) of clause (*2*) of section 17, the fair market value of any specified security or sweat equity share, being an equity share in a company, on the date on which the option is exercised by the employee, shall be determined in accordance with the provisions of clause (*ii*) or clause (*iii*).

(*ii*) In a case where, on the date of the exercising of the option, the share in the company is listed on a recognized stock exchange, the fair market value shall be the average of the opening price and closing price of the share on that date on the said stock exchange :

Provided that where, on the date of exercising of the option, the share is listed on more than one recognized stock exchanges, the fair market value shall be the average of opening price and closing price of the share on the recognised stock exchange which records the highest volume of trading in the share :

Provided further that where, on the date of exercising of the option, there is no trading in the share on any recognized stock exchange, the fair market value shall be—

(*a*) the closing price of the share on any recognised stock exchange on a date closest to the date of exercising of the option and immediately preceding such date; or

(*b*) the closing price of the share on a recognised stock exchange, which records the highest volume of trading in such share, if the closing price, as on the date closest to the date of exercising of the option and immediately preceding such date, is recorded on more than one recognized stock exchange.

(*iii*) In a case where, on the date of exercising of the option, the share in the company is not listed on a recognised stock exchange, the fair market value shall be such value of the share in the company as determined by a merchant banker on the specified date.

(*iv*) For the purpose of this sub-rule,—

(*a*) "closing price" of a share on a recognised stock exchange on a date shall be the price of the last settlement on such date on such stock exchange :

Provided that where the stock exchange quotes both "buy" and "sell" prices, the closing price shall be the "sell" price of the last settlement;

(*b*) "merchant banker" means category I merchant banker registered with Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992 (15 of 1992);

(*c*) "opening price" of a share on a recognised stock exchange on a date shall be the price of the first settlement on such date on such stock exchange ;

Provided that where the stock exchange quotes both "buy" and "sell" prices, the opening price shall be the "sell" price of the first settlement;

(*d*) "recognised stock exchange" shall have the same meaning assigned to it in clause (*f*) of section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956);

(*e*) "specified date" means,—

(*i*) the date of exercising of the option; or

(*ii*) any date earlier than the date of the exercising of the option, not being a date which is more than 180 days earlier than the date of the exercising.

(9) For the purposes of sub-clause (*vi*) of clause (*2*) of section 17, the fair market value of any specified security, not being an equity share in a company, on the date on which the option is exercised by the employee, shall be such value as determined by a merchant banker on the specified date.

Explanation.—For the purposes of this sub-rule, "merchant banker" and "specified date" shall have the meanings assigned to them in sub-clause (*b*) and sub-clause (*e*) respectively of clause (*iv*) of sub-rule (8).

(10) This rule shall come into force with effect from the 1st day of April, 2009.

Explanation.—For the purposes of this rule—

(*i*) "accommodation" includes a house, flat, farm house or part thereof, or accommodation in a hotel, motel, service apartment, guest house, caravan, mobile home, ship or other floating structure;

(*ii*) "entertainment" includes hospitality of any kind and also, expenditure on business gifts other than free samples of the employers own product with the aim of advertising to the general public;

(*iii*) "hotel" includes licensed accommodation in the nature of motel, service apartment or guest house;

(*iv*) "member of household" shall include—

(*a*) spouse(s),

(*b*) children and their spouses,

(*c*) parents, and

(*d*) servants and dependants;

[24][(*v*) *"remote area", for purposes of proviso to sub-rule (1) means any area other than an area which is located—*

(a) *within the local limits of ; or*

(b) *within a distance, measured aerially, of 30 kilometers from the local limits of,*

any municipality or a cantonment board having a population of 1,00,000 or more based on the 2011 census;]

(*vi*) "salary" includes the pay, allowances, bonus or commission payable monthly or otherwise or any monetary payment, by whatever name called from one or more employers, as the case may be, but does not include the following, namely:—

(*a*) dearness allowance or dearness pay unless it enters into the computation of superannuation or retirement benefits of the employee concerned;

(*b*) employer's contribution to the provident fund account of the employee;

(*c*) allowances which are exempted from payment of tax;

(*d*) the value of perquisites specified in clause (*2*) of section 17 of the Income-tax Act;

(*e*) any payment or expenditure specifically excluded under proviso to sub-clause (*iii*) of clause (*2*) or proviso to clause (*2*) of section 17;

(*f*) lump-sum payments received at the time of termination of service or superannuation or voluntary retirement, like gratuity, severance pay, leave encashment, voluntary retrenchment benefits, commutation of pension and similar payments;

(*vii*) "maximum outstanding monthly balance" means the aggregate outstanding balance for each loan as on the last day of each month.

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21. Substituted by the IT (Eighteenth Amdt.) Rules, 2023, w.e.f. **1-9-2023** (as corrected by Corrigendum G.S.R. 636(E), dated 29-8-2023).

22. Inserted by Corrigendum G.S.R. 636(E), dated 29-8-2023.

23. Substituted by the IT (Tenth Amdt.) Rules, 2023, w.e.f. **21-6-2023**.

24. Substituted by the IT (Eighteenth Amdt.) Rules, 2023, w.e.f. **1-9-2023**.

Exemption of medical benefits from perquisite value in respect of medical treatment of prescribed diseases or ailments in hospitals approved by the Chief Commissioner.

3A. (1) In granting approval to any hospital other than a hospital for Indian system of medicine and homeopathic treatment for the purposes of sub-clause (*b*) of clause (*ii*) of the proviso to sub-clause (*vi*) of clause (*2*) of section 17, the Chief Commissioner shall satisfy himself that the hospital is registered with the local authority and fulfils the following requirements, namely :—

(*i*) The building used for the hospital complies with the municipal bye-laws in force.

(*ii*) The rooms are well ventilated, lighted and are kept in clean and hygienic conditions.

(*iii*) At least ten iron spring beds are provided for patients.

(*iv*) At least one properly equipped operation theatre is provided, with minimum floor space of 180 square feet and with a separate sterilisation room.

(*v*) At least one labour room is provided, with minimum floor space of 180 square feet, in case the hospital provides medical service for maternity cases.

(*vi*) Aseptic conditions are maintained in the operation theatre and the labour room.

(*vii*) A duty room is provided for the nursing staff on duty.

(*viii*) Adequate space for storage of medicines, food articles, equipments, etc., is provided.

(*ix*) The water used in the hospital or nursing home is fit for drinking.

(*x*) Adequate arrangements are made for isolating septic and infectious patients.

(*xi*) The hospital is provided with and maintains :—

- (*a*) high pressure sterilizer and instrument sterilizer;
- (*b*) oxygen cylinders and necessary attachments for giving oxygen;
- (*c*) adequate surgical equipments, instruments and apparatus including intravenous apparatus;
- (*d*) a pathological laboratory for testing of blood, urine and stool;
- (*e*) electro-cardiogram monitoring system;
- (*f*) stand-by generator for use in case of power failure.

(*xii*) There is at least one qualified doctor available on duty round the clock for every twenty beds or fraction thereof.

(*xiii*) In hospitals providing intensive care unit facilities, there are at least two qualified doctors available on duty round the clock exclusively for such intensive care unit.

(*xiv*) One nurse is on duty round the clock for every five beds or a fraction thereof.

(*xv*) In hospitals providing intensive care unit facilities, there are at least four nurses provided exclusively for every four beds or fraction thereof for such intensive care unit.

(*xvi*) The hospital maintains record of health of every patient containing information about the patient's name, address, occupation, sex, age, date of admission, date of discharge, diagnosis of disease and treatment undertaken.

(1A) In granting approval to any hospital for Indian system of medicine and homeopathic treatment for the purposes of sub-clause (*b*) of clause (*ii*) of the proviso to sub-clause (*vi*) of clause (*2*) of section 17, the Chief Commissioner shall satisfy himself that the hospital fulfils the conditions specified *vide* Office Memorandum dated the 6th June, 2002, by the Department of Indian Systems of Medicine and Homeopathy, Ministry of Health and Family Welfare for approval of private hospitals for Indian system of medicine and homeopathic treatment to Central Government Health Scheme beneficiaries and Central Government employees.

(2) For the purpose of sub-clause (*b*) of clause (*ii*) of the proviso to sub-clause (*vi*) of clause (*2*) of section 17, the prescribed diseases or ailments shall be the following, namely :—

(*a*) cancer;

(*b*) tuberculosis;

(*c*) acquired immunity deficiency syndrome;

(*d*) disease or ailment of the heart, blood, lymph glands, bone marrow, respiratory system, central nervous system, urinary system, liver, gall bladder, digestive system, endocrine glands or the skin, requiring surgical operation;

(*e*) ailment or disease of the eye, ear, nose or throat, requiring surgical operation;

(*f*) fracture in any part of the skeletal system or dislocation of vertebrae requiring surgical operation or orthopaedic treatment;

(*g*) gynaecological or obstetric ailment or disease requiring surgical operation, caesarean operation or laparoscopic intervention;

(*h*) ailment or disease of the organs mentioned at (*d*), requiring medical treatment in a hospital for at least three continuous days;

(*i*) gynaecological or obstetric ailment or disease requiring medical treatment in a hospital for at least three continuous days;

(*j*) burn injuries requiring medical treatment in a hospital for at least three continuous days;

(*k*) mental disorder - neurotic or psychotic - requiring medical treatment in a hospital for at least three continuous days;

(*l*) drug addiction requiring medical treatment in a hospital for at least seven continuous days;

(*m*) anaphylactic shocks including insulin shocks, drug reactions and other allergic manifestations requiring medical treatment in a hospital for at least three continuous days.

Explanation.—For the purpose of this rule,—

(*a*) "qualified doctor" means a person who holds a degree recognised by the Medical Council of India and is registered by the Medical Council of any State;

(*b*) "nurse" means a person who holds a certificate of a recognised Nursing Council and is registered under any law for the registration of nurses;

(*c*) "surgical operation" includes treatment by modern methodology such as angioplasty, dialysis, lithotripsy, laser or cryo-surgery.

[25][**Annual accretion referred to in the sub-clause (*viia*) of clause (*2*) of section 17 of the Act.**

3B. For the purposes of sub-clause (*viia*) of clause (*2*) of section 17 of the Act, annual accretion by way of interest, dividend or any other amount of similar nature during the previous year (hereinafter in this rule referred to as the current previous year) to balance to the credit of the fund or scheme referred to in sub-clause (*vii*) of clause (*2*) of section 17 of the Act shall be the amount or aggregate of amounts computed in accordance with the following formula, namely:—

$$TP = (PC/2) \times R + (PC^1 + TP^1) \times R$$

Where,

TP = Taxable perquisite under sub-clause (*viia*) of clause (*2*) of section 17 of the Act for the current previous year;

TP^1 = Aggregate of taxable perquisite under sub-clause (*viia*) of clause (*2*) of section 17 of the Act for the previous year or years commencing on or after 1st day of April, 2020 other than the current previous year (*See* Note);

PC = Amount or aggregate of amounts of principal contribution made by the employer in excess of Rs. 7.5 lakhs to the specified fund or scheme during the previous year;

PC^1 = Amount or aggregate of amounts of principal contribution made by the employer in excess of Rs. 7.5 lakhs to the specified fund or scheme for the previous year or years commencing on or after 1st day of April, 2020 other than the current previous year (*See* Note);

R = I/ Favg ;

I = Amount or aggregate of amounts of income accrued during the current previous year in the specified fund or scheme account;

Favg = (Amount or aggregate of amounts of balance to the credit of the specified fund or scheme on the first day of the current previous year + Amount or aggregate of amounts of balance to the credit of the specified fund or scheme on the last day of the current previous year)/2.

Explanation.—For the purposes of this rule, "specified fund or scheme" shall mean a fund or scheme referred to in sub-clause (*vii*) of clause (*2*) of section 17 of the Act.

Note: Where the amount or aggregate of amounts of TP1 and PC1 exceeds the amount or aggregate of amounts of balance to the credit of the specified fund or scheme on the first day of the current previous year, then the amount in excess of the amount or aggregate of amounts of the said balance shall be ignored for the purpose of computing the amount or aggregate of amounts of TP1 and PC1.]

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25. Inserted by the IT (First Amdt.) Rules, 2021, w.e.f. 1-4-2021.

[1][**Salary income for the purposes of item (*c*) of sub-clause (*iii*) of clause (2) of section 17 of the Act.**

3C.*For the purposes of item (*c*) of sub-clause (*iii*) of clause (2) of section 17 of the Act, the prescribed income under the head "Salaries" shall be four lakh rupees.*]

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1. Inserted by the IT (Twenty Second Amdt.) Rules, 2025, w.e.f. **18-8-2025**.

[1][**Gross total income for the purposes of clause (*vi*) of Proviso to clause (2) of section 17 of the Act.**

3D. *For the purposes of clause (*vi*) of Proviso to clause (2) of section 17 of the Act, the prescribed gross total income shall be eight lakh rupees*.]

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1. Inserted by the IT (Twenty Second Amdt.) Rules, 2025, w.e.f. **18-8-2025**.

B.—Income from house property

Unrealised rent.

4. For the purposes of the *Explanation* below sub-section (1) of section 23, the amount of rent which the owner cannot realise shall be equal to the amount of rent payable but not paid by a tenant of the assessee and so proved to be lost and irrecoverable where,—

(*a*) the tenancy is *bona fide;*

(*b*) the defaulting tenant has vacated, or steps have been taken to compel him to vacate the property;

(*c*) the defaulting tenant is not in occupation of any other property of the assessee;

(*d*) the assessee has taken all reasonable steps to institute legal proceedings for the recovery of the unpaid rent or satisfies the Assessing Officer that legal proceedings would be useless.

सत्यमेव जयते
कोष मूलो दण्ड:
INCOME TAX DEPARTMENT

C.—Profits and gains of business or profession

Depreciation.

5. (1) Subject to the provisions of sub-rule (2), the allowance under clause (*ii*) of sub-section (1) of section 32 in respect of depreciation of any block of assets shall be calculated at the percentages specified in the second column of the Table in Appendix I to these rules on the written down value of such block of assets as are used for the purposes of the business or profession of the assessee at any time during the previous year :

[26]**[Provided** *that the allowance under clause (*ii*) of sub-section (1) of section 32 in respect of depreciation of any block of assets shall not exceed forty per cent of the written down value of such block of assets in case of —*

(i) a domestic company which has exercised option under sub-section (4) of section 115BA, or under sub-section (5) of section 115BAA, or under sub-section (7) of section 115BAB; or

(ii) an individual or a Hindu undivided family which has exercised option under sub-section (5) of section 115BAC; or

(iia) an individual or a Hindu undivided family, or an association of persons (other than a co-operative society) or a body of individuals, whether incorporated or not, or an artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 whose income is chargeable to tax under sub-section (1A) of section 115BAC; or

(iii) a co-operative society resident in India which has exercised option under sub-section (5) of section 115BAD; or

*(iv) a co-operative society resident in India which has exercised option under sub-section (5) of section 115BAE:***]**

[27]**[Provided further** that, for the purposes of section 115BAA, if the following conditions are satisfied, namely:—

(*i*) option under sub-section (5) thereof is exercised for a previous year relevant to the assessment year beginning on the 1st day of April, 2020;

(*ii*) there is a depreciation allowance, in respect of a block of asset, from any earlier assessment year or allowance of unabsorbed depreciation deemed so under section 72A, which is attributable to the provisions in clause (*iia*) of sub-section (1) of section 32; and

(*iii*) such depreciation or allowance for unabsorbed depreciation is not allowed to be set off under clause (*ii*) or clause (*iii*) of sub-section (2) thereof, the written down value of the block of asset as on the 1st day of April, 2019 shall be increased by such depreciation or allowance for unabsorbed depreciation not allowed to be set off:

Provided also that, [28]**[***for the purposes of section 115BAC [as it stood immediately before its amendment by the Finance Act, 2023]***]** and section 115BAD, if the following conditions are satisfied, namely:—

(*i*) the option under sub-section (5) of the respective section is exercised for a previous year relevant to the assessment year beginning on the 1st day of April, 2021;

(*ii*) there is a depreciation allowance, in respect of a block of asset, from any earlier assessment year which is attributable to the provisions in clause (*iia*) of sub-section (1) of section 32; and

(*iii*) such depreciation is not allowed to be set off under sub-clause (*a*) of clause (*ii*) of sub-section (2) of section 115BAC or clause (*ii*) of sub-section (2) of section 115BAD,

the written down value of the block of asset as on the 1st day of April, 2020 shall be increased by such depreciation not allowed to be set off:]

[29]**[Provided also** *that, where income is chargeable to tax under sub-section (1A) of section 115BAC, the written down value of the block of asset as on the 1st day of April, 2023 shall be increased by such depreciation which is attributable to clause (*iia*) of sub-section (1) of section 32 and which is not allowed to be set off under sub-clause (*a*) of clause (*ii*) of sub-section (2) of section 115BAC if both the following conditions are satisfied, namely:—*

(i) the assessee has not exercised option under sub-section (5) for any previous year relevant to the assessment year beginning on or before the 1st day of April, 2023; and

*(ii) there is a depreciation allowance in respect of a block of assets which has not been given full effect to prior to the assessment year beginning on the 1st day of April, 2024, and is attributable to the provisions of clause (iia) of sub-section (1) of section 32.***]**

(1A) The allowance under clause (*i*) of sub-section (1) of section 32 of the Act in respect of depreciation of assets acquired on or after 1st day of April, 1997 shall be calculated at the percentage specified in the second column of the Table in Appendix IA of these rules on the actual cost thereof to the assessee as are used for the purposes of the business of the assessee at any time during the previous year :

Provided that the aggregate depreciation allowed in respect of any asset for different assessment years shall not exceed the actual cost of the said asset :

Provided further that the undertaking specified in clause (*i*) of sub-section (1) of section 32 of the Act may, instead of the depreciation specified in Appendix IA, at its option, be allowed depreciation under sub-rule (1) read with Appendix I, if such option is exercised before the due date for furnishing the return of income under sub-section (1) of section 139 of the Act,

(*a*) for the assessment year 1998-99, in the case of an undertaking which began to generate power prior to 1st day of April, 1997; and

(*b*) for the assessment year relevant to the previous year in which it begins to generate power, in case of any other undertaking :

Provided also that any such option once exercised shall be final and shall apply to all the subsequent assessment years.

(2) Where any new machinery or plant is installed during the previous year relevant to the assessment year commencing on or after the 1st day of April, 1988, for the purposes of business of manufacture or production of any article or thing and such article or thing—

(*a*) is manufactured or produced by using any technology (including any process) or other know-how developed in, or

(*b*) is an article or thing invented in,

a laboratory owned or financed by the Government or a laboratory owned by a public sector company or a University or an institution recognised in this behalf by the Secretary, Department of Scientific and Industrial Research, Government of India,

such plant or machinery shall be treated as a part of block of assets qualifying for depreciation at the rate of 40 per cent of written down value, if the following conditions are fulfilled, namely :—

(*i*) the right to use such technology (including any process) or other know- how or to manufacture or produce such article or thing has been acquired from the owner of such laboratory or any person deriving title from such owner;

(*ii*) the return furnished by the assessee for his income, or the income of any other person in respect of which he is assessable, for any previous year in which the said machinery or plant is acquired, shall be accompanied by a certificate from the Secretary, Department of Scientific and Industrial Research, Government of India, to the effect that such article or thing is manufactured or produced by using such technology (including any process) or other know-how developed in such laboratory or is an article or thing invented in such laboratory ; and

(*iii*) the machinery or plant is not used for the purpose of business of manufacture or production of any article or thing specified in the list in the Eleventh Schedule to the Act.

Explanation.—For the purposes of this sub-rule,—

(*a*) "laboratory financed by the Government" means a laboratory owned by any body [including a society registered under the Societies Registration Act, 1860 (21 of 1860), and financed wholly or mainly by the Government ;

(*b*) "public sector company" means any corporation established by or under any Central, State or Provincial Act or a Government company as defined in section 617 of the Companies Act, 1956 (1 of 1956); and

(*c*) "University" means a University established or incorporated by or under a Central, State or Provincial Act and includes an institution declared under section 3 of the University Grants Commission Act, 1956 (3 of 1956), to be a University for the purposes of that Act.

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26. Substituted by the IT (Tenth Amdt.) Rules, 2023, w.e.f. **21-6-2023**.
27. Inserted by the IT (Twenty-second Amdt.) Rules, 2020, w.e.f. 1-10-2020.
28. Substituted for "for the purposes of section 115BAC" by the IT (Tenth Amdt.) Rules, 2023, w.e.f. **21-6-2023**.
29. Inserted by the IT (Tenth Amdt.) Rules, 2023, w.e.f. **21-6-2023**.

Form of report by an accountant for claiming deduction under section 32(1)(*iia*).

5A. [*Omitted by the IT (Twenty-first Amdt.) Rules, 2021, w.e.f. 29-7-2021 (*see *rule 130)*.]

Prescribed authority for investment allowance.

5AA. For the purposes of sub-section (2B) of section 32A, the "prescribed authority" shall be the Secretary, Department of Scientific and Industrial Research, Government of India.

Report of audit of accounts to be furnished under section 32AB(5).

5AB. [*Omitted by the IT (Twenty-first Amdt.) Rules, 2021, w.e.f. 29-7-2021 (*see *rule 130)*].

Report of audit of accounts to be furnished under section 33AB(2).

5AC. The report of audit of the accounts of an assessee, which is required to be furnished under sub-section (2) of section 33AB shall be in Form No. 3AC.

Report of audit of accounts to be furnished under section 33ABA(2).

5AD. The report of audit of the accounts of an assessee, which is required to be furnished under sub-section (2) of section 33ABA, shall be in Form No. 3AD.

Development rebate.

5B. The deduction to be allowed by way of development rebate in respect of any ship or machinery or plant referred to in sub-section (1A) of section 33 shall be a sum equivalent to—

(*a*) in the case of any such ship—

(*i*) where the ship is acquired by the assessee at any time before the expiry of seven years from the date she was built, thirty per cent of the actual cost of the ship to the assessee ; and

(*ii*) in any other case, twenty per cent of the actual cost of the ship to the assessee ;

(*b*) in the case of any such machinery or plant installed after the 31st day of March, 1964—

(*i*) where it is installed before the 1st day of April, 1966, for the purposes of business of mining coal, twenty per cent of the actual cost of the machinery or plant to the assessee ; and

(*ii*) in any other case, ten per cent of the actual cost of the machinery or plant to the assessee.

Explanation.—In this rule, "actual cost" shall have the meaning assigned to it in clause (*1*) of section 43.

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INCOME TAX DEPARTMENT

Guidelines, form and manner in respect of approval under clause (*ii*) and clause (*iii*) of sub-section (1) of section 35.

5C. (1) An application for approval,—

(*i*) under clause (*ii*) or clause (*iii*) of sub-section (1) of section 35 by a research association in [30][Form No. 3CF];

(*ii*) under clause (*ii*) or clause (*iii*) of sub-section (1) of section 35 by a university, college or other institution in [31][Form No. 3CF],

shall be made, at any time during the financial year immediately preceding the assessment year from which the approval is sought, to the Commissioner of Income-tax or the Director of Income-tax having jurisdiction over the applicant.

[32][(1A) Form No. 3CF shall be furnished electronically, —

(*i*) under digital signature, if the return of income is required to be furnished under digital signature;

(*ii*) through electronic verification code in a case not covered under clause (*i*).

(1B) Form No. 3CF shall be verified by the person who is authorised to verify the return of income under section 140, as applicable to the applicant.

(1C) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall:

(*i*) lay down the form, data structure, standards and procedure of furnishing and verification of Form No. 3CF;

(*ii*) be responsible for formulating and implementing appropriate security, archival and retrieval policies in relation to the said application made.]

(2) Annexure to the application in Form No. [33][3CF] shall be filled out if the association claims exemption under clause (*21*) of section 10 of the Income-tax Act.

(3) The applicant shall send a copy of the application in Form No. [34][3CF] to Member (IT), Central Board of Direct Taxes accompanied by the acknowledgement receipt as evidence of having furnished the application form in duplicate in the office of the Commissioner of Income-tax or the Director of Income-tax having jurisdiction over the case.

(4) The period of one year, as specified in the fourth proviso to sub-section (1) of section 35, before the expiry of which approval is to be granted or the application is to be rejected by the Central Government shall be reckoned from the end of the month in which the application form from the applicant for approval is received in the office of Member (IT), Central Board of Direct Taxes.

(5) If any defect is noticed in the application in Form No. [35][3CF] or if any relevant document is not attached thereto, the Commissioner of Income-tax or, as the case may be, the Director of Income-tax shall serve a deficiency letter on the applicant before the expiry of one month from the date of receipt of the application form in his office.

(6) The applicant shall remove the deficiency within a period of fifteen days from the date of service of the deficiency letter or within such further period which, on an application made in this behalf may be extended, so however, that the total period for removal of deficiency does not exceed thirty days, and if the applicant fails to remove the deficiency within the period of thirty days so allowed, the Commissioner of Income-tax or, as the case may be, the Director of Income-tax shall send his recommendation for treating the application as invalid to the Member (IT), Central Board of Direct Taxes.

(7) The Central Government, if satisfied, may pass an order treating the application as invalid.

(8) If the application form is complete in all respects, the Commissioner of Income-tax or, as the case may be, the Director of Income-tax, may make such inquiry as he may consider necessary regarding the genuineness of the activity of the association or university or college or other institution and send his recommendation to the Member (IT) for grant of approval or rejection of the application before the expiry of the period of three months to be reckoned from the end of the month in which the application form was received in his office.

(9) The Central Government may before granting approval under clause (*ii*) or clause (*iii*) shall call for such documents or information from the applicant as it may consider necessary and may get any inquiry made for verification of the genuineness of the activity of the applicant.

(10) The Central Government may, under sub-section (1) of section 35, issue the notification to be published in the Official Gazette granting approval to the association or university or college or other institution or for reasons to be recorded in writing reject the application.

(11) The Central Government may withdraw the approval granted under clause (*ii*) or clause (*iii*) of sub-section (1) of section 35 if it is satisfied that the research association or university or college or other institution has ceased its activities or its activities are not genuine or are not being carried out in accordance with all or any of the conditions under rule 5D or rule 5E.

(12) No order treating the application as invalid or rejecting the application or withdrawing the approval, shall be passed without giving a reasonable opportunity of being heard to the research association or university or college or other institution.

(13) A copy of the order invalidating or rejecting the application or withdrawing the approval shall be communicated to the applicant, the Assessing Officer and the Commissioner of Income-tax or, as the case may be, the Director of Income-tax.

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30. Substituted for "duplicate in Form No. 3CF-I" by the IT (Sixth Amdt.) Rules, 2021, w.e.f. 1-4-2021.
31. Substituted for "duplicate in Form No. 3CF-II" by the IT (Sixth Amdt.) Rules, 2021, w.e.f. 1-4-2021.
32. Inserted by the IT (Sixth Amdt.) Rules, 2021, w.e.f. 1-4-2021.
33. Substituted for "3CF-I" by the IT (Sixth Amdt.) Rules, 2021, w.e.f. 1-4-2021.
34. Substituted for "3CF-I or, as the case may be, Form No. 3CF-II" by the IT (Sixth Amdt.) Rules, 2021, w.e.f. 1-4-2021.

35. Substituted for "3CF-I or Form No. 3CF-II" by the IT (Sixth Amdt.) Rules, 2021, w.e.f. 1-4-2021.

[36][**Intimation under fifth proviso to sub-section (1) of section 35.**

5CA. (1) An intimation under fifth proviso to sub-section (1) of section 35 by a research association, university, college or other institution referred to in clause (*ii*) or clause (*iii*) or the company referred to in clause (*iia*) of said sub-section (hereinafter referred to as 'the applicant') shall be made in Form No.10A to the Principal Commissioner or Commissioner authorised by the Board.

(2) The application under sub-rule (1) shall be accompanied by the following documents, as required by Form No.10A, namely:—

(*a*) where the applicant is created or established under an instrument, self-certified copy of the instrument;

(*b*) where the applicant created or established otherwise than under an instrument, self-certified copy of the document evidencing the creation or establishment of the applicant;

(*c*) self-certified copy of registration with Registrar of Companies or Registrar of Firms and Societies or Registrar of Public Trusts or other registration document, as the case may be;

(*d*) self-certified copy of registration under Foreign Contribution (Regulation) Act, 2010 (42 of 2010), if the applicant is registered under such Act;

(*e*) self-certified copy of existing Notification granting approval under section 35.

(3) Form No. 10A shall be furnished electronically, —

(*i*) under digital signature, if the return of income is required to be furnished under digital signature;

(*ii*) through electronic verification code in a case not covered under clause (*i*).

(4) Form No. 10A shall be verified by the person who is authorised to verify the return of income under section 140, as applicable to the applicant.

(5) On receipt of an application in Form No. 10A, the Principal Commissioner or Commissioner, authorised by the Board shall issue a sixteen digit alphanumeric Unique Registration Number (URN) to the applicants making application as per sub-rule (1).

(6) If, at any point of time, it is noticed that Form No.10A has not been duly filled in by not providing, fully or partly, or by providing false or incorrect information or documents required to be provided under sub-rule (1) or (2) or by not complying with the requirements of sub-rule (3) or (4), the Principal Commissioner or Commissioner, after giving an opportunity of being heard, may cancel the Unique Registration Number (URN) issued under sub-rule (5) and such Unique Registration Number (URN) shall be deemed to have never been issued.

(7) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall:

(*i*) lay down the data structure, standards and procedure of furnishing and verification of Form No. 10A; and

(*ii*) be responsible for formulating and implementing appropriate security, archival and retrieval policies in relation to the said form so furnished.]

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36. Inserted by the IT (Sixth Amdt.) Rules, 2021, w.e.f. 1-4-2021.

Conditions subject to which approval is to be granted to a research association under clause (*ii*) or clause (*iii*) of sub-section (1) of section 35.

5D. (1) The sole object of the applicant research association shall be to undertake scientific research or research in social science or statistical research, as the case may be.

(2) The applicant research association shall carry on the research activity by itself.

(3) The research association seeking approval under clause (*ii*) or clause (*iii*) of sub-section (1) of section 35 shall maintain books of account and get such books audited by an accountant as defined in the *Explanation* to sub-section (2) of section 288 and furnish the report of such audit duly signed and verified by such accountant to the Commissioner of Income-tax or the Director of Income-tax having jurisdiction over the case, by the due date of furnishing the return of income under sub-section (1) of section 139.

(4) The research association shall maintain a separate statement of donations received and amount applied for scientific research or research in social science or statistical research and a copy of such statement duly certified by the auditor shall accompany the report of audit referred to in sub-rule (3).

(5) The research association shall, by the due date of furnishing the return of income under sub-section (1) of section 139, furnish a statement to the Commissioner of Income-tax or Director of Income-tax containing—

(*i*) a detailed note on the research work undertaken by it during the previous year;

(*ii*) a summary of research articles published in national or international journals during the year;

(*iii*) any patent or other similar rights applied for or registered during the year;

(*iv*) programme of research projects to be undertaken during the forthcoming year and the financial allocation for such programme.

(6) If the Commissioner of Income-tax or the Director of Income-tax is satisfied that the research association,—

(*a*) is not maintaining books of account, or

(*b*) has failed to furnish its audit report, or

(*c*) has not furnished its statement of the sums received and the sums applied for scientific research or research in social science or statistical research or a statement referred to in sub-rule (5), or

(*d*) has ceased to carry on its research activities, or its activities are not genuine, or

(*e*) is not fulfilling the conditions subject to which approval was granted to it,

he may after making appropriate enquiries furnish a report on the circumstances referred to in clauses (*a*) to (*e*) above to the Central Government within six months from the date of furnishing the return of income under sub-section (1) of section 139.

Conditions subject to which approval is to be granted to a University, College or other Institution under clause (*ii*) and clause (*iii*) of sub-section (1) of section 35.

5E. (1) The sum paid to a university, college or other institution shall be used for scientific research and research in social science or statistical research.

(2) The applicant university, college or other institution shall carry out scientific research, research in social science or statistical research through its faculty members or its enrolled students.

(3) A university or college or other institution approved under clause (*ii*) or clause (*iii*) of sub-section (1) of section 35 shall maintain separate books of account in respect of the sums received by it for scientific research or, as the case may be, for research in social science or statistical research, reflect therein the amount used for carrying out research, get such books of account audited by an accountant, as defined in the *Explanation* to sub-section (2) of section 288 and furnish the report of such audit duly signed and verified by such accountant to the Commissioner of Income-tax or the Director of Income-tax having jurisdiction over the case, by the due date of furnishing the return of income under sub-section (1) of section 139.

(4) The university or college or other institution shall maintain a separate statement of donations received and the amount used for research and a copy of such statement duly certified by the auditor shall accompany the report of audit referred to in sub-rule (3).

(4A) The university, college or other institution shall, by the due date of furnishing the return of income under sub-section (1) of section 139, furnish a statement to the Commissioner of Income-tax or Director of Income-tax containing—

(*i*) a detailed note on the research work undertaken by it during the previous year;
(*ii*) a summary of research articles published in national or international journals during the year;
(*iii*) any patent or other similar rights applied for or registered during the year;
(*iv*) programme of research projects to be undertaken during the forthcoming year and the financial allocation for such programme.

(5) If the Commissioner of Income-tax or the Director of Income-tax is satisfied that the university or college or other institution,—

(*a*) is not maintaining separate books of account for research activities, or
(*b*) has failed to furnish its audit report, or
(*c*) has not furnished its statement of the sums received and the sums used for research or a statement referred to in sub-rule (4A), or
(*d*) has ceased to carry on its research activities, or its activities are not genuine, or
(*e*) is not fulfilling the conditions subject to which approval was granted to it,

he may after making appropriate enquiries furnish a report on the circumstances referred to in clauses (*a*) to (*e*) above to the Central Government within six months from the date of furnishing the return of income under section 139(1).

Prescribed authority, guidelines, form, manner and conditions for approval under clause (*iia*) of sub-section (1) of section 35.

5F. (1) For the purposes of clause (*iia*) of sub-section (1) of section 35, the prescribed authority shall be the Chief Commissioner of Income-tax having jurisdiction over the applicant.

(2) Guidelines, form and manner in respect of approval under clause (*iia*) of sub-section (1) of section 35 shall be as under :—

(*a*) An application for approval under clause (*iia*) of sub-section (1) of section 35 by a company shall be made in [37][Form No. 3CF], to the Commissioner of Income-tax having jurisdiction over the applicant, at any time during the financial year immediately preceding the assessment year from which the approval is sought.

[38][(*aa*) Form No. 3CF shall be furnished electronically, —

(*i*) under digital signature, if the return of income is required to be furnished under digital signature;

(*ii*) through electronic verification code in a case not covered under clause (*i*).

(*ab*) Form No. 3CF shall be verified by the person who is authorised to verify the return of income under section 140, as applicable to the applicant.

(*ac*) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall:

(*i*) lay down the form, data structure, standards and procedure of furnishing and verification of Form No. 3CF;

(*ii*) be responsible for formulating and implementing appropriate security, archival and retrieval policies in relation to the said application made.]

(*b*) The applicant shall send a copy of the application in Form No. [39][3CF] to the prescribed authority, accompanied by the acknowledgement receipt as evidence of having furnished the application form in duplicate in the Office of the Commissioner of Income-tax having jurisdiction over the case.

(*c*) Every notification under clause (*iia*) of sub-section (1) of section 35 shall be issued or an order rejecting the application shall be passed within a period of twelve months from the end of the month in which the application was received in the Office of the Chief Commissioner of Income-tax.

(*d*) If any defect is noticed in the application in Form No. [39][3CF] or if any relevant document is not attached thereto, the Commissioner of Income-tax shall serve a deficiency letter on the applicant before the expiry of one month from the date of receipt of the application form in his office.

(*e*) The applicant shall remove the deficiency within a period of fifteen days from the date of service of the deficiency letter or within such further period which, on an application made in this behalf may be extended, so however, that the total period for removal of deficiency does not exceed thirty days, and if the applicant fails to remove the deficiency within the period of thirty days so allowed, the Commissioner of Income-tax shall send his recommendation to the Chief Commissioner of Income-tax for treating the application as invalid.

(*f*) The Chief Commissioner of Income-tax may, after examining the re-commendations referred to in clause (*e*), pass an order that the application is invalid.

(*g*) If the application form is complete in all respects, the Commissioner of Income-tax may, make such inquiry as he may consider necessary regarding the genuineness of the activity of the company and send his recommendation to the Chief Commissioner of Income-tax for grant of approval or rejection of the application before the expiry of the period of three months to be reckoned from the end of the month in which the application form was received in his office.

(*h*) The Chief Commissioner of Income-tax may, before granting approval under clause (*iia*) of sub-section (1) of section 35, call for such documents or information from the applicant as it considers necessary and may get any inquiry made for verification of the genuineness of the activity of the applicant.

(*i*) The Chief Commissioner of Income-tax may, under sub-section (1) of section 35, issue the notification to be published in the Official Gazette granting approval to the company or for reasons to be recorded in writing reject the application.

(*j*) The Chief Commissioner of Income-tax may withdraw the approval granted under clause (*iia*) of sub-section (1) of section 35 if he is satisfied that the company has ceased to carry on its activities or its activities are not genuine or are not being carried on in accordance with all or any of the conditions under this rule :

Provided that no order treating the application as invalid or rejecting the application or withdrawing the approval shall be passed without giving a reasonable opportunity of being heard to the company.

(*k*) A copy of the order invalidating or rejecting the application or withdrawing the approval shall be communicated to the applicant, the Assessing Officer and the Commissioner of Income-tax.

(3) Approval to a company under clause (*iia*) of sub-section (1) of section 35 shall be subject to the following conditions, namely :—

(*a*) The sum paid to the company shall be used for scientific research.

(*b*) The applicant company shall carry on scientific research through its own employees using its own assets.

(*c*) A company approved under clause (*iia*) of sub-section (1) of section 35 shall maintain separate books of account in respect of the sums received by it for scientific research, reflect therein the amount used for carrying on research, get such books of account audited by an accountant, and furnish the report of such audit duly signed and verified by such accountant to the Commissioner of Income-tax having jurisdiction over the case, by the due date of furnishing the return of income under sub-section (1) of section 139.

Explanation.—For the purpose of this clause "accountant" shall have the same meaning as assigned to it in *Explanation* to sub-section (2) of section 288 of the Act.

(*d*) The company shall maintain a separate statement of donations received and the amount used for research and a copy of such statement duly certified by the auditor shall accompany the report of audit referred to in sub-rule (3).

(*e*) Subsequent to approval, the company shall, every year, by the due date of furnishing the return of income under sub-section (1) of section 139, furnish a statement to the Commissioner of Income-tax containing the following information, namely :—

(*i*) a detailed note on the research work undertaken by it during the previous year;

(*ii*) a summary of research articles published in national or international journals during the year;

(*iii*) any patents or other similar rights applied for or registered during the year;

(*iv*) programme of research projects to be undertaken during the forthcoming year and the financial allocation for such subjects.

(*f*) If the Commissioner of Income-tax is satisfied that the company,—

(*i*) is not maintaining separate books of account for research activities; or

(*ii*) has failed to furnish its audit report; or

(*iii*) has not furnished its statement of the sums received and the sums used for research, or a statement referred to in sub-clause (*e*); or

(*iv*) has ceased to carry on its research activities, or its activities are not genuine; or

(*v*) is not fulfilling the conditions subject to which approval was granted to it,

he may after making appropriate enquiries, furnish a report on the circumstances referred to in sub-clauses (*i*) to (*v*) to the jurisdictional Chief Commissioner of Income-tax within six months from the date of furnishing the return of income under sub-section (1) of section 139

37. Substituted for "duplicate in Form No. 3CF-III" by the IT (Sixth Amdt.) Rules, 2021, w.e.f. 1-4-2021.
38. Clauses (*aa*) to (*ac*) inserted by the IT (Sixth Amdt.) Rules, 2021, w.e.f. 1-4-2021.
39. Substituted for "3CF-III" by the IT (Sixth Amdt.) Rules, 2021, w.e.f. 1-4-2021.

[40][**Option form for taxation of income from patent under section 115BBF.**

5G. (1) For the purposes of exercising the option for taxation of income by way of royalty in respect of a patent developed and registered in India, by an eligible assessee under section 115BBF, the eligible assessee shall furnish Form No. 3CFA duly verified in the manner indicated therein, and the same shall be furnished by the eligible assessee in the following manner, namely:—

(*i*) electronically under digital signature; or

(*ii*) electronically through electronic verification code.

(2) The form referred in sub-rule (1) shall be complete in all respects and furnished on or before the due date specified in *Explanation 2* below sub-section (1) of section 139 for furnishing the return of income for the relevant assessment year, in case the option is exercised for that assessment year.

(3) The Director General of Income-tax (Systems) shall specify the procedures, formats and standards for the purposes for ensuring secure capture and transmission of data and shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to furnishing and verification of the Form referred in sub-rule (1).]

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40. Inserted by the IT (Fifth Amdt.) Rules, 2017, w.e.f. 1-4-2017.

Prescribed authority for expenditure on scientific research.

6. (1) For the purposes of clause (*i*) of sub-section (1) and sub-section (2A) of section 35, the prescribed authority shall be the Director General (Income-tax Exemptions) in concurrence with the Secretary, Department of Scientific and Industrial Research, Government of India.

(1A) For the purposes of sub-section (2AA) of section 35, the prescribed authority shall be—

(*a*) in the case of a National Laboratory or a University or an Indian Institute of Technology, the head of the National Laboratory or the University or the Indian Institute of Technology, as the case may be; and

(*b*) in the case of a specified person, the Principal Scientific Adviser to the Government of India.

(1B) For the purposes of sub-section (2AB) of section 35, the prescribed authority shall be the Secretary, Department of Scientific and Industrial Research.

(2)[***]

(3) The application for obtaining approval under sub-section (2AA) of section 35 shall be made by a sponsor in Form No. 3CG.

Explanation.—For the purposes of this rule "sponsor" means a person who makes an application in Form No. 3CG.

(4) The application required to be furnished by a company under sub-section (2AB) of section 35 shall be in Form No. 3CK.

(5) The head of the National Laboratory or the University or the Indian Institute of Technology or the Principal Scientific Adviser to the Government of India shall, if he is satisfied that it is feasible to carry out the scientific research programme then, subject to other conditions prescribed in this rule and section 35(2AA) of the Act, pass an order in writing in Form No. 3CH :

Provided that a reasonable opportunity of being heard shall be granted to the sponsor before rejecting an application :

Provided further that an order under this rule shall be passed within two months of the receipt of the application under sub-rule (1A) :

Provided also that the Principal Scientific Adviser to the Government of India may authorise an officer who is not below the rank of a Deputy Secretary to issue such order, after the scientific research programme has been approved by him.

(5A) The prescribed authority shall, if he is satisfied that the conditions provided in this rule and in sub-section (2AB) of section 35 of the Act are fulfilled, pass an order in writing in Form No. 3CM:

Provided that a reasonable opportunity of being heard shall be granted to the company before rejecting an application.

(6) The National Laboratory, University, Indian Institute of Technology or specified person shall issue a receipt of payment for carrying out an approved programme of scientific research under sub-section (2AA) in Form No. 3CI.

(7) Approval of a programme under sub-section (2AA) shall be subject to the following conditions :—

(*a*) The programme should not relate purely to market research, sales promotion, quality control, testing, commercial production, style changes, routine data collection or activities of a like nature;

(*b*) The prescribed authority shall submit its report to the [41][Principal Chief Commissioner of Income-tax or Chief Commissioner of Income-tax or Principal Director General of Income-tax or Director General of Income-tax having jurisdiction over the sponsor] in Form No. 3CJ within a period of three months from the date of granting approval to the programme:
Provided that the officer authorised by the prescribed authority, being the Principal Scientific Adviser to the Government of India, under sub-rule (5) shall submit such report to the [41][Principal Chief Commissioner of Income-tax or Chief Commissioner of Income-tax or Principal Director General of Income-tax or Director General of Income-tax having jurisdiction over the sponsor];

(*c*) The sponsor and the National Laboratory, University, Indian Institute of Technology or specified person, as the case may be, shall submit to the [42][Principal Chief Commissioner of Income-tax or Chief Commissioner of Income-tax or Principal Director General of Income-tax or Director General of Income-tax having jurisdiction over the sponsor] a yearly statement showing progress of implementation of the approved programme and actuals of expenditure incurred thereon;

(*d*) The prescribed authority shall not extend the duration of the programme or approve any escalation in costs;

(*e*) The National Laboratory, University, Indian Institute of Technology or specified person, as the case may be, shall maintain a separate account for each approved programme ; which shall be audited annually and a copy thereof shall be furnished to the [42][Principal Chief Commissioner of Income-tax or Chief Commissioner of Income-tax or Principal Director General of Income-tax or Director General of Income-tax having jurisdiction over the sponsor] by 31st day of October of each succeeding year;

(*f*) Assets acquired by the prescribed authority for executing the approved programme shall not be disposed of without the approval of the [42][Principal Chief Commissioner of Income-tax or Chief Commissioner of Income-tax or Principal Director General of Income-tax or Director General of Income-tax having jurisdiction over the sponsor];

(*g*) On completion of the approved programme, a completion certificate along with a copy of the report on the research activities carried out and salient features of the result obtained and its further application for commercial exploitation shall be jointly submitted by the sponsor and the National Laboratory, University, Indian Institute of Technology or specified person to the [42][Principal Chief Commissioner of Income-tax or Chief Commissioner of Income-tax or Principal Director General of Income-tax or Director General of Income-tax having jurisdiction over the sponsor];

(*h*) A copy of the audited statement of accounts for the approved programme shall be submitted by the Head of the National Laboratory, University or Indian Institute of Technology or the Principal Scientific Adviser to the Government of India to the [42][Principal Chief Commissioner of Income-tax or Chief Commissioner of Income-tax or Principal Director General of Income-tax or Director General of Income-tax having jurisdiction over the sponsor] within six months of the completion of the programme.

(7A) Approval of expenditure incurred on in-house research and development facility by a company under sub-section (2AB) of section 35 shall be subject to the following conditions, namely :—

(*a*) The facility should not relate purely to market research, sales promotion, quality control, testing, commercial production, style changes, routine data collection or activities of a like nature;

[43][(*b*) The prescribed authority shall furnish electronically its report,—

(*i*) in relation to the approval of in-house research and development facility in Part A of Form No. 3CL;

(*ii*) quantifying the expenditure incurred on in-house research and development facility by the company during the previous year and eligible for weighted deduction under sub-section (2AB) of section 35 of the Act in Part B of Form No. 3CL;

(*ba*) The report in Form No. 3CL referred to in clause (*b*) shall be furnished electronically by the prescribed authority to the Principal Chief Commissioner of Income-tax or Chief Commissioner of Income-tax or Principal Director General of Income-tax or Director General of Income-tax having jurisdiction over such company within one hundred and twenty days,—

(*i*) of the grant of the approval, in a case referred to in sub-clause (*i*) of clause (*b*);

(*ii*) of the submission of the audit report, in a case referred to in sub-clause (*ii*) of clause (*b*);]

(*c*) The company shall maintain a separate account for each approved facility; which shall be audited annually and [44][a report of audit in Form No. 3CLA shall be furnished electronically to the Secretary, Department of Scientific and Industrial Research on or before the due date specified in *Explanation 2* to sub-section (1) of section 139 of the Act for furnishing the return of income, for each succeeding year].

Explanation.— For the purposes of this sub-rule the expression "audited" means the audit of accounts by an accountant, as defined in the *Explanation* below sub-section (2) of section 288 of the Income-tax Act, 1961;

(*d*) Assets acquired in respect of development of scientific research and development facility shall not be disposed of without the approval of the Secretary, Department of Scientific and Industrial Research.

[45][(8) For the purposes of this rule, the Principal Director General of Income-tax (Systems) shall specify the procedures, formats and standards for ensuring secure capture and transmission of data, and shall also be responsible for the day-to-day administration in relation to furnishing the information in the manner so specified.]

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41. Substituted for "Director General (Income-tax Exemptions)" by the IT (Tenth Amdt.) Rules, 2016, w.e.f. 1-7-2016.
42. Substituted for "Director General (Income-tax Exemptions)" by the IT (Tenth Amdt.) Rules, 2016, w.e.f. 1-7-2016.
43. Substituted by the IT (Tenth Amdt.) Rules, 2016, w.e.f. 1-7-2016.
44. Substituted for "a copy thereof shall be furnished to the Secretary, Department of Scientific and Industrial Research by 31st day of October of each succeeding year" by the IT (Tenth Amdt.) Rules, 2016, w.e.f. 1-7-2016.
45. Inserted by the IT (Tenth Amdt.) Rules, 2016, w.e.f. 1-7-2016.

[46][**Expenditure for obtaining right to use spectrum for telecommunication services.**

6A. (1) For the purpose of section 35ABA, the term "payment has actually been made" shall mean,—

(*a*) where an assessee has opted and been allowed by the Department of Telecommunications, Government of India to make full upfront payment of spectrum fee, the actual payment of expenditure irrespective of the previous year in which the liability for the expenditure was incurred according to the method of accounting regularly employed by the assessee;

(*b*) where an assessee has opted and been allowed by the Department of Telecommunications, Government of India to make deferred payment, the amount which would have been payable by the assessee had he opted for full upfront payment of spectrum fee irrespective of the previous year in which the liability for the expenditure was incurred according to the method of accounting regularly employed by the assessee.

(2) In case of deferred payment referred to in clause (*b*) of sub-rule (1), where there is failure by the assessee to comply with any of the conditions specified by the scheme of the Department of Telecommunications, Government of India and Department of Telecommunications terminates the allotment or assignment of spectrum, the Assessing Officer shall, in exercise of power vested in him under sub-section (3) of section 35ABA shall re-compute the total income of the assessee for the previous year in which the deduction has been claimed and granted to him by deeming that,—

(*i*) the total amount of spectrum fee paid up to the date of termination is the amount of "payment actually been made";

(*ii*) the spectrum was in force up to the date of its termination for the purpose of computing "relevant previous year".]

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46. Inserted by the IT (Twenty-fourth Amdt.) Rules, 2016, w.e.f. 4-10-2016.

Prescribed activities for export markets development allowance.

6AA. [*Omitted by the IT (Thirty-second Amdt.) Rules, 1999, w.e.f. 19-11-1999.*]

Prescribed authority for the purposes of sections 35CC and 35CCA.

6AAA. For the purposes of section 35CC and section 35CCA,—

(*i*) the "prescribed authority" to approve the programme of rural development referred to in sub-section (1) of section 35CC and in clause (*a*) of sub-section (1) of section 35CCA shall be the Committee consisting of the following, namely :—

(*a*) The Chief Commissioner or Commissioner of Income-tax who exercises jurisdiction over the State or, as the case may be, the Union territory in which the programme of rural development is to be carried out—*Chairman*;

(*b*) An officer not below the rank of a Secretary to the Government of the State or, as the case may be, the Union territory in which the programme of rural development is to be carried out—*Member*;

(*ii*) the "prescribed authority" to approve an association or institution referred to in clause (*a*) or clause (*b*) of sub-section (1) of section 35CCA shall be the Committee consisting of the following, namely :—

(*a*) The Chief Commissioner or Commissioner of Income-tax, who exercises jurisdiction over the State or, as the case may be, the Union territory in which the principal office of the association or institution is situated—*Chairman*;

(*b*) An officer not below the rank of a Secretary to the Government of the State or, as the case may be, the Union territory in which the principal office of the association or institution is situated—*Member* :

Provided that where in a case whether falling under clause (*i*) or clause (*ii*) two or more Commissioners exercise jurisdiction over the State or, as the case may be, the Union territory, the Board may, by notification in the Official Gazette, empower the Chief Commissioner or Commissioner specified in this behalf to be the Chairman of the Committee.

Explanation.—In this rule, "programme of rural development" shall have the meaning assigned to it in the *Explanation* to sub-section (1) of section 35CC of the Income-tax Act.

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INCOME TAX DEPARTMENT

Statement of expenditure for claiming deduction under section 35CC.

6AAB. [*Omitted by the IT (Thirty-second Amdt.) Rules, 1999, w.e.f. 19-11-1999.*]

Prescribed authority for the purposes of section 35CCB.

6AAC. For the purposes of section 35CCB, the "prescribed authority" shall be the Secretary, Department of Environment, Government of India.

[47][**Guidelines for approval of agricultural extension project under section 35CCC.**

6AAD. (1) The agricultural extension project shall be considered for notification if it fulfils all of the following conditions, namely :—

(*i*) the project shall be undertaken by an assessee for training, education and guidance of farmers;

(*ii*) the project shall have prior approval of the Ministry of Agriculture, Government of India; and

(*iii*) an expenditure (not being expenditure in the nature of cost of any land or building) exceeding the amount of twenty-five lakh rupees is expected to be incurred for the project.

(2) Before undertaking any agricultural extension project, an assessee shall make an application in Form No. 3C-O to the Member (IT), Central Board of Direct Taxes for notification of such project under sub-section (1) of section 35CCC.

(3) The application referred to in sub-rule (2) shall be accompanied by the following, namely :—

(*a*) a detailed note on the agricultural extension project to be undertaken by the assessee;

(*b*) details of the expenditure expected to be incurred on the project and expected date of completion of the project; and

(*c*) a letter approving the project and specifying the amount of expenditure expected to be incurred on the project from the Ministry of Agriculture, Government of India.

(4) Where any defect is noticed in the application referred to in sub-rule (2) or a relevant document is not attached thereto, the Central Board of Direct Taxes shall, before the expiry of one month from the date of receipt of the application in its office, intimate the defect to the applicant for its rectification.

(5) The applicant shall remove the defect within a period of fifteen days from the date of such intimation or within such further period as may be extended by the Central Board of Direct Taxes, on an application made in this behalf by the applicant, so however, that the total period for removal of defect does not exceed thirty days, and if the applicant fails to remove the defect within such period as allowed, the Central Board of Direct Taxes shall pass an order treating the application as invalid.

(6) If the application form is complete in all respects, the Central Board of Direct Taxes shall, within a period of one month from the end of the month in which it receives the application form complete in all respects, issue under sub-section (1) of section 35CCC, a notification in Form No. 3CP to be published in Official Gazette specifying the agricultural extension project, subject to the conditions mentioned in rule 6AAE or such other conditions, as it may deem fit, to be effective for such period not exceeding three assessment years.

(7) The assessee, may, at least two months before the expiry of the effective period of the notification issued under sub-rule (6), make an application to the Central Board of Direct Taxes for notification of such project for a further period.

(8) The Central Board of Direct Taxes shall, after receiving the application under sub-rule (7), call for a report from the Commissioner of Income-tax or the Director of Income-tax, as the case may be, having jurisdiction over the case regarding the activities of the agricultural extension project during the period of notification and fulfilment of conditions mentioned in rule 6AAE and any other conditions subject to which the agricultural extension project was notified under sub-rule (6).

(9) On being satisfied with the report received under sub-rule (8) on the agricultural extension project, the Central Board of Direct Taxes may, within a period of three months from the end of the month in which it receives application referred to in sub-rule (7), notify the said project for a further period not exceeding three assessment years.

(10) A copy of the notification issued under sub-rule (6) or, as the case may be, under sub-rule (9) shall be sent to the applicant, the Ministry of Agriculture, Government of India, the Commissioner of Income-tax or the Director of Income-tax, as the case may be, the Department of Agriculture of the concerned State and the Agricultural Technology Management Agency of the concerned District.

(11) The Central Board of Direct Taxes may, on being satisfied that the assessee has ceased its activities, or that its activities are not genuine or that its activities are not being carried out in accordance with all or any of the relevant provisions of the Act or this rule or rule 6AAE, or its activities are not being carried out in accordance with all or any of the conditions subject to which the notification was issued, pass an order for rescission of the notification issued under sub-rule (6) or sub-rule (9).

(12) Before any order is passed treating the application as invalid or rejecting it or rescinding the notification, an opportunity of being heard in the matter shall be given to the assessee.

(13) A copy of the order invalidating or rejecting the application or rescinding the notification shall be sent to the applicant, the Ministry of Agriculture, Government of India, the Commissioner of Income-tax or the Director of Income-tax, as the case may be, the Department of Agriculture of the concerned State and Agricultural Technology Management Agency of the concerned district.]

47. Substituted by the IT (Third Amdt.) Rules, 2014, w.e.f. 21-3-2014.

Conditions subject to which an agricultural extension project is to be notified under section 35CCC.

6AAE. (1) The assessee undertaking agricultural extension project shall maintain separate books of account of the agricultural extension project notified under sub-section (1) of section 35CCC, and get such books of account audited by an accountant as defined in the *Explanation* below sub-section (2) of section 288.

(2) The audit report referred to in sub-rule (1) shall include the comments of the auditor on the true and fair view of the books of account maintained for agricultural extension project, the genuineness of the activities of the agricultural extension project and fulfilment of the conditions specified in the relevant provisions of the Act or the rules or the conditions mentioned in the [48][notification issued under sub-rule (6) or sub-rule (9) of rule 6AAD].

(3) The assessee shall not accept an amount exceeding the amount as approved in the notification from the beneficiary under the eligible agricultural extension project for training, education, guidance or any material distributed for the purposes of such training, education or guidance.

(4) The assessee shall not get any direct or indirect benefit from the notified agricultural extension project except the deduction of the eligible expenditure in accordance with the provisions of section 35CCC of the Act, rule 6AAD and this rule.

(5) All expenses (not being expenditure in the nature of cost of any land or buil-ding), as reduced by the amount received from beneficiary, if any, incurred wholly and exclusively for undertaking an eligible agricultural extension project shall be eligible for deduction under section 35CCC :

Provided that any expenditure incurred on the agricultural extension project which is reimbursed or reimbursable to the assessee by any person, whether directly or indirectly, shall not be eligible for deduction under section 35CCC.

(6) The assessee shall, on or before the due date of furnishing the return of income under sub-section (1) of section 139, furnish the following to the Commissioner of Income-tax or the Director of Income-tax, as the case may be, namely:—

(*a*) the audited statement of accounts of the agricultural extension projects for the previous year along with the audit report and amount of deduction claimed under sub-section (1) of section 35CCC;

(*b*) a note on the agricultural extension project undertaken by it during the previous year and the programme of agricultural extension project to be undertaken during the current year and the financial allocation for such programme; and

(*c*) a certificate from the Ministry of Agriculture, Government of India, regarding the genuineness of the agricultural extension project undertaken by the assessee during the previous year.

(7) If the Commissioner of Income-tax or the Director of Income-tax, as the case may be, is satisfied that the,—

(*a*) assessee has not maintained separate books of account for the agricultural extension project or has not got such books of account audited by an accountant in accordance with sub-rule (1);

(*b*) assessee has not furnished the documents referred to in sub-rule (6);

(*c*) assessee has ceased to carry out activities of agricultural extension project;

(*d*) activities of agricultural extension project of the assessee are not genuine; or

(*e*) activities of the agricultural extension project are not being carried out in accordance with the relevant provisions of the Act or the rules or the conditions subject to which the notification was issued,

he may, after making appropriate inquires, furnish a report on the circumstances referred to in clauses (*a*) to (*e*) to the CBDT [49][for appropriate action as per the provisions of sub-rule (11) of rule 6AAD].

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48. Substituted for "notification issued under sub-rule (10) or sub-rule (11) of rule 6AAD" by the IT (Third Amdt.) Rules, 2014, w.e.f. 21-3-2014.
49. Substituted for "for appropriate action as per the provisions of sub-rule (13) of rule 6AAD" by the IT (Third Amdt.) Rules, 2014, w.e.f. 21-3-2014.

Guidelines for approval of skill development project under section 35CCD.

6AAF. (1) A skill development project shall be considered for notification if it is undertaken by an eligible company and the project is undertaken in separate facilities in a training institute.

(2) The eligible company, before undertaking any skill development project, shall make an application for notification of such project under sub-section (1) of section 35CCD, in duplicate, in Form No. 3CQ, to the National Skill Development Agency (hereinafter referred to as the NSDA).

(3) The eligible company shall also send a copy of the application in Form No. 3CQ to the Commissioner of Income-tax or the Director of Income-tax, as the case may be, having jurisdiction over the case, accompanied by the acknowledgement receipt as evidence of having furnished the application form in duplicate to the NSDA.

(4) The application shall be accompanied by the following, namely :—

(*a*) detailed note on the skill development project to be undertaken by the eligible company;

(*b*) details of the expenditure expected to be incurred on the project and expected date of completion of the project; and

(*c*) a letter of concurrence from the training institute in which the skill development project is to be undertaken.

(5) If any defect is noticed in the application referred to in sub-rule (2) or if any relevant document is not attached thereto, the NSDA shall, before the expiry of one month from the date of receipt of the application in its office, intimate the defect to the applicant for its rectification.

(6) The applicant shall remove the defect within a period of fifteen days from the date of such intimation or within such further period as, on an application made in this behalf, may be extended by the NSDA, so however, that the total period for removal of the defect does not exceed thirty days, and if the applicant fails to remove the defect within such period so allowed, the NSDA shall send its recommendation for treating the application as invalid to the CBDT.

(7) On receipt of recommendation of the NSDA under sub-rule (6), the CBDT, if satisfied, may pass an order treating the application as invalid.

(8) If the application form is complete in all respects, the NSDA may make such inquiry or call for such documents from the eligible company or the training institute as it may consider necessary for satisfying itself regarding the genuineness of the current and proposed activity of the applicant and send its recommendation to the CBDT for grant of approval or rejection of the application before the expiry of the period of two months to be reckoned from the end of the month in which the application form complete in all respects was received in its office.

(9) The Commissioner of Income-tax or the Director of Income-tax, as the case may be, having jurisdiction over the case shall send his recommendation to the NSDA for grant of approval or rejection of the application, after considering the compliance of the applicant with the various provisions of Income-tax Act, 1961 and Wealth-tax Act, 1957, before the expiry of the period of one month to be reckoned from the end of the month in which the copy of the application was received in his office.

(10) If the NSDA recommends the grant of approval under sub-rule (8), the CBDT shall, within a period of fifteen days from the end of the month in which it receives the report from the NSDA, under sub-section (1) of section 35CCD, issue a notification in Form No. 3CR to be published in the Official Gazette specifying the skill development project subject to conditions mentioned in rule 6AAG or such other conditions, as it may deem fit, to be effective for such period not exceeding three assessment years and if the NSDA recommends the rejection of the application under sub-rule (8), the CBDT shall pass an order rejecting the application.

(11) If the CBDT is satisfied with the activities of the skill development project during the period of notification, it may notify the said project for a further period in consultation with the NSDA.

(12) A copy of the notification issued under sub-rule (10) or sub-rule (11) shall be sent to the applicant, the NSDA, the training institute and the Commissioner of Income-tax or the Director of Income-tax, as the case may be, having jurisdiction over the case.

(13) The CBDT may rescind the notification issued under sub-rule (10) or sub-rule (11) at any time, if it is satisfied that the eligible company or the training institute, as the case may be, has ceased its activities or its activities are not genuine or the activities of the skill development project are not being carried out in accordance with all or any of the relevant provisions of the Act or this rule or rule 6AAG or the conditions subject to which the notification was issued.

(14) An order rescinding the notification shall not be passed unless the applicant has been given an opportunity of being heard in the matter.

(15) A copy of any order invalidating or rejecting the application or rescinding the notification shall be sent to the applicant, the training institute, the NSDA and the Commissioner of Income-tax or the Director of Income-tax, as the case may be, having jurisdiction over the case.

Conditions subject to which a skill development project is to be notified under section 35CCD.

6AAG. (1) The company undertaking skill development project shall maintain separate books of account of the skill development project notified under sub-section (1) of section 35CCD, and get such books of account audited by an accountant as defined in the *Explanation* below sub-section (2) of section 288.

(2) The audit report referred to in sub-rule (1) shall include the comments of the auditor on the true and fair view of the books of account maintained for skill development project, the genuineness of the activities of the skill development project and fulfilment of the conditions specified in the relevant provisions of the Act or the rules or the conditions mentioned in the notification issued under sub-rule (10) or sub-rule (11) of rule 6AAF.

(3) A skill development project in respect of existing employees of the company shall not be eligible for notification under sub-section (1) of section 35CCD, where the training of such employees commences after six months of their recruitment.

(4) All expenses (not being expenditure in the nature of cost of any land or building), incurred wholly and exclusively for undertaking a notified skill development project shall be eligible for deduction under section 35CCD :

Provided that any expenditure incurred on the skill development project which is reimbursed or reimbursable to the company by any person, whether directly or indirectly, shall not be eligible for deduction under section 35CCD.

(5) The company shall, on or before the due date of furnishing the return of income under sub-section (1) of section 139, furnish the audited statement of accounts of the skill development project for the previous year along with the audit report and amount of deduction claimed under sub-section (1) of section 35CCD to the Commissioner of Income-tax or the Director of Income-tax, as the case may be.

(6) If the Commissioner of Income-tax or the Director of Income-tax, as the case may be, is satisfied that the,—

(*a*) company has not maintained separate books of account for the skill development project or has not got such books of account audited by an accountant in accordance with sub-rule (1);
(*b*) company has not furnished the documents referred to in sub-rule (5);
(*c*) company has ceased to carry out activities of skill development project;
(*d*) activities of skill development project of the company are not genuine; or
(*e*) activities of the skill development project of the company are not being carried out in accordance with the relevant provisions of the Act or the rules or the conditions subject to which the notification was issued,

he shall, after making appropriate inquiries, furnish a report on the circumstances referred to in clauses (*a*) to (*e*) to the CBDT for appropriate action under sub-rule (13) of rule 6AAF.

(7) If the NSDA is not satisfied about the genuineness of the activities of the notified skill development project, the NSDA shall send its recommendation to the CBDT for appropriate action under sub-rule (13) of rule 6AAF.

Meaning of expressions used in rule 6AAF and rule 6AAG.

6AAH. For the purposes of rule 6AAF and rule 6AAG—

(*i*) "Eligible company" means a company, which is—

(*a*) engaged in the business of manufacture or production of any article or thing, not being an article or thing mentioned at serial number 1 and serial number 2 of the list of articles or things specified in the Eleventh Schedule; or

(*b*) engaged in providing services mentioned in column (2) of the Table below:

TABLE

S.No.	*Particulars*
(1)	*(2)*
1.	Accounting services
2.	Architect services
3.	Automobile repair or maintenance
4.	Banking, insurance and financial services including ATM installation, maintenance and operations or banking correspondents or insurance agents
5.	Beauty and cosmetology, including hair styling or manicurists or pedicurists
6.	Cable operators or Direct To Home (DTH) services
7.	Cargo Handling and stevedoring services
8.	Construction including painting or woodwork or plumbing or flooring or electrical wiring or installation or maintenance of lifts
9.	Courier services
10.	Design services including fashion or gems and jewellery or apparel or industrial designing
11.	Event management
12.	Facilities management, housekeeping, cleaning services
13.	Fire and safety services
14.	Food processing or preservation services, including post harvesting and post farm-gate skills
15.	Health and Wellness services including spa or nutritionists or weight management or health instructors or yoga or gym trainers
16.	Home decor services, landscaping
17.	Hospital and Healthcare services, such as Lab technicians, nursing and other paramedical staff
18.	Hospitality, including culinary skills or catering services
19.	Logistics and Transportation by any mode, including by air, sea, road, rail or pipelines, and related services such as driving or operation of heavy machinery equipment, forwarding agents, packers and movers
20.	Market research services
21.	Media or film or advertising
22.	Mining and extraction of mineral resources, including hydrocarbons
23.	Packaging and Warehousing, including both ambient temperature storage and cold storage, operation of Internal Container Depots and Container Freight Stations
24.	Port and maritime services such as dredging, piloting, tug boat operations, shipbuilding, ship scrapping, bunkering
25.	Power Sector Services, including those required for erection or installation or maintenance of equipment or towers, etc. in generation, transmission or distribution sector projects
26.	Private Security, including guards, supervisors, installation and maintenance of security equipment etc.
27.	Refrigeration and air-conditioning
28.	Repair and maintenance services, including Installation and servicing of household goods or white goods
29.	Retail marketing, including shop floor assistants or merchandisers
30.	Telecom services, including erection and maintenance of towers
31.	Travel and tourism, including guides or ticketing or sales or cab drives

[50][(*ii*) "Training institute" means a training institute,—

(*a*) set up by the Central Government or a State Government or a local authority;

(*b*) affiliated to the National Council for Vocational Training or a State Council for Vocational Training;

(*c*) affiliated to, or approved by, or empanelled by, the National Skill Development Agency;

(*d*) affiliated to, or approved by, or empanelled by, the Central Government and certified by the National Council for Vocational Training as having training standards equivalent to training institutes affiliated to the National Council for Vocational Training; or

(*e*) affiliated to, or approved by or empanelled by, the State Government and certified by the National Council for Vocational Training or a State Council for Vocational Training as having training standards equivalent to training institutes affiliated to the National Council for Vocational Training or, as the case may be, the State Council for Vocational Training.]

(*iii*) "National Council for Vocational Training" means the National Council for Training in Vocational Trades established by the resolution of the Government of India in the Ministry of Labour (Directorate General of Resettlement and Employment) No. TR/E.P.-24/56, dated the 21st August, 1956 and re-named as the National Council for Vocational Training by the resolution of the Government of India in the Ministry of Labour (Directorate General of Employment and Training) No. DGET/12/21/80-TC, dated the 30th September, 1981.

(*iv*) "State Council for Vocational Training" means a State Council for Training in Vocational Trades established by the State Government.

[51][(*v*) "National Skill Development Agency" means the agency constituted by the Government of India *vide* notification No. 14/27/2012-EC, dated the 6th June, 2013.]

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50. Substituted by the IT (Second Amdt.) Rules, 2014, w.e.f. 20-3-2014.

51. Inserted by the IT (Second Amdt.) Rules, 2014, w.e.f. 20-3-2014.

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INCOME TAX DEPARTMENT

Form of audit report for claiming deductions under sections 35D and 35E.

6AB. The report of audit of the accounts of an assessee, other than a company or a co-operative society, which is required to be furnished under sub-section (4) of section 35D or sub-section (6) of section 35E shall be in Form No. 3AE.

Computation of aggregate average advances for the purposes of clause (*viia*) of sub-section (1) of section 36.

6ABA. For the purposes of clause (*viia*) of sub-section (1) of section 36, the aggregate average advances made by the rural branches of a scheduled bank shall be computed in the following manner, namely :—

(*a*) the amounts of advances made by each rural branch as outstanding at the end of the last day of each month comprised in the previous year shall be aggregated separately;

(*b*) the sum so arrived at in the case of each such branch shall be divided by the number of months for which the outstanding advances have been taken into account for the purposes of clause (*a*);

(*c*) the aggregate of the sums so arrived at in respect of each of the rural branches shall be the aggregate average advances made by the rural branches of the scheduled bank.

Explanation.—In this rule, "rural branch" and "scheduled bank" shall have the meanings assigned to them in the *Explanation* to clause (*viia*) of sub-section (1) of section 36.

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INCOME TAX DEPARTMENT

Infrastructure facility under clause (*g*) of the *Explanation* to clause (*viii*) of sub-section (1) of section 36.

6ABAA. The conditions to be fulfilled by a public facility to be eligible to be notified as an infrastructure facility in accordance with the provisions of clause (*g*) of the *Explanation* to clause (*viii*) of sub-section (1) of section 36 shall be the following, namely :—

(*a*) it is owned by a company registered in India or by a consortium of such companies or by an authority or a board or a corporation or any other body established or constituted under any Central or State Act;

(*b*) it has entered into an agreement with the Central Government or a State Government or a local authority or any other statutory body for (*i*) developing or (*ii*) operating and maintaining or (*iii*) developing, operating and maintaining a new infrastructure facility similar in nature to an infrastructure facility referred to in the *Explanation* to clause (*i*) of sub-section (4) of section 80-IA;

(*c*) it has started or starts operating and maintaining such infrastructure facility on or after the 1st day of April, 1995.

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Form of report for claiming deduction under clause (*xi*) of sub-section (1) of section 36.

6ABB. [*Omitted by the IT (Twenty-first Amdt.) Rules, 2021, w.e.f. 29-7-2021 (*see *rule 130)*.]

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INCOME TAX DEPARTMENT

[52][**Other electronic modes.**

6ABBA. The following shall be the other electronic modes for the purposes of clause (*d*) of first proviso to section 13A, clause (*f*) of sub-section (8) of section 35AD, sub-section (3), sub-section (3A), proviso to sub-section (3A) and sub-section (4) of section 40A, second proviso to clause (*1*) of section 43, sub-section (4) of section 43CA, proviso to sub-section (1) of section 44AD, second proviso to sub-section (1) of section 50C, second proviso to sub-clause (*b*) of clause (*x*) of sub-section (2) of section 56, clause (*b*) of first proviso of clause (*i*) of *Explanation* to section 80JJAA, section 269SS, section 269ST and section 269T, namely:—

(*a*) Credit Card;
(*b*) Debit Card;
(*c*) Net Banking;
(*d*) IMPS (Immediate Payment Service);
(*e*) UPI (Unified Payment Interface);
(*f*) RTGS (Real Time Gross Settlement);
(*g*) NEFT (National Electronic Funds Transfer), and
(*h*) BHIM (Bharat Interface for Money) Aadhaar Pay.]

52. Inserted by the IT (Third Amdt.) Rules, 2020, w.r.e.f. 1-9-2019.

[53]**[Form of statement to be furnished regarding preliminary expenses incurred under section 35D.**

6ABBB. *(1) The statement containing particulars of expenditure required to be furnished under proviso to clause (*a*) of sub-section (2) of section 35D by the assessee shall be in Form No. 3AF for each previous year.*

(2) Form No. 3AF shall be furnished one month prior to the due date for furnishing the return of income as specified under sub-section (1) of section 139.

(3) Form No. 3AF shall be furnished to the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, or any person authorised by the Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems).

(4) Form No. 3AF, shall be furnished electronically,—

*(*i*) under digital signature, if the return of income is required to be furnished under digital signature;*

*(*ii*) through electronic verification code in a case not covered under clause (*i*).*

(5) The Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems), as the case may be, shall specify the procedures for furnishing Form No. 3AF and shall also be responsible for formulating and evolving appropriate security, archival and retrieval policies in relation to the form so furnished.

*(6) The Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems), as the case may be, or any person authorised by the Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems) shall forward Form No. 3AF to the Assessing Officer.***]**

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53. Inserted by the IT (Fourteenth Amdt.) Rules, 2023, w.e.f. **1-4-2024**.

Limits and conditions for allowance of expenditure in certain cases.

6AC. [*Omitted by the IT (Thirty-second Amdt.) Rules, 1999, w.e.f. 19-11-1999.*]

Expenditure on advertisement.

6B. [*Omitted by the IT (Thirty-second Amdt.) Rules, 1999, w.e.f. 19-11-1999.*]

Expenditure on residential accommodation including guest houses.

6C. [*Omitted by the IT (Amdt.) Rules, 1973, w.r.e.f. 1-4-1972. Original rule 6C was inserted by the IT (Third Amdt.) Rules, 1965 and later omitted by the IT (Fourth Amdt.) Rules, 1965. It was again inserted by the IT (Second Amdt.) Rules, 1966.*]

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Expenditure in connection with travelling, etc.

6D. [*Omitted by the IT (Thirty-second Amdt.) Rules, 1999, w.e.f. 19-11-1999.*]

[54][**Cases and circumstances in which a payment or aggregate of payments exceeding ten thousand rupees may be made to a person in a day, otherwise than by an account payee cheque drawn on a bank or account payee bank draft or use of electronic clearing system through a bank account or through such other electronic mode as prescribed in rule 6ABBA.**]

6DD. No disallowance under sub-section (3) of section 40A shall be made and no payment shall be deemed to be the profits and gains of business or profession under sub-section (3A) of section 40A where a payment or aggregate of payments made to a person in a day, otherwise than by an account payee cheque drawn on a bank or [55][account payee bank draft or use of electronic clearing system through a bank account or through such other electronic mode as prescribed under rule 6ABBA, exceeds ten thousand rupees] in the cases and circumstances specified hereunder, namely :—

(*a*) where the payment is made to—
- (*i*) the Reserve Bank of India or any banking company as defined in clause (*c*) of section 5 of the Banking Regulation Act, 1949 (10 of 1949);
- (*ii*) the State Bank of India or any subsidiary bank as defined in section 2 of the State Bank of India (Subsidiary Banks) Act, 1959 (38 of 1959);
- (*iii*) any co-operative bank or land mortgage bank;
- (*iv*) any primary agricultural credit society or any primary credit society as defined under section 56 of the Banking Regulation Act, 1949 (10 of 1949);
- (*v*) the Life Insurance Corporation of India established under section 3 of the Life Insurance Corporation Act, 1956 (31 of 1956);

(*b*) where the payment is made to the Government and, under the rules framed by it, such payment is required to be made in legal tender;

(*c*) where the payment is made by—
- (*i*) any letter of credit arrangements through a bank;
- (*ii*) a mail or telegraphic transfer through a bank;
- (*iii*) a book adjustment from any account in a bank to any other account in that or any other bank;
- (*iv*) a bill of exchange made payable only to a bank;

(*v*) to (*vii*) [56-57][***]

Explanation.—For the purposes of this clause and clause (*g*), the term "bank" means any bank, banking company or society referred to in sub-clauses (*i*) to (*iv*) of clause (*a*) and includes any bank [not being a banking company as defined in clause (*c*) of section 5 of the Banking Regulation Act, 1949 (10 of 1949), whether incorporated or not, which is established outside India;

(*d*) where the payment is made by way of adjustment against the amount of any liability incurred by the payee for any goods supplied or services rendered by the assessee to such payee;

(*e*) where the payment is made for the purchase of—
- (*i*) agricultural or forest produce; or
- (*ii*) the produce of animal husbandry (including livestock, meat, hides and skins) or dairy or poultry farming; or
- (*iii*) fish or fish products; or
- (*iv*) the products of horticulture or apiculture,

to the cultivator, grower or producer of such articles, produce or products;

(*f*) where the payment is made for the purchase of the products manufactured or processed without the aid of power in a cottage industry, to the producer of such products;

(*g*) where the payment is made in a village or town, which on the date of such payment is not served by any bank, to any person who ordinarily resides, or is carrying on any business, profession or vocation, in any such village or town;

(*h*) where any payment is made to an employee of the assessee or the heir of any such employee, on or in connection with the retirement, retrenchment, resignation, discharge or death of such employee, on account of gratuity, retrenchment compensation or similar terminal benefit and the aggregate of such sums payable to the employee or his heir does not exceed fifty thousand rupees;

(*i*) where the payment is made by an assessee by way of salary to his employee after deducting the income-tax from salary in accordance with the provisions of section 192 of the Act, and when such employee—
- (*i*) is temporarily posted for a continuous period of fifteen days or more in a place other than his normal place of duty or on a ship; and
- (*ii*) does not maintain any account in any bank at such place or ship;

(*j*) [58][***]

(*k*) where the payment is made by any person to his agent who is required to make payment in cash for goods or services on behalf of such person;

(*l*) where the payment is made by an authorised dealer or a money changer against purchase of foreign currency or travellers cheques in the normal course of his business.

Explanation.—For the purposes of this clause, the expressions "authorised dealer" or "money changer" means a person authorised as an authorised dealer or a money changer to deal in foreign currency or foreign exchange under any law for the time being in force.]

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54. Substituted for "Cases and circumstances in which a payment or aggregate of payments exceeding twenty thousand rupees may be made to a person in a day, otherwise than by an account payee cheque drawn on a bank or account payee bank draft." by the IT (Third Amdt.) Rules, 2020, w.e.f. 29-1-2020.
55. Substituted for "account payee bank draft, exceeds twenty thousand rupees" by the IT (Third Amdt.) Rules, 2020, w.e.f. 29-1-2020.
56-57. Omitted by the IT (Third Amdt.) Rules, 2020, w.e.f. 29-1-2020.
58. Omitted by the IT (Third Amdt.) Rules, 2020, w.e.f. 29-1-2020.

Conditions that a stock exchange is required to fulfil to be notified as a recognised stock exchange for the purposes of clause (*d*) of proviso to clause (*5*) of section 43.

6DDA. For the purposes of clause (*d*) of proviso to clause (5) of section 43, a stock exchange shall fulfil the following conditions in respect of trading in derivatives, namely :—

(*i*) the stock exchange shall have the approval of the Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992 (15 of 1992) in respect of trading in derivatives and shall function in accordance with the guidelines or conditions laid down by the Securities and Exchange Board of India;

(*ii*) the stock exchange shall ensure that the particulars of the client (including unique client identity number and PAN) are duly recorded and stored in its databases;

(*iii*) the stock exchange shall maintain a complete audit trail of all transactions (in respect of cash and derivative market) for a period of seven years on its system;

(*iv*) the stock exchange shall ensure that transactions (in respect of cash and derivative market) once registered in the system are not erased;

(*v*) the stock exchange shall ensure that the transactions (in respect of cash and derivative market) once registered in the system are modified only in cases of genuine error and maintain data regarding all transactions (in respect of cash and derivative market) registered in the system which have been modified and submit a monthly statement in Form No. 3BB to the Director General of Income-tax (Intelligence), New Delhi within fifteen days from the last day of each month to which such statement relates.

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INCOME TAX DEPARTMENT

Notification of a recognised stock exchange for the purposes of clause (*d*) of proviso to clause (*5*) of section 43.

6DDB. (1) An application for notification of a stock exchange as a recognised stock exchange for the purposes of clause (*d*) of proviso to clause (*5*) of section 43 may be made to the [59][Member (Income Tax)], Central Board of Direct Taxes, North Block, New Delhi - 110001.

(2) The application referred to in sub-rule (1) shall be accompanied with the following documents, namely :—

(*i*) approval granted by Securities and Exchange Board of India for trading in derivatives;

(*ii*) up-to-date rules, bye-laws and trading regulations of the stock exchange;

(*iii*) confirmation regarding fulfilling the conditions referred to in clause (*ii*) to clause (*v*) of rule 6DDA;

(*iv*) such other information as the stock exchange may like to place before the Central Government.

(3) The Central Government may call for such other information from the applicant as it deems necessary for taking a decision on the application.

(4) The Central Government, after examining the information furnished by the stock exchange under sub-rule (2) or sub-rule (3), shall notify the stock exchange as a recognised stock exchange for the purposes of clause (*d*) of proviso to clause (*5*) of section 43 or issue an order rejecting the application before the expiry of four months from the end of the month in which the application is received.

(5) The notification referred to in sub-rule (4) shall be effective until the approval granted by the Securities and Exchange Board of India is withdrawn or expired, or the notification is rescinded by the Central Government.

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59. Substituted for "Member (L)" by the IT (Third Amdt.) Rules, 2017, w.e.f. 23-3-2017.

Conditions that a recognised association is required to fulfil to be notified as a recognised association for the purposes of clause (*e*) of the proviso to clause (*5*) of section 43.

6DDC. For the purposes of clause (*e*) of the proviso to clause (*5*) of section 43, a recognised association shall fulfil the following conditions in respect of trading in derivatives, namely:—

(*i*) the recognised association shall have the approval of the Forward Markets Commission established under the Forward Contracts (Regulation) Act, 1952 (74 of 1952) in respect of trading in derivatives and shall function in accordance with the guidelines or conditions laid down by the Forward Markets Commission;

(*ii*) the recognised association shall ensure that the particulars of the client (including unique client identity number and PAN) are duly recorded and stored in its databases;

(*iii*) the recognised association shall maintain a complete audit trail of all transactions (in respect of derivative market) for a period of seven years on its system;

(*iv*) the recognised association shall ensure that transactions (in respect of derivative market) once registered in the system are not erased;

(*v*) the recognised association shall ensure that the transactions (in respect of derivative market) once registered in the system are modified only in cases of genuine error and maintain data regarding all transactions (in respect of derivative market) registered in the system which have been modified and submit a monthly statement in Form No. 3BC to the Director General of Income-tax (Intelligence and Criminal Investigation), New Delhi within fifteen days from the last day of each month to which such statement relates.

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INCOME TAX DEPARTMENT

Notification of a recognised association for the purposes of clause (*e*) of the proviso to clause (*5*) of section 43.

6DDD. (1) An application for notification of a recognised association (as per clause (*j*) of section 2 of the Forward Contracts (Regulation) Act, 1952) as a recognised association for the purposes of clause (*e*) of the proviso to clause (5) of section 43 may be made to the [60][Member (Income Tax)], Central Board of Direct Taxes, North Block, New Delhi.

(2) The application referred to in sub-rule (1) shall be accompanied with the following documents, namely :—

(*i*) approval granted by Forward Markets Commission for trading in derivatives;

(*ii*) up-to-date rules, bye-laws and trading regulations of the recognised association;

(*iii*) confirmation regarding fulfilling the conditions referred to in clause (*ii*) to clause (*v*) of rule 6DDC;

(*iv*) such other information as the recognised association may like to place before the Central Government.

(3) The Central Government may call for such other information from the applicant as it deems necessary for taking a decision on the application.

(4) The Central Government, after examining the information furnished by the recognised association under sub-rule (2) or sub-rule (3), shall notify the recognised association as a recognised association for the purposes of clause (*e*) of the proviso to clause (5) of section 43 or issue an order rejecting the application before the expiry of four months from the end of the month in which the application is received.

(5) The notification referred to in sub-rule (4) shall be effective until the approval granted by the Forward Markets Commission is withdrawn or expired, or the notification is rescinded by the Central Government.

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60. Substituted for "Member (Legislation)" by the IT (Third Amdt.) Rules, 2017, w.e.f. 23-3-2017.

Limits of reserve for unexpired risks.

6E. In the computation of profits and gains of any business of insurance other than life insurance, the amount carried over to a reserve for unexpired risks inclu-ding any amount carried over to any such additional reserve which is to be allowed as a deduction under clause (*c*) of rule 5 of the First Schedule, shall not exceed—

(*a*) where the insurance business relates to fire insurance or engineering insurance and which provides insurance for terrorism risks, 100 per cent of the net premium income of such business of the previous year;

(*aa*) where the insurance business relates to fire insurance or miscellaneous insurance other than the insurance business covered under clause (*a*), 50 per cent of the net premium income of such business of the previous year;

(*b*) where the insurance business relates to marine insurance, 100 per cent of the net premium income of such business of the previous year:

Provided that any amount out of the amount carried over to such reserve or additional reserve which is not allowed as a deduction under this rule in respect of any previous year shall not be included in the total income for the assessment year relevant to the immediately next succeeding previous year in the revenue account relating to which the amount aforesaid is credited.

Explanation.—For the purposes of this rule,—

(*a*) "net premium income" means the amount of premium received as reduced by the amount of reinsurance premium paid during the relevant previous year;

(*b*) "marine insurance" includes the Export Credit Insurance.

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INCOME TAX DEPARTMENT

Special provision regarding interest on bad and doubtful debts of financial institutions, banks, etc.

6EA. The provisions of section 43D shall apply in the case of every public financial institution, scheduled bank, State financial corporation and State industrial investment corporation where its income by way of interest pertains to the following categories of bad and doubtful debts, namely:—

(*a*) (*i*) Non-viable or sticky advances, *i.e.*, where irregularities of the nature specified in sub-clause (*ii*) are noticed in the accounts of the borrowers for a period of six months and more and there are no minimum prospects of regularisation of accounts, or where the accounts or information in relation to such accounts reflect usual signs of sickness, such as,—

(*1*) apparent stagnation in the business as a result of the slow or negligible turnover;
(*2*) frequent requests for overdrawing or issue of cheques without ensuring availability of funds in the account;
(*3*) bills purchased or discounted remain overdue for 3 months and more or the recovery of such bills from the borrower poses difficulties;
(*4*) in the case of term-loans, instalments which are overdue for 6 months or more;
(*5*) unexplained delays by the borrower in submission of quarterly or half-yearly operating statements or stock statements or balance sheets and other information required by the bank;
(*6*) slow movement or stagnation of stocks observed during inspections;
(*7*) low or negligible level of activity observed during inspections or suspension or closure of the business;
(*8*) persistent delay in compliance with vital requirements like execution of documents, producing additional security when required or non-compliance with such requirements;
(*9*) diversion of funds to sister units or acquiring capital assets not relevant to the business or large personal withdrawals by the borrowers;
(*10*) intentional non-adherence to project schedules leading to sub-stantial cost escalations and requirement of additional term-finance;
(*11*) the pressure on the liquidity leading to non-payment of wages to workers or statutory dues or rents of office and factory premises;
(*12*) the current liabilities exceeding current assets;
(*13*) any grave irregularities observed by the auditors of the borrowers which remain to be rectified;
(*14*) basic weakness revealed by the financial statements of the unit, for example, continued cash loss beyond one year.

(*ii*) The irregularities referred to in sub-clause (*i*) in the accounts of the borrowers are,—

(*1*) where the accounts are overdrawn beyond the drawing power or the sanctioned limit, for a temporary period;
(*2*) instalments in respect of term-loans are overdue for less than 6 months or import bills under letters of credit or instalments under deferred payment carried are overdue for less than 3 months;
(*3*) bills not exceeding 10% to 15% of the total outstandings in the bills purchased or discounted account of the borrower are overdue for payment for a period of less than 3 months and refund in respect of unpaid bills is not forthcoming immediately.

(*b*) Advances recalled, *i.e.*, where the repayment is highly doubtful and revival of the unit is not considered worthwhile and a decision has been taken to recall the advances.

(*c*) Suit-filed accounts, *i.e.*, where legal action or recovery proceedings have been initiated and suits are pending for recovery of advances.

(*d*) Decreed debts, *i.e.*, where suits have been filed and decree obtained and such decree is pending for execution.

(*e*) Debts recoverability whereof has become doubtful on account of shortfalls in value of security, difficulty in enforcing and realising the securities, or inability or unwillingness of the borrower to repay the banks dues, partly or wholly, and such debts have not been included in preceding clauses (*a*) to (*d*).

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INCOME TAX DEPARTMENT

Categories of bad or doubtful debts in the case of a public company under clause (*b*) of section 43D.

6EB. The provisions of clause (*b*) of section 43D shall apply in the case of every public company where its income by way of interest pertains to the following categories of bad and doubtful debts, namely :—

(*a*)(*i*) doubtful asset, that is, a debt which has remained a non-performing asset of the nature specified in sub-clause (*ii*) for a period exceeding two years;

(*ii*) non-performing asset referred to in sub-clause (*i*) shall be the following :—

(*1*) term loan beyond one year, if the interest amount remains "past due" for six months or instalment is overdue for more than six months;

(*2*) lease rental or hire purchase instalment, if the rental or the instalment is "past due" for six months;

(*3*) bill purchased or discounted, if the bill remains overdue and unpaid for six months; or

(*4*) any other credit facility in the nature of short term loan or advance [other than those referred to in (*1*), (*2*) and (*3*) above], if any amount to be received in respect of such a facility remains "past due" for a period of six months;

(*b*) loss asset, that is, a debt which has been identified as loss and considered as uncollectible but has not been written off in the accounts of the assessee.

Explanation.—For the purposes of this rule, an amount shall be deemed to be "past due" when it remains unpaid for thirty days beyond the due date.

CC.—Books of account

Books of account and other documents to be kept and maintained under section 44AA(3) by persons carrying on certain professions.

6F. (1) Every person carrying on legal, medical, engineering or architectural profession or the profession of accountancy or technical consultancy or interior decoration or authorised representative or film artist shall keep and maintain the books of account and other documents specified in sub-rule (2) :

Provided that nothing in this sub-rule shall apply in relation to any previous year in the case of any person if his total gross receipts in the profession do not exceed one lakh fifty thousand rupees in any one of the three years immediately preceding the previous year, or, where the profession has been newly set up in the previous year, his total gross receipts in the profession for that year are not likely to exceed the said amount.

(2) The books of account and other documents referred to in sub-rule (1) shall be the following, namely:—

(*i*) a cash book;

(*ii*) a journal, if the accounts are maintained according to the mercantile system of accounting;

(*iii*) a ledger;

(*iv*) carbon copies of bills, whether machine numbered or otherwise serially numbered, wherever such bills are issued by the person, and carbon copies or counterfoils of machine numbered or otherwise serially numbered receipts issued by him:
Provided that nothing in this clause shall apply in relation to sums not exceeding twenty-five rupees;

(*v*) original bills wherever issued to the person and receipts in respect of expenditure incurred by the person or, where such bills and receipts are not issued and the expenditure incurred does not exceed fifty rupees, payment vouchers prepared and signed by the person:
Provided that the requirements as to the preparation and signing of payment vouchers shall not apply in a case where the cash book maintained by the person contains adequate particulars in respect of the expenditure incurred by him.

Explanation.—In this rule,—

(*a*) "authorised representative" means a person who represents any other person, on payment of any fee or remuneration before any Tribunal or authority constituted or appointed by or under any law for the time being in force, but does not include an employee of the person so represented or a person carrying on legal profession or a person carrying on the profession of accountancy;

(*b*) "cash book" means a record of all cash receipts and payments, kept and maintained from day-to-day and giving the cash balance in hand at the end of each day or at the end of a specified period not exceeding a month;

(*c*) "film artist" means any person engaged in his professional capacity in the production of a cinematograph film whether produced by him or by any other person, as—
(*i*) an actor;
(*ii*) a cameraman;
(*iii*) a director, including an assistant director;
(*iv*) a music director, including an assistant music director;
(*v*) an art director, including an assistant art director;
(*vi*) a dance director, including an assistant dance director;
(*vii*) an editor;
(*viii*) a singer;
(*ix*) a lyricist;
(*x*) a story writer;
(*xi*) a screen-play writer;
(*xii*) a dialogue writer; and
(*xiii*) a dress designer.

(3) A person carrying on medical profession shall, in addition to the books of account and other documents specified in sub-rule (2), keep and maintain the following, namely :—

(*i*) a daily case register in Form No. 3C;

(*ii*) an inventory under broad heads, as on the first and the last day of the previous year, of the stock of drugs, medicines and other consumable accessories used for the purpose of his profession.

(4) The books of account and other documents specified in sub-rule (2) and sub-rule (3) other than those relating to a previous year which has come to an end shall be kept and maintained by the person at the place where he is carrying on the profession or, where the profession is carried on in more places than one, at the principal place of his profession:

Provided that where the person keeps and maintains separate books of account in respect of each place where the profession is carried on, such books of account and other documents may be kept and maintained at the respective places at which the profession is carried on.

(5) The books of account and other documents specified in sub-rule (2) and sub-rule (3) shall be kept and maintained for a period of six years from the end of the relevant assessment year:

Provided that where the assessment in relation to any assessment year has been reopened under section 147 of the Act within the period specified in section 149 of the Act, all the books of account and other documents which were kept and maintained at the time of reopening of the assessment shall continue to be so kept and maintained till the assessment so reopened has been completed.

(6) Notwithstanding anything contained in sub-rules (1) to (3), it shall not be necessary for any person carrying on any of the professions specified in sub-rule (1) to keep and maintain the books of account and other documents specified in sub-rule (2) or sub-rule (3) in relation to any previous year commencing before the first day of March, 1983.

CCC.—Reports of audit of accounts of persons carrying on business or profession

Report of audit of accounts to be furnished under section 44AB.

6G. (1) The report of audit of the accounts of a person required to be furnished under section 44AB shall,—

(*a*) in the case of a person who carries on business or profession and who is required by or under any other law to get his accounts audited, be in Form No. 3CA;

(*b*) in the case of a person who carries on business or profession, but not being a person referred to in clause (*a*), be in Form No. 3CB.

(2) The particulars which are required to be furnished under section 44AB shall be in Form No. 3CD.

[61][(3) The report of audit furnished under this rule may be revised by the person by getting revised report of audit from an accountant, duly signed and verified by such accountant, and furnish it before the end of the relevant assessment year for which the report pertains, if there is payment by such person after furnishing of report under sub-rules (1) and (2) which necessitates recalculation of disallowance under section 40 or section 43B.]

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61. Inserted by the IT (Eighth Amdt.) Rules, 2021, w.e.f. 1-4-2021.

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INCOME TAX DEPARTMENT

CCCA.—Report of audit in case of income by way of royalties, etc., in case of non-residents

Form of report of audit to be furnished under sub-section (2) of section 44DA.

6GA. The report of audit of accounts of the non-resident (not being a company) or a foreign company, which is required to be furnished under sub-section (2) of section 44DA shall be in Form No. 3CE.

CCCB. - Special provisions for computing profits and gains of business of operation of cruise ships in case of non-residents.

[1]**[Conditions for non-resident, engaged in the business of operation of cruise ships for section 44BBC.**

6GB. *For the purposes of section 44BBC, an assessee, being a non-resident, engaged in the business of operation of cruise ships shall, —*

(i) operate a passenger ship having a carrying capacity of more than two hundred passengers or length of seventy-five meters or more, for leisure and recreational purposes and having appropriate dining and cabin facilities for passengers;

(ii) operate such ship on scheduled voyage or shore excursion touching at least two sea ports of India or same sea ports of India twice;

(iii) operate such ship primarily for carrying passengers and not for carrying cargo; and

*(iv) operate such ship as per the procedure and guidelines if any, issued by the Ministry of Tourism or Ministry of Shipping.***]**

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1. Inserted by the Income-tax (First Amendment) Rules, 2025, w.e.f. **21-1-2025.**

CCCC.—Report in the case of slump sale

Form of report of an accountant under sub-section (3) of section 50B.

6H. The report of an accountant which is required to be furnished by every assessee along with the return of income, in case of slump sale, under sub-section (3) of section 50B shall be in Form No. 3CEA.

सत्यमेव जयते
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D.—Special cases

Income which is partially agricultural and partially from business.

7. (1) In the case of income which is partially agricultural income as defined in section 2 and partially income chargeable to income-tax under the head "Profits and gains of business", in determining that part which is chargeable to income-tax the market value of any agricultural produce which has been raised by the assessee or received by him as rent-in-kind and which has been utilised as a raw material in such business or the sale receipts of which are included in the accounts of the business shall be deducted, and no further deduction shall be made in respect of any expenditure incurred by the assessee as a cultivator or receiver of rent-in-kind.

(2) For the purposes of sub-rule (1) "market value" shall be deemed to be :—

(*a*) where agricultural produce is ordinarily sold in the market in its raw state, or after application to it of any process ordinarily employed by a cultivator or receiver of rent-in-kind to render it fit to be taken to market, the value calculated according to the average price at which it has been so sold during the relevant previous year;

(*b*) where agricultural produce is not ordinarily sold in the market in its raw state or after application to it of any process aforesaid, the aggregate of—

(*i*) the expenses of cultivation;

(*ii*) the land revenue or rent paid for the area in which it was grown; and

(*iii*) such amount as the Assessing Officer finds, having regard to all the circumstances in each case, to represent a reasonable profit.

Income from the manufacture of rubber.

7A. (1) Income derived from the sale of centrifuged latex or cenex or latex based crepes (such as pale latex crepe) or brown crepes (such as estate brown crepe, remilled crepe, smoked blanket crepe or flat bark crepe) or technically specified block rubbers manufactured or processed from field latex or coagulum obtained from rubber plants grown by the seller in India shall be computed as if it were income derived from business, and thirty-five per cent of such income shall be deemed to be income liable to tax.

(2) In computing such income, an allowance shall be made in respect of the cost of planting rubber plants in replacement of plants that have died or become permanently useless in an area already planted, if such area has not previously been abandoned, and for the purpose of determining such cost, no deduction shall be made in respect of the amount of any subsidy which, under the provisions of clause (*31*) of section 10, is not includible in the total income.

Income from the manufacture of coffee.

7B. (1) Income derived from the sale of coffee grown and cured by the seller in India shall be computed as if it were income derived from business, and twenty-five per cent of such income shall be deemed to be income liable to tax.

(1A) Income derived from the sale of coffee grown, cured, roasted and grounded by the seller in India, with or without mixing chicory or other flavouring ingredients, shall be computed as if it were income derived from business, and forty per cent of such income shall be deemed to be income liable to tax.

Explanation.—For the purposes of sub-rules (1) and (1A) "curing" shall have the same meaning as assigned to it in clause (*d*) of section 3 of the Coffee Act, 1942 (7 of 1942).

(2) In computing the incomes referred to in sub-rules (1) and (1A), an allowance shall be made in respect of the cost of planting coffee plants in replacement of plants that have died or become permanently useless in an area already planted, if such area has not previously been abandoned, and for the purpose of determining such cost, no deduction shall be made in respect of the amount of any subsidy which, under the provisions of clause (*31*) of section 10, is not includible in the total income.

Income from the manufacture of tea.

8. (1) Income derived from the sale of tea grown and manufactured by the seller in India shall be computed as if it were income derived from business, and forty per cent of such income shall be deemed to be income liable to tax.

(2) In computing such income an allowance shall be made in respect of the cost of planting bushes in replacement of bushes that have died or become permanently useless in an area already planted, if such area has not previously been abandoned, and for the purpose of determining such cost, no deduction shall be made in respect of the amount of any subsidy which, under the provisions of clause (*30*) of section 10, is not includible in the total income.

Conditions for the grant of development allowance.

8A. The other conditions referred to in clause (*iii*) of sub-section (3) of section 33A shall be the following, namely:—

(*a*) the assessee shall, at least three months before commencing the operations for planting or, as the case may be, replanting tea bushes, give notice of his intention to do so to the Tea Board in writing in Form No. 4:

Provided that in a case where such operations have commenced before the 1st day of January, 1968, this condition shall be deemed to have been fulfilled if notice of such commencement is given by the assessee before the 1st day of February, 1968;

(*b*) the assessee shall afford the Tea Board or such other person or agency as may be authorised in writing by the Tea Board in this behalf, every reasonable facility to enter upon and inspect the area under planting or, as the case may be, replanting;

(*c*) the assessee shall furnish to the Tea Board such particulars, documents or statements, in relation to the planting or replanting of tea, as the Tea Board may require him to furnish;

(*d*) the assessee shall furnish to the Assessing Officer, along with his return of income for the previous year for which the deduction is claimed, a certificate from the Tea Board in Form No. 5 and a state-ment of particulars in Form No. 5A.

Explanation.—For the purposes of this rule, "Tea Board" means the Tea Board established under section 4 of the Tea Act, 1953 (29 of 1953).

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INCOME TAX DEPARTMENT

[62][**Method of determination of period of holding of capital assets in certain cases.**

8AA. (1) The period for which any capital asset, other than the capital assets mentioned in clause (*i*) of the *Explanation 1* to clause (*42A*) of section 2 of the Act, is held by an assessee, shall be determined in accordance with the provisions of this rule.

(2) In the case of a capital asset, being a share or debenture of a company, which becomes the property of the assessee in the circumstances mentioned in clause (*x*) of section 47 of the Act, there shall be included the period for which the bond, debenture, debenture-stock or deposit certificate, as the case may be, was held by the assessee prior to the conversion.]

[63][(3) In the case of a capital asset, declared under the Income Declaration Scheme, 2016,—

(*i*) being an immovable property, the period for which such property is held shall be reckoned from the date on which such property is acquired if the date of acquisition is evidenced by a deed registered with any authority of a State Government; and

(*ii*) in any other case, the period for which such asset is held shall be reckoned from the 1st day of June, 2016.]

[64][(4) In the case of a capital asset which became the property of the Indian subsidiary company in consequence to conversion of a branch of a foreign company referred to in sub-section (1) of section 115JG, there shall be included the period for which the asset was held by the said branch of the foreign company and by the previous owner, if any, who has acquired the capital asset by a mode of acquisition referred to in clause (*i*) or clause (*ii*) or clause (*iii*) or clause (*iv*) of sub-section (1) of section 49 or sub-section (1) of section 115JG.]

[65][(5) In case of the amount which is chargeable to income-tax as income of specified entity under sub-section (4) of section 45 under the head "Capital gains",—

(*i*) the amount or a part of it shall be deemed to be from transfer of short-term capital asset, if it is attributed to,—

(*a*) capital asset which is short-term capital asset at the time of taxation of amount under sub-section (4) of section 45; or

(*b*) capital asset forming part of block of asset; or

(*c*) capital asset being self-generated asset and self-generated goodwill as defined in clause (*ii*) of *Explanation 1* to sub-section (4) of section 45; and

(*ii*) the amount or a part of it shall be deemed to be from transfer of long-term capital asset or assets, if it is attributed to capital asset which is not covered by clause (*i*) and is long-term capital asset at the time of taxation of amount under sub-section (4) of section 45.]

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62. Inserted by the IT (Sixth Amdt.) Rules, 2016, w.e.f. 1-4-2016.
63. Inserted by the IT (Thirty-fourth Amdt.) Rules, 2016, w.r.e.f. 1-6-2016.
64. Inserted by the IT (Thirteenth Amdt.) Rules, 2018, w.e.f. 6-12-2018.
65. Inserted by the IT (Eighteenth Amdt.) Rules, 2021, w.e.f. 2-7-2021.

[66][**Attribution of income taxable under sub-section (4) of section 45 to the capital assets remaining with the specified entity, under section 48.**

8AB. (1) For the purposes of clause (*iii*) of section 48, where the amount is chargeable to income-tax as income of specified entity under sub-section (4) of section 45, the specified entity shall attribute such amount to capital asset remaining with the specified entity in a manner provided in this rule.

(2) Where the aggregate of the value of money and the fair market value of the capital asset received by the specified person from the specified entity, in excess of the balance in his capital account, chargeable to tax under sub-section (4) of section 45, relates to revaluation of any capital asset or valuation of self-generated asset or self-generated goodwill, of the specified entity, the amount attributable to the capital asset remaining with the specified entity for purpose of clause (*iii*) of section 48 shall be the amount which bears to the amount charged under sub-section (4) of section 45 the same proportion as the increase in, or recognition of, value of that asset because of revaluation or valuation bears to the aggregate of increase in, or recognition of, value of all assets because of the revaluation or valuation.

(3) Where the aggregate of the value of money and the fair market value of the capital asset received by the specified person from the specified entity, in excess of the balance in his capital account, charged to tax under sub-section (4) of section 45 does not relate to revaluation of any capital asset or valuation of self-generated asset or self-generated goodwill, of the specified entity, the amount charged to tax under sub-section (4) of section 45 shall not be attributed to any capital asset for the purposes of clause (*iii*) of section 48.

(4) Notwithstanding anything contained in sub-rule (2) or (3), where the aggregate of the value of money and the fair market value of the capital asset received by the specified person from the specified entity, in excess of the balance in his capital account, charged to tax under sub-section (4) of section 45 relate only to the capital asset received by the specified person from the specified entity, the amount charged to tax under sub-section (4) of section 45 shall not be attributed to any capital asset for the purposes of clause (*iii*) of section 48.

(5) The specified entity shall furnish the details of amount attributed to capital asset remaining with the specified entity in Form No. 5C.

(6) Form No. 5C shall be furnished electronically either under digital signature or through electronic verification code and shall be verified by the person who is authorised to verify the return of income of the specified entity under section 140.

(7) Form No. 5C shall be furnished on or before the due date referred to in the *Explanation 2* below sub-section (1) of section 139 for the assessment year in which the amount is chargeable to tax under sub-section (4) of section 45.

(8) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall—

(*i*) specify the procedure for filing of Form No. 5C;

(*ii*) specify the procedure, format, data structure, standards and manner of generation of electronic verification code, referred to in sub-rule (6), for verification of the person furnishing the said Form; and

(*iii*) be responsible for formulating and implementing appropriate security, archival and retrieval policies in relation to the Form No. 5C so furnished.

Explanation 1.—For the purposes of this rule, the amount chargeable to tax under sub-section (4) of section 45 shall relate to revaluation of any capital asset or valuation of self-generated asset or self-generated goodwill, of the specified entity, if the revaluation is based on a valuation report obtained from a registered valuer as defined in clause (*g*) of rule 11U.

Explanation 2.—For the removal of doubt it is clarified that revaluation of an asset or valuation of self-generated asset or self-generated goodwill does not entitle the specified entity for the depreciation on the increase in value of that asset on account of its revaluation or recognition of the value of self-generated asset or self-generated goodwill due to its valuation.

Explanation 3.—For the purposes of this rule, the expressions "self-generated asset" and "self-generated goodwill" shall have the same meaning as assigned to them in clause (*ii*) of *Explanation 1* to sub-section (4) of section 45.]

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66. Inserted by the IT (Eighteenth Amdt.) Rules, 2021, w.e.f. 2-7-2021.

[67][**Computation of short-term capital gains and written down value under section 50 where depreciation on goodwill has been obtained.**

8AC. (1) For the purposes of proviso to section 50, the written down value of the block of the asset and short-term capital gains, if any, for the previous year relevant to the assessment year commencing on the 1st day of April, 2021 shall be determined in accordance with this rule.

(2) Where the goodwill of the business or profession was the only asset or one of the assets in the block of asset "intangible" for which depreciation was obtained by the assessee in the assessment year beginning on the 1st day of April, 2020, the written down value of this block of asset for the previous year relevant to the assessment year commencing on the 1st day of April, 2021 shall be determined in accordance with the provisions of item (*ii*) of sub-clause (*c*) of clause (*6*) of section 43.

(3) Where the reduction under sub-item (*B*) of item (*ii*) of sub-clause (*c*) of clause (*6*) of section 43, for the previous year relevant to the assessment year commencing on the 1st day of April, 2021, exceeds the aggregate of the following amounts, namely:—

(*i*) the written down value of the block of assets at the beginning of the previous year relevant to the assessment year commencing on the 1st day of April, 2021 without giving effect to reduction under sub-item (*B*) of item (*ii*) of sub-clause (*c*) of clause (*6*) of section 43; and

(*ii*) the actual cost of any asset falling within the block of assets "intangible", other than goodwill, acquired during the previous year relevant to the assessment year commencing on the 1st day of April, 2021,

such excess shall be deemed to be the capital gains arising from the transfer of short-term capital assets.

(4) Without prejudice to the provisions of sub-rule (3) and section 55, where the goodwill of the business or profession was the only asset in the block of asset "intangible" for which depreciation was obtained by the assessee in the assessment year beginning on the 1st day of April, 2020, and the block of asset ceases to exist on account of there being no further asset acquired during the previous year relevant to the assessment year commencing on the 1st day of April, 2021 in that block, there will not be any capital gains or loss on account of the block of asset having ceased to exist.

(5) The capital gains or loss on transfer of goodwill, during the previous years relevant to the assessment year 2021-22 or subsequent assessment years, shall be determined in accordance with the provisions of section 48, section 49 and clause (*a*) of sub-section (2) of section 55.]

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67. Inserted by the IT (Nineteenth Amdt.) Rules, 2021, w.e.f. 7-7-2021.

[68][**Computation of capital gains for the purposes of sub-section (1B) of section 45.**

8AD. (1) Where any person receives at any time during any previous year any amount under a specified unit linked insurance policy, including the amount allocated by way of bonus on such policy, then,—

(*i*) where the amount is received for the first time under the specified unit linked insurance policy during the previous year, the capital gains arising from receipt of such amount by such person during the previous year in which such amount is received shall be calculated in accordance with the formula: —

A-B

where, —

A = the amount received for the first time under a specified unit linked insurance policy during the previous year, including the amount allocated by way of bonus on such policy; and

B = the aggregate of the premium paid during the term of the specified unit linked insurance policy till the date of receipt of the amount as referred to in 'A';

(*ii*) where the amount is received under the specified unit linked insurance policy during the previous year, at any time after the receipt of the amount as referred to in clause (*i*), the capital gains arising from receipt of such amount by such person during the previous year in which such amount is received shall be calculated in accordance to the formula,—

C-D

where,—

C= the amount received under a specified unit linked insurance policy during the previous year, at any time after the receipt of the amount as referred to in clause (*i*), including the amount allocated by way of bonus on such policy excluding the amount that has already been considered for calculation of taxable amount under this sub-rule during the earlier previous year or years; and

D = the aggregate of the premium paid during the term of the specified unit linked insurance policy till the date of receipt of the amount as referred to in 'C' as reduced by the premium that has already been considered for calculation of taxable amount under this sub-rule during the earlier previous year or years.

(2) The capital gains as computed under clause (*i*) or clause (*ii*) of sub-rule (1) shall be deemed to be the capital gains arising from the transfer of a unit of an equity oriented fund set up under a scheme of an insurance company comprising unit linked insurance policies.

Explanation.—For the purposes of this rule, the expression "specified unit linked insurance policy" shall mean any unit linked insurance policy referred to in sub-clause (*c*) of clause (*14*) of section 2 of the Act.]

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68. Inserted by the IT (Second Amdt.) Rules, 2022, w.e.f. 18-1-2022.

Guidelines for notification of zero coupon bond.

8B. (1) An application by an infrastructure capital company or [69][infrastructure capital fund or infrastructure debt fund] or a public sector company for notification under clause (*48*) of section 2 of any zero coupon bond proposed to be issued by it shall be made in Form No. 5B at least three months before the date of issue of such bond:

[70][**Provided** that an application shall not be made for notification of a bond which is to be issued beyond a period of two financial years following the financial year in which such application is made:

Provided further that an application made in Form No. 5B shall be disposed of within a period of six months from the date of receipt of such application.]

(2) Every application, under sub-rule (1), shall be accompanied by the following documents, namely:—

[71][(*i*) where the application is made by any infrastructure capital company or infrastructure debt fund or a public sector company, being a Government company defined under clause (*45*) of section 2 of the Companies Act, 2013 (18 of 2013), a copy of certificate of incorporation under the Companies Act, 2013 (18 of 2013);]

(*ii*) where the application is made by any infrastructure capital fund, a copy of the trust deed registered under the provisions of the Registration Act, 1908 (16 of 1908);

(*iii*) where the application is made by a public sector company, being any corporation, established by or under any Central or State or Provincial Act, a copy of the relevant Act.

(3) The Central Government, while specifying a zero coupon bond by notification in the Official Gazette shall satisfy itself that the following conditions are fulfilled, namely:—

(*i*) the period of life of the bond is not less than ten years and not more than twenty years;

(*ii*) the infrastructure capital company or [72][infrastructure capital fund or infrastructure debt fund] or public sector company proposing to issue a zero coupon bond has an investment grade rating from at least two credit rating agencies registered under sub-section (1A) of section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992);

(*iii*) necessary arrangement has been made by the infrastructure capital company or [72][infrastructure capital fund or infrastructure debt fund] or public sector company for listing the zero coupon bond in a recognised stock exchange in India;

(*iv*) where the application is made by the infrastructure capital company or [72][infrastructure capital fund or infrastructure debt fund], such company or fund shall furnish along with the application an undertaking that the money realised on issue of the zero coupon bond shall be invested by it in the following manner, namely:—

(*i*) twenty-five per cent or more of such realisation before the end of the financial year immediately following the financial year in which the bond is issued;

(*ii*) the balance of such realisation within a period of four financial years immediately following the financial year in which the bond is issued;

(*v*) where the application is made by a public sector company, such company shall furnish along with the application an undertaking that the money realised on issue of the zero coupon bond shall be invested or utilised by it in the following manner, namely:—

(*i*) fifteen per cent or more of such realisation before the end of the financial year immediately following the financial year in which the bond is issued;

(*ii*) the balance of such realisation within a period of six financial years immediately following the financial year in which the bond is issued;

[73][(*vi*) where the application is made by an infrastructure debt fund, such fund shall along with the application, submit an undertaking that a sinking fund shall be maintained for the interest which will accrue on all the zero coupon bonds subscribed and such interest shall be invested in Government security as defined under clause (*f*) of section 2 of the Government Securities Act, 2006 (38 of 2006).]

(4) The Central Government, after having satisfied itself about fulfilling of the conditions referred to in sub-rule (1), sub-rule (2) and sub-rule (3) shall specify the bond, by notification in the Official Gazette, giving therein, *inter alia*, the following particulars, namely:—

(*a*) name of the bond;

(*b*) period of life of the bond;

(*c*) the time schedule of the issue of the bond;

(*d*) the amount to be paid on maturity or redemption of the bond;

(*e*) the discount;

(*f*) the number of bonds to be issued.

(5) The Central Government may, if the applicant fails to fulfil the conditions referred to in sub-rule (1) or sub-rule (2) or sub-rule (3), reject the application for notification after giving an opportunity of being heard to the infrastructure capital company or [74][infrastructure capital fund or infrastructure debt fund] or public sector company, as the case may be.

[75][(6) Every infrastructure capital company or infrastructure capital fund or infrastructure debt fund or public sector company shall submit within two months from the end of each financial year referred to in sub-clause (*i*) or sub-clause (*ii*) of clause (*iv*) of sub-rule (3), or, as the case may be, in sub-clause (*i*) or sub-clause (*ii*) of clause (*v*) of sub-rule (3), a certificate from an accountant as defined in the *Explanation* to sub-section (2) of section 288, specifying the amount invested in each year in Form No. 5BA.]

(7) The Central Government shall have the power to withdraw the notification if the applicant fails to fulfil any of the conditions referred to in sub-rule (3) or sub-rule (6).

Explanation.—[76][***]

[77][(8) The application in Form No. 5B referred to in sub-rule (1) and the certificate of accountant in Form No. 5BA referred to in sub-rule (6) shall be furnished electronically either under digital signature or electronic verification code.

(9) The Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems) shall specify the procedures, formats and standards for ensuring secure capture and transmission of data and shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to furnishing of Form No. 5B and Form No. 5BA.

Explanation.—For the purposes of this rule, the expressions,—

(*i*) "discount" and "period of life of the bond" shall have the same meanings respectively assigned to them in clause (*i*) and clause (*ii*) of the *Explanation* to clause (*iiia*) of sub-section (1) of section 36;

(*ii*) "electronic verification code" means a code generated for the purpose of electronic verification of the person furnishing the return of income as per the data structure and standards specified by Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems);

(*iii*) "infrastructure debt fund" shall mean the infrastructure debt fund notified by the Central Government in the Official Gazette under clause (*47*) of section 10 of the Act.]

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69. Substituted for "infrastructure capital fund" by the IT (Eighth Amdt.) Rules, 2022, w.e.f. 6-4-2022.
70. Substituted by the IT (Eighth Amdt.) Rules, 2022, w.e.f. 6-4-2022.
71. Substituted by the IT (Eighth Amdt.) Rules, 2022, w.e.f. 6-4-2022.
72. Substituted for "infrastructure capital fund" by the IT (Eighth Amdt.) Rules, 2022, w.e.f. 6-4-2022.
73. Inserted by the IT (Eighth Amdt.) Rules, 2022, w.e.f. 6-4-2022.
74. Substituted for "infrastructure capital fund" by the IT (Eighth Amdt.) Rules, 2022, w.e.f. 6-4-2022.
75. Substituted by the IT (Eighth Amdt.) Rules, 2022, w.e.f. 6-4-2022.
76. Omitted by the IT (Eighth Amdt.) Rules, 2022, w.e.f. 6-4-2022.
77. Inserted by the IT (Eighth Amdt.) Rules, 2022, w.e.f. 6-4-2022.

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Computation of *pro rata* amount of discount on a zero coupon bond for the purpose of clause (*iiia*) of sub-section (1) of section 36.

8C. For the purposes of clause (*iiia*) of sub-section (1) of section 36, the *pro rata* amount of discount on a zero coupon bond shall be computed in the following manner, namely:—

(*a*) the period of life of the bond shall be converted into number of calendar months and, for this purpose, where the calendar month in which the bond is issued or the bond matures or is redeemed contains a part of a calendar month then, if such part is fifteen days or more than fifteen days, it shall be increased to one calendar month and if such part is less than fifteen days it shall be ignored;

(*b*) the amount of discount shall be divided by the number of calendar months determined in accordance with clause (*a*);

(*c*) where one or more than one calendar month out of calendar months determined in accordance with clause (*a*) is or are included in a previous year, the amount determined in accordance with clause (*b*) shall be multiplied by the number of calendar months so included and the amount so arrived at shall be taken to be the *pro rata* amount of discount for that previous year.

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INCOME TAX DEPARTMENT

Method for determining amount of expenditure in relation to income not includible in total income.

8D. (1) Where the Assessing Officer, having regard to the accounts of the assessee of a previous year, is not satisfied with—

(*a*) the correctness of the claim of expenditure made by the assessee; or

(*b*) the claim made by the assessee that no expenditure has been incurred,

in relation to income which does not form part of the total income under the Act for such previous year, he shall determine the amount of expenditure in relation to such income in accordance with the provisions of sub-rule (2).

[78][(2) The expenditure in relation to income which does not form part of the total income shall be the aggregate of following amounts, namely:—

(*i*) the amount of expenditure directly relating to income which does not form part of total income; and

(*ii*) an amount equal to one per cent of the annual average of the monthly averages of the opening and closing balances of the value of investment, income from which does not or shall not form part of total income:

Provided that the amount referred to in clause (*i*) and clause (*ii*) shall not exceed the total expenditure claimed by the assessee.]

(3) [79][***]]

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78. Substituted by the IT (Fourteenth Amdt.) Rules, 2016, w.e.f. 2-6-2016.

79. Omitted by the IT (Fourteenth Amdt.) Rules, 2016, w.e.f. 2-6-2016.

Royalties or copyright fees, etc., for literary or artistic work.

9. (1) Where a claim for an allocation is or has been made under section 12AA of the Indian Income-tax Act, 1922 (11 of 1922), in respect of the amount referred to in that section, it shall be dealt with in the following manner, namely:—

(*i*) where the time taken by the author of the literary or artistic work in the making thereof is more than twelve but less than twenty-four months, one-half of the amount referred to in the said section shall be included in the total income of the previous year in which the whole amount is received or receivable, and the other half in the total income of the next succeeding previous year; and

(*ii*) where the time so taken is twenty-four months or more, one-third of the amount referred to in the said section shall be included in the total income of the previous year in which the whole amount is received or receivable and one-third of the said amount in the total income of each of the two next succeeding previous years.

(2) Where a claim for an allocation is made by an assessee under section 180 for the assessment year 1962-63 or any subsequent assessment year, it shall be dealt with in the following manner, namely:—

(*i*) the tax for the assessment year relevant to the previous year in which the whole amount is received or receivable shall be—

(*a*) the amount of tax payable on the total income as reduced by two-thirds of the amount referred to in section 180 included in the total income of the previous year aforesaid had the total income so reduced been his total income; *plus*

(*b*) the tax on an amount equal to two-thirds of the amount referred to in section 180 included in the total income of the previous year aforesaid at the rate applicable to a total income of an amount equal to one-third of such inclusion; and

(*ii*) one-third of the amount referred to in section 180 included in the total income of the previous year aforesaid shall be included in the total income of each of the two next succeeding previous years and the tax payable, if any, in respect of each of the assessments relevant to the two said succeeding previous years shall be reduced by an amount equal to one-half of the tax referred to in sub-clause (*b*) of clause (*i*).

Deduction in respect of expenditure on production of feature films.

9A. (1) In computing the profits and gains of the business of production of feature films carried on by a person (the person carrying on such business hereafter in this rule referred to as film producer), the deduction in respect of the cost of production of a feature film certified for release by the Board of Film Censors in a previous year shall be allowed in accordance with the provisions of sub-rule (2) to sub-rule (4).

Explanation.— In this rule,—

(*i*) "Board of Film Censors" means the Board of Film Censors constituted under the Cinematograph Act, 1952 (37 of 1952);

(*ii*) "cost of production", in relation to a feature film, means the expenditure incurred on the production of the film, not being—

(*a*) the expenditure incurred for the preparation of the positive prints of the film; and

(*b*) the expenditure incurred in connection with the advertisement of the film after it is certified for release by the Board of Film Censors:

Provided that the cost of production of a feature film, shall be reduced by the subsidy received by the film producer under any scheme framed by the Government, where such amount of subsidy has not been included in computing the total income of the assessee for any assessment year.

(2) Where a feature film is certified for release by the Board of Film Censors in any previous year and in such previous year,—

(*a*) the film producer sells all rights of exhibition of the film, the entire cost of production of the film shall be allowed as a deduction in computing the profits and gains of such previous year; or

(*b*) the film producer—

(*i*) himself exhibits the film on a commercial basis in all or some of the areas; or

(*ii*) sells the rights of exhibition of the film in respect of some of the areas; or

(*iii*) himself exhibits the film on a commercial basis in certain areas and sells the rights of exhibition of the film in respect of all or some of the remaining areas,

and the film is released for exhibition on a commercial basis at least ninety days before the end of such previous year, the entire cost of production of the film shall be allowed as a deduction in computing the profits and gains of such previous year.

(3) Where a feature film is certified for release by the Board of Film Censors in any previous year and in such previous year, the film producer—

(*a*) himself exhibits the film on a commercial basis in all or some of the areas; or

(*b*) sells the rights of exhibition of the film in respect of some of the areas; or

(*c*) himself exhibits the film on a commercial basis in certain areas and sells the rights of exhibition of the film in respect of all or some of the remaining areas,

and the film is not released for exhibition on a commercial basis at least ninety days before the end of such previous year, the cost of production of the film in so far as it does not exceed the amount realised by the film producer by exhibiting the film on a commercial basis or the amount for which the rights of exhibition are sold or, as the case may be, the aggregate of the amounts realised by the film producer by exhibiting the film and by the sale of the rights of exhibition, shall be allowed as a deduction in computing the profits and gains of such previous year; and the balance, if any, shall be carried forward to the next following previous year and allowed as a deduction in that year.

(4) Where, during the previous year in which a feature film is certified for release by the Board of Film Censors, the film producer does not himself exhibit the film on a commercial basis or does not sell the rights of exhibition of the film, no deduction shall be allowed in respect of the cost of production of the film in computing the profits and gains of such previous year; and the entire cost of production of the film shall be carried forward to the next following previous year and allowed as a deduction in that year.

(5) Notwithstanding anything contained in the foregoing provisions of this rule, the deduction under this rule shall not be allowed unless,—

(*a*) in a case where the film producer—

(*i*) has himself exhibited the feature film on a commercial basis; or

(*ii*) has sold the rights of exhibition of the feature film; or

(*iii*) has himself exhibited the feature film on a commercial basis in some areas and has sold the rights of exhibition of the feature film in respect of all or some of the remaining areas,

the amount realised by exhibiting the film, or the amount for which the rights of exhibition have been sold or, as the case may be, the aggregate of such amounts, is credited in the books of account maintained by him in respect of the year in which the deduction is admissible;

(*b*) in a case where the film producer has transferred the rights of exhibition of the feature film on a minimum guarantee basis, the minimum amount guaranteed and the amount, if any, received or due in excess of the guaranteed amount or where the film producer follows cash system of accounting, the amount received towards the minimum guarantee and the amount, if any, received in excess of the guaranteed amount, are credited in the books of account maintained by him in respect of the year in which the deduction is admissible.

(6) Where the Assessing Officer is of opinion that—

(*a*) the rights of exhibition of the feature film have been transferred by the film producer by a mode not covered by the provisions of this rule; or

(*b*) having regard to the facts and circumstances of any case, it is not practicable to apply the provisions of this rule to such case,

deduction in respect of the cost of production of the film may be allowed by the Assessing Officer in such other manner as he may deem suitable.

(7) For the purposes of this rule,—

(*i*) the sale of the rights of exhibition of a feature film includes the lease of such rights or their transfer on a minimum guarantee basis;

(*ii*) the rights of exhibition of a feature film shall be deemed to have been sold only on the date when the positive prints of the film are delivered by the film producer to the purchaser of such rights or where in terms of the agreement between the film producer and the film distributor as defined in rule 9B, the positive prints are to be made by the film distributor, the date on which the negative of the film is delivered by the film producer to the film distributor.

(8) Nothing contained in this rule shall apply in relation to any assessment year commencing before the 1st day of April, 1987.

Deduction in respect of expenditure on acquisition of distribution rights of feature films.

9B. (1) In computing the profits and gains of the business of distribution of feature films carried on by a person (the person carrying on such business hereafter in this rule referred to as film distributor), the deduction in respect of the cost of acquisition of a feature film shall be allowed in accordance with sub-rule (2) to sub-rule (4).

Explanation.—For the purposes of this rule, "cost of acquisition", in relation to a feature film, means the amount paid by the film distributor to the film producer or to another distributor under an agreement entered into by the film distributor with such film producer or such other distributor, as the case may be for acquiring the rights of exhibition and, where the rights of exhibition have been acquired on a minimum guarantee basis, the minimum amount guaranteed, not being—

(*i*) the amount of expenditure incurred by the film distributor for the preparation of the positive prints of the film; and

(*ii*) the expenditure incurred by him in connection with the advertisement of the film.

(2) Where a feature film is acquired by the film distributor in any previous year and in such previous year—

(*a*) the film distributor sells all rights of exhibition of the film, the entire cost of acquisition of the film shall be allowed as a deduction in computing the profits and gains of such previous year; or

(*b*) the film distributor,—

(*i*) himself exhibits the film on a commercial basis in all or some of the areas; or

(*ii*) sells the rights of exhibition of the film in respect of some of the areas; or

(*iii*) himself exhibits the film on a commercial basis in certain areas and sells the rights of exhibition of the film in respect of all or some of the remaining areas,

and the film is released for exhibition on a commercial basis at least ninety days before the end of such previous year, the entire cost of acquisition of the film shall be allowed as a deduction in computing the profits and gains of such previous year.

(3) Where a feature film is acquired by the film distributor in any previous year and in such previous year the film distributor—

(*a*) himself exhibits the film on a commercial basis in all or some of the areas; or

(*b*) sells the rights of exhibition of the film in respect of some of the areas; or

(*c*) himself exhibits the film on a commercial basis in certain areas and sells the rights of exhibition of the film in respect of all or some of the remaining areas,

and the film is not released for exhibition on a commercial basis at least ninety days before the end of such previous year, the cost of acquisition of the film in so far as it does not exceed the amount realised by the film distributor by exhibiting the film on a commercial basis or the amount for which the rights of exhibition have been sold or, as the case may be, the aggregate of the amounts realised by the film distributor by exhibiting the film and by the sale of the rights of exhibition, shall be allowed as a deduction in computing the profits and gains of such previous year; and the balance, if any, shall be carried forward to the next following previous year and allowed as a deduction in that year.

(4) Where during the previous year in which a feature film is acquired by the film distributor, he does not himself exhibit the film on a commercial basis or does not sell the rights of exhibition of the film, no deduction shall be allowed in respect of the cost of acquisition of the film in computing the profits and gains of such previous year; and the entire cost of acquisition shall be carried forward to the next following previous year and allowed as a deduction in that year.

(5) Notwithstanding anything contained in the foregoing provisions of this rule, the deduction under this rule shall not be allowed unless—

(*a*) in a case where the film distributor,—

(*i*) has himself exhibited the feature film on a commercial basis; or

(*ii*) has sold the rights of exhibition of the feature film; or

(*iii*) has himself exhibited the feature film on a commercial basis in some areas and has sold the rights of exhibition of the feature film in respect of all or some of the remaining areas,

the amount realised by exhibiting the film, or the amount for which the rights of exhibition have been sold, or, as the case may be, the aggregate of such amounts, is credited in the books of account maintained by him in respect of the year in which the deduction is admissible;

(*b*) in a case where the film distributor has transferred the rights of exhibition of the feature film on a minimum guarantee basis, the minimum amount guaranteed and the amount, if any, received or due in excess of the guaranteed amount, or where the film distributor follows cash system of accounting, the amount received towards the minimum guarantee and the amount, if any, received in excess of the guaranteed amount, are credited in the books of account maintained by him in respect of the year in which the deduction is admissible.

(6) For the purposes of this rule,—

(*i*) the sale of the rights of exhibition of a feature film includes the lease of such rights or their transfer on a minimum guarantee basis ;

(*ii*) the rights of exhibition of a feature film shall be deemed to have been sold only on the date when the positive prints of the film are delivered by the film distributor to the purchaser of such rights ;

(*iii*) distributor shall include a sub-distributor.

(7) Nothing contained in this rule shall apply in relation to any assessment year commencing before the 1st day of April, 1987.

Conditions for carrying forward or set-off of accumulated loss and unabsorbed depreciation allowance in case of amalgamation.

9C. The conditions referred to in clause (*iii*) of sub-section (2) of section 72A shall be the following, namely :—

(*a*) the amalgamated company, owning an industrial undertaking of the amalgamating company by way of amalgamation, shall achieve the level of production of at least fifty per cent of the installed capacity of the said undertaking before the end of four years from the date of amalgamation and continue to maintain the said minimum level of production till the end of five years from the date of amalgamation :

Provided that the Central Government, on an application made by the amalgamated company, may relax the condition of achieving the level of production or the period during which the same is to be achieved or both in suitable cases having regard to the genuine efforts made by the amalgamated company to attain the prescribed level of production and the circumstances preventing such efforts from achieving the same;

(*b*) the amalgamated company shall furnish to the Assessing Officer a certificate in Form No. 62, duly verified by an accountant, with reference to the books of account and other documents showing particulars of production, along with the return of income for the assessment year relevant to the previous year during which the prescribed level of production is achieved and for subsequent assessment years relevant to the previous years falling within five years from the date of amalgamation.

Explanation.—For the purposes of this rule,—

(*a*) "installed capacity" means the capacity of production existing on the date of amalgamation; and

(*b*) "accountant" means the accountant as defined in the *Explanation* below sub-section (2) of section 288 of the Income-tax Act, 1961.

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[80][**Calculation of taxable interest relating to contribution in a provident fund or recognised provident fund, exceeding specified limit.**

9D. (1) For the purposes of the first and second provisos to clauses (*11*) and (*12*) of section 10, income by way of interest accrued during the previous year which is not exempt from inclusion in the total income of a person under the said clauses (hereinafter in this rule referred to as the taxable interest), shall be computed as the interest accrued during the previous year in the taxable contribution account.

(2) For the purpose of calculation of taxable interest under sub-rule (1), separate accounts within the provident fund account shall be maintained during the previous year 2021-22 and all subsequent previous years for taxable contribution and non-taxable contribution made by a person.

Explanation.—For the purposes of this rule,—

(*a*) Non-taxable contribution account shall be the aggregate of the following, namely:—

(*i*) closing balance in the account as on 31st day of March, 2021;

(*ii*) any contribution made by the person in the account during the previous year 2021-22 and subsequent previous years, which is not included in the taxable contribution account; and

(*iii*) interest accrued on sub-clause (*i*) and sub-clause (*ii*),

as reduced by the withdrawal, if any, from such account;

(*b*) Taxable contribution account shall be the aggregate of the following, namely:—

(*i*) contribution made by the person in a previous year in the account during the previous year 2021-22 and subsequent previous years, which is in excess of the threshold limit; and

(*ii*) interest accrued on sub-clause (*i*),

as reduced by the withdrawal, if any, from such account; and

(*c*) The threshold limit shall mean:

(*i*) five lakh rupees, if the second proviso to clause (*11*) or clause (*12*) of section 10 is applicable; and

(*ii*) two lakh and fifty thousand rupees in other cases.]

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80. Inserted by the IT (Twenty-fifth Amdt.) Rules, 2021, w.e.f. 1-4-2022.

Determination of income in the case of non-residents.

10. In any case in which the Assessing Officer is of opinion that the actual amount of the income accruing or arising to any non-resident person whether directly or indirectly, through or from any business connection in India or through or from any property in India or through or from any asset or source of income in India or through or from any money lent at interest and brought into India in cash or in kind cannot be definitely ascertained, the amount of such income for the purposes of assessment to income-tax may be calculated:—

(*i*) at such percentage of the turnover so accruing or arising as the Assessing Officer may consider to be reasonable, or

(*ii*) on any amount which bears the same proportion to the total profits and gains of the business of such person (such profits and gains being computed in accordance with the provisions of the Act), as the receipts so accruing or arising bear to the total receipts of the business, or

(*iii*) in such other manner as the Assessing Officer may deem suitable.

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Meaning of expressions used in computation of arm's length price.

10A. For the purposes of this rule and rules 10AB to 10E,—

(*a*) "associated enterprise" shall,—

(*i*) have the same meaning as assigned to it in section 92A; and

(*ii*) in relation to a specified domestic transaction entered into by an assessee, include—

(*A*) the persons referred to in clause (*b*) of sub-section (2) of section 40A in respect of a transaction referred to in clause (*a*) of sub-section (2) of the said section;

(*B*) other units or undertakings or businesses of such assessee in respect of a transaction referred to in section 80A or, as the case may be, sub-section (8) of section 80-IA;

(*C*) any other person referred to in sub-section (10) of section 80-IA in respect of a transaction referred to therein;

(*D*) other units, undertakings, enterprises or business of such assessee, or other person referred to in sub-section (10) of section 80-IA, as the case may be, in respect of a transaction referred to in section 10AA or the transactions referred to in Chapter VI-A to which the provisions of sub-section (8) or, as the case may be, the provisions of sub-section (10) of section 80-IA are applicable;

(*aa*) "enterprise" shall have the same meaning as assigned to it in clause (*iii*) of section 92F and shall, for the purposes of a specified domestic transaction, include a unit, or an enterprise, or an undertaking or a business of a person who undertakes such transaction;

(*ab*) "uncontrolled transaction" means a transaction between enterprises other than associated enterprises, whether resident or non-resident;

(*b*) "property" includes goods, articles or things, and intangible property;

(*c*) "services" include financial services;

(*d*) "transaction" includes a number of closely linked transactions.

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Other method of determination of arm's length price.

10AB. For the purposes of clause (*f*) of sub-section (1) of section 92C, the other method for determination of the arm's length price in relation to an international transaction or a specified domestic transaction shall be any method which takes into account the price which has been charged or paid, or would have been charged or paid, for the same or similar uncontrolled transaction, with or between non-associated enterprises, under similar circumstances, considering all the relevant facts.

Determination of arm's length price under section 92C.

10B. (1) For the purposes of sub-section (2) of section 92C, the arm's length price in relation to an international transaction or a specified domestic transaction shall be determined by any of the following methods, being the most appropriate method, in the following manner, namely :—

(*a*) comparable uncontrolled price method, by which,—

(*i*) the price charged or paid for property transferred or services provided in a comparable uncontrolled transaction, or a number of such transactions, is identified;

(*ii*) such price is adjusted to account for differences, if any, between the international transaction or the specified domestic transaction and the comparable uncontrolled transactions or between the enterprises entering into such transactions, which could materially affect the price in the open market;

(*iii*) the adjusted price arrived at under sub-clause (*ii*) is taken to be an arm's length price in respect of the property transferred or services provided in the international transaction or the specified domestic transaction ;

(*b*) resale price method, by which,—

(*i*) the price at which property purchased or services obtained by the enterprise from an associated enterprise is resold or are provided to an unrelated enterprise, is identified;

(*ii*) such resale price is reduced by the amount of a normal gross profit margin accruing to the enterprise or to an unrelated enterprise from the purchase and resale of the same or similar property or from obtaining and providing the same or similar services, in a comparable uncontrolled transaction, or a number of such transactions;

(*iii*) the price so arrived at is further reduced by the expenses incurred by the enterprise in connection with the purchase of property or obtaining of services;

(*iv*) the price so arrived at is adjusted to take into account the functional and other differences, including differences in accounting practices, if any, between the international transaction or the specified domestic transaction and the comparable uncontrolled transactions, or between the enterprises entering into such transactions, which could materially affect the amount of gross profit margin in the open market;

(*v*) the adjusted price arrived at under sub-clause (*iv*) is taken to be an arm's length price in respect of the purchase of the property or obtaining of the services by the enterprise from the associated enterprise;

(*c*) cost plus method, by which,—

(*i*) the direct and indirect costs of production incurred by the enterprise in respect of property transferred or services provided to an associated enterprise, are determined;

(*ii*) the amount of a normal gross profit mark-up to such costs (computed according to the same accounting norms) arising from the transfer or provision of the same or similar property or services by the enterprise, or by an unrelated enterprise, in a comparable uncontrolled transaction, or a number of such transactions, is determined;

(*iii*) the normal gross profit mark-up referred to in sub-clause (*ii*) is adjusted to take into account the functional and other differences, if any, between the international transaction or the specified domestic transaction and the comparable uncontrolled transactions, or between the enterprises entering into such transactions, which could materially affect such profit mark-up in the open market;

(*iv*) the costs referred to in sub-clause (*i*) are increased by the adjusted profit mark-up arrived at under sub-clause (*iii*);

(*v*) the sum so arrived at is taken to be an arm's length price in relation to the supply of the property or provision of services by the enterprise;

(*d*) profit split method, which may be applicable mainly in international transactions or specified domestic transactions involving transfer of unique intangibles or in multiple international transactions or specified domestic transactions which are so interrelated that they cannot be evaluated separately for the purpose of determining the arm's length price of any one transaction, by which—

(*i*) the combined net profit of the associated enterprises arising from the international transaction or the specified domestic transaction in which they are engaged, is determined;

(*ii*) the relative contribution made by each of the associated enterprises to the earning of such combined net profit, is then evaluated on the basis of the functions performed, assets employed or to be employed and risks assumed by each enterprise and on the basis of reliable external market data which indicates how such contribution would be evaluated by unrelated enterprises performing comparable functions in similar circumstances;

(*iii*) the combined net profit is then split amongst the enterprises in proportion to their relative contributions, as evaluated under sub-clause (*ii*);

(*iv*) the profit thus apportioned to the assessee is taken into account to arrive at an arm's length price in relation to the international transaction or the specified domestic transaction :

Provided that the combined net profit referred to in sub-clause (*i*) may, in the first instance, be partially allocated to each enterprise so as to provide it with a basic return appropriate for the type of international transaction or specified domestic transaction in which it is engaged, with reference to market returns achieved for similar types of transactions by independent enterprises, and thereafter, the residual net profit remaining after such allocation may be split amongst the enterprises in proportion to their relative contribution in the manner specified under sub-clauses (*ii*) and (*iii*), and in such a case the aggregate of the net profit allocated to the enterprise in the first instance together with the residual net profit apportioned to that enterprise on the basis of its relative contribution shall be taken to be the net profit arising to that enterprise from the international transaction or the specified domestic transaction ;

(*e*) transactional net margin method, by which,—

(*i*) the net profit margin realised by the enterprise from an international transaction or a specified domestic transaction entered into with an associated enterprise is computed in relation to costs incurred or sales effected or assets employed or to be employed by the enterprise or having regard to any other relevant base;

(*ii*) the net profit margin realised by the enterprise or by an unrelated enterprise from a comparable uncontrolled transaction or a number of such transactions is computed having regard to the same base;

(*iii*) the net profit margin referred to in sub-clause (*ii*) arising in comparable uncontrolled transactions is adjusted to take into account the differences, if any, between the international transaction or the specified domestic transaction and the comparable uncontrolled transactions, or between the enterprises entering into such transactions, which could materially affect the amount of net profit margin in the open market;

(*iv*) the net profit margin realised by the enterprise and referred to in sub-clause (*i*) is established to be the same as the net profit margin referred to in sub-clause (*iii*);

(*v*) the net profit margin thus established is then taken into account to arrive at an arm's length price in relation to the international transaction or the specified domestic transaction;

(*f*) any other method as provided in rule 10AB.

(2) For the purposes of sub-rule (1), the comparability of an international transaction or a specified domestic transaction with an uncontrolled transaction shall be judged with reference to the following, namely:—

(*a*) the specific characteristics of the property transferred or services provided in either transaction;

(*b*) the functions performed, taking into account assets employed or to be employed and the risks assumed, by the respective parties to the transactions;

(*c*) the contractual terms (whether or not such terms are formal or in writing) of the transactions which lay down explicitly or implicitly how the responsibilities, risks and benefits are to be divided between the respective parties to the transactions;

(*d*) conditions prevailing in the markets in which the respective parties to the transactions operate, including the geographical location and size of the markets, the laws and Government orders in force, costs of labour and capital in the markets, overall economic development and level of competition and whether the markets are wholesale or retail.

(3) An uncontrolled transaction shall be comparable to an international transaction or a specified domestic transaction if—

(*i*) none of the differences, if any, between the transactions being compared, or between the enterprises entering into such transactions are likely to materially affect the price or cost charged or paid in, or the profit arising from, such transactions in the open market; or

(*ii*) reasonably accurate adjustments can be made to eliminate the material effects of such differences.

(4) The data to be used in analysing the comparability of an uncontrolled transaction with an international transaction or a specified domestic transaction shall be the data relating to the financial year [81][(hereafter in this rule and in rule 10CA referred to as the 'current year')] in which the international transaction or the specified domestic transaction has been entered into:

Provided that data relating to a period not being more than two years prior to [82][the current year] may also be considered if such data reveals facts which could have an influence on the determination of transfer prices in relation to the transactions being compared:

[81][**Provided further** that the first proviso shall not apply while analysing the comparability of an uncontrolled transaction with an international transaction or a specified domestic transaction, entered into on or after the 1st day of April, 2014.]

[81][(5) In a case where the most appropriate method for determination of the arm's length price of an international transaction or a specified domestic transaction, entered into on or after the 1st day of April, 2014, is the method specified in clause (*b*), clause (*c*) or clause (*e*) of sub-section (1) of section 92C, then, notwithstanding anything contained in sub-rule (4), the data to be used for analysing the comparability of an uncontrolled transaction with an international transaction or a specified domestic transaction shall be,—

(*i*) the data relating to the current year ; or

(*ii*) the data relating to the financial year immediately preceding the current year, if the data relating to the current year is not available at the time of furnishing the return of income by the assessee, for the assessment year relevant to the current year:

Provided that where the data relating to the current year is subsequently available at the time of determination of arm's length price of an international transaction or a specified domestic transaction during the course of any assessment proceeding for the assessment year relevant to the current year, then, such data shall be used for such determination irrespective of the fact that the data was not available at the time of furnishing the return of income of the relevant assessment year.

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81. Inserted by the IT (Sixteenth Amdt.) Rules, 2015, w.e.f. 19-10-2015.

82. Substituted for "such financial year" by the IT (Sixteenth Amdt.) Rules, 2015, w.e.f. 19-10-2015.

Most appropriate method.

10C. (1) For the purposes of sub-section (1) of section 92C, the most appropriate method shall be the method which is best suited to the facts and circumstances of each particular international transaction or specified domestic transaction, and which provides the most reliable measure of an arm's length price in relation to the international transaction or the specified domestic transaction, as the case may be.

(2) In selecting the most appropriate method as specified in sub-rule (1), the following factors shall be taken into account, namely:—

(*a*) the nature and class of the international transaction or the specified domestic transaction;

(*b*) the class or classes of associated enterprises entering into the transaction and the functions performed by them taking into account assets employed or to be employed and risks assumed by such enterprises;

(*c*) the availability, coverage and reliability of data necessary for application of the method;

(*d*) the degree of comparability existing between the international transaction or the specified domestic transaction and the uncontrolled transaction and between the enterprises entering into such transactions;

(*e*) the extent to which reliable and accurate adjustments can be made to account for differences, if any, between the international transaction or the specified domestic transaction and the comparable uncontrolled transaction or between the enterprises entering into such transactions;

(*f*) the nature, extent and reliability of assumptions required to be made in application of a method.

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[83][**Computation of arm's length price in certain cases.**

10CA. (1) Where in respect of an international transaction or a specified domestic transaction, the application of the most appropriate method referred to in sub-section (1) of section 92C results in determination of more than one price, then the arm's length price in respect of such international transaction or specified domestic transaction shall be computed in accordance with the provisions of this rule.

(2) A dataset shall be constructed by placing the prices referred to in sub-rule (1) in an ascending order and the arm's length price shall be determined on the basis of the dataset so constructed:

Provided that in a case referred to in clause (*i*) of sub-rule (5) of rule 10B, where the comparable uncontrolled transaction has been identified on the basis of data relating to the current year and the enterprise undertaking the said uncontrolled transaction, [not being the enterprise undertaking the international transaction or the specified domestic transaction referred to in sub-rule (1)], has in either or both of the two financial years immediately preceding the current year undertaken the same or similar comparable uncontrolled transaction then,—

(*i*) the most appropriate method used to determine the price of the comparable uncontrolled transaction undertaken in the current year shall be applied in similar manner to the comparable uncontrolled transaction or transactions undertaken in the aforesaid period and the price in respect of such uncontrolled transactions shall be determined; and

(*ii*) the weighted average of the prices, computed in accordance with the manner provided in sub-rule (3), of the comparable uncontrolled transactions undertaken in the current year and in the aforesaid period preceding it shall be included in the dataset instead of the price referred to in sub-rule (1):

Provided further that in a case referred to in clause (*ii*) of sub-rule (5) of rule 10B, where the comparable uncontrolled transaction has been identified on the basis of the data relating to the financial year immediately preceding the current year and the enterprise undertaking the said uncontrolled transaction, [not being the enterprise undertaking the international transaction or the specified domestic transaction referred to in sub-rule (1)], has in the financial year immediately preceding the two financial years undertaken the same or similar comparable uncontrolled transaction then,—

(*i*) the price in respect of such uncontrolled transaction shall be determined by applying the most appropriate method in a similar manner as it was applied to determine the price of the comparable uncontrolled transaction undertaken in the financial year immediately preceding the current year; and

(*ii*) the weighted average of the prices, computed in accordance with the manner provided in sub-rule (3), of the comparable uncontrolled transactions undertaken in the aforesaid period of two years shall be included in the dataset instead of the price referred to in sub-rule (1):

Provided also that where the use of data relating to the current year in terms of the proviso to sub-rule (5) of rule 10B establishes that,—

(*i*) the enterprise has not undertaken same or similar uncontrolled transaction during the current year ; or

(*ii*) the uncontrolled transaction undertaken by an enterprise in the current year is not a comparable uncontrolled transaction,

then, irrespective of the fact that such an enterprise had undertaken comparable uncontrolled transaction in the financial year immediately preceding the current year or the financial year immediately preceding such financial year, the price of comparable uncontrolled transaction or the weighted average of the prices of the uncontrolled transactions, as the case may be, undertaken by such enterprise shall not be included in the dataset.

(3) Where an enterprise has undertaken comparable uncontrolled transactions in more than one financial year, then for the purposes of sub-rule (2) the weighted average of the prices of such transactions shall be computed in the following manner, namely:—

(*i*) where the prices have been determined using the method referred to in clause (*b*) of sub-rule (1) of rule 10B, the weighted average of the prices shall be computed with weights being assigned to the quantum of sales which has been considered for arriving at the respective prices;

(*ii*) where the prices have been determined using the method referred to in clause (*c*) of sub-rule (1) of rule 10B, the weighted average of the prices shall be computed with weights being assigned to the quantum of costs which has been considered for arriving at the respective prices;

(*iii*) where the prices have been determined using the method referred to in clause (*e*) of sub-rule (1) of rule 10B, the weighted average of the prices shall be computed with weights being assigned to the quantum of costs incurred or sales effected or assets employed or to be employed, or as the case may be, any other base which has been considered for arriving at the respective prices.

(4) Where the most appropriate method applied is a method other than the method referred to in clause (*d*) or clause (*f*) of sub-section (1) of section 92C and the dataset constructed in accordance with sub-rule (2) consists of six or more entries, an arm's length range beginning from the thirty-fifth percentile of the dataset and ending on the sixty-fifth percentile of the dataset shall be constructed and the arm's length price shall be computed in accordance with sub-rule (5) and sub-rule (6).

(5) If the price at which the international transaction or the specified domestic transaction has actually been undertaken is within the range referred to in sub-rule (4), then, the price at which such international transaction or the specified domestic transaction has actually been undertaken shall be deemed to be the arm's length price.

(6) If the price at which the international transaction or the specified domestic transaction has actually been undertaken is outside the arm's length range referred to in sub-rule (4), the arm's length price shall be taken to be the median of the dataset.

(7) In a case where the provisions of sub-rule (4) are not applicable, the arm's length price shall be the arithmetical mean of all the values included in the dataset:

Provided that, if the variation between the arm's length price so determined and price at which the international transaction or specified domestic transaction has actually been undertaken does not exceed such percentage not exceeding three per cent of the latter, as may be notified by the Central Government in the Official Gazette in this behalf, the price at which the international transaction or specified domestic transaction has actually been undertaken shall be deemed to be the arm's length price.

(8) For the purposes of this rule,—

(*a*) "the thirty-fifth percentile" of a dataset, having values arranged in an ascending order, shall be the lowest value in the dataset such that at least thirty-five per cent of the values included in the dataset are equal to or less than such value :
Provided that, if the number of values that are equal to or less than the aforesaid value is a whole number, then the thirty-fifth percentile shall be the arithmetic mean of such value and the value immediately succee-ding it in the dataset;

(*b*) "the *sixty-fifth percentile" of a dataset, having values arranged in an ascending order, shall be the lowest value in the dataset such that at least sixty five per cent of the values included in the dataset are equal to or less than such value:

Provided that, if the number of values that are equal to or less than the aforesaid value is a whole number, then the sixty-fifth percentile shall be the arithmetic mean of such value and the value immediately succeeding it in the dataset;

(*c*) "the median" of the dataset, having values arranged in an ascending order, shall be the lowest value in the dataset such that at least fifty per cent of the values included in the dataset are equal to or less than such value :

Provided that, if the number of values that are equal to or less than the aforesaid value is a whole number, then the median shall be the arithmetic mean of such value and the value immediately succeeding it in the dataset.

Illustration 1.—The data for the current year of the comparable uncontrolled transactions or the entities undertaking such transactions is available at the time of furnishing return of income by the assessee and based on the same, seven enterprises have been identified to have undertaken the comparable uncontrolled transaction in the current year. All the identified comparable enterprises have also undertaken comparable uncontrolled transactions in a period of two years prece-ding the current year. The Profit Level Indicator (PLI) used in applying the most appropriate method is operating profit as compared to operating cost (OP/OC). The weighted average shall be based upon the weight of OC as computed below:

Sl. No.	*Name*	*Year 1*	*Year 2*	*Year 3 [Current Year]*	*Aggregation of OC and OP*	*Weighted Average*
1	*2*	*3*	*4*	*5*	*6*	*7*
1	A	OC = 100	OC = 150	OC = 225	Total OC = 475	OP/OC = **12%**
		OP = 12	OP = 10	OP = 35	Total OP = 57	
2	B	OC = 80	OC = 125	OC = 100	Total OC = 305	OP/OC = **8.2%**
		OP = 10	OP = 5	OP = 10	Total OP = 25	
3	C	OC = 250	OC = 230	OC = 250	Total OC = 730	OP/OC = **9%**
		OP = 22	OP = 26	OP = 18	Total OP = 66	
4	D	OC = 180	OC = 220	OC = 150	Total OC = 550	OP/OC = **6%**
		OP = (-)9	OP = 22	OP = 20	Total OP = 33	
5	E	OC = 140	OC = 100	OC = 125	Total OC = 365	OP/OC = **2.2%**
		OP = 21	OP = (-) 8	OP = (-) 5	Total OP = 8	
6	F	OC = 160	OC = 120	OC = 140	Total OC = 420	OP/OC = **11.9%**
		OP = 21	OP = 14	OP = 15	Total OP = 50	
7	G	OC = 150	OC = 130	OC = 155	Total OC = 435	OP/OC = **10.57%**
		OP = 21	OP = 12	OP = 13	Total OP = 46	

From the above, the dataset will be constructed as follows:

Sl. No.	*1*	*2*	*3*	*4*	*5*	*6*	*7*
Values	2.2%	6%	8.2%	9%	10.57%	11.9%	12%

For construction of the arm's length range the data place of thirty-fifth and sixty-fifth percentile shall be computed in the following manner, namely:

Total No. of data points in dataset × (35/100)

Total No. of data points in dataset × (65/100)

Thus, the data place of the thirty-fifth percentile = 7 × 0.35 = 2.45.

Since this is not a whole number, the next higher data place, *i.e.*; the value at the third place would have at least thirty-five per cent of the values below it. The thirty-fifth percentile is therefore value at the third place, *i.e.*, 8.2%.

The data place of the †sixty-fifth percentile is = 7 × 0.65 = 4.55.

Since this is not a whole number, the next higher data place, *i.e.*; the value at the fifth place would have at least sixty-five per cent of the values below it. The sixty-fifth percentile is therefore value at fifth place, *i.e.*, 10.57%.

The arm's length range will be beginning at 8.2% and ending at 10.57%.

Therefore, if the transaction price of the international transaction or the specified domestic transaction has OP/OC percentage which is equal to or more than 8.2% and less than or equal to 10.57%, it is within the range. The transaction price in such cases will be deemed to be the arm's length price and no adjustment shall be required.

However, if the transaction price is outside the arm's length range, say 6.2%, then for the purpose of determining the arm's length price the median of the dataset shall be first determined in the following manner:

The data place of median is calculated by first computing the total number of data point in the dataset × (50/100). In this case it is 7 × 0.5 = 3.5.

Since this is not a whole number, the next higher data place, *i.e.*; the value at the fourth place would have at least fifty per cent of the values below it (median).

The median is the value at fourth place, *i.e.*, 9%. Therefore, the arm's length price shall be considered as 9% and adjustment shall accordingly be made.

Illustration 2.—The data of the current year is available in respect of enterprises A, C, E, F and G at the time of furnishing the return of income by the assessee and the data of the financial year preceding the current year has been used to identify comparable uncontrolled transactions undertaken by enterprises B and D. Further, if the enterprises have also undertaken comparable uncontrolled transactions in earlier years as detailed in the table, the weighted average and dataset

Sl. No.	*Name*	*Year 1*	*Year 2*	*Year 3 [Current Year]*	*Aggregation of OC and OP*	*Weighted Average*
1	*2*	*3*	*4*	*5*	*6*	*7*
1	A	OC = 100	OC = 150	OC = 225	Total OC = 475	OP/OC = **12%**
		OP = 12	OP = 10	OP = 35	Total OP = 57	
2	B	OC = 80	OC = 125		Total OC = 205	OP/OC = **7.31%**
		OP = 10	OP = 5		Total OP = 15	
3	C	OC = 250	OC = 230	OC = 250	Total OC = 730	OP/OC = **9%**
		OP = 22	OP = 26	OP = 18	Total OP = 66	
4	D		OC = 220		Total OC = 220	OP/OC = **10%**
			OP = 22		Total OP = 22	
5	E			OC = 100	Total OC = 100	OP/OC = **(-)5%**
				OP = (-) 5	Total OP = (-)5	
6	F	OC = 160	OC = 120	OC = 140	Total OC = 420	OP/OC = **11.9%**
		OP = 21	OP = 14	OP = 15	Total OP = 50	
7	G	OC = 150	OC = 130	OC = 155	Total OC = 435	OP/OC = **10.57%**
		OP = 21	OP = 12	OP = 13	Total OP = 46	

From the above, the dataset will be constructed as follows:

Sl. No.	*1*	*2*	*3*	*4*	*5*	*6*	*7*
Values	(-)5%	7.31%	9%	10%	10.57%	11.9%	12%

If during the course of assessment proceedings, the data of the current year is available and the use of such data indicates that B has failed to pass any qualitative or quantitative filter or for any other reason the transaction undertaken is not a comparable uncontrolled transaction, then, B shall not be considered for inclusion in the dataset. Further, if the data available at this stage indicates a new comparable uncontrolled transaction undertaken by enterprise H, then, it shall be included. The weighted average and dataset shall be recomputed as under:

Sl. No.	*Name*	*Year 1*	*Year 2*	*Year 3 [Current Year]*	*Aggregation of OC and OP*	*Weighted Average*
1	*2*	*3*	*4*	*5*	*6*	*7*
1	A	OC = 100	OC = 150	OC = 225	Total OC = 475	OP/OC = **12%**
		OP = 12	OP = 10	OP = 35	Total OP = 57	
2	C	OC = 250	OC = 230	OC = 250	Total OC = 730	OP/OC = **9%**
		OP = 22	OP = 26	OP = 18	Total OP = 66	
3	D		OC = 220	OC = 150	Total OC = 370	OP/OC =**11.35%**
			OP = 22	OP = 20	Total OP = 42	
4	E			OC = 100	Total OC = 100	OP/OC = **(-)5%**
				OP = (-) 5	Total OP = (-)5	
5	F	OC = 160	OC = 120	OC = 140	Total OC = 420	OP/OC = **11.9%**
		OP = 21	OP = 14	OP = 15	Total OP = 50	
6	G	OC = 150	OC = 130	OC = 155	Total OC = 435	OP/OC = **10.57%**
		OP = 21	OP = 12	OP = 13	Total OP = 46	
7	H	OC = 150		OC = 80	Total OC = 230	OP/OC =**9.56%**
		OP = 12		OP = 10	Total OP = 22	

From the above, the dataset will be constructed as follows:

Sl. No.	*1*	*2*	*3*	*4*	*5*	*6*	*7*
Values	(-)5%	9%	9.56%	10.57%	11.35%	11.9%	12%

Illustration 3.—In a given case the dataset of 20 prices arranged in ascending order is as under:

Sl. No.	*Profits (in Rs. Thousands)*
1	*2*
1	42.00
2	43.00
3	44.00
4	44.50
5	45.00

6	45.25
7	47.00
8	48.00
9	48.15
10	48.35
11	48.45
12	48.48
13	48.50
14	49.00
15	49.10
16	49.35
17	49.50
18	49.75
19	50.00
20	50.15

Applying the formula given in the Illustration 1, the data place of the thirty-fifth and sixty-fifth percentile is determined as follows:

Thirty-fifth percentile place = 20 × (35/100) = 7.

Sixty-fifth percentile place = 20 × (65/100) = 13.

Since the thirty-fifth percentile place is a whole number, it shall be the average of the prices at the seventh and next higher, *i.e.*, eighth place. This is (47+48)/2 = Rs. 47,500.

Similarly, the sixty-fifth percentile will be average of thirteenth and fourteenth place prices. This is (48.5+49)/2 = Rs. 48,750

The median of the range (the fiftieth percentile place) = 20 × (50/100) = 10

Since the fiftieth percentile place is a whole number, it shall be the average of the prices at the tenth and next higher, *i.e.*, eleventh place. This is (48.35+48.45)/2 = Rs. 48,400.

Thus, the arm's length range in this case shall be from Rs. 47,500 to Rs. 48,750.

Consequently, any transaction price which is equal to or more than Rs. 47,500 but less than or equal to Rs. 48,750 shall be considered to be within the arm's length range.]

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*Word "sixth" is used in Gazette copy.

† Word "sixth" is used in Gazette copy.

83. Inserted by the IT (Sixteenth Amdt.) Rules, 2015, w.e.f. 19-10-2015.

[84][**Computation of interest income pursuant to secondary adjustments.**

10CB. (1) For the purposes of sub-section (2) of section 92CE of the Act, the time limit for repatriation of [85][excess money or part thereof] shall be on or before ninety days,—

(*i*) from the due date of filing of return under sub-section (1) of section 139 of the Act where primary adjustments to transfer price has been made *suo motu* by the assessee in his return of income;

(*ii*) from the date of the order of Assessing Officer or the appellate authority, as the case may be, if the primary adjustments to transfer price as determined in the aforesaid order has been accepted by the assessee;

[86][(*iii*) in a case where primary adjustment to transfer price is determined by an advance pricing agreement entered into by the assessee under section 92CC of the Act in respect of a previous year,—

(*a*) from the date of filing of return under sub-section (1) of section 139 of the Act if the advance pricing agreement has been entered into on or before the due date of filing of return for the relevant previous year;

(*b*) from the end of the month in which the advance pricing agreement has been entered into if the said agreement has been entered into after the due date of filing of return for the relevant previous year;]

(*iv*) from the due date of filing of return under sub-section (1) of section 139 of the Act in the case of option exercised by the assessee as per the safe harbour rules under section 92CB; or

[87][(*v*) from the date of giving effect by the Assessing Officer under rule 44H to the resolution arrived at under mutual agreement procedure, where the primary adjustment to transfer price is determined by such resolution under a Double Taxation Avoidance Agreement entered into under section 90 or section 90A of the Act;]

(2) The imputed per annum interest income on [88][excess money or part thereof] which is not repatriated within the time limit as per sub-section (1) of section 92CE of the Act shall be computed,—

(*i*) at the one year marginal cost of fund lending rate of State Bank of India as on 1st of April of the relevant previous year *plus* three hundred twenty five basis points in the cases where the international transaction is denominated in Indian rupee; or

(*ii*) at six month London Interbank Offered Rate as on 30th September of the relevant previous year *plus* three hundred basis points in the cases where the international transaction is denominated in foreign currency.

[89][(3) The interest referred to in sub-rule (2) shall be chargeable on excess money or part thereof which is not repatriated—

(*a*) in cases referred to in clause (*i*), in sub-clause (*a*) of clause (*iii*) and clause (*iv*) of sub-rule (1), from the due date of filing of return under sub-section (1) of section 139 of the Act;

(*b*) in cases referred to in clause (*ii*) of sub-rule (1), from the date of the order of Assessing Officer or the appellate authority, as the case may be;

(*c*) in cases referred to in sub-clause (*b*) of clause (*iii*) of sub-rule (1), from the end of the month in which the advance pricing agreement has been entered into by the assessee under section 92CC of the Act;

(*d*) in cases referred to in clause (*v*) of sub-rule (1), from the date of giving effect by the Assessing Officer under rule 44H to the resolution arrived at under mutual agreement procedure.]

[90][*Explanation.*—For the purposes of this rule,—

(*A*) "International transaction" shall have the same meaning as assigned to it in section 92B of the Act;

(*B*) The rate of exchange for the calculation of the value in rupees of the international transaction denominated in foreign currency shall be the telegraphic transfer buying rate of such currency on the last day of the previous year in which such international transaction was undertaken and the "telegraphic transfer buying rate" shall have the same meaning as assigned in the *Explanation* to rule 26.]]

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84. Inserted by the IT (Fifteenth Amdt.) Rules, 2017, w.e.f. 15-6-2017.
85. Substituted for "excess money" by the IT (Eleventh Amdt.) Rules, 2019, w.e.f. 30-9-2019.
86. Substituted by the IT (Eleventh Amdt.) Rules, 2019, w.e.f. 30-9-2019.
87. Substituted by the IT (Eleventh Amdt.) Rules, 2019, w.e.f. 30-9-2019.
88. Substituted for "excess money" by the IT (Eleventh Amdt.) Rules, 2019, w.e.f. 30-9-2019.
89. Inserted by the IT (Eleventh Amdt.) Rules, 2019, w.e.f. 30-9-2019.
90. Substituted by the IT (Eleventh Amdt.) Rules, 2019, w.e.f. 30-9-2019.

Information and documents to be kept and maintained under section 92D.

10D. (1) Every person who has entered into an international transaction or a specified domestic transaction shall keep and maintain the following information and documents, namely:—

(*a*) a description of the ownership structure of the assessee enterprise with details of shares or other ownership interest held therein by other enterprises;

(*b*) a profile of the multinational group of which the assessee enterprise is a part along with the name, address, legal status and country of tax residence of each of the enterprises comprised in the group with whom international transactions or specified domestic transactions, as the case may be, have been entered into by the assessee, and ownership linkages among them;

(*c*) a broad description of the business of the assessee and the industry in which the assessee operates, and of the business of the associated enterprises with whom the assessee has transacted;

(*d*) the nature and terms (including prices) of international transactions or specified domestic transactions entered into with each associated enterprise, details of property transferred or services provided and the quantum and the value of each such transaction or class of such transaction;

(*e*) a description of the functions performed, risks assumed and assets employed or to be employed by the assessee and by the associated enterprises involved in the international transaction or the specified domestic transaction;

(*f*) a record of the economic and market analyses, forecasts, budgets or any other financial estimates prepared by the assessee for the business as a whole and for each division or product separately, which may have a bearing on the international transactions or the specified domestic transactions entered into by the assessee;

(*g*) a record of uncontrolled transactions taken into account for analysing their comparability with the international transactions or the specified domestic transactions entered into, including a record of the nature, terms and conditions relating to any uncontrolled transaction with third parties which may be of relevance to the pricing of the international transactions or specified domestic transactions, as the case may be;

(*h*) a record of the analysis performed to evaluate comparability of uncontrolled transactions with the relevant international transaction or specified domestic transaction;

(*i*) a description of the methods considered for determining the arm's length price in relation to each international transaction or specified domestic transaction or class of transaction, the method selected as the most appropriate method along with explanations as to why such method was so selected, and how such method was applied in each case;

(*j*) a record of the actual working carried out for determining the arm's length price, including details of the comparable data and financial information used in applying the most appropriate method, and adjustments, if any, which were made to account for differences between the international transaction or the specified domestic transaction and the comparable uncontrolled transactions, or between the enterprises entering into such transactions;

(*k*) the assumptions, policies and price negotiations, if any, which have critically affected the determination of the arm's length price;

(*l*) details of the adjustments, if any, made to transfer prices to align them with arm's length prices determined under these rules and consequent adjustment made to the total income for tax purposes;

(*m*) any other information, data or document, including information or data relating to the associated enterprise, which may be relevant for determination of the arm's length price.

(2) Nothing contained in sub-rule (1), in so far as it relates to an international transaction, shall apply in a case where the aggregate value, as recorded in the books of account, of international transactions entered into by the assessee does not exceed one crore rupees :

Provided that the assessee shall be required to substantiate, on the basis of material available with him, that income arising from international transactions entered into by him has been computed in accordance with section 92.

(2A) Nothing contained in sub-rule (1), in so far as it relates to an eligible specified domestic transaction referred to in rule 10THB, shall apply in a case of an eligible assessee mentioned in rule 10THA and—

(*a*) the eligible assessee, referred to in clause (*i*) of rule 10THA, shall keep and maintain the following information and documents, namely:—

(*i*) a description of the ownership structure of the assessee enterprise with details of shares or other ownership interest held therein by other enterprises;

(*ii*) a broad description of the business of the assessee and the industry in which the assessee operates, and of the business of the associated enterprises with whom the assessee has transacted;

(*iii*) the nature and terms (including prices) of specified domestic transactions entered into with each associated enterprise and the quantum and value of each such transaction or class of such transaction;

(*iv*) a record of proceedings, if any, before the regulatory commission and orders of such commission relating to the specified domestic transaction;

(*v*) a record of the actual working carried out for determining the transfer price of the specified domestic transaction;

(*vi*) the assumptions, policies and price negotiations, if any, which have critically affected the determination of the transfer price; and

(*vii*) any other information, data or document, including information or data relating to the associated enterprise, which may be relevant for determination of the transfer price;

(*b*) the eligible assessee, referred to in clause (*ii*) of rule 10THA, shall keep and maintain the following information and documents, namely:—

(*i*) a description of the ownership structure of the assessee co-operative society with details of shares or other ownership interest held therein by the members;

(*ii*) description of members including their addresses and period of membership;

(*iii*) the nature and terms (including prices) of specified domestic transactions entered into with each member and the quantum and value of each such transaction or class of such transaction;

(*iv*) a record of the actual working carried out for determining the transfer price of the specified domestic transaction;

(*v*) the assumptions, policies and price negotiations, if any, which have critically affected the determination of the transfer price;

(*vi*) the documentation regarding price being routinely declared in transparent manner and being available in public domain; and

(*vii*) any other information, data or document which may be relevant for determination of the transfer price.

(3) The information specified in [92][sub-rules (1) and (2A)] shall be supported by authentic documents, which may include the following :

(*a*) official publications, reports, studies and data bases from the Government of the country of residence of the associated enterprise, or of any other country;

(*b*) reports of market research studies carried out and technical publications brought out by institutions of national or international repute;

(*c*) price publications including stock exchange and commodity market quotations;

(*d*) published accounts and financial statements relating to the business affairs of the associated enterprises;

(*e*) agreements and contracts entered into with associated enterprises or with unrelated enterprises in respect of transactions similar to the international transactions or the specified domestic transactions, as the case may be;

(*f*) letters and other correspondence documenting any terms negotiated between the assessee and the associated enterprise;

(*g*) documents normally issued in connection with various transactions under the accounting practices followed.

(4) The information and documents specified under [93][sub-rules (1), (2) and (2A)], should, as far as possible, be contemporaneous and should exist latest by the specified date referred to in clause (*iv*) of section 92F:

Provided that where an international transaction or a specified domestic transaction continues to have effect over more than one previous year, fresh documentation need not be maintained separately in respect of each previous year, unless there is any significant change in the nature or terms of the international transaction or the specified domestic transaction, as the case may be, in the assumptions made, or in any other factor which could influence the transfer price, and in the case of such significant change, fresh documentation as may be necessary under [93][sub-rules (1), (2) and (2A)] shall be maintained bringing out the impact of the change on the pricing of the international transaction or the specified domestic transaction.

(5) The information and documents specified in [93][sub-rules (1), (2) and (2A)] shall be kept and maintained for a period of eight years from the end of the relevant assessment year.

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91. Substituted by the IT (Nineteenth Amdt.) Rules, 2015, w.e.f. 8-12-2015.
92. Substituted for "sub-rule (1)" by the IT (Second Amdt.) Rules, 2015, w.e.f. 4-2-2015.
93. Substituted for "sub-rules (1) and (2)" by the IT (Second Amdt.) Rules, 2015, w.e.f. 4-2-2015.

[94][95][**Maintenance and furnishing of information and document by certain person under section 92D.**]

10DA. (1) Every person, being a constituent entity of an international group shall,—

(*i*) if the consolidated group revenue of the international group, of which such person is a constituent entity, as reflected in the consolidated financial statement of the international group for the accounting year, exceeds five hundred crore rupees; and

(*ii*) the aggregate value of international transactions,—

(*A*) during the accounting year, as per the books of account, exceeds fifty crore rupees, or

(*B*) in respect of purchase, sale, transfer, lease or use of intangible property during the accounting year, as per the books of account, exceeds ten crore rupees,

keep and maintain the following information and documents of the international group, namely:—

(*a*) a list of all entities of the international group along with their addresses;

(*b*) a chart depicting the legal status of the constituent entity and ownership structure of the entire international group;

(*c*) a description of the business of international group during the accounting year including,—

(*I*) the nature of the business or businesses;

(*II*) the important drivers of profits of such business or businesses;

(*III*) a description of the supply chain for the five largest products or services of the international group in terms of revenue and any other products including services amounting to more than five per cent of consolidated group revenue;

(*IV*) a list and brief description of important service arrangements made among members of the international group, other than those for research and development services;

(*V*) a description of the capabilities of the main service providers within the international group;

(*VI*) details about the transfer pricing policies for allocating service costs and determining prices to be paid for intra-group services;

(*VII*) a list and description of the major geographical markets for the products and services offered by the international group;

(*VIII*) a description of the functions performed, assets employed and risks assumed by the constituent entities of the international group that contribute at least ten per cent of the revenues or assets or profits of such group; and

(*IX*) a description of the important business restructuring transactions, acquisitions and divestments;

(*d*) a description of the overall strategy of the international group for the development, ownership and exploitation of intangible property, including location of principal research and development facilities and their management;

(*e*) a list of all entities of the international group engaged in development and management of intangible property along with their addresses;

(*f*) a list of all the important intangible property or groups of intangible property owned by the international group along with the names and addresses of the group entities that legally own such intangible property;

(*g*) a list and brief description of important agreements among members of the international group related to intangible property, including cost contribution arrangements, principal research service agreements and license agreements;

(*h*) a detailed description of the transfer pricing policies of the international group related to research and development and intangible property;

(*i*) a description of important transfers of interest in intangible pro-perty, if any, among entities of the international group, including the name and address of the selling and buying entities and the compensation paid for such transfers;

(*j*) a detailed description of the financing arrangements of the international group, including the names and addresses of the top ten unrelated lenders;

(*k*) a list of group entities that provide central financing functions, including their place of operation and of effective management;

(*l*) a detailed description of the transfer pricing policies of the international group related to financing arrangements among group entities;

(*m*) a copy of the annual consolidated financial statement of the international group; and

(*n*) a list and brief description of the existing unilateral advance pricing agreements and other tax rulings in respect of the international group for allocation of income among countries.

[96][(2) The information and document specified under sub-rule (1) shall be furnished to the Joint [97][Director] referred to in sub-rule (1) of rule 10DB, in Form No. 3CEAA on or before the due date for furnishing the return of income as specified under sub-section (1) of section 139.

(3) The constituent entity shall furnish Part A of Form No. 3CEAA even if the conditions specified under sub-rule (1) are not satisfied.

(4) Where there are more than one [98][constituent entities of an international group required to file the information and document under sub-rule (2)], the Form No. 3CEAA may be furnished by any one constituent entity, if,—

(*a*) the international group has designated such entity for this purpose; and

(*b*) the information has been conveyed in Form No. 3CEAB to the Joint [99][Director] referred to in sub-rule (1) of rule 10DB, in this behalf thirty days before the due date of furnishing the Form No. 3CEAA.]

[1][(5)] The Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems), as the case may be, shall specify the procedure for electronic filing of Form No. 3CEAA and Form No. 3CEAB and shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to the information furnished under this rule.

[1][(6)] The information and documents specified in sub-rule (1) shall be kept and maintained for a period of eight years from the end of the relevant assessment year.

[1][(7)] The rate of exchange for the calculation of the value in rupees of the consolidated group revenue in foreign currency shall be the telegraphic transfer buying rate of such currency on the last day of the accounting year.

Explanation.—For the purposes of this rule,—

(*A*) "telegraphic transfer buying rate" shall have the same meaning as assigned in the *Explanation* to rule 26;

(*B*) the terms "accounting year", "consolidated financial statement" and "international group" shall have the same meaning as assigned in sub-section (9) of section 286.

94. Rules 10DA and 10DB inserted by the IT (Twenty-fourth Amdt.) Rules, 2017, w.e.f. 31-10-2017.
95. Substituted for "Information and documents to be kept and maintained under proviso to sub-section (1) of section 92D and to be furnished in terms of sub-section (4) of section 92D." by the IT (Second Amdt.) Rules, 2020, w.e.f. 1-4-2020.
96. Sub-rules (2), (3) and (4) substituted for sub-rules (2), (3), (4) and (5) by the IT (Second Amdt.) Rules, 2020, w.e.f. 1-4-2020.
97. Substituted for "Commissioner" by the IT (Ninth Amdt.) Rules, 2021, w.r.e.f. 1-4-2021.
98. Substituted for "constituent entities resident in India of an international group" by the IT (Ninth Amdt.) Rules, 2021, w.r.e.f. 1-4-2021.
99. Substituted for "Commissioner" by the IT (Ninth Amdt.) Rules, 2021, w.r.e.f. 1-4-2021.
1. Sub-rules (6), (7) and (8) renumbered as sub-rules (5), (6) and (7), respectively, by the IT (Second Amdt.) Rules, 2020, w.e.f. 1-4-2020.

सत्यमेव जयते
कोष मूलो दण्ड:
INCOME TAX DEPARTMENT

Furnishing of Report in respect of an International Group.

10DB. [2][3][(1) The income-tax authority for the purposes of section 286 shall be the Joint Director as may be designated by the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be.]

(2) The notification under sub-section (1) of section 286 shall be made in Form No. 3CEAC two months prior to the due date for furnishing of report as specified under sub-section (2) of said section.]

(3) Every parent entity or the alternate reporting entity, as the case may be, resident in India, shall, for every reporting accounting year, furnish the report referred to in sub-section (2) of section 286 [4][***] in Form No. 3CEAD.

[5][(4) The period for furnishing of the report under sub-section (4) of section 286 by the constituent entity referred to in that sub-section shall be twelve months from the end of the reporting accounting year:

Provided that in case the parent entity of the constituent entity is resident of a country or territory, where, there has been a systemic failure of the country or territory and the said failure has been intimated to such constituent entity, the period for submission of the report shall be six months from the end of the month in which said systemic failure has been intimated.]

[6][(5) The information required to be conveyed under proviso to sub-section (4) of section 286 regarding the designated constituent entity shall be furnished in Form No. 3CEAE.]

(6) For the purposes of sub-section (7) of section 286, the total consolidated group revenue of the international group shall be [7][six thousand four hundred] crore rupees.

(7) Where the total consolidated group revenue of the international group, as reflected in the consolidated financial statement, is in foreign currency, the rate of exchange for the calculation of the value in rupees of such total consolidated group revenue shall be the telegraphic transfer buying rate of such currency on the last day of the accounting year preceding the accounting year.

(8) The Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems), as the case may be, shall specify the procedure for electronic filing of Form No. 3CEAC, Form No. 3CEAD and Form No. 3CEAE and shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to the information furnished under this rule.

Explanation.—For the purposes of this rule,—

(*A*) "telegraphic transfer buying rate" shall have the same meaning as assigned in the *Explanation* to rule 26;

(*B*) the terms "accounting year", "alternate reporting entity", "consolidated financial statement", "international group" and "reporting accounting year" shall have the same meaning as assigned in sub-section (9) of section 286.

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2. Sub-rules (1) and (2) substituted by the IT (Second Amdt.) Rules, 2020, w.e.f. 6-1-2020.
3. Substituted by the IT (Ninth Amdt.) Rules, 2021, w.r.e.f. 1-4-2021.
4. Words "to the Director General of Income-tax (Risk Assessment)" omitted by the IT (Second Amdt.) Rules, 2020, w.e.f. 6-1-2020.
5. Substituted by the IT (Fourteenth Amdt.) Rules, 2018, w.e.f. 18-12-2018.
6. Substituted by the IT (Second Amdt.) Rules, 2020, w.e.f. 6-1-2020.
7. Substituted for "five thousand five hundred" by the IT (Ninth Amdt.) Rules, 2021, w.r.e.f. 1-4-2021.

Report from an accountant to be furnished under section 92E.

10E. The report from an accountant required to be furnished under section 92E by every person who has entered into an international transaction or a specified domestic transaction during a previous year shall be in Form No. 3CEB and be verified in the manner indicated therein.

DA.—Advance Pricing Agreement Scheme

Meaning of expressions used in matters in respect of advance pricing agreement.

10F. For the purposes of this rule and rules 10G to 10T,—

(*a*) "agreement" means an advance pricing agreement entered into between the Board and the applicant, with the approval of the Central Government, as referred to in sub-section (1) of section 92CC of the Act;

(*b*) "application" means an application for advance pricing agreement made under rule 10-I;

[8][(*ba*) "applicant" means a person who has made an application;]

(*c*) "bilateral agreement" means an agreement between the Board and the applicant, subsequent to, and based on, any agreement referred to in rule 44GA between the competent authority in India with the competent authority in the other country regarding the most appropriate transfer pricing method or the arms' length price;

(*d*) "competent authority in India" means an officer authorised by the Central Government for the purpose of discharging the functions as such for matters in respect of any agreement entered into under section 90 or 90A of the Act;

(*e*) "covered transaction" means the international transaction or transactions for which agreement has been entered into;

(*f*) "critical assumptions" means the factors and assumptions that are so critical and significant that neither party entering into an agreement will continue to be bound by the agreement, if any of the factors or assumptions is changed;

(*g*) "most appropriate transfer pricing method" means any of the transfer pricing method, referred to in sub-section (1) of section 92C of the Act, being the most appropriate method, having regard to the nature of transaction or class of transaction or class of associated persons or function performed by such persons or such other relevant factors prescribed by the Board under rules 10B and 10C;

(*h*) "multilateral agreement" means an agreement between the Board and the applicant, subsequent to, and based on, any agreement referred to in rule 44GA between the competent authority in India with the competent authorities in the other countries regarding the most appropriate transfer pricing method or the arms' length price;

[8][(*ha*) "rollback year" means any previous year, falling within the period not exceeding four previous years, preceding the first of the previous years referred to in sub-section (4) of section 92CC;]

(*i*) "tax treaty" means an agreement under section 90, or section 90A of the Act for the avoidance of double taxation;

(*j*) "team" means advance pricing agreement team consisting of income-tax authorities as constituted by the Board and including such number of experts in economics, statistics, law or any other field as may be nominated by the Director General of Income-tax (International Taxation);

(*k*) "unilateral agreement" means an agreement between the Board and the applicant which is neither a bilateral nor multilateral agreement.

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8. Inserted by the IT (Third Amdt.) Rules, 2015, w.e.f. 14-3-2015.

Persons eligible to apply.

10G. Any person who—

(*i*) has undertaken an international transaction; or

(*ii*) is contemplating to undertake an international transaction,

shall be eligible to enter into an agreement under these rules.

Pre-filing consultation.

10H. (1) [9][Any] person proposing to enter into an agreement under these rules [10][may], by an application in writing, make a request for a pre-filing consultation.

(2) The request for pre-filing consultation shall be made in Form No. 3CEC to the Director General of Income-tax (International Taxation).

(3) On receipt of the request in Form No. 3CEC, the team shall hold pre-filing consultation with the person referred to in rule 10G.

(4) The competent authority in India or his representative shall be associated in pre-filing consultation involving bilateral or multilateral agreement.

(5) The pre-filing consultation shall, among other things,—

(*i*) determine the scope of the agreement;

(*ii*) identify transfer pricing issues;

(*iii*) determine the suitability of international transaction for the agreement;

(*iv*) discuss broad terms of the agreement.

(6) The pre-filing consultation shall—

(*i*) not bind the Board or the person to enter into an agreement or initiate the agreement process;

(*ii*) not be deemed to mean that the person has applied for entering into an agreement.

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9. Substituted for "Every" by the IT (Third Amdt.) Rules, 2015, w.e.f. 14-3-2015.
10. Substituted for "shall" by the IT (Third Amdt.) Rules, 2015, w.e.f. 14-3-2015.

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Application for advance pricing agreement.

10-I. (1) Any person, [11][referred to in rule 10G] may, if desires to enter into an agreement furnish an application in Form No. 3CED along with the requisite fee.

(2) The application shall be furnished to Director General of Income-tax (International Taxation) in case of unilateral agreement and to the competent authority in India in case of bilateral or multilateral agreement.

(3) Application in Form No. 3CED may be filed by the person referred to in rule 10G at any time—

(*i*) before the first day of the previous year relevant to the first assessment year for which the application is made, in respect of transactions which are of a continuing nature from dealings that are already occurring; or

(*ii*) before undertaking the transaction in respect of remaining transactions.

(4) Every application in Form No. 3CED shall be accompanied by the proof of payment of fees as specified in sub-rule (5).

(5) The fees payable shall be in accordance with following table based on the amount of international transaction entered into or proposed to be undertaken in respect of which the agreement is proposed:

Amount of international transaction entered into or proposed to be undertaken in respect of which agreement is proposed during the proposed period of agreement	*Fee*
Amount not exceeding Rs. 100 crores	10 lacs
Amount not exceeding Rs. 200 crores	15 lacs
Amount exceeding Rs. 200 crores	20 lacs

11. Substituted for "who has entered into a pre-filing consultation as referred to in rule 10H" by the IT (Third Amdt.) Rules, 2015, w.e.f. 14-3-2015.

Withdrawal of application for agreement.

10J. (1) The applicant may withdraw the application for agreement at any time before the finalisation of the terms of the agreement.

(2) The application for withdrawal shall be in Form No. 3CEE.

(3) The fee paid shall not be refunded on withdrawal of application by the applicant.

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Preliminary processing of application.

10K. (1) Every application filed in Form No. 3CED shall be complete in all respects and accompanied by requisite documents.

(2) If any defect is noticed in the application in Form No. 3CED or if any relevant document is not attached thereto or the application is not in accordance with understanding reached in [12][any] pre-filing consultation referred to in rule 10H, the Director General of Income-tax (International Taxation) (for unilateral agreement) and competent authority in India (for bilateral or multilateral agreement) shall serve a deficiency letter on the applicant before the expiry of one month from the date of receipt of the application.

(3) The applicant shall remove the deficiency or modify the application within a period of fifteen days from the date of service of the deficiency letter or within such further period which, on an application made in this behalf, may be extended, so however, that the total period of removal of deficiency or modification does not exceed thirty days.

(4) The Director General of Income-tax (International Taxation) or the competent authority in India, as the case may be, on being satisfied, may pass an order providing that application shall not be allowed to be proceeded with if the application is defective and defect is not removed by applicant in accordance with sub-rule (3).

(5) No order under sub-rule (4) shall be passed without providing an opportunity of being heard to the applicant and if an application is not allowed to be proceeded with, the fee paid by the applicant shall be refunded.

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12. Inserted by the IT (Third Amdt.) Rules, 2015, w.e.f. 14-3-2015.

Procedure.

10L. (1) If the application referred to in rule 10K has been allowed to be proceeded with, the team or the competent authority in India or his representative shall process the same in consultation and discussion with the applicant in accordance with provisions of this rule.

(2) For the purpose of sub-rule (1), it shall be competent for the team or the competent authority in India or its representative to—

(*i*) hold meetings with the applicant on such time and date as it deem fit;

(*ii*) call for additional document or information or material from the applicant;

(*iii*) visit the applicant's business premises; or

(*iv*) make such inquiries as it deems fit in the circumstances of the case.

(3) For the purpose of sub-rule (1), the applicant may, if he considers it necessary, provide further document and information for consideration of the team or the competent authority in India or his representative.

(4) For bilateral or multilateral agreement, the competent authority shall forward the application to Director General of Income-tax (International Taxation) who shall assign it to one of the teams.

(5) The team, to whom the application has been assigned under sub-rule (4), shall carry out the enquiry and prepare a draft report which shall be forwarded by the Director General of Income-tax (International Taxation) to the competent authority in India.

(6) If the applicant makes a request for bilateral or multilateral agreement in its application, the competent authority in India shall in addition to the procedure provided in this rule invoke the procedure provided in rule 44GA.

(7) The Director General of Income-tax (International Taxation) (for unilateral agreement) or the competent authority in India (for bilateral or multilateral agreement) and the applicant shall prepare a proposed mutually agreed draft agreement enumerating the result of the process referred to in sub-rule (1) including the effect of the arrangement referred to in sub-rule (5) of rule 44GA which has been accepted by the applicant in accordance with sub-rule (8) of the said rule.

(8) The agreement shall be entered into by the Board with the applicant after its approval by the Central Government.

(9) Once an agreement has been entered into the Director General of Income-tax (International Taxation) or the competent authority in India, as the case may be, shall cause a copy of the agreement to be sent to the Commissioner of Income-tax having jurisdiction over the assessee.

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Terms of the agreement.

10M. (1) An agreement may among other things, include—

(*i*) the international transactions covered by the agreement;
(*ii*) the agreed transfer pricing methodology, if any;
(*iii*) determination of arm's length price, if any;
(*iv*) definition of any relevant term to be used in item (*ii*) or (*iii*);
(*v*) critical assumptions;
[13][(*va*) rollback provision referred to in rule 10MA;]
(*vi*) the conditions if any other than provided in the Act or these rules.

(2) The agreement shall not be binding on the Board or the assessee if there is a change in any of critical assumptions or failure to meet conditions subject to which the agreement has been entered into.

(3) The binding effect of agreement shall cease only if any party has given due notice of the concerned other party or parties.

(4) In case there is a change in any of the critical assumptions or failure to meet the conditions subject to which the agreement has been entered into, the agreement can be revised or cancelled, as the case may be.

(5) The assessee which has entered into an agreement shall give a notice in writing of such change in any of the critical assumptions or failure to meet conditions to the Director General of Income-tax (International Taxation) as soon as it is practicable to do so.

(6) The Board shall give a notice in writing of such change in critical assumptions or failure to meet conditions to the assessee, as soon as it comes to the knowledge of the Board.

(7) The revision or the cancellation of the agreement shall be in accordance with rules 10Q and 10R respectively.

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13. Inserted by the IT (Third Amdt.) Rules, 2015, w.e.f. 14-3-2015.

[13][**Roll Back of the Agreement.**

10MA. (1) Subject to the provisions of this rule, the agreement may provide for determining the arm's length price or specify the manner in which arm's length price shall be determined in relation to the international transaction entered into by the person during the rollback year (hereinafter referred to as "rollback provision").

(2) The agreement shall contain rollback provision in respect of an international transaction subject to the following, namely:—

(*i*) the international transaction is same as the international transaction to which the agreement (other than the rollback provision) applies;

(*ii*) the return of income for the relevant rollback year has been or is furnished by the applicant before the due date specified in *Explanation 2* to sub-section (1) of section 139;

(*iii*) the report in respect of the international transaction had been furnished in accordance with section 92E;

(*iv*) the applicability of rollback provision, in respect of an international transaction, has been requested by the applicant for all the rollback years in which the said international transaction has been undertaken by the applicant; and

(*v*) the applicant has made an application seeking rollback in Form 3CEDA in accordance with sub-rule (5).

(3) Notwithstanding anything contained in sub-rule (2), rollback provision shall not be provided in respect of an international transaction for a rollback year, if, —

(*i*) the determination of arm's length price of the said international transaction for the said year has been subject matter of an appeal before the Appellate Tribunal and the Appellate Tribunal has passed an order disposing of such appeal at any time before signing of the agreement; or

(*ii*) the application of rollback provision has the effect of reducing the total income or increasing the loss, as the case may be, of the applicant as declared in the return of income of the said year.

(4) Where the rollback provision specifies the manner in which arm's length price shall be determined in relation to an international transaction undertaken in any rollback year then such manner shall be the same as the manner which has been agreed to be provided for determination of arm's length price of the same international transaction to be undertaken in any previous year to which the agreement applies, not being a rollback year.

(5) The applicant may, if he desires to enter into an agreement with rollback provision, furnish along with the application, the request for the same in Form No. 3CEDA with proof of payment of an additional fee of five lakh rupees:

[14][**Provided** that in a case where an application has been filed on or before the 31st day of March, 2015, Form No. 3CEDA along with proof of payment of additional fee may be filed at any time on or before the 30th day of June, 2015 or the date of entering into the agreement whichever is earlier:

Provided further that in a case where an agreement has been entered into on or before the 31st day of March, 2015, Form No. 3CEDA along with proof of payment of additional fee may be filed at any time on or before the 30th day of June, 2015 and, notwithstanding anything contained in rule 10Q, the agreement may be revised to provide for rollback provision in the said agreement in accordance with this rule.]]

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13. Inserted by the IT (Third Amdt.) Rules, 2015, w.e.f. 14-3-2015.
14. Substituted by IT (Fourth Amdt.) Rules, 2015, w.e.f. 1-4-2015.

Amendments to Application.

10N. (1) An applicant may request in writing for an amendment to an application at any stage, before the finalisation of the terms of the agreement.

(2) The Director General of Income-tax (International Taxation) (for unilateral agreement) or the competent authority in India (for bilateral or multilateral agreement) may, allow the amendment to the application, if such an amendment does not have effect of altering the nature of the application as originally filed.

(3) The amendment shall be given effect only if it is accompanied by the additional fee, if any, necessitated by such amendment in accordance with fee as provided in rule 10-I.

Furnishing of Annual Compliance Report.

10-O. (1) The assessee shall furnish an annual compliance report to Director General of Income-tax (International Taxation) for each year covered in the agreement.

(2) The annual compliance report shall be in Form 3CEF.

(3) The annual compliance report shall be furnished in quadruplicate, for each of the years covered in the agreement, within thirty days of the due date of filing the income-tax return for that year, or within ninety days of entering into an agreement, whichever is later.

(4) The Director General of Income-tax (International Taxation) shall send one copy of annual compliance report to the competent authority in India, one copy to the Commissioner of Income-tax who has the jurisdiction over the income-tax assessment of the assessee and one copy to the Transfer Pricing Officer having the jurisdiction over the assessee.

Compliance Audit of the agreement.

10P. (1) The Transfer Pricing Officer having the jurisdiction over the assessee shall carry out the compliance audit of the agreement for each of the year covered in the agreement.

(2) For the purposes of sub-rule (1), the Transfer Pricing Officer may require—

(*i*) the assessee to substantiate compliance with the terms of the agreement, including satisfaction of the critical assumptions, correctness of the supporting data or information and consistency of the application of the transfer pricing method;

(*ii*) the assessee to submit any information, or document, to establish that the terms of the agreement has been complied with.

(3) The Transfer Pricing Officer shall submit the compliance audit report, for each year covered in the agreement, to the Director General of Income-tax (International Taxation) in case of unilateral agreement and to the competent authority in India, in case of bilateral or multilateral agreement, mentioning therein his findings as regards compliance by the assessee with terms of the agreement.

(4) The Director General of Income-tax (International Taxation) shall forward the report to the Board in a case where there is finding of failure on part of assessee to comply with terms of agreement and cancellation of the agreement is required.

(5) The compliance audit report shall be furnished by the Transfer Pricing Officer within six months from the end of the month in which the Annual Compliance Report referred to in rule 10-O is received by the Transfer Pricing Officer.

(6) The regular audit of the covered transactions shall not be undertaken by the Transfer Pricing Officer if an agreement has been entered into under rule 10L except where the agreement has been cancelled under rule 10R.

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Revision of an agreement.

10Q. (1) An agreement, subsequent to it having been entered into, may be revised by the Board, if,—

(*a*) there is a change in critical assumptions or failure to meet a condition subject to which the agreement has been entered into;

(*b*) there is a change in law that modifies any matter covered by the agreement but is not of the nature which renders the agreement to be non-binding; or

(*c*) there is a request from competent authority in the other country requesting revision of agreement, in case of bilateral or multilateral agreement.

(2) An agreement may be revised by the Board either *suo motu* or on request of the assessee or the competent authority in India or the Director General of Income-tax (International Taxation).

(3) Except when the agreement is proposed to be revised on the request of the assessee, the agreement shall not be revised unless an opportunity of being heard has been provided to the assessee and the assessee is in agreement with the proposed revision.

(4) In case the assessee is not in agreement with the proposed revision the agreement may be cancelled in accordance with rule 10R.

(5) In case the Board is not in agreement with the request of the assessee for revision of the agreement, the Board shall reject the request in writing giving reason for such rejection.

(6) For the purpose of arriving at the agreement for the proposed revision, the procedure provided in rule 10L may be followed so far as they apply.

(7) The revised agreement shall include the date till which the original agreement is to apply and the date from which the revised agreement is to apply.

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Cancellation of an agreement.

10R. (1) An agreement shall be cancelled by the Board for any of the following reasons:

(*i*) the compliance audit referred to in rule 10P has resulted in the finding of failure on the part of the assessee to comply with the terms of the agreement;

(*ii*) the assessee has failed to file the annual compliance report in time;

(*iii*) the annual compliance report furnished by the assessee contains material errors; or

(*iv*) the agreement is to be cancelled under sub-rule (4) of rule 10Q [15][or sub-rule (7) of rule 10RA].

(2) The Board shall give an opportunity of being heard to the assessee, before proceeding to cancel an application.

(3) The competent authority in India shall communicate with the competent authority in the other country or countries and provide reason for the proposed cancellation of the agreement in case of bilateral or multilateral agreement.

(4) The order of cancellation of the agreement shall be in writing and shall provide reasons for cancellation and for non-acceptance of assessee's submission, if any.

(5) The order of cancellation shall also specify the effective date of cancellation of the agreement, where applicable.

(6) The order under the Act, declaring the agreement as *voidab initio*, on account of fraud or misrepresentation of facts, shall be in writing and shall provide reason for such declaration and for non-acceptance of assessee's submission, if any.

(7) The order of cancellation shall be intimated to the Assessing Officer and the Transfer Pricing Officer, having jurisdiction over the assessee.

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15. Inserted by the IT (Third Amdt.) Rules, 2015, w.e.f. 14-3-2015.

[15][**Procedure for giving effect to rollback provision of an Agreement.**

10RA. (1) The effect to the rollback provisions of an agreement shall be given in accordance with this rule.

(2) The applicant shall furnish modified return of income referred to in section 92CD in respect of a rollback year to which the agreement applies along with the proof of payment of any additional tax arising as a consequence of and computed in accordance with the rollback provision.

(3) The modified return referred to in sub-rule (2) shall be furnished along with the modified return to be furnished in respect of first of the previous years for which the agreement has been requested for in the application.

(4) If any appeal filed by the applicant is pending before the Commissioner (Appeals), Appellate Tribunal or the High Court for a rollback year, on the issue which is the subject matter of the rollback provision for that year, the said appeal to the extent of the subject covered under the agreement shall be withdrawn by the applicant before furnishing the modified return for the said year.

(5) If any appeal filed by the Assessing Officer or the Principal Commissioner or Commissioner is pending before the Appellate Tribunal or the High Court for a rollback year, on the issue which is subject matter of the rollback provision for that year, the said appeal to the extent of the subject covered under the agreement shall be withdrawn by the Assessing Officer or the Principal Commissioner or the Commissioner, as the case may be, within three months of filing of modified return by the applicant.

(6) The applicant, the Assessing Officer or the Principal Commissioner or the Commissioner, shall inform the Dispute Resolution Panel or the Commissioner (Appeals) or the Appellate Tribunal or the High Court, as the case may be, the fact of an agreement containing rollback provision having been entered into along with a copy of the same as soon as it is practicable to do so.

(7) In case effect cannot be given to the rollback provision of an agreement in accordance with this rule, for any rollback year to which it applies, on account of failure on the part of applicant, the agreement shall be cancelled.]

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15. Inserted by the IT (Third Amdt.) Rules, 2015, w.e.f. 14-3-2015.

[16][**Relief in tax payable under sub-section (1) of section 115JB due to operation of sub-section (2D) of section 115JB.**

10RB. (1) For the purposes of sub-section (2D) of section 115JB, the tax payable by the assessee company under sub-section (1) of section 115JB, for the previous year referred to in that section, shall be reduced by the following amount, namely:—

(A-B) - (D-C), where,

A = tax payable by the assessee company under sub-section (1) of section 115JB on the book profit of the previous year including the past income;

B = tax payable by the assessee company under sub-section (1) of section 115JB on the book profit of the previous year after reducing the book profit with the past income;

C = Aggregate of tax payable by the assessee company under sub-section (1) of section 115JB on the book profit of those past year or years to which the past income belongs;

D = Aggregate of tax payable by the assessee company under sub-section (1) of section 115JB on the book profit of past year or years, referred to in item C, after increasing the book profit with the relevant past income of such year or years:

Provided that if the value of (A-B) - (D-C) in the formula is negative, its value shall be deemed to be zero.

(2) For the purposes of sub-rule (1) past income shall be the amount of income of past year or years included in the book profit or the previous year on account of an advance pricing agreement entered into by the assessee under section 92CC or on account of secondary adjustment required to be made under section 92CE.

(3) On application of provision of sub-rule (1), the tax credit allowed to the assessee under section 115JAA shall be reduced by the amount which is equal to the amount of reduction that has been allowed under sub-rule (1).

(4) The assessee company shall make a claim for relief under sub-section (2D) of section 115JB in Form No. 3CEEA electronically by uploading signed printout of said Form in the manner specified by the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be.

(5) Form No. 3CEEA shall be verified by the person who is authorised to verify the return of income of the assessee company under section 140.

(6) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall specify the procedure for filing of the Form No. 3CEEA and shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to the statements so furnished under this rule.

Explanation 1.—The value of amount "A" in the formula shall be deemed to be zero, if there is no tax payable under sub-section (1) of section 115JB on the book profit of that previous year including the past income.

Explanation 2.—The value of amount "B" in the formula shall be deemed to be zero, if there is no tax payable under sub-section (1) of section 115JB on the book profit of that previous year after reducing the book profit with the past income.

Explanation 3.—For the purposes of calculation of amount "C" in the formula, if in any past year or years there is no tax payable under sub-section (1) of section 115JB on the book profit of that year or years, the tax payable for that year or years shall be deemed to be zero.

Explanation 4.—For the purposes of calculation of amount "D" in the formula, if in any past year or years there is no tax payable under sub-section (1) of section 115JB on the book profit of that year or years after increasing the book profit with the relevant past income of such year or years, the tax payable for that year or years shall be deemed to be zero.]

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16. Inserted by the IT (Twenty-third Amdt.) Rules, 2021, w.e.f. 10-8-2021.

Renewing an agreement.

10S. Request for renewal of an agreement may be made as a new application for agreement, using the same procedure as outlined in these rules except pre-filing consultation as referred to in rule 10H.

Miscellaneous.

10T. (1) Mere filing of an application for an agreement under these rules shall not prevent the operation of Chapter X of the Act for determination of arms' length price under that Chapter till the agreement is entered into.

(2) The negotiation between the competent authority in India and the competent authority in the other country or countries, in case of bilateral or multilateral agreement, shall be carried out in accordance with the provisions of the tax treaty between India and the other country or countries.]

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DB.—[17][*Safe Harbour Rules for International Transactions*]

Definitions.

10TA. For the purposes of this rule and rule 10TB to rule 10TG,—

[18][(*a*) "accountant" means an accountant referred to in the *Explanation* below sub-section (2) of section 288 of the Act and includes any person recognised for undertaking cost certification by the Government of the country where the associated enterprise is registered or incorporated or any of its agencies, who fulfils the following conditions, namely:—

(*I*) if he is a member or partner in any entity engaged in rendering accountancy or valuation services then,—

(*i*) the entity or its affiliates have presence in more than two countries; and

(*ii*) the annual receipt of the entity in the year preceding the year in which cost certification is undertaken exceeds ten crore rupees;

(*II*) if he is pursuing the profession of accountancy individually or is a valuer then,—

(*i*) his annual receipt in the year preceding the year in which cost certification is undertaken, from the exercise of profession, exceeds one crore rupees; and

(*ii*) he has professional experience of not less than ten years.]

[19][(*aa*)] "contract research and development services wholly or partly relating to software development" means the following, namely:—

(*i*) research and development producing new theorems and algorithms in the field of theoretical computer science;

(*ii*) development of information technology at the level of operating systems, programming languages, data management, communications software and software development tools;

(*iii*) development of Internet technology;

(*iv*) research into methods of designing, developing, deploying or maintaining software;

(*v*) software development that produces advances in generic approaches for capturing, transmitting, storing, retrieving, manipulating or displaying information;

(*vi*) experimental development aimed at filling technology knowledge gaps as necessary to develop a software programme or system;

(*vii*) research and development on software tools or technologies in specialised areas of computing (image processing, geographic data presentation, character recognition, artificial intelligence and such other areas); or

(*viii*) upgradation of existing products where source code has been made available by the principal [20][, except where the source code has been made available to carry out routine functions like debugging of the software];

(*b*) "core auto components" means,—

(*i*) engine and engine parts, including piston and piston rings, engine valves and parts cooling systems and parts and power train components;

(*ii*) transmission and steering parts, including gears, wheels, steering systems, axles and clutches;

(*iii*) suspension and braking parts, including brake and brake assemblies, brake linings, shock absorbers and leaf springs [20a][or];

[20a][(iv) *lithium ion batteries for use in electric or hybrid electric vehicles*.]

(*c*) "corporate guarantee" means explicit corporate guarantee extended by a company to its wholly owned subsidiary being a non-resident in respect of any short-term or long-term borrowing.

Explanation.—For the purposes of this clause, explicit corporate guarantee does not include letter of comfort, implicit corporate guarantee, performance guarantee or any other guarantee of similar nature;

[20][(*ca*) "employee cost" includes,—

(*i*) salaries and wages;

(*ii*) gratuities;

(*iii*) contribution to Provident Fund and other funds;

(*iv*) the value of perquisites as specified in clause (*2*) of section 17 of the Act;

(*v*) employment related allowances, like medical allowance, dearness allowance, travel allowance and any other allowance;

(*vi*) bonus or commission by whatever name called;

(*vii*) lump sum payments received at the time of termination of service or superannuation or voluntary retirement, such as gratuity, severance pay, leave encashment, voluntary retrenchment bene-fits, commutation of pension and similar payments;

(*viii*) expenses incurred on contractual employment of persons performing tasks similar to those performed by the regular employees;

(*ix*) outsourcing expenses, to the extent of employee cost, wherever ascertainable, embedded in the total outsourcing expenses:

Provided that where the extent of employee cost embedded in the total outsourcing expenses is not ascertainable, eighty per cent of the total outsourcing expenses shall be deemed to be the employee cost embedded in the total outsourcing expenses;

(*x*) recruitment expenses;

(*xi*) relocation expenses;

(*xii*) training expenses;

(*xiii*) staff welfare expenses; and

(*xiv*) any other expenses related to employees or the employment;]

(*d*) "generic pharmaceutical drug" means a drug that is comparable to a drug already approved by the regulatory authority in dosage form, strength, route of administration, quality and performance characteristics, and intended use;

(*e*) "information technology enabled services" means the following business process outsourcing services provided mainly with the assistance or use of information technology, namely:—

(*i*) back office operations;

(*ii*) call centres or contact centre services;

(*iii*) data processing and data mining;

(*iv*) insurance claim processing;

(*v*) legal databases;

(*vi*) creation and maintenance of medical transcription excluding medical advice;

(*vii*) translation services;

(*viii*) payroll;

(*ix*) remote maintenance;

(*x*) revenue accounting;

(*xi*) support centres;

(*xii*) website services;
(*xiii*) data search integration and analysis;
(*xiv*) remote education excluding education content development; or
(*xv*) clinical database management services excluding clinical trials,

but does not include any research and development services whether or not in the nature of contract research and development services;

[21][(*f*) *"intra-group loan" means loan advanced to an associated enterprise being a non-resident, where the loan—*

(i) *is not advanced by an enterprise, being a financial company including a bank or a financial institution or an enterprise engaged in lending or borrowing in the normal course of business; and*
(ii) *does not include credit line or any other loan facility which has no fixed term for repayment;*]

(*g*) "knowledge process outsourcing services" means the following business process outsourcing services provided mainly with the assistance or use of information technology requiring application of knowledge and advanced analytical and technical skills, namely:—

(*i*) geographic information system;
(*ii*) human resources services;
(*iii*) engineering and design services;
(*iv*) animation or content development and management;
(*v*) business analytics;
(*vi*) financial analytics; or
(*vii*) market research,

but does not include any research and development services whether or not in the nature of contract research and development services;

[22][(*ga*) "low value-adding intra-group services" means services that are performed by one or more members of a multinational enterprise group on behalf of one or more other members of the same multinational enterprise group and which,—

(*i*) are in the nature of support services;
(*ii*) are not part of the core business of the multinational enterprise group, *i.e.*, such services neither constitute the profit-earning activities nor contribute to the economically significant activities of the multinational enterprise group;
(*iii*) are not in the nature of shareholder services or duplicate services;
(*iv*) neither require the use of unique and valuable intangibles nor lead to the creation of unique and valuable intangibles;
(*v*) neither involve the assumption or control of significant risk by the service provider nor give rise to the creation of significant risk for the service provider; and
(*vi*) do not have reliable external comparable services that can be used for determining their arm's length price, but does not include the following services, namely:—
(*i*) research and development services;
(*ii*) manufacturing and production services;
(*iii*) information technology (software development) services;
(*iv*) knowledge process outsourcing services;
(*v*) business process outsourcing services;
(*vi*) purchasing activities of raw materials or other materials that are used in the manufacturing or production process;
(*vii*) sales, marketing and distribution activities;
(*viii*) financial transactions;
(*ix*) extraction, exploration, or processing of natural resources; and
(*x*) insurance and reinsurance;]

(*h*) "non-core auto components" mean auto components other than core auto components;

(*i*) "no tax or low tax country or territory" means a country or territory in which the maximum rate of income-tax is less than fifteen per cent;

(*j*) "operating expense" means the costs incurred in the previous year by the assessee in relation to the international transaction during the course of its normal operations including [23][costs relating to Employee Stock Option Plan or similar stock-based compensation provided for by the associated enterprises of the assessee to the employees of the assessee, reimbursement to associated enterprises of expenses incurred by the associated enterprises on behalf of the assessee, amounts recovered from associated enterprises on account of expenses incurred by the assessee on behalf of those associated enterprises and which relate to normal operations of the assessee and] depreciation and amortisation expenses relating to the assets used by the assessee, but not including the following, namely:—

(*i*) interest expense;
(*ii*) provision for unascertained liabilities;
(*iii*) pre-operating expenses;
(*iv*) loss arising on account of foreign currency fluctuations;
(*v*) extraordinary expenses;
[24][(vi) *loss on transfer of assets or investments other than assets, on which depreciation is included in the operating expense;*]
(*vii*) expense on account of income-tax; and
(*viii*) other expenses not relating to normal operations of the assessee :

[25][**Provided** that reimbursement to associated enterprises of expenses incurred by the associated enterprises on behalf of the assessee shall be at cost:

Provided further that amounts recovered from associated enterprises on account of expenses incurred by the assessee on behalf of the associated enterprises and which relate to normal operations of the assessee shall be at cost;]

(*k*) "operating revenue" means the revenue earned by the assessee in the previous year in relation to the international transaction during the course of its normal operations [25][including costs relating to Employee Stock Option Plan or similar stock-based compensation provided for by the associated enterprises of the assessee to the employees of the assessee] but not including the following, namely:—

(*i*) interest income;
(*ii*) income arising on account of foreign currency fluctuations;
[26][(iii) *income on transfer of assets or investments other than assets, on which depreciation is included in the operating expense;*]
(*iv*) refunds relating to income-tax;
(*v*) provisions written back;
(*vi*) extraordinary incomes; and
(*vii*) other incomes not relating to normal operations of the assessee;

(*l*) "operating profit margin" in relation to operating expense means the ratio of operating profit, being the operating revenue in excess of operating expense, to the operating expense expressed in terms of percentage;

[25][(*la*) "relevant previous year" means the previous year relevant to the assessment year in which the option for safe harbour is validly exercised;]

(*m*) "software development services" means,—

(*i*) business application software and information system development using known methods and existing software tools;
(*ii*) support for existing systems;
(*iii*) converting or translating computer languages;
(*iv*) adding user functionality to application programmes;
(*v*) debugging of systems;
(*vi*) adaptation of existing software; or
(*vii*) preparation of user documentation,

but does not include any research and development services whether or not in the nature of contract research and development services.

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17. Substituted for "Safe Harbour Rules" by the IT (Second Amdt.) Rules, 2015, w.e.f. 4-2-2015.
18. Inserted by the IT (Twelfth Amdt.) Rules, 2017, w.r.e.f. 1-4-2017.
19. Clause (*a*) relettered as clause (*aa*) by the IT (Twelfth Amdt.) Rules, 2017, w.r.e.f. 1-4-2017.
20. Inserted by the IT (Twelfth Amdt.) Rules, 2017, w.r.e.f. 1-4-2017.
20a. Inserted by IT (Sixth Amdt.) Rules, 2025, w.e.f. **25-3-2025.**
21. Substituted by the IT (Twenty-ninth Amdt.) Rules, 2023, w.e.f. **19-12-2023**.
22. Inserted by the IT (Twelfth Amdt.) Rules, 2017, w.r.e.f. 1-4-2017.
23. Inserted by the IT (Twelfth Amdt.) Rules, 2017, w.r.e.f. 1-4-2017.
24. Substituted by the IT (Twenty-ninth Amdt.) Rules, 2023, w.e.f. **19-12-2023**.
25. Inserted by the IT (Twelfth Amdt.) Rules, 2017, w.r.e.f. 1-4-2017.
26. Substituted by the IT (Twenty-ninth Amdt.) Rules, 2023, w.e.f. **19-12-2023**.

Eligible assessee.

10TB. (1) Subject to the provisions of sub-rules (2) and (3), the "eligible assessee" means a person who has exercised a valid option for application of safe harbour rules in accordance with rule 10TE, and—

(*i*) is engaged in providing software development services or information technology enabled services or knowledge process outsourcing services, with insignificant risk, to a non-resident associated enterprise (hereinafter referred as foreign principal);

(*ii*) has made any intra-group loan;

(*iii*) has provided a corporate guarantee;

(*iv*) is engaged in providing contract research and development services wholly or partly relating to software development, with insignificant risk, to a foreign principal;

(*v*) is engaged in providing contract research and development services wholly or partly relating to generic pharmaceutical drugs, with insignificant risk, to a foreign principal; [27][***]

(*vi*) is engaged in the manufacture and export of core or non-core auto components and where ninety per cent or more of total turnover during the relevant previous year is in the nature of original equipment manufacturer sales [28][; or]

[28][(*vii*) is in receipt of low value-adding intra-group services from one or more members of its group.]

(2) For the purposes of identifying an eligible assessee, with insignificant risk, referred to in item (*i*) of sub-rule (1), the Assessing Officer or the Transfer Pricing Officer, as the case may be, shall have regard to the following factors, namely:—

(*a*) the foreign principal performs most of the economically significant functions involved, including the critical functions such as conceptual-isation and design of the product and providing the strategic direction and framework, either through its own employees or through its other associated enterprises, while the eligible assessee carries out the work assigned to it by the foreign principal;

(*b*) the capital and funds and other economically significant assets including the intangibles required, are provided by the foreign principal or its other associated enterprises, and the eligible assessee is only provided a remuneration for the work carried out by it;

(*c*) the eligible assessee works under the direct supervision of the foreign principal or its associated enterprise which not only has the capability to control or supervise but also actually controls or supervises the activities carried out through its strategic decisions to perform core functions as well as by monitoring activities on a regular basis;

(*d*) the eligible assessee does not assume or has no economically significant realised risks, and if a contract shows that the foreign principal is obligated to control the risk but the conduct shows that the eligible assessee is doing so, the contractual terms shall not be the final determinant;

(*e*) the eligible assessee has no ownership right, legal or economic, on any intangible generated or on the outcome of any intangible generated or arising during the course of rendering of services, which vests with the foreign principal as evident from the contract and the conduct of the parties.

(3) For the purposes of identifying an eligible assessee, with insignificant risk, referred to in items (*iv*) and (*v*) of sub-rule (1), the Assessing Officer or the Transfer Pricing Officer, as the case may be, shall have regard to the following factors, namely:—

(*a*) the foreign principal performs most of the economically significant functions involved in research or product development cycle, including the critical functions such as conceptualisation and design of the product and providing the strategic direction and framework, either through its own employees or through its other associated enterprises while the eligible assessee carries out the work assigned to it by the foreign principal;

(*b*) the foreign principal or its other associated enterprises provides the funds or capital and other economically significant assets including intangibles required for research or product development and also provides a remuneration to the eligible assessee for the work carried out by it;

(*c*) the eligible assessee works under the direct supervision of the foreign principal or its other associated enterprise which has not only the capability to control or supervise but also actually controls or supervises research or product development, through its strategic decisions to perform core functions as well as by monitoring activities on a regular basis;

(*d*) the eligible assessee does not assume or has no economically significant realised risks, and if a contract shows that the foreign principal is obligated to control the risk but the conduct shows that the eligible assessee is doing so, the contractual terms shall not be the final determinant;

(*e*) the eligible assessee has no ownership right, legal or economic, on the outcome of the research which vests with the foreign principal and is evident from the contract as well as the conduct of the parties.

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27. Word "or" omitted by the IT (Twelfth Amdt.) Rules, 2017, w.r.e.f. 1-4-2017.

28. Inserted by the IT (Twelfth Amdt.) Rules, 2017, w.r.e.f. 1-4-2017.

Eligible international transaction.

10TC. "Eligible international transaction" means an international transaction between the eligible assessee and its associated enterprise, either or both of whom are non-resident, and which comprises of :—

(*i*) provision of software development services;

(*ii*) provision of information technology enabled services;

(*iii*) provision of knowledge process outsourcing services;

(*iv*) advance of intra-group loan;

(*v*) provision of corporate guarantee, where the amount guaranteed,—

(*a*) does not exceed one hundred crore rupees; or

(*b*) exceeds one hundred crore rupees, and the credit rating of the associated enterprise, done by an agency registered with the Securities and Exchange Board of India, is of the adequate to highest safety;

(*vi*) provision of contract research and development services wholly or partly relating to software development;

(*vii*) provision of contract research and development services wholly or partly relating to generic pharmaceutical drugs;

(*viii*) manufacture and export of core auto components; [29][***]

(*ix*) manufacture and export of non-core auto components [30][; or]

[30][(*x*) receipt of low value-adding intra-group services from one or more members of its group,]

by the eligible assessee.

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29. Word "or" omitted by the IT (Twelfth Amdt.) Rules, 2017, w.r.e.f. 1-4-2017.

30. Inserted by the IT (Twelfth Amdt.) Rules, 2017, w.r.e.f. 1-4-2017.

Safe Harbour.

10TD. (1) Where an eligible assessee has entered into an eligible international transaction and the option exercised by the said assessee is not held to be invalid under rule 10TE, the transfer price declared by the assessee in respect of such transaction shall be accepted by the income-tax authorities, if it is in accordance with the circumstances as specified in sub-rule (2) [31][or, as the case may be, sub-rule (2A)].

(2) The circumstances referred to in sub-rule (1) in respect of the eligible international transaction specified in column (2) of the Table below shall be as specified in the corresponding entry in column (3) of the said Table:—

S. No.	*Eligible International Transaction*	*Circumstances*
(1)	*(2)*	*(3)*
1.	Provision of software development services referred to in item (*i*) of rule 10TC.	The operating profit margin declared by the eligible assessee from the eligible international transaction in relation to operating expense incurred is— (*i*) not less than 20 per cent, where the aggregate value of such transactions entered into during the previous year does not exceed a sum of five hundred crore rupees; or (*ii*) not less than 22 per cent, where the aggregate value of such transactions entered into during the previous year exceeds a sum of five hundred crore rupees.
2.	Provision of information technology enabled services referred to in item (*ii*) of rule 10TC.	The operating profit margin declared by the eligible assessee from the eligible international transaction in relation to operating expense is— (*i*) not less than 20 per cent, where the aggregate value of such transactions entered into during the previous year does not exceed a sum of five hundred crore rupees; or (*ii*) not less than 22 per cent, where the aggregate value of such transactions entered into during the previous year exceeds a sum of five hundred crore rupees.
3.	Provision of knowledge process outsourcing services referred to in item (*iii*) of rule 10TC.	The operating profit margin declared by the eligible assessee from the eligible international transaction in relation to operating expense is not less than 25 per cent.
4.	Advancing of intra-group loans referred to in item (*iv*) of rule 10TC where the amount of loan does not exceed fifty crore rupees.	The interest rate declared in relation to the eligible international transaction is not less than the base rate of State Bank of India as on 30th June of the relevant previous year *plus* 150 basis points.
5.	Advancing of intra-group loans referred to in item (*iv*) of rule 10TC where the amount of loan exceeds fifty crore rupees.	The interest rate declared in relation to the eligible international transaction is not less than the base rate of State Bank of India as on 30th June of the relevant previous year *plus* 300 basis points.
6.	Providing corporate guarantee referred to in sub-item (*a*) of item (*v*) of rule 10TC.	The commission or fee declared in relation to the eligible international transaction is at the rate not less than 2 per cent per annum on the amount guaranteed.
7.	Providing corporate guarantee referred to in sub-item (*b*) of item (*v*) of rule 10TC.	The commission or fee declared in relation to the eligible international transaction is at the rate not less than 1.75 per cent per annum on the amount guaranteed.
8.	Provision of contract research and development services wholly or partly relating to software development referred to in item (*vi*) of rule 10TC.	The operating profit margin declared by the eligible assessee from the eligible international transaction in relation to operating expense incurred is not less than 30 per cent.
9.	Provision of contract research and development services wholly or partly relating to generic pharmaceutical drugs referred to in item (*vii*) of rule 10TC.	The operating profit margin declared by the eligible assessee from the eligible international transaction in relation to operating expense incurred is not less than 29 per cent.
10.	Manufacture and export of core auto components referred to in item (*viii*) of rule 10TC.	The operating profit margin declared by the eligible assessee from the eligible international transaction in relation to operating expense is not less than 12 per cent.
11.	Manufacture and export of non-core auto components referred to in item (*ix*) of rule 10TC.	The operating profit margin declared by the eligible assessee from the eligible international transaction in relation to operating expense is not less than 8.5 per cent.

[32][(2A) The circumstances referred to in sub-rule (1) in respect of the eligible international transaction specified in column (2) of the Table below shall be as specified in the corresponding entry in column (3) of the said Table:—

Sl. No.	*Eligible International Transaction*	*Circumstances*
(1)	*(2)*	*(3)*
1.	Provision of software development services referred to in item (*i*) of rule 10TC.	The operating profit margin declared by the eligible assessee from the eligible international transaction in relation to operating expense incurred is— (*i*) not less than 17 per cent, where the value of international transaction does not exceed a sum of one hundred crore rupees; or (*ii*) not less than 18 per cent, where the value of international transaction exceeds a sum of one hundred crore rupees but does not exceed a sum of [32a][three] hundred crore rupees.

2.	Provision of information technology enabled services referred to in item (*ii*) of rule 10TC.	The operating profit margin declared by the eligible assessee from the eligible international transaction in relation to operating expense is— (*i*) not less than 17 per cent, where the aggregate value of such transactions entered into during the previous year does not exceed a sum of one hundred crore rupees; or (*ii*) not less than 18 per cent, where the aggregate value of such transactions entered into during the previous year exceeds a sum of one hundred crore rupees but does not exceed a sum of [32a][three] hundred crore rupees.
3.	Provision of knowledge process outsourcing services referred to in item (*iii*) of rule 10TC.	The value of international transaction does not exceed a sum of [32a][three] hundred crore rupees and the operating profit margin declared by the eligible assessee from the eligible international transaction in relation to operating expense is— (*i*) not less than 24 per cent and the Employee Cost in relation to the Operating Expense is at least sixty per cent; (*ii*) not less than 21 per cent and the Employee Cost in relation to the Operating Expense is forty per cent or more but less than sixty per cent; or (*iii*) not less than 18 per cent and the Employee Cost in relation to the Operating Expense does not exceed forty per cent.
4.	Advancing of intra-group loans referred to in item (*iv*) of rule 10TC where the amount of loan is denominated in Indian Rupees (INR).	The interest rate declared in relation to the eligible international transaction is not less than the one year marginal cost of funds lending rate of State Bank of India as on 1st April of the relevant previous year *plus*,— (*i*) 175 basis points, where the associated enterprise has [33]**[***]** credit rating between AAA to A or its equivalent; (*ii*) 325 basis points, where the associated enterprise has [33]**[***]** credit rating of BBB-, BBB or BBB+ or its equivalent; (*iii*) 475 basis points, where the associated enterprise has [33]**[***]** credit rating between BB to B or its equivalent; (*iv*) 625 basis points, where the associated enterprise has [33]**[***]** credit rating between C to D or its equivalent; or (*v*) 425 basis points, where credit rating of the associated enterprise is not available and the amount of loan advanced to the associated enterprise including loans to all associated enterprises in Indian Rupees does not exceed a sum of one hundred crore rupees in the aggregate as on 31st March of the relevant previous year.
[35]**[**5.	*Advancing of intra-group loans referred to in clause (*iv*) of rule 10TC where the amount of loan is denominated in foreign currency.*	*The interest rate declared in relation to the eligible international transaction is not less than the reference rate of the relevant foreign currency as on 30th September of the relevant previous year plus,—* *(a) If amount of loan advanced to the associated enterprise including loans to all associated enterprises does not exceed a sum equivalent to two hundred and fifty crore Indian rupees in the aggregate as on 31st March of the relevant previous year:* *(i) 150 basis points, where the associated enterprise has a credit rating of AAA, AA+, AA, AA-, A+, A, A- or equivalent;* *(ii) 300 basis points, where the associated enterprise has credit rating of BBB+, BBB, BBB- or equivalent;* *(iii) 400 basis points, where the associated enterprise has a credit rating of BB+, BB, BB-, B+, B, B-, C+, C, C-, D or equivalent or where the credit rating of the associated enterprise is not available;* *(b) If amount of loan advanced to the associated enterprise including loans to all associated enterprises exceeds a sum equivalent to two hundred and fifty crore Indian rupees in the aggregate as on 31st March of the relevant previous year:* *(i) 150 basis points, where the associated enterprise has a credit rating of AAA, AA+, AA, AA-, A+, A, A- or equivalent;* *(ii) 300 basis points, where the associated enterprise has credit rating of BBB+, BBB, BBB- or equivalent;* *(iii) 450 basis points, where the associated enterprise has a credit rating of BB+, BB, BB-, B+, B, B- or equivalent;* *(iv) 600 basis points, where the associated enterprise has credit rating of C+, C, C-, D or equivalent or where the credit rating of the associated enterprise is not available.***]**
6.	Providing corporate guarantee referred to in sub-item (*a*) or sub-item (*b*) of item (*v*) of rule 10TC.	The commission or fee declared in relation to the eligible international transaction is at the rate not less than one per cent per annum on the amount guaranteed.
7.	Provision of contract research and development services wholly or partly relating to software development referred to in item (*vi*) of rule 10TC.	The operating profit margin declared by the eligible assessee from the eligible international transaction in relation to operating expense incurred is not less than 24 per cent, where the value of the international transaction does not exceed a sum of [32a][three] hundred crore rupees.
8.	Provision of contract research and development services wholly or partly relating to generic pharmaceutical drugs referred to in item (*vii*) of rule 10TC.	The operating profit margin declared by the eligible assessee from the eligible international transaction in relation to operating expense incurred is not less than 24 per cent, where the value of the international transaction does not exceed a sum of [32a][three] hundred crore rupees.
9.	Manufacture and export of core auto components referred to in item (*viii*) of rule 10TC	The operating profit margin declared by the eligible assessee from the eligible international transaction in relation to operating expense is not less than 12 per cent.

10.	Manufacture and export of non-core auto components referred to in item (*ix*) of rule 10TC.	The operating profit margin declared by the eligible assessee from the eligible international transaction in relation to operating expense is not less than 8.5 per cent.
11.	Receipt of low value-adding intragroup services in item (*x*) of rule 10TC.	The entire value of the international transaction, including a mark-up not exceeding 5 per cent, does not exceed a sum of ten crore rupees: **Provided** that the method of cost pooling, the exclusion of shareholder costs and duplicate costs from the cost pool and the reasonableness of the allocation keys used for allocation of costs to the assessee by the overseas associated enterprise, is certified by an accountant.]

[36]**[**Explanation.—*For the purposes of this sub-rule,—*

(a) *"reference rate" means,—*

(i) *for US dollar, 6-month Term Secured Overnight Financing Rate (SOFR), currently administered by Chicago Mercantile Exchange (CME), as increased by 45 basis points;*

(ii) *for Euro, 6-month Euro Inter Bank Offered Rate (EURIBOR), currently administered by European Money Markets Institute;*

(iii) *for UK Pound Sterling, 6-month Term Sterling Overnight Index Average (SONIA), currently administered by ICE Benchmark Administration/Refinitiv, as increased by 30 basis points;*

(iv) *for Japanese Yen, 6-month Tokyo Term Risk Free Rate (TORF), currently benchmarked by QUICK Benchmarks Inc, as increased by 10 basis points;*

(v) *for Australian dollar, 6-month Bank Bill Swap Rates (BBSW) currently administered by Australian Securities Exchange; and*

(vi) *for Singapore dollar, 6-month Compounded Singapore Overnight Rate Average (SORA), currently administered by Monetary Autho- rity of Singapore, as increased by 45 basis points;*

(b) *"credit rating" means the credit rating assigned to the associated enterprise by a Securities and Exchange Board of India registered and Reserve Bank of India accredited credit rating agency which is applicable for the relevant previous year, so however that—*

(i) *where the associated enterprise has only one credit rating, then such rating shall be taken as its credit rating; and*

(ii) *where the associated enterprise has a credit rating from more than one such credit rating agency, then the least of such ratings shall be taken as its credit rating.***]**

(3) The provisions of sub-rules (1) and (2) shall apply for the assessment year 2013-14 and four assessment years immediately following that assessment year.

[37][(3A) The provisions of sub-rules (1) and (2A) shall apply for the assessment year 2017-18 and two assessment years immediately following that assessment year:

Provided that where an eligible assessee is eligible to exercise option under sub-rule (2) or, as the case may be, sub-rule (2A) above, the assessee shall have the right to choose the option which is most beneficial to him.]

[38][(3B) The provisions of sub-rules (1) and (2A) shall apply for the [39][*assessment years 2020-21, 2021-22, 2022-23, 2023-24, 2024-25, 2025-26 and 2026-27*].]

(4) No comparability adjustment and allowance under the second proviso to sub-section (2) of section 92C shall be made to the transfer price declared by the eligible assessee and accepted under sub-rules (1) and (2) [37][or, as the case may be, (2A)] above.

(5) The provisions of sections 92D and 92E in respect of an international transaction shall apply irrespective of the fact that the assessee exercises his option for safe harbour in respect of such transaction.

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31. Inserted by the IT (Twelfth Amdt.) Rules, 2017, w.r.e.f. 1-4-2017.
32. Inserted by the IT (Twelfth Amdt.) Rules, 2017, w.r.e.f. 1-4-2017.
32a. Substituted for "two" by IT (Sixth Amdt.) Rules, 2025, w.e.f. **25-3-2025.**
33. Word "CRISIL" omitted by the IT (Twenty-ninth Amdt.) Rules, 2023, w.e.f. **1-4-2024**.
34. Word "CRISIL" omitted by the IT (Twenty-ninth Amdt.) Rules, 2023, w.e.f. **1-4-2024**.
35. Substituted by the IT (Twenty-ninth Amdt.) Rules, 2023, w.e.f. **1-4-2024**.
36. Inserted by the IT (Twenty-ninth Amdt.) Rules, 2023, w.e.f. **1-4-2024**.
37. Inserted by the IT (Twelfth Amdt.) Rules, 2017, w.r.e.f. 1-4-2017.
38. Inserted by the IT (Ninth Amdt.) Rules, 2020, w.r.e.f. 1-4-2020.
39. Substituted for "assessment years 2020-21, 2021-22, 2022-23, 2023-24 and 2024-25" by the IT (Sixth Amdt.) Rules, 2025, w.e.f. **25-3-2025**. Earlier, "assessment years 2020-21, 2021-22, 2022-23, 2023-24 and 2024-25" was substituted for "assessment years 2020-21, 2021-22, 2022-23 and 2023-24" by the IT (Tenth Amdt.) Rules, 2024, w.r.e.f. 1-4-2024," assessment years 2020-21, 2021-22, 2022-23 and 2023-24" was substituted for "assessment years 2020-21, 2021-22 and 2022-23" by the IT (Fifteenth Amdt.) Rules, 2023, w.r.e.f. 1-4-2023 [Applies to AY 2023-24], "assessment years 2020-21, 2021-22 and 2022-23" was substituted for "assessment years 2020-21 and 2021-22" by the IT (Eighteenth Amdt.) Rules, 2022, w.r.e.f. 1-4-2022 and "assessment years 2020-21 and 2021-22" was substituted for "assessment year 2020-21" by the IT (Thirtieth Amdt.) Rules, 2021, w.r.e.f. 1-4-2021.

Procedure.

10TE. (1) For the purposes of exercise of the option for safe harbour, the assessee shall furnish a Form 3CEFA, complete in all respects, to the Assessing Officer on or before the due date specified in *Explanation 2* below sub-section (1) of section 139 for furnishing the return of income for—

(*i*) the relevant assessment year, in case the option is exercised only for that assessment year; or

(*ii*) the first of the assessment years, in case the option is exercised for more than one assessment year:

Provided that the return of income for the relevant assessment year or the first of the relevant assessment years, as the case may be, is furnished by the assessee on or before the date of furnishing of Form 3CEFA.

(2) The option for safe harbour validly exercised shall continue to remain in force for the period specified in Form 3CEFA or a period of five years whichever is less:

Provided that the assessee shall, in respect of the assessment year or years following the initial assessment year, furnish a statement to the Assessing Officer before furnishing return of income of that year, providing details of eligible transactions, their quantum and the profit margins or the rate of interest or commission shown:

Provided further that an option for safe harbour shall not remain in force in respect of any assessment year following the initial assessment year, if—

(*i*) the option is held to be invalid for the relevant assessment year by the Transfer Pricing Officer under sub-rule (11) or by the Commissioner under sub-rule (8) in respect of an objection filed by the assessee against the order of the Transfer Pricing Officer under sub-rule (11), as the case may be; or

(*ii*) the eligible assessee opts out of the safe harbour, for the relevant assessment year, by furnishing a declaration to that effect, to the Assessing Officer:

[40][**Provided also** that in case of the option for safe harbour validly exercised under sub-rule (2A) of rule 10TD, the word "three" shall be substituted for "five":]

[41][**Provided also** that nothing contained in this sub-rule shall apply to the option for safe harbour validly exercised under sub-rule (3B) of rule 10TD [41a]**[***for one assessment year***]**.]

(3) On receipt of Form 3CEFA, the Assessing Officer shall verify whether—

(*i*) the assessee exercising the option is an eligible assessee; and

(*ii*) the transaction in respect of which the option is exercised is an eligible international transaction,

before the option for safe harbour by the assessee is treated to be validly exercised.

(4) Where the Assessing Officer doubts the valid exercise of the option for the safe harbour by an assessee, he shall make a reference to the Transfer Pricing Officer for determination of the eligibility of the assessee or the international transaction or both for the purposes of the safe harbour.

(5) For the purposes of sub-rule (4) and sub-rule (10), the Transfer Pricing Officer may require the assessee, by notice in writing, to furnish such information or documents or other evidence as he may consider necessary, and the assessee shall furnish the same within the time specified in such notice.

(6) Where—

(*a*) the assessee does not furnish the information or documents or other evidence required by the Transfer Pricing Officer; or

(*b*) the Transfer Pricing Officer finds that the assessee is not an eligible assessee; or

(*c*) the Transfer Pricing Officer finds that the international transaction in respect of which the option referred to in sub-rule (1) has been exercised is not an eligible international transaction,

the Transfer Pricing Officer shall, by order in writing, declare the option exercised by the assessee under sub-rule (1) to be invalid and cause a copy of the said order to be served on the assessee and the Assessing Officer:

Provided that no order declaring the option exercised by the assessee to be invalid shall be passed without giving an opportunity of being heard to the assessee.

(7) If the assessee objects to the order of the Transfer Pricing Officer under sub-rule (6) or sub-rule (11) declaring the option to be invalid, he may file his objections with the Commissioner, to whom the Transfer Pricing Officer is subordinate, within fifteen days of receipt of the order of the Transfer Pricing Officer.

(8) On receipt of the objection referred to in sub-rule (7), the Commissioner shall after providing an opportunity of being heard to the assessee pass appropriate orders in respect of the validity or otherwise of the option exercised by the assessee and cause a copy of the said order to be served on the assessee and the Assessing Officer.

(9) In a case where option exercised by the assessee has been held to be valid, the Assessing Officer shall proceed to verify whether the transfer price declared by the assessee in respect of the relevant eligible international transactions is in accordance with the circumstances specified in sub-rule (2) [42][or, as the case may be, sub-rule (2A)] of rule 10TD and, if it is not in accordance with the said circumstances, the Assessing Officer shall adopt the operating profit margin or rate of interest or commission specified in sub-rule (2) [42][or, as the case may be, sub-rule (2A)] of rule 10TD.

(10) Where the facts and circumstances on the basis of which the option exercised by the assessee was held to be valid have changed and the Assessing Officer has reason to doubt the eligibility of an assessee or the international transaction for any assessment year other than the initial assessment year falling within the period for which the option was exercised by the assessee, he shall make a reference to the Transfer Pricing Officer for determination of eligibility of the assessee or the international transaction or both for the purpose of safe harbour.

Explanation.—For purposes of this sub-rule the facts and circumstances include:—

(*a*) functional profile of the assessee in respect of the international transaction;

(*b*) the risks being undertaken by the assessee;

(*c*) the substantive contractual conditions governing the role of the assessee in respect of the international transaction;

(*d*) the conduct of the assessee as referred to in sub-rule (2) or sub-rule (3) of rule 10TB; or

(*e*) the substantive nature of the international transaction.

(11) The Transfer Pricing Officer on receipt of a reference under sub-rule (10) shall, by an order in writing, determine the validity or otherwise of the option exercised by the assessee for the relevant year after providing an opportunity of being heard to the assessee and cause a copy of the said order to be served on the assessee and the Assessing Officer.

(12) Nothing contained in this rule shall affect the power of the Assessing Officer to make a reference under section 92CA in respect of international transaction other than the eligible international transaction.

(13) Where no option for safe harbour has been exercised under sub-rule (1) by an eligible assessee in respect of an eligible international transaction entered into by the assessee or the option exercised by the assessee is held to be invalid, the arm's length price in relation to such international transaction shall be determined in accordance with the provisions of sections 92C and 92CA without having regard to the profit margin or the rate of interest or commission as specified in sub-rule (2) [43][or, as the case may be, sub-rule (2A)] of rule 10TD.

(14) For the purposes of this rule,—

(*i*) no reference under sub-rule (4) shall be made by an Assessing Officer after expiry of a period of two months from the end of the month in which Form 3CEFA is received by him;

(*ii*) no order under sub-rule (6) or sub-rule (11) shall be passed by the Transfer Pricing Officer after expiry of a period of two months from the end of the month in which the reference from the Assessing Officer under sub-rule (4) or sub-rule (10), as the case may be, is received by him;

(*iii*) the order under sub-rule (8) shall be passed by the Commissioner within a period of two months from the end of the month in which the objection filed by the assessee under sub-rule (7) is received by him.

(15) If the Assessing Officer or the Transfer Pricing Officer or the Commissioner, as the case may be, does not make a reference or pass an order, as the case may be, within the time specified in sub-rule (14), then the option for safe harbour exercised by the assessee shall be treated as valid.

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40. Inserted by the IT (Twelfth Amdt.) Rules, 2017, w.r.e.f. 1-4-2017.
41. Inserted by the IT (Ninth Amdt.) Rules, 2020, w.r.e.f. 1-4-2020.
41a. Inserted by IT (Sixth Amdt.) Rules, 2025, w.e.f. **25-3-2025.**
42. Inserted by the IT (Twelfth Amdt.) Rules, 2017, w.r.e.f. 1-4-2017.
43. Inserted by the IT (Twelfth Amdt.) Rules, 2017, w.r.e.f. 1-4-2017.

Safe harbour rules not to apply in certain cases.

10TF. Nothing contained in rules 10TA, 10TB, 10TC, 10TD or rule 10TE shall apply in respect of eligible international transactions entered into with an associated enterprise located in any country or territory notified under section 94A or in a no tax or low tax country or territory.

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Mutual Agreement Procedure not to apply.

10TG. Where transfer price in relation to an eligible international transaction declared by an eligible assessee is accepted by the income-tax authorities under section 92CB, the assessee shall not be entitled to invoke mutual agreement procedure under an agreement for avoidance of double taxation entered into with a country or specified territory outside India as referred to in section 90 or 90A.

[44][*DC.—Safe Harbour Rules for Specified Domestic Transactions*

Definitions.

10TH. For the purposes of this rule and rules 10THA to 10THD,—

(*a*) "Appropriate Commission" shall have the same meaning as assigned to it in sub-section (*4*) of section 2 of the Electricity Act, 2003 (36 of 2003);

(*b*) "Government company" shall have the same meaning as assigned to it in sub-section (*45*) of section 2 of the Companies Act, 2013 (18 of 2013).

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44. Inserted by the IT (Second Amdt.) Rules, 2015, w.e.f. 4-2-2015.

Eligible assessee.

10THA. The "eligible assessee" means a person who has exercised a valid option for application of safe harbour rules in accordance with the provisions of rule 10THC, [45][and—

(*i*) is a Government company engaged in the business of generation, [46][supply,] transmission or distribution of electricity; or

(*ii*) is a co-operative society engaged in the business of procuring and marketing milk and milk products.]

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45. Substituted for "and is a Government company engaged in the business of generation, transmission or distribution of electricity" by the IT (Nineteenth Amdt.) Rules, 2015, w.e.f. 8-12-2015.
46. Inserted by the IT (Second Amdt.) Rules, 2016, w.e.f. 17-2-2016.

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Eligible specified domestic transaction.

10THB. The "eligible specified domestic transaction" means a specified domestic transaction undertaken by an eligible assessee and which comprises of :—

(*i*) supply of electricity [47][***]; or

(*ii*) transmission of electricity; or

(*iii*) wheeling of electricity; [48][or

(*iv*) purchase of milk or milk products by a co-operative society from its members.]

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47. Words "by a generating company" omitted by the IT (Second Amdt.) Rules, 2016, w.e.f. 17-2-2016.

48. Inserted by the IT (Nineteenth Amdt.) Rules, 2015, w.e.f. 8-12-2015.

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Safe Harbour.

10THC. (1) Where an eligible assessee has entered into an eligible specified domestic transaction in any previous year relevant to an assessment year and the option exercised by the said assessee is treated to be validly exercised under rule 10THD, the transfer price declared by the assessee in respect of such transaction for that assessment year shall be accepted by the income-tax authorities, if it is in accordance with the circumstances as specified in sub-rule (2).

(2) The circumstances referred to in sub-rule (1) in respect of the eligible specified domestic transaction specified in column (2) of the Table below shall be as specified in the corresponding entry in column (3) of the said Table:—

Sl. No.	*Eligible specified domestic Transaction*	*Circumstances*
1	*2*	*3*
1	Supply of electricity, transmission of electricity, wheeling of electricity referred to [49][in clause (*i*), (*ii*) or (*iii*) of rule 10THB, as the case may be].	The tariff in respect of supply of electricity, transmission of electricity, wheeling of electricity, as the case may be, is determined [50][or the methodology for determination of the tariff is approved] by the Appropriate Commission in accordance with the provisions of the Electricity Act, 2003 (36 of 2003).
[51][2	Purchase of milk or milk products referred to in clause (*iv*) of rule 10THB.	The price of milk or milk products is determined at a rate which is fixed on the basis of the quality of milk, namely, fat content and Solid Not Fat (SNF) content of milk; and— (*a*) the said rate is irrespective of,— (*i*) the quantity of milk procured; (*ii*) the percentage of shares held by the members in the co-operative society; (*iii*) the voting power held by the members in the society; and (*b*) such prices are routinely declared by the co-operative society in a transparent manner and are available in public domain.]

(3) No comparability adjustment and allowance under the second proviso to sub-section (2) of section 92C shall be made to the transfer price declared by the eligible assessee and accepted under sub-rule (1).

(4) The provisions of sections 92D and 92E in respect of a specified domestic transaction shall apply irrespective of the fact that the assessee exercises his option for safe harbour in respect of such transaction.

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49. Substituted for "in item (*i*), (*ii*) or (*iii*) of rule 10THB, as the case may be" by the IT (Second Amdt.) Rules, 2016, w.e.f. 17-2-2016.
50. Inserted by the IT (Second Amdt.) Rules, 2016, w.e.f. 17-2-2016.
51. Inserted by the IT (Nineteenth Amdt.) Rules, 2015, w.e.f. 8-12-2015.

Procedure.

10THD. (1) For the purposes of exercise of the option for safe harbour, the assessee shall furnish a Form 3CEFB, complete in all respects, to the Assessing Officer on or before the due date specified in *Explanation 2* to sub-section (1) of section 139 for furnishing the return of income for the relevant assessment year:

Provided that the return of income for the relevant assessment year is furnished by the assessee on or before the date of furnishing of Form 3CEFB:

[52][**Provided further** that in respect of eligible specified domestic transactions, other than the transaction referred to in clause (*iv*) of rule 10THB, undertaken during the previous year relevant to the assessment year beginning on the 1st day of April, 2013 or beginning on the 1st day of April, 2014 or beginning on the 1st day of April, 2015, Form 3CEFB may be furnished by the assessee on or before the 31st day of March, 2016:]

[53][**Provided also** that in respect of eligible specified domestic transactions, referred to in clause (*iv*) of rule 10THB, undertaken during the previous year relevant to the assessment year beginning on the 1st day of April, 2013 or beginning on the 1st day of April, 2014 or beginning on the 1st day of April, 2015, Form 3CEFB may be furnished by the assessee on or before the 31st day of December, 2015.]

(2) On receipt of Form 3CEFB, the Assessing Officer shall verify whether—

(*i*) the assessee exercising the option is an eligible assessee; and

(*ii*) the transaction in respect of which the option is exercised is an eligible specified domestic transaction,

before the option for safe harbour by the assessee is treated to be validly exercised.

(3) Where the Assessing Officer doubts the valid exercise of the option for the safe harbour by an assessee, he may require the assessee, by notice in writing, to furnish such information or documents or other evidence as he may consider necessary, and the assessee shall furnish the same within the time specified in such notice.

(4) Where—

(*a*) the assessee does not furnish the information or documents or other evidence required by the Assessing Officer; or

(*b*) the Assessing Officer finds that the assessee is not an eligible assessee; or

(*c*) the Assessing Officer finds that the specified domestic transaction in respect of which the option referred to in sub-rule (1) has been exercised is not an eligible specified domestic transaction; or

(*d*) the tariff is not in accordance with the circumstances specified in sub-rule (2) of rule 10THC,

the Assessing Officer shall, by order in writing, declare the option exercised by the assessee under sub-rule (1) to be invalid and cause a copy of the said order to be served on the assessee:

Provided that no order declaring the option exercised by the assessee to be invalid shall be passed without giving an opportunity of being heard to the assessee.

(5) If the assessee objects to the order of the Assessing Officer under sub-rule (4) declaring the option to be invalid, he may file his objections with the Principal Commissioner or the Commissioner or the Principal Director or the Director, as the case may be, to whom the Assessing Officer is subordinate, within fifteen days of receipt of the order of the Assessing Officer.

(6) On receipt of the objection referred to in sub-rule (5), the Principal Commissioner or the Commissioner or the Principal Director or the Director, as the case may be, shall after providing an opportunity of being heard to the assessee, pass appropriate orders in respect of the validity or otherwise of the option exercised by the assessee and cause a copy of the said order to be served on the assessee and the Assessing Officer.

(7) For the purposes of this rule,—

(*i*) no order under sub-rule (4) shall be made by an Assessing Officer after expiry of a period of three months from the end of the month in which Form 3CEFB is received by him;

(*ii*) the order under sub-rule (6) shall be passed by the Principal Commissioner or Commissioner or Principal Director or Director, as the case may be, within a period of two months from the end of the month in which the objection filed by the assessee under sub-rule (5) is received by him.

(8) If the Assessing Officer or the Principal Commissioner or the Commissioner or the Principal Director or the Director, as the case may be, does not pass an order within the time specified in sub-rule (7), then the option for safe harbour exercised by the assessee shall be treated as valid.

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52. Substituted by the IT (Second Amdt.) Rules, 2016, w.e.f. 17-2-2016.

53. Inserted by the IT (Nineteenth Amdt.) Rules, 2015, w.e.f. 8-12-2015.

[51b] **[DCA. — Safe Harbour Rules for income referred to in clause (*i*) of sub-section (1) of section 9 chargeable to tax under the head "Profits and gains of business or profession"**

Definitions.

10TI. *For the purposes of this rule and rule 10TIA to rule 10TIC,—*

(a) *"eligible assessee" means a foreign company engaged in the business of diamond mining which has exercised an option for application of safe harbour rules in accordance with rule 10TIA;*

(b) *"eligible business" means a business of selling raw diamonds in any notified special zone as referred to in clause* (e) *of* Explanation 1 *to clause* (i) *of sub-section (1) of section 9;*

(c) *"gross receipts" means the aggregate of—*

(i) *the amount paid or payable to the eligible assessee or to any person on his behalf on account of sale of raw diamonds by such eligible assessee; and*

(ii) *the amount received or deemed to be received by the eligible assessee or by any person on his behalf on account of sale of raw diamonds by such eligible assessee;*

(d) *"relevant previous year" means the previous year relevant to the assessment year in which the option for safe harbour is exercised;*

(e) *"raw diamonds" means diamonds that are,-*

(i) *uncut or unpolished;*

(ii) *unassorted;*

(iii) *unworked or simply sawn, cleaved or bruted;*

(iv) *not conflict diamonds as defined by the Kimberley Process;*

(v) *accompanied by Kimberley Process Certificate issued by the Kimberley Process authority in the exporting country; and*

(vi) *falling under Tariff Heading 7102 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975).***]**

51b. Inserted by the IT (Tenth Amdt.) Rules, 2024, w.e.f. **29-11-2024.**

[51c]**[Safe Harbour**.

10TIA. *(1) The income-tax authorities shall accept the option for safe harbour exercised by an eligible assessee in any relevant previous year under rule 10TIB, where the income declared by such assessee from an eligible business is in accordance with the circumstances as specified in sub-rule (2), unless such safe harbour is declared invalid under the provisions of sub-rule (3) of rule 10TIB.*

(2) The circumstances referred to in sub-rule (1) in respect of the eligible business mentioned in column (1) of the Table below shall be as specified in column (2) thereof, namely:—

TABLE

Eligible business	*Circumstances*
(1)	*(2)*
Selling of raw diamonds referred to in clause (b) *of rule 10TI.*	*The profits and gains of the eligible business chargeable to tax under the head "Profits and gains of business or profession" shall be 4 per cent. or more of the gross receipts from such business.*

(3) Where the eligible assessee has exercised the option for safe harbour under rule 10TIB in respect of the eligible business in any relevant previous year and such option is not declared invalid under the said rule,-

(a) *any deduction allowable under the provisions of sections 30 to 38 shall be deemed to have been already given full effect to and no further deduction under those sections shall be allowed;*

(b) *the written down value of any asset of such business shall be deemed to have been calculated as if the eligible assessee had claimed and had been actually allowed the deduction in respect of the depreciation for such previous year;*

(c) *no set off of unabsorbed depreciation under sub-section (2) of section 32 or carried forward loss under sub-section (1) of section 72 shall be allowed to such assessee; and*

(d) *no set off of loss from other business under sub-section (1) of section 70 or other head under sub-section (1) or sub-section (2) of section 71 shall be allowed to such assessee for income chargeable to tax under the head "Profits and gains of business or profession" in respect of such business.*

(4) The provisions of sections 92D and 92E shall apply in respect of an international transaction, if the eligible assessee enters into such transaction while carrying on the eligible business.

Explanation.—*For the purposes of this sub-rule, "international transaction" shall have the same meaning as assigned to in section 92B.***]**

51c. Inserted by the IT (Tenth Amdt.) Rules, 2024, w.e.f. **29-11-2024.**

[51d]**[Procedure.**

10TIB. *(1) For the purposes of exercising option for safe harbour, the assessee shall furnish Form No. 3CEFC, complete in all respects, to the Assessing Officer before furnishing the return of income under section 139 for the relevant previous year.*

(2) The income from eligible business shall be determined in accordance with the provisions of the Act without having regard to the provisions of sub-rule (2) of rule 10TIA, where the assessee does not exercise option for safe harbour under sub-rule (1) of the said rule.

(3) The Assessing Officer may declare the option for safe harbour as invalid by an order in writing, where the assessee has -

(a) availed the safe harbour by furnishing incorrect facts; or

(b) concealed facts related to his business.

(4) The Assessing Officer shall afford a reasonable opportunity of being heard to the assessee before declaring the option for safe harbour invalid under sub-rule (3).

(5) The Assessing Officer shall serve a copy of the order referred to in sub-rule (3) to the assessee and the other provisions of the Act shall apply accordingly.**]**

51d. Inserted by the IT (Tenth Amdt.) Rules, 2024, w.e.f. **29-11-2024.**

[51e]**[Mutual Agreement Procedure not to apply**.

10TIC. *The assessee shall not be entitled to invoke mutual agreement procedure under an agreement for avoidance of double taxation as referred to in section 90 or section 90A in relation to an eligible business, if the assessee has exercised the option for safe harbour under rule 10TIB in respect of such business and such option is not declared invalid under the said rule*.**]**

51e. Inserted by the IT (Tenth Amdt.) Rules, 2024, w.e.f. **29-11-2024.**

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DA.—*Application of General Anti Avoidance Rule*

Chapter X-A not to apply in certain cases.

10U. (1) The provisions of Chapter X-A shall not apply to—

(*a*) an arrangement where the tax benefit in the relevant assessment year arising, in aggregate, to all the parties to the arrangement does not exceed a sum of rupees three crore;

(*b*) a Foreign Institutional Investor,—

(*i*) who is an assessee under the Act;

(*ii*) who has not taken benefit of an agreement referred to in section 90 or section 90A as the case may be; and

(*iii*) who has invested in listed securities, or unlisted securities, with the prior permission of the competent authority, in accordance with the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 and such other regulations as may be applicable, in relation to such investments;

(*c*) a person, being a non-resident, in relation to investment made by him by way of offshore derivative instruments or otherwise, directly or indirectly, in a Foreign Institutional Investor;

[54]**[**(*d*) *any income accruing or arising to, or deemed to accrue or arise to, or received or deemed to be received by, any person from transfer of such investments which were made before the 1st day of April, 2017 by such person.***]**

[55]**[**(2) *The provisions of Chapter X-A shall apply to any arrangement, irrespective of the date on which it has been entered into, in respect of the tax benefit obtained from the arrangement on or after the 1st day of April, 2017, except for that income which accrues of arises to, or deemed to accrue or arise to, or is received or deemed to be received, by any person from transfer of such investments which were made before the 1st day of April, 2017 by such person.***]**

(3) For the purposes of this rule,—

(*i*) "Foreign Institutional Investor" shall have the same meaning as assigned to it in the *Explanation* to section 115AD;

(*ii*) "offshore derivative instrument" shall have the same meaning as assigned to it in the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 issued under Securities and Exchange Board of India Act, 1992 (15 of 1992);

(*iii*) "Securities and Exchange Board of India" shall have the same meaning as assigned to it in clause (*a*) of sub-section (1) of section 2 of the Securities and Exchange Board of India Act, 1992 (15 of 1992);

(*iv*) "tax benefit" as defined in clause (*10*) of section 102 and computed in accordance with Chapter X-A shall be with reference to—

(*a*) sub-clauses (*a*) to (*e*) of the said clause, the amount of tax; and

(*b*) sub-clause (*f*) of the said clause, the tax that would have been chargeable had the increase in loss referred to therein been the total income.

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54. Substituted by the IT (Tenth Amdt.) Rules, 2026, w.e.f. **31-3-2026.** Prior to its substitution, clause (*d*) as amended by the IT (Sixteenth Amdt.) Rules, 2016, w.e.f. 22-6-2016, read as under:

"(*d*) any income accruing or arising to, or deemed to accrue or arise to, or received or deemed to be received by, any person form transfer of investments made before the 1st day of April, 2017 by such person."

55. Substituted by the IT (Tenth Amdt.) Rules, 2026, w.e.f. **31-3-2026.** Prior to its substitution, sub-rule (2) as amended by the IT (Sixteenth Amdt.) Rules, 2016, w.e.f. 22-6-2016, read as under:

"(2) Without prejudice to the provisions of clause (*d*) of sub-rule (1), the provisions of Chapter X-A shall apply to any arrangement, irrespective of the date on which it has been entered into, in respect of the tax benefit obtained from the arrangement on or after the 1st day of April, 2017."

Determination of consequences of impermissible avoidance arrangement.

10UA. For the purposes of sub-section (1) of section 98, where a part of an arrangement is declared to be an impermissible avoidance arrangement, the consequences in relation to tax shall be determined with reference to such part only.

Notice, Forms for reference under section 144BA.

10UB. (1) For the purposes of sub-section (1) of section 144BA, the Assessing Officer shall, before making a reference to the Commissioner, issue a notice in writing to the assessee seeking objections, if any, to the applicability of provisions of Chapter X-A in his case.

(2) The notice referred to in sub-rule (1) shall contain the following:—

(*i*) details of the arrangement to which the provisions of Chapter X-A are proposed to be applied;

(*ii*) the tax benefit arising under the arrangement;

(*iii*) the basis and reason for considering that the main purpose of the identified arrangement is to obtain tax benefit;

(*iv*) the basis and the reasons why the arrangement satisfies the condition provided in clause (*a*), (*b*), (*c*) or (*d*) of sub-section (1) of section 96; and

(*v*) the list of documents and evidence relied upon in respect of (*iii*) and (*iv*) above.

(3) The reference by the Assessing Officer to the Commissioner under sub-section (1) of section 144BA shall be in Form No. 3CEG.

(4) Where the Commissioner is satisfied that the provisions of Chapter X-A are not required to be invoked with reference to an arrangement after considering —

(*i*) the reference received from the Assessing Officer under sub-section (1) of section 144BA; or

(*ii*) the reply of the assessee in response to the notice issued under sub-section (2) of section 144BA,

he shall issue directions to the Assessing Officer in Form No. 3CEH.

(5) Before a reference is made by the Commissioner to the Approving Panel under sub-section (4) of section 144BA, he shall record his satisfaction regarding the applicability of the provisions of Chapter X-A in Form No. 3CEI and enclose the same with the reference.

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Time limits.

10UC. (1) For the purposes of section 144BA,—

(*i*) no directions under sub-section (3) of section 144BA shall be issued by the Commissioner after the expiry of one month from the end of the month in which the date of compliance of the notice issued under sub-section (2) of section 144BA falls;

(*ii*) no reference shall be made by the Commissioner to the Approving Panel under sub-section (4) of section 144BA after the expiry of two months from the end of the month in which the final submission of the assessee in response to the notice issued under sub-section (2) of section 144BA is received;

(*iii*) the Commissioner shall issue directions to the Assessing Officer in Form No. 3CEH,—

(*a*) in the case referred to in clause (*i*) of sub-rule (4) of rule 10UB, within a period of one month from the end of month in which the reference is received by him; and

(*b*) in the case referred to in clause (*ii*) of sub-rule (4) of rule 10UB, within a period of two months from the end of month in which the final submission of the assessee in response to the notice issued under sub-section (2) of section 144BA is received by him.

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[56][*DE.—Approving Panel*

Reference to the Approving Panel.

10UD. A reference under sub-section (4) of section 144BA to an Approving Panel shall be,—

(*i*) made in Form No. 3CEIA along with a copy of Form No. 3CEI and such other documents which the Principal Commissioner or the Commissioner deems fit; and

(*ii*) submitted in four sets, either in Hindi or English.

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56. Rules 10UD to 10UF inserted by the IT (Eighth Amdt.) Rules, 2019, w.e.f. 17-9-2019.

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Procedure before the Approving Panel.

10UE. (1) A reference received under rule 10UD shall be caused to be circulated by the Chairperson of the said Panel among the other members within seven days from the date of receipt of such reference.

(2) The Chairperson of the Approving Panel shall cause to be issued the notice to the Assessing Officer and the assessee affording an opportunity of being heard specifying therein the date and place of hearing.

(3) The meetings of the Approving Panel shall take place at such place as the Approving Panel may decide.

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Remuneration.

10UF. (1) For attending the meeting of an Approving Panel, the Chairperson and other members of the said Panel shall be entitled to—

(*i*) a sitting fee of six thousand rupees per day; and

(*ii*) travelling allowances including transportation charges for local travel and daily allowances (including accommodation) as admissible to an officer of the rank of Special Secretary to the Government of India.

(2) The expenditure of an Approving Panel shall be met from the budgetary grants of the Department of Revenue in the Ministry of Finance of the Central Government.]

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[57][**Guidelines for application of section 9A.**

10V. (1) Where the investment in the fund has been made directly by an institutional entity, the number of members and the participation interest in the fund shall be determined by looking through the said entity, if it,—

(*a*) independently satisfies the conditions mentioned in clauses (*c*), (*e*), (*f*) and (*g*) of sub-section (3) of section 9A;

(*b*) has been set up solely for the purpose of pooling funds and investment thereof; and

(*c*) is resident of a country or specified territory with which an agreement referred to in sub-section (1) of section 90 or sub-section (1) of section 90A has been entered into [58][or is established or incorporated or registered in a country or a specified territory notified by the Central Government in this behalf].

(2) For the purposes of clause (*c*) of sub-section (3) of section 9A, where direct investor in the fund is a person other than a natural person, the fund shall undertake appropriate due diligence to ascertain the indirect participation, if any, of a person resident in India and the extent thereof:

Provided that where such direct investor is, the Government or the Central bank or a sovereign fund or a multilateral agency or appropriately regulated investor in the form of pension fund or University fund or a bank or collective investment vehicles such as mutual funds, the fund shall obtain a declaration in writing from the direct investor regarding the participation, if any, of a person resident in India and the indirect participation in the fund of any person resident in India may be determined by the fund on the basis of such declaration.

Explanation.—For the purposes of this sub-rule an investor shall be considered to be appropriately regulated if it is regulated or supervised by the securities market regulator or the banking regulator of the country outside India of which it is resident, in the same capacity in which it has made investment in the fund.

(3) A fund shall not be denied the benefit of being an eligible fund for the purposes of section 9A, if,—

(*a*) non-fulfilment of any of the conditions specified in clauses (*c*), (*d*) and (*e*) of sub-section (3) of section 9A,—

(*i*) is for the reasons beyond the control of the fund and it does not exceed a period of ninety days;

(*ii*) does not exceed a period of eighteen months beginning from the date on which the fund is setup or is not beyond the final closing of the fund, whichever is earlier, and *bona fide* efforts are made to satisfy the conditions specified in the clauses (*c*), (*d*) and (*e*) of sub-section (3) of section 9A;

(*iii*) is for the reason that the fund is in the process of being wound up and it does not exceed a period of one year beginning from the date on which the process of winding has begun; or

(*b*) there is delay in furnishing the statement referred to in sub-section (5) of section 9A and such delay does not exceed a period of ninety days.

(4) For the purposes of clause (*k*) of sub-section (3) of section 9A, a fund shall be said to be controlling or managing a business carried out by any entity, if the fund directly or indirectly holds such rights in, or in relation to, the entity, which results in the fund holding the share capital or a voting power or an interest exceeding twenty six per cent of the total share capital of, or as the case may be, total voting power or total interest in, the entity.

(5) Subject to the provisions of sub-rules (6), (7) and (8), for the purposes of determining the arm's length price in respect of any remuneration, paid by the eligible investment fund to an eligible fund manager, referred to in clause (*m*) of sub-section (3) of section 9A, the provisions of the Act shall apply as if,—

(*i*) the transaction between the eligible investment fund and the eligible fund manager is an international transaction; and

(*ii*) the eligible investment fund and the eligible fund manager are associated enterprises.

(6) The fund manager shall keep and maintain information and documents as required under section 92D and the rules made thereunder.

(7) The fund manager shall, in addition to any report required to be furnished by it under section 92E, obtain a report from the accountant in respect of activity undertaken for the fund and furnish such report on or before the specified date in the Form No. 3CEJ duly verified by such accountant in the manner indicated therein and all the provisions of the Act shall apply as if it is a report to be furnished under section 92E.

Explanation.—For the purposes of this sub-rule "specified date" shall have the same meaning as assigned to "due date" in the *Explanation 2* below sub-section (1) of section 139.

(8) Where the fund manager has either not maintained the document or information as required under section 92D and the rules made thereunder or not produced the document or information before the Assessing Officer or the Transfer Pricing Officer, as the case may be, then, the Assessing Officer or the Transfer Pricing Officer, as the case may be, shall, before determining the arm's length price for the purposes of clause (*m*) of sub-section (3) of section 9A, provide an opportunity to the fund to produce the information and documents necessary for the determination of the arm's length price and the arm's length price shall be determined after considering the documents or information, if any, provided by the fund.

(9) If in any previous year, it is determined that the remuneration paid or payable by a fund to the fund manager is not in accordance with the provisions of clause (*m*) of sub-section (3) of section 9A, then the benefits of section 9A shall not be denied to the fund which otherwise satisfies all other conditions specified in section 9A.

(10) Nothing contained in sub-rule (9) shall apply to a fund if the remuneration paid or payable by the fund to the fund manager has been determined to be not at arm's length price,—

(*a*) for a period of three previous years in succession; or

(*b*) for any three out of the preceding four previous years.

[59][(11) The provisions of sub-rule (5) to sub-rule (10) shall not apply on or after the 1st day of April, 2019.

(12) The amount of remuneration to be paid by the fund to a fund manager, referred to in clause (*m*) of sub-section (3) of section 9A, shall be calculated in the following manner, namely:—

(*i*) In case where the fund is Category-I foreign portfolio investor referred to in item (*i*), item (*ii*) or item (*iii*), and sub-item (*III*) of item (*iv*) of clause (*a*) of regulation 5 of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, made under the Securities and Exchange Board of India Act, 1992 (15 of 1992), the amount of remuneration shall be 0.10 per cent of the asset under management.

(*ii*) In other cases, the amount of remuneration shall be,—

(*a*) 0.30 per cent of the asset under management; or

(*b*) 10 per cent of profits derived by the fund in excess of the specified hurdle rate from the fund management activity undertaken by the fund manager, where it is entitled only to remuneration linked to the income or profits derived by the fund; or

(*c*) 50 per cent of the management fee, whether in the nature of fixed charge or linked to the income or profits derived by the fund from the management activity undertaken by the fund manager, paid by such fund in respect of the fund management activity undertaken by the fund manager as reduced by the amount incurred towards operational expenses including distribution expenses, if any:

Provided that the provisions of this sub-clause shall apply only in case the fund is also making payment of management fee to any other fund manager:

Provided further that in case where the amount of remuneration is lower than the amount arrived at under clause (*i*) or clause (*ii*), the fund may, at its option, apply to the Member, Central Board of Direct Taxes referred to in sub-rule (2) of rule 10VA seeking approval of the Board under said rule for that lower amount to be the amount of remuneration, and, on receipt of such application the Board may, after satisfying itself considering the relevant facts, approve such lower amount to be the amount of remuneration:

[60][**Provided also** that the provisions of sub-rules (3) to (12) of rule 10VA shall, *mutatis mutandis*, apply to the application made under the second proviso as they apply to application made under sub-rule (2) of the said rule:

Provided also that the provisions of sub-rule (3) of rule 10VA shall not apply to an application made under the second proviso, if it is for the previous year beginning on the 1st day of April, 2021, and made on or before the 1st day of February, 2021.]

Explanation.—For the purposes of this rule,—

(*a*) "asset under management" means the annual average of the monthly average of the opening and closing balances of the value of such part of the fund which is managed by the fund manager;

(*b*) "management fee" means the amount as mentioned in the certificate obtained from an accountant, as defined in clause (*i*) of *Explanation* to rule 11UB, for this purpose;

(*c*) "specified hurdle rate" means a pre-defined threshold beyond which the fund agrees to pay a share of the profits earned by the fund from the fund management activity undertaken by the fund manager.

(13) The fund manager shall, in addition to any report required to be furnished by it under section 92E, obtain a report from the accountant in respect of activity undertaken for the fund and furnish such report on or before the specified date in the Form No. 3CEJA duly verified by such accountant in the manner indicated therein and all the provisions of the Act shall apply as if it is a report to be furnished under section 92E.]

[61][[62][(14)] For the purposes of clause (*a*) of sub-section (4) of section 9A, a fund manager shall not be considered to be a connected person of the fund merely for the reason that the fund manager is undertaking fund management activity of the said fund.

[63][(15)] For the purposes of clause (*d*) of sub-section (4) of section 9A, any remuneration paid to the fund manager, by the fund, which is in the nature of fixed charge and not dependent on the income or profits derived by the fund from the fund management activity undertaken by the fund manager shall not be included in the profits referred to in the said clause, if the conditions specified in clause (*m*) of sub-section (3) of section 9A are satisfied and such fixed charge has been agreed by the fund manager in writing at the beginning of the relevant fund management activity.]

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57. Rules 10V, 10VA and 10VB inserted by the IT (Fifth Amdt.) Rules, 2016, w.e.f. 15-3-2016.
58. Inserted by the IT (Thirty-second Amdt.) Rules, 2016, w.e.f. 21-11-2016.
59. Inserted by the IT (Tenth Amdt.) Rules, 2020, w.e.f. 27-5-2020.
60. Inserted by the IT (Second Amdt.) Rules, 2021, w.e.f. 9-3-2021.
61. Inserted by the IT (Thirty-second Amdt.) Rules, 2016, w.r.e.f. 15-3-2016.
62. Sub-rule (11) renumbered as sub-rule (14) by the IT (Tenth Amdt.) Rules, 2020, w.e.f. 27-5-2020.
63. Sub-rule (12) renumbered as sub-rule (15) by the IT (Tenth Amdt.) Rules, 2020, w.e.f. 27-5-2020.

Approval of the fund.

10VA. (1) An investment fund may at its option seek approval of the Board regarding its eligibility for the purposes of section 9A.

(2) The fund seeking approval may make an application in writing, enclosing relevant documents and evidence, to [64][the Member, Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, North Block, New Delhi having supervision and control over the work of Foreign Tax and Tax Research (FT&TR) Division].

(3) The application under sub-rule (2) shall be made three months before the beginning of the previous year for which the fund seeks the approval.

(4) A committee as notified by the Board, shall examine the application and submit its recommendations regarding grant of approval or otherwise and the conditions, if any, subject to which such an approval is to be granted.

(5) The committee referred to in sub-rule (4) shall be headed by a Principal Chief Commissioner or Chief Commissioner, as the case may be, and consist of two other Income-tax authorities not below the rank of Commissioner.

(6) The committee on behalf of the Board may, before giving its recommendation, call for such documents or information from the investment fund as it may consider necessary and may call for further details or information from the fund as well as from the Income-tax authorities and other Departments or agencies, as it may deem fit.

(7) The Board, on the basis of the recommendations of the committee, shall, within sixty days from the end of the month in which the application under sub-rule (2) has been made,—

(*i*) by an order in writing, grant approval to the fund subject to such conditions as it may deem fit; or

(*ii*) for reasons to be recorded in writing, reject the application.

(8) The approval once granted, subject to any condition specified in this behalf, shall be applicable for the previous year referred to in sub-rule (3) and subsequent previous years unless it is withdrawn by the Board.

(9) The benefit of section 9A shall not be denied to an eligible investment fund, which has been granted approval, for any previous year for which the approval is in force and has not been withdrawn.

(10) The Board may withdraw the approval granted to any fund, if it is satisfied that,—

(*a*) the approval has been obtained on the basis of misrepresentation of facts or fraud; or

(*b*) the conditions mentioned in section 9A are not fulfilled; or

(*c*) any condition subject to which approval was granted, has been violated.

(11) No order rejecting the application or withdrawing the approval, shall be passed without giving an opportunity of being heard.

(12) A copy of the order rejecting the application or withdrawing the approval shall be communicated to the fund as well as the Assessing Officer and the Principal Commissioner or Commissioner having jurisdiction over the fund.

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64. Substituted for "Member (Income-tax), Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, North Block, New Delhi" by the IT (Fifth Amdt.) Rules, 2018, w.e.f. 11-4-2018.

Statement to be furnished by the fund.

10VB. (1) The statement required to be furnished under sub-section (5) of section 9A shall be furnished for every financial year by the eligible investment fund in Form No. 3CEK duly verified in the manner indicated therein, to the Assessing Officer who has the jurisdiction over the fund or would have had the jurisdiction had such fund been assessable to tax in India but for the provision of section 9A.

(2) The annual statement referred to in sub-rule (1) shall be furnished electronically under digital signature.

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

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Determination of income from transactions with non-residents.

11. [*Omitted by the IT (Twenty-first Amdt.) Rules, 2001, w.e.f. 21-8-2001.*]

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E.—Deductions to be made in computing total income

Medical authority for certifying autism, cerebral palsy and multiple disabilities and certificate to be obtained from the medical authority for the purposes of deduction under section 80DD and section 80U.

11A. (1) For the purposes of clause (*e*) of the *Explanation* to sub-section (4) of section 80DD and clause (*d*) of the *Explanation* to sub-section (2) of section 80U, the medical authority for certifying "autism", "cerebral palsy", "multiple disabilities", "person with disability" and "severe disability" referred to in clauses (*a*), (*c*), (*h*), (*j*) and (*o*) of section 2 of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 (44 of 1999), shall consist of the following,—

(*i*) a Neurologist having a degree of Doctor of Medicine (MD) in Neurology (in case of children, a Paediatric Neurologist having an equivalent degree); or

(*ii*) a Civil Surgeon or Chief Medical Officer in a Government hospital.

(2) For the purposes of sub-section (4) of section 80DD and sub-section (2) of section 80U, the assessee shall furnish along with the return of income, a copy of the certificate issued by the medical authority,—

(*i*) in Form No. 10-IA, where the person with disability or severe disability is suffering from autism, cerebral palsy or multiple disability; or

(*ii*) in the form prescribed *vide* notification No. 16-18/97-NI.1, dated the 1st June, 2001 published in the Gazette of India, Part I, Section 1, dated the 13th June, 2001 and Notification No. 16-18/97-NI.1, dated the 18th February, 2002 published in the Gazette of India, Part I, Section 1, dated the 27th February, 2002 and notified under the Guidelines for evaluation of various disabilities and procedure for certification, keeping in view the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 (1 of 1996), in any other case.

(3) Where the condition of disability is temporary and requires reassessment after a specified period, the certificate shall be valid for the period starting from the assessment year relevant to the previous year during which the certificate was issued and ending with the assessment year relevant to the previous year during which the validity of the certificate expires.

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[65][**Requirement for approval of institution of fund under clause (*vi*) of sub-section (5) of section 80G.**

11AA. (1) An application for approval under clause (*vi*) of sub-section (5) of section 80G, the institution or fund (hereinafter referred to as 'the applicant') shall be made in the following Form, namely:—

(*a*) Form No. 10A in case of application under [66]**[***clause (*i*) or sub-clause (*A*) of***]** clause (*iv*) of first proviso to sub-section (5) of section 80G to the Principal Commissioner or Commissioner authorised by the Board; or

[67]**[**(*b*) *Form No. 10AB in case of application under clause (*ii*) or clause (*iii*) or sub-clause (*B*) of clause (*iv*) of the first proviso to sub-section (5) of section 80G to the Principal Commissioner or Commissioner authorised under the said proviso.***]**

(2) The application under sub-rule (1) shall be accompanied by the following documents, as required by Form No. 10A or 10AB, as the case may be, namely:—

(*a*) where the applicant is created, or established, under an instrument, self-certified copy of the instrument;

(*b*) where the applicant is created, or established, otherwise than under an instrument, self-certified copy of the document evidencing the creation or establishment of the applicant;

(*c*) self-certified copy of registration with Registrar of Companies or Registrar of Firms and Societies or Registrar of Public Trusts, as the case may be;

(*d*) self-certified copy of registration under Foreign Contribution (Regulation) Act, 2010 (42 of 2010), if the applicant is registered under such Act;

(*e*) self-certified copy of existing order granting registration under clause (*vi*) of sub-section (5) of section 80G;

(*f*) self-certified copy of order of rejection of application for grant of approval under clause (*vi*) of sub-section (5) of section 80G, if any;

(*g*) where the applicant has been in existence during any year or years prior to the financial year in which the application for registration is made, self-certified copies of the annual accounts of the applicant relating to such prior year or years (not being more than three years immediately preceding the year in which the said application is made) for which such accounts have been made up;

(*h*) note on the activities of the applicant.

(3) Form No. 10A or 10AB, as the case may be, shall be furnished electronically, —

(*i*) under digital signature, if the return of income is required to be furnished under digital signature;

(*ii*) through electronic verification code in a case not covered under clause (*i*).

(4) Form No. 10A or 10AB, as the case may be, shall be verified by the person who is authorised to verify the return of income under section 140, as applicable to the applicant.

(5) On receipt of an application in Form No.10A, the Principal Commissioner or Commissioner, authorised by the Board shall pass an order in writing granting approval under clause (*i*) or (*iii*) of the second proviso read with third proviso of sub-section (5) of section 80G in Form No. 10AC and issue a sixteen digit alphanumeric Unique Registration Number (URN) to the applicants making application as per clause (*a*) of sub-rule (1).

(6) If, at any point of time, it is noticed that Form No. 10A has not been duly filled in by not providing, fully or partly, or by providing false or incorrect information or documents required to be provided under sub-rule (1) or (2) or by not complying with the requirements of sub-rule (3) or (4), the Principal Commissioner or Commissioner, as referred to in sub-rule (5), after giving an opportunity of being heard, may cancel the approval granted in Form No. 10AC and Unique Registration Number (URN), issued under sub-rule (5), and such approval or such Unique Registration Number (URN) shall be deemed to have never been granted or issued.

[68]**[***(7) In case of an application made under,—*

(*i*) *clause (*iv*) of the first proviso to sub-section (5) of section 80G as it stood immediately before its amendment* vide *the Finance Act, 2023; or*

(*ii*) *sub-clause (*A*) of clause (*iv*) of first proviso to sub-section (5) of section 80G,*

*the provisional approval shall be effective from the assessment year relevant to the previous year in which such application is made.***]**

(8) In case of an application made in Form No. 10AB under clause (*ii*) of sub-rule (1), the order of approval or rejection or cancellation under second proviso to sub-section (5) of section 80G shall be in Form No. 10AD and in case if the approval is granted, sixteen digit alphanumeric number Unique Registration Number (URN) shall be issued, by the Principal Commissioner or Commissioner referred to in second proviso to sub-section (5) of section 80G.

(9) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall:

(*i*) lay down the data structure, standards and procedure of,—

(*a*) furnishing and verification of Form No. 10A or 10AB, as the case may be;

(*b*) passing the order under second proviso to sub-section (5) of section 80G;

(*ii*) be responsible for formulating and implementing appropriate security, archival and retrieval policies in relation to the said application made or order so passed as the case may be.

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65. Substituted by the IT (Sixth Amdt.) Rules, 2021, w.e.f. 1-4-2021.
66. Substituted for "clause (*i*) or" by the IT (Eleventh Amdt.) Rules, 2023, w.e.f. **1-10-2023**.
67. Substituted by the IT (Eleventh Amdt.) Rules, 2023, w.e.f. **1-10-2023**.
68. Substituted by the IT (Eleventh Amdt.) Rules, 2023, w.e.f. **1-10-2023**.

Conditions for allowance for deduction under section 80GG.

11B. The deduction to be allowed under section 80GG in respect of any expenditure incurred by an assessee towards payment of rent for any furnished or unfurnished accommodation occupied by him for the purposes of his own residence shall be allowed subject to the condition that the assessee files the declaration in Form No. 10BA.

Prescribed fields for the purposes of deduction in respect of remuneration received from foreign employers or Indian concerns under section 80RRA.

11C. For the purposes of clause (*vi*) of *Explanation 2* to section 80RRA, the prescribed fields shall be,—

(*a*) the profession of actuaries;
(*b*) banking;
(*c*) insurance; and
(*d*) journalism.]

Permanent physical disabilities for the purposes of deduction under section 80U.

11D. [*Omitted by the IT (Twentieth Amdt.) Rules, 2003, w.r.e.f. 1-4-2003.*]

Specified diseases and ailments for the purpose of deduction under section 80DDB.

11DD. (1) For the purposes of section 80DDB, the following shall be the eligible diseases or ailments :

(*i*) Neurological Diseases where the disability level has been certified to be of 40% and above,—
- (*a*) Dementia;
- (*b*) Dystonia Musculorum Deformans;
- (*c*) Motor Neuron Disease;
- (*d*) Ataxia;
- (*e*) Chorea;
- (*f*) Hemiballismus;
- (*g*) Aphasia;
- (*h*) Parkinsons Disease;

(*ii*) Malignant Cancers;

(*iii*) Full Blown Acquired Immuno-Deficiency Syndrome (AIDS);

(*iv*) Chronic Renal failure;

(*v*) Hematological disorders:
- (*i*) Hemophilia;
- (*ii*) Thalassaemia.

[70][(2) The prescription in respect of the diseases or ailments specified in sub-rule (1) shall be issued by the following specialists:—

(*a*) for diseases or ailments mentioned in clause (*i*) of sub-rule (1) - a Neurologist having a Doctorate of Medicine (D.M.) degree in Neurology or any equivalent degree, which is recognised by the Medical Council of India;

(*b*) for diseases or ailments mentioned in clause (*ii*) of sub-rule (1) - an Oncologist having a Doctorate of Medicine (D.M.) degree in Oncology or any equivalent degree which is recognised by the Medical Council of India;

(*c*) for diseases or ailments mentioned in clause (*iii*) of sub-rule (1) - any specialist having a post-graduate degree in General or Internal Medicine, or any equivalent degree which is recognised by the Medical Council of India;

(*d*) for diseases or ailments mentioned in clause (*iv*) of sub-rule (1) - a Nephrologist having a Doctorate of Medicine (D.M.) degree in Nephro-logy or a Urologist having a Master of Chirurgiae (M.Ch.) degree in Urology or any equivalent degree, which is recognised by the Medical Council of India;

(*e*) for diseases or ailments mentioned in clause (*v*) of sub-rule (1) - a specialist having a Doctorate of Medicine (D.M.) degree in Hematology or any equivalent degree, which is recognised by the Medical Council of India:

Provided that where in respect of any diseases or ailments specified in sub-rule (1), the patient is receiving the treatment in a Government hospital, the prescription may be issued by any specialist working full-time in that hospital and having a post-graduate degree in General or Internal Medicine or any equivalent degree, which is recognised by the Medical Council of India.

(3) The prescription referred to in sub-rule (2) shall contain the name and age of the patient, name of the disease or ailment along with the name, address, registration number and the qualification of the specialist issuing the prescription:

Provided that where the patient is receiving the treatment in a Government hospital, such prescription shall also contain the name and address of the Government hospital.]

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70. Substituted by the IT (Fifteenth Amdt.) Rules, 2015, w.e.f. 12-10-2015.

Application for approval of agreement under section 80-O.

11E. [*Omitted by the IT (Thirty-second Amdt.) Rules, 1999, w.e.f. 19-11-1999.*]

Guidelines for specifying industrially backward districts for the purpose of deduction under [sub-section (5) of section 80-IB.

11EA. [(1) In specifying a district for notification[14] as an industrially backward district of Category 'A' under sub-section (5) of section 80-IB, the Central Government shall satisfy itself that,—

(*a*) the district has a "Total Weighted Index Count" of 250 or less in the "All India Gradation List" appended in Appendix III of these rules; or

(*b*) the district is a "no industry" district as indicated in the "All India Gradation List" mentioned in clause (*a*); or

(*c*) the district is an inaccessible hill area district as indicated in the Eighth Plan Document and has a "Total Weighted Index Count" of 500 or less in the "All India Gradation List" mentioned in clause (*a*); or

(*d*) the district has no railhead as on 1-4-1994 and has a "Total Weighted Index Count" of 500 or less in the "All India Gradation List" mentioned in clause (*a*).

Explanation.—A district notified under these rules, shall be based on the districts as they stood in the Census Report of 1991. Where a district notified under these rules, is reorganised, either by split or otherwise, after the Census Report of 1991 all the areas comprised in the district as it existed in the Census Report of 1991 will qualify for the purpose of these rules.

(2) In specifying a district for notification as an industrially backward district of category 'B' under sub-section (5) of section 80-IB, the Central Government shall satisfy itself that,—

(*a*) the district has a "Total Weighted Index Count" of more than 250 but less than or equal to 500 in the "All India Gradation List" as indicated in the "All India Gradation List" mentioned in clause (*a*) of sub-rule (1) :

Provided that no district shall be notified under this sub-rule if such district has been notified under sub-rule (1).

EE.—Statement under the simplified procedure for taxation of retail traders, etc., under Chapter XII-C

Form of statement to be furnished under section 115K.

11EE. [*Omitted by the IT (Thirty-second Amdt.) Rules, 1999, w.e.f. 19-11-1999.*]

F.—National Committee for Promotion of Social and Economic Welfare

General.

11F. In this sub-part "National Committee" means the National Committee defined in section 35AC.

Composition of the National Committee.

11G. (1) The National Committee shall consist of fourteen members appointed by the Central Government from amongst persons of eminence in public life.

(2) The term of office of a member shall be for three years commencing on the date of notification.

(3) One of the members of the National Committee shall be appointed as Chairman by the Central Government. In the event of vacancy of the office of Chairman for any reason and until a new Chairman is appointed, no meeting of the National Committee shall be held :

Provided that if for any meeting, the Chairman is absent, the members present for the meeting may elect one amongst themselves to preside over the day's sitting.

(4) The National Committee may appoint one or more sub-committees from among its members for looking into specific areas of activity from time to time. The National Committee may invite any expert to examine any matter of technical nature.

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Headquarters and Secretariat.

11H. (1) The headquarters of the National Committee shall be at New Delhi. Its sittings shall take place at New Delhi or such other place as the Central Government may decide.

(2) Secretariat to the Committee will be provided by the Department of Revenue, Ministry of Finance, Government of India and a Joint Secretary to the Government of India, in the Department of Revenue shall act as Secretary to the Committee.

Functions.

11-I. The functions of the National Committee shall be—

(*i*) to approve associations and institutions for the purpose of carrying out any eligible project or scheme; and

(*ii*) to recommend to the Central Government projects and schemes of any company including a public sector company, a local authority or an approved association or institution, for being notified as eligible projects or schemes for the purposes of section 35AC.

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Guidelines for approval of associations and institutions.

11J. In according approval to any association or institution, the National Committee shall satisfy itself that,—

(*i*) the association or institution is—

(*a*) constituted as a public charitable trust; or

(*b*) registered under the Societies Registration Act, 1860 (21 of 1860) or under any law corresponding to that Act in force in any part of India; or

(*c*) registered under section 25 of the Companies Act, 1956 (1 of 1956);

(*ii*) persons managing the affairs of the association or institution are persons of proven integrity;

(*iii*) the activities of the association or institution are open to citizens of India without any distinction of religion, race, caste, sex, place of birth or any of them and are not expressed to be for the benefit of any individual or community;

(*iv*) the association or institution maintains regular accounts of its receipts and expenditure; and

(*v*) the instrument under which the association or institution is constituted does not or the rules or regulations governing the association or institution do not contain any provision for the transfer or application, at any time, of the whole or any part of the income or assets of the association or institution for any purpose other than a charitable purpose.

Guidelines for recommending projects or schemes.

11K. In making recommendations to the Central Government with regard to any project or scheme for being notified in the Official Gazette as an eligible project or scheme, the National Committee shall satisfy itself that,—

(*i*) the project or scheme relates to the provisions of one or more of the following :—
- (*a*) construction and maintenance of drinking water projects in rural areas and in urban slums including installation of pump-sets, digging of wells, tube-wells and laying of pipes for supply of drinking water;
- (*b*) construction of dwelling units for the economically weaker sections;
- (*c*) construction of school buildings primarily for children belonging to the economically weaker sections of the society;
- (*d*) establishment and running of non-conventional and renewable source of energy systems;
- (*e*) construction and maintenance of bridges, public highways and other roads;
- (*f*) any other programme for uplift of the rural poor or the urban slum dwellers, as the National Committee may consider fit for support;
- (*g*) promotion of sports;
- (*h*) pollution control;
- (*i*) establishment and running of educational institutions in rural areas, exclusively for women and children upto 12 years of age;
- (*j*) establishment and running of hospitals and medical facilities in rural areas, exclusively for women and children upto 12 years of age;
- (*k*) establishment and running of creches and schools for the children of workers employed in factories or at building sites;
- (*l*) encouraging the production of bacteria induced fertilisers;
- (*m*) any programme that promotes road safety, prevention of accidents and traffic awareness;
- (*n*) construction of hostel accommodation for women or handicapped individuals or individuals who are of the age of sixty-five years or more;
- (*o*) establishment and running of institutions for vocational education and training in rural areas or towns which consist of population of less than five lakhs;
- (*p*) establishment and running of institutions imparting education in the field of engineering and medicine in rural areas or towns which consist of population of less than 5 lakhs;
- (*q*) plantation of softwood on degraded non-forest land;
- (*r*) any programme of conservation of natural resources or of afforestation;
- (*s*) relief and rehabilitation of handicapped individuals;

(*ii*) the benefit of the project or scheme shall flow to the public in general or to individuals belonging to the economically weaker sections of the society;

(*iii*) the applicant has the necessary expertise, personnel and other facilities for efficient implementation of the project or scheme;

(*iv*) the applicant shall maintain separate accounts in respect of the eligible project or scheme.

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Application for approval of an association or institution or for recommendation of a project or scheme by the National Committee.

11L. (1) An application for approval of an association or institution or for recommendation of a project or scheme by the National Committee for the purposes of section 35AC may be made to the Secretary to the National Committee for Promotion of Social and Economic Welfare, Department of Revenue, Government of India, North Block, New Delhi - 110 001.

(2) The application should be submitted in 2 sets, written either in English or Hindi, and should be accompanied with details about the name, address and status of applicant, the district/ward/circle where assessed/registered, permanent account number, audited balance sheet and profit and loss account or income and expenditure account for the latest year for which these are available and two preceding years.

(3) The application for approval of an association or institution should contain the following particulars and be accompanied with relevant documents :—

(*i*) Name and address of the association or institution;

(*ii*) How constituted (whether as a trust, society, etc.) supported by relevant documents like trust deed, rules and regulations, memorandum of association, etc., and registration certificate, if any;

(*iii*) Names and addresses of the persons managing the affairs of the association or institution, including those who had, at any time, during the three years preceding the date of application, managed the affairs of the association or institution;

(*iv*) If the association or the institution is notified by the Central Government for the purposes of sub-clause (*iv*) or (*v*) of clause (*23C*) of section 10 of the Income-tax Act, 1961 (43 of 1961), or is approved for the purposes of section 80G, the particulars of the approval granted;

(*v*) Brief particulars of the activities of the association or institution during three years preceding the date of application :

Provided that when an association or institution has been in existence for a period of less than 3 years, in that case, that association or institution may furnish particulars of its activities for the period of its existence;

(*vi*) Such other information as the association or institution may like to place before the National Committee.

(4) The application for recommendation of a project or scheme should contain the following particulars and be accompanied with relevant documents,—

(*i*) Title of project or scheme;

(*ii*) Date of commencement;

(*iii*) Duration and the likely date of completion;

(*iv*) Estimated cost of the project or scheme duly supported by a copy of the resolution of the Managing Committee of the association, institution or the local authority or, as the case may be, the Board of Directors of the company;

(*v*) Categories or classes of persons who are likely to be benefited from the project or scheme;

(*vi*) Affirmation that no benefit from the project or scheme, other than remuneration or honorarium for whole time or part-time work done or for reimbursement of actual expenses related to the project will accrue to the persons managing the affairs of the association or institution or to individuals not belonging to the economically weaker sections of the society;

(*vii*) Where the project or scheme is to be executed by a company, information about whether the project or scheme is such which the company is required to execute under any law for the time being in force or under agreement with employees or otherwise;

(*viii*) Such other particulars as the applicant may like to place before the National Committee.

Procedure before the National Committee.

11M. (1) All applications under rule 11L should be circulated by the Secretary to the National Committee to all the members of the Committee and will be considered by the National Committee at its sitting held at least seven days after the date on which the application is circulated. In exceptional cases, the Chairman may curtail the period of notice and may also direct consideration of the application by circulation only.

(2) The National Committee may call for such other information from the applicant as it deems necessary for taking a decision on the application and may also direct its Secretary to make or cause to be made enquiries on any matter relating to the application.

(3) The quorum for taking a decision on an application shall be at least five members, including Chairman. If a meeting is adjourned without taking a decision for lack of quorum, the decision to adjourn the meeting may be taken by the members present, even without the requisite quorum. This decision would be conveyed to the absentee members along with notice about the date, time and place for re-holding the adjourned meeting.

(4) Approval of an association or institution shall be for such period as the National Committee may decide, generally not exceeding a period of three years at a time. Subsequent approvals, if required, for a further period, can be granted only if the National Committee is satisfied about the activities of the association or institution during the preceding period of approval.

(5) The National Committee shall recommend ordinarily to the Central Government a project or scheme for being notified as an eligible project or scheme for an initial period up to three financial years. If the project or scheme is likely to extend beyond three financial years, the National Committee shall make further recommendations for a period of three years at a time after being satisfied that the project or, as the case may be, scheme is being executed properly. For this purpose, the National Committee may monitor the execution of project or scheme and call for such information as it deems necessary.

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Form of report by an approved association or institution under clause (*ii*) of sub-section (4) of section 35AC.

11MA. (1) The report to be furnished by the approved association or institution under clause (*ii*) of sub-section (4) of section 35AC shall be in Form No. 58C.

(2) The report referred to in sub-rule (1) shall be furnished to the National Committee before the expiry of three months from the end of the financial year.

(3) The National Committee, after receipt of the report referred to in sub-rule (2) may, at any time, undertake to inspect or verify the information furnished by the association or institution.

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Form of report by public sector company or local authority or association or institution, which is carrying out a notified eligible project or scheme, under clause (*ii*) of sub-section (5) of section 35AC.

11MAA. (1) The report to be furnished by a public sector company or local authority or an association or institution in respect of the eligible project or scheme, under clause (*ii*) of sub-section (5) of section 35AC shall be in Form No. 58D.

(2) The report referred to in sub-rule (1) shall be furnished to the National Committee before the expiry of three months from the end of the financial year.

(3) The National Committee, after receipt of the report referred to in sub-rule (2) may, at any time, undertake to inspect or verify the information furnished by the public sector company or local authority or association or institution.

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Other provisions.

11N. (1) The members of the National Committee shall not be entitled to any remuneration.

(2) The members and Chairman of the National Committee shall be entitled to—

(*i*) Sitting fee of Rs. [71][6000] per day for attending a meeting of the National Committee or any Subordinate Committee set up by the Chairman of the National Committee. However, sitting fee would not be payable where applications are considered by circulation or when a member is on tour.

(*ii*) Reimbursement of actual expenditure incurred by way of travel by rail, road or air, for attending any meeting of the National Committee or its Subordinate Committee. The entitlement of air travel would be restricted to the amount charged by Indian Airlines for its economy class for the members and to the amount charged for the executive class of the Indian Airlines for the Chairman. Members including Chairman may travel by any class on train. Members and Chairman would also be entitled to the reimbursement of air-conditioned taxi fare for reaching the venue of the meeting from their place of stay and for going back to the place of stay after the meeting.

(*iii*) [***]

(*iv*) The out-station Chairman or Member may stay and claim reimbursement of rent in any State guest house or for single room in medium range ITDC hotel like Lodi Hotel, Qutab Hotel, Janpath Hotel, Ashoka Yatri Niwas or State Government run tourist hotels/hostels or residential accommodation provided by registered societies like India International Centre or India Habitat Centre. They would separately be entitled for reimbursement of food allowance at the rate of Rs. 500 per day.

(*v*) Members and Chairman would have the same entitlement for travel, boarding and lodging in respect of tours undertaken in pursuance of a decision taken by the National Committee. However, sitting fee would not be admissible while on tour.

(*vi*) Sitting fee would not be admissible in case the National Committee takes decisions by circulation of the application alone. Actual postal charges and other expenses incurred by Members and Chairman for circulating the application would be reimbursed.

(*vii*) Reimbursement of any other expenditure with the approval of Secretary (Revenue) and the Financial Advisor, Department of Revenue, Ministry of Finance.

(3) In granting approval to any project or scheme undertaken by a company, the National Committee shall satisfy itself that, where any expenditure is to be incurred in the acquisition or erection of a capital asset, the applicant-company has made adequate arrangements for divesting itself of the ownership of such asset without consideration in cash or otherwise immediately on completion of the eligible project, in the following manner :—

(*i*) in the case of drinking water projects, to individuals belonging to the economically weaker sections or to the local authority or the village panchayat, as the case may be;

(*ii*) in the case of dwelling units, to individuals belonging to the economically weaker sections, or to the local authority, village panchayat or an authority constituted under any law for the purpose of satisfying the need for housing accommodation or for the purpose of development or improvement of cities, towns and villages, as the National Committee may decide;

(*iii*) in the case of school buildings, to an educational institution existing solely for educational purposes and not for profit or to the State Government, local authority or a village panchayat;

(*iv*) in the case of non-conventional or renewable energy systems, to the district administration, local authority, village panchayat or to individuals belonging to the economically weaker sections, or such other statutory body as the National Committee may decide;

(*v*) in the case of bridges, public highways or other roads to the Central or the State Government, local authority or such other statutory body as the National Committee may decide;

(*vi*) in the case of equipment purchased for the purpose of eligible project or scheme, to the State Government, local authority or such other statutory body as the National Committee may decide having regard to the capacity of the authority concerned to gainfully utilise such equipments;

Note : Where before the completion of any eligible project/scheme, the company undertakes other eligible project(s)/scheme(s) and transfers the equipments to such subsequent project/scheme, the company will be required to divest itself of the ownership of the equipment only after the completion of the last eligible project/scheme.

(*vii*) in any other case, to such authority as the National Committee may decide.

(4) Immediately on completion of an eligible project/scheme, the company shall furnish details of the execution thereof to the National Committee. The National Committee shall satisfy itself that the project/scheme has been completed in accordance with the approval granted and that the company has divested itself of the assets in the manner prescribed by the National Committee. If the National Committee is not so satisfied, it may, after giving an opportunity of being heard on the proposed action, order withdrawal of the approval which shall then be deemed never to have been granted.

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71. Substituted for "3000" by the IT (Twenty-third Amdt.) Rules, 2017, w.e.f. 5-10-2017.

Certificate of payment or expenditure in respect of eligible projects or schemes notified under section 35AC.

11-O. (1) The certificate referred to in clause (*a*) of sub-section (2) of section 35AC shall be in Form No. 58A.

(2) The certificate referred to in clause (*b*) of sub-section (2) of section 35AC shall be in Form No. 58B.

(3) Every public sector company or a local authority or an association or institution, as the case may be, who issues a certificate referred to in sub-rule (1) or sub-rule (2) shall, in respect of the 31st March in each financial year, deliver or cause to be delivered to the Secretary, National Committee, an annual report indicating the progress of work relating to the project/scheme during the year as well as the following information (please specify the information in respect of each contributor separately) :—

(*i*) Names of the contributors and their addresses.
(*ii*) Permanent Account Number/G.I.R. Number of the contributors.
(*iii*) Amount(s) of contribution.
(*iv*) The project/scheme for which contribution was made.
(*v*) Total amount of contribution received during the previous year.
(*vi*) Total cost of the project approved by the National Committee (with date of Committee's approval).

(4) Every public sector company or a local authority or an association or institution, as the case may be, who issues a certificate referred to in sub-rule (1) or sub-rule (2) shall send an annual statement of donation received and the details of the project to the National Committee and to each contributor by 30th June, following the financial year in which the amounts are received.

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Guidelines for notification of affordable housing project as specified business under section 35AD.

11-OA. (1) The form and manner in respect of notification of an affordable housing project as a specified business under sub-clause (*vii*) of clause (*c*) of sub-section (8) of section 35AD of the Act shall be as follows:—

(*a*) the applicant shall apply for notification of the project in Form No. 3CN to Member (IT), Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, North Block, New Delhi;

(*b*) if any defect is noticed in the application in Form No. 3CN or if any relevant document is not attached thereto, a deficiency letter may be served on the applicant;

(*c*) the applicant shall remove the deficiency within a period of fifteen days from the date of service of the deficiency letter or within such further period which, on an application made in this behalf may be extended;

(*d*) if the applicant fails to remove the deficiency within the period so allowed, the Board, if satisfied, may pass an order treating the application as invalid;

(*e*) the Board may, before granting approval, call for such documents or information from the applicant as it may consider necessary and may call for further details or information from the applicant as well as from the income-tax authorities and other Departments or agencies, as it may deem fit;

(*f*) the Board may issue the notification to be published in the Official Gazette granting approval to the project or for reasons to be recorded in writing, reject the application;

(*g*) the Board may withdraw the approval if it is satisfied that the assessee has ceased its activities relating to the specified business or its activities are not genuine or are not being carried out in accordance with all or any of the conditions under this rule;

(*h*) no order treating the application as invalid or rejecting the application or withdrawing the approval or cancellation of the notification, shall be passed without giving an opportunity of being heard to the assessee;

(*i*) a copy of the order invalidating or rejecting the application or withdrawing the approval shall be communicated to the applicant as well as the Assessing Officer and the Commissioner having jurisdiction over the assessee.

(2) A project shall be considered for notification if it fulfils all of the following conditions, namely: —

(*a*) the project shall have prior sanction of the competent authority empowered under the Scheme of Affordable Housing in Partnership framed by the Ministry of Housing and Urban Poverty Alleviation, Government of India;

(*b*) the date of commencement of operations of the project shall be on or after the 1st day of April 2011;

(*c*) the project shall be on a plot of land which has a minimum area of one acre;

(*d*) at least thirty per cent of the total allocable rentable area of the project shall comprise of affordable housing units of EWS category;

(*e*) at least sixty per cent of the total allocable rentable area of the project shall comprise of affordable housing units of EWS and LIG categories;

(*f*) at least ninety per cent of the total allocable rentable area of the project shall comprise of affordable housing units of EWS, LIG and MIG categories;

(*g*) the remaining ten per cent or less of the total allocable rentable area of the project may comprise of other residential or commercial units;

(*h*) the layout and specifications including design of the project to be developed and built shall be approved by the State or Union territory Government or its designated implementing agency;

(*i*) the project shall be completed within a period of five years from the end of the financial year in which the project is sanctioned by the competent authority empowered under the Scheme of Affordable Housing in Partnership framed by the Ministry of Housing and Urban Poverty Alleviation, Government of India.

(3) The assessee shall maintain separate books of account for the project with complete details of all capital expenditure incurred during the previous year on which it intends to claim the said deduction under section 35AD and shall file the relevant income-tax returns by the due date to the Income-tax Department to avail the tax benefit under section 35AD.

(4) A project notified under sub-clause (*vii*) of clause (*c*) of sub-section (8) of section 35AD shall continue to be governed by the provisions of this rule to the extent it is not in contravention with the provisions of the Act, as amended from time to time.

(5) In this rule,—

(*a*) "affordable housing units" shall be of the following categories:—

Category	*Rentable Area (in square metres)*	
	Specified cities	*Other cities*
Economically Weaker Section (EWS)	Up to 25	Up to 30
Lower Income Group (LIG)	Greater than 25 and up to 50	Greater than 30 and up to 60
Middle Income Group (MIG)	Greater than 50 and up to 70	Greater than 60 and up to 85

(*b*) "date of commencement of operations" means the date on which the project is sanctioned by the competent authority empowered under the Scheme of Affordable Housing in Partnership framed by the Ministry of Housing and Urban Poverty Alleviation, Government of India;

(*c*) "housing unit" means an independent residential unit with separate facilities for living, cooking and sanitary requirements, distinctly separated from other residential units within the building - (*i*) directly accessible from an outer door or through an interior door in a shared hallway and not by walking through another household's living space and (*ii*) excluding any shared dining areas;

(*d*) "project" means an affordable housing project;

(*e*) "rentable area" means the carpet area at any floor level, including the carpet area of kitchen, pantry, store, lavatory, bathroom, fifty per cent of unglazed verandah and hundred per cent of glazed verandah, in accordance with the provisions of the Indian Standard - Method of Measurement of Plinth, Carpet and rentable Areas of Buildings, IS 3861 : 2002, formulated and published by the Bureau of Indian Standards;

(*f*) "specified cities" shall mean the following—

(*i*) Greater Mumbai urban agglomeration;
(*ii*) Delhi urban agglomeration;
(*iii*) Kolkata urban agglomeration;
(*iv*) Chennai urban agglomeration;
(*v*) Hyderabad urban agglomeration;
(*vi*) Bangalore urban agglomeration;
(*vii*) Ahmedabad urban agglomeration;

(*viii*) District of Faridabad;
(*ix*) District of Gurgaon;
(*x*) District of Gautam Budh Nagar;
(*xi*) District of Ghaziabad;
(*xii*) District of Gandhinagar; and
(*xiii*) City of Secunderabad;

Explanation.—For the purposes of this clause,—

the area comprising an urban agglomeration shall be the area included in such urban agglomeration on the basis of the latest census;

(*g*) "total allocable rentable area" means the total rentable area of all the proposed housing units or non-housing units but excluding the areas earmarked for common facilities and services.

[72][**Guidelines for notification of a semiconductor wafer fabrication manufacturing unit as specified business under section 35AD.**

11-OB. (1) The notification of a semiconductor wafer fabrication manufacturing unit as a specified business under sub-clause (*xiii*) of clause (*c*) of sub-section (8) of section 35AD of the Act shall be in accordance with the following procedure, namely:—

(*a*) the applicant shall apply for notification of the unit in Form No. 3CS to Member (Income-tax), Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, North Block, New Delhi;

(*b*) the Board shall serve a deficiency letter on the applicant if any defect is noticed in the application in Form No. 3CS or if any relevant document is not attached thereto;

(*c*) the applicant shall remove the deficiency within a period of fifteen days from the date of service of the deficiency letter or within such further period which, on an application made in this behalf may be extended;

(*d*) if the applicant fails to remove the deficiency within the period so allowed, the Board, if satisfied, may pass an order treating the application as invalid;

(*e*) the Board may, call for such documents or information from the applicant as it may consider necessary and may call for further details or information from the applicant as well as from the income-tax authorities and other Departments or agencies, as it may deem fit;

(*f*) the Board may, after considering the application and the documents or the information referred to in clause (*e*), either issue the notification to be published in the Official Gazette granting approval to the unit or for reasons to be recorded in writing reject the application.

(*g*) The Board may, withdraw the approval if it is satisfied that:—

(*i*) the assessee has ceased its activities relating to the specified business; or

(*ii*) such activities are not genuine or are not being carried out in accordance with all or any of the conditions under section 35AD or under this rule; or

(*iii*) the approval granted by the competent authority on the recommendations of the Appraisal Committee under the Modified Special Incentive Package Scheme of the Department of Electronics and Information Technology has been withdrawn.

(*h*) no order treating the application as invalid or rejecting the application or withdrawing the approval or cancellation of the notification, shall be passed without giving an opportunity of being heard to the assessee;

(*i*) a copy of the order invalidating or rejecting the application or withdrawing the approval shall be communicated to the applicant and the Assessing Officer and the Commissioner having jurisdiction over the assessee.

(2) A unit shall be considered for notification if it fulfils all of the following conditions, namely:—

(*a*) the unit shall be exclusively for the manufacture of semiconductor wafer fabrications;

(*b*) the unit shall have prior approval of the competent authority on the recommendations of Appraisal Committee under the Modified Special Incentive Package Scheme notified by the Department of Electronics and Information Technology, Ministry of Communications and Information Technology, Government of India;

(*c*) the date of commencement of operations of the unit shall be on or after the 1st day of April 2014;

(*d*) the unit may have one or more manufacturing facilities and all the facilities shall be located in India.

(3) The assessee shall maintain separate books of account for the unit with complete details of all capital expenditure incurred during the previous year on which it intends to claim the said deduction under section 35AD and shall file the relevant income-tax returns by the due date to the Income-tax Department to avail the tax benefit under section 35AD.

(4) A unit notified under sub-clause (*xiii*) of clause (*c*) of sub-section (8) of section 35AD shall continue to be governed by the provisions of this rule to the extent it is not in contravention with the provisions of the Act, as amended from time to time.

(5) In this rule and the Form,—

(*a*) "Competent authority" means the authority approving the unit under the Modified Special Incentive Package Scheme notified by the Government of India, Ministry of Communications and Information Technology, Department of Electronics and Information Technology;

(*b*) "date of commencement of operations" means the date on which the commercial production of the unit commences;

(*c*) "semiconductor wafer fabrications" means integrated circuits which are covered in the National Industrial Classification, 2008 under Division 26; Group 261; Class 2610; Sub-class 26103;

(*d*) "Unit" means a manufacturing facility for semiconductor wafer fabrications.]

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72. Inserted by the IT (Fourteenth Amdt.) Rules, 2014, w.e.f. 12-12-2014.

G.—Tonnage tax scheme for shipping companies

Application for exercising or renewing the option for tonnage tax scheme.

11P. An application under sub-section (1) of section 115VP for exercising an option for the tonnage tax scheme or under sub-section (1) of section 115VR for renewing the option for the tonnage tax scheme, as the case may be, shall be made in Form No. 65 and shall be verified in the manner provided therein.

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Computation of deemed tonnage.

11Q. (1) For the purpose of the *Explanation* to sub-section (4) of section 115VG, deemed tonnage in respect of an arrangement of purchase of slots and slot charter shall be computed (illustrative formula given in Note 3 appearing after the corresponding Form No. 66) on the following basis :

2.5 TEU = 1 Net Tonnage (1 NT)

where TEU is Twenty foot Equivalent Unit (Container of this size)

(2) Computation of deemed tonnage (illustrative formula given in Note 4 appearing after the corresponding Form No. 66) in respect of an arrangement of sharing of break-bulk vessel shall be made on the following basis :

(*i*) in case where cargo is restricted by volume :
19 cubic meter (cbm) = 1 net tonnage (1 NT); and

(*ii*) in case where cargo is restricted by weight :
14 metric tons = 1 net tonnage (1 NT)

Incidental activities for purposes of relevant shipping income.

11R. The incidental activities (details given in Note 5 appearing after the corresponding Form No. 66) referred to in sub-section (5) of section 115V-I shall be the following, namely :—

(*i*) maritime consultancy charges;
(*ii*) income from loading or unloading of cargo;
(*iii*) ship management fees or remuneration received for managed vessels; and
(*iv*) maritime education or recruitment fees.

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INCOME TAX DEPARTMENT

Computation of average of net tonnage for charter-in of tonnage.

11S. The limit for charter-in of tonnage of the qualifying ships referred to in section 115VV (to be worked out according to the illustration explained in Note 6 appearing after the corresponding Form No. 66) during any previous year shall be computed by dividing the total number of chartered-in ton days by the total number of ton days operated by the company.

Form of report of an accountant under clause (*ii*) of section 115VW.

11T. The report of audit of accounts of a qualified company which is required to be furnished under clause (*ii*) of section 115VW shall be in Form No. 66.

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H.—Determination of fair market value of the property other than immovable property

Meaning of expressions used in determination of fair market value.

11U. For the purposes of this rule and rule 11UA,—

(*a*) [73][***]

(*b*) "balance sheet", in relation to any company, means,—

(*i*) for the purposes of sub-rule (2) of rule 11UA, the balance sheet of such company (including the notes annexed thereto and forming part of the accounts) as drawn up on the valuation date which has been audited by the auditor of the company appointed under section 224 of the Companies Act, 1956 (1 of 1956) and where the balance sheet on the valuation date is not drawn up, the balance sheet (including the notes annexed thereto and forming part of the accounts) drawn up as on a date immediately preceding the valuation date which has been approved and adopted in the annual general meeting of the shareholders of the company; and

[74-75][(*ii*) in any other case,—

(*A*) in relation to an Indian company, the balance sheet of such company (including the notes annexed thereto and forming part of the accounts) as drawn up on the valuation date which has been audited by the auditor of the company appointed under the laws relating to companies in force; and

(*B*) in relation to a company, not being an Indian company, the balance sheet of the company (including the notes annexed thereto and forming part of the accounts) as drawn up on the valuation date which has been audited by the auditor of the company, if any, appointed under the laws in force of the country in which the company is registered or incorporated;]

(*c*) "merchant banker" means category I merchant banker registered with Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992 (15 of 1992);

(*d*) "quoted shares or securities" in relation to share or securities means a share or security quoted on any recognized stock exchange with regularity from time to time, where the quotations of such shares or securities are based on current transaction made in the ordinary course of business;

(*e*) "recognized stock exchange" shall have the same meaning as assigned to it in clause (*f*) of section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956);

(*f*) "registered dealer" means a dealer who is registered under Central Sales Tax Act, 1956 or General Sales Tax Law for the time being in force in any State including value added tax laws;

(*g*) "registered valuer" shall have the same meaning as assigned to it in section 34AB of the Wealth-tax Act, 1957 (27 of 1957) read with rule 8A of the Wealth-tax Rules, 1957;

(*h*) "securities" shall have the same meaning as assigned to it in clause (*h*) of section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956);

(*i*) "unquoted shares and securities", in relation to shares or securities, means shares and securities which is not a quoted shares or securities;

(*j*) "valuation date" means the date on which the property or consideration, as the case may be, is received by the assessee.

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73. Omitted by the IT (Sixth Amdt.) Rules, 2018, w.e.f. 24-5-2018.

74-75. Substituted by the IT (Ninth Amdt.) Rules, 2018, w.e.f. 1-4-2019 and shall apply in relation to assessment year 2019-20 and subsequent years.

Determination of fair market value.

11UA. (1) For the purposes of section 56 of the Act, the fair market value of a property, other than immovable property, shall be determined in the following manner, namely,—

(*a*) valuation of jewellery,—

(*i*) the fair market value of jewellery shall be estimated to be the price which such jewellery would fetch if sold in the open market on the valuation date;

(*ii*) in case the jewellery is received by the way of purchase on the valuation date, from a registered dealer, the invoice value of the jewellery shall be the fair market value;

(*iii*) in case the jewellery is received by any other mode and the value of the jewellery exceeds rupees fifty thousand, then assessee may obtain the report of registered valuer in respect of the price it would fetch if sold in the open market on the valuation date;

(*b*) valuation of archaeological collections, drawings, paintings, sculptures or any work of art,—

(*i*) the fair market value of archaeological collections, drawings, paintings, sculptures or any work of art (hereinafter referred as artistic work) shall be estimated to be price which it would fetch if sold in the open market on the valuation date;

(*ii*) in case the artistic work is received by the way of purchase on the valuation date, from a registered dealer, the invoice value of the artistic work shall be the fair market value;

(*iii*) in case the artistic work is received by any other mode and the value of the artistic work exceeds rupees fifty thousand, then assessee may obtain the report of registered valuer in respect of the price it would fetch if sold in the open market on the valuation date;

(*c*) valuation of shares and securities,—

(*a*) the fair market value of quoted shares and securities shall be determined in the following manner, namely,—

(*i*) if the quoted shares and securities are received by way of transaction carried out through any recognized stock exchange, the fair market value of such shares and securities shall be the transaction value as recorded in such stock exchange;

(*ii*) if such quoted shares and securities are received by way of transaction carried out other than through any recognized stock exchange, the fair market value of such shares and securities shall be,—

(*a*) the lowest price of such shares and securities quoted on any recognized stock exchange on the valuation date, and

(*b*) the lowest price of such shares and securities on any recognized stock exchange on a date immediately preceding the valuation date when such shares and securities were traded on such stock exchange, in cases where on the valuation date there is no trading in such shares and securities on any recognized stock exchange;

[76][(*b*) the fair market value of unquoted equity shares shall be the value, on the valuation date, of such unquoted equity shares as determined in the following manner, namely:—

the fair market value of unquoted equity shares = (A + B + C + D - L) × (PV)/(PE), where,

A = book value of all the assets (other than jewellery, artistic work, shares, securities and immovable property) in the balance sheet as reduced by, —

(*i*) any amount of income-tax paid, if any, less the amount of income-tax refund claimed, if any; and

(*ii*) any amount shown as asset including the unamortised amount of deferred expenditure which does not represent the value of any asset;

B = the price which the jewellery and artistic work would fetch if sold in the open market on the basis of the valuation report obtained from a registered valuer;

C = fair market value of shares and securities as determined in the manner provided in this rule;

D = the value adopted or assessed or assessable by any authority of the Government for the purpose of payment of stamp duty in respect of the immovable property;

L = book value of liabilities shown in the balance sheet, but not including the following amounts, namely:—

(*i*) the paid-up capital in respect of equity shares;

(*ii*) the amount set apart for payment of dividends on preference shares and equity shares where such dividends have not been declared before the date of transfer at a general body meeting of the company;

(*iii*) reserves and surplus, by whatever name called, even if the resulting figure is negative, other than those set apart towards depreciation;

(*iv*) any amount representing provision for taxation, other than amount of income-tax paid, if any, less the amount of income-tax claimed as refund, if any, to the extent of the excess over the tax payable with reference to the book profits in accordance with the law applicable thereto;

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

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

PV = the paid-up value of such equity shares;

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

(*c*) the fair market value of unquoted shares and securities other than equity shares in a company which are not listed in any recognized stock exchange shall be estimated to be price it would fetch if sold in the open market on the valuation date and the assessee may obtain a report from a merchant banker or an accountant in respect of such valuation.

[77][*(2) Notwithstanding anything contained in sub-clause* (b) *or sub-clause* (c)*, as the case may be, of clause* (c) *of sub-rule (1): —*

(A) *the fair market value of unquoted equity shares for the purposes of sub-clause* (i) *of clause* (a) *of the* Explanation *to clause* (viib) *of sub-section (2) of section 56 shall be the value, on the valuation date, of such unquoted equity shares, as shall be determined under sub-clause* (a)*, sub-clause* (b)*, sub-clause* (c) *or sub-clause* (e)*, at the option of the assessee , where the consideration received by the assessee is from a resident ; and under sub-clauses* (a) *to* (e) *at the option of the assessee, where the consideration received by the assessee is from a non-resident, in the following manner:—*

(a) *the fair market value of unquoted equity shares = (A-L) × [PV/PE], where,*

A = book value of the assets in the balance-sheet as reduced by any amount of tax paid as deduction or collection at source or as advance tax payment as reduced by the amount of tax claimed as refund under the Income-tax Act and any amount shown in the balance-sheet as asset including the unamortised amount of deferred expenditure which does not represent the value of any asset;

L = book value of liabilities shown in the balance-sheet, but not including the following amounts, namely:—

(i) *the paid-up capital in respect of equity shares;*

(ii) *the amount set apart for payment of dividends on preference shares and equity shares where such dividends have not been declared before the date of transfer at a general body meeting of the company;*

(iii) *reserves and surplus, by whatever name called, even if the resulting figure is negative, other than those set apart towards depreciation;*

(iv) *any amount representing provision for taxation, other than amount of tax paid as deduction or collection at source or as advance tax payment as reduced by the amount of tax claimed as refund under the Income-tax Act, to the extent of the excess over the tax payable with reference to the book profits in accordance with the law applicable thereto;*

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

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

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

PV = the paid up value of such equity shares; or

(b) *the fair market value of the unquoted equity shares determined by a merchant banker as per the Discounted Free Cash Flow method;*

(c) *where any consideration is received by a venture capital underta- king for issue of unquoted equity shares, from a venture capital fund or a venture capital company or a specified fund, the price of the equity shares corresponding to such consideration may, at the option of such undertaking, be taken as the fair market value of the equity shares to the extent the consideration from such fair market value does not exceed the aggregate consideration that is received from a venture capital fund or a venture capital company or a specified fund :*

Provided *that the consideration has been received by the undertaking from a venture capital fund or a venture capital company or a specified fund, within a period of ninety days before or after the date of issue of shares which are the subject matter of valuation.*

Explanation.—*For the purposes of this clause,—*

(i) *"specified fund" shall have the same meaning as assigned to it in clause (*aa*) of* Explanation *to clause (*viib*) of sub-section (2) of section 56;*

(ii) *"venture capital company", "venture capital fund" and "venture capital undertaking" shall have the same meaning assigned to them in clause (*b*) of* Explanation *to clause (*viib*) of sub-section (2) of section 56.*

Illustration: *If a venture capital undertaking receives a consideration of fifty thousand rupees from a venture capital company for issue of one hundred shares at the rate of five hundred rupees per share, then such an undertaking can issue one hundred shares at this rate to any other investor within a period of ninety days before or after the receipt of consideration from venture capital company;*

(d) *the fair market value of the unquoted equity shares determined by a merchant banker in accordance with any of the following methods:*

(i) *Comparable Company Multiple Method;*

(ii) *Probability Weighted Expected Return Method;*

(iii) *Option Pricing Method;*

(iv) *Milestone Analysis Method;*

(v) *Replacement Cost Methods;*

(e) *where any consideration is received by a company for issue of unquoted equity shares, from any entity notified under clause (*ii*) of the first proviso to clause (*viib*) of sub-section (2) of section 56, the price of the equity shares corresponding to such consideration may, at the option of such company, be taken as the fair market value of the equity shares to the extent the consideration from such fair market value does not exceed the aggregate consideration that is received from the notified entity:*

Provided *that the consideration has been received by the company from the entity notified under clause (*ii*) of the first proviso to clause (*viib*) of sub-section (2) of section 56, within a period of ninety days before or after the date of issue of shares which are the subject matter of valuation;*

(B) *the fair market value of compulsorily convertible preference shares for the purposes of sub-clause (*i*) of clause (*a*) of the* Explanation *to clause (*viib*) of sub-section (2) of section 56 shall be the value, on the valuation date, as determined—*

(i) *in accordance with the provisions of sub-clause (*b*), sub-clause (*c*), or sub-clause (*e*) of clause (*A*), at the option of the assessee, or based on the fair market value of unquoted equity shares determined in accordance with sub-clause (*a*), sub-clause (*b*), sub-clause (*c*), or sub-clause (*e*) of clause (*A*), at the option of the assessee, where such consideration is received from a resident; and*

(ii) *in accordance with the provisions of sub-clauses (*b*) to (*e*) of clause (*A*), at the option of the assessee, or based on the fair market value of unquoted equity shares determined in accordance with sub-clauses (*a*) to (*e*) of clause (*A*), at the option of the assessee, where such consideration is received from a non-resident.*

(3) Where the date of valuation report by the merchant banker for the purposes of sub-rule (2) is not more than ninety days prior to the date of issue of shares which are the subject matter of valuation, such date may, at the option of the assessee, be deemed to be the valuation date:

Provided *that where such option is exercised under this sub-rule, the provisions of clause (*j*) of rule 11U shall not apply.*

*(4) For the purposes of clause (*A*) or clause (*B*) of sub-rule (2), where the issue price of the shares exceeds the value of shares as determined in accordance with —*

(i) *sub-clause (*a*) or sub-clause (*b*) of clause (*A*), for consideration received from a resident, by an amount not exceeding ten per cent of the valuation price, the issue price shall be deemed to be the fair market value of such shares;*

(ii) *sub-clause (*a*) or sub-clause (*b*) or sub-clause (*d*) of clause (*A*), for consideration received from a non-resident, by an amount not exceeding ten per cent of the valuation price, the issue price shall be deemed to be the fair market value of such shares.*

Explanation.—*For the purposes of this sub-rule, 'issue price' means the consideration received by the company for one share.*]

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76. Substituted by the IT (Twentieth Amdt.) Rules, 2017, w.e.f. 1-4-2018 and shall apply in relation to assessment year 2018-19 and subsequent years.

77. Sub-rules (2) to (4) substituted for sub-rule (2) by the IT (Twenty-first Amdt.) Rules, 2023, w.e.f. **25-9-2023**.

[78][**Determination of Fair Market Value for share other than quoted share.**

11UAA. For the purposes of section 50CA, the fair market value of the share of a company other than a quoted share, shall be determined in the manner provided in sub-clause (*b*) or sub-clause (*c*), as the case may be, of clause (*c*) of sub-rule (1) of rule 11UA and for this purpose the reference to valuation date in the rule 11U and rule 11UA shall mean the date on which the capital asset, being share of a company other than a quoted share, referred to in section 50CA, is transferred.]

78. Inserted by the IT (Twentieth Amdt.) Rules, 2017, w.e.f. 1-4-2018 and shall apply in relation to assessment year 2018-19 and subsequent assessment years.

[79][**Determination of fair market value for inventory.**

11UAB. For the purposes of clause (*via*) of section 28 of the Act, the fair market value of the inventory,—

(*i*) being an immovable property, being land or building or both, shall be the value adopted or assessed or assessable by any authority of the Central Government or a State Government for the purpose of payment of stamp duty in respect of such immovable property on the date on which the inventory is converted into, or treated, as a capital asset;

(*ii*) being jewellery, archaeological collections, drawings, paintings, sculptures, any work of art, shares or securities referred to in rule 11UA, shall be the value determined in the manner provided in sub-rule (1) of rule 11UA and for this purpose the reference to the valuation date in the rule 11U and rule 11UA shall be the date on which the inventory is converted into, or treated, as a capital asset;

(*iii*) being the property, other than those specified in clause (*i*) and clause (*ii*), the price that such property would ordinarily fetch on sale in the open market on the date on which the inventory is converted into, or treated, as a capital asset.]

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79. Inserted by the IT (Ninth Amdt.) Rules, 2018, w.e.f. 1-4-2019 and shall apply in relation to assessment year 2019-20 and subsequent years.

[80][**Prescribed class of persons for the purpose of clause (*XI*) of the proviso to clause (*x*) of sub-section (2) of section 56.**

11UAC. The provisions of clause (*x*) of sub-section (2) of section 56 shall not apply to,—

(1) any immovable property, being land or building or both, received by a resident of an unauthorised colony in the National Capital Territory of Delhi, where the Central Government by notification in the Official Gazette, regularised the transactions of such immovable property based on the latest Power of Attorney, Agreement to Sale, Will, possession letter and other documents including documents evidencing payment of consideration for conferring or recognising right of ownership or transfer or mortgage in regard to such immovable property in favour of such resident.

Explanation.—For the purposes of this sub-rule,—

(*a*) "resident" means a person having physical possession of property on the basis of a registered sale deed or latest set of Power of Attorney, Agreement to Sale, Will, possession letter and other documents including documents evidencing payment of consideration in respect of a property in unauthorised colonies and includes their legal heirs but does not include tenant, licensee or permissive user;

(*b*) "unauthorised colony" shall have the same meaning as assigned to it in clause (*b*) of section 2 of the National Capital Territory of Delhi (Recognition of Property Rights of Residents in Unauthorised Colonies) Act, 2019 (45 of 2019).

(2) any movable property, being unquoted shares, of a company and its subsidiary and the subsidiary of such subsidiary received by a shareholder, where, —

(*i*) the Tribunal, on an application moved by the Central Government under section 241 of the Companies Act, 2013, has suspended the Board of Directors of such company and has appointed new directors nominated by the Central Government under section 242 of the said Act; and

(*ii*) share of company and its subsidiary and the subsidiary of such subsidiary has been received pursuant to a resolution plan approved by the Tribunal under section 242 of the Companies Act, 2013 after affording a reasonable opportunity of being heard to the jurisdictional Principal Commissioner or Commissioner.

Explanation.—For the purposes of this sub-rule,—

(*a*) a company shall be a subsidiary of another company, if such other company holds more than half in nominal value of the equity share capital of the company;

(*b*) "Tribunal" shall have the meaning assigned to it in clause (*90*) of section 2 of the Companies Act, 2013 (18 of 2013).

(3) any movable property, being equity shares, of the reconstructed bank, received by the investor or the investor bank, as the case may be, where the said share has been allotted by the reconstructed bank under the scheme at a price specified in sub-paragraph (3) of paragraph 3 of the Scheme.

Explanation.—For the purposes of this sub-rule,—

(*a*) "investor" shall have the same meaning as assigned to it in sub-clause (*b*) of clause (*1*) of paragraph 2 of the Scheme;

(*b*) "investor bank" shall have the same meaning as assigned to it in sub-clause (*c*) of clause (*1*) of paragraph 2 of the Scheme;

(*c*) "reconstructed bank" shall have the same meaning as assigned to it in sub-clause (*d*) of clause (*1*) of paragraph 2 of the Scheme;

(*d*) "Scheme" means Yes Bank Limited Reconstruction Scheme, 2020.]

[81]**[***(4) any movable property, being equity shares, of a public sector company or a company, received by a person from a public sector company or the Central Government or any State Government under strategic disinvestment.*

Explanation.—*For the purposes of* [82]**[***this sub-rule***]**, *'strategic disinvestment' shall have the same meaning as assigned to it in clause (*iii*) of* Explanation *to clause (*d*) of sub-section (1) of section 72A.***]**

[83]**[***(5) any movable property, being shares or units or interest in the resultant fund received by the fund management entity of the resultant fund, in lieu of shares or units or interest held by the investment manager entity in the original fund, pursuant to the relocation, subject to the following conditions, namely:—*

*(*i) *not less than ninety per cent of shares or units or interest in the fund management entity of the resultant fund are held by the same entity(ies) or person(s) in the same proportion as held by them in the investment manager entity of the original fund; and*

*(*ii) *not less than ninety per cent of the aggregate of shares or units or interest in the investment manager entity of the original fund was held by such entity(ies) or person(s).*

Explanation.—*For the purposes of this sub-rule,—*

*(*a*) the expressions "relocation", "original fund" and "resultant fund" shall have the meanings respectively assigned to them in the* Explanation *to clause (*viiac*) and clause (*viiad*) of section 47;*

*(*b*) "fund management entity" shall have the same meaning as provided in the sub-clause (*p*) of regulation 2 of the International Financial Services Centres Authority (Fund Management) Regulations, 2022; and*

*(*c*) "investment manager entity" means the fund manager of the original fund regulated by the respective regulation of the jurisdiction in which the original fund is located.***]**

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80. Substituted by the IT (Fourteenth Amdt.) Rules, 2020, w.r.e.f. 1-4-2020 and shall be applicable for assessment year 2020-21 and subsequent assessment years.

81. Substituted by the IT (Eighth Amdt.) Rules, 2023, w.r.e.f. **1-4-2023** and shall be applicable for the assessment year 2023-24 and subsequent assessment years.

82. Substituted for "this clause" by the IT (Thirteenth Amdt.) Rules, 2023, w.e.f. **18-7-2023**.

83. Inserted by the IT (Thirteenth Amdt.) Rules, 2023, w.e.f. **18-7-2023**.

[84][**Computation of income chargeable to tax under clause (*xiii*) of sub-section (2) of section 56.**

11UACA. *For the purpose of clause (*xiii*) of sub-section (2) of section 56, where any person receives at any time during any previous year any sum under a life insurance policy, then, the income chargeable to tax under the said clause during the previous year in which such sum is received shall be computed in the following manner, namely:—*

(i) *where the sum is received for the first time under the life insurance policy during the previous year (hereinafter referred to as first previous year), the income chargeable to tax in the first previous year shall be computed in accordance with the formula,—*

A-B

where,—

A = the sum or aggregate of sum received under the life insurance policy during the first previous year; and

B = the aggregate of the premium paid during the term of the life insurance policy till the date of receipt of the sum in the first previous year that has not been claimed as deduction under any other provision of the Act;

(ii) *where the sum is received under the life insurance policy during the previous year subsequent to the first previous year (hereinafter referred to as subsequent previous year), the income chargeable to tax in the subsequent previous year shall be computed in accordance to the formula,—*

C-D

where,—

C = the sum or aggregate of sum received under the life insurance policy during the subsequent previous year; and

D = the aggregate of the premium paid during the term of the life insurance policy till the date of receipt of the sum in the subsequent previous year not being premium which—

(a) *has been claimed as deduction under any other provision of the Act; or*

(b) *is included in amount 'B' or amount 'D' of this rule in any of the previous year or years.*

Explanation.—*For the removal of doubts, it is clarified that the sum received under a life insurance policy would mean any amount, by whatever name called, received under such policy which is not to be excluded from the total income of the previous year in accordance with the provisions of clause (*10D*) of section 10, other than the sum—*

(a) *received under a unit linked insurance policy; or*

(b) *being the income referred to in clause (*iv*) of sub-section (2) of section 56.*]

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84. Inserted by the IT (Sixteenth Amdt.) Rules, 2023, w.e.f. **16-8-2023**.

[85] [**Prescribed class of persons for the purpose of section 50CA.**

11UAD. The provisions of section 50CA of the Act shall not apply to transfer of any movable property, being unquoted shares, of a company and its subsidiary and the subsidiary of such subsidiary by an assessee, where,—

(*i*) the Tribunal, on an application moved by the Central Government under section 241 of the Companies Act, 2013, has suspended the Board of Directors of such company and has appointed new directors nominated by the Central Government under section 242 of the said Act; and

(*ii*) share of such company and its subsidiary and the subsidiary of such subsidiary has been transferred pursuant to a resolution plan approved by the Tribunal under section 242 of the Companies Act, 2013 after affording a reasonable opportunity of being heard to the jurisdictional Principal Commissioner or Commissioner.

Explanation.—For the purposes of this sub-rule,—

(*a*) a company shall be a subsidiary of another company, if such other company holds more than half in nominal value of the equity share capital of the company;

(*b*) "Tribunal" shall have the same meaning assigned to it in clause (*90*) of section 2 of the Companies Act, 2013.]

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85. Inserted by the IT (Fifteenth Amdt.) Rules, 2020, w.r.e.f. 1-4-2020 and shall be applicable for assessment year 2020-21 and subsequent assessment years.

सत्यमेव जयते
कोष मूलो दण्ड:
INCOME TAX DEPARTMENT

[86][**Computation of fair market value of capital assets for the purposes of section 50B of the Income-tax Act.**

11UAE. (1) For the purpose of clause (*ii*) of sub-section (2) of section 50B, the fair market value of the capital assets shall be the FMV1 determined under sub-rule (2) or FMV2 determined under sub-rule (3), whichever is higher.

(2) The FMV1 shall be the fair market value of the capital assets transferred by way of slump sale determined in accordance with the formula—

A+B+C+D - L, where,

A = book value of all the assets (other than jewellery, artistic work, shares, securities and immovable property) as appearing in the books of accounts of the undertaking or the division transferred by way of slump sale as reduced by the following amount which relate to such undertaking or the division,—

(*i*) any amount of income-tax paid, if any, less the amount of income-tax refund claimed, if any; and

(*ii*) any amount shown as asset including the unamortised amount of deferred expenditure which does not represent the value of any asset;

B = the price which the jewellery and artistic work would fetch if sold in the open market on the basis of the valuation report obtained from a registered valuer;

C = fair market value of shares and securities as determined in the manner provided in sub-rule (1) of rule 11UA;

D = the value adopted or assessed or assessable by any authority of the Government for the purpose of payment of stamp duty in respect of the immovable property;

L= book value of liabilities as appearing in the books of account of the undertaking or the division transferred by way of slump sale, but not including the following amounts which relates to such undertaking or division, namely: —

(*i*) the paid-up capital in respect of equity shares;

(*ii*) the amount set apart for payment of dividends on preference shares and equity shares where such dividends have not been declared before the date of transfer at a general body meeting of the company;

(*iii*) reserves and surplus, by whatever name called, even if the resulting figure is negative, other than those set apart towards depreciation;

(*iv*) any amount representing provision for taxation, other than amount of income-tax paid, if any, less the amount of income-tax claimed as refund, if any, to the extent of the excess over the tax payable with reference to the book profits in accordance with the law applicable thereto;

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

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

(3) FMV2 shall be the fair market value of the consideration received or accruing as a result of transfer by way of slump sale determined in accordance with the formula—

E+F+G+H, where,

E = value of the monetary consideration received or accruing as a result of the transfer;

F = fair market value of non-monetary consideration received or accruing as a result of the transfer represented by property referred to in sub-rule (1) of rule 11UA determined in the manner provided in sub-rule (1) of rule 11UA for the property covered in that sub-rule;

G = the price which the non-monetary consideration received or accruing as a result of the transfer represented by property, other than immovable property, which is not referred to in sub-rule (1) of rule 11UA would fetch if sold in the open market on the basis of the valuation report obtained from a registered valuer, in respect of property;

H = the value adopted or assessed or assessable by any authority of the Government for the purpose of payment of stamp duty in respect of the immovable property in case the non-monetary consideration received or accruing as a result of the transfer is represented by the immovable property.

(4) The fair market value of the capital assets under sub-rule (2) and sub-rule (3) shall be determined on the date of slump sale and for this purpose valuation date referred to in rule 11UA shall also mean the date of slump sale.

Explanation.—For the purposes of this rule, the expression "registered valuer" and "securities" shall have the same meanings as respectively assigned to them in rule 11U.]

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86. Inserted by the IT (Sixteenth Amdt.) Rules, 2021, w.e.f. 24-5-2021.

[87][*I.—Determination of value of assets and apportionment of income in certain cases.*

Fair market value of assets in certain cases.

11UB. (1) The fair market value of asset, tangible or intangible, as on the specified date, held directly or indirectly by a company or an entity registered or incorporated outside India (hereafter referred to as "foreign company or entity"), for the purposes of clause (*i*) of sub-section (1) of section 9, shall be computed in accordance with the provisions of this rule.

(2) Where the asset is a share of an Indian company listed on a recognised stock exchange on the specified date, the fair market value of the share shall be the observable price of such share on the stock exchange:

Provided that where the share is held as part of the shareholding which confers, directly or indirectly, any right of management or control in relation to the aforesaid company, the fair market value of the share shall be determined in accordance with the following formula, namely :—

Fair market value = (A+B)/C

Where:

A = the market capitalisation of the company on the basis of observable price of its shares quoted on the recognised stock exchange;

B = the book value of liabilities of the company as on the specified date;

C = the total number of outstanding shares:

Provided further that where, on the specified date, the share is listed on more than one recognised stock exchange, the observable price of the share shall be computed with reference to the recognised stock exchange which records the highest volume of trading in the share during the period considered for determining the price.

(3) Where the asset is a share of an Indian company not listed on a recognised stock exchange on the specified date, the fair market value of the share shall be its fair market value on such date as determined by a merchant banker or an accountant in accordance with any internationally accepted valuation methodology for valuation of shares on arm's length basis as increased by the liability, if any, considered in such determination.

(4) Where the asset is an interest in a partnership firm or an association of persons, its fair market value shall be determined in the following manner, namely:—

(*i*) the value on the specified date of such firm or association of persons, shall be determined by a merchant banker or an accountant in accordance with any internationally accepted valuation methodology as increased by the liability, if any, considered in such determination;

(*ii*) the portion of the value computed in clause (*i*) as is equal to the amount of its capital shall be allocated among its partners or members in the proportion in which capital has been contributed by them and the residue of the value shall be allocated among the partners or members in accordance with the agreement of partnership firm or association of persons for distribution of assets in the event of dissolution of the firm or association, or, in the absence of any such agreement, in the proportion in which the partners or members are entitled to share profits and the sum total of the amount so allocated to a partner or member shall be treated as the fair market value of the interest of that partner or member in the firm or the association of persons, as the case may be.

(5) The fair market value of the asset other than those referred to in sub-rules (2), (3) and (4) shall be the price it would fetch if sold in the open market on the specified date as determined by a merchant banker or an accountant as increased by the liability, if any, considered in such determination.

(6) The fair market value of all the assets of a foreign company or an entity shall be determined in the following manner, namely:—

(*i*) where the transfer of share of, or interest in, the foreign company or entity is between the persons who are not connected persons, the fair market value of all the assets owned by the foreign company or the entity as on the specified date, for the purpose of such transfer, shall be determined in accordance with the following formula, namely:—
Fair market value of all assets = A+B
Where:
A = Market capitalisation of the foreign company or entity computed on the basis of the full value of consideration for transfer of the share or interest;
B = book value of the liabilities of the company or the entity as on the specified date as certified by a merchant banker or an accountant;

(*ii*) in any other case, if, —

(*a*) the share of the foreign company or entity is listed on a stock exchange on the specified date, the fair market value of all the assets owned by the foreign company or the entity shall be determined in accordance with the following formula, namely:—
Fair market value of all the assets = A+B
Where:
A = Market capitalisation of the foreign company or entity computed on the basis of the observable price of the share on the stock exchange where the share of the foreign company or the entity is listed;
B = book value of the liabilities of the company or the entity as on the specified date:
Provided that where, as on the specified date, the share is listed on more than one stock exchange, the observable price in the aforesaid formula shall be in respect of the stock exchange which records the highest volume of trading in the share during the period considered for determining the price;

(*b*) the share in the foreign company or entity is not listed on a stock exchange on the specified date, the value of all the assets owned by the foreign company or the entity shall be determined in accordance with the following formula, namely :—
Fair market value of all the assets = A+B
Where:
A = fair market value of the foreign company or the entity as on the specified date as determined by a merchant banker or an accountant as per the internationally accepted valuation metho-dology;
B = value of liabilities of the company or the entity if any, considered for the determination of fair market value in A.

(7) Where fair market value has been determined on the basis of any interim balance sheet referred to in the first proviso to clause (*ix*) of the *Explanation*, then the fair market value shall be appropriately modified after finalisation of the relevant financial statement in accordance with the applicable laws and all the provisions of this rule and rules 11UC and 114DB shall apply accordingly.

(8) For determining the fair market value of any asset located in India, being a share of an Indian company or interest in a partnership firm or association of persons, all the assets and business operations of the said company or partnership firm or association of persons shall be taken into account irrespective of whether the assets or business operations are located in India or outside.

(9) The rate of exchange for the calculation in foreign currency, of the value of assets located in India and expressed in rupees shall be the telegraphic transfer buying rate of such currency as on the specified date.

Explanation.—For the purposes of this rule and rule 11UC,—

(*i*) "accountant" means an accountant referred to in the *Explanation* to sub-section (2) of section 288 and for the purposes of sub-rule (6) includes any valuer recognised for undertaking similar valuation by the Government of the country where the foreign company or the entity is registered or incorporated or any of its agencies, who fulfils the following conditions, namely :—

(*a*) if he is a member or partner in any entity engaged in rendering accountancy or valuation services then,—

(*i*) the entity or its affiliates has presence in more than two countries; and

(*ii*) the annual receipt of the entity in the year preceding the year in which valuation is undertaken exceeds ten crore rupees;

(*b*) if he is pursuing the profession of accountancy individually or is a valuer then,—

(*i*) his annual receipt in the year preceding the year in which valuation is undertaken, from the exercise of profession, exceeds one crore rupees; and

(*ii*) he has professional experience of not less than ten years.

(*ii*) "connected person" shall have the meaning as assigned to it in clause (*4*) of section 102;

(*iii*) "right of management or control" shall include the right to appoint majority of the directors or to control the management or policy decision exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of shareholding or management rights or shareholders agreements or voting agreements or in any other manner;

(*iv*) "telegraphic transfer buying rate" shall have the meaning as assigned to it in the *Explanation* to rule 26;

(*v*) "observable price" in respect of a share quoted on a stock exchange shall be the higher of the following :—

(*a*) the average of the weekly high and low of the closing prices of the shares quoted on the said stock exchange during the six months period preceding the specified date; or

(*b*) the average of the weekly high and low of the closing price of the shares quoted on the said stock exchange during the two weeks preceding the specified date;

(*vi*) "book value of the liabilities" means the value of liabilities as shown in the balance-sheet of the company or the entity as the case may be, excluding the paid-up capital in respect of equity shares or members' interest and the general reserves and surplus and security premium related to the paid-up capital.

(*vii*) "specified date" shall have the meaning as assigned to it in clause (*d*) of *Explanation 6* to clause (*i*) of sub-section (1) of section 9;

(*viii*) the terms "merchant banker" and "recognised stock exchange" shall have the meaning as assigned to them in rule 11U;

(*ix*) "balance sheet",—

(*a*) in relation to an Indian company, means the balance-sheet of such company (including the notes annexed thereto and forming part of the accounts) as drawn up on the specified date which has been audited by the auditor of the company appointed under the laws relating to companies in force; and

(*b*) in any other case, means the balance-sheet of the company or the entity (including the notes annexed thereto and forming part of the accounts) as drawn up on the specified date and submitted to the relevant authority outside India under the laws in force of the country in which the foreign company or the entity is registered or incorporated:

Provided that where the balance-sheet as on the specified date is not drawn up, pending finalisation of accounts, as mentioned in clauses (*a*) and (*b*), the balance sheet shall mean an interim balance-sheet drawn up as on the specified date and approved by the board of directors of the company or an equivalent body in case of any other entity:

Provided further that where the specified date is the date referred to in sub-clause (*ii*) of clause (*d*) of *Explanation 6* to clause (*i*) of sub-section (1) of section 9, the balance sheet means the balance sheet as drawn up on the specified date and certified by an accountant.

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87. Inserted by the IT (Nineteenth Amdt.) Rules, 2016, w.e.f. 28-6-2016.

Determination of income attributable to assets in India.

11UC. (1) The income from transfer outside India of a share of, or interest in, a company or an entity referred to in clause (*i*) of sub-section (1) of section 9, attributable to assets located in India, shall be determined in accordance with the following formula, namely:—

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

Where:

A = Income from the transfer of the share of, or interest in, the company or the entity computed in accordance with the provisions of the Act, as if, such share or interest is located in India;

B = Fair Market Value of assets located in India as on the specified date, from which the share or interest referred to in A derives its value substantially, computed in accordance with rule 11UB;

C = Fair Market Value of all the assets of the company or the entity as on the specified date, computed in accordance with rule 11UB:

Provided that if the transferor of the share of, or interest in, the company or the entity fails to provide the information required for the application of the aforesaid formula then the income from the transfer of such share or interest attributable to the assets located in India shall be determined in such manner as the Assessing Officer may deem suitable.

(2) The transferor of the share of, or interest in, a company or an entity that derives its value substantially from assets located in India, shall obtain and furnish along with the return of income a report in Form No. 3CT duly signed and verified by an accountant providing the basis of the apportionment in accordance with the formula and certifying that the income attributable to assets located in India has been correctly computed.]

सत्यमेव जयते
कोष मूलो दण्ड:
INCOME TAX DEPARTMENT

[88][**Thresholds for the purposes of significant economic presence.**

11UD. (1) For the purposes of clause (*a*) of *Explanation 2A* to clause (*i*) of sub-section (1) of section 9, the amount of aggregate of payments arising from transaction or transactions in respect of any goods, services or property carried out by a non-resident with any person in India, including provision of download of data or software in India during the previous year, shall be two crore rupees.

(2) For the purposes of clause (*b*) of *Explanation 2A* to clause (*i*) of sub-section (1) of section 9, the number of users with whom systematic and continuous business activities are solicited or who are engaged in interaction shall be three lakhs.]

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88. Inserted by the IT (Thirteenth Amdt.) Rules, 2021, w.e.f. 1-4-2022.

सत्यमेव जयते
कोष मूलो दण्ड:
INCOME TAX DEPARTMENT

[89][*J. - Indirect transfer prior to 28th May, 2012 of assets situate in India*

Specified conditions under *Explanation* to fifth and sixth provisos to *Explanation 5* to clause (*i*) of sub-section (1) of section 9.

11UE. (1) For the purposes of clauses (*i*), (*ii*) and (*iii*) of the *Explanation* to fifth and sixth provisos to *Explanation 5* to clause (*i*) of sub-section (1) of section 9, the declarant shall furnish an undertaking in Form No. 1 and shall append the undertakings from all the interested parties in Part M of the Annexure to the undertaking in Form No. 1 and furnish all the attachments required to be furnished under any clause or Part thereof.

(2) The conditions for the purposes of clause (*iv*) of the *Explanation* to fifth and sixth provisos to *Explanation 5* to clause (*i*) of sub-section (1) of section 9 shall be the following, namely:—

(*a*) the declarant and all the interested parties shall irrevocably withdraw, terminate or discontinue all the appeals or applications or petitions or proceedings, against the relevant order or orders and furnish evidence thereof and a declaration in the undertaking in Form No. 1 to the effect that it shall not, under any circumstances, reopen or file any such appeal, application, petition or proceeding in future against the relevant order or orders;

(*b*) the declarant and all the interested parties shall irrevocably withdraw, terminate or discontinue all the proceedings for arbitration, conciliation or mediation, or notices thereof against the relevant order or orders and furnish evidence thereof and a declaration in the undertaking in Form No. 1 to the effect that it shall not, under any circumstances, reopen or file any such proceeding or initiate any such arbitration, conciliation or mediation in future against the relevant order or orders;

(*c*) the declarant and all the interested parties shall irrevocably withdraw, terminate or discontinue all the proceedings to enforce or pursue attachments in respect of any award, order or judgment or any other relief against the Republic of India or Indian affiliates with respect to the relevant order or orders and furnish evidence thereof and a declaration in the undertaking in Form No. 1 to the effect that it shall not, under any circumstances, reopen or file any such proceeding in future against the Republic of India or Indian affiliates with respect to the relevant order or orders;

(*d*) the declarant and all the interested parties shall irrevocably terminate, release, discharge, and forever irrevocably waive all rights, whether direct or indirect, and any claims, demands, liens, actions, suits, causes of action, obligations, controversies, debts, costs, attorneys' fees, court's fees expenses, damages, judgments, orders, declaratory relief, and liabilities of whatever kind or nature at law, in equity, or otherwise, whether now known or unknown previously (or in future discovered), suspected or unsuspected, and whether or not concealed or hidden, which have existed or may have existed, or do exist or which hereafter can, shall or may exist in relation to any award, order, judgment, or any other relief against the Republic of India or Indian affiliates in connection with the relevant order or orders and furnish evidence thereof and a declaration in the undertaking in Form No. 1 to the effect that it shall not, under any circumstances, reopen or file any such proceeding or initiate any such arbitration, conciliation or mediation in future against the relevant order or orders;

(*e*) the declarant and all the interested parties shall irrevocably waive any right to seek or pursue any claim for costs in respect of any proceeding referred to in clause (*a*), (*b*), (*c*) or (*d*), including but not limited to any proceeding initiated by the Republic of India to set aside the award, order or judgment, or any other relief, referred to in clause (*a*), (*b*), (*c*) or (*d*), issued in favour of the declarant or any of the interested parties;

(*f*) the declarant and all the interested parties shall terminate, release, discharge, and forever irrevocably waive any right, whether direct or indirect, any remedies, claims, demands, liens, actions, suits, causes of action, obligations, controversies, debts, costs, attorneys' fees, court's fees, expenses, damages, judgments, orders, compensation, and liabilities of whatever kind or nature at law, in equity, or otherwise, whether now known or unknown, suspected or unsuspected, and whether or not concealed or hidden, which have existed or may have existed, or do exist or which hereafter can, shall or may exist, based on pursuit of any remedy or any and all claims, demands, damages, judgments, awards, costs, expenses, compensation or liabilities of any kind (whether asserted or unasserted), in relation to any facts, events, or omissions occurring at any time in relation to taxation of income referred to in the fifth and sixth provisos to *Explanation 5* to clause (*i*) of sub-section (1) of section 9 or relevant order or orders, or any related award, judgment or court order, which may otherwise be available to the declarant or any of its interested parties;

(*g*) the declarant and all the interested parties shall indemnify, defend and hold harmless the Republic of India and Indian affiliates from and against any and all costs, expenses (including attorneys' fees and court's fees), interest, damages, and liabilities of any nature arising out of or in any way relating to the assertion or, bringing, filing or maintaining of any claim, at any time after the date of furnishing the undertaking in Form No. 1 by the declarant, by any person and the declarant and all the interested parties shall furnish an indemnity bond to this effect, such that the declarant and the interested parties fully assume the risk of any omission or mistake with respect to identification and procurement of authorisations and undertakings from any related parties or interested parties as provided in the undertaking, and secures the Republic of India and Indian affiliates from any claim related to any relevant order or orders, or in relation to any award, order, judgment, or any other relief against the Republic of India and Indian affiliates in connection with any relevant order or orders;

(*h*) the declarant and all the interested parties shall refrain from facilitating, procuring, encouraging or otherwise assisting any person (including but not limited to any related party or interested party) from bringing any proceeding or claims of any kind related to any relevant order or orders, or in relation to any award, order, judgment, or any other relief against the Republic of India or Indian affiliates in connection with any relevant order or orders; and

(*i*) the declarant and all the interested parties shall notify by a public notice or press release that, by signing the undertaking in Form No. 1 or Part M of the Annexure to the undertaking in Form No. 1, as the case may be, any claims arising out of or relating to the relevant orders or any related award, judgment or court order, no longer subsist, and that such person or entity issuing the public notice has signed the undertaking, and that such undertaking includes an indemnity against any claims brought against the Republic of India or any India affiliate contrary to the undertaking, and that the declarant and all the interested parties shall furnish a copy of such public notice to the Republic of India.

(3) The execution, delivery and performance of the undertaking in Form No. 1 submitted by the declarant, undertakings from all the interested parties in Part M of the Annexure to the undertaking in Form No. 1 and indemnity bond by the declarant and interested parties in Part N of the Annexure to the undertaking in Form No. 1 shall be duly authorised by all necessary corporate action, including but not limited to any board resolution or similar authorisation under applicable law and a copy of such board resolution and legal authorisation shall be furnished by the declarant.]

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89. Inserted by the IT (Thirty-first Amdt.) Rules, 2021, w.e.f. 1-10-2021.

[90][**Manner of furnishing undertaking under rule 11UE.**

11UF. (1) The undertaking in Form No. 1 under sub-rule (1) of rule 11UE shall be submitted by the declarant to the jurisdictional Principal Commissioner or Commissioner within forty-five days from the date of commencement of the Income-tax (31st Amendment) Rules, 2021.

(2) After the undertaking in Form No. 1 under sub-rule (1) of rule 11UE is furnished by the declarant, the jurisdictional Principal Commissioner or Commissioner shall, within a period of fifteen days from the date of receipt of the said undertaking,—

(*a*) grant a certificate in Form No. 2 accepting such undertaking; or

(*b*) pass an order rejecting such undertaking, where the undertaking in Form No. 1 is incorrect or incomplete or any part thereof or any of the attachments or evidences or the indemnity bonds provided therein or any of the authorisations, as referred to in sub-rule (3) of rule 11UE is incorrect or incomplete or not furnished, after giving an opportunity of being heard to the declarant.

(3) After the grant of certificate in Form No. 2, the conditions under sub-rule (2) of rule 11UE shall be fulfilled by the declarant and interested parties and an intimation to this effect shall be filed by the declarant in Form No. 3 within sixty days of the date of receipt of certificate in Form No. 2 under sub-rule (2) with the jurisdictional Principal Commissioner or Commissioner.

(4) The jurisdictional Principal Commissioner or Commissioner may, on an application made by the declarant, extend the period of sixty days under sub-rule (3) by a further period not exceeding sixty days.

(5) Where the intimation in Form No. 3 is filed after the period of sixty days under sub-rule (3) or further period extended under sub-rule (4), as the case may be, then, notwithstanding anything contained in any other provision of rule 11UE and this rule, such intimation in Form No. 3 shall be treated as invalid and the provisions of this rule shall apply as if such person had never furnished the intimation in Form No. 3.

(6) No intimation in Form No. 3 under sub-rule (3) shall be required to be furnished by the declarant if the following conditions are satisfied, namely:—

(*a*) the declarant or any of the interested parties has not filed, with respect to all the relevant order or orders, any—

(*i*) appeal or application or petition or proceeding;

(*ii*) arbitration, conciliation or mediation and no notices have been given thereof; or

(*iii*) proceeding to enforce or pursue attachments in respect of any award, order or judgment or any other relief against the Republic of India or Indian affiliates; and

(*b*) where, with respect to the relevant order or orders, any—

(*i*) appeals or applications or petitions or proceeding;

(*ii*) arbitration, conciliation or mediation; or

(*iii*) proceeding to enforce or pursue attachments in respect of any award, order or judgment or any other relief against the Republic of India or Indian affiliates,

has been filed or notice thereof has been given by the declarant or any interested parties, the declarant and all such interested parties have irrevocably withdrawn all such appeals, applications, petitions, proceeding, arbitration, conciliation and mediation and no further appeal or application or petition or proceeding or arbitration or conciliation or mediation has been filed by the declarant or any such interested party against the Republic of India or any of the Indian Affiliates before the withdrawal of such arbitration, conciliation or mediation and evidence thereof has been furnished at the time of furnishing the undertaking in Form No. 1 referred to in sub-rule (1) of rule 11UE; and

(*c*) where with respect to the relevant order or orders, any,—

(*i*) appeals or applications or petitions or proceeding;

(*ii*) the arbitration, conciliation or mediation;

(*iii*) the proceeding to enforce or pursue attachments in respect of any award, order or judgment or any other relief against the Republic of India or Indian affiliates;

had been filed by the declarant or any of the interested parties and have been disposed of, no further appeal or application or petition or proceeding or arbitration or conciliation or mediation has been filed by the declarant or any such interested party against the Republic of India or any of the Indian Affiliates on or before the disposal of such arbitration, conciliation or mediation and evidence thereof has been furnished at the time of furnishing the undertaking in Form No. 1 referred to in sub-rule (1) of rule 11UE.

(7) After the receipt of intimation in Form No. 3 under sub-rule (3) or grant of certificate in Form No. 2 under sub-rule (2) in cases covered under sub-rule (6), the jurisdictional Principal Commissioner or Commissioner shall pass an order granting relief in Form No. 4 or decline to grant relief in accordance with the procedure specified in sub-rule (8).

(8) The jurisdictional Principal Commissioner or Commissioner may, after giving an opportunity of being heard to the declarant, decline to grant relief under sub-rule (7) where,—

(*a*) the declarant has not fulfilled any of the conditions stipulated under sub-rule (2) of rule 11UE;

(*b*) the intimation in Form No. 3 or any part thereof is incorrect or incomplete;

(*c*) the intimation in Form No. 3 has not been filed in a case other than that covered under sub-rule (6);

(*d*) any of the attachments provided in Form No. 3 is incorrect or incomplete or has not been furnished;

(*e*) any of the evidences required to be furnished along with Form No. 3 is incorrect or incomplete or has not been furnished; or

(*f*) the intimation in Form No. 3 submitted by the declarant is not duly authorised by all necessary corporate action, including but not limited to any board resolution or similar authorisation under applicable law or a copy of such board resolution or legal authorisation is incorrect or incomplete or not furnished by the declarant.

(9) The order granting the relief under sub-rule (7) or declining to grant relief under sub-rule (8) shall be passed,—

(*a*) within a period of thirty days from the date of receipt of Form No. 3 by the Principal Commissioner or Commissioner, in cases where intimation in Form 3 has been furnished to the Principal Commissioner or Commissioner under sub-rule (3);

(*b*) within thirty days of the issue of Form No. 2, in cases covered under sub-rule (6).

(10) No order rejecting the undertaking in Form No. 1 under clause (*b*) of sub-rule (2) or declining relief under sub-rule (8), shall be passed by the Principal Commissioner or Commissioner without the approval of the Chief Commissioner.

(11) For the purpose of rejecting the undertaking under clause (*b*) of sub-rule (2) or declining to grant relief under sub-rule (8), the Principal Commissioner or Commissioner shall intimate the reasons thereof to the declarant and give him an opportunity of submitting a renewed undertaking in Form No. 1 or renewed intimation in Form No. 3, as the case may be, within a further period not exceeding thirty days.

(12) Where the renewed undertaking or renewed intimation is not filed within such further period under sub-rule (11), then, notwithstanding anything contained in any other provision of the rule 11UE and this rule, such undertaking or intimation shall be treated as invalid and the provisions of this rule shall apply as if such person had never furnished the undertaking in Form No. 1 or intimation in Form No. 3, as the case may be.

(13) The extended period allowed under sub-rule (11) for submitting a renewed undertaking in Form No. 1 or a renewed intimation in Form No. 3 shall be excluded from,—

(*a*) the period of fifteen days under sub-rule (2) for granting a certificate in Form No. 2 or passing an order rejecting such undertaking, as the case may be, by the jurisdictional Principal Commissioner or Commissioner; or

(*b*) thirty days under clauses (*a*) and (*b*) of sub-rule (9) for passing an order granting relief under sub-rule (7) or declining relief under sub-rule (8), as the case may be, by the jurisdictional Principal Commissioner or Commissioner.

(14) For the purposes of computing the period of limitation under sub-rule (2) or (9), where immediately after the exclusion of the period or extended period allowed to the declarant, the period of limitation available to the Principal Commissioner or Commissioner, for granting certificate or passing or issuing an order under sub- rule (2) or (9), is less than fifteen days, such remaining period shall be extended to fifteen days and the period of limitation under said sub-rules shall be deemed to be extended accordingly.

(15) The undertaking in Form No. 1 shall be deemed to have never been filed if the Principal Commissioner or Commissioner has passed an order rejecting the undertaking in Form No. 1 under clause (*b*) of sub-rule (2) or declined to grant relief to the declarant under sub-rule (8).

(16) The directions of the jurisdictional Principal Commissioner or Commissioner, in Form No. 4, shall be binding on the Assessing Officer who shall,—

(*a*) give effect to such directions and pass an order and issue the refund, if any, and revoke attachments, if any, within a period of fifteen days from the date of the receipt of such directions; and

(*b*) file an application to withdraw any appeal or application or petition or proceeding filed by any income-tax authority or intimate the concerned person, where appeals or applications or petitions or proceeding has been filed by any other person representing the Republic of India, with respect to the specified orders covered under Form No. 4, within sixty days from the date of receipt of such directions.

(17) Any dispute with respect to the undertaking or part of the undertaking or indemnity bond specified Forms prescribed under these rules or in respect of any direction or order issued thereunder shall be governed by the relevant Indian laws and be decided in accordance with the procedures specified under the Act, under the exclusive jurisdiction of the relevant income-tax authorities, tribunals or courts in India, as the case may be, which are empowered to decide disputes under the Act.

(18) The Form Nos. 1, 2, 3 and 4 of Appendix IV shall be the Forms for the purposes of this rule and rule 11UE.

Explanation.—For the purposes of this rule and rule 11UE, unless the context otherwise requires,—

(*a*) "declarant" means the person in whose case a specified order has been passed or made, as the case may be;

(*b*) "Indian affiliate" means any of departments, agencies, instrumentalities, public sector companies, and other entities of the Republic of India, owned or controlled, directly or indirectly, allegedly or in fact, by any thereof, as well as any officials, officers, directors, employees, attorneys, representatives, those providing financing, and agents of any of these persons, whether in India or in any other country or territory outside India;

(*c*) "interested party" means the following, namely:—

(*i*) all the companies or entities in the entire chain of holding of the declarant till the ultimate holding company or entity;

(*ii*) any person to whom the declarant has transferred any of its claims under any award, judgment, or court order pertaining to the relevant orders or under the relevant orders or granted any rights;

(*iii*) any person other than the person mentioned in sub-clauses (*i*) and (*ii*), in whose favour any interest has been created or assigned by the declarant or under any law or rules made thereunder with respect to any of the relevant order; and

(*iv*) any person who has initiated any proceedings with respect to any of the relevant orders;

(*d*) "related party" means affiliates, predecessors, successors, all the companies or entities in the entire chain of holding till the ultimate holding company or entity, subsidiaries (whether direct or indirect), assignees, agents, shareholders (present and future), owners, directors, officers, those providing financing, and employees of the declarant;

(*e*) "relevant order" means any specified order passed or made in respect of income accruing or arising through or from the transfer of an asset or a capital asset situate in India in consequence of the transfer of a share or interest in a company or entity registered or incorporated outside India made before the 28th day of May, 2012, particulars whereof are provided in Part A of the Annexure to the undertaking in Form No. 1;

(*f*) "specified order" means,—

(*i*) an assessment or reassessment order under section 143, section 144, section 147 or section 153A or section 153C; or

(*ii*) an order passed for enhancing the assessment or reducing a refund already made or otherwise increasing the liability of the assessee under section 154; or

(*iii*) an order passed deeming a person to be an assessee in default under sub-section (1) of section 201; or

(*iv*) an order passed imposing a penalty under Chapter XXI or under section 221;

(*g*) "ultimate holding company or entity" means a company or an entity that has ultimate control of the declarant directly or indirectly and such company or entity is not itself controlled by, or is subsidiary of, any other company or entity.]

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90. Inserted by the IT (Thirty-first Amdt.) Rules, 2021, w.e.f. 1-10-2021.

PART III

ASSESSMENT PROCEDURE

Return of income and return of fringe benefits.

12. (1) The return of income required to be furnished under sub-section (1) or sub-section (3) or sub-section (4A) or sub-section (4B) or sub-section (4C) or sub-section (4D) [91][or sub-section (4E)] [92][or sub-section (4F)] of section 139 or clause (*i*) of sub-section (1) of section 142 [93][or section 148] or section 153A relating to the assessment year commencing [on the 1st day of April, [94]**[***2026***]** shall,—

(*a*) in the case of a person being [95][an individual who is a resident other than not ordinarily resident and] where the total income includes income chargeable to income-tax, under the head,—

(*i*) "Salaries" or income in the nature of family pension as defined in the *Explanation* to clause (*iia*) of section 57; or

(*ii*) "Income from house property", where assessee does not own more than [95a]**[***two house properties***]** and does not have any brought forward loss [96][or loss to be carried forward] under the head; or

(*iii*) "Income from other sources", except winnings from lottery or income from race horses [and does not have any loss under the head],

be in Form SAHAJ (ITR-1) and be verified in the manner indicated therein:

Provided that the provisions of this clause shall not apply to a person who,—

[97][(*I*) has assets (including financial interest in any entity) located outside India;

(*IA*) has signing authority in any account located outside India;

(*IB*) has income from any source outside India;

(*IC*) has income to be apportioned in accordance with provisions of section 5A;]

[98][(*ID*) has claimed deduction under section 57, other than deduction claimed under clause (*iia*) thereof;

(*IE*) is a director in any company;

(*IF*) has held any unlisted equity share at any time during the previous year;

(*IG*) is assessable for the whole or any part of the income on which tax has been deducted at source in the hands of a person other than the assessee;]

(*II*) has claimed any relief of tax under section 90 or 90A or deduction of tax under section 91; [99][***]

[1][(*III*) has agricultural income, exceeding five thousand rupees;]

[2][(*IV*) has total income, exceeding fifty lakh rupees;

(*V*) has income taxable under section 115BBDA; [3][***]

(*VI*) has income of the nature referred to in section 115BBE;]

[4][(*VII*) is a person in whose case tax has been deducted under section 194N; or

(*VIII*) is a person in whose case payment or deduction of tax has been deferred under sub-section (2) of section 191 or sub-section (1C) of section 192;]

(*b*) [5][***]

(*ba*) [6][***]

[7][(*c*) in the case of a person being an individual [not being an individual to whom clause (*a*) applies] or a Hindu undivided family where the total income does not include income [8][under the head] business or profession, be in Form No. ITR-2 and be verified in the manner indicated therein;]

[(*ca*) in the case of a person being an individual or [9][a Hindu undivided family, who is a resident other than not ordinarily resident, or a firm, other than limited liability partnership firm, which is a resident] deriving [10][income under the head "Profits or gains of business or profession" and such income is computed in accordance with special provisions referred to in section 44AD, section 44ADA and section 44AE of the Act for computation of such income, be in Form SUGAM (ITR-4)] and be verified in the manner indicated therein:]

Provided that the provisions of this clause shall not apply to a person who,—

[11][(*I*) has assets (including financial interest in any entity) located outside India;

(*IA*) has signing authority in any account located outside India;

(*IB*) has income from any source outside India;

(*IC*) has income to be apportioned in accordance with provisions of section 5A;

(*ID*) is a director in any company;

(*IE*) has held any unlisted equity share at any time during the previous year;

(*IF*) has total income, exceeding fifty lakh rupees;

(*IG*) owns more than [95a]**[***two house properties***]**, the income of which is chargeable under the head "Income from house property";

(*IH*) has any brought forward loss or loss to be carried forward under any head of income;

(*IJ*) is assessable for the whole or any part of the income on which tax has been deducted at source in the hands of a person other than the assessee;]

(*II*) has claimed any relief of tax under section 90 or 90A or deduction of tax under section 91; [12][***]

[13][(*III*) has agricultural income, exceeding five thousand rupees;]

[14][(*IV*) has income taxable under section 115BBDA; or

(*V*) has income of the nature referred to in section 115BBE;]

[15][(*VI*) has income of the nature specified in† clause (*vi*) of sub-section (2) of section 17 on which tax is payable or deductible, as the case may be, under sub-section (2) of section 191 or sub-section (1C) of section 192;]

(*d*) in the case of a person being an individual or a Hindu undivided family other than the individual or Hindu undivided family referred to in clause (*a*) [16][***] or clause (*c*) [or clause (*ca*)] and [17][having income under the head] business or profession, be in [18][Form No. ITR-3] and be verified in the manner indicated therein;

(*e*) in the case of a person not being an individual or a Hindu undivided family or a company or a person to which clause (*g*) applies, be in Form No. ITR-5 and be verified in the manner indicated therein;

(*f*) in the case of a company not being a company to which clause (*g*) applies, be in Form No. ITR-6 and be verified in the manner indicated therein;

(*g*) in the case of a person including a company whether or not registered under section 25 of the Companies Act, 1956 (1 of 1956), required to file a return under sub-section (4A) or sub-section (4B) or sub-section (4C) or sub-section (4D) [19][***] of section 139, be in Form No. ITR-7 and be verified in the manner indicated therein;

(*h*) [***]

(2) The return of income required to be furnished in Form SAHAJ (ITR-1) or Form No. ITR-2 or Form No. ITR-3 or [20][Form SUGAM (ITR-4)] or Form No. ITR-5 or Form No. ITR-6 [or Form No. ITR-7] shall not be accompanied by a statement showing the computation of the tax payable on the basis of the return, or proof of the tax, if any, claimed to have been deducted or collected at source or the advance tax or tax on self-assessment, if any, claimed to have been paid or any document or copy of any account or form or report of audit required to be attached with the return of income under any of the provisions of the Act:

[**Provided** that where an assessee is required to furnish a report of audit specified under sub-clause (*iv*), (*v*), (*vi*) or (*via*) of clause (*23C*) of section 10, section 10A [21][, section 10AA], clause (*b*) of sub-section (1) of section 12A, section 44AB [21][, section 44DA, section 50B], section 80-IA, section 80-IB, section 80-IC, section 80-ID, section 80JJAA, section 80LA, section 92E, [22][section 115JB [23][, section 115JC] or section 115VW] [24][or to give a notice under clause (*a*) of sub-section (2) of section 11] of the Act, he shall furnish the same electronically.]

[25][(3) The return of income referred to in sub-rule (1) shall be furnished by a person mentioned in column (*ii*) of the Table below to whom the conditions specified in column (*iii*) apply, in the manner specified in column (*iv*) thereof:—

TABLE

Sl. No.	*Person*	*Condition*	*Manner of furnishing return of income*
(i)	*(ii)*	*(iii)*	*(iv)*
[26]**[***1***	*Individual or Hindu Undivided Family*	(a) *Accounts are required to be audited under section 44AB of the Act ;*	(A) *Electronically under digital signature; or* (B) *Transmitting the data electronically in the return under electronic verification code;*
		(b) *Where total income assessable under the Act during the previous year of a person, being an individual of the age of eighty years or more at any time during the previous year, and who furnishes the return in Form number SAHAJ (ITR-1) or Form number SUGAM (ITR-4).*	(A) *Electronically under digital signature; or* (B) *Transmitting the data electronically in the return under electronic verification code; or* (C) *Transmitting the data in the return electronically and thereafter submitting the verification of the return in Form ITRV; or* (D) *Paper form;*
		(c) In any other case	(A) *Electronically under digital signature; or* (B) *Transmitting the data electronically in the return under electronic verification code; or* (C) *Transmitting the data in the return electronically and thereafter submitting the verification of the return in Form ITRV.***]**
2	Company	In all cases.	Electronically under digital signature.
3	A person required to furnish the return in Form ITR-7	(*a*) In case of a political party; (*b*) In any other case.	Electronically under digital signature; (*A*) Electronically under digital signature; or (*B*) Transmitting the data in the return electronically under electronic verification code; or (*C*) Transmitting the data in the return electronically and thereafter submitting the verification of the return in Form ITRV

4	Firm or limited liability partnership or any person (other than a person mentioned in Sl. No. 1 to 3 above) who is required to file return in Form ITR-5	(*a*) Accounts are required to be audited under section 44AB of the Act; (*b*) In any other case.	Electronically under digital signature; (*A*) Electronically under digital signature; or (*B*) Transmitting the data in the return electronically under electronic verification code; or (*C*) Transmitting the data in the return electronically and thereafter submitting the verification of the return in Form ITRV.

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

(4) The [27] [Principal Director-General of Income-tax (Systems) or Director General of Income-tax (Systems)] shall specify the procedures, formats and standards for ensuring secure capture and transmission of data and shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to furnishing the returns [28][in the manners (other than the paper form) specified in column (*iv*) of the Table in sub-rule (3)] and the report of audit [29][or notice] in the manner specified in proviso to sub-rule (2).

(5) Where a return of income relates to the assessment year commencing on the 1st day of April, [30]**[***2025***]** or any earlier assessment year, it shall be furnished in the appropriate form as applicable in that assessment year.

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91. Inserted by the IT (Seventh Amdt.) Rules, 2015, w.r.e.f. 1-4-2015.
92. Inserted by the IT (Ninth Amdt.) Rules, 2016, w.e.f. 1-4-2016.
93. Substituted for "or sub-section (1) of section 148" by the IT (Twentieth Amdt.) Rules, 2021, w.e.f. 27-7-2021.
94. Substituted for "2025" by the IT (Second Amdt.) Rules, 2026, w.e.f. **31-3-2026.**
95. Substituted for "an individual" by the IT (Second Amdt.) Rules, 2018, w.r.e.f. 1-4-2018.
95a. Substituted for "one house property" by the IT (Second Amdt.) Rules, 2026, w.e.f. **31-3-2026.**
96. Inserted by the IT (Second Amdt.) Rules, 2018, w.r.e.f. 1-4-2018.
97. Items (*I*) to (*IC*) substituted for item (*I*) by the IT (Second Amdt.) Rules, 2018, w.r.e.f. 1-4-2018.
98. Items (*ID*) to (*IG*) inserted by the IT (Second Amdt.) Rules, 2019, w.e.f. 1-4-2019.
99. Word "or" omitted by the IT (Fourth Amdt.) Rules, 2017, w.e.f. 1-4-2017.
1. Substituted by the IT (Eighth Amdt.) Rules, 2015, w.r.e.f. 1-4-2015.
2. Inserted by the IT (Fourth Amdt.) Rules, 2017, w.e.f. 1-4-2017.
3. Word "or" omitted by the IT (Seventh Amdt.) Rules, 2021, w.e.f. 1-4-2021.
4. Inserted by the IT (Seventh Amdt.) Rules, 2021, w.e.f. 1-4-2021.
5. Omitted by the IT (Fourth Amdt.) Rules, 2017, w.e.f. 1-4-2017.
6. Omitted, by the IT (Fourth Amdt.) Rules, 2017, w.e.f. 1-4-2017.
7. Substituted by the IT (Fourth Amdt.) Rules, 2017, w.e.f. 1-4-2017.
8. Substituted for "derived from a proprietory" by the IT (Second Amdt.) Rules, 2018, w.r.e.f. 1-4-2018.
9. Substituted for "a Hindu undivided family or a firm, other than a limited liability partnership firm," by the IT (Second Amdt.) Rules, 2019, w.e.f. 1-4-2019.
10. Substituted for "business income and such income is computed in accordance with special provisions referred to in section 44AD and section 44AE of the Act for computation of business income, be in Form SUGAM (ITR-4S)" by the IT (Fourth Amdt.) Rules, 2017, w.e.f. 1-4-2017.
11. Items (*I*) to (*IJ*) substituted for item (*I*) by the IT (Second Amdt.) Rules, 2019, w.e.f. 1-4-2019.
12. Word "or" omitted by the IT (Fourth Amdt.) Rules, 2017, w.e.f. 1-4-2017.
13. Substituted by the IT (Eighth Amdt.) Rules, 2015, w.r.e.f. 1-4-2015.
14. Inserted by the IT (Fourth Amdt.) Rules, 2017, w.e.f. 1-4-2017.
15. Inserted by the IT (Seventh Amdt.) Rules, 2021, w.e.f. 1-4-2021.
16. Words "or clause (*b*)" omitted by the IT (Fourth Amdt.) Rules, 2017, w.e.f. 1-4-2017.
17. Substituted for "deriving income from a proprietary" by the IT (Second Amdt.) Rules, 2018, w.r.e.f. 1-4-2018.
18. Substituted for "Form No. ITR-4" by the IT (Fourth Amdt.) Rules, 2017, w.e.f. 1-4-2017.
19. Words "or sub-section (4E) or sub-section (4F)" omitted by the IT (Second Amdt.) Rules, 2019, w.e.f. 1-4-2019.
20. Substituted for "Form SUGAM (ITR-4S) or Form No. ITR-4" by the IT (Fourth Amdt.) Rules, 2017, w.e.f. 1-4-2017.
21. Inserted by the IT (Sixth Amdt.) Rules, 2014, w.r.e.f. 1-4-2014.

22. Substituted for "or section 115JB" by the IT (Sixth Amdt.) Rules, 2014, w.r.e.f. 1-4-2014.
23. Inserted by the IT (Twenty-second Amdt.) Rules, 2017, w.e.f. 18-8-2017.
24. Inserted by the IT (Fourth Amdt.) Rules, 2014, w.e.f. 1-4-2014.
25. Substituted by the IT (Seventh Amdt.) Rules, 2015, w.r.e.f. 1-4-2015.
26. Substituted by the IT (Second Amdt.) Rules, 2024, w.e.f. **1-4-2024** [as corrected by Corrigen- dum G.S.R. 120(E), dated 21-2-2024]. Prior to its substitution, Sl. No. 1, as substituted by the IT (Fourth Amdt.) Rules, 2017, w.e.f. 1-4-2017 and later on amended by the IT (Second Amdt.) Rules, 2019, w.e.f. 1-4-2019, read as under :

"1	Individual or Hindu undivided family	(*a*) Accounts are required to be audited under section 44AB of the Act;	Electronically under digital signature;
		(*b*) Where total income assessable under the Act during the previous year of a person, being an individual of the age of eighty years or more at any time during the previous year, and who furnishes the return in Form number SAHAJ (ITR-1) or Form number SUGAM (ITR-4).	(*A*) Electronically under digital signature; or (*B*) Transmitting the data electronically in the return under electronic verification code; or (*C*) Transmitting the data in the return electronically and thereafter submitting the verification of the return in Form ITR-V; or (*D*) Paper form;
		(*c*) In any other case	(*A*) Electronically under digital signature; or (*B*) Transmitting the data electronically in the return under electronic verification code; or (*C*) Transmitting the data in the return electronically and thereafter submitting the verification of the return in Form ITR-V;"

27. Substituted for "Director-General of Income-tax (Systems)" by the IT (Seventh Amdt.) Rules, 2015, w.r.e.f. 1-4-2015.
28. Substituted for "in the manners specified in clauses (*i*), (*iii*) and (*iv*) of sub-rule (3)" by the IT (Eighth Amdt.) Rules, 2015, w.r.e.f. 1-4-2015.
29. Inserted by the IT (Fourth Amdt.) Rules, 2014, w.e.f. 1-4-2014.
30. Substituted for "2024" by the IT (Second Amdt.) Rules, 2026, w.e.f. **31-3-2026.**

Preparation of return by authorised representative.

12A. Every authorised representative of an assessee, being an authorised representative specified in clause (*iii*) or clause (*iv*) or clause (*v*) or clause (*vi*) or clause (*vii*) of sub-section (2) of section 288, who has prepared the return of income furnished by the assessee shall, either before making an appearance before the Assessing Officer having jurisdiction to assess that assessee, or immediately after making such appearance, furnish to that officer—

(*a*) particulars of accounts, statements or other documents supplied to him by the assessee for the preparation of the return of income; and

(*b*) where the authorised representative has for the purpose of preparation of the return of income carried out any examination of such accounts, statements or documents, a report on the scope and results of such examination.

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INCOME TAX DEPARTMENT

[31][**Prescribed person for the purposes of clause (*c*) and clause (*cd*) of section 140.**

12AA. For the purpose of clause (*c*) or clause (*cd*), as the case may be, of section 140, any other person shall be the person, appointed by the Adjudicating Authority for discharging the duties and functions of an interim resolution professional, a resolution professional, or a liquidator, as the case may be, under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) and the rules and regulations made thereunder.

Explanation.—For the purposes of this rule, "Adjudicating Authority" shall have the same meaning as assigned to it in clause (*1*) of section 5 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016).]

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31. Inserted by the IT (Twenty-fourth Amdt.) Rules, 2021, w.e.f. 18-8-2021.

[32][**Conditions for furnishing return of income by persons referred to in clause (*b*) of sub-section (1) of section 139.**

12AB. The conditions for furnishing return of income in respect of persons referred to in clause (*b*) of sub-section (1) of section 139 in terms of clause (*iv*) of the seventh proviso to sub-section (1) of section 139 shall be the following, namely:—

(*i*) if his total sales, turnover or gross receipts, as the case may be, in the business exceeds sixty lakh rupees during the previous year; or

(*ii*) if his total gross receipts in profession exceeds ten lakh rupees during the previous year; or

(*iii*) if the aggregate of tax deducted at source and tax collected at source during the previous year, in the case of the person, is twenty-five thousand rupees or more; or

(*iv*) the deposit in one or more savings bank account of the person, in aggregate, is rupees fifty lakh or more during the previous year:

Provided that in the case of an individual resident in India who is of the age of sixty years or more, at any time during the relevant previous year, the provision of clause (*iii*) shall have effect as if for the words "twenty-five thousand", the words "fifty thousand" had been substituted.]

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32. Inserted by the IT (Ninth Amdt.) Rules, 2022, w.e.f. 21-4-2022.

[33][**Updated return of income.**

12AC. (1) The return of income to be furnished by any person, eligible to file such return under sub-section (8A) of section 139, relating to the assessment year commencing on the 1st day of April, 2020 and subsequent assessment years, shall be in the Form ITR-U and be verified in the manner indicated therein.

(2) The return of income referred to in sub-rule (1) shall be furnished by a person, mentioned in column (2) of the Table below in the manner specified in column (3) thereof:--

TABLE

Sl. No.	*Person*	*Manner of furnishing return of income*
(1)	*(2)*	*(3)*
1.	Individual, or Hindu undivided family or a firm or limited liability partnership or an association of persons or a body of individuals, whether incorporated or not, or a local authority or an artificial juridical person in whose case accounts are required to be audited under section 44AB of the Act or a Company or a political party required to furnish a return in Form ITR-7.	Electronically under digital signature.
2.	Individual, or Hindu undivided family, or firm, or limited liability partnership, or an association of persons or a body of individuals, whether incorporated or not, or a local authority or an artificial juridical person, or a person required to file a return under sub-section (4A) or sub-section (4B) or sub-section (4C) or sub-section (4D) of section 139, other than a person mentioned in column (2) of Sl. No. (1) above.	(*A*) Electronically under digital signature; (*B*) Transmitting the data electronically in the return under electronic verification code.

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

(3) The Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems) shall specify the procedures, formats and standards for ensuring secure capture and transmission of data and shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to furnishing the return in the manners specified in column (3) of the Table.]

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33. Inserted by the IT (Eleventh Amdt.) Rules, 2022, w.e.f. 29-4-2022.

[34][**Return of income under section 170A.**

12AD. (1) The modified return of income to be furnished by a successor entity to a business reorganisation, as referred to in section 170A, for an assessment year, shall be in the Form ITR-A and verified in the manner specified therein.

(2) The return of income referred to in sub-rule (1) shall be furnished electronically under digital signature.

(3) If the assessment or reassessment proceedings for an assessment year relevant to a previous year to which the order of the business reorganisation applies have been completed or are pending on the date of furnishing of the modified return in accordance with the provisions of section 170A, the Assessing Officer shall, pass an order modifying the total income of the relevant assessment year determined in such assessment or reassessment, or proceed to complete the assessment or reassessment proceedings, as the case may be, in accordance with the order of the business reorganisation and the modified return so furnished.

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

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34. Inserted by the IT (Thirty-first Amdt.) Rules, 2022, w.e.f. 1-11-2022.

[97e] **[Return of income under section 158BC.**

12AE. *(1) The return of income required to be furnished by any person under clause (a) of sub-section (1) of section 158BC, relating to any search initiated under section 132 or requisition made under section 132A on or after the 1st day of September, 2024 shall be in the Form ITR-B and be verified in the manner indicated therein.*

(2) The return of income referred to in sub-rule (1) shall be furnished by a person, mentioned in column (2) of the Table below in the manner specified in column (3) thereof: —

Sl. No.	***Person***	***Manner of furnishing return of income***
(1)	*(2)*	*(3)*
1.	(a) *person whose accounts are required to be audited under section 44AB of the Act;* (b) *Company;* (c) *Political party.*	*Electronically under digital signature.*
2.	*Any person other than a person mentioned in column (2) of Sl. No. (1) above.*	*(A) Electronically under digital signature;* *(B) Transmitting the data electronically in the return under electronic verification code.*

Explanation.- *For the purposes of this sub-rule, "electronic verification code" shall have the same meaning as assigned to it in* Explanation *to sub-rule (2) of rule 12AC.*

(3) The Principal Director-General of Income-tax (Systems) or Director-General of Income-tax (Systems) shall specify the procedures, formats and standards for ensuring secure capture and transmission of data and shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to furnishing the return in the manners specified in column (3) of the Table.

(4) In a case where claim of credit of the tax payments is made against undisclosed income of the block period other than by way of self-assessment tax for the block period, claim of such credits and the allowability thereof shall be subject to the verification by and satisfaction of, the Assessing Officer.]

97e. Inserted by the IT (Tenth Amdt.) Rules, 2025, w.r.e.f. **1-9-2024**.

Statement under sub-section (3A) of section 115R.

12B. [*Omitted by the IT (Twenty-first Amdt.) Rules, 2021, w.e.f.* 29-7-2021 *(*see *rule 130).*]

Statement under sub-section (3) of section 115TA.

12BA. [*Omitted by the IT (Twenty-first Amdt.) Rules, 2021, w.e.f.* 29-7-2021 *(*see *rule 130).*]

Statement under sub-section (2) of section 115U.

12C. (1) The statement of income paid or credited shall be furnished by the 30th November of the financial year following the previous year during which such income is paid or credited, to the Chief Commissioner or Commissioner of Income-tax, within whose jurisdiction, the principal office of the Venture Capital Company or the Venture Capital Fund, as the case may be, is situated.

(2) The statement of income paid or credited which is to be furnished under sub-section (2) of section 115U by the Venture Capital Company or the Venture Capital Fund, as the case may be, shall be in Form No. 64, duly verified by an accountant in the manner indicated therein and shall be furnished electronically under digital signature.

(3) The Director General of Income-tax (Systems) shall specify the procedure for filing of Form No. 64 and shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to the statements so furnished.

[35][**Statement under sub-section (4) of section 115UA.**

12CA. (1) The statement of income distributed by a business trust to its unit holder shall be furnished by the person responsible for making payment of the income distributed on behalf of a business trust to -

(i) *the Principal Commissioner or the Commissioner of Income-tax, as the case may be, within whose jurisdiction the principal office of the business trust is situated by the 15th day of June of the financial year following the previous year during which the income is distributed electronically under digital signature, in Form No. 64A duly verified by an accountant in the manner indicated therein; and*

(ii) *the unit holder by the 30th day of June of the financial year following the previous year during which the income is distributed in Form No. 64B after generating and downloading the same from the web portal specified by the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) or the person authorised by him and duly verified by the person paying the income distributed on behalf of the business trust in the manner indicated therein.*

(2) The Principal Director General of Income-tax (Systems) or the Director General of Income tax (Systems), as the case may be, shall specify,-

(i) *the procedure for filing of Form No. 64A and shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to the statements of income paid so furnished under this rule; and*

(ii) *the procedure, formats and standards for generation and download of statement in Form No. 64B from the web portal specified by him or by the person authorised by him and he shall be responsible for the day-to-day administration in relation to the generation and download of certificates from the web portal specified by him or the person authorised by him*.**]**

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35. Substituted by the IT (Fifth Amdt.) Rules, 2025, w.e.f. **24-2-2025**. Prior to its substitution, rule 12CA as inserted by the IT (First Amdt.) Rules, 2015, w.e.f. 19-1-2015, read as under:

"12CA. *Statement under sub-section (4) of section 115UA.*— (1) The statement of income distributed by a business trust to its unit holder shall be furnished to the Principal Commissioner or the Commissioner of Income-tax within whose jurisdiction the principal office of the business trust is situated, by the 30th November of the financial year following the previous year during which such income is distributed:

Provided that the statement of income distributed shall also be furnished to the unit holder by the 30th June of the financial year following the previous year during which the income is distributed.

(2) The statement of income distributed shall be furnished under sub-section (4) of section 115UA by the business trust to—

(*i*) the Principal Commissioner or the Commissioner of Income-tax referred to in sub-rule (1), in Form No. 64A, duly verified by an accountant in the manner indicated therein and shall be furnished electronically under digital signature;

(*ii*) the unit holder in Form No. 64B, duly verified by the person distributing the income on behalf of the business trust in the manner indicated therein.

(3) The Director General of Income-tax (Systems) shall specify the procedure for filing of Form No. 64A and shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to the statements so furnished."

[36][**Statement under sub-section (7) of section 115UB.**

12CB. (1) The statement of income paid or credited by an investment fund to its unit holder shall be furnished by the person responsible for crediting or making payment of the income on behalf of an investment fund and the investment fund to the—

(*i*) unit holder by 30th day of June of the financial year following the previous year during which the income is paid or credited in Form No. 64C after generating and downloading the same from the web portal specified by the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) or the person authorised by him and duly verified by the person paying or crediting the income on behalf of the investment fund in the manner indicated therein; and

(*ii*) Principal Commissioner or the Commissioner of Income-tax, as the case may be, within whose jurisdiction the Principal office of the investment fund is situated by 15th day of June of the financial year following the previous year during which the income is paid or credited, electronically under digital signature, in Form No. 64D duly verified by an accountant in the manner indicated therein.

(2) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall specify the,—

(*i*) procedure for filing of Form No. 64D and shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to the statements of income paid or credited so furnished under this rule; and

(*ii*) procedure, formats and standards for generation and download of statement in Form No. 64C from the web portal specified by him or by the person authorised by him and he shall be responsible for the day-to-day administration in relation to the generation and download of certificates from the web portal specified by him or the person authorised by him.]

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36. Substituted by the IT (Eighteenth Amdt.) Rules, 2020, w.e.f. 28-7-2020.

[37][**Statement under sub-section (4) of section 115TCA.**

12CC.*(1) The statement of income paid or credited by a securitisation trust to its investor shall be furnished by the person responsible for crediting or making payment of the income on behalf of a securitisation trust and the securitisation trust to –*

(i) the Principal Commissioner or the Commissioner of Income-tax, as the case may be, within whose jurisdiction the principal office of the securitisation trust is situated by the 15th day of June of the financial year following the previous year during which the income is paid or credited electronically under digital signature, in Form No. 64E duly verified by an accountant in the manner indicated therein; and

(ii) the investor by the 30th day of June of the financial year following the previous year during which the income is paid or credited in Form No. 64F after generating and downloading the same from the web *portal specified by the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) or the person authorised by him and duly verified by the person paying or crediting the income on behalf of the securitisation trust in the manner indicated therein.*

(2) The Principal Director General of Income-tax (Systems) or the Director General of Income tax (Systems), as the case may be, shall specify,–

(i) the procedure for filing of Form No. 64E and shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to the statements of income paid or credited so furnished under this rule; and

(ii) the procedure, formats and standards for generation and download of statement in Form No. 64F from the web portal specified by him or by the person authorised by him and he shall be responsible for the day-to-day administration in relation to the generation and download of certificates from the web portal specified by him or the person authorised by him.]

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37. Substituted by the IT (Fifth Amdt.) Rules, 2025, w.e.f. **24-2-2025**. Prior to its substitution, rule 12CC as inserted by the IT (Thirty-third Amdt.) Rules, 2016, w.r.e.f. 1-6-2016, read as under:

"12CC. *Statement under sub-section (4) of section 115TCA.*— (1) The statement of income distributed by a securitisation trust to its investor shall be furnished to the Principal Commissioner or the Commissioner of Income-tax within whose jurisdiction the principal office of the securitisation trust is situated, by 30th day of November of the financial year following the previous year during which such income is distributed:

Provided that the statement of income distributed shall also be furnished to the investor by 30th day of June of the financial year following the previous year during which the income is distributed.

(2) The statement of income distributed shall be furnished under sub-section (4) of section 115TCA by the securitisation trust to—

(*i*) the Principal Commissioner or the Commissioner of Income-tax referred to in sub-rule (1), in Form No. 64E, duly verified by an accountant in the manner indicated therein and shall be furnished electronically under digital signature;

(*ii*) the investor in Form No. 64F, duly verified by the person distributing the income on behalf of the securitisation trust in the manner indicated therein.

(3) The Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems), as the case may be, shall specify the procedure for filing of Form No. 64E and shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to the statements so furnished."

[38][**Prescribed income-tax authority under section 133C.**

12D. The prescribed income-tax authority under section 133C shall be an income-tax authority not below the rank of Assistant Commissioner of Income-tax who has been authorised by the Central Board of Direct Taxes to act as such authority for the purposes of that section.]

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38. Substituted by the IT (First Amdt.) Rules, 2019, w.e.f. 30-1-2019 [as corrected by Corrigendum GSR 93(E), dated 5-2-2019].

[39][**Prescribed authority under sub-section (2) of section 143.**

12E. The prescribed authority under sub-section (2) of section 143 shall be an income-tax authority not below the rank of an Income-tax Officer who has been authorised by the Central Board of Direct Taxes to act as income-tax authority for the purposes of sub-section (2) of section 143.]

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39. Inserted by the IT (Thirty-first Amdt.) Rules, 2016, w.e.f. 16-11-2016.

[40][**Prescribed income-tax authority under second proviso to clause (*i*) of sub-section (1) of section 142.**

12F. The prescribed income-tax authority under second proviso to clause (*i*) of sub-section (1) of section 142 shall be an income-tax authority not below the rank of Income-tax Officer who has been authorised by the Central Board of Direct Taxes to act as such authority for the purposes of that clause.]

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40. Inserted by the IT (Twenty-ninth Amdt.) Rules, 2021, w.e.f. 13-9-2021.

[41]**[Procedure to requisition services under sub-section (2) and to make a reference under sub-section (9D) of section 132.**

13. *(1) Every Principal Chief Commissioner or the Chief Commissioner or the Principal Director General or the Director General, as the case may be, may approve--*

*(*i*) any person or entity whose services may be requisitioned for the purposes of clause (*ii*) of sub-section (2) of section 132; or*

*(*ii*) any person or entity or registered valuer to whom reference may be made for the purposes of clause (*ii*) of sub-section (9D) of section 132,*

on the basis of an application made by such person or entity or registered valuer, or on a reference made by Joint Director or Joint Commissioner or Additional Director or Additional Commissioner or Director or Commissioner or Principal Director or Principal Commissioner, or on his own motion.

*(2) The authorised officer, as referred to in sub-section (2) or sub-section (9D) of section 132, may requisition the services of or make a reference to one or more of the persons approved under sub-rule (1), for the purposes of clause (*ii*) of sub-section (2) or sub-section (9D) of section 132.*

(3) The application referred to in sub-rule (1) shall be made in Form No. 6C.

(4) The application referred to in sub-rule (3) shall be disposed of by the Principal Chief Commissioner or the Chief Commissioner or the Principal Director General or the Director General, as the case may be, within six months from the end of the month in which such application is made thereby granting approval or rejecting the same.

(5) The Principal Chief Commissioner or Principal Director General or Chief Commissioner or Director General may, on grant of approval to a person or entity or registered valuer as provided in sub-rule (1), shall issue a Designated Approval Number to such person or entity or registered valuer, as the case may be.

*(6) For the purposes of clause (*ii*) of sub-section (2) or clause (*ii*) of sub-section (9D) of section 132, in a case where the authorised officer considers it necessary or expedient to do so, he may requisition the services of or make a reference to a person or entity or registered valuer who is not approved as per sub-rule (1), after recording reasons for the same, and within a period of thirty days of such requisition, obtain approval of the Principal Chief Commissioner or the Chief Commissioner or the Principal Director General or the Director General, as the case may be.*

Explanation 1.— *For the purposes of this rule, "registered valuer" means any valuer registered by or under any law for the time being in force.*

Explanation 2.— *For the purposes of sub-rule (5) of this rule, a "Designated Approval Number" means a number so issued, having alphanumeric characters.***]**

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41. Inserted by the IT (Nineteenth Amdt.) Rules, 2023, w.e.f. **28-8-2023**.

[42]**[Valuation under sub-section (9D) of section 132.**

13A. *(1) For the purpose of sub-section (9D) of section 132, the fair market value of the property shall be determined in the following manner, namely:—*

(i) *the value of an immovable property, being land or building or both, shall be in accordance with the value adopted or assessed or assessable by any authority of the Central Government or a State Government for the purpose of payment of stamp duty in respect of such immovable pro- perty, along with the cost of construction and improvements, if any, on the date(s) on which such property is required to be valued as per the reference made under sub-section (9D) of section 132;*

(ii) *the value of jewellery, archaeological collections, drawings, paintings, sculptures, any work of art, shares or securities referred to in rule 11UA, shall be the value determined in the manner provided in sub-rule (1) of rule 11UA and for this purpose the reference to the valuation date in the rule 11U and rule 11UA shall be the date(s) on which such property is required to be valued as per the reference made under sub-section (9D) of section 132;*

(iii) *the value of property,*

(a) *other than those covered in clause (*i*) and clause (*ii*), or*

(b) *where valuation as specified in clause (*i*) and clause (*ii*) is not feasible,*

shall be the price that such property would ordinarily fetch on sale in the open market on the date(s) on which such property is required to be valued as per the reference made under sub-section (9D) of section 132.

(2) The person or entity or registered valuer, to whom the reference for valuation has been made by the authorised officer under the provisions of sub-section (9D) of section 132 shall submit the report of valuation in Form No. 6CA to such authorised officer.

Explanation.—*For the purposes of this rule, "registered valuer" means any valuer registered by or under any law for the time being in force.***]**

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42. Inserted by the IT (Nineteenth Amdt.) Rules, 2023, w.e.f. **28-8-2023**.

Form of verification under section 142.

14. The information which a person is required by the Assessing Officer to furnish under clause (*ii*) of sub-section (1) of section 142 shall be verified in the following manner, namely :—

"I declare that to the best of my knowledge and belief, the information furnished in the statement/statements is correct and complete and other particulars shown therein are truly stated."

[43]**[Forms for report of audit or inventory valuation under section 142(2A).**

14A. *(1) The report of audit of the accounts of an assessee which is required to be furnished under clause* (i) *of sub-section (2A) of section 142 shall be in Form No. 6B.*

(2) The report of inventory valuation of an assessee which is required to be furnished under clause (ii) *of sub-section (2A) of section 142 shall be in Form No. 6D.***]**

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43. Substituted by the IT (Twenty-second Amdt.) Rules, 2023, w.e.f. **27-9-2023**.

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[44]**[Guidelines for the purposes of determining expenses for audit or inventory valuation.**

14B. *(1) Every Chief Commissioner shall for the purposes of clause* (i) *and clause* (ii) *of sub-section (2A) of section 142 shall maintain a panel of—*

(i) *accountants, out of the persons referred to in the* Explanation *to sub-section (2) of section 288; and*

(ii) *cost accountants, out of the persons referred to in the* Explanation *to section 142.*

(2) Where the Assessing Officer directs—

(i) *for audit under clause* (i) *of sub-section (2A) of section 142 on or after the 1st day of June, 2007; or*

(ii) *for inventory valuation under clause* (ii) *of sub-section (2A) of section 142 on or after the 1st day of April, 2023,*

the expenses of, and incidental to, audit or inventory valuation (including the remuneration of the Accountant or Cost Accountant, qualified Assistants, semi-qualified and other Assistants who may be engaged by such Accountant or Cost Accountant) shall not be less than three thousand seven hundred and fifty rupees and not more than seven thousand and five hundred rupees for every hour of the period as specified by the Assessing Officer under sub-section (2C) of section 142.

(3) The period referred to in sub-rule (2) shall be specified in terms of the number of hours required for completing the report.

(4) The Accountant or Cost Accountant referred to in clause (i) *or clause* (ii) *of sub-section (2A) of section 142 shall maintain a time-sheet and shall submit it to the Chief Commissioner or Commissioner, along with the bill.*

*(5) The Chief Commissioner or the Commissioner shall ensure that the number of hours claimed for billing purposes is commensurate with the size and quality of the report submitted by the Accountant or Cost Accountant.***]**

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44. Substituted by the IT (Twenty-second Amdt.) Rules, 2023, w.e.f. **27-9-2023**.

[45][**Prescribed manner of authentication of an electronic record under electronic verification code under sub-clause (*b*) of clause (*i*) of sub-section (7) of section 144B.**

14C. For the purposes of sub-clause (*b*) of clause (*i*) of sub-section (7) of section 144B, where an assessee or any other person submits an electronic record by logging into his registered account in designated portal of the Income-tax Department, it shall be deemed that the electronic record has been authenticated under electronic verification code.

Explanation.—For the purposes of this rule, "designated portal" shall have the same meaning as assigned to it in clause (*i*) of the *Explanation* below to section 144B.]

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45. Inserted by the IT (Twenty-seventh Amdt.) Rules, 2021, w.e.f. 6-9-2021 (as corrected by Corrigendum G.S.R. 619(E), dated 7-9-2021).

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Notice of demand for regular assessment, etc.

15. (1) Subject to the provisions of rules 38 and 48A, the notice of demand under section 156 shall be in Form No. 7.

(2) [*Omitted by the IT (Third Amdt.) Rules, 1964, w.e.f. 27-7-1964.*]

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PART IIIA

AVOIDANCE OF REPETITIVE APPEALS

Declaration under section 158A.

[46][**15A.**] (1) The declaration referred to in sub-section (1) of section 158A shall be in Form No. 8 and shall be verified in the manner indicated therein.

(2) The declaration and the verification referred to in sub-rule (1) shall be signed by the person specified in sub-rule (2) of rule 45.

(3) The declaration referred to in sub-rule (1) shall,—

(*a*) in a case where it is furnished to the Deputy Commissioner (Appeals) or the Commissioner (Appeals), be in duplicate, and

(*b*) in a case where it is furnished to the Appellate Tribunal, be in triplicate.

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46. Rule 16 renumbered as rule 15A by the IT (Twenty-second Amdt.) Rules, 2022, w.e.f. 12-7-2022.

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[47][**Application under section 158AB to defer filing of appeal before the Appellate Tribunal or the jurisdictional High Court.**

16. The application referred to in sub-section (2) of section 158AB, required to be made before the Appellate Tribunal or the jurisdictional High Court, as the case may be, shall be made in Form No. 8A by the Assessing Officer.]

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47. Inserted by the IT (Twenty-second Amdt.) Rules, 2022, w.e.f. 12-7-2022.

PART IV

TAX EXEMPTIONS AND RELIEFS

Prescribed authority for approving any institution or body established for scientific research.

16A. For the purposes of sub-clause (*viia*) of clause (*6*) of section 10, the "prescribed authority" shall be the Secretary, Department of Scientific and Industrial Research, Government of India :

Provided that every case pending on or before the 1st day of June, 1982, with any authority, other than the said Secretary, shall stand transferred to the said Secretary for disposal.

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Prescribed authority for the purposes of clauses (*8A*) and (*8B*) of section 10.

16B. For the purposes of clauses (*8A*) and (*8B*) of section 10, the "prescribed authority" shall be the Additional Secretary, Department of Economic Affairs in the Ministry of Finance, Government of India in concurrence with Member (Income-tax) of the Board.

Requirements for approval of a fund under section 10(*23AAA*).

16C. (1) The fund shall be formed under a trust and it shall be evidenced by a trust deed.

(2) The contributions to the fund are to be made by the employees by way of periodical subscription.

(3) The application for approval of any fund under clause (*23AAA*) of section 10 shall be made in Form No. 9 to the Commissioner having jurisdiction over the area or territory in which the accounts are kept and such application shall be accompanied by the documents mentioned therein.

(4) Where the Commissioner is satisfied that all the conditions laid down in clause (*23AAA*) of section 10 are fulfilled in the case of the fund, he shall record such satisfaction in writing and grant approval to the fund specifying the assessment year or years for which the approval is valid so however that such approval shall, at one time, have effect for such assessment year or years not exceeding three assessment years.

(5) Where the Commissioner is satisfied that one or more of the conditions laid down in clause (*23AAA*) of section 10 are not fulfilled, he shall reject the application for approval, after recording the reasons for such rejection in writing :

Provided that no order of rejection of an application shall be passed without giving an opportunity of being heard.

[48]**[Form of report of audit prescribed under tenth proviso to section 10(*23C*).**

16CC. *The report of audit of the accounts of a fund or institution or trust or any university or other educational institution or any hospital or other medical institution which is required to be furnished under clause (*b*) of the tenth proviso to clause (*23C*) of section 10 shall be in—*

(a) Form No. 10B where—

(I) *the total income of such fund or institution or trust or university or other educational institution or hospital or other medical institution, without giving effect to the provisions of the sub-clauses (*iv*), (*v*), (*vi*) and (*via*) of the said clause, exceeds rupees five crores during the previous year; or*

(II) *such fund or institution or trust or university or other educational institution or hospital or other medical institution has received any foreign contribution during the previous year; or*

(III) *such fund or institution or trust or university or other educational institution or hospital or other medical institution has applied any part of its income outside India during the previous year;*

(b) Form No. 10BB in other cases.

Explanation.—*For the purposes of sub-clause (*II*) of clause (*a*), the expression "foreign contribution" shall have the same meaning assigned to it in clause (*h*) of sub-section (1) of section 2 of the Foreign Contribution (Regulation) Act, 2010 (42 of 2010).***]**

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48. Substituted by the IT (Third Amdt.) Rules, 2023, w.e.f. **1-4-2023**.

[49]**[Form of report for claiming deduction under section 10AA.**

16D. *The report of an accountant which is required to be furnished by the assessee, under sub-section (8) of section 10AA, read with sub-section (5) of section 10A shall be in Form No. 56F.***]**

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49. Inserted by the IT (Twenty-sixth Amdt.) Rules, 2023, w.r.e.f. **29-7-2021**.

[50][**Form of particulars to be furnished along with return of income for claiming deduction under clause (*b*) of sub-section (1B) of section 10A.**

16DD. The particulars, which are required to be furnished by the assessee along with the return of income under clause (*b*) of sub-section (1B) of section 10A shall be in Form No. 56FF.]

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50. Inserted by the IT (Thirty-fifth Amdt.) Rules, 2021, w.r.e.f. 29-7-2021.

Form of report for claiming deduction under section 10B.

16E. [*Omitted by the IT (Twenty-first Amdt.) Rules, 2021, w.e.f. 29-7-2021 (*see *rule 130)*].

Form of report for claiming deduction under section 10BA.

16F. [*Omitted by the IT (Twenty-first Amdt.) Rules, 2021, w.e.f. 29-7-2021(*see *rule 130)*].

[51]**[Exercise of option, etc., under *Explanation 3* to the third proviso to clause (*23C*) of section 10 or section 11.**

17. *(1) The option to be exercised in accordance with the provisions of the* Explanation *to sub-section (1) of section 11 of the Act in respect of income of any previous year relevant to the assessment year beginning on or after the 1st day of April, 2016 shall be in Form No. 9A and shall be furnished before the expiry of the time allowed under sub-section (1) of section 139 of the Act for furnishing the return of income of the relevant assessment year.*

*(2) The statement to be furnished to the Assessing Officer or the prescribed autho-rity under clause (*a*) of the* Explanation 3 *to the third proviso to clause (*23C*) of section 10 of the Act or under clause (*a*) of sub-section (2) of section 11 of the Act or under the said provision as applicable under clause (*21*) of section 10 of the Act shall be in Form No. 10 and shall be furnished before the expiry of the time allowed under sub-section (1) of section 139 of the Act, for furnishing the return of income.*

(3) The option in Form No. 9A referred to in sub-rule (1) and the statement in Form No. 10 referred to in sub-rule (2) shall be furnished electronically either under digital signature or electronic verification code.

(4) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall—

(i) specify the procedure for filing of Forms referred to in sub-rule (3);

(ii) specify the data structure, standards and manner of generation of electronic verification code, referred to in sub-rule (3), for purpose of verification of the person furnishing the said Forms; and

*(iii) be responsible for formulating and implementing appropriate security, archival and retrieval policies in relation to Forms so furnished.***]**

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51. Substituted by the IT (Twenty-fifth Amdt.) Rules, 2022, w.e.f. **1-4-2023**.

[52][**Application for registration of charitable or religious trusts, etc.**

17A. (1) An application under sub-clause (*i*) or sub-clause (*ii*) or sub-clause (*iii*) or sub-clause (*iv*) or sub-clause (*v*) or sub-clause (*vi*) of clause (*ac*) of sub-section (1) of section 12A for registration of a charitable or religious trust or institution (hereinafter referred to as 'the applicant') shall be made in the following Form, namely:—

(*i*) Form No. 10A in case of application under [53][*sub-clause (*i*) or item (*A*) of sub-clause*] (*vi*) of clause (*ac*) of sub-section (1) of section 12A to the Principal Commissioner or Commissioner authorised by the Board; or

(*ii*) Form No. 10AB in case of application under sub-clause (*ii*) or (*iii*) or (*iv*) [54][*or (*v*) or item (*B*) of sub-clause (*vi*)*] of clause (*ac*) of sub-section (1) of section 12A to the Principal Commissioner or Commissioner under the said clause.

(2) The application under sub-rule (1) shall be accompanied by the following documents, as required by Form No.10A or 10AB, as the case may be, namely:—

(*a*) where the applicant is created, or established, under an instrument, self-certified copy of such instrument creating or establishing the applicant;

(*b*) where the applicant is created, or established, otherwise than under an instrument, self-certified copy of the document evidencing the creation or establishment of the applicant;

(*c*) self-certified copy of registration with Registrar of Companies or Registrar of Firms and Societies or Registrar of Public Trusts, as the case may be;

(*d*) self-certified copy of registration under Foreign Contribution (Regulation) Act, 2010 (42 of 2010), if the applicant is registered under such Act;

(*e*) self-certified copy of existing order granting registration under section 12A or section 12AA or section 12AB, as the case may be;

(*f*) self-certified copy of order of rejection of application for grant of registration under section 12A or section 12AA or section 12AB, as the case may be, if any;

(*g*) where the applicant has been in existence during any year or years prior to the financial year in which the application for registration is made, self-certified copies of the annual accounts of the applicant relating to such prior year or years (not being more than three years immediately preceding the year in which the said application is made) for which such accounts have been made up;

(*h*) where a business undertaking is held by the applicant as per the provisions of sub-section (4) of section 11 and the applicant has been in existence during any year or years prior to the financial year in which the application for registration is made, self-certified copies of the annual accounts of such business undertaking relating to such prior year or years (not being more than three years immediately preceding the year in which the said application is made) for which such accounts have been made up and self-certified copy of the report of audit as per the provisions of section 44AB for such period;

(*i*) where the income of the applicant includes profits and gains of business as per the provisions of sub-section (4A) of section 11 and the applicant has been in existence during any year or years prior to the financial year in which the application for registration is made, self-certified copies of the annual accounts of such business relating to such prior year or years (not being more than three years immediately preceding the year in which the said application is made) for which such accounts have been made up and self-certified copy of the report of audit as per the provisions of section 44AB for such period;

(*j*) self-certified copy of the documents evidencing adoption or modification of the objects;

(*k*) note on the activities of the applicant.

(3) Form No. 10A or 10AB, as the case may be, shall be furnished electronically, —

(*i*) under digital signature, if the return of income is required to be furnished under digital signature;

(*ii*) through electronic verification code in a case not covered under clause (*i*).

(4) Form No. 10A or 10AB, as the case may be, shall be verified by the person who is authorised to verify the return of income under section 140, as applicable to the applicant.

(5) On receipt of an application in Form No. 10A, the Principal Commissioner or Commissioner, authorised by the Board shall pass an order in writing granting registration under clause (*a*), or clause (*c*), of sub-section (1) of section 12AB read with sub-section (3) of the said section in Form No.10AC and issue a sixteen digit alphanumeric Unique Registration Number (URN) to the applicants making application as per clause (*i*) of sub-rule (1).

(6) If, at any point of time, it is noticed that Form No. 10A has not been duly filled in by not providing, fully or partly, or by providing false or incorrect information or documents required to be provided under sub-rule (1) or (2) or by not complying with the requirements of sub-rule (3) or (4), the Principal Commissioner or Commissioner, as referred to in sub-rule (5), after giving an opportunity of being heard, may cancel the registration in Form No. 10AC and Unique Registration Number (URN), issued under sub-rule (5), and such registration or such Unique Registration Number (URN) shall be deemed to have never been granted or issued.

(7) In case of an application made under sub-clause (*vi*) of clause (*ac*) of sub-section (1) of [55][*section 12A as it stood immediately before its amendment* vide *the Finance Act, 2023*,] during previous year beginning on 1st day of April, 2021, the provisional registration shall be effective from the assessment year beginning on 1st day of April, 2022.

(8) In case of an application made in Form No. 10AB under clause (*ii*) of sub-rule (1), the order of registration or rejection or cancellation of registration under sub-clause (*ii*) of clause (*b*) of sub-section (1) of section 12AB shall be in Form No.10AD and in case if the registration is granted, sixteen digit alphanumeric number Unique Registration Number (URN) shall be issued by the Principal Commissioner or Commissioner referred to in sub-section (1) of section 12AB.

(9) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall:

(*i*) lay down the form, data structure, standards and procedure of,—

(*a*) furnishing and verification of Form No. 10A or 10AB, as the case may be;

(*b*) passing the order under clause (*a*), sub-clause (*ii*) of clause (*b*) and clause (*c*) of sub-section (1) of section 12AB;

(*ii*) be responsible for formulating and implementing appropriate security, archival and retrieval policies in relation to the said application made or order so passed as the case may be.]

52. Substituted by the IT (Sixth Amdt.) Rules, 2021, w.e.f. 1-4-2021.
53. Substituted for "sub-clause (*i*) or" by the IT (Eleventh Amdt.) Rules, 2023, w.e.f. **1-10-2023**.
54. Substituted for "or (*v*)" by the IT (Eleventh Amdt.) Rules, 2023, w.e.f. **1-10-2023**.
55. Substituted for "section 12A" by the IT (Eleventh Amdt.) Rules, 2023, w.e.f. **1-10-2023**.

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[56] [**Books of account and other documents to be kept and maintained.**

17AA. (1) Every fund or institution or trust or any university or other educational institution or any hospital or other medical institution which is required to keep and maintain books of account and other documents under clause (*a*) of tenth proviso to clause (*23C*) of section 10 of the Act or sub-clause (*i*) of clause (*b*) of sub-section (1) of section 12A of the Act shall keep and maintain the following, namely:—

(*a*) books of account, including the following, namely:—
- (*i*) cash book;
- (*ii*) ledger;
- (*iii*) journal;
- (*iv*) copies of bills, whether machine numbered or otherwise serially numbered, wherever such bills are issued by the assessee, and copies or counterfoils of machine numbered or otherwise serially numbered receipts issued by the assessee;
- (*v*) original bills wherever issued to the person and receipts in respect of payments made by the person;
- (*vi*) any other book that may be required to be maintained in order to give a true and fair view of the state of the affairs of the person and explain the transactions effected;

(*b*) books of account, as referred in clause (*a*), for business undertaking referred in sub-section (4) of section 11 of the Act;

(*c*) books of account, as referred in clause (*a*), for business carried on by the assessee other than the business undertaking referred in sub-section (4) of section 11 of the Act;

(*d*) other documents for maintaining,—
- (*i*) record of all the projects and institutions run by the person containing details of their name, address and objectives;
- (*ii*) record of income of the person during the previous year, in respect of,—
  - (*I*) voluntary contribution containing details of name of the donor, address, permanent account number (if available) and Aadhaar number (if available);
  - (*II*) income from property held under trust referred to under section 11 of the Act along with list of such properties;
  - (*III*) income of fund or institution or trust or any university or other educational institution or any hospital or other medical institution other than the contribution referred in items (*I*) and (*II*);
- (*iii*) record of the following, out of the income of the person during the previous year, namely:—
  - (*I*) application of income, in India, containing details of amount of application, name and address of the person to whom any credit or payment is made and the object for which such application is made;
  - (*II*) amount credited or paid to any fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (*iv*) or sub-clause (*v*) or sub-clause (*vi*) or sub-clause (*via*) of clause (*23C*) of section 10 of the Act or other trust or institution registered under section 12AB of the Act, containing details of their name, address, permanent account number and the object for which such credit or payment is made;
  - (*III*) application of income outside India containing details of amount of application, name and address of the person to whom any credit or payment is made and the object for which such application is made;
  - (*IV*) deemed application of income referred in clause (*2*) of *Explanation 1* of sub-section (1) of section 11 of the Act containing details of the reason for availing such deemed application;
  - (*V*) income accumulated or set apart as per the provisions of the *Explanation 3* to the third proviso to clause (*23C*) of section 10 or sub-section (2) of section 11 of the Act which has not been applied or deemed to be applied containing details of the purpose for which such income has been accumulated;
  - (*VI*) money invested or deposited in the forms and modes specified in sub-section (5) of section 11 of the Act;
  - (*VII*) money invested or deposited in the forms and modes other than those specified in sub-section (5) of section 11 of the Act;
- (*iv*) record of the following, out of the income of the person of any previous year preceding the current previous year, namely:—
  - (*I*) application out of the income accumulated or set apart containing details of year of accumulation, amount of application during the previous year out of such accumulation, name and address of the person to whom any credit or payment is made and the object for which such application is made;
  - (*II*) application out of the deemed application of income referred to in clause (*2*) of *Explanation 1* of sub-section (1) of section 11 of the Act, for any preceding previous year, containing details of year of deemed application, amount of application during the previous year out of such deemed application, name and address of the person to whom any credit or payment is made and the object for which such application is made;
  - (*III*) application, other than the application referred in item (*I*) and item (*II*), out of income accumulated during any preceding previous year containing details of year of accumulation, amount of application during the previous year out of such accumulation, name and address of the person to whom any credit or payment is made and the object for which such application is made;
  - (*IV*) money invested or deposited in the forms and modes specified in sub-section (5) of section 11 of the Act;
  - (*V*) money invested or deposited in the forms and modes other than those specified in sub-section (5) of section 11 of the Act;
- (*v*) record of voluntary contribution made with a specific direction that they shall form part of the corpus, in respect of—
  - (*I*) the contribution received during the previous year containing details of name of the donor, address, permanent account number (if available) and Aadhaar number (if available);
  - (*II*) application out of such voluntary contribution referred to in item (*I*) containing details of amount of application, name and address of the person to whom any credit or payment is made and the object for which such application is made;
  - (*III*) amount credited or paid towards corpus to any fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (*iv*) or sub-clause (*v*) or sub-clause (*vi*) or sub-clause (*via*) of clause (*23C*) of section 10 of the Act or other trust or institution registered under section 12AB of the Act, out of such voluntary contribution received during the previous year containing details of their name, address, permanent account number and the object for which such credit or payment is made;
  - (*IV*) the forms and modes specified in sub-section (5) of section 11 of the Act in which such voluntary contribution, received during the previous year, is invested or deposited;
  - (*V*) money invested or deposited in the forms and modes other than those specified in sub-section (5) of section 11 of the Act in which such voluntary contribution, received during the previous year, is invested or deposited;
  - (*VI*) application out of such voluntary contribution, received during any previous year preceding the previous year, containing details of the amount of application, name and address of the person to whom any credit or payment is made and the object for which such application is made;

(*VII*) amount credited or paid towards corpus to any fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (*iv*) or sub-clause (*v*) or sub-clause (*vi*) or sub-clause (*via*) of clause (*23C*) of section 10 of the Act or other trust or institution registered under section 12AB of the Act, out of such voluntary contribution received during any year preceding the previous year, containing details of their name, address, permanent account number and the object for which such credit or payment is made;

(*VIII*) the forms and modes specified in sub-section (5) of section 11 of the Act in which such voluntary contribution, received during any previous year preceding the previous year, is invested or deposited;

(*IX*) money invested or deposited in the forms and modes other than those specified in sub-section (5) of section 11 of the Act in which such voluntary contribution, received during any previous year preceding the previous year, is invested or deposited;

(*X*) amount invested or deposited back into such voluntary contribution (which was applied during any preceding previous year and not claimed as application) including details of the forms and modes specified in sub-section (5) of section 11 in which such voluntary contribution is invested or deposited;

(*vi*) record of contribution received for the purpose of renovation or repair of temple, mosque, gurdwara, church or other place notified under clause (*b*) of sub-section (2) of section 80G which is being treated as corpus as referred in *Explanation 1A* to the third proviso to clause (*23C*) of section 10 or *Explanation 3A* to sub-section (1) of section 11, in respect of,—

(*I*) the contribution received during the previous year containing details of name of the donor, address, permanent account number (if available) and Aadhaar number (if available);

(*II*) contribution received during any previous year preceding the previous year, treated as corpus during the previous year, containing details of name of the donor, address, permanent account number (if available) and Aadhaar number (if available);

(*III*) application out of such voluntary contribution referred to in item (*I*) and item (*II*) containing details of amount of application, name and address of the person to whom any credit or payment is made and the object for which such application is made;

(*IV*) amount credited or paid towards corpus to any fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (*iv*) or sub-clause (*v*) or sub-clause (*vi*) or sub-clause (*via*) of clause (*23C*) of section 10 of the Act or other trust or institution registered under section 12AB of the Act, out of such voluntary contribution received during the previous year containing details of their name, address, permanent account number and the object for which such credit or payment is made;

(*V*) the forms and modes specified in sub-section (5) of section 11 of the Act in which such corpus, received during the previous year, is invested or deposited;

(*VI*) money invested or deposited in the forms and modes other than those specified in sub-section (5) of section 11 of the Act in which such corpus, received during the previous year, is invested or deposited;

(*VII*) application out of such corpus, received during any previous year preceding the previous year, containing details of amount of application, name and address of the person to whom any credit or payment is made and the object for which such application is made;

(*VIII*) amount credited or paid towards corpus any fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (*iv*) or sub-clause (*v*) or sub-clause (*vi*) or sub-clause (*via*) of clause (*23C*) of section 10 of the Act or other trust or institution registered under section 12AB of the Act, out of such voluntary contribution received during any year preceding the previous year, containing details of their name, address, permanent account number and the object for which such credit or payment is made;

(*IX*) the forms and modes specified in sub-section (5) of section 11 of the Act in which such corpus, received during any previous year preceding the previous year, is invested or deposited; money invested or deposited in the forms and modes other than those specified in sub-section (5) of section 11 of the Act in which such corpus, received during any previous year preceding the previous year, is invested or deposited;

(*vii*) record of loans and borrowings,—

(*I*) containing information regarding amount and date of loan or borrowing, amount and date of repayment, name of the person from whom loan taken, address of lender, permanent account number and Aadhaar number (if available) of the lender;

(*II*) application out of such loan or borrowing containing details of amount of application, name and address of the person to whom any credit or payment is made and the object for which such application is made;

(*III*) application out of such loan or borrowing, received during any previous year preceding the previous year, containing details of amount of application, name and address of the person to whom any credit or payment is made;

(*IV*) repayment of such loan or borrowing (which was applied during any preceding previous year and not claimed as application) during the previous year;

(*viii*) record of properties held by the assessee, with respect to the following, namely,—

(*I*) immovable properties containing details of,—

(*i*) nature, address of the properties, cost of acquisition of the asset, registration documents of the asset;

(*ii*) transfer of such properties, the net consideration utilised in acquiring the new capital asset;

(*II*) movable properties including details of the nature and cost of acquisition of the asset;

(*ix*) record of specified persons, as referred to in sub-section (3) of section 13 of the Act,—

(*I*) containing details of their name, address, permanent account number and Aadhaar number (if available);

(*II*) transactions undertaken by the fund or institution or trust or any university or other educational institution or any hospital or other medical institution with specified persons as referred to in sub-section (3) of section 13 of the Act containing details of date and amount of such transaction, nature of the transaction and documents to the effect that such transaction is, directly or indirectly, not for the benefit of such specified person;

(*x*) any other documents containing any other relevant information.

(2) The books of account and other documents specified in sub-rule (1) may be kept in written form or in electronic form or in digital form or as printouts of data stored in electronic form or in digital form or any other form of electromagnetic data storage device.

(3) The books of account and other documents specified in sub-rule (1) shall be kept and maintained by the fund or institution or trust or any university or other educational institution or any hospital or other medical institution at its registered office:

Provided that all or any of the books of account and other documents as referred to in sub-rule (1) may be kept at such other place in India as the management may decide by way of a resolution and where such a resolution is passed, the fund or institution or trust or any university or other educational institution or any hospital or other medical institution shall, within seven days thereof, intimate the jurisdictional Assessing Officer in writing giving the full address of that

other place and such intimation shall be duly signed and verified by the person who is authorised to verify the return of income under section 140 of the Act, as applicable to the assessee.

(4) The books of account and other documents specified in sub-rule (1) shall be kept and maintained for a period of ten years from the end of the relevant assessment year:

Provided that where the assessment in relation to any assessment year has been reopened under section 147 of the Act within the period specified in section 149 of the Act, the books of account and other documents which were kept and maintained at the time of reopening of the assessment shall continue to be so kept and maintained till the assessment so reopened has become final.]

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56. Inserted by the IT (Twenty-fourth Amdt.) Rules, 2022, w.e.f. 10-8-2022.

[57]**[Audit report in the case of charitable or religious trusts, etc.**

17B. *The report of audit of the accounts of a trust or institution which is required to be furnished under sub-clause (*ii*) of clause (*b*) of sub-section (1) of section 12A, shall be in—*

(a) Form No. 10B where—

(I) the total income of such trust or institution, without giving effect to the provisions of sections 11 and 12 of the Act, exceeds rupees five crores during the previous year; or

(II) such trust or institution has received any foreign contribution during the previous year; or

(III) such trust or institution has applied any part of its income outside India during the previous year;

(b) Form No. 10BB in other cases.

Explanation.—*For the purposes of sub-clause (*II*) of clause (*a*), the expression "foreign contribution" shall have the same meaning assigned to it in clause (*h*) of sub-section (1) of section 2 of the Foreign Contribution (Regulation) Act, 2010 (42 of 2010).***]**

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57. Substituted by the IT (Third Amdt.) Rules, 2023, w.e.f. **1-4-2023**.

सत्यमेव जयते
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INCOME TAX DEPARTMENT

Forms or modes of investment or deposits by a charitable or religious trust or institution.

17C. The forms and modes of investment or deposits under clause (*xii*) of sub-section (5) of section 11 shall be the following, namely :—

(*i*) investment in the units issued under any scheme of the mutual fund referred to in clause (*23D*) of section 10 of the Income-tax Act, 1961;

(*ii*) any transfer of deposits to the Public Account of India;

(*iii*) deposits made with an authority constituted in India by or under any law enacted either for the purpose of dealing with and satisfying the need for housing accommodation or for the purpose of planning, development or improvement of cities, towns and villages, or for both;

(*iv*) investment by way of acquiring equity shares of a depository as defined in clause (*e*) of sub-section (1) of section 2 of the Depositories Act, 1996 (22 of 1996);

(*v*) investment made by a recognised stock exchange referred to in clause (*f*) of section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956) (hereafter referred to as investor) in the equity share capital of a company (hereafter referred to as investee)—

(*A*) which is engaged in dealing with securities or mainly associated with the securities market;

(*B*) whose main object is to acquire the membership of another recognised stock exchange for the sole purpose of facilitating the members of the investor to trade on the said stock exchange through the investee in accordance with the directions or guidelines issued under the Securities and Exchange Board of India Act, 1992 (15 of 1992) by the Securities and Exchange Board of India established under section 3 of that Act; and

(*C*) in which at least fifty-one per cent of equity shares are held by the investor and the balance equity shares are held by members of such investor;

[58][(*va*) investment made by a person, authorised under section 4 of the Payment and Settlement Systems Act, 2007, in the equity share capital or bonds or debentures of a company—

(*A*) which is engaged in operations of retail payments system or digital payments settlement or similar activities in India and abroad and is approved by the Reserve Bank of India for this purpose; and

(*B*) in which at least fifty-one per cent of equity shares are held by National Payments Corporation of India;]

[59][(*vb*) investment made by a person, authorised under section 4 of the Payment and Settlement Systems Act, 2007 (51 of 2007), in the equity share capital or bonds or debentures of Open Network for Digital Commerce Ltd., being a company incorporated under sub-section (2) of section 7 read with sub-section (1) of section 8 of the Companies Act, 2013 (18 of 2013), for participating in network based open protocol models which enable digital commerce and interoperable digital payments in India;]

(*vi*) investment by way of acquiring equity shares of an incubatee by an incubator.

Explanation.—For the purposes of this clause,—

(*a*) "incubatee" shall mean such incubatee as may be notified by the Government of India in the Ministry of Science and Technology;

(*b*) "incubator" shall mean such Technology Business Incubator or Science and Technology Entrepreneurship Park as may be notified by the Government of India in the Ministry of Science and Technology;

(*vii*) investment by way of acquiring shares of National Skill Development Corporation;

(*viii*) investment in debt instruments issued by any infrastructure Finance Company registered with the Reserve Bank of India;

[60][(*ix*) investment in "Stock Certificate" as defined in clause (*c*) of paragraph 2 of the Sovereign Gold Bonds Scheme, 2015, published in the Official Gazette *vide* notification number G.S.R. 827(E), dated the 30th October, 2015;]

[61][(*x*) *investment by way of acquiring units of POWERGRID Infrastructure Investment Trust.*]

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58. Inserted by the IT (Seventh Amdt.) Rules, 2020, w.e.f. 5-3-2020.

59. Inserted by the IT (Tenth Amdt.) Rules, 2022, w.e.f. 22-4-2022.

60. Inserted by the IT (Eighth Amdt.) Rules, 2016, w.e.f. 23-3-2016.

61. Inserted by the IT (Twenty-eighth Amdt.) Rules, 2023, w.e.f. **18-12-2023**.

Functions of electoral trusts.

17CA. (1) The functions of an electoral trust referred to in section 13B shall be as provided in this rule.

(2) The electoral trust may receive voluntary contributions from—

(*a*) an individual who is a citizen of India;

(*b*) a company which is registered in India; and

(*c*) a firm or Hindu undivided family or an Association of persons or a body of individuals, resident in India.

(3) A receipt indicating the following shall be issued by the trust immediately on receipt of any contribution indicating the following:—

(*a*) name and address of the contributor;

(*b*) Permanent account number of the contributor or passport number in the case of a citizen who is not a resident;

(*c*) amount and mode of contribution including name and branch of the Bank and date of receipt of such contribution;

(*d*) name of the electoral trust;

(*e*) Permanent account number of the electoral trust;

(*f*) date and number of approval by the prescribed authority; and

(*g*) name and designation of the person issuing the receipt.

(4) The electoral trust shall not accept contributions—

(*a*) from an individual who is not a citizen of India or from any foreign entity whether incorporated or not; [62][***]

(*b*) from any other electoral trust which has been registered as a company under section 25 of the Companies Act, 1956 (1 of 1956) and approved as an electoral trust under the Electoral Trusts Scheme, 2013;

[63][(*c*) from a Government Company as defined in clause (*45*) of section 2 of the Companies Act, 2013 (18 of 2013); and

(*d*) from a foreign source as defined in clause (*j*) of section 2 of the Foreign Contribution (Regulation) Act, 2010 (42 of 2010).]

(5) The electoral trust shall accept contributions only by way of an account payee cheque drawn on a bank or account payee bank draft or by electronic transfer to its bank account and shall not accept any contribution in cash.

(6) The electoral trust shall not accept any contribution without the permanent account number of the contributor, who is a resident and the passport number in the case of a citizen of India, who is not a resident.

(7) A political party registered under section 29A of the Representation of the People Act, 1951 (43 of 1951) shall be an eligible political party and an electoral trust shall distribute funds only to the eligible political parties.

(8) (*i*) The electoral trust may, for the purposes of managing its affairs, spend up to five per cent of the total contributions received in a year subject to an aggregate limit of rupees five hundred thousand in the first year of incorporation and rupees three hundred thousand in subsequent years;

(*ii*) the total contributions received in any financial year along with the surplus from any earlier financial year, if any, as reduced by the amount spent on managing its affairs, shall be the distributable contributions for the financial year;

(*iii*) an electoral trust shall be required to distribute the distributable contributions received in a financial year, referred to in item (*ii*), to the eligible political parties before the 31st day of March of the said financial year, subject to the condition that at least ninety five per cent of the total contributions received during the financial year along with the surplus brought forward from earlier financial year, if any, are distributed.

(9) The trust shall obtain a receipt from the eligible political party indicating the name of the political party, its permanent account number, registration number, amount of fund received from the trust, date of the receipt and name and designation of person signing such receipt.

(10) The electoral trust shall not utilize any contributions for the direct or indirect benefit of the members or contributors, or for any of the following persons, namely:—

(*a*) the members (including members of its Executive Committee, Governing Committee or Board of Directors) of the electoral trust;

(*b*) any relative of such Members;

(*c*) where such member or contributor is a Hindu undivided family, a member of that Hindu undivided family;

(*d*) any person who has made a contribution to the trust;

(*e*) any person referred to in sub-section (3) of section 13 of the Act; and

(*f*) any concern in which any of the persons referred to in clauses (*a*), (*b*), (*c*), (*d*) and (*e*) has a substantial interest.

(11) (*i*) An electoral trust shall keep and maintain such books of account and other documents in respect of its receipts, distributions and expenditure as may enable the computation of its total income in accordance with the provisions of the Act;

(*ii*) The electoral trust shall also maintain a list of persons from whom contributions have been received and to whom the same have been distributed, containing the name, address and permanent account number of each such person along with the details of the amount and mode of its payment including the name and branch of the bank.

(12) Every electoral trust shall get its accounts audited by an accountant as defined in the *Explanation* below sub-section (2) of section 288 and furnish the audit report in Form No. 10BC along with particulars forming part of its Annexure, to the Commissioner of Income-tax or the Director of Income-tax, as the case may be, having jurisdiction over the electoral trust, on or before the due date specified for furnishing the return of income by a company under section 139.

(13) An electoral trust shall maintain a regular record of proceedings of all meetings and decisions taken therein.

(14) Every electoral trust shall furnish a certified copy of list of contributors and a list of political parties, to whom sums were distributed in the manner prescribed in sub-rule (8), to the Commissioner of Income-tax or the Director of Income-tax, as the case may be, every year along with the audit report as stipulated under sub- rule (12).

(15) Any change in the shareholders, subsequent to the approval granted under the Electoral Trusts Scheme, 2013 shall be intimated to the Board within thirty days of such change.]

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62. Word "and" omitted by the IT (Twenty-seventh Amdt.) Rules, 2016, w.e.f. 7-10-2016.
63. Inserted by the IT (Twenty-seventh Amdt.) Rules, 2016, w.e.f. 7-10-2016.

[64][**Method of valuation for the purposes of sub-section (2) of section 115TD.**

17CB. (1) For the purpose of sub-section (2) of section 115TD of the Act, the aggregate fair market value of the total assets of the [65][specified person], shall be the aggregate of the fair market value of all the assets in the balance sheet as reduced by—

(*i*) any amount of income-tax paid as deduction or collection at source or as advance tax payment as reduced by the amount of income-tax claimed as refund under the Act, and

(*ii*) any amount shown as asset including the unamortised amount of deferred expenditure which does not represent the value of any asset.

(2) For the purpose of sub-rule (1), the fair market value of the asset shall be determined in the following manner, namely:—

(*I*) Valuation of shares and securities,—

(*a*) the fair market value of quoted share and securities shall be the following:—

(*i*) the average of the lowest and highest price of such shares and securities quoted on a recognised stock exchange as on the specified date; or

(*ii*) where on the specified date, there is no trading in such shares and securities on a recognised stock exchange, the average of the lowest and highest price of such shares and securities on a recognised stock exchange on a date immediately preceding the specified date when such shares and securities were traded on a recognised stock exchange,

(*b*) the fair market value of unquoted equity shares shall be the value, on the specified date as determined in accordance with the following formula, namely:—

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

where,

A = book value of all the assets in the balance sheet (other than bullion, jewellery, precious stone, artistic work, shares, securities and immovable property) as reduced by—

(*i*) any amount of income-tax paid as deduction or collection at source or as advance tax payment as reduced by the amount of income-tax claimed as refund under the Act; and

(*ii*) any amount shown in the balance sheet as asset including the unamortised amount of deferred expenditure which does not represent the value of any asset;

B = fair market value of bullion, jewellery, precious stone, artistic work, shares, securities and immovable property as determined in the manner provided in this rule;

L = book value of liabilities shown in the balance sheet, but not including the following amounts, namely:—

(*i*) representing contingent liabilities other than arrears of dividends payable in respect of the paid-up capital in respect of equity shares;

(*ii*) the amount set apart for payment of dividends on preference shares and equity shares;

(*iii*) reserves and surplus, by whatever name called, even if the resulting figure is negative, other than those set apart towards depreciation;

(*iv*) any amount representing provision for taxation, other than amount of income-tax paid as deduction or collection at source or as advance tax payment as reduced by the amount of income-tax claimed as refund under the Act, to the extent of the excess over the tax payable with reference to the book profits in accordance with the law applicable thereto;

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

(*vi*) any amount cumulative preference shares;

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

PV = the paid-up value of such equity share,

(*c*) the fair market value of shares and securities other than equity shares shall be estimated to be price it would fetch if sold in the open market on the specified date on the basis of the valuation report from a merchant banker or an accountant in respect of such valuation.

(*II*) The fair market value of an immovable property shall be higher of the following:—

(*a*) price that the property shall ordinarily fetch if sold in the open market on the specified date on the basis of the valuation report from a registered valuer; and

(*b*) stamp duty value as on the specified date.

(*III*) The fair market value of a business undertaking, held by a [66][specified person], shall be its net assets determined in accordance with the following formula:—

Fair market value = (A + B - L), which shall be determined in the manner provided in sub-clause (*b*) of clause (*I*) of sub-rule (2).

(*IV*) The fair market value of any asset, other than those referred to in clauses (*I*), (*II*) and (*III*), shall be the price that the asset shall ordinarily fetch if sold in the open market on the specified date on the basis of valuation report from a registered valuer:

Provided that in case no valuer is registered for valuation of such assets, the valuation report shall be obtained from a valuer who is a member of any one of the professional valuer bodies *viz.* Institution of Valuers, Institution of Surveyors (Valuation Branch), Institution of Government Approved Valuers, Practicing Valuers Association of India, the Indian Institution of Valuers, Centre for Valuation Studies, Research and Training, Royal institute of Chartered Surveyors; India Chapter, American Society of Appraisers, USA; Appraisal Institute, USA or a valuer who is appointed by any public sector bank or public sector undertakings for valuation purposes."

(3) For the purpose of sub-section (2) of section 115TD of the Act, the total liability of the [67][specified person] shall be the book value of liabilities in the balance sheet on the specified date but not including the following amounts, namely:—

(*i*) capital fund or accumulated funds or corpus, by whatever name called;

(*ii*) reserves or surpluses or excess of income over expenditure, by whatever name called;

(*iii*) any amount representing contingent liability;

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

(*v*) any amount representing provision for taxation, other than amount of tax paid as deduction or collection at source or as advance tax payment as reduced by the amount of income-tax claimed as refund under the Act, to the extent of the excess over the income-tax payable with reference to the income in accordance with the law applicable thereto.

Explanation.—For the purposes of this rule,—

(*a*) "accountant" shall mean a fellow of the Institute of Chartered Accountants of India within the meaning of the Chartered Accountants Act, 1949 (38 of 1949) who is not appointed by the [67][specified person] as an auditor;

(*b*) "balance sheet" in relation to any [67][specified person], shall mean the balance sheet of such [67][specified person] (including the notes annexed thereto and forming part of the accounts) as drawn up on the specified date which has been audited by an accountant;

(*c*) "merchant banker" shall mean a category I merchant banker registered with Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992 (15 of 1992);

(*d*) "quoted share or security" in relation to share or security means a share or security quoted on any recognised stock exchange with regularity from time to time, where the quotations of such shares or securities are based on current transaction made in the ordinary course of business;

(*e*) "recognised stock exchange" shall have the same meaning as assigned to it in clause (*f*) of section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956);

(*f*) "registered valuer" means a person registered as a valuer under section 34AB of the Wealth-tax Act, 1957 (27 of 1957);

(*g*) "securities" shall have the same meaning as assigned to it in clause (*h*) of section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956);

(*h*) "specified date" means the date referred to in *Explanation* to section 115TD of the Act;

[68][(*ha*) "specified person" shall have the same meaning as assigned to it in clause (*iia*) of the *Explanation* to section 115TD;]

(*i*) "stamp duty value" means the value adopted or assessed or assessable by any authority of the Central Government or a State Government for the purpose of payment of stamp duty in respect of an immovable property;

(*j*) "unquoted share and security" in relation to share or security means share or security which is not a quoted share or security.]

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64. Inserted by the IT (Eighth Amdt.) Rules, 2017, w.r.e.f. 1-6-2016.
65. Substituted for "trust or institution" by the IT (Twenty-Eighth Amdt.) Rules, 2022, w.e.f. 22-8-2022.
66. Substituted for "trust or institution" by the IT (Twenty-Eighth Amdt.) Rules, 2022, w.e.f. 22-8-2022.
67. Substituted for "trust or institution" by the IT (Twenty-Eighth Amdt.) Rules, 2022, w.e.f. 22-8-2022.
68. Inserted by the IT (Twenty-Eighth Amdt.) Rules, 2022, w.e.f. 22-8-2022.

सत्यमेव जयते
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INCOME TAX DEPARTMENT

Prescribed foreign projects for the purposes of deduction in respect of profits and gains from projects outside India under section 80HHB.

17D. For the purposes of sub-clause (*iii*) of clause (*b*) of sub-section (2) of section 80HHB, any project for execution of work of exploration, exploitation, development and production of hydrocarbons outside India shall be a foreign project.

Accommodation and amenities to be provided by hotels.

18. [*Omitted by the IT (Third Amdt.) Rules, 1973, w.e.f. 1-4-1974. Original rule 18 was amended by the IT (Third Amdt.) Rules, 1964, w.r.e.f. 1-4-1964/1967, w.r.e.f. 1-4-1967 and IT (Second Amdt.) Rules, 1968, w.e.f. 18-3-1968.*]

सत्यमेव जयते
कोष मूलो दण्ड:
INCOME TAX DEPARTMENT

Prescribed authority to certify the daily average number of rehabilitated employees in an industrial undertaking.

18A. [*Omitted by the IT (Third Amdt.) Rules, 1976, w.e.f. 1-4-1976. Original rule 18A was inserted by the IT (Fourth Amdt.) Rules, 1968, w.e.f. 2-8-1968 and later amended by the IT (Second/Third Amdt.) Rules, 1970.*]

Prescribed authority for approval of a hotel under section 80CC.

18AA. [*Omitted by the IT (Fifth Amdt.) Rules, 1996, w.r.e.f.1-4-1993. Original rule 18AA was inserted by the IT (Ninth Amdt.) Rules, 1990, w.e.f. 11-4-1990.*]

Prescribed authority for approval of a University or any educational institution of national eminence for the purpose of section 80G.

18AAA. For the purpose of sub-clause (*iiif*) of clause (*a*) of sub-section (2) of section 80G, the prescribed authority,—

(*a*) in relation to a university or any non-technical institution of national eminence, shall be the Director General (Income-tax Exemptions), who shall grant approval with the concurrence of the Secretary, University Grants Commission;

(*b*) in relation to any technical institution of national eminence, shall be the Director General (Income-tax Exemptions) who shall grant approval with the concurrence of the Secretary, All India Council of Technical Education.

Explanation.—For the purposes of this rule,—

(*1*) "All India Council of Technical Education" means the All India Council of Technical Education established under section 3 of the All India Council for Technical Education Act, 1987 (52 of 1987);

(*2*) "University Grants Commission" means the University Grants Commission established under section 4 of the University Grants Commission Act, 1956 (3 of 1956).

Prescribed authority for the purpose of receiving separate accounts from trusts or funds or institutions for providing relief to the victims of earthquake in Gujarat.

18AAAA. (1) For the purpose of sub-section (5C) of section 80G, the prescribed authority shall be the Director General of Income-tax (Exemptions).

(2) The trust, the fund or the institution, which is established in India for a charitable purpose and is approved in terms of clause (*vi*) of sub-section (5) shall maintain separate accounts of income and expenditure for providing relief to the victims of earthquake in Gujarat and get such accounts audited by an accountant, as defined in the *Explanation* to sub-section (2) of section 288 and furnish the report of such audit, duly signed and verified by such accountant to the Director General of Income-tax (Exemptions) in Form No. 10AA. Such authority, on receipt of the accounts in the said form, shall give the finding as to whether the donations received for the purpose of providing relief to the victims of earthquake in Gujarat are chargeable to tax in the hands of the trusts or the fund or the institution under clause (*23C*) of section 10 or under section 12 or not, as the case may be, and determine the extent thereof.

(3) Where the findings of the Director General of Income-tax (Exemptions) are not beneficial to the assessee, such authority shall give an opportunity to the assessee before making the findings.

(4) The Director General of Income-tax (Exemptions) shall bring his findings to the knowledge of the concerned Assessing Officer within one month of making such findings.

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Guidelines for specifying an association or institution for the purposes of notification under clause (*c*) of sub-section (2) of section 80G.

18AAAAA. In specifying an association or institution for notification under clause (*c*) of sub-section (2) of section 80G, the Central Government shall satisfy itself that,—

(*a*) the association or institution has as its object the control, supervision, regulation or encouragement in India of the games or sports notified under *Explanation 4* to section 80G;

(*b*) the association or institution has a proven record of its dedication towards development of infrastructure of sports or games or promotion of sports or games for at least a period of three years;

(*c*) the association or institution does not distribute any part of its income in any manner to its members except as grants to any association or institution affiliated to it;

(*d*) the association or institution applies the amount received by way of donation referred to in clause (*c*) of sub-section (2) of section 80G for purposes of development of infrastructure for games or sports in India or for sponsoring of games or sports in India;

(*e*) the association or institution maintains regular accounts of its receipt and expenditure;

(*f*) the association or institution files its return of income regularly;

(*g*) the notification issued by the Central Government under clause (*c*) of sub-section (2) of section 80G shall have effect in relation to the assessment year or years, not exceeding three assessment years (including an assessment year or years commencing before the date on which such notification is issued), as may be specified in such notification.

Prescribed authority for approval of companies engaged in Scientific and Industrial Research and Development for the purposes of section 80-IA.

18AAB. For the purposes of sub-section (4B) of section 80-IA, the prescribed authority shall be the Secretary, Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India.

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INCOME TAX DEPARTMENT

[69][**Furnishing of statement of particulars and certificate under clause (*viii*) and clause (*ix*) of sub-section (5) of section 80G or under sub-section (1A) of section 35.**

18AB. (1) For the purpose of clause (*viii*) of sub-section (5) of section 80G and clause (*i*) of sub-section (1A) of section 35, the prescribed authority shall be the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) as the case may be.

(2) Statement of particulars required to be furnished by any research association, university, college or other institution or company or fund (hereinafter referred to as reporting person) under clause (*viii*) of sub-section (5) of section 80G or under clause (*i*) of sub-section (1A) of section 35 shall be furnished in respect of each financial year, beginning with the financial year 2021-22, in Form No. 10BD and shall be verified in the manner indicated therein.

(3) The reporting person, referred to in sub-rule (2), shall, while aggregating the amounts for determining the sums received for reporting in respect of any person,—

(*i*) take into account all the donations of the same nature paid by that person during the financial year; and

(*ii*) proportionately attribute the value of the donation or the aggregated value of all the donations to all the persons, in a case where the donation is recorded in the name of more than one person and where no proportion is specified by the donors, attribute equally to all the donors.

(4) Form No. 10BD, shall be furnished electronically,—

(*i*) under digital signature, if the return of income is required to be furnished under digital signature;

(*ii*) through electronic verification code in a case not covered under clause (*i*).

(5) Form No. 10BD shall be verified by the person who is authorised to verify the return of income under section 140, as applicable to the assessee.

(6) The reporting person shall furnish the certificate as referred to in clause (*ix*) of sub-section (5) of section 80G or in clause (*ii*) of sub-section (1A) of section 35, to the donor in Form No. 10BE specifying the amount of donation received during financial year from such donor, beginning with the financial year 2021-22.

(7) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall—

(*i*) lay down the,—

(*a*) data structure, standards and procedure of furnishing and verification of Form No. 10BD, single or multiple;

(*b*) the procedure to submit correction statement for rectification of any mistake or to add, delete or update the information furnished in Form No. 10BD; and

(*c*) the procedure, formats and standards for the purposes of generation and download of certificates in Form No. 10BE;

(*ii*) be responsible for,—

(*a*) formulating and implementing appropriate security, archival and retrieval policies in relation to the Form No.10BD so furnished; and

(*b*) the day-to-day administration in relation to the generation and download of certificates in Form No. 10BE, from the web portal specified by him or the person authorised by him.

(8) The certificate referred to in sub-rule (6) is required to be furnished to the donor on or before the 31st May, immediately following the financial year in which the donation is received.

(9) Form No. 10BD referred to in sub-rule (1) shall be furnished on or before the 31st May, immediately following the financial year in which the donation is received].

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69. Inserted by the IT (Sixth Amdt.) Rules, 2021, w.e.f. 1-4-2021.

Form of audit report for claiming deduction under section 80HH.

18B. [*Omitted by the IT (Twenty-first Amdt.) Rules, 2021, w.e.f.* 29-7-2021 *(*see *rule 130).*]

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Form of audit report for claiming deduction under section 80HHA.

18BB. [*Omitted by the IT (Twenty-first Amdt.) Rules, 2021, w.e.f. 29-7-2021 (*see *rule 130)*.]

Form of reports for claiming deduction under section 80HHB or under section 80HHC or under section 80HHD and prescribed authority under section 80HHD.

18BBA. [*Omitted by the IT (Twenty-first Amdt.) Rules, 2021, w.e.f.29-7-2021 (*see *rule 130)*]

Form of audit report for claiming deduction under section 80-I or 80-IA or 80-IB or section 80-IC.

18BBB. (1) The report of the audit of the accounts of an assessee, which is required to be furnished under sub-section (7) of section 80-IA or sub-section (7) of section 80-I, except in the cases of multiplex theatres as defined in sub-section (7A) of section 80-IB or convention centres as defined in sub-section (7B) of section 80-IB or hospitals in rural areas as defined in sub-section (11B) of section 80-IB, shall be in Form No. 10CCB.

(2) A separate report is to be furnished by each undertaking or enterprise of the assessee claiming deduction under section 80-I or 80-IA or 80-IB or 80-IC and shall be accompanied by the Profit and Loss Account and Balance Sheet of the undertaking or enterprise as if the undertaking or the enterprise were a distinct entity.

(3) In the case of an enterprise carrying on the business of developing or operating and maintaining or developing, operating and maintaining an infrastructure facility, the form shall be accompanied by a copy of the agreement of the enterprise with the Central Government or the State Government or the local authority for carrying on the business of developing or operating and maintaining or developing, operating and maintaining the infrastructure facility.

(4) In any other case, the form shall be accompanied by a copy of the agreement, approval or permission, as the case may be, to carry on the activity signed or issued by the Central Government or the State Government or the local authority for carrying on the eligible business.

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INCOME TAX DEPARTMENT

Prescribed authority for approval of hotels located in certain areas.

18BBC. (1) For the purposes of sub-clause (*iii*) of clause (*c*) of sub-section (7) of section 80-IB, the prescribed authority,—

(*a*) in relation to hotels located in an area or place referred to in clause (*a*) of that sub-section, shall be the Director General (Income-tax Exemptions) who shall grant approval on the concurrence of the Director General in the Directorate General of Tourism, Government of India;

(*b*) in relation to hotels located in any place referred to in clause (*b*) of that sub-section, shall be the Director General in the Directorate General of Tourism, Government of India.

(2) For the purpose of clause (*a*) of sub-section (7) of section 80-IB, a hotel shall be approved by the prescribed authority if the following conditions are fulfilled, namely :—

(*a*) such hotel is located in an area or place specified under clause (*a*) of the said sub-section (7);

(*b*) there are not more than 300 hotel rooms of 3-star category and above in the aggregate, in areas or places specified under clause (*a*) of the said sub-section (7) within the jurisdiction of the revenue sub-division in which the hotel is located;

(*c*) in case the hotel is located in a place where there is need for development of infrastructure for tourism, such place has been specified by the Central Government under clause (*a*) of the said sub-section (7) on the recommendations of the Department of Tourism.

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INCOME TAX DEPARTMENT

Prescribed authority for approval of companies carrying on scientific and industrial research and development.

18BBD. For the purposes of sub-section (4B) of section 80-IA, the prescribed authority shall be the Secretary in the Department of Scientific and Industrial Research and Development, Ministry of Science and Technology, Government of India.

Computation of profits of certain activities forming integral part of a highway project for the purpose of section 80-IA.

18BBE. (1) For the purpose of sub-section (6) of section 80-IA, the profits of housing or other activities, which are integral part of a highway project, shall be computed on the basis and manner specified below :—

(*i*) in a case where the annual profits of the housing or other activities which are integral part of a highway project can be arrived at in accordance with the regular method of accounting followed, the profits so arrived at as computed under the provisions of the Act;

(*ii*) in any other case, the amount of profits arrived at based on the percentage of completion of the activities referred to in clause (*i*) during the relevant previous year.

(2) Every assessee shall maintain separate accounts for the activities referred to in sub-rule (1) and shall submit a certificate from an accountant, specifying the amount credited to the reserve account and the amount utilised during the relevant previous year for the highway project.

Explanation.—For the purposes of this rule, "accountant" means,—

(*i*) a Chartered Accountant within the meaning of the Chartered Accountants Act, 1949 (38 of 1949); or

(*ii*) any person who, in relation to any State, is, by virtue of the provisions in sub-section (2) of section 226 of the Companies Act, 1956 (1 of 1956), entitled to be appointed to act as an auditor of companies registered in that State.

(3) The certificate referred to in sub-rule (2) shall be in Form No. 10CCC.

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INCOME TAX DEPARTMENT

Eligibility of Industrial Parks for benefits under section 80-IA(4)(*iii*).

18C. (1) The undertaking shall begin to develop, develop and operate or maintain and operate an industrial park any time during the period beginning on the 1st day of April, 2006, and ending on the 31st day of March, 2011.

(2) The undertaking and the Industrial Park shall be notified by the Central Government under the Industrial Park Scheme, 2008.

(3) The undertaking shall continue to fulfil the conditions envisaged in the Industrial Park Scheme, 2008.

Prescribed authority for approval of companies carrying on scientific research and development.

18D. (1) For the purposes of sub-section (8A) of section 80-IB, the prescribed authority shall be the Secretary, Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India.

(2) The prescribed authority shall initially grant approval to a company carrying on scientific research and development for a period of three assessment years and subject to satisfactory performance of that company on periodic review extend the said approval for a further period of three assessment years so that the total period of approval is for ten consecutive assessment years, begining from the initial assessment year.

Prescribed conditions for deduction under sub-section (8A) of section 80-IB.

18DA. (1) Any company carrying on scientific research and development shall be eligible for deduction specified in sub-section (8A) of section 80-IB, if such company—

(*a*) is registered in India;

(*b*) has its main object the scientific and industrial research and development;

(*c*) has adequate infrastructure such as laboratory facilities, qualified manpower, scale-up facilities and prototype development facilities for undertaking scientific research and development of its own;

(*d*) has a well formulated research and development programme comprising of time bound research and development projects with proper mechanism for selection and review of the projects or programme;

(*e*) is engaged exclusively in scientific research and development activities leading to technology development, improvement of technology and transfer of technology developed by themselves;

(*f*) submits the annual return alongwith statement of accounts and annual report within eight months after the close of each accounting year to the prescribed authority.

(2) Every company which is approved under sub-rule (2) of rule 18D shall—

(*a*) sell any prototype or output, if any, from its laboratories or pilot plants with the prior permission of the prescribed authority;

(*b*) intimate the change, if any, in its memorandum of association and articles of association relating to its main objects and forward the altered copy of its memorandum of association and articles of association to the prescribed authority;

(*c*) apply for extension of the approval at least three months before expiry of the approval already granted by the prescribed authority;

(*d*) have a system of monitoring the cost of research and development projects.

(3) If, at any stage, it is found that—

(*a*) the approval granted to the company referred to in sub-rule (2) of rule 18D is to avoid payment of taxes by its group companies or companies related to its directors or majority of its shareholders;

(*b*) any provisions of the Act or the rules have been violated,

the prescribed authority specified may withdraw the approval so granted.

(4) Every company referred to in sub-rule (1) shall make an application to the prescribed authority for the purposes of obtaining approval.

(5) Every application referred to in sub-rule (4) shall be accompanied by—

(*a*) memorandum of association and articles of association incorporating all amendments duly certified by the company secretary or managing director of the company;

(*b*) annual report of the company for the last three years, if available;

(*c*) photocopies of the memorandum of understanding relating to all on-going and future sponsored research projects or programmes.

(6) The prescribed authority may call for any information or document which may be necessary for consideration of the grant of approval under sub-rule (2) of rule 18D.

(7) The prescribed authority shall grant approval within four months from the date of receipt of the application :

Provided that where the approval is not granted, the decision of the said authority shall be communicated to the applicant within the said period of four months :

Provided further that no approval shall be refused unless the applicant has been given an opportunity of being heard.

Prescribed area, facilities and amenities for multiplex theatres and particulars of audit report, for deduction under sub-section (7A) and clause (*da*) of sub-section (14) of section 80-IB.

18DB. (1) For the purpose of sub-section (7A) and clause (*da*) of sub-section (14) of section 80-IB, the multiplex theatre shall have the following area, facilities and amenities :—

(*a*) The total built-up area occupied by all the cinema theatres comprised in the multiplex shall not be less than 22,500 square feet, and shall consist at least 50% of the total built-up area of the multiplex excluding the area specified for parking.

(*b*) The multiplex theatres shall be comprised of at least three cinema theatres and at least three commercial shops.

(*c*) Total seating capacity of all the cinema theatres comprised in the multiplex shall be at least 900 seats, and no cinema theatre should consist of less than 100 seats.

(*d*) The total built-up area occupied by all the commercial shops comprised in the multiplex theatre shall not be less than 3000 sq. ft., and the minimum built-up area of each shop shall not be less than 250 sq. ft.

(*e*) There shall be at least one lobby or foyer in the cinema theatres, whose area shall be at least 3 sq. ft. per seat.

(*f*) The multiplex theatre shall have adequate parking, toilet blocks and other public conveniences, as per local building or cinema regulations, and shall also fulfil all local building or cinema regulations in respect of fire and safety.

(*g*) The cinema theatres comprised in the multiplex theatre shall use modern stereo projection systems with at least two screen speakers per screen and one surround speaker per 25 seats in a theatre.

(*h*) The cinema theatres shall use seats with seat pitch not less than 20" (centre to centre).

(*i*) Ticketing system employed by the cinema theatres shall be fully computerised.

(*j*) The multiplex theatre cinema shall be centrally air-conditioned.

Explanation.—For the purposes of this rule, the expression "modern stereo projection systems" shall consist of xenon lamp, platter and digital sound systems.

(2) A separate report of the audit, shall be furnished along with the return of income in respect of each eligible multiplex theatre, in Form No. 10CCBA and shall be duly signed and verified by an accountant as defined in the *Explanation* below sub-section (2) of section 288.

(3) In the first year of the claim of deduction, the assessee shall enclose along with the audit report, a copy of approvals for exhibition of cinema given by various State or local authorities, which shall, where applicable, include the following :—

(*a*) no-objection certificate with respect to the location of the multiplex by the concerned licensing authority;

(*b*) permission for construction of the multiplex by the concerned licensing authority;

(*c*) permission to construct the building from the town planning authority or municipal corporation;

(*d*) completion certificate or occupation certificate, as the case may be, from the town planning authority or municipal corporation, certifying the completion of the multiplex theatre, during the period commencing on the 1st day of April, 2002 and ending on the 31st day of March, 2005; and

(*e*) operating license issued by the concerned licensing authority.

(4) After the first year of claim of deduction, in the subsequent four years, the audit report shall be enclosed with the operating license issued from time to time, by the concerned licensing authority for exhibition of cinema.

Prescribed area, facilities and amenities for convention centres and particulars of audit report, for deduction under sub-section (7B) and clause (*aa*) of sub-section (14) of section 80-IB.

18DC. (1) For the purpose of sub-section (7B) and clause (*aa*) of sub-section (14) of section 80-IB, the convention centre shall have the following area, facilities and amenities,—

(*i*) A convention centre located in a town or city mentioned in column (1) of the table below, shall have a minimum plinth area mentioned in column (2), minimum seating capacity mentioned in column (3) and minimum number of conference or seminar halls mentioned in column (4) of the said Table, as under :—

Town size population (as per 2001 census)	*Minimum area covered plinth area (in sq. mtrs.)*	*Minimum seating capacity range*	*Minimum number of Conference or Seminar halls*
(1)	*(2)*	*(3)*	*(4)*
Below 5 lakhs	2000	200-300	2
5-10 lakhs	5000	500-750	3
10-40 lakhs	10000	1000-1500	5
Above 40 lakhs : Mega cities	15000	1500-2000	7

(*ii*) The convention centre shall have conference or seminar halls, auditorium and exhibition halls for holding seminars, conferences.

(*iii*) Each conference, seminar hall, exhibition hall and the auditorium of the convention centre shall be equipped with modern public address system, slide and power point projection system and LCD projector or Video screening facility.

(*iv*) The convention centre shall also have a documentation centre with computers and printers, telephone with STD/ISD facilities, E-mail, photocopy and scanning facility along with trained operators to provide these facilities.

(*v*) The conference or seminar hall, documentation centre, auditorium and the exhibition hall of the convention centre shall be air-conditioned.

(*vi*) The convention centre shall have adequate parking facility and other public conveniences as per the local building regulations and should also fulfil all local building regulations in respect of fire and safety.

(2) In addition to facilities mentioned in sub-rule (1), the convention centres may have,—

(*i*) an amphitheatre, landscaped open spaces for outdoor conference or seminar related activities;

(*ii*) a kitchen, dining facility, cafeteria or restaurant only to support events in the convention centre.

(3) A separate report of the audit, shall be furnished along with the return of income in respect of each eligible convention centre, in Form No. 10CCBB and shall be duly signed and verified by an accountant as defined in the *Explanation* below sub-section (2) of section 288.

(4) In the first year of the claim of deduction, the assessee shall enclose along with the audit report, a copy of approvals for building of convention centre given by State or local authorities, which shall, where applicable, include the following :—

(*i*) permission for construction of the convention centre, from the town planning authority or municipal corporation;

(*ii*) completion certificate or occupation certificate, as the case may be, from the town planning authority or municipal corporation, certifying the completion of the convention centre, during the period commencing on the 1st day of April, 2002 and ending on the 31st day of March, 2005.

Form of report for claiming deduction under sub-section (11B) of section 80-IB.

18DD. [*Omitted by the IT (Twenty-first Amdt.) Rules, 2021, w.e.f.29-7-2021(*see *rule 130).*]

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Form of report for claiming deduction under sub-section (11C) of section 80-IB.

18DDA. [*Omitted by the IT (Twenty-first Amdt.) Rules, 2021, w.e.f.29-7-2021(*see *rule 130).*]

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Prescribed area, minimum seating capacity, facilities and amenities for convention centres; minimum number of convention halls in the convention centres; and particulars of audit report, for deduction under section 80-ID.

18DE. (1) For the purposes of clause (*a*) of sub-section (6) of section 80-ID, the convention centre shall have the following area, facilities and amenities,—

(*a*) A convention centre located in the specified area mentioned in column (1) of the Table below, shall have a minimum covered plinth area mentioned in column (2), minimum seating capacity mentioned in column (3) and minimum number of convention halls, for the purpose of holding conferences and seminars, mentioned in column (4) of the said Table.

TABLE

Specified area	*Minimum covered plinth area (in sq. mtrs.)*	*Minimum seating capacity*	*Minimum number of convention halls*
(1)	*(2)*	*(3)*	*(4)*
National Capital Territory of Delhi, Faridabad, Gurgaon, Gautam Budh Nagar and Ghaziabad	25000	3000	10

(*b*) The convention centre shall have convention halls, whether called conference halls or seminar halls or auditorium or by any other name, for holding seminars and conferences.

(*c*) Each convention hall of the convention centre shall be equipped with modern public address system, slide and power point projection system and LCD projector or Video screening facility.

(*d*) The convention centre shall have a documentation centre with computers and printers, telephone with STD/ISD facilities, E-mail, photocopy and scanning facility along with trained operators to provide these facilities.

(*e*) The convention centre shall be completely centrally air-conditioned.

(*f*) The convention centre shall have adequate parking facility and other public conveniences as per the local building regulations and should also fulfil all local building regulations in respect of fire and safety.

(2) In addition to the facilities mentioned in sub-rule (1), the convention centres may have,—

(*a*) an amphitheatre and landscaped open spaces for outdoor conference or seminar related activities;

(*b*) a kitchen, dining facility, cafeteria or restaurant only to support events in the convention centre.

(3) For the purposes of clause (*iv*) of sub-section (3) of section 80-ID, the report of an audit shall be in Form No. 10CCBBA.

Computation of capital employed in an industrial undertaking or a hotel.

19. [*Omitted by the IT (Fifth Amdt.) Rules, 1989, w.e.f. 18-5-1989.*]

Computation of capital employed in an industrial undertaking or a ship or the business of a hotel for the purposes of section 80J.

19A. [*Omitted by the IT (Thirty-second Amdt.) Rules, 1999, w.e.f. 19-11-1999.*]

[70][**Form of report for claiming deduction under section 80JJAA.**

19AB. Report of an accountant which is required to be furnished by the assessee along with the return of income under clause (*c*) of sub-section (2) of section 80JJAA shall be in Form No. 10DA.]

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70. Substituted by the IT (Sixth Amdt.) Rules, 2017, w.r.e.f. 1-4-2017.

Form of certificate to be furnished under sub-section (3) of section 80QQB.

19AC. (1) The certificate, which is required to be furnished by the assessee under sub-section (3) of section 80QQB from a person responsible for making payment to the assessee, shall be in Form No. 10CCD.

(2) The certificate in Form No. 10CCD duly verified by the person responsible for making the payment to the assessee is required to be furnished along with the return of income.

Prescribed authority for purposes of sub-section (2) of section 80RRB and form of certificate to be furnished under sub-section (2) of section 80RRB.

19AD. (1) For the purposes of sub-section (2) of section 80RRB, the prescribed authority shall be the Controller, referred to in clause (*b*) of sub-section (1) of section 2 of the Patents Act, 1970 (39 of 1970).

(2) The certificate, which is required to be furnished by the assessee under sub-section (2) of section 80RRB from the prescribed authority shall be in Form No. 10CCE.

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Form of report of accountant to be furnished under sub-section (3) of section 80LA.

19AE. The report of the accountant, which is required to be furnished by the assessee under sub-section (3) of section 80LA shall be in Form No. 10CCF.

Guidelines for approval under clause (*xix*) of sub-section (2) of section 80C orunder clause (*xvi*) of sub-section (2) of section 88.

20. The Board, before granting approval to a public company, under clause (*xix*) of sub-section (2) of section 80C or under clause (*xvi*) of sub-section (2) of section 88, shall satisfy itself that the application made to it fulfils the following requirements, namely :—

(*1*) An application for approval has been made in the Form No. 59 by the public company three months before the eligible issue of capital.

Explanation.—For the purposes of this rule, "the eligible issue of capital" means an issue referred to in clause (*i*) of the *Explanation* to clause (*xix*) in sub-section (2) of section 80C or in clause (*i*) of the *Explanation* to clause (*xvi*) in sub-section (2) of section 88.

(*2*) Every application shall be accompanied by the following documents, namely :—

(*a*) a copy of the certificate of incorporation under the Companies Act, 1956 (1 of 1956);

(*b*) audited balance sheets and profit and loss account for three previous years immediately preceding the previous year in which the application is made :

Provided that where a company has been in existence for a period of less than three years, in that case that company may furnish balance sheet and profit and loss account for the period of its existence.

(*3*) Every such public company shall invest its total paid-up capital (hereinafter referred to as such capital) raised through equity issue or debentures in the following manner :—

(*i*) twenty-five per cent or more of such capital shall be invested in the infrastructure facility before the end of one year from the date of approval of the Board;

(*ii*) the balance of such capital shall be invested within a period of three years from the date of approval.

(*4*) Every such public company shall submit a certificate from an accountant, as defined in the *Explanation* in sub-section (2) of section 288, specifying the amount invested in each year, from the date of approval of the Board.

(*5*) The Board shall pass an order in writing granting approval or refusing approval to such public company, as the case may be :

Provided that no order refusing approval shall be passed by the Board before allowing an opportunity of being heard to the public company.

(*6*) The Board shall have the power to withdraw the approval granted under sub-rule (5) in the following circumstances, namely :—

(*a*) if such public company fails to make investments as per conditions mentioned in sub-rule (3); or

(*b*) if such public company fails to file the certificate referred to in sub-rule (4).

Guidelines for approval under clause (*xx*) of sub-section (2) of section 80C or under clause (*xvii*) of sub-section (2) of section 88.

20A. (1) For the purpose of clause (*xx*) of sub-section (2) of section 80C or clause (*xvii*) of sub-section (2) of section 88, the prescribed authority shall be the Central Board of Direct Taxes.

(2) An application for approval shall be made in Form No. 59A by the Mutual Fund to the Board referred in sub-rule (1) three months before the public issue.

(3) Every application for approval under sub-rule (2) shall be accompanied by the following documents, namely :—

(*a*) audited balance sheets and profit and loss account for three previous years immediately preceding the previous year in which the application is made :

Provided that where a Mutual Fund has been in existence for a period of less than three years, in that case that company may furnish balance sheet and profit and loss account for the period of its existence;

(*b*) a copy of the certificate of registration issued by the Securities and Exchange Board of India.

(4) Every such Mutual Fund shall invest its total paid-up capital (hereinafter referred to as such capital) raised through equity issue or debentures in the following manner :—

(*i*) twenty-five per cent or more of such capital shall be invested in the "eligible issue of capital of any company" referred to in clause (*i*) of *Explanation* to clause (*xix*) of sub-section (2) of section 80C or in clause (*i*) of *Explanation* to clause (*xvi*) of sub-section (2) of section 88, before the end of one year from the date of approval of the Board;

(*ii*) the balance of such capital shall be invested within a period of three years from the date of approval.

(5) Every such Mutual Fund shall submit a certificate from an accountant, as defined in the *Explanation* to sub-section (2) of section 288, specifying the amount invested in each year, from the date of approval of the Board.

(6) The Board shall pass an order in writing granting approval or refusing approval to such Mutual Fund, as the case may be :

Provided that no order of refusing approval shall be passed by the Board without an opportunity of being heard given to the Mutual Fund.

(7) The Board shall have the power to withdraw the approval granted under sub- rule (6) under the following circumstances, namely :—

(*a*) if such Mutual Fund fails to make investments as mentioned in sub- rule (4); or

(*b*) if such Mutual Fund fails to file the certificate referred to in sub- rule (5).

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INCOME TAX DEPARTMENT

Evidence of payment of security transaction tax for claiming deduction under section 88E.

20AB. [*Omitted by the IT (Twenty-first Amdt.) Rules, 2021, w.e.f. 29-7-2021*(see *rule 130)*.]

Limits for life insurance premia in the case of authors, etc.

21. [*Omitted by the IT (Fifth Amdt.) Rules, 1989, w.e.f. 18-5-1989.*]

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INCOME TAX DEPARTMENT

Relief when salary is paid in arrears or in advance, etc.

21A. (1) Where, by reason of any portion of an assessee's salary being paid in arrears or in advance or, by reason of any portion of family pension received by an assessee being paid in arrears or, by reason of his having received in any one financial year salary for more than twelve months or a payment which under the provisions of clause (*3*) of section 17 is a profit in lieu of salary, his income is assessed at a rate higher than that at which it would otherwise have been assessed, the relief to be granted under sub-section (1) of section 89 shall be—

(*a*) where any portion of the assessee's salary is received in arrears or in advance or, any portion of family pension is received by an assessee in arrears, in accordance with the provisions of sub-rule (2);

(*b*) where the payment is in the nature of gratuity in respect of past services of the assessee extending over a period of not less than five years, in accordance with the provisions of sub-rule (3);

(*c*) where the payment is in the nature of compensation received by the assessee from his employer or former employer at or in connection with the termination of his employment after continuous service for not less than three years and where the unexpired portion of his term of employment is also not less than three years, in accordance with the provisions of sub-rule (4);

(*d*) where the payment is in commutation of pension, in accordance with the provisions of sub-rule (5); and

(*e*) where the payment is not in the nature of salary paid in arrears or in advance or gratuity in respect of past services or compensation received at or in connection with the termination of employment or in commutation of pension, in accordance with the provisions of sub-rule (6).

(2)(*a*) In a case referred to in clause (*a*) of sub-rule (1), the tax payable by the assessee on his total income of the previous year in which the salary is received in arrears or in advance or, in which the family pension is received in arrears (such salary or family pension being hereafter in this sub-rule referred to respectively as the additional salary or additional family pension, as the case may be, and such previous year being hereafter in this sub-rule referred to as the relevant previous year) shall be reduced by the amount, if any, by which the tax on the additional salary or additional family pension, calculated in the manner specified in clause (*b*), exceeds the tax or the aggregate tax on the additional salary or additional family pension, calculated in the manner specified in clause (*c*) or clause (*d*), as the case may be.

(*b*) Tax shall be calculated on the total income of the relevant previous year as reduced by the additional salary or additional family pension, as the case may be, as if the total income so reduced were the total income of the assessee, and the amount by which the tax so calculated falls short of the tax on the total income before such reduction shall, for the purposes of clause (*a*), be taken to be the tax on the additional salary or additional family pension, under this clause.

(*c*) Where the additional salary or additional family pension, as the case may be, relates to only one previous year, tax shall be calculated on the total income of the said previous year as increased by the additional salary or additional family pension, as if the total income so increased were the total income of the assessee, and the amount by which the tax so calculated exceeds the tax payable by the assessee in respect of the total income of the said previous year shall, for the purposes of clause (*a*), be taken to be the tax on the additional salary or additional family pension, under this clause.

(*d*) Where the additional salary or additional family pension, as the case may be, relates to more than one previous year,—

(*i*) the previous years to which the additional salary or additional family pension relates and the amount relating to each such previous year shall first be ascertained;

(*ii*) tax shall, then, be calculated on the total income of each such previous year as increased by the amount relating to such previous year ascertained under sub-clause (*i*); as if the total income so increased were the total income of that previous year, and the amount by which the aggregate amount of tax in respect of the aforesaid previous years as calculated under sub-clause (*ii*) exceeds the aggregate amount of tax payable by the assessee in respect of the total income of the said previous years shall, for the purposes of clause (*a*), be taken to be the aggregate tax on the additional salary or additional family pension, under this clause.

(3) (*a*) In a case referred to in clause (*b*) of sub-rule (1), the tax payable by the assessee on his total income of the previous year in which the payment by way of gratuity is received (such previous year being hereafter in this sub-rule referred to as the relevant previous year) shall be reduced by the amount, if any, by which the tax on the amount of the gratuity included in the total income of the relevant previous year, calculated at the average rate of tax applicable to such total income, exceeds the tax on the amount of such gratuity, calculated at the rate of tax determined under clause (*b*) or, as the case may be, clause (*c*).

(*b*) Where the payment by way of gratuity is made in respect of past services of the assessee extending over a period of not less than five years but less than fifteen years,—

(*i*) the total income of the assessee in respect of each of the two previous years immediately preceding the relevant previous year shall be increased by an amount equal to one-half of the amount of the gratuity included in the total income of the relevant previous year, and the average rate of tax for each of the said two previous years shall be calculated as if the total income so increased were the total income of that previous year; and

(*ii*) the average of the average rates of tax for the two previous years immediately preceding the relevant previous year, calculated in accordance with sub-clause (*i*), shall, for the purposes of clause (*a*), be the rate of tax determined under this clause.

(*c*) Where the payment by way of gratuity is made in respect of past services of the assessee extending over a period of not less than fifteen years,—

(*i*) the total income of the assessee in respect of each of the three previous years immediately preceding the relevant previous year shall be increased by an amount equal to one-third of the amount of the gratuity included in the total income of the relevant previous year, and the average rate of tax for each of the said three previous years shall be calculated as if the total income so increased were the total income of that previous year; and

(*ii*) the average of the average rates of tax for the three previous years immediately preceding the relevant previous year, calculated in accordance with sub-clause (*i*), shall, for the purposes of clause (*a*), be the rate of tax determined under this clause.

(4) (*a*) In a case referred to in clause (*c*) of sub-rule (1), the tax payable by the assessee on his total income of the previous year in which the payment by way of compensation is received (such previous year being hereafter in this sub-rule referred to as the relevant previous year) shall be reduced by the amount, if any, by which the tax on the amount of the compensation included in the total income of the relevant previous year, calculated at the average rate of tax applicable to such total income, exceeds the tax on the amount of such compensation, calculated at the rate of tax determined under clause (*b*).

(*b*) The total income of the assessee in respect of each of the three previous years immediately preceding the relevant previous year shall be increased by an amount equal to one-third of the amount of the compensation included in the total income of the relevant previous year, and the average rate of tax for each of the said three previous years shall be calculated as if the total income so increased were the total income of that previous year; and the average of the average

rates of tax so calculated for the three previous years shall, for the purposes of clause (*a*), be the rate of tax determined under this clause.

(5) (*a*) In a case referred to in clause (*d*) of sub-rule (1), the tax payable by the assessee on his total income of the previous year in which the payment in commutation of pension is received (such previous year being hereafter in this sub-rule referred to as the relevant previous year) shall be reduced by the amount, if any, by which the tax on the payment in commutation of pension included in the total income of the relevant previous year, calculated at the average rate of tax applicable to such total income, exceeds the tax on the amount of such payment, calculated at the rate of tax determined under clause (*b*).

(*b*) The total income of the assessee in respect of each of the three previous years immediately preceding the relevant previous year shall be increased by an amount equal to one-third of the amount of payment in commutation of pension included in the total income of the relevant previous year, and the average rate of tax for each of the said three previous years shall be calculated as if the total income so increased were the total income of that previous year; and the average of the average rates of tax so calculated for the three previous years shall, for the purposes of clause (*a*), be the rate of tax determined under this clause.

(6) In a case referred to in clause (*e*) of sub-rule (1), the Board may, having regard to the circumstances of the case, allow such relief as it deems fit.

Furnishing of particulars for claiming relief under [1][*section 89*].

21AA. Where the assessee, being a Government servant or an employee in a [company, co-operative society, local authority, university, institution, association or body], is entitled to relief under [2]**[***section 89***]**, he may furnish to the person responsible for making the payment referred to in sub-section (1) of section 192, the particulars specified in Form No. 10E.

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1. Substituted for "section 89(1)" by the IT (Eighth Amdt.) Rules, 2024, w.e.f. **15-10-2024**
2. Substituted for "sub-section (1) of section 89" by the IT (Eighth Amdt.) Rules, 2024, w.e.f. **15-10-2024**

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INCOME TAX DEPARTMENT

[71][**Taxation of income from retirement benefit account maintained in a notified country.**

21AAA. (1) Where a specified person has income accrued in a specified account or accounts, during a previous year relevant to any assessment year beginning on or after the 1st day of April, 2022, such income shall, at the option of the specified person, be included in his total income of the previous year relevant to the assessment year in which income from the said specified account or accounts is taxed at the time of withdrawal or redemption, as the case may be, in the notified country.

(2) Where the option has been exercised by a specified person under sub-rule (1), the total income of the specified person for the previous year in which income is taxable under sub-rule (1) shall not include the income which,—

(*a*) has already been included in the total income of such specified person in any of the earlier previous years during which such income accrued and tax thereon has been paid in accordance with the provisions of the Act; or

(*b*) was not taxable in India, in the previous year during which such income accrued, on account of,—

(*i*) such specified person being a non-resident, or not ordinarily resident referred to in clause (*6*) of section 6, during that previous year; or

(*ii*) application of the Double Taxation Avoidance Agreement, if any,

and the foreign tax paid on such income, if any, shall be ignored for the purposes of computation of the foreign tax credit under rule 128.

(3) The option under sub-rule (1) shall be exercised by the specified person in respect of all the specified accounts maintained by the specified person.

(4) In a case where the specified person becomes a non-resident during any relevant previous year, then—

(*i*) the option exercised under sub-rule (1) shall be deemed to have never been exercised with effect from the relevant previous year; and

(*ii*) the income which has accrued in the specified account or accounts during the period, beginning with the previous year in respect of which the option under sub-rule (1) was exercised and ending with the previous year immediately preceding the relevant previous year, shall be taxable during the previous year immediately preceding the relevant previous year and tax shall be paid on or before the due date for furnishing the return of income for the relevant previous year.

(5) The option to be exercised under sub-rule (1) by the specified person, for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2022, shall be in Form No. 10EE and it shall be furnished electronically under digital signature or electronic verification code on or before the due date specified under sub-section (1) of section 139 of the Act, for furnishing the return of income.

(6) Subject to the provisions of sub-rule (4), the option once exercised for a specified account or accounts in respect of a previous year under sub-rule (1) in Form No. 10EE shall apply to all subsequent previous years and cannot be subsequently withdrawn for the previous year for which the option was exercised or any previous year subsequent to that previous year.

(7) The Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems), as the case may be, shall specify the procedures, formats and standards for ensuring secure capture and transmission of data and shall be responsible for evolving and implementing appropriate security, archival and retrieval policies in respect of Form No. 10EE.

Explanation.—*For the purposes of this rule*,—

(*i*) "due date" shall have the meaning assigned to it in *Explanation 2* to sub-section (1) of section 139 of the Act;

(*ii*) "notified country", "specified account" and "specified person" shall have the meaning assigned to them in the *Explanation* to section 89A of the Act;

(*iii*) "relevant previous year" shall mean the previous year during which the specified person becomes non-resident subsequent to the previous year in respect of which option under sub-rule (1) has been exercised.

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71. Inserted by the IT (Sixth Amdt.) Rules, 2022, w.e.f. 4-4-2022.

Certificate for claiming relief under an agreement referred to in sections 90 and 90A.

21AB. (1) Subject to the provisions of sub-rule (2), for the purposes of sub-section (5) of section 90 and sub-section (5) of section 90A, the following information shall be provided by an assessee in Form No. 10F, namely:—

(*i*) Status (individual, company, firm, etc.) of the assessee;

(*ii*) Nationality (in case of an individual) or country or specified territory of incorporation or registration (in case of others);

(*iii*) Assessee's tax identification number in the country or specified territory of residence and in case there is no such number, then, a unique number on the basis of which the person is identified by the Government of the country or the specified territory of which the assessee claims to be a resident;

(*iv*) Period for which the residential status, as mentioned in the certificate referred to in sub-section (4) of section 90 or sub-section (4) of section 90A, is applicable; and

(*v*) Address of the assessee in the country or specified territory outside India, during the period for which the certificate, as mentioned in (*iv*) above, is applicable.

(2) The assessee may not be required to provide the information or any part thereof referred to in sub-rule (1) if the information or the part thereof, as the case may be, is contained in the certificate referred to in sub-section (4) of section 90 or sub-section (4) of section 90A.

(2A) The assessee shall keep and maintain such documents as are necessary to substantiate the information provided under sub-rule (1) and an income-tax authority may require the assessee to provide the said documents in relation to a claim by the said assessee of any relief under an agreement referred to in sub-section (1) of section 90 or sub-section (1) of section 90A, as the case may be.

(3) An assessee, being a resident in India, shall, for obtaining a certificate of residence for the purposes of an agreement referred to in section 90 and section 90A, make an application in Form No. 10FA to the Assessing Officer.

(4) The Assessing Officer on receipt of an application referred to in sub-rule (3) and being satisfied in this behalf, shall issue a certificate of residence in respect of the assessee in Form No. 10FB.

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INCOME TAX DEPARTMENT

Furnishing of authorisation and maintenance of documents, etc., for the purposes of section 94A.

21AC. (1) For the purposes of clause (*a*) of sub-section (3) of section 94A, the authorisation to be submitted by the assessee, shall be in Form No. 10FC.

(2) The assessee shall cause the first copy of the duly filled Form No. 10FC to be deposited with or transmitted to the financial institution referred to in clause (*a*) of sub-section (3) of section 94A.

(3) The second copy of the Form No. 10FC along with the evidence of the first copy of said Form having been deposited or transmitted to the financial institution shall be submitted by the assessee to the Assessing Officer having jurisdiction over him.

(4) For the purpose of ensuring that the authorisation in Form No. 10FC is legally enforceable, the assessee shall take all necessary steps as are required under any law for the time being in force in India or outside India.

(5) For the purposes of clause (*b*) of sub-section (3) of section 94A, the assessee who has entered into a transaction with a person located in a notified jurisdictional area (hereinafter referred to as the specified person) shall, in addition to information and documents referred to in sub-rule (1) of rule 10D, keep and maintain the following information and documents, namely:—

(*a*) a description of the ownership structure of the specified person, inclu-ding name and address of individuals or other entities, whether located in the notified jurisdictional area or outside, having directly or indirectly more than ten per cent shareholding or ownership interests;

(*b*) a profile of the multinational group of which the specified person is a part along with the name, address, legal status and country of tax residence of each of the enterprises comprised in the group with whom the assessee has entered into a transaction, and ownership linkage among them;

(*c*) a broad description of the business of the specified person and the industry it operates in;

(*d*) any other information, data or document, which may be relevant for the transaction with the specified person.

(6) The information and documents specified in sub-rule (5) shall be for the period upto the due date of filing of return of income under sub-section (1) of section 139.

(7) The information and documents specified in sub-rule (5) shall be kept and maintained for a period of eight years from the end of the relevant assessment year.

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INCOME TAX DEPARTMENT

[1]**[Conditions and activities for the Finance Company located in any International Financial Services Centre for section 94B.**

21ACA. *(1) For the purposes of clause (*iv*) of sub-section (5) of section 94B, the Finance Company located in any International Financial Services Centre shall only carry out one or more of the following activities, namely:-*

(i) lending in the form of loans, commitments and guarantees, credit enhancement, securitisation, financial lease;

(ii) factoring and forfaiting of receivables; or

(iii) functions of Global or Regional Corporate Treasury Centre such as borrowings, lending, hedging of currency or commodity risk or investments, cash management, structured credit, intra group financing, financial budgeting and similar other such treasury services and activities.

(2) The interest being paid by such Finance Company, being the borrower, in respect of any debt issued by a non-resident, shall be in foreign currency.

Explanation.—*For the purposes of this rule, the expressions—*

*(i) "Finance Company" means a finance company as defined in clause (*e*) of sub-regulation (1) of regulation 2 of the International Financial Services Centres Authority (Finance Company) Regulations, 2021 made under the International Financial Services Centres Authority Act, 2019 (50 of 2019); and*

*(ii) "International Financial Services Centre" shall have the meaning as assigned to it in clause (*q*) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005).***]**

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1. Inserted by the IT (Second Amdt.) Rules, 2025, w.e.f. **27-1-2025**.

[72][**Exercise of option under sub-section (4) of section 115BA.**

21AD. (1) The option to be exercised in accordance with the provisions of sub-section (4) of section 115BA by a person, being a domestic company, for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2017, shall be in Form No. 10-IB.

(2) The option in Form No. 10-IB referred to in sub-rule (1) shall be furnished electronically either under digital signature or electronic verification code.

(3) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall—

(*i*) specify the procedure for filing of Form referred to in sub-rule (2);

(*ii*) specify the data structure, standards and manner of generation of electronic verification code, referred to in sub-rule (2), for purpose of verification of the person furnishing the form referred to in the said sub- rule; and

(*iii*) be responsible for formulating and implementing appropriate security, archival and retrieval policies in relation to Form so furnished.]

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72. Inserted by the IT (Ninth Amdt.) Rules, 2017, w.e.f. 2-5-2017.

[73][**Exercise of option under sub-section (5) of section 115BAA.**

21AE. (1) The option to be exercised in accordance with the provisions of sub-section (5) of section 115BAA by a person, being a domestic company, for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2020, shall be in Form No. 10-IC.

(2) The option in Form No. 10-IC shall be furnished electronically either under digital signature or electronic verification code.

(3) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall—

(*i*) specify the procedure for filing of Form No. 10-IC;

(*ii*) specify the data structure, standards and manner of generation of electronic verification code, referred to in sub-rule (2), for verification of the person furnishing the said Form; and

(*iii*) be responsible for formulating and implementing appropriate security, archival and retrieval policies in relation to the Form so furnished.

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73. Rules 21AE and 21AF inserted by the IT (Fourth Amdt.) Rules, 2020, w.e.f. 1-4-2020.

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INCOME TAX DEPARTMENT

Exercise of option under sub-section (7) of section 115BAB.

21AF. (1) The option to be exercised in accordance with the provisions of sub-section (7) of section 115BAB by a person, being a domestic company, for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2020, shall be in Form No. 10-ID.

(2) The option in Form No. 10-ID shall be furnished electronically either under digital signature or electronic verification code.

(3) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall—

(*i*) specify the procedure for filing of Form No. 10-ID;

(*ii*) specify the data structure, standards and manner of generation of electronic verification code, referred to in sub-rule (2), for verification of the person furnishing the said Form; and

(*iii*) be responsible for formulating and implementing appropriate security, archival and retrieval policies in relation to the Form so furnished.]

[74][**Exercise of option under sub-section (5) of section 115BAC.**

21AG. (1) The option to be exercised in accordance with the provisions of sub-section (5) of section 115BAC by a person, being an individual or Hindu undivided family, for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2021, shall be in Form No. 10-IE.

(2) The option in Form No. 10-IE shall be furnished electronically either under digital signature or electronic verification code.

(3) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall,—

(*i*) specify the procedure for filing of Form No. 10-IE;

(*ii*) specify the data structure, standards and manner of generation of electronic verification code, referred to in sub-rule (2), for verification of the person furnishing the said Form; and

(*iii*) be responsible for formulating and implementing appropriate security, archival and retrieval policies in relation to the Form so furnished.

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74. Rules 21AG and 21AH inserted by the IT (Twenty-second Amdt.) Rules, 2020, w.e.f. 1-10-2020.

[75]**[Exercise of option under sub-section (6) of section 115BAC.**

21AGA. *(1) The option to be exercised in accordance with the provisions of sub-section (6) of section 115BAC by a person, being an individual or Hindu undivided family, or an association of persons (other than a co-operative society) or a body of individuals, whether incorporated or not, or an artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2, for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2024, shall be,—*

(a) *in Form No. 10-IEA on or before the due date specified under sub-section (1) of section 139 for furnishing the return of income for such assessment year, in the case of a person having income from business or profession;*

(b) *in the return of income to be furnished under sub-section (1) of section 139 for such assessment year, in the case of a person not having income from business or profession as referred to in clause (*i*).*

(2) The withdrawal of option under the proviso to sub-section (6) of section 115BAC shall also be in Form No. 10-IEA.

(3) Form No. 10-IEA shall be furnished electronically either under digital signature or electronic verification code.

(4) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall, —

(a) *specify the procedure for furnishing of Form No. 10-IEA;*

(b) *specify the data structure, standards and manner of generation of electronic verification code, referred to in sub-rule (3), for verification of the person furnishing the said Form; and*

(c) *be responsible for formulating and implementing appropriate security, archival and retrieval policies in relation to the Form so furnished.*

Explanation.—*For the purposes of this rule "electronic verification code" means a code generated for the purpose of electronic verification of the person furnishing the Form as per the data structure and standards specified by the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) as the case may be.***]**

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75. Inserted by the IT (Tenth Amdt.) Rules, 2023, w.e.f. **21-6-2023**.

Exercise of option under sub-section (5) of section 115BAD.

21AH. (1) The option to be exercised in accordance with the provisions of sub-section (5) of section 115BAD by a person, being a co-operative society resident in India, for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2021, shall be in Form No. 10-IF.

(2) The option in Form No. 10-IF shall be furnished electronically either under digital signature or electronic verification code.

(3) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall,—

(*i*) specify the procedure for filing of Form No. 10-IF;

(*ii*) specify the data structure, standards and manner of generation of electronic verification code, referred to in sub-rule (2), for verification of the person furnishing the said Form; and

(*iii*) be responsible for formulating and implementing appropriate security, archival and retrieval policies in relation to the Form so furnished.

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INCOME TAX DEPARTMENT

[76]**[Exercise of option under sub-section (5) of section 115BAE.**

21AHA. *(1) The option to be exercised in accordance with the provisions of sub-section (5) of section 115BAE by a person, being a co-operative society resident in India, for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2024, shall be in Form No. 10-IFA.*

(2) The option in Form No. 10-IFA shall be furnished electronically either under digital signature or electronic verification code.

(3) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall, —

(i) specify the procedure for filing of Form No. 10-IFA;

(ii) specify the data structure, standards and manner of generation of electronic verification code, referred to in sub-rule (2), for verification of the person furnishing the said Form; and

*(iii) be responsible for formulating and implementing appropriate security, archival and retrieval policies in relation to the Form so furnished.***]**

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76. Inserted by the IT (Twenty-third Amdt.) Rules, 2023, w.e.f. **29-9-2023**.

[77][**Computation of exempt income of specified fund for the purposes of clause (*4D*) of section 10.**

21AI. (1) For the purpose of clause (*4D*) of section 10, income attributable to units held by non-resident (not being the permanent establishment of a non-resident in India) in a specified fund shall be computed in accordance with the following formula, namely:—

Income exempt under clause (*4D*) of section 10 = A × C1 + B × C2 + D × F1 + E × F2, where

A = any income accrued or arisen to, or received by a specified fund as a result of transfer of capital asset referred to in clause (*viiab*) of section 47, on a recognised stock exchange located in any International Financial Services Centre and where the consideration for such transaction is paid or payable in convertible foreign exchange;

B = any income accrued or arisen to, or received by a specified fund as a result of transfer of securities (other than shares in a company resident in India);

C1 = ratio of the aggregate of daily 'assets under management' of the specified fund held by non-resident unit holders (not being the permanent establishment of a non-resident in India) to the aggregate of daily total 'assets under management' of the specified fund, from the date of acquisition of the capital asset referred to in clause (*viiab*) of section 47 to the date of transfer of such capital asset;

C2 = ratio of the aggregate of daily 'assets under management' of the specified fund held by non-resident unit holders (not being the permanent establishment of a non-resident in India) to the aggregate of daily total 'assets under management' of the specified fund, from the date of acquisition of the security (other than shares in a company resident in India) to the date of transfer of such security.

D = any income accrued or arisen to, or received by a specified fund from securities issued by a non-resident (not being a permanent establishment of a non-resident in India) and where such income otherwise does not accrue or arise in India;

E = any income accrued or arisen to, or received by a specified fund from a securitisation trust which is chargeable under the head "Profits and gains of business or profession";

F1 = ratio of the 'assets under management' in the specified fund held by non-resident unit holders (not being the permanent establishment of a non-resident in India) to the total 'asset under management' of the specified fund, as on the date of receipt of such income from securities issued by a non- resident (not being a permanent establishment of a non-resident in India) and where such income otherwise does not accrue or arise in India; and

F2 = ratio of the 'assets under management' in the specified fund held by non-resident unit holders (not being the permanent establishment of a non-resident in India) to the total 'asset under management' of the specified fund, as on the date of receipt of such income from a securitisation trust which is chargeable under the head "Profits and gains of business or profession".

(2) The specified fund shall furnish an annual statement of exempt income in Form No. 10-IG electronically under digital signature on or before the due date, which is duly verified in the manner indicated therein.

[78][(2A) The income attributable to units held by non-resident (not being the permanent establishment of a non-resident in India) in a specified fund shall not be exempt under clause (*4D*) of section 10 of the Act unless the specified fund complies with sub-rule (2).]

(3) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall specify the procedure for filing of the Form No. 10-IG and shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to the statements so furnished under this rule.

Explanation.—For the purpose of this rule, the expressions,—

(*a*) "assets under management" means the closing balance of the value of assets or investments of the specified fund as on a particular date;

(*b*) "International Financial Services Centre" shall have the same meaning as assigned to it in clause (*q*) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005);

(*c*) "permanent establishment" shall have the same meaning as assigned to it in clause (*iiia*) of section 92F;

(*d*) "securities" shall have the same meaning as assigned to it in clause (*bb*) of the *Explanation* to clause (*4D*) of section 10;

(*e*) "due date" shall have the same meaning as assigned to it in the *Explanation 2* to sub-section (1) of section 139;

(*f*) "specified fund" shall have the same meaning as assigned to it in sub-clause (*i*) of clause (*c*) of the *Explanation* to clause (*4D*) of section 10; and

(*g*) "unit" shall have the same meaning assigned to it in clause (*f*) of *Explanation* to clause (*4D*) of section 10.]

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77. Inserted by the IT (Twenty-second Amdt.) Rules, 2021, w.e.f. 9-8-2021.
78. Inserted by the IT (Seventeenth Amdt.) Rules, 2022, w.e.f. 16-6-2022.

[79][**Other conditions required to be fulfilled by a specified fund referred to in clause (4D) of section 10 of the Act.**

21AIA. *(1) For the purposes of the proviso to item (III) of sub-clause (*i*) of clause (*c*) of the Explanation to clause (4D) of section 10 of the Act, the "other conditions" required to be fulfilled by a specified fund shall be that —*

(a) the unit holder of the specified fund, other than the sponsor or manager of such fund, who becomes a resident under clause (1) or clause (1A) of section 6 of the Act during any previous year subsequent to the previous year in which such unit or units were issued, shall cease to be a unit holder of such specified fund within a period of three months from the end of the previous year in which he becomes a resident;

(b) for the purposes of clause (a), the specified fund shall maintain the following documents in respect of its unit holders,—

i. name of the unit holder;
ii. tax identification number of the unit holder in the country of residence at the time the units were issued;
iii. permanent account number, if available;
iv. total number of units held;
v. total value of units held;
vi. whether unit holder is a sponsor or a manager;
vii. the previous year in which the unit holder became resident and;
viii. date of exit from specified fund.

(2) The specified fund shall certify that it has fulfilled the conditions under sub-rule (1) and furnish information in respect of units held by residents in the annual statement of exempt income in Form No. 10-IG.

(3) The income attributable to units held by non-resident (not being the permanent establishment of a non resident in India) in a specified fund shall not be exempt under clause (4D) of section 10 unless the specified fund complies with sub-rule (2).

(4) [79a][***]

[79b]**[**Explanation.—*For the purpose of this rule, the expression "specified fund" shall have the same meaning as assigned to it in sub-clause (i) of clause (c) of the* Explanation *to clause (4D) of section 10 of the Act.***]]**

79. Inserted by the IT (Seventeenth Amdt.) Rules, 2022, w.e.f. 16-6-2022.

79a. Omitted by the IT (Twenty-Fourth Amdt.) Rules, 2025, w.e.f. **21-8-2025**. Prior to its omission, sub-rule (4) as inserted by the IT (Second Amdt.) Rules, 2025, w.e.f. 27-1-2025 read as under:

"(4) For the purposes of sub-item (*b*) of item (I) of sub-clause (*i*) of clause (*c*) of *Explanation* to clause (4D) of section 10,

(*A*) the retail scheme shall satisfy the following conditions, namely:-

(*i*) it shall have at least twenty investors with no single investor investing more than twenty- five per cent. in such scheme;

(*ii*) it shall not make any investment exceeding twenty-five per cent. of its total assets under management in its associate;

(*iii*) it shall not make any investment exceeding fifteen per cent. of its total assets under management in unlisted securities; and

(*iv*) it shall not make any investment exceeding ten per cent. of its total asset under management in a single company.

(*B*) the Exchange Traded Fund shall satisfy the following conditions, namely:-

(*i*) it shall be mandatorily listed and traded on a recognised stock exchange; and

(*ii*) it shall comply with the requirements as specified in International Financial Services Centres Authority (Fund Management) Regulations, 2022 made under the International Financial Services Centres Authority Act, 2019 (50 of 2019)."

79b. Substituted by the IT (Twenty-Fourth Amdt.) Rules, 2025, w.e.f. **21-8-2025**. Prior to its substitution, *Explanation* as substituted by IT (Second Amdt.) Rules, 2025, w.e.f. 27-1-2025, read as under:

"*Explanation.*—For the purpose of this rule, the expressions—

(*i*) "associate" shall have the meaning as assigned to it in clause (*e*) of sub-regulation (1) of regulation 2 of the International Financial Services Centres Authority (Fund Management) Regulations, 2022 made under the International Financial Services Centres Authority Act, 2019 (50 of 2019);

(*ii*) "fund management entity" shall have the same meaning as assigned to it in clause (*p*) of sub-regulation (1) of regulation 2 of the International Financial Services Centres Authority (Fund Management) Regulations, 2022 made under the International Financial Services Centres Authority Act, 2019 (50 of 2019);

(*iii*) "specified fund" shall have the same meaning as assigned to it in sub-clause (*i*) of clause (*c*) of the Explanation to clause (4D) of section 10 of the Act."

[80][**Determination of income of a specified fund attributable to units held by non-residents under sub-section (1A) of section 115AD.**

21AJ. (1) For the purposes of sub-section (1A) of section 115AD, the income of a specified fund by way of short-term or long-term capital gains, referred to in clause (*b*) of sub-section (1) of section 115AD, attributable to the units held by non-resident (not being the permanent establishment of a non-resident in India) shall be calculated in accordance with the following formula, namely:—

A = B × C

Where,

A = income attributable to the units held by non-resident (not being the permanent establishment of a non-resident in India)

B = income arising from transfer of the security

C = ratio of the aggregate of daily 'assets under management' of the specified fund held by non-resident unit holders (not being the permanent establishment of a non-resident in India) to the aggregate of daily total 'assets under management' of the specified fund, from the date of acquisition of the security to the date of transfer of such security.

(2) For the purposes of sub-section (1A) of section 115AD, the income of a specified fund by way of income received in respect of securities, referred to in clause (*a*) of sub-section (1) of section 115AD, attributable to the units held by non-resident (not being the permanent establishment of a non-resident in India) shall be calculated in accordance with the following formula, namely:—

X = Y × Z

Where,

X = income attributable to the units held by non-resident (not being the permanent establishment of a non-resident in India)

Y = income received in respect of securities

Z = ratio of the 'assets under management' in the specified fund held by non-resident unit holders (not being the permanent establishment of a non-resident in India) to the total 'asset under management' of the specified fund, as on the date of receipt of such income.

(3) The specified fund shall furnish an annual statement of income eligible for concessional taxation in Form No. 10-IH electronically under digital signature on or before the due date, which is duly verified in the manner indicated therein.

[81][(3A) The income of a specified fund referred to in clause (*a*) and clause (*b*) of sub-section (1) of section 115AD, attributable to the units held by a non-resident (not being the permanent establishment of a non-resident in India), shall not be eligible for tax rates specified in section 115AD unless it furnishes the annual statement of income eligible for concessional taxation in Form No. 10-IH in accordance with the provision of sub-rule (3).]

(4) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall specify the procedure for filing of the Form No. 10-IH and shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to the statements so furnished under this rule.

Explanation.—For the purpose of this rule, the expressions,—

(*a*) "assets under management" means the closing balance of the value of assets or investments of the specified fund as on a particular date;
(*b*) "permanent establishment" shall have the same meaning as assigned to it in clause (*iiia*) of section 92F;
(*c*) "securities" shall have the same meaning as assigned to it in clause (*bb*) of the *Explanation* to clause (*4D*) of section 10;
(*d*) "due date" shall have the same meaning as assigned to it in the *Explanation 2* to sub-section (1) of section 139;
(*e*) "specified fund" shall have the same meaning as assigned to it in sub-clause (*i*) of clause (*c*) of the *Explanation* to clause (*4D*) of section 10; and
(*f*) "unit" shall have the same meaning as assigned to it in clause (*f*) of *Explanation* to clause (*4D*) of section 10.]

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80. Inserted by the IT (Twenty-second Amdt.) Rules, 2021, w.e.f. 9-8-2021.
81. Inserted by the IT (Seventeenth Amdt.) Rules, 2022, w.e.f. 16-6-2022.

[82][**Computation of exempt income of specified fund, attributable to the investment division of an offshore banking unit, for the purposes of clause (*4D*) of section 10 of the Act.**

21AJA. (1) For the purposes of clause (*4D*) of section 10 of the Act, income of specified fund attributable to the investment division of an offshore banking unit shall be computed in accordance with the following formula, namely: —

A + B + C + D

where,—

A = any income accrued or arisen to, or received by the eligible investment division as a result of transfer of a capital asset referred to in clause (*viiab*) of section 47 of the Act held by it, on a recognised stock exchange located in any International Financial Services Centre and where the consideration for such transaction is paid or payable in convertible foreign exchange;

B = any income accrued or arisen to, or received by the eligible investment division as a result of transfer of securities held by it (other than shares in a company resident in India);

C = any income accrued or arisen to, or received by the eligible investment division from securities held by it and issued by a non-resident (not being a permanent establishment of a non-resident in India) and where such income otherwise does not accrue or arise in India;

D = any income accrued or arisen to, or received by the eligible investment division from a securitisation trust which is chargeable under the head "Profits and gains of business or profession".

Explanation.—Any expenditure incurred for the purposes of making or earning income referred to in items A or B or C or D shall not be allowed as deduction from income from any other activity or source under any provision of the Act, irrespective of the fact that such expenditure has not been allowed as deduction against income referred to in items A or B or C or D, as the case may be.

(2) The eligible investment division shall furnish an annual statement of exempt income in Form No. 10-IK electronically under digital signature on or before the due date, which is duly verified in the manner indicated therein.

(3) For the purposes of item (*II*) of sub-clause (*ii*) of clause (*c*) of the *Explanation* to clause (*4D*) of section 10 of the Act, an investment division of an offshore banking unit shall fulfil the following conditions, namely: —

(*a*) it shall maintain separate accounts for the registered investment division reflecting the true and fair accounts of all transactions relating to the investment division and which shall ensure that direct and indirect expenses relating to the incomes referred to in sub-rule (1) and other incomes are properly recorded, accounted for, and apportioned to these activities;

(*b*) it shall get the accounts, referred to in clause (*a*), audited by an accountant before the specified date and such accountant shall furnish by that date the report of such audit in Form No. 10-IL electronically under digital signature, which is duly verified in the manner indicated therein;

(*c*) it shall maintain proper documentation in respect of, —

(*i*) inbound remittance for buying and selling the investments; and

(*ii*) the use of inward remittance made to India;

(*d*) it shall maintain bank statement of all accounts of the registered investment division;

(*e*) it shall maintain contract notes relating to purchase and sale of securities by the registered investment division; and

(*f*) it shall maintain a statement of securities issued by the custodian.

[83][(3A) The income of a specified fund attributable to an eligible investment division shall not be exempt under clause (*4D*) of section 10 unless it furnishes the annual statement of exempt income in Form No. 10-IK and the report of audit in Form No. 10-IL in accordance with the provisions of sub-rule (2).]

(4) The Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems), as the case may be, shall, —

(*i*) specify the procedures, formats and standards for ensuring secure capture and transmission of data; and

(*ii*) be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to Form No. 10-IK and Form No. 10-IL.

Explanation.—For the purpose of this rule, the expressions, —

(*a*) "accountant" shall have the same meaning as assigned to it in the *Explanation* below sub-section (2) of section 288 of the Act;

(*b*) "due date" shall have the same meaning as assigned to it in the *Explanation 2* to sub-section (1) of section 139 of the Act;

(*c*) "eligible investment division" shall mean a registered investment division which fulfils the conditions as prescribed under item (*II*) of sub-clause (*ii*) of clause (*c*) of the *Explanation* to clause (*4D*) of section 10 of the Act;

(*d*) "investment division of an offshore banking unit" shall have the same meaning as assigned to it in clause (*aa*) of the *Explanation* to clause (*4D*) of section 10 of the Act;

(*e*) "registered investment division" shall mean an investment division of an offshore banking unit which fulfils the condition specified under item (*I*) of sub-clause (*ii*) of clause (*c*) of the *Explanation* to clause (*4D*) of section 10 of the Act;

(*f*) "securities" shall have the same meaning as assigned to it in clause (*bb*) of the *Explanation* to clause (*4D*) of section 10 of the Act;

(*g*) "specified date", in relation to the accounts of the registered investment division of the previous year relevant to an assessment year, means a date one month prior to the due date;

(*h*) "specified fund" shall have the same meaning as assigned to it in clause (*c*) of the *Explanation* to clause (*4D*) of section 10 of the Act.]

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82. Inserted by the IT (First Amdt.) Rules, 2022, w.e.f. 1-4-2022.

83. Inserted by the IT (Second Amdt.) Rules, 2022, w.e.f. 16-6-2022.

[84][**Determination of income of a specified fund attributable to the investment division of an offshore banking unit under sub-section (1B) of section 115AD of the Act.**

21AJAA. (1) For the purposes of sub-section (1B) of section 115AD of the Act, income of a specified fund, being the investment division of an offshore banking unit shall be computed in accordance with the following formula, namely: —

A + B + C + D + E + F

where, —

A = income by way of long-term capital gain referred to in clause (*b*) of sub-section (1) of section 115AD, accrued or arisen to, or received by the eligible investment division, as a result of transfer of a security referred to in section 112A of the Act and held by such investment division;

B = income by way of long-term capital gain referred to in clause (*b*) of sub-section (1) of section 115AD, accrued or arisen to, or received by the eligible investment division as a result of transfer of a security, other than that referred to in section 112A of the Act, and held by such investment division;

C = income by way of short-term capital gain referred to in clause (*b*) of sub-section (1) of section 115AD, accrued or arisen to, or received by the eligible investment division as a result of transfer of security referred to in section 111A of the Act and held by such investment division;

D = income by way of short-term capital gain referred to in clause (*b*) of sub-section (1) of section 115AD, accrued or arisen to, or received by the eligible investment division as a result of transfer of a security, other than that referred to in section 111A of the Act, and held by such investment division;

E = income from securities referred to in clause (*a*) of sub-section (1) of section 115AD of the Act, being in the nature of interest referred to in section 194LD of the Act, held by the eligible investment division;

F = income from securities, held by the eligible investment division, as referred to in clause (*a*) of sub-section (1) of section 115AD of the Act and not included in item E above.

Explanation.—Any expenditure incurred for the purposes of making or earning an income referred to in item A or B or C or D or E or F shall not be allowed as a deduction from income from any other activity or source, irrespective of the fact that such expenditure has been not allowed as a deduction against income referred to in items A or B or C or D or E or F, as the case may be.

(2) The eligible investment division shall furnish an annual statement of income, eligible for taxation under sub-section (1B) of section 115AD of the Act, in Form No. 10-IK electronically under digital signature on or before the due date, which is duly verified in the manner indicated therein.

[85][(2A) The income of an eligible investment division referred to in clause (*a*) and clause (*b*) of sub-section (1) of section 115AD shall not be eligible for tax rates specified under section 115AD unless the eligible investment division furnishes an annual statement of income, eligible for taxation under sub-section (1B) of section 115AD of the Act, in Form No. 10-IK in accordance with sub-rule (2).]

Explanation.—For the purpose of this rule, the expressions, —

(*a*) "due date" shall have the same meaning as assigned to it in the *Explanation 2* to sub-section (1) of section 139 of the Act;

(*b*) "eligible investment division" shall mean a registered investment division which fulfils the conditions as prescribed under item (*II*) of sub-clause (*ii*) of clause (*c*) of the *Explanation* to clause (*4D*) of section 10 of the Act;

(*c*) "investment division of an offshore banking unit" shall have the same meaning as assigned to it in clause (*aa*) of the *Explanation* to clause (*4D*) of section 10 of the Act;

(*d*) "registered investment division" shall mean an investment division of an offshore banking unit which fulfils the condition specified under item (*I*) of sub-clause (*ii*) of clause (*c*) of the *Explanation* to clause (*4D*) of section 10 of the Act;

(*e*) "securities" shall have the same meaning as assigned to it in clause (*c*) of the *Explanation* to section 115AD of the Act;

(*f*) "specified fund" shall have the same meaning as assigned to it in sub-clause (*i*) of clause (*c*) of the *Explanation* to clause (*4D*) of section 10 of the Act.]

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84. Inserted by the IT (First Amdt.) Rules, 2022, w.e.f. 1-4-2022.

85. Inserted by the IT (Seventeenth Amdt.) Rules, 2022, w.e.f. 16-6-2022.

[86][**Conditions for the purpose of clause (*4E*) of section 10.**

21AK.[87]**[***(1) The income accrued or arisen to, or received by, a non-resident as a result of—*

(a) *transfer of non-deliverable forward contracts or offshore derivative instruments or over-the-counter derivatives; or*

(b) *distribution of income on offshore derivative instruments* [87a]**[***or over-the-counter derivatives***]**,

*under clause (*4E*) of section 10 of the Act, shall be exempted subject to fulfilment of the following conditions, namely:—*

(i) *the non-deliverable forward contract or offshore derivative instrument or over-the-counter derivative is entered into by the non-resident with an offshore banking unit of an International Financial Services Centre which holds a valid certificate of registration granted under International Financial Services Centres Authority (Banking) Regulations, 2020 by the International Financial Services Centres Authority* [87a]**[***or any Foreign Portfolio Investor being a unit of an International Financial Services Centre***]***; and*

(ii) *such contract, instrument or derivative is not entered into by the non-resident through or on behalf of its permanent establishment in India.***]**

(2) The offshore banking unit [87a]**[***or the Foreign Portfolio Investor***]** shall ensure that the condition provided in clause (*ii*) of sub-rule (1) is complied with.

[88][*Explanation*.—For the purpose of this rule, the expression,—

(*i*) "derivative" shall have the same meaning as assigned to it in clause (*ac*) of section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956);

(*ii*) "a non-deliverable forward contract" shall mean a contract for the difference between an exchange rate agreed before and the actual spot rate at maturity, with the spot rate being taken as the domestic rate or a market determined rate and such contract being settled with a single payment in a foreign currency;

(*iii*) "offshore banking unit" means a banking branch Unit located in an International Financial Services Centre, as referred to in sub-section (1A) of section 80LA of the Act;

(*iv*) "offshore derivative instrument" shall have the same meaning as assigned to it in clause (*o*) of sub-regulation (1) of regulation 2 of the SEBI (Foreign Portfolio Investors) Regulations, 2019;

(*v*) "over-the-counter derivatives" shall mean a derivative contract that is not traded on an exchange but instead is privately negotiated between [88a]**[***a purchaser and a seller;***]**

(*vi*) "permanent establishment" shall have the meaning as assigned to it in clause (*iiia*) of section 92F of the Act.] [87a]**[***and***]**]

[87a]**[**(vii) *"Foreign Portfolio Investor" means a person registered under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 made under the Securities and Exchange Board of India Act, 1992 (15 of 1992).***]**

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86. Inserted by the IT (Thirty-third Amdt.) Rules, 2021, w.e.f. 10-12-2021.

87. Substituted by the IT (Twelfth Amdt.) Rules, 2023, w.e.f. **17-7-2023**.

87a. Inserted by the IT (Twentieth Amdt.) Rules, 2025, w.e.f. **28-7-2025.**

88. Substituted by the IT (Twenty-third Amdt.) Rules, 2022, w.e.f. 1-8-2022.

88a. Substituted for "a purchaser and a seller; and" by the IT (Twentieth Amdt.) Rules, 2025, w.e.f. **28-7-2025.**

[89]**[Other conditions required to be fulfilled by the original fund.**

21AL. For the purposes of sub-clause (*iv*) of clause (*a*) of *Explanation* to clause (*viiad*) of section 47 of the Act, the original fund, in a case where a capital asset is transferred to a resultant fund being a Category III Alternative Investment Fund, shall fulfil the condition that the aggregate participation or investment in the original fund, directly or indirectly, by persons resident in India shall not exceed five per cent of the corpus of such fund at the time of such transfer.

Explanation.—For the purpose of this rule, the expressions "original fund" and "resultant fund" shall have the meanings respectively assigned to them in the *Explanation* to clause (*viiac*) and clause (*viiad*) of section 47.]

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89. Inserted by the IT (Twenty-first Amdt.) Rules, 2022, w.e.f. 8-7-2022.

Relief when interest on securities is received in arrears.

21B. [*Omitted by the IT (Thirty-second Amdt.) Rules, 1999, w.e.f. 19-11-1999.*]

सत्यमेव जयते
कोष मूलो दण्ड:
INCOME TAX DEPARTMENT

PART V

REGISTRATION OF FIRMS

Application for registration of a firm.

22. (1) An application for registration of a firm for the purposes of the Act shall be made in accordance with the provisions of sub-rules (2) to (5).

(2) Where the application is made before the end of the relevant previous year—

(*i*) and where no change in the constitution of the firm or the shares of the partners has taken place during the previous year before the date of the application—

(*a*) the application shall be made in Form No. 11; and

(*b*) it shall be accompanied by the original instrument evidencing the partnership at the date of the application together with a copy thereof. A certified copy of the instrument together with a duplicate copy thereof may be attached to the application if, for sufficient reason, the original instrument cannot be produced;

(*ii*) and where any change or changes in the constitution of the firm or the shares of the partners have taken place during the previous year before the date of the application—

(*a*) the application shall be made in Form No. 11A; and

(*b*) it shall be accompanied by the original instrument or instruments, evidencing the partnership as in existence from time to time during the previous year up to the date of the application together with copies thereof. A certified copy of the instrument or instruments together with a duplicate copy thereof may be attached to the application if, for sufficient reason, the original instrument or instruments cannot be produced.

(3) Where after the date of making an application under sub-rule (2), any change or changes in the constitution of the firm or the shares of the partners have taken place during the previous year, a fresh application shall be made after each such change takes place in accordance with the provisions of sub-clauses (*a*) and (*b*) of clause (*ii*) of sub-rule (2) and the time-limit prescribed in sub-section (4) of section 184 shall apply to each such application.

(4) Where the application is made after the end of the relevant previous year—

(*i*) and where no change in the constitution of the firm or the shares of the partners has taken place during the said previous year and up to the date of the application, the application shall be made in accordance with the provisions of sub-clauses (*a*) and (*b*) of clause (*i*) of sub-rule (2);

(*ii*) and where any change or changes in the constitution of the firm or the shares of the partners have taken place during the said previous year and/or after the end of the previous year but before the date of the application—

(*a*) the application shall be made in Form No. 11A; and

(*b*) it shall be accompanied by the original instrument or instruments evidencing the partnership as in existence from time to time during the previous year and up to the date of the application together with copies thereof. A certified copy of the instrument or instruments together with a duplicate copy thereof may be attached to the application if, for sufficient reason, the original instrument or instruments cannot be produced.

(5) The application shall be signed personally by all the partners (not being minors) in the firm as constituted at the date of the application and, in the case of a dissolved firm, personally by all the persons (not being minors) who were partners in the firm immediately before its dissolution and by the legal representative of any such partner who is deceased so, however, that in the case of any partner who is absent from India or is a lunatic or an idiot, the application may be signed by any person duly authorised by him in this behalf, or, as the case may be, by a person entitled under law to represent him.

Intimation regarding subsequent changes in constitution, etc.

23. If after the date of the application, or of the last application where more than one application are made, for registration of a firm for any assessment year and before the assessment for that assessment year is completed by the Assessing Officer, so far as known to the firm, any change or changes take place in the constitution of the firm or the shares of the partners, the details of such change or changes shall be communicated by the firm to the Assessing Officer as soon as possible after each such change takes place.

Declaration for continuation of registration.

24. The declaration to be furnished under sub-section (7) of section 184 shall be in Form No. 12 and shall be verified in the manner indicated therein and shall be signed by the persons concerned in accordance with sub-rule (5) of rule 22.

Communication regarding partner who is a benamidar.

24A. (1) The communication required to be made by any partner of a firm under clause (*b*) of the *Explanation* below sub-section (1) of section 185 shall be in Form No. 12A.

(2) The communication referred to in sub-rule (1) shall be made,—

(*a*) in a case where the firm has not been registered under section 184, before the end of the previous year for the assessment year in respect of which registration of the firm is sought :

Provided that where the registration is sought for the assessment year commencing on the 1st day of April, 1976, the communication may be made before the expiry of the time allowed under sub-section (1) or sub-section (2) of section 139 (whether fixed originally or on extension) for furnishing the return of income for that assessment year;

(*b*) in a case where the registration of the firm has effect under sub-section (7) of section 184 for any assessment year, before the expiry of the time allowed under sub-section (1) or sub-section (2) of section 139 (whether fixed originally or on extension) for furnishing the return of income for that assessment year.

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Certificate of registration.

25. The certificate under sub-section (4) of section 185 shall be recorded on the last of the instruments evidencing the partnership during the relevant previous year (or on the certified copy submitted in lieu thereof) attached with the application for registration of the firm made in accordance with sub-rules (2) to (4) of rule 22.

PART VI

DEDUCTION OF TAX AT SOURCE

[90]**[Rate of exchange for the purpose of deduction of tax at source on income payable in foreign currency.**

26. *For the purpose of deduction of tax at source on any income payable in foreign currency, the rate of exchange for the calculation of the value in rupees of such income payable—*

(i) *to an assessee outside India;*

(ii) *to a Unit located in an International Financial Services Centre;*

(iii) *by a Unit located in an International Financial Services Centre to an assessee in India,*

shall be the telegraphic transfer buying rate of such currency as on the date on which the tax is required to be deducted at source under the provisions of Chapter XVIIB by the person responsible for paying such income.

Explanation.—*For the purposes of this rule,—*

(i) *"International Financial Services Centre" shall have the meaning assigned to it in clause* (q) *of section 2 of the Special Economic Zones Act, 2005 (28 of 2005);*

(ii) *"telegraphic transfer buying rate", in relation to a foreign currency, means the rate or rates of exchange adopted by the State Bank of India constituted under the State Bank of India Act, 1955 (23 of 1955), for buying such currency, having regard to the guidelines specified from time to time by the Reserve Bank of India for buying such currency, where such currency is made available to that bank through a tele- graphic transfer;*

(iii) *"Unit" shall have the meaning assigned to it in clause* (zc) *of section 2 of the Special Economic Zones Act, 2005 (28 of 2005).***]**

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90. Substituted by the IT (Seventeenth Amdt.) Rules, 2023, w.e.f. **17-8-2023**.

Furnishing of particulars of income under the head "Salaries".

26A. (1) The assessee may furnish to the person responsible for making the payment referred to in sub-section (1) of section 192, the details of the income under the head "Salaries" due or received by him from the other employer or employers referred to in sub-section (2) of that section and of any tax deducted at source from such income in Form No. 12B.

(2) The person responsible for paying any income chargeable under the head "Salaries" shall furnish to the person to whom such payment is made, a statement giving correct and complete particulars of perquisites or profits in lieu of salary and the value thereof in,—

(*a*) relevant columns provided in Form No. 16, if the amount of salary paid or payable to the employee is not more than one lakh and fifty thousand rupees; or

(*b*) Form No. 12BA, if the amount of salary paid or payable to the employee is more than one lakh and fifty thousand rupees, which shall accompany the return of income of the employee.

Explanation.—"Salary" for the purposes of this rule shall have the same meaning as given in rule 3.

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[1]**[*Statement of particulars of income under heads of income other than "Salaries" or details of tax deducted at source or tax collected at source*.**

26B. *The assessee may submit to the person responsible for making payment under sub-section (1) of section 192, the details of —*

(a) *any income chargeable under any head of income other than 'Salaries' received in the same financial year; or*

(b) *any tax deducted at source or tax collected at source under the provisions of Part B or Part BB of Chapter XVII, for the same financial year; or*

(c) *loss, if any, under the head "Income from house property" in the same financial year,*

in Form No. 12BAA, for the purpose of computing the tax deduction at source under sub-section (1) of section 192.**]**

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1. Substituted by the IT (Eighth Amdt.) Rules, 2024, w.e.f. **15-10-2024.** Prior to its substitution, rule 26B as amended by IT (Eighth Amdt.) Rules, 1987, w.e.f. 29-10-1987, IT (Fourteenth Amdt.) Rules, 1998, w.e.f. 14-9-1998 and IT (Twenty-fourth Amdt.) Rules, 2003, w.e.f. 1-10-2003 read as under:

"26B. *Statement of particulars of income under heads of income other than "Salaries" for deduction of tax at source.31.*— (1) The assessee may send to the person responsible for making payment under sub-section (1) of section 192, a statement of any income chargeable under any head of income other than "Salaries" (not being a loss under any such head other than the loss under the head "Income from house property"), received by the assessee for the same financial year, and of any tax deducted on such income.

(2) A verification in the following form shall be annexed to the statement referred to in sub-rule (1),—

FORM OF VERIFICATION

I, ...(name of the assessee), do declare that what is stated above is true to the best of my information and belief."

Furnishing of evidence of claims by employee for deduction of tax under section 192.

26C. (1) The assessee shall furnish to the person responsible for making payment under sub-section (1) of section 192, the evidence or the particulars of the claims referred to in sub-rule (2), in Form No. 12BB for the purpose of estimating his income or computing the tax deduction at source.

(2) The assessee shall furnish the evidence or the particulars specified in column (3), of the Table below, of the claim specified in the corresponding entry in column (2) of the said Table:—

TABLE

Sl. No.	*Nature of claims*	*Evidence or particulars*
(1)	*(2)*	*(3)*
1.	House Rent Allowance	Name, address and permanent account number of the landlord/landlords where the aggregate rent paid during the previous year exceeds rupees one lakh
2.	Leave travel concession or assistance	Evidence of expenditure
3.	Deduction of interest under the head "Income from house property"	Name, address and permanent account number of the lender
4.	Deduction under Chapter VI-A	Evidence of investment or expenditure.

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[91][**Furnishing of declaration and evidence of claims by specified senior citizen under section 194P.**

26D. *(*1) The declaration required to be furnished by the specified senior citizen to the specified bank under sub-clause (*iii*) of clause (*b*) of *Explanation* to section 194P shall be in Form No. 12BBA to be furnished in paper form duly verified.

(2) On furnishing of the declaration in Form No. 12BBA, the specified bank shall, after giving effect to the deduction allowable under Chapter VI-A and rebate allowable under section 87A, compute the total income of such specified senior citizen for the relevant assessment year and deduct income-tax on such total income on the basis of the rates in force.

(3) The effect to the deduction allowable under Chapter VI-A shall be given based on the evidence furnished by the specified senior citizen during the previous year.

(4) The declaration referred to in sub-rule (1) and evidence for claiming deduction under Chapter VI-A referred to in sub-rule (3) shall be properly maintained by the Specified Bank and shall be made available to the Principal Chief Commissioner of Income-tax or Chief Commissioner of Income-tax, as and when required.

(5) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall specify procedure for furnishing of particulars of Form No. 12BBA referred to in sub-rule (1) and evidence referred to in sub-rule (3) by the specified banks to the Principal Chief Commissioner of Income-tax or Chief Commissioner of Income-tax, as and when required.]

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91. Inserted by the IT (Twenty-sixth Amdt.) Rules, 2021, w.e.f. 2-9-2021.

Prescribed arrangements for declaration and payment of dividends within India.

27. The arrangements referred to in sections 194 and 236 to be made by a company for the declaration and payment of dividends (including dividends on preference shares) within India shall be as follows :

(*1*) The share-register of the company for all shareholders shall be regularly maintained at its principal place of business within India, in respect of any assessment year from a date not later than the 1st day of April of such year.

(*2*) The general meeting for passing the accounts of the previous year relevant to the assessment year and for declaring any dividends in respect thereof shall be held only at a place within India.

(*3*) The dividends declared, if any, shall be payable only within India to all shareholders.

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[92][**Application for grant of certificates for deduction of income-tax at any lower rates or no deduction of income-tax.**

28. (1) An application by a person for grant of a certificate for the deduction of income-tax at any lower rates or no deduction of income-tax, as the case may be, under sub-section (1) of section 197 shall be made in Form No. 13 electronically, —

(*i*) under digital signature; or

(*ii*) through electronic verification code.

(2) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall lay down procedures, formats and standards for ensuring secure capture and transmission of data and uploading of documents and the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to the furnishing of Form No.13.]

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92. Substituted by the IT (Eleventh Amdt.) Rules, 2018, w.e.f. 25-10-2018.

Statement by shareholder claiming receipt of dividend without deduction of tax.

28A. [*Omitted by the IT (Third Amdt.) Rules, 1996, w.e.f. 2-7-1996.*]

Certificate for deduction at lower rates or no deduction of tax from income other than dividends.

28AA. (1) Where the Assessing Officer, on an application made by a person under sub-rule (1) of rule 28 is satisfied that existing and estimated tax liability of a person justifies the deduction of tax at lower rate or no deduction of tax, as the case may be, the Assessing Officer shall issue a certificate in accordance with the provisions of sub-section (1) of section 197 for deduction of tax at such lower rate or no deduction of tax.

(2) The existing and estimated liability referred to in sub-rule (1) shall be determined by the Assessing Officer after taking into consideration the following:—

(*i*) tax payable on estimated income of the previous year relevant to the assessment year;

(*ii*) tax payable on the assessed or returned [93][or estimated income, as the case may be, of last four] previous years;

(*iii*) existing liability under the Income-tax Act, 1961 and Wealth-tax Act, 1957;

(*iv*) advance tax payment [94][, tax deducted at source and tax collected at source] for the assessment year relevant to the previous year till the date of making application under sub-rule (1) of rule 28;

(*v*) & (*vi*) [95][***]

(3) The certificate shall be valid for such period of the previous year as may be specified in the certificate, unless it is cancelled by the Assessing Officer at any time before the expiry of the specified period.

[96][(4) The certificate for deduction of tax at any lower rates or no deduction of tax, as the case may be, shall be issued direct to the person responsible for deducting the tax under advice to the person who made an application for issue of such certificate:

Provided that where the number of persons responsible for deducting the tax is likely to exceed one hundred and the details of such persons are not available at the time of making application with the person making such application, the certificate for deduction of tax at lower rate may be issued to the person who made an application for issue of such certificate, authorising him to receive income or sum after deduction of tax at lower rate.

(5) The certificates referred to in sub-rule (4) shall be valid only with regard to the person responsible for deducting the tax and named therein and certificate referred to in proviso to the sub-rule (4) shall be valid with regard to the person who made an application for issue of such certificate.

(6) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall lay down procedures, formats and standards for issuance of certificates under sub-rule (4) and proviso thereto and the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to the issuance of said certificate.]

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93. Substituted for "income, as the case may be, of the last three" by the IT (Eleventh Amdt.) Rules, 2018, w.e.f. 25-10-2018.
94. Inserted by the IT (Eleventh Amdt.) Rules, 2018, w.e.f. 25-10-2018.
95. Omitted by the IT (Eleventh Amdt.) Rules, 2018, w.e.f. 25-10-2018.
96. Substituted by the IT (Eleventh Amdt.) Rules, 2018, w.e.f. 25-10-2018.

Certificate of no deduction of tax in case of certain entities.

28AB. (1) Subject to the conditions specified in sub-rule (2), a person—

(*a*) in receipt of income or deemed income derived from property held under trust wholly for charitable or religious purposes and who claims exemption under section 11 or section 12; or

(*b*) required to file a return in respect of a scientific research association, news agency, association or institution, fund or trust or university or other educational institution or any hospital or other medical institution or trade union referred to in sub-section (4C) of section 139,

may make an application to the Assessing Officer for the grant of a certificate under sub-section (1) of section 197 authorizing him to receive incomes without deduction of tax at source.

(2) The conditions referred to in sub-rule (1) are the following, namely :—

(*i*) the person concerned has furnished the returns of income for all assessment years for which such returns became due on or before the date on which the application under sub-rule (1) is made; [97][and]

(*ii*) the trust, scientific research association, news agency, association or institution, fund or trust or university or other educational institution or any hospital or other medical institution or trade union referred to in sub-rule (1) is for the time being approved for the purpose of exemption from income-tax; [98][***]

(*iii*) [99][***]

(3) An application for the certificate is to be made to the Assessing Officer in accordance with sub-rule (1) of rule 28.

(4) The Assessing Officer may issue a certificate authorizing payment of incomes without deduction of tax at source if he is satisfied that all the conditions laid down in sub-rule (2) are fulfilled and the issue of any such certificate will not be prejudicial to the interests of revenue.

(5) The applicant may furnish copies of certificate issued under sub-rule (4) to the person responsible for paying the income for the purpose of no deduction of tax at source.

(6) The certificate shall be valid for the financial year specified therein unless it is cancelled by the Assessing Officer at any time before the expiry of the said financial year.

(7) An application for a fresh certificate may be made, if the assessee so desires, after the expiry of the period of validity of the earlier certificate.

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97. Inserted by the IT (Eleventh Amdt.) Rules, 2018, w.e.f. 25-10-2018.
98. Word "and" omitted by the IT (Eleventh Amdt.) Rules, 2018, w.e.f. 25-10-2018.
99. Omitted by the IT (Eleventh Amdt.) Rules, 2018, w.e.f. 25-10-2018.

Certificate of no deduction of tax or deduction at lower rates from dividends.

29. (1) The Assessing Officer, on being satisfied that the total income of the shareholder justifies the deduction of income-tax at any lower rates or no deduction of income-tax, as the case may be, shall, on an application made under sub-rule (1) of rule 28 by the assessee, give him a certificate authorising the payment of a dividend to him, under sub-section (1) of section 197, without deduction of tax or, as the case may be, after deduction of tax at rates lower than the rates in force only if the following conditions are satisfied, namely :

(*a*) The shares in respect of which the certificate is sought for by him—

(*i*) are shares in public companies; and

(*ii*) stand in his name and are beneficially owned by him, and the dividends therefrom are not includible in the total income of any other person under sections 60 to 64,

or

stand in his name and are held by him under trust wholly for charitable or religious purposes, and the dividends therefrom are exempt from tax under the provisions of sections 11 to 13.

(*b*) An application for the certificate is made to the Assessing Officer in accordance with sub-rule (1) of rule 28.

(2) The certificate shall be valid for such period (not exceeding three years from the date of certificate), as the Assessing Officer may specify therein, unless it is cancelled by him at any time before the expiry of the specified period. An application for a fresh certificate may be made, if required, after the expiry of the period of validity of the earlier certificate.

(3) The certificate shall be valid only for the person named therein, and shall cease to be operative from the date of notice to the company of the transfer of any of the shares mentioned therein to another person, in respect of the shares so transferred.

(4) The certificate shall be issued direct to the principal officer of the company under advice to the applicant shareholder.

(5) [* * *].

Form of certificate to be furnished along with the return of income under sub-section (4) of section 80QQB, sections 80R, 80RR and 80RRA, and sub-section (3) of section 80RRB and the prescribed authority for the purposes of sub-section (4) of section 80QQB and sub-section (3) of section 80RRB.

29A. (1) The certificate referred to in sub-section (4) of section 80QQB, sub-section (3) of section 80RRB, sections 80R, 80RR and 80RRA shall be in Form No. 10H.

(2) For the purpose of sub-section (4) of section 80QQB and sub-section (3) of section 80RRB, the prescribed authority shall be the Reserve Bank of India or such other authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange.

Form of certificate to be filed with the return of income for claiming deduction under section 80-O.

29AA. [*Omitted by the IT (Twenty-first Amdt.) Rules, 2021, w.e.f.29-7-2021 (*see *rule 130)*.]

Application for certificate authorising receipt of interest and other sums without deduction of tax.

29B. (1) Any person entitled to receive any interest, or other sum, on which income-tax has to be deducted under sub-section (1) of section 195 may, if he fulfils the conditions specified in sub-rule (2), make an application for the grant of a certificate under sub-section (3) of section 195 authorising him to receive without deduction of tax under sub-section (1) of that section any such income as is specified hereinbelow, namely :—

(*i*) where the person concerned is a [1][banking company or an insurer] which is neither an Indian company nor a company which has made the prescribed arrangements for the declaration and payment of dividends within India, and which carries on operations in India through a branch, any income by way of interest, not being [2]["interest on securities (other than interest payable on securities referred to in proviso to section 193)"], or any other sum, not being dividends;

(*ii*) in the case of any other person who carries on a business or profession in India through a branch, any sum, not being interest or dividends,

insofar as such interest or other sum is receivable by such branch on its own account and not on behalf of its head office or any branch situated outside India, or any other person.

(2) The conditions referred to in sub-rule (1) are the following, namely :—

(*i*) the person concerned has been regularly assessed to income-tax in India and has furnished the returns of income for all assessment years for which such returns became due on or before the date on which the application under sub-rule (1) is made;

(*ii*) he is not in default or deemed to be in default in respect of any tax (including advance tax and tax payable under section 140A), interest, penalty, fine, or any other sum payable under the Act;

(*iii*) [3][***]

(*iv*) where the person concerned is not a [1][banking company or an insurer] referred to in clause (*i*) of sub-rule (1)—

(*a*) he has been carrying on business or profession in India continuously for a period of not less than five years immediately preceding the date of the application, and

(*b*) the value of the fixed assets in India of such business or profession as shown in his books for the previous year which ended immediately before the date of the application or, where the accounts in respect of such previous year have not been made up before the said date, the previous year immediately preceding that year, exceeds fifty lakhs of rupees.

(3) The application under sub-rule (1) by a [1][banking company or an insurer] shall be in Form No. 15C and by any other person [referred to in clause (*ii*) of sub-rule (1)] shall be in Form No. 15D.

(4) The Assessing Officer may give a certificate authorising the person con-cerned to receive the income specified in clause (*i*) or clause (*ii*) of sub-rule (1), without deduction of tax under sub-section (1) of section 195, if he is satisfied that all the conditions laid down in sub-rule (2) are fulfilled and the issue of any such certificate will not be prejudicial to the interests of revenue.

(5) The certificate shall be valid for the financial year specified therein, unless it is cancelled by the Assessing Officer at any time before the expiry of the said financial year. An application for a fresh certificate may be made, if required, after the expiry of the period of validity of the earlier certificate, or within three months before the expiry thereof.

[4][*Explanation*.—For the purposes of this rule, "insurer" shall have the same meaning as assigned to it in sub-clause (*d*) of clause (*9*) of section 2 of the Insurance Act, 1938 (4 of 1938).]

(6) [* * *].

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1. Substituted for "banking company" by the IT (Twenty-first Amdt.) Rules, 2020, w.e.f. 22-9-2020.
2. Substituted for "'interest on securities'" by the IT (Nineteenth Amdt.) Rules, 2017, w.e.f. 4-7-2017.
3. Omitted by the IT (Twelfth Amdt.) Rules, 2016, w.e.f. 5-5-2016.
4. Inserted by the IT (Twenty-first Amdt.) Rules, 2020, w.e.f. 22-9-2020.

[5]**[Application for grant of certificate for determination of appropriate proportion of sum (other than Salary), payable to non-resident, chargeable in case of the recipients.**

29BA. (1) An application by a person for determination of appropriate proportion of sum chargeable in the case of non-resident recipient under sub-section (2) or sub-section (7) of section 195 shall be made in Form 15E electronically,—

(*i*) under digital signature; or

(*ii*) through electronic verification code.

(2) The Assessing Officer, in order to satisfy himself, shall examine whether the sum being paid or credited is chargeable to tax under the provisions of the Act read with the relevant Double Taxation Avoidance Agreement, if any, and if the sum is chargeable to tax he shall proceed to determine the appropriate proportion of such sum chargeable to tax.

(3) The Assessing Officer shall examine the application and on being satisfied that the whole of such sum would not be the income chargeable in case of the recipient, may issue a certificate determining appropriate proportion of such sum chargeable under the provision of this Act, for the purposes of tax deduction under sub-section (1) of section 195.

(4) While examining the application, the Assessing Officer shall also take into consideration, following information in relation to the recipient:—

(*i*) tax payable on estimated income of the previous year relevant to the assessment year;

(*ii*) tax payable on the assessed or returned or estimated income, as the case may be, of preceding four previous years;

(*iii*) existing liability under the Income-tax Act, 1961(43 of 1961) and Wealth-tax Act, 1957(27 of 1957);

(*iv*) advance tax payment, tax deducted at source and tax collected at source for the assessment year relevant to the previous year till the date of making application under sub-rule (1).

(5) The certificate shall be valid only for the payment to non-resident named therein and for such period of the previous year as may be specified in the certificate, unless it is cancelled by the Assessing Officer at any time before the expiry of the specified period.

(6) An application for a fresh certificate may be made, if the assessee so desires, after the expiry of the period of validity of the earlier certificate or within three months before the expiry thereof.

(7) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall lay down procedures, formats and standards for ensuring secure capture and transmission of data and uploading of documents and the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to the furnishing of Form No. 15E and issuance of Certificate under sub-rule (3).]

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5. Inserted by the IT (Fifth Amdt.) Rules, 2021, w.e.f. 1-4-2021.

[6][**Declaration by person claiming receipt of certain incomes without deduction of tax.**

29C. (1) A declaration under sub-section (1) or under sub-section (1A) of section 197A shall be in Form No. 15G and declaration under sub-section (1C) of section 197A shall be in Form No. 15H.

(2) The declaration referred to in sub-rule (1) may be furnished in any of the following manners, namely:—

(*a*) in paper form;

(*b*) electronically after duly verifying through an electronic process in accordance with the procedures, formats and standards specified under sub-rule (7).

(3) The person responsible for paying any income of the nature referred to in sub-section (1) or sub-section (1A) or sub-section (1C) of section 197A, shall allot a unique identification number to each declaration received by him in Form No.15G and Form No.15H respectively during every quarter of the financial year in accordance with the procedures, formats and standards specified by the Principal Director-General of Income-tax (Systems) under sub-rule (7).

(4) The person referred to in sub-rule (3) shall furnish the particulars of declaration received by him during any quarter of the financial year along with the unique identification number allotted by him under sub-rule (3) in the statement of deduction of tax of the said quarter in accordance with the provisions of clause (*vii*) of sub-rule (4) of rule 31A.

(5) The person referred to in sub-rule (3) shall furnish the statement of deduction of tax referred to in rule 31A containing the particulars of declaration received by him during each quarter of the financial year along with the unique identification number allotted by him under sub-rule (3) in accordance with the provisions of clause (*vii*) of the sub-rule (4) of rule 31A irrespective of the fact that no tax has been deducted in the said quarter.

(6) Subject to the provisions of sub-rules (4) and (5), an income-tax authority may, before the end of seven years from the end of the financial year in which the declaration referred to in sub-rule (1) has been received, require the person referred in sub-rule (3) to furnish or make available the declaration for the purposes of verification or any proceeding under the Act in accordance with the procedures, formats and standards specified by Principal Director General of Income-tax (Systems) specified under sub-rule (7).

(7) The Principal Director General of Income-tax (Systems) shall specify the procedures, formats and standards for the purposes of furnishing and verification of the declaration, allotment of unique identification number and furnishing or making available the declaration to the income-tax authority and shall be responsible for the day-to-day administration in relation to the furnishing of the particulars of declaration in accordance with the provisions of sub-rules (4) and (5).

(8) The Principal Director General of Income-tax (Systems) shall make available the information of declaration furnished by the person referred to in sub-rule (3) to the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner to whom the Assessing Officer having jurisdiction to assess the person who has furnished the declaration under sub-section (1) or under sub-section (1A) or under sub-section (1C) of section 197A is sub-ordinate.]

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6. Substituted by the IT (Fourteenth Amdt.) Rules, 2015, w.e.f. 1-10-2015.

Form of declaration under second proviso/third proviso to clause (*i*) of sub-section (3) of section 194C.

29D. [*Omitted by the IT (Twenty-first Amdt.) Rules, 2021, w.e.f.29-7-2021(*see *rule 130)*.]

Time and mode of payment to Government account of tax deducted at source or tax paid under sub-section (1A) of section 192.

30. (1) All sums deducted in accordance with the provisions of Chapter XVII-B byan office of the Government shall be paid to the credit of the Central Government—

(*a*) on the same day where the tax is paid without production of an income-tax challan; and

(*b*) on or before seven days from the end of the month in which the deduction is made or income-tax is due under sub-section (1A) of section 192, where tax is paid accompanied by an income-tax challan.

(2) All sums deducted in accordance with the provisions of Chapter XVII-B by deductors other than an office of the Government shall be paid to the credit of the Central Government—

(*a*) on or before 30th day of April where the income or amount is credited or paid in the month of March; and

(*b*) in any other case, on or before seven days from the end of the month in which—

(*i*) the deduction is made; or

(*ii*) income-tax is due under sub-section (1A) of section 192.

(2A) Notwithstanding anything contained in sub-rule (1) or sub-rule (2), any sum deducted under section 194-IA shall be paid to the credit of the Central Government within a period of [7][thirty] days from the end of the month in which the deduction is made and shall be accompanied by a challan-*cum*-statement in Form No. 26QB.

[8][(2B) Notwithstanding anything contained in sub-rule (1) or sub-rule (2), any sum deducted under section 194-IB shall be paid to the credit of the Central Government within a period of thirty days from the end of the month in which the deduction is made and shall be accompanied by a challan-*cum*-statement in Form No. 26QC.]

[9][(2C) Notwithstanding anything contained in sub-rule (1) or sub-rule (2), any sum deducted under section 194M shall be paid to the credit of the Central Government within a period of thirty days from the end of the month in which the deduction is made and shall be accompanied by a challan-*cum*-statement in Form No. 26QD.]

[10][(2D) Notwithstanding anything contained in sub-rule (1) or sub-rule (2), any sum deducted under section 194S by a specified person referred to in that section shall be paid to the credit of the Central Government within a period of thirty days from the end of the month in which the deduction is made and shall be accompanied by a challan-cum-statement in Form No. 26QE.]

(3) Notwithstanding anything contained in sub-rule (2), in special cases, the Assessing Officer may, with the prior approval of the Joint Commissioner, permit quarterly payment of the tax deducted under section 192 or section 194A or section 194D or section 194H for the quarters of the financial year specified to in column (2) of the Table below by the date referred to in column (3) of the said Table:—

TABLE

Sl. No.	*Quarter of the financial year ended on*	*Date for quarterly payment*
(1)	*(2)*	*(3)*
1.	30th June	7th July
2.	30th September	7th October
3.	31st December	7th January
4.	31st March	30th April

B. Mode of payment

(4) In the case of an office of the Government, where tax has been paid to the credit of the Central Government without the production of a challan, the Pay and Accounts Officer or the Treasury Officer or the Cheque Drawing and Disbursing Officer or any other person by whatever name called to whom the deductor reports the tax so deducted and who is responsible for crediting such sum to the credit of the Central Government, [11][shall submit a statement in Form No. 24G to the agency authorised by the Principal Director of Income-tax (Systems) in respect of tax deducted by the deductors and reported to him.]

[12][(4A) Statement referred to in sub-rule (4) shall be furnished—

(*a*) on or before the 30th day of April where the statement relates to the month of March; and

(*b*) in any other case, on or before 15 days from the end of relevant month.

(4B) Statement referred to in sub-rule (4) shall be furnished in the following manner, namely:—

(*a*) electronically under digital signature in accordance with the procedures, formats and standards specified under sub-rule (5); or

(*b*) electronically alongwith the verification of the statement in Form No. 27A or verified through an electronic process in accordance with the procedures, formats and standards specified under sub-rule (5).

(4C) The persons referred to in sub-rule (4) shall intimate the number (hereinafter referred to as the Book Identification Number) generated by the agency to each of the deductors in respect of whom the sum deducted has been credited.]

[13][(5) The Principal Director General of Income-tax (Systems) shall specify the procedures, formats and standards for the purposes of furnishing and verification of the statements and shall be responsible for the day-to-day administration in relation to furnishing of the information and verification of the statements.]

(6)(*i*) Where tax has been deposited accompanied by an income-tax challan, the amount of tax so deducted or collected shall be deposited to the credit of the Central Government by remitting it within the time specified in clause (*b*) of sub-rule (1) or in sub-rule (2) or in sub-rule (3) into any branch of the Reserve Bank of India or of the State Bank of India or of any authorised bank.

(*ii*) Where tax is to be deposited in accordance with clause (*i*), by persons referred to in sub-rule (1) of rule 125, the amount deducted shall be electronically remitted into the Reserve Bank of India or the State Bank of India or any authorised bank accompanied by an electronic income-tax challan.

(6A) Where tax deducted is to be deposited accompanied by a challan-*cum*-statement in Form No. 26QB, the amount of tax so deducted shall be deposited to the credit of the Central Government by remitting it electronically within the time specified in sub-rule (2A) into the Reserve Bank of India or the State Bank of India or any authorised bank.

[14][(6B) Where tax deducted is to be deposited accompanied by a challan-*cum*-statement in Form No. 26QC, the amount of tax so deducted shall be deposited to the credit of the Central Government by remitting it electronically within the time specified in sub-rule (2B) into the Reserve Bank of India or the State Bank of India or any authorized bank.]

[15][(6C) Where tax deducted is to be deposited accompanied by a challan-*cum*-statement in Form No. 26QD, the amount of tax so deducted shall be deposited to the credit of the Central Government by remitting it electronically within the time specified in sub-rule (2C) into the Reserve Bank of India or the State Bank of India or any authorised bank.]

[16][(6D) Where tax deducted is to be deposited accompanied by a challan-*cum*-statement in Form No. 26QE, the amount of tax so deducted shall be deposited to the credit of the Central Government by remitting it electronically within the time specified in sub-rule (2D) into the Reserve Bank of India or the State Bank of India or any authorised bank.]

(7) For the purpose of this rule, the amount shall be construed as electronically remitted to the Reserve Bank of India or to the State Bank of India or to any authorised bank, if the amount is remitted by way of—

(*a*) internet banking facility of the Reserve Bank of India or of the State Bank of India or of any authorised bank; or

(*b*) debit card.

(7A) The Director General of Income-tax (Systems) shall specify the procedure, formats and standards for the purposes of remitting the amount electronically to the Reserve Bank of India or the State Bank of India or any authorised bank and shall be responsible for the day-to-day administration in relation to the remitting of the amount electronically in the manner so specified.

(8) Where tax is deducted before the 1st day of April, 2010, the provisions of this rule shall apply as they stood immediately before their substitution by the Income-tax (Sixth Amendment) Rules, 2010.

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7. Substituted for "seven" by the IT (Eleventh Amdt.) Rules, 2016, w.e.f. 1-6-2016.
8. Inserted by the IT (Thirteenth Amdt.) Rules, 2017, w.e.f. 8-6-2017.
9. Inserted by the IT (Fourteenth Amdt.) Rules, 2019, w.e.f. 18-11-2019.
10. Inserted by the IT (Nineteenth Amdt.) Rules, 2022, w.e.f. 1-7-2022.
11. Substituted by the IT (Eleventh Amdt.) Rules, 2016, w.e.f. 1-6-2016.
12. Inserted by the IT (Eleventh Amdt.) Rules, 2016, w.e.f. 1-6-2016.
13. Substituted by the IT (Eleventh Amdt.) Rules, 2016, w.e.f. 1-6-2016.
14. Inserted by the IT (Thirteenth Amdt.) Rules, 2017, w.e.f. 8-6-2017.
15. Inserted by the IT (Fourteenth Amdt.) Rules, 2019, w.e.f. 18-11-2019.
16. Inserted by the IT (Nineteenth Amdt.) Rules, 2022, w.e.f. 1-7-2022.

Credit for tax deducted at source to a person other than the shareholder in certain circumstances.

30A. [*Omitted by the IT (Twenty-fourth Amdt.) Rules, 2003, w.e.f. 1-10-2003.*]

Certificate of tax deducted at source to be furnished under section 203.

31. (1) The certificate of deduction of tax at source by any person in accordance with Chapter XVII-B or the certificate of payment of tax by the employer on behalf of the employee under sub-section (1A) of section 192 shall be in—

(*a*) Form No. 16, if the deduction or payment of tax is under section 192 [17][and section 194P]; and

(*b*) Form No. 16A if the deduction is under any other provision of Chapter XVII-B.

(2) The certificate referred to in sub-rule (1) shall specify:—

(*a*) valid permanent account number (PAN) of the deductee;

(*b*) valid tax deduction and collection account number (TAN) of the deductor;

(*c*) (*i*) book identification number or numbers where deposit of tax deducted is without production of challan in case of an office of the Government;

(*ii*) challan identification number or numbers in case of payment through bank;

(*d*) (*i*) receipt number of the relevant quarterly statement of tax deducted at source which is furnished in accordance with the provisions of rule 31A;

(*ii*) receipt numbers of all the relevant quarterly statements in case the statement referred to in clause (*i*) is for tax deducted at source from income chargeable under the head "Salaries".

(3) The certificates in Forms specified in column (2) of the Table below shall be furnished to the employee or the payee, as the case may be, as per the periodicity specified in the corresponding entry in column (3) and by the time specified in the corresponding entry in column (4) of the said Table:—

TABLE

Sl. No.	*Form No.*	*Periodicity*	*Due date*
(1)	*(2)*	*(3)*	*(4)*
1.	16	Annual	By [18][15th day of June] of the financial year immediately following the financial year in which the income was paid and tax deducted.
2.	16A	Quarterly	Within fifteen days from the due date for furnishing the statement of tax deducted at source under rule 31A.

(3A) Notwithstanding anything contained in sub-rule (1) or sub-rule (2) or sub-rule (3), every person responsible for deduction of tax under section 194-IA shall furnish the certificate of deduction of tax at source in Form No.16B to the payee within fifteen days from the due date for furnishing the challan-*cum*-statement in Form No. 26QB under rule 31A after generating and downloading the same from the web portal specified by the Director General of Income-tax (System) or the person authorised by him.

[19][(3B) Notwithstanding anything contained in sub-rule (1) or sub-rule (2) or sub-rule (3), every person responsible for deduction of tax under section 194-IB shall furnish the certificate of deduction of tax at source in Form No.16C to the payee within fifteen days from the due date for furnishing the challan-*cum*-statement in Form No. 26QC under rule 31A after generating and downloading the same from the web portal specified by the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) or the person authorised by him.]

[20][(3C) Notwithstanding anything contained in sub-rule (1) or sub-rule (2) or sub-rule (3), every person responsible for deduction of tax under section 194M shall furnish the certificate of deduction of tax at source in Form No.16D to the payee within fifteen days from the due date for furnishing the challan-*cum*-statement in Form No. 26QD under rule 31A after generating and downloading the same from the web portal specified by the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) or the person authorised by him.]

[21][(3D) Notwithstanding anything contained in sub-rule (1) or sub-rule (2) or sub-rule (3), every person, being a specified person referred to in section 194S and responsible for deduction of tax under that section shall furnish the certificate of deduction of tax at source in Form No.16E to the payee within fifteen days from the due date for furnishing the challan-*cum*-statement in Form No. 26QE under rule 31A after generating and downloading the same from the web portal specified by the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) or the person authorised by him.]

(4) If an assessee is employed by more than one employer during the year, each of the employers shall issue Part A of the certificate in Form No. 16 pertaining to the period for which such assessee was employed with each of the employers and Part B may be issued by each of the employers or the last employer at the option of the assessee.

(5) The deductor may issue a duplicate certificate in Form No. 16 or Form No. 16A if the deductee has lost the original certificate so issued and makes a request for issuance of a duplicate certificate and such duplicate certificate is certified as duplicate by the deductor.

(6) (*i*) Where a certificate is to be furnished in Form No. 16, the deductor may, at his option, use digital signatures to authenticate such certificates.

(*ii*) In case of certificates issued under clause (*i*), the deductor shall ensure that—

(*a*) the provisions of sub-rule (2) are complied with;

(*b*) once the certificate is digitally signed, the contents of the certificates are not amenable to change; and

(*c*) the certificates have a control number and a log of such certificates is maintained by the deductor.

(6A) The Director General of Income-tax (Systems) shall specify the procedure, formats and standards for the purposes of generation and download of certificates and shall be responsible for the day-to-day administration in relation to the generation and download of certificates from the web portal specified by him or the person authorised by him.

(7) Where a certificate is to be furnished for tax deducted before the 1st day of April, 2010, it shall be furnished in the Form in accordance with the provisions of the rules as they stood immediately before their substitution by the Income-tax (Sixth Amendment) Rules, 2010.

Explanation.—For the purpose of this rule and rule 37D, challan identification number means the number comprising the Basic Statistical Returns (BSR) Code of the Bank branch where the tax has been deposited, the date on which the tax has been deposited and challan serial number given by the bank.

17. Inserted by the IT (Twenty-sixth Amdt.) Rules, 2021, w.e.f. 2-9-2021.
18. Substituted for "31st day of May" by the IT (Tenth Amdt.) Rules, 2017, w.e.f. 2-6-2017.
19. Inserted by the IT (Thirteenth Amdt.) Rules, 2017, w.e.f. 8-6-2017.
20. Inserted by the IT (Fourteenth Amdt.) Rules, 2019, w.e.f. 18-11-2019.
21. Inserted by the IT (Nineteenth Amdt.) Rules, 2022, w.e.f. 1-7-2022.

Statement of deduction of tax under sub-section (3) of section 200.

31A. (1) Every person responsible for deduction of tax under Chapter XVII-B, shall, in accordance with the provisions of sub-section (3) of section 200, deliver, or cause to be delivered, the following quarterly statements to the Director General of Income-tax (Systems) or the person authorised by the Director General of Income-tax (Systems), namely:—

(*a*) Statement of deduction of tax under section 192 [22][and section 194P] in Form No. 24Q;

(*b*) Statement of deduction of tax under sections 193 to 196D [22][(other than section 194P)] in—

(*i*) Form No. 27Q in respect of the deductee who is a non-resident not being a company or a foreign company or resident but not ordinarily resident; and

(*ii*) Form No. 26Q in respect of all other deductees:

[23][**Provided** that where the Exchange has, in accordance with the guidelines issued under sub-section (6) of section 194S, agreed to pay tax in relation to a transaction of transfer of a virtual digital asset, owned by it as an alternative to tax required to be deducted by the buyer of such asset under section 194S, the Exchange shall deliver or cause to be delivered, a quarterly statement of such transactions in Form No. 26QF to the Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems) or the person authorised by the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems).

Explanation.—For the purposes of this sub-rule,—

(*i*) "Exchange" means a person that operates an application or platform for transfer of virtual digital assets, which matches buy and sell trades and execute the same on their application or platform;

(*ii*) "virtual digital asset" shall have same meaning as assigned to it in clause (*47A*) of section 2.]

[24][(2) Statements referred to in sub-rule (1) for the quarter of the financial year ending with the date specified in column (2) of the Table below shall be furnished by the due date specified in the corresponding entry in column (3) of the said Table:

TABLE

Sl. No.	*Date of ending of quarter of financial year*	*Due date*
(1)	*(2)*	*(3)*
1.	30th June	31st July of the financial year
2.	30th September	31st October of the financial year
3.	31st December	31st January of the financial year
4.	31st March	31st May of the financial year immediately following the financial year in which the deduction is made.]

(3) (*i*) The statements referred to in sub-rule (1) may be furnished in any of the following manners, namely:—

(*a*) furnishing the statement in paper form;

(*b*) furnishing the statement electronically under digital signature in accordance with the procedures, formats and standards specified under sub-rule (5);

(*c*) furnishing the statement electronically along with the verification of the statement in Form 27A or verified through an electronic process in accordance with the procedures, formats and standards specified under sub-rule (5).

(*ii*) Where,—

(*a*) the deductor is an office of the Government; or

(*b*) the deductor is the principal officer of a company; or

(*c*) the deductor is a person who is required to get his accounts audited under section 44AB in the immediately preceding financial year; or

(*d*) the number of deductee's records in a statement for any quarter of the financial year are twenty or more,

the deductor shall furnish the statement in the manner specified in item (*b*) or item (*c*) of clause (*i*).

(*iii*) Where deductor is a person other than the person referred to in clause (*ii*), the statements referred to in sub-rule (1) may, at his option, be delivered or cause to be delivered in the manner specified in item (*b*) or item (*c*) of clause (*i*).

(3A) A claim for refund, for sum paid to the credit of the Central Government under Chapter XVII-B, shall be furnished by the deductor in Form 26B electronically under digital signature [25][or verified through an electronic process] in accordance with the procedures, formats and standards specified under sub-rule (5).

[26][(3B) Specified bank responsible for deduction of tax under section 194P shall furnish evidence produced by the specified senior citizen for claiming deduction under Chapter VI-A to the Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems) or to any other person authorised by the Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems), as and when required.]

(4) The deductor at the time of preparing statements of tax deducted shall,—

(*i*) quote his tax deduction and collection account number (TAN) in the statement;

(*ii*) quote his permanent account number (PAN) in the statement except in the case where the deductor is an office of the Government;

(*iii*) quote the permanent account number of all deductees;

(*iv*) furnish particulars of the tax paid to the Central Government including book identification number or challan identification number, as the case may be;

(*v*) furnish particulars of amount paid or credited on which tax was not deducted in view of the issue of certificate of no deduction of tax under section 197 by the Assessing Officer of the payee;

(*vi*) furnish particulars of amount paid or credited on which tax was not deducted in view of the compliance of provisions of sub-section (6) of section 194C by the payee;

(*vii*) furnish particulars of amount paid or credited on which tax was not deducted in view of the furnishing of declaration under sub-section (1) or sub-section (1A) or sub-section (1C) of section 197A by the payee;

(*viii*) furnish particulars of amount paid or credited on which tax was not deducted [27][or deducted at lower rate] in view of the notification issued under sub-section (1F) of section 197A;

[28][(ix) *furnish particulars of amount paid or credited on which tax was not deducted or deducted at lower rate in view of the notification issued under second proviso to section 194N or in view of the exemption provided in fourth proviso to section 194N or in view of the notification issued under fifth proviso to section 194N;*]

[29][[30][(*x*) furnish particulars of amount paid or credited on which tax was not deducted or deducted at lower rate in view of the notification issued under sub-section (5) of section 194A or in view of exemption provided under clause (*x*) of sub-section (3) of section 194A;]

(*xi*) furnish particulars of amount paid or credited on which tax was not deducted under sub-section (2A) of section 194LBA;

(*xii*) furnish particulars of amount paid or credited on which tax was not deducted in view of clause (*a*) or clause (*b*) of sub-section (1D) of section 197A;

(*xiii*) furnish particulars of amount paid or credited on which tax was not deducted in view of the exemption provided to persons referred to in Board Circular No. 3 of 2002, dated 28th June, 2002 or Board Circular No. 11 of 2002, dated 22nd November, 2002 or Board Circular No. 18 of 2017, dated 29th May, 2017;]

[31][(*xiv*) furnish particulars of amount paid or credited on which tax was not deducted in view of clause (*d*) of the second proviso to section 194 or in view of the notification issued under clause (*e*) of the second proviso to section 194;

(*xv*) furnish particular of amount paid or credited on which tax was not deducted in view of proviso to sub-section (1A) or in view of sub-section (2) of section 196D;

(*xvi*) furnish particulars of amount paid or credited on which tax was not deducted in view of sub-section (5) of section 194Q with effect from 1st day of July, 2021;]

[32][(*xvii*) furnish particulars of amount deposited being prerequisite for releasing—

(*a*) winnings in terms of proviso to section 194B;

[33][(aa) *winnings in terms of sub-section (2) of section 194BA;*]

(*b*) benefit or perquisite in terms of first proviso to sub-section (1) of section 194R; and

(*c*) consideration in terms of proviso to sub-section (1) of section 194S along with the challan details such as BSR code of the bank, date of payment and challan serial number.]

(4A) Notwithstanding anything contained in sub-rule (1) or sub-rule (2) or sub-rule (3) or sub-rule (4), every person responsible for deduction of tax under section 194-IA shall furnish to the Director General of Income-tax (System) or the person authorised by the Director General of Income-tax (System) a challan-*cum*-statement in Form No. 26QB electronically in accordance with the procedures, formats and standards specified under sub-rule (5) within [34][thirty days] from the end of the month in which the deduction is made.

[35][(4B) Notwithstanding anything contained in sub-rule (1) or sub-rule (2) or sub-rule (3) or sub-rule (4), every person responsible for deduction of tax under section 194-IB shall furnish to the Principal Director General of Income-tax (Systems) or Director General of Income-tax (System) or the person authorised by the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) a challan-cum-statement in Form No. 26QC electronically in accordance with the procedures, formats and standards specified under sub-rule (5) within thirty days from the end of the month in which the deduction is made.]

[36][(4C) Notwithstanding anything contained in sub-rule (1) or sub-rule (2) or sub-rule (3) or sub-rule (4), every person responsible for deduction of tax under section 194M shall furnish to the Principal Director General of Income-tax (Systems) or Director General of Income-tax (System) or the person authorised by the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) a challan-*cum*-statement in Form No. 26QD electronically in accordance with the procedures, formats and standards specified under sub-rule (5) within thirty days from the end of the month in which the deduction is made.]

[37][(4D) Notwithstanding anything contained in sub-rule (1) or sub-rule (2) or sub-rule (3) or sub-rule (4), every specified person referred to in section 194S and responsible for deduction of tax under that section shall furnish to the Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems) or the person authorised by the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), a challan-cum-statement in Form No. 26QE electronically in accordance with the procedures, formats and standards specified under sub-rule (5) within thirty days from the end of the month in which the deduction is made.]

[38][(4E) The Exchange referred to in sub-rule (1) shall, at the time of preparing the quarterly statement in Form No. 26QF, furnish particulars of amount paid or credited on which tax was not deducted in accordance with guidelines issued under sub-section (6) of section 194S.]

(5) The Director General of Income-tax (Systems) shall specify the procedures, formats and standards for the purposes of furnishing and verification of the statements or claim for refund in Form 26B and shall be responsible for the day-to-day administration in relation to furnishing and verification of the statements or claim for refund in Form 26B in the manner so specified.

(6) Where a statement of tax deducted at source is to be furnished for tax deducted before the 1st day of April, 2010, the provisions of this rule and rule 37A shall apply as they stood immediately before their substitution or omission by the Income-tax (Sixth Amendment) Rules, 2010.

22. Inserted by the IT (Twenty-sixth Amdt.) Rules, 2021, w.e.f. 2-9-2021.
23. Inserted by the IT (Twentieth Amdt.) Rules, 2022, w.e.f. 1-7-2022 [Corrected *vide* Corrigendum G.S.R. 505(E), dated 1-7-2022].
24. Substituted by the IT (Eleventh Amdt.) Rules, 2016, w.e.f. 1-6-2016.
25. Inserted by the IT (Eleventh Amdt.) Rules, 2017, w.e.f. 5-6-2017.
26. Inserted by the IT (Twenty-sixth Amdt.) Rules, 2021, w.e.f. 2-9-2021.
27. Inserted by the IT (Sixteenth Amdt.) Rules, 2020, w.e.f. 3-7-2020.
28. Substituted by the IT (Fifth Amdt.) Rules, 2023, w.e.f. **1-7-2023**.
29. Clauses (*x*) to (*xiii*) inserted by the IT (Sixteenth Amdt.) Rules, 2020, w.e.f. 3-7-2020.
30. Substituted by the IT (Seventeenth Amdt.) Rules, 2021, w.e.f. 8-6-2021.
31. Clauses (*xiv*) to (*xvi*) inserted by the IT (Seventeenth Amdt.) Rules, 2021, w.e.f. 8-6-2021.
32. Inserted by the IT (Nineteenth Amdt.) Rules, 2022, w.e.f. 1-7-2022.
33. Inserted by the IT (Fifth Amdt.) Rules, 2023, w.e.f. **1-7-2023**.
34. Substituted for "seven days" by the IT (Thirteenth Amdt.) Rules, 2016, w.e.f. 1-6-2016.
35. Inserted by the IT (Thirteenth Amdt.) Rules, 2017, w.e.f. 8-6-2017.
36. Inserted by the IT (Fourteenth Amdt.) Rules, 2019, w.e.f. 18-11-2019.
37. Inserted by the IT (Nineteenth Amdt.) Rules, 2022, w.e.f. 1-7-2022.
38. Inserted by the IT (Twentieth Amdt.) Rules, 2022, w.e.f. 1-7-2022 [Corrected *vide* Corrigendum G.S.R. 505(E), dated 1-7-2022].

Statement of collection of tax under proviso to sub-section (3) of section 206C.

31AA. (1) Every collector, shall, in accordance with the provisions of the proviso to sub-section (3) of section 206C, deliver, or cause to be delivered, to the Director General of Income-tax (Systems) or the person authorised by the Director General of Income-tax (Systems), a quarterly statement in Form No. 27EQ.

(2) Statements referred to in sub-rule (1) for the quarter of the financial year ending with the date specified in column (2) of the Table below shall be furnished by the due date specified in the corresponding entry in column (3) of the said Table:—

TABLE

Sl. No.	*Quarter of the financial year ended*	*Due date*
(1)	*(2)*	*(3)*
1.	30th June	15th July of the financial year
2.	30th September	15th October of the financial year
3.	31st December	15th January of the financial year
4.	31st March	15th May of the financial year immediately following the financial year in which collection is made

(3) (*i*) The statement referred to in sub-rule (1) may be furnished in any of the following manners, namely:—

(*a*) furnishing the statement in paper form;

(*b*) furnishing the statement electronically under digital signature in accordance with the procedures, formats and standards specified under sub-rule (5);

(*c*) furnishing the statement electronically along with the verification of the statement in Form 27A or verified through an electronic process in accordance with the procedures, formats and standards specified under sub-rule (5).

(*ii*) Where,—

(*a*) the collector is an office of the Government; or

(*b*) the collector is the principal officer of a company; or

(*c*) the collector is a person who is required to get his accounts audited under section 44AB in the immediately preceding financial year;

(*d*) the number of collectee's records in a statement for any quarter of the financial year are twenty or more,

the collector shall furnish the statement in the manner specified in [item (*b*) or item (*c*) of clause (*i*)].

(*iii*) Where the collector is a person other than the person referred to in clause (*ii*), the statement referred to in sub-rule (1) may, at his option, be delivered or cause to be delivered in the manner specified in [item (*b*) or item (*c*) of clause (*i*)].

(4) The collector at the time of preparing statements of tax collected shall,—

(*i*) quote his tax deduction and collection account number (TAN) in the statement;

(*ii*) quote his permanent account number (PAN) in the statement except in the case where the collector is an office of the Government;

(*iii*) quote the permanent account number of all collectees;

(*iv*) furnish particulars of the tax paid to the Central Government including book identification number or challan identification number, as the case may be;

(*v*) furnish particulars of amount received or debited on which tax was not collected in view of the furnishing of declaration under sub-section (1A) of section 206C by the buyer;]

[39] [(vi) *furnish particulars of amount received or debited on which tax was not collected,—*

(a) *by the authorised dealer from the buyer under the first proviso to sub-section (1G) of section 206C;*

(b) *by the authorised dealer under* [39a]**[***fifth proviso***]** *to sub-section (1G) of section 206C; and*

(c) *by the authorised dealer or seller of an overseas tour program from the buyer under clause* (i) *or clause* (ii) *of the* [39b][*sixth proviso*] *of sub-section (1G) of section 206C or in view of any notification issued under clause* (ii) *of the* [39b][*sixth proviso*] *of sub-section (1G) of section 206C;*

(vii) *furnish particulars of amount received or debited on which tax was not collected from the buyer,—*

(a) *under second proviso to sub-section (1H) of section 206C; and*

(b) *under sub-clause* (A) *or sub-clause* (B) *or sub-clause* (C)*, or in view of any notification issued under sub-clause* (C)*, of clause* (a) *of the* Explanation *to sub-section (1H) of section 206C* [39c][*;*]]

[39d] [(viii) *furnish particulars of amount received or debited on which tax was not collected or tax was collected at a lower rate in view of any notification issued under sub-section (12) of section 206C.*]

(5) The Director General of Income-tax (Systems) shall specify the procedures, formats and standards for the purposes of furnishing and verification of the statements and shall be responsible for the day-to-day administration in relation to furnishing and verification of the statements in the manner so specified.

(6) Where a statement of tax collected at source is to be furnished for tax collected before the 1st day of April, 2010, the provisions of this rule shall apply as they stood immediately before their substitution by the Income-tax (Sixth Amendment) Rules, 2010.]

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39. Clauses (*vi*) and (*vii*) inserted by the IT (Seventeenth Amdt.) Rules, 2020, w.e.f. **1-10-2020**.

39b. Substituted for "fifth proviso" by the IT (Ninth Amdt.) Rules, 2024, w.e.f. **16-10-2024.**
39c. Substituted for "." by the IT (Ninth Amdt.) Rules, 2024, w.e.f. **16-10-2024.**
39d. Inserted by the IT (Ninth Amdt.) Rules, 2024, w.e.f. **16-10-2024.**

Annual statement of tax deducted or collected or paid.

31AB. [40][***]

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40. Omitted by the IT (Eleventh Amdt.) Rules, 2020, w.e.f. 1-6-2020.

सत्यमेव जयते
कोष मूलो दण्ड:
INCOME TAX DEPARTMENT

Maintenance of particulars of time deposits by a banking company for furnishing quarterly return under section 206A.

31AC. (1) Every branch of a banking company, which is required to make a quarterly return under sub-section (1) of section 206A in respect of interest on time deposits without deduction of tax at source, shall keep and maintain the particulars of such time deposits in Form No. 26QA.

(2) Every branch referred to in sub-rule (1) which is maintaining its daily accounts on computer media, shall keep and maintain the particulars in Form No. 26QA on computer readable media.

Quarterly return under section 206A.

31ACA. (1) The quarterly return to be furnished by a banking company under sub-section (1) of section 206A in respect of time deposits shall be in Form No. 26QAA and shall be verified in the manner indicated therein.

(2) The quarterly return referred to in sub-rule (1) shall be furnished,—

(*i*) to the Director General of Income-tax (Investigation), New Delhi or the person authorised by the Director General of Income-tax (Investigation), New Delhi;

(*ii*) on or before the 31st July, the 31st October, the 31st January and the 30th June following the respective quarter of the financial year.

(3) The quarterly return comprising Part A and Part B of Form No. 26QAA, referred to in sub-rule (1), shall be furnished on computer readable media being a CD-ROM (650 MB or higher capacity) or Digital Video Disc (DVD), along with Part A of such Form on paper.

(4) The person responsible for furnishing the return referred to in sub-rule (1) shall ensure that—

(*i*) where the data relating to the return is copied using data compression or backup software utility, the corresponding software utility or procedure for its decompression or restoration shall also be furnished along with the return made on computer readable media;

(*ii*) the return is accompanied with a certificate regarding clean and virus free data.

Explanation.—For the purposes of rule 31AC and rule 31ACA, "time deposits" means deposits (excluding recurring deposits) repayable on the expiry of fixed periods.

सत्यमेव जयते
कोष मूलो दण्ड:
INCOME TAX DEPARTMENT

Form for furnishing certificate of accountant under the first proviso to sub-section (1) of section 201.

31ACB. (1) The certificate from an accountant under the first proviso to sub-section (1) of section 201 shall be furnished in Form 26A to the Director General of Income-tax (Systems) or the person authorised by the Director General of Income-tax (Systems) in accordance with the procedures, formats and standards specified under sub-rule (2), and verified in accordance with the procedures, formats and standards specified under sub-rule (2).

(2) The Director General of Income-tax (Systems) shall specify the procedures, formats and standards for the purposes of furnishing and verification of the Form 26A and be responsible for the day-to-day administration in relation to furnishing and verification of the Form 26A in the manner so specified.

Monthly statement or certificate of deduction of tax from "Salaries".

32. [*Omitted by the IT (Third Amdt.) Rules, 1996, w.e.f.2-7-1996.*]

Statement of deduction of tax from contributions paid by the trustees of an approved superannuation fund.

33. (1) In cases where the trustees of an approved superannuation fund pay any contributions made by an employer, including interest on such contributions, to an employee during his life-time, they shall send within two months from the end of the financial year to the Assessing Officer referred to in rule 36A, a statement giving the following particulars, namely :—

(*i*) name of the superannuation fund;
(*ii*) name and address of the employee;
(*iii*) the period for which the employee has contributed to the superannuation fund;
(*iv*) the amount of contribution repaid on account of principal and interest;
(*v*) the average rate of deduction of tax during the preceding three years; and
(*vi*) the amount of tax deducted on repayment.

(2) A verification in the following Form shall be annexed to the statement referred to in sub-rule (1) :

FORM OF VERIFICATION

We/I, the trustee(s) of the above named fund, do declare that what is stated in the above statement is true to the best of our/my information and belief.

सत्यमेव जयते
कोष मूलो दण्ड:
INCOME TAX DEPARTMENT

Return in lieu of monthly return under rule 32.

34. [*Omitted by the IT (Sixth Amdt.) Rules, 1988, w.e.f. 12-7-1988.*]

Annual return of salaries paid and tax deducted therefrom.

35. [*Omitted by the IT (Sixth Amdt.) Rules, 1988, w.e.f. 12-7-1988.*]

सत्यमेव जयते
कोष मूलो दण्ड:
INCOME TAX DEPARTMENT

Prescribed persons for section 206.

36. (1) In the case of offices of the Government the return under section 206 shall be furnished by—

(*a*) Civil Audit Officers/Pay and Accounts Officers for all Gazetted Officers and others who draw their pay from Audit Offices/Pay and Accounts Offices on separate bills; and also for all pensioners who draw their pensions from audit offices;

(*b*) Treasury Officers for all Gazetted Officers and others who draw their pay from treasuries on separate bills without counter-signature and also for all pensioners who draw their pensions from treasuries;

(*c*) Heads of Civil or Military offices for all Gazetted Officers and others, except those referred to in clause (*b*), and all non-gazetted officers, whose pay is drawn on establishment bills or on bills countersigned by the Head of Office ;

(*d*) Forest Disbursing Officers and Public Works Department Disbursing Officers in cases where direct payment from treasuries is not made, for themselves and their establishments;

(*e*) Head Postmasters for (*i*) themselves, their gazetted subordinates and the establishments of which the establishment pay bills are prepared by them, and (*ii*) gazetted supervising and controlling officers of whose headquarters post office they are in charge, and (*iii*) pensioners drawing their pensions through post offices; head record clerks for themselves and all the staff whose pay is drawn in their establishment pay bills; Divisional Engineers in respect of Telegraph and Telephone Engineering Divisions; Accounts Officers, Stores and Workshops for the Stores and Workshops organisation and the Disbursing Officers in the case of the Administrative and Audit offices;

(*f*) (*i*) Controllers of Defence Accounts for Defence Services Officers and others including civilian gazetted officers under their payment control;

(*ii*) Officer Commanding Air Force Central Accounts Office, New Delhi—for Air Force Officers and others for whom IRLAs are maintained by them;

(*iii*) Supply Officer-in-charge, Naval Pay Office, Bombay—for navy officers and ratings for whom IRLAs are maintained by them;

(*iv*) Chief Accounting Officer, London—for Defence Services Personnel serving in or attached to High Commission in UK;

(*g*) The Financial Advisor and Chief Accounts Officer/Deputy Financial Advisor and Chief Accounts Officer of the Railways concerned—for all railway employees including the employees of the Railway Audit Department under their payment control;

(*h*) Heads of Offices in the Missions and Posts abroad for themselves and for all gazetted and other officers under their administrative control;

(*i*) Trade Commissioners abroad, wherever their establishments are independent of the Missions, for themselves and for all gazetted and other officers under their administrative control;

(*j*) The Chief Accounts Officers, India Supply Mission, Washington, and India Stores Department, London for themselves and for the gazetted and other officers under their administrative control;

(*k*) The Directors/Managers of the tourist offices abroad, for themselves and for the gazetted and other officers under their administrative control.

(2) In the case of a local authority or any other public body or association, the return under section 206 shall be furnished by—

(*a*) the secretary, treasurer, manager or agent of the authority, public body or association, or

(*b*) any person connected with the management or administration of the local authority, public body or association upon whom the Assessing Officer has served a notice of his intention of treating him as the person responsible for filing the return.

सत्यमेव जयते
कोष मूलो दण्ड:
INCOME TAX DEPARTMENT

Prescribed authority for purposes of section 206.

36A. The returns referred to in rules 37 and 37A shall be furnished to the Director General of Income-tax (Systems) or the person or agency authorised by the Director General of Income-tax (Systems).

Prescribed returns regarding tax deducted at source under section 206.

37. [*Omitted by the IT (Twenty-first Amdt.) Rules, 2021, w.e.f. 29-7-2021* (see *rule 130*).]

Returns regarding tax deducted at source in the case of non-residents.

37A. [*Omitted by the IT (Sixth Amdt.) Rules, 2010, w.r.e.f. 1-4-2010.*]

Return of interest paid to residents without deduction of tax.

37AA. [*Omitted by the IT (Fourth Amdt.) Rules, 1997, w.e.f. 19-3-1997*.]

Returns regarding tax deducted at source on computer media under sub-section (2) of section 206.

37B. (1) Where a person responsible for deducting tax under Chapter XVII-B is required to file any return or statement referred to in rule 37 or rule 37A on a computer media, he shall deliver or cause to be delivered such return or statement in accordance with such scheme as may be specified by the Board in this behalf within the time specified under rule 37 or rule 37A, as the case may be.

(2) The return or statement filed on a computer media shall contain all the information required under rule 37 or rule 37A, as the case may be.

(3) The return or statement filed on computer media shall be accompanied by Form No. 27A furnishing the information specified therein.

सत्यमेव जयते
कोष मूलो दण्ड:
INCOME TAX DEPARTMENT

Credit for tax deducted at source for the purposes of section 199.

37BA. (1) Credit for tax deducted at source and paid to the Central Government in accordance with the provisions of Chapter XVII, shall be given to the person to whom payment has been made or credit has been given (hereinafter referred to as deductee) on the basis of information relating to deduction of tax furnished by the deductor to the income-tax authority or the person authorised by such authority.

(2) (*i*) Where under any provisions of the Act, the whole or any part of the income on which tax has been deducted at source is assessable in the hands of a person other than the deductee, credit for the whole or any part of the tax deducted at source, as the case may be, shall be given to the other person and not to the deductee :

Provided that the deductee files a declaration with the deductor and the deductor reports the tax deduction in the name of the other person in the information relating to deduction of tax referred to in sub-rule (1).

(*ii*) The declaration filed by the deductee under clause (*i*) shall contain the name, address, permanent account number of the person to whom credit is to be given, payment or credit in relation to which credit is to be given and reasons for giving credit to such person.

(*iii*) The deductor shall issue the certificate for deduction of tax at source in the name of the person in whose name credit is shown in the information relating to deduction of tax referred to in sub-rule (1) and shall keep the declaration in his safe custody.

(3) (*i*) Credit for tax deducted at source and paid to the Central Government, shall be given for the assessment year for which such income is assessable.

(*ii*) Where tax has been deducted at source and paid to the Central Government and the income is assessable over a number of years, credit for tax deducted at source shall be allowed across those years in the same proportion in which the income is assessable to tax.

[41][(3A) Notwithstanding anything contained in sub-rule (1), sub-rule (2) or sub-rule (3), for the purposes of section 194N, credit for tax deducted at source shall be given to the person from whose account tax is deducted and paid to the Central Government account for the assessment year relevant to the previous year in which such tax deduction is made.]

(4) Credit for tax deducted at source and paid to the account of the Central Government shall be granted on the basis of—

(*i*) the information relating to deduction of tax furnished by the deductor to the income-tax authority or the person authorised by such authority; and

(*ii*) the information in the return of income in respect of the claim for the credit,

subject to verification in accordance with the risk management strategy formulated by the Board from time to time.

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41. Inserted by the IT (Tenth Amdt.) Rules, 2019, w.r.e.f. 1-9-2019.

[42][**Furnishing of information for payment to a non-resident, not being a company, or to a foreign company.**

37BB. (1) The person responsible for paying to a non-resident, not being a company, or to a foreign company, any sum chargeable under the provisions of the Act, shall furnish the following, namely:—

(*i*) the information in Part A of Form No. 15CA, if the amount of payment or the aggregate of such payments, as the case may be, made during the financial year does not exceed five lakh rupees;

(*ii*) for payments other than the payments referred in clause (*i*), the information,—

(*a*) in Part B of Form No. 15CA after obtaining,—

(*I*) a certificate from the Assessing Officer under section 197; or

(*II*) an order from the Assessing Officer under sub-section (2) or sub-section (3) of section 195;

(*b*) in Part C of Form No. 15CA after obtaining a certificate in Form No. 15CB from an accountant as defined in the *Explanation* below sub-section (2) of section 288.

(2) The person responsible for paying to a non-resident, not being a company, or to a foreign company, any sum which is not chargeable under the provisions of the Act, shall furnish the information in Part D of Form No. 15CA.

(3) Notwithstanding anything contained in sub-rule (2), no information is required to be furnished for any sum which is not chargeable under the provisions of the Act, if,—

(*i*) the remittance is made by an individual and it does not require prior approval of Reserve Bank of India as per the provisions of section 5 of the Foreign Exchange Management Act, 1999 (42 of 1999), read with Schedule III to the Foreign Exchange (Current Account Transaction) Rules, 2000; or

[43][(ia) *the remittance is made by a Unit of an International Financial Services Centre referred to in sub-section (1A) of section 80LA; or*]

(*ii*) the remittance is of the nature specified in column (3) of the specified list below:

SPECIFIED LIST

Sl. No.	*Purpose code as per RBI*	*Nature of payment*
(1)	*(2)*	*(3)*
1	S0001	Indian investment abroad - in equity capital (shares)
2	S0002	Indian investment abroad - in debt securities
3	S0003	Indian investment abroad - in branches and wholly owned subsidiaries
4	S0004	Indian investment abroad - in subsidiaries and associates
5	S0005	Indian investment abroad - in real estate
6	S0011	Loans extended to Non-Residents
7	S0101	Advance payment against imports
8	S0102	Payment towards imports - settlement of invoice
9	S0103	Imports by diplomatic missions
10	S0104	Intermediary trade
11	S0190	Imports below Rs. 5,00,000-(For use by ECD offices)
12	S0202	Payment for operating expenses of Indian shipping companies operating abroad
13	S0208	Operating expenses of Indian Airlines companies operating abroad
14	S0212	Booking of passages abroad - Airlines companies
15	S0301	Remittance towards business travel
16	S0302	Travel under basic travel quota (BTQ)
17	S0303	Travel for pilgrimage
18	S0304	Travel for medical treatment
19	S0305	Travel for education (including fees, hostel expenses, etc.)
20	S0401	Postal services
21	S0501	Construction of projects abroad by Indian companies including import of goods at project site
22	S0602	Freight insurance - relating to import and export of goods
23	S1011	Payments for maintenance of offices abroad
24	S1201	Maintenance of Indian embassies abroad
25	S1202	Remittances by foreign embassies in India
26	S1301	Remittance by non-residents towards family maintenance and savings
27	S1302	Remittance towards personal gifts and donations
28	S1303	Remittance towards donations to religious and charitable institutions abroad

29	S1304	Remittance towards grants and donations to other Governments and charitable institutions established by the Governments
30	S1305	Contributions or donations by the Government to international institutions
31	S1306	Remittance towards payment or refund of taxes
32	S1501	Refunds or rebates or reduction in invoice value on account of exports
33	S1503	Payments by residents for international bidding

(4) The information in Form No. 15CA shall be furnished,—

(*i*) electronically under digital signature in accordance with the procedures, formats and standards specified by the Principal Director General of Income-tax (Systems) [44]**[***or the Director General of Income-tax (Systems)***]** under sub-rule (8) and thereafter printout of the said form shall be submitted to the authorised dealer, prior to remitting the payment; or

(*ii*) electronically in accordance with the procedures, formats and standards specified by the Principal Director General of Income-tax (Systems) [45]**[***or the Director General of Income-tax (Systems)***]** under sub-rule (8) and thereafter signed printout of the said form shall be submitted to the authorised dealer, prior to remitting the payment.

(5) An income-tax authority may require the authorised dealer to furnish the signed printout of Form No. 15CA referred to in clause (*ii*) of sub-rule (4) for the purposes of any proceedings under the Act.

(6) The certificate in Form No. 15CB shall be furnished and verified electronically in accordance with the procedures, formats and standards specified by the Principal Director General of Income-tax (Systems) [45]**[***or the Director General of Income-tax (Systems)***]** under sub-rule (8).

[46]**[***(7) A quarterly statement, for each quarter of the financial year shall be furnished in respect of all remittances referred to in sub-rules (1), (2) and sub-rule (3) by,—*

(i) *the authorised dealer in Form No. 15CC;*

(ii) *a Unit of an International Financial Services Centre referred to in sub-section (1A) of section 80LA, responsible for paying to a non-resident, not being a company, or to a foreign company, in Form No. 15CD,*

*to the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) or the person authorised by the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) electronically under digital signature within fifteen days from the end of the quarter of the financial year to which such statement relates in accordance with the procedures, formats and standards specified by the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) under sub-rule (8).***]**

[47]**[***(8) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) shall specify the procedures, formats and standards for the purposes of furnishing and verification of Form No. 15CA, Form No. 15CB, Form No. 15CC and Form No. 15CD and shall be responsible for the day-to-day administration in relation to the furnishing and verification of information, certificate and quarterly statement in accordance with the provisions of sub-rules (4), (6) and sub-rule (7).***]**

[48]**[**Explanation.—*For the purposes of this rule,—*

(i) *"authorised dealer" means a person authorised as an authorised dealer under sub-section (1) of section 10 of the Foreign Exchange Management Act, 1999 (42 of 1999);*

(ii) *"International Financial Services Centre" shall have the same meaning as assigned to it in clause* (q) *of section 2 of the Special Economic Zones Act, 2005 (28 of 2005);*

(iii) *"Unit" shall have the same meaning as assigned to it in clause* (zc) *of section 2 of the Special Economic Zones Act, 2005 (28 of 2005).***]**]

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42. Substituted by the IT (Twenty-first Amdt.) Rules, 2015, w.e.f. 1-4-2016.
43. Inserted by the IT (Twenty-fifth Amdt.) Rules, 2023, w.e.f. **1-1-2024**.
44. Inserted by the IT (Twenty-fifth Amdt.) Rules, 2023, w.e.f. **1-1-2024**.
45. Inserted by the IT (Twenty-fifth Amdt.) Rules, 2023, w.e.f. **1-1-2024**.
46. Substituted by the IT (Twenty-fifth Amdt.) Rules, 2023, w.e.f. **1-1-2024**.
47. Substituted by the IT (Twenty-fifth Amdt.) Rules, 2023, w.e.f. **1-1-2024**.
48. Substituted by the IT (Twenty-fifth Amdt.) Rules, 2023, w.e.f. **1-1-2024**.

[49][**Relaxation from deduction of tax at higher rate under section 206AA.**

37BC. (1) In the case of a non-resident, not being a company, or a foreign company (hereafter referred to as 'the deductee') and not having permanent account number the provisions of section 206AA shall not apply in respect of payments in the nature of interest, royalty, fees for technical services [50][, dividend] and payments on transfer of any capital asset, if the deductee furnishes the details and the documents specified in sub-rule (2) to the deductor.

(2) The deductee referred to in sub-rule (1), shall in respect of payments specified therein, furnish the following details and documents to the deductor, namely :—

(*i*) name, e-mail id, contact number;

(*ii*) address in the country or specified territory outside India of which the deductee is a resident;

(*iii*) a certificate of his being resident in any country or specified territory outside India from the Government of that country or specified territory if the law of that country or specified territory provides for issuance of such certificate;

(*iv*) Tax Identification Number of the deductee in the country or specified territory of his residence and in case no such number is available, then a unique number on the basis of which the deductee is identified by the Government of that country or the specified territory of which he claims to be a resident.]

[51][(3) The provisions of section 206AA shall not apply in respect of payments made to a person being a non-resident, not being a company, or a foreign company if the provisions of section 139A do not apply to such person on account of rule 114AAB.]

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49. Inserted by the IT (Seventeenth Amdt.) Rules, 2016, w.e.f. 24-6-2016.
50. Inserted by the IT (Seventeenth Amdt.) Rules, 2020, w.e.f. 1-10-2020.
51. Inserted by the IT (Nineteenth Amdt.) Rules, 2020, w.e.f. 10-8-2020.

PART VIA

COLLECTION OF TAX AT SOURCE

Declaration by a buyer for no collection of tax at source under section 206C(1A).

37C. (1) A declaration under sub-section (1A) of section 206C to the effect that any of the goods referred to in the Table in sub-section (1) of that section are to be utilised for the purposes of manufacturing, processing or producing articles or things and not for trading purposes shall be in Form No. 27C and shall be verified in the manner indicated therein.

(2) The declaration referred to in sub-rule (1) shall be furnished in duplicate to the person responsible for collecting tax.

(3) The person referred to in sub-rule (2) shall deliver or cause to be delivered to the Chief Commissioner or Commissioner, one copy of the declaration referred to in sub-rule (1) on or before the seventh day of the month next following the month in which the declaration is furnished to him.

Explanation.—For the purposes of sub-rule (3), the Chief Commissioner or Commissioner means the Chief Commissioner or Commissioner to whom the Assessing Officer, having jurisdiction to assess the person referred to in sub-rule (2), is subordinate.

सत्यमेव जयते
कोष मूलो दण्ड:
INCOME TAX DEPARTMENT

Time and mode of payment to Government account of tax collected at source under section 206C.

37CA. (1) All sums collected in accordance with the provisions of [52][***] section 206C by an office of the Government shall be paid to the credit of the Central Government—

(*a*) on the same day where the tax is so paid without production of an income-tax challan; and

(*b*) on or before seven days from the end of the month in which the collection is made, where tax is paid accompanied by an income-tax challan.

(2) All sums collected in accordance with the provisions of [52][***] section 206C by collectors other than an office of the Government shall be paid to the credit of the Central Government within one week from the last day of the month in which the collection is made.

(3) In the case of an office of the Government, where tax has been paid to the credit of the Central Government without the production of a challan, the Pay and Accounts Officer or the Treasury Officer or the Cheque Drawing and Disbursing Officer or any other person by whatever name called to whom the collector reports the tax so collected and who is responsible for crediting such sum to the credit of the Central Government, [53][shall submit a statement in Form No. 24G to the agency authorised by the Principal Director of Income-tax (Systems) in respect of tax collected by the collectors and reported to him.]

[54][(3A) Statement referred to in sub-rule (3) shall be furnished—

(*a*) on or before the 30th day of April where the statement relates to the month of March; and

(*b*) in any other case, on or before 15 days from the end of relevant month.

(3B) Statement referred to in sub-rule (3) shall be furnished in the following manner, namely:—

(*a*) electronically under digital signature in accordance with the procedures, formats and standards specified under sub-rule (4); or

(*b*) electronically along with the verification of the statement in Form No. 27A or verified through an electronic process in accordance with the procedures, formats and standards specified under sub-rule (4).]

[55][(4) The Principal Director General of Income-tax (Systems) shall specify the procedures, formats and standards for the purposes of furnishing and verification of the statements and shall be responsible for the day-to-day administration in relation to furnishing of the information and verification of the statements.]

(5) (*i*) Where tax has been deposited accompanied by an income-tax challan, the tax collected under [56][***] section 206C shall be deposited to the credit of the Central Government by remitting it within the time specified in clause (*b*) of sub-rule (1) or in sub-rule (2) into any branch of the Reserve Bank of India or of the State Bank of India or of any authorised bank.

(*ii*) Where tax is to be deposited in accordance with clause (*i*), by persons referred to in sub-rule (1) of rule 125, the amount collected shall be electronically remitted into the Reserve Bank of India or the State Bank of India or any authorised bank accompanied by an electronic income-tax challan.

(6) For the purpose of this rule, the amount shall be construed as electronically remitted to the Reserve Bank of India or to the State Bank of India or to any authorised bank, if the amount is remitted by way of—

(*a*) internet banking facility of the Reserve Bank of India or of the State Bank of India or of any authorised bank; or

(*b*) debit card.

(7) Where tax is collected before the 1st day of April, 2010, the provisions of this rule shall apply as they stood immediately before their substitution by the Income-tax (Sixth Amendment) Rules, 2010.

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52. Words "sub-section (1) or sub-section (1C) of" omitted by the IT (Seventeenth Amdt.) Rules, 2020, w.e.f. 1-10-2020.
53. Substituted by the IT (Eleventh Amdt.) Rules, 2016, w.e.f. 1-6-2016.
54. Inserted by the IT (Eleventh Amdt.) Rules, 2016, w.e.f. 1-6-2016.
55. Substituted by the IT (Eleventh Amdt.) Rules, 2016, w.e.f. 1-6-2016.
56. Words "sub-section (1) or sub-section (1C) of" omitted by the IT (Seventeenth Amdt.) Rules, 2020, w.e.f. 1-10-2020.

[57][**Class or classes of buyers to whom provisions of sub-section (1D) of section 206C shall not apply.**

37CB. (1) The provisions of sub-section (1D) of section 206C in relation to sale of any goods (other than bullion or jewellery) or providing any service shall not apply to the following class or classes of buyers, namely:—

(*i*) Government;

(*ii*) embassies, Consulates, High Commissions, Legation or Commission and trade representation, of a foreign State;

(*iii*) institutions notified under United Nations (Privileges and Immunities) Act, 1947.]

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57. Inserted by the IT (Twenty-first Amdt.) Rules, 2016, w.e.f. 19-8-2016.

Certificate of tax collected at source under section 206C(5).

37D. (1) The certificate of collection of tax at source under sub-section (5) of section 206C to be furnished by the collector shall be in Form 27D.

(2) The certificate referred to in sub-rule (1) shall specify:—

(*a*) valid permanent account number (PAN) of the collectee;

(*b*) valid tax deduction and collection account number (TAN) of the collector;

(*c*) (*i*) book identification number or numbers where deposit of tax collected is without production of challan in case of an office of the Government;
(*ii*) challan identification number or numbers in case of payment through bank;

(*d*) receipt number of the relevant quarterly statement of tax collected at source which is furnished in accordance with the provisions of rule 31AA.

(3) The certificate in Form No. 27D referred to in sub-rule (1) shall be furnished to the collectee within fifteen days from the due date for furnishing the statement of tax collected at source specified under sub-rule (2) of rule 31AA.

(4) The collector may issue a duplicate certificate in Form No. 27D if the collectee has lost the original certificate so issued and makes a request for issuance of a duplicate certificate and such duplicate certificate is certified as duplicate by the collector.

(5) Where a certificate is to be furnished for tax collected before the 1st day of April, 2010, it shall be furnished in the Form in accordance with the provisions of the rules as they stood immediately before their substitution by the Income-tax (Sixth Amendment) Rules, 2010.

Prescribed returns regarding tax collected at source under section 206C(5A).

37E. [*Omitted by the IT (Twenty-first Amdt.) Rules, 2021, w.e.f.* 29-7-2021 *(*see *rule 130).*]

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Returns regarding tax collected at source on computer media under sub-section (5B) of section 206C.

37EA. (1) Where a person responsible for collecting tax under Chapter XVII-BB is required to file any return referred to in rule 37E on computer media, such person shall deliver or cause to be delivered such return in accordance with such scheme as may be specified by the Board in this behalf within the time specified under rule 37E.

(2) The return filed on the computer media shall contain all the information required under rule 37E.

(3) The return filed on the computer media shall be accompanied by Form No. 27B furnishing the information specified therein.

Prescribed authority for purposes of section 206C(5A).

37F. [*Omitted by the IT (Twenty-first Amdt.) Rules, 2021, w.e.f.29-7-2021(*see *rule 130).*]

[58][**Application for certificate for collection of tax at lower rates under sub-section (9) of section 206C.**

37G. (1) An application by the buyer or licensee or lessee for a certificate under sub-section (9) of section 206C shall be made in Form No. 13 electronically, —

(*i*) under digital signature; or

(*ii*) through electronic verification code.

(2) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall lay down procedures, formats and standards for ensuring secure capture and transmission of data and uploading of documents and the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to the furnishing of Form No.13.]

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58. Substituted by the IT (Eleventh Amdt.) Rules, 2018, w.e.f. 25-10-2018.

Certificate for collection of tax at lower rates from buyer or licensee or lessee under sub-section (9) of section 206C.

37H. [59][(1) Where the Assessing Officer, on an application made by a person under sub-rule (1) of rule 37G is satisfied that existing and estimated tax liability of a person justifies the collection of tax at lower rate, the Assessing Officer shall issue a certificate in accordance with the provisions of sub-section (9) of section 206C for collection of tax at such lower rate.

(1A) The existing and estimated tax liability referred to in sub-rule (1) shall be determined by the Assessing Officer after taking into consideration the following, namely: —

(*i*) tax payable on estimated income of the previous year relevant to the assessment year;

(*ii*) tax payable on the assessed or returned or estimated income, as the case may be, of the last four previous years;

(*iii*) existing liability under the Act and the Wealth-tax Act, 1957 (27 of 1957);

(*iv*) advance tax payment, tax deducted at source and tax collected at source for the relevant assessment year relevant to the previous year till the date of making application under sub-rule (1) of rule 37G.]

(2) The certificate given under sub-rule (1) shall be valid for the assessment year specified in that certificate, unless it is cancelled by the Assessing Officer at any time before the expiry of the specified period.

(3) An application for a fresh certificate may be made, if required, after the expiry of the period of validity of the earlier certificate given under sub-rule (1).

(4) The certificate shall be valid only for the person named therein.

(5) The certificate shall be issued direct to the person responsible for collecting the tax under advice to the buyer who made an application for issue of such certificate.

[60][(6) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall lay down procedures, formats and standards for issuance of certificate under sub-rule (5) and the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to the issuance of said certificate.]

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59. Sub-rules (1) and (1A) substituted for sub-rule (1) by the IT (Eleventh Amdt.) Rules, 2018, w.e.f. 25-10-2018.
60. Inserted by the IT (Eleventh Amdt.) Rules, 2018, w.e.f. 25-10-2018.

[**Credit for tax collected at source for the purposes of sub-section (4) of section 206C.**

37-I. (1) Credit for tax collected at source and paid to the Central Government in accordance with provisions of section 206C of the Act, shall be given to the person from whom the tax has been collected, [60a]**[***(hereinafter referred to as the collectee)***]** on the basis of the information relating to collection of tax furnished by the person responsible for collection of tax at source (hereinafter referred to as the collector) to the income-tax authority or the person authorised by such authority.

[60a]**[***(1A) (*a*) Where under any provisions of the Act, the income of the collectee is assessable in the hands of any person other than the collectee, the credit for the tax collected at source, shall be given to such other person and not to the collectee:*

Provided *that the collectee shall file a declaration with the collector and the collector shall report the tax collection in the name of the other person in the information relating to collection of tax referred to in sub-rule (1).*

*(b) The declaration filed by the collectee under the proviso to clause (*a*) shall contain the name, address, permanent account number of the person to whom credit for the tax collectible at source is to be given, amount of payment in relation to which credit is to be given and reasons for giving credit to such person.*

(c) The collector shall issue the certificate for collection of tax at source under sub-section (3) of section 206C of the Act, in the name of the person in whose name credit is shown in the information relating to collection of tax referred to in sub-rule (1) and shall keep the declaration in his safe custody.**]**

(2) (*i*) Where tax has been collected at source and paid to the Central Government, credit for such tax shall be given for the assessment year for which the income is assessable to tax.

(*ii*) Where tax has been collected at source and paid to the Central Government and the lease or license is relatable to more than one year, credit for tax collected at source shall be allowed across those years to which the lease or license relates in the same proportion.

[61]**[***(2A) Notwithstanding anything contained in sub-rule (2), for the purposes of sub- section (1F) or, sub-section (1G) or, sub-section (1H) of section 206C, credit for tax collected at source shall be given to the person from whose account tax is collected and paid to the Central Government account for the assessment year relevant to the previous year in which such tax collection is made.***]**

(3) Credit for tax collected at source and paid to the account of the Central Government shall be granted on the basis of—

(*i*) the information relating to collection of tax furnished by the collector to the income-tax authority or the person authorised by such authority; and

(*ii*) the information in the return of income in respect of the claim for the credit,

subject to verification in accordance with the risk management strategy formulated by the Board from time to time.]

60a.Inserted by the IT (Ninth Amdt.) Rules, 2024, w.e.f. **16-10-2024**.

61.Inserted by the IT (Seventeenth Amdt.) Rules, 2020, w.e.f. **1-10-2020**.

Form for furnishing certificate of accountant under the first proviso to sub-section (6A) of section 206C.

37J. (1) The certificate from an accountant under the first proviso to sub-section (6A) of section 206C shall be furnished in Form 27BA to the Director General of Income-tax (Systems) or the person authorised by the Director General of Income-tax (Systems) in accordance with the procedures, formats and standards specified under sub-rule (2) and verified in accordance with the procedures, formats and standards specified under sub-rule (2).

(2) The Director General of Income-tax (Systems) shall specify the procedures, formats and standards for the purposes of furnishing and verification of the Form 27BA and be responsible for the day-to-day administration in relation to furnishing and verification of the Form 27BA in the manner so specified.

PART VII

PAYMENT OF ADVANCE TAX

Notice of demand.

38. Notwithstanding anything contained in rule 15, the notice of demand under section 156 to be served upon the assessee in pursuance of an order under section 210 shall be in Form No. 28.

Statement of advance tax.

38A. [*Omitted by the IT (Tenth Amdt.) Rules, 1989, w.e.f. 13-9-1989.*]

Estimate of advance tax.

39. The intimation which an assessee has to send to the Assessing Officer under sub-section (5) of section 210 shall be in Form No. 28A.

Waiver of interest.

40. The Assessing Officer may reduce or waive the interest payable under section 215 or section 217 in the cases and under the circumstances mentioned below, namely :—

(*1*) When the relevant assessment is completed more than one year after the submission of the return, the delay in assessment not being attributable to the assessee.

(*2*) Where a person is under section 163 treated as an agent of another person and is assessed upon the latter's income.

(*3*) Where the assessee has income from an unregistered firm assessed under the provisions of clause (*b*) of section 183.

(*4*) Where the previous year is the financial year or any year ending about the close of the financial year and large profits are made after the 1st March (or the 15th March in cases where the proviso to section 211 applies), in circumstances which could not be foreseen.

(*5*) Any case in which the Deputy Commissioner considers that the circumstances are such that a reduction or waiver of the interest payable under section 215 or section 217 is justified.

(*6*) Nothing contained in this rule shall apply in respect of any assessment for the assessment year commencing on the first day of April, 1989, or any subsequent assessment year.

PART VIIA

TAX CREDIT

Claim for credit.

40A. [*Omitted by the IT (Fifth Amdt.) Rules, 1989, w.e.f. 18-5-1989. Earlier, it was inserted by the IT (Second Amdt.) Rules, 1968, w.e.f. 18-3-1968.*]

PART VIIB

SPECIAL PROVISIONS FOR PAYMENT OF TAX BY COMPANIES AND CERTAIN PERSONS OTHER THAN A COMPANY

Special provision for payment of tax by certain companies.

40B. The report of an accountant which is required to be furnished by the assessee along with the return of income, under sub-section (4) of section 115JB shall be in Form No. 29B.

Special provisions for payment of tax by certain persons other than a company.

40BA. The report of an accountant which is required to be furnished by the assessee under sub-section (3) of section 115JC, shall be in Form No. 29C.

[62][*PART VII-BA*

SPECIAL PROVISIONS RELATING TO TAX ON DISTRIBUTED INCOME OF DOMESTIC COMPANY FOR BUY-BACK OF SHARES

Amount received by the company in respect of issue of share.

40BB. (1) For the purposes of clause (*ii*) of the *Explanation* to sub-section (1) of section 115QA, the amount received by a company in respect of the share issued by it, being the subject matter of buy-back referred to in the said section, shall be determined in accordance with this rule.

(2) Where the share has been issued by a company to any person by way of subscription, amount actually received by the company in respect of such share including any amount actually received by way of premium shall be the amount received by the company for issue of such share.

(3) Where the company had at any time, prior to the buy-back of the share, returned any sum out of the amount received in respect of such share the amount as reduced by the sum so returned shall be the amount received by the company for issue of said share:

Provided that if the sum or any part of it so returned was chargeable to additional income-tax under section 115-O and the company has paid such additional income-tax then such sum or part thereof, as the case may be, shall not be reduced.

(4) Where the share has been issued by a company under any plan or scheme under which an employees' stock option has been granted or as part of sweat equity shares, the fair market value of the share as computed in accordance with sub-rule (8) of rule 3, to the extent credited to the share capital and share premium account by the company shall be deemed to be the amount received by the company for issue of said share.

Explanation.—For the purposes of this sub-rule the expression "sweat equity shares" shall have the meaning assigned to it in clause (*b*) of the *Explanation* to sub-clause (*vi*) of clause (*2*) of section 17.

(5) Where the share has been issued by a company being an amalgamated company, under a scheme of amalgamation, in lieu of the share or shares of an amalgamating company, then, the amount received by the amalgamating company in respect of such share or shares determined in accordance with this rule, shall be deemed to be the amount received by the amalgamated company in respect of the share so issued by it.

(6) The amount received by a company, being a resulting company in respect of shares issued by it under a scheme of demerger, shall be the amount which bears the amount received by the demerged company in respect of the original shares determined in accordance with this rule in the same proportion as the net book value of the assets transferred in a demerger bears to the net worth of the demerged company immediately before such demerger.

(7) The amount received by the demerged company in respect of the original shares in the demerged company shall be deemed to have been reduced by the amount as so arrived under sub-rule (6).

(8) Where the share has been issued or allotted by the company as part of consideration for acquisition of any asset or settlement of any liability then the amount received by the company for issue of such share shall be determined in accordance with the following formula—

Amount received = A/B

Where,

A= an amount being lower of the following amounts—

(*a*) the amount which bears to the fair market value of the asset or the liability, as determined by a merchant banker, the same proportion as the part of consideration being paid by issue of shares bears the total consideration;

(*b*) the amount of consideration for acquisition of the asset or settlement of the liability to be paid in the form of shares, to the extent credited to the share capital and share premium account by the company;

B = the number of shares issued by the company as part of consideration.

Explanation.—For the purposes of this sub-rule, the term "merchant banker" shall have the meaning assigned to in sub-clause (*b*) of clause (*iv*) of sub-rule (8) of rule 3.

(9) Where the shares have been issued or allotted by a company on succession or conversion, as the case may be, of a firm into the company or succession of sole proprietary concern by the company, then the amount received by the company for issue of shares shall be determined in accordance with the following formula—

$$\text{Amount received} = \frac{A-B}{C}$$

A= book value of the assets in the balance-sheet as reduced by any amount of tax paid as deduction or collection at source or as advance tax payment as reduced by the amount of tax claimed as refund under the Income-tax Act and any amount shown in the balance-sheet as asset including the unamortized amount of deferred expenditure which does not represent the value of any asset.

Explanation.—For determining book value of the assets, any change in the value of the assets consequent to their revaluation shall be ignored.

B = book value of liabilities shown in the balance-sheet, but does not include the following amounts, namely:—

(*a*) capital, by whatever name called, of the proprietor or partners of the firm, as the case may be;

(*b*) reserves and surpluses, by whatever name called, including balance in profit and loss account;

(*c*) any amount representing provision for taxation, other than amount of tax paid, as deduction or collection at source or as advance tax payment as reduced by the amount of tax claimed as refund under the Income-tax Act, if any, to the extent of the excess over the tax payable with reference to the book profits in accordance with the law applicable thereto;

(*d*) any amount representing provisions made for meeting liabilities, other than ascertained liabilities; and

(*e*) any amount representing contingent liabilities,

C = number of shares issued on conversion or succession.

(10) Where the share has been issued or allotted, without any consideration, on the basis of existing shareholding in the company, the consideration in respect of such share shall be deemed to be "*Nil*".

(11) Where the shares have been issued on conversion of preference shares or bond or debenture, debenture-stock or deposit certificate in any form or warrants or any other security issued by the company, the amount received by the company in respect of such instrument as so converted.

(12) Where the share being bought back is held in dematerialised form and the same cannot be distinctly identified, the amount received by the company in respect of such share shall be the amount received for the issue of share determined in accordance with this rule on the basis of the first-in-first-out method.

(13) In any other case, the face value of the share shall be deemed to be the amount received by the company for issue of the share.]

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62. Inserted by the IT (Twenty-eighth Amdt.) Rules, 2016, w.r.e.f. 1-6-2016.

PART VIIC

FRINGE BENEFIT TAX

Valuation of specified security or sweat equity share being a share in the company.

40C. (1) For the purposes of clause (*ba*) of sub-section (1) of section 115WC, the fair market value of any specified security or sweat equity share, being an equity share in a company, on the date on which the option vests with the employee, shall be determined in accordance with the provisions of sub-rule (2) or sub-rule (3).

(2) In a case where, on the date of the vesting of the option, the share in the company is listed on a recognized stock exchange, the fair market value shall be the average of the opening price and closing price of the share on that date on the said stock exchange :

Provided that where, on the date of vesting of the option, the share is listed on more than one recognized stock exchanges, the fair market value shall be the average of opening price and closing price of the share on the recognised stock exchange which records the highest volume of trading in the share :

Provided further that where, on the date of vesting of the option, there is no trading in the share on any recognized stock exchange, the fair market value shall be—

(*a*) the closing price of the share on any recognised stock exchange on a date closest to the date of vesting of the option and immediately preceding such date; or

(*b*) the closing price of the share on a recognised stock exchange, which records the highest volume of trading in such share, if the closing price, as on the date closest to the date of vesting of the option and immediately preceding such date, is recorded on more than one recognized stock exchange.

(3) In a case where, on the date of vesting of the option, the share in the company is not listed on a recognized stock exchange, the fair market value shall be such value of the share in the company as determined by a merchant banker on the specified date.

(4) For the purpose of this rule,—

(*a*) "closing price" of a share on a recognised stock exchange on a date shall be the price of the last settlement on such date on such stock exchange:

Provided that where the stock exchange quotes both "buy" and "sell" prices, the closing price shall be the "sell" price of the last settlement;

(*b*) "merchant banker" means category I merchant banker registered with Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992 (15 of 1992);

(*c*) "opening price" of a share on a recognised stock exchange on a date shall be the price of the first settlement on such date on such stock exchange:

Provided that where the stock exchange quotes both "buy" and "sell" prices, the opening price shall be the "sell" price of the first settlement;

(*d*) "recognised stock exchange" shall have the same meaning assigned to it in clause (*f*) of section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956);

(*e*) "specified date" means,—

(*i*) the date of vesting of the option; or

(*ii*) any date earlier than the date of the vesting of the option, not being a date which is more than 180 days earlier than the date of the vesting;

(*f*) [***]

Valuation of specified security not being an equity share in the company.

40D. For the purposes of clause (*ba*) of sub-section (1) of section 115WC, the fair market value of any specified security, not being an equity share in a company, on the date on which the option vests with the employee, shall be such value as determined by a merchant banker on the specified date.

Explanation.—For the purposes of this rule, "merchant banker" and "specified date" shall have the meanings assigned to them in clause (*b*) and clause (*e*) respectively of sub-rule (4) of rule 40C.

Prescribed conditions for the purposes of sub-clause (*iii*) of clause (*B*) of sub-section (2) of section 115WB.

40E. For the purposes of sub-clause (*iii*) of clause (*B*) of sub-section (2) of section 115WB, the non-transferable pre-paid electronic meal card (hereinafter called the "card") shall fulfil the following conditions, namely:—

(*i*) The card shall be granted by the employer to its employees under a scheme framed by the employer specifying therein the circumstances under which the meal card can be used by the employee.

(*ii*) The card under clause (*i*) shall be issued by the issuing bank.

(*iii*) An employee shall not be issued more than one card.

(*iv*) The card shall bear the name of the employer along with the name, photograph and signature of the employee to whom the card is issued.

(*v*) The card shall be used only by the employee to whom the card is issued.

(*vi*) The card shall be used by the employee only for the purpose of purchasing ready to eat food or non-alcoholic beverage from a member establishment.

(*vii*) The aggregate amount of ready to eat food or non-alcoholic beverage purchased during a day by an employee shall not exceed one hundred rupees.

(*viii*) The details of each transaction of purchases made by the employee against the card shall be maintained by the employer and the member establishment in such manner and for such period as is required under the Act for any other similar transaction.

Explanation.—For the purposes of this rule,—

(*i*) "banking company" shall have the same meaning as assigned to in clause (*viii*) of sub-section (1) of section 36 of the Act;

(*ii*) "issuing bank" means a banking company—

(*a*) which issues the card to the employees of an employer in pursuance to an agreement entered into with the employer; and

(*b*) which has entered into a contract with the member establishment authorizing him to allow purchases against the card issued by it in accordance with the conditions stipulated in sub-clause (*iii*) of clause (*B*) of sub-section (2) of section 115WB and this rule; and

(*iii*) "member establishment" shall mean a restaurant, hotel, canteen or an outlet which sells ready to eat food or non-alcoholic beverage, but shall not include a restaurant, hotel, canteen or an outlet selling alcoholic beverage.

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Part VIIC not to apply after a certain date.

40F. Nothing contained in this Part, shall apply, in respect of any assessment for the assessment year commencing on the 1st day of April, 2010 or any subsequent assessment year.

PART VIII

REFUNDS

[63][**Refund claim under section 239A.**

40G. (1) A claim for refund under section 239A shall be made in Form No. 29D.

(2) The claim under sub-rule (1) shall be accompanied by a copy of an agreement or other arrangement referred to in section 239A.

(3) The claim under sub-rule (1) may be presented by the claimant himself or through a duly authorised agent.]

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63. Inserted by the IT (Twenty-sixth Amdt.) Rules, 2022, w.e.f. 17-8-2022.

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Refund claim.

41. (1) A claim for refund under Chapter XIX [63][(other than under section 239A)] shall be made in Form No. 30.[64]

(2) The claim under sub-rule (1) shall be accompanied by a return in the form prescribed under section 139 unless the claimant has already made such a return to the Assessing Officer.

(3) Where any part of the total income of a person making a claim for refund of tax consists of dividends or any other income from which tax has been deducted under the provisions of sections 192 to 194, section 194A and section 195, the claim shall be accompanied by the certificates prescribed under section 203.

(4) The claim under sub-rule (1) may be presented by the claimant in person or through a duly authorised agent or may be sent by post.

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63. Inserted by the IT (Twenty-sixth Amdt.) Rules, 2022, w.e.f. 17-8-2022.

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64. Form No. 30 was omitted by the IT (Twenty-first Amdt.) Rules, 2021, w.e.f. 29-7-2021.

PART IX

TAX CLEARANCE CERTIFICATES

Prescribed authority for tax clearance certificates.

42. (1) For the purposes of sub-section (1) of section 230, the prescribed authority shall be the Chief Commissioner of Income-tax or the Director-General of Income-tax, as the case may be, who has jurisdiction over the persons not domiciled in India or any other income-tax authority authorized by such Chief Commissioner or Director-General in this behalf.

(2) For the purposes of sub-section (1A) of section 230, the prescribed authority shall be the Chief Commissioner of Income-tax having jurisdiction over the persons domiciled in India or any other income-tax authority authorized by him in this behalf :

Provided that in the case of a person domiciled in India referred to in the first proviso to sub-section (1A) of section 230, the application shall be made to the Assessing Officer who has jurisdiction to assess such person.

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Forms and certificates for the purpose of sub-sections (1) and (1A) of section 230.

43. (1) An undertaking to be furnished to the prescribed authority by a person not domiciled in India from the persons referred to in clause (*i*) or clause (*ii*), as the case may be, shall be in Form No. 30A.

(2) A no-objection certificate to be issued by the prescribed authority under sub-section (1) of section 230 shall be in Form No. 30B and shall be valid for the period mentioned therein.

(3) The information to be furnished by a person domiciled in India shall be in Form No. 30C.

(4) An application under the first proviso to sub-section (1A) of section 230 may be made in Form No. 31.

(5) A tax clearance certificate issued under the first proviso to sub-section (1A) of section 230 shall be in Form No. 33 and shall be valid for the period mentioned therein.

(6) A copy of the undertaking referred to in sub-rule (1) and the no-objection certificate referred to in sub-rule (2) shall be forwarded to the Chief Commissioner or Director General, as the case may be, having jurisdiction over the persons referred to in clause (*i*) or clause (*ii*) of sub-section (1) of section 230.

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Production of certificate.

44. Any person leaving India shall, at the request of any Customs Officer, produce to him for examination the tax clearance certificate or the exemption certificate, as the case may be.

Application for tax clearance certificate for registration of documents in certain cases.

44A. [*Omitted by the IT (Twenty-first Amdt.) Rules, 2021, w.e.f.29-7-2021 (*see *rule 130)*.]

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Grant of tax clearance certificate or refusal.

44B. Within 60 days of the receipt of the application referred to in rule 44A, the Assessing Officer shall—

(*i*) if he is satisfied that the applicant has either paid or made satisfactory provision for payment of all existing liabilities under the enactments specified in clause (*a*) of sub-section (1) of section 230A or that the registration of the document referred to in the application will not prejudicially affect the recovery of any such liability, grant the certificate and forward the same to the registering officer concerned ; or

(*ii*) if he is not so satisfied, pass an order in writing refusing to grant the certificate, recording his reasons therefor.

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PART IX-A

SETTLEMENT OF CASES

Form of application for settlement of case and intimation to the Assessing Officer.

44C. (1) An application for settlement of a case under sub-section (1) of section 245C shall be made in quintuplicate in Form No. 34B and shall be verified in the manner indicated therein.

(2) The application referred to in sub-rule (1), the verification appended thereto, the Annexure to the said application and the statements and documents accompanying the Annexure shall be signed by the person specified in sub-rule (2) of rule 45.

(3) Every application in connection with the settlement of a case shall be accompanied by a fee of five hundred rupees.

(4) The assessee shall, on the date on which he makes the application to the Settlement Commission, intimate in Form No. 34BA to the Assessing Officer of having made such application to the Commission.

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Disclosure of information in the application for settlement of cases.

44CA. (1) The Settlement Commission shall, while calling for a report from the Commissioner under sub-section (2B) of section 245D, forward a copy of the application in Form No. 34B [65][(including the Annexure and the statements] and other documents accompanying such Annexure) along with a copy of the order under sub-section (1) of section 245D or, as the case may be, an intimation in respect of an application deemed to have been allowed to be proceeded with under sub-section (2A) of that section 245D.

[66][(2) Where an application has not been declared invalid under sub-section (2C) of section 245D or an application has been allowed to be further proceeded with under sub-section (2D) of that section, all the material and other information produced by the assessee before the Settlement Commission shall be sent to the Commissioner to enable him to furnish the report under sub-section (3) of section 245D.

(3) Where the proceeding before the Settlement Commission abates, the Commission shall send, all the material and other information produced by the assessee before the Commission and the results of any enquiry held or evidence recorded in the course of proceedings before it, to the Commissioner.]

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65. Substituted for "(other than the Annexure and the statements)" by the IT (First Amdt.) Rules, 2014, w.e.f. 15-1-2014.
66. Sub-rules (2) and (3) substituted for sub-rule (2) by the IT (First Amdt.) Rules, 2014, w.e.f. 15-1-2014.

Fee for furnishing copy of report.

44D. (1) The following scale of fees shall be levied by the Settlement Commission for furnishing under section 245G a copy of any report or part of any report made by any income-tax authority to the Settlement Commission :—

For the first two hundred words or less	... 80 paise
For every additional hundred words or fraction thereof	... 40 paise.

(2) The fee referred to in sub-rule (1) shall be recovered in advance in cash.

[67][**Exercise of option under sub-section (1) of section 245M and intimation thereof.**

44DA. (1) The exercise of option by an assessee to withdraw his pending application under sub-section (1) of section 245M shall be in Form No. 34BB.

(2) Form No. 34BB shall be verified by the person who is authorised to verify the return of income of the assessee under section 140.

(3) Form No. 34BB shall be furnished electronically in accordance with the procedures, formats and standards specified by the Principal Director-General of Income-tax (Systems) or Director-General of Income-tax (Systems), as the case may be, and thereafter signed printout of the said form shall be uploaded in the manner specified by the Principal Director-General of Income-tax (Systems) or Director-General of Income-tax (Systems), as the case may be, under sub-rule (4).

(4) The Principal Director-General of Income-tax (Systems) or Director-General of Income-tax (Systems), as the case may be, shall specify the procedures, formats and standards for the purposes of furnishing and verification and manner of uploading of Form No. 34BB.]

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67. Inserted by the IT (Twelfth Amdt.) Rules, 2021, w.e.f. 30-4-2021.

[68][*PART IX-AA*

DISPUTE RESOLUTION COMMITTEE

Constitution of Dispute Resolution Committee.

44DAA. (1) The Central Government shall constitute a Dispute Resolution Committee for every region of Principal Chief Commissioner of Income-tax for dispute resolution, as provided under the Chapter XIX-AA of the Act.

(2) Each Dispute Resolution Committee shall consist of three members, as under:—

(*a*) two members shall be retired officers from the Indian Revenue Service (Income-tax), who have held the post of Commissioner of Income-tax or any equivalent or higher post for five years or more; and

(*b*) one serving officer not below the rank of Principal Commissioner of Income-tax or Commissioner of Income-tax as specified by the Board.

(3) The members shall be appointed by the Central Government for a period of three years.

(4) The Central Government may fix a sum to be paid as fee to a member, who is retired officer, on a per case basis, along with a sitting fee, so decided by the Board.

(5) The decision of the Dispute Resolution Committee shall be by majority.

(6) The Central Government may, by recording reasons in writing and after giving an opportunity of being heard, remove any member from the Dispute Resolution Committee.

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68. Part IX-AA, consisting of rules 44DAA, 44DAB, 44DAC and 44DAD, inserted by the IT (Seventh Amdt.) Rules, 2022, w.e.f. 5-4-2022.

Application for resolution of dispute before the Dispute Resolution Committee.

44DAB. (1) An application to the Dispute Resolution Committee shall be made in Form No. 34BC by the person, who opts for dispute resolution under section 245MA of the Act in respect of dispute arising from any variation in the specified order in his case and who fulfils the specified conditions.

(2) Every application in connection with resolution of dispute shall be accompanied by a fee of one thousand rupees.

Power to reduce or waive penalty imposable or grant immunity from prosecution or both under the Act.

44DAC. (1) The Dispute Resolution Committee shall, upon receipt of intimation as per clause (*xix*) of sub-paragraph (1) of paragraph 4 of the e-Dispute Resolution Scheme, 2022, and subject to such conditions as it may think fit to impose for the reasons to be recorded in writing, grant to the person who made the application for dispute resolution under section 245MA of the Act, waiver of penalty imposable or immunity from prosecution or both, in respect of the order which is the subject matter of resolution, if it is satisfied that such person has,—

(*i*) paid the tax due on the returned income in full if available; and

(*ii*) co-operated with the Dispute Resolution Committee in the proceedings before it.

(2) Notwithstanding anything contained in sub-rule (1), no immunity shall be granted by the Dispute Resolution Committee in a case where the proceedings for the prosecution for an offence have been initiated before the date of receipt of the application, as referred to in clause (*i*) of sub-paragraph (1) of paragraph 4 of the e-Dispute Resolution Scheme, 2022.

(3) An immunity granted to a person under sub-rule (1) shall stand withdrawn, if such person fails to comply with any of the conditions subject to which the immunity was granted and thereupon the provisions of the Act shall apply as if such immunity or waiver had never been granted.

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Definitions.

44DAD. For the purposes of this sub-chapter,—

(*i*) "Dispute Resolution Committee" means the Dispute Resolution Committee constituted under section 245MA of the Act;

(*ii*) the "specified order" in relation to a dispute under section 245MA of the Act means:—

(*a*) a draft order as referred to in sub-section (1) of section 144C of the Act;

(*b*) an intimation under sub-section (1) of section 143 of the Act or sub-section (1) of section 200A of the Act or sub-section (1) of section 206CB of the Act, where the assessee or the deductor or the collector objects to the adjustments made in the said order;

(*c*) an order of assessment or reassessment, except an order passed in pursuance of directions of the Dispute Resolution Panel;

(*d*) an order made under section 154 of the Act having the effect of enhancing the assessment or reducing the loss; or

(*e*) an order made under section 201 of the Act or an order made under sub-section (6A) of section 206C of the Act and in respect of which the following conditions are satisfied, namely:—

(*A*) the aggregate sum of variations proposed or made in such order does not exceed ten lakh rupees;

(*B*) the return has been furnished by the assessee for the assessment year relevant to such order and the total income as per such return does not exceed fifty lakh rupees; and

(*C*) the order in the case of the assessee is not based on,—

(*I*) search initiated under section 132 of the Act or requisition made under section 132A of the Act in the case of the assessee or any other person; or

(*II*) survey carried out under section 133A of the Act; or

(*III*) information received under an agreement referred to in section 90 or 90A of the Act.

Explanation.—For the purposes of clause (*e*) of sub-rule (*ii*), the variation in the specified order relating to default in deduction or collection of tax at source, shall refer to the amount on which tax has not been deducted or collected in accordance with the Act.

(*iii*) the "specified conditions" in relation to a person who opts for dispute resolution under section 245MA of the Act, means a person in respect of whom:—

(*A*) the conditions mentioned in sub-clause (*I*) of clause (*a*) of the *Explanation* to section 245MA of the Act are satisfied;

(*B*) proceedings under the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 (22 of 2015) have not been initiated for the assessment year for which resolution of dispute is sought.

(*iv*) the "specified person" for the purposes of section 245MA of the Act shall be a person who fulfils the specified conditions.]

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PART IX-B

ADVANCE RULINGS

[69][**Application for obtaining an advance ruling.**]

44E. [70][(1) An application for obtaining an advance ruling under sub-section (1) of section 245Q shall be made [71][***],—

(*a*) in Form No. 34C in respect of a non-resident applicant referred to in sub-clause (*i*) of clause (*a*) of section 245N;

(*b*) in Form No. 34D in respect of a resident applicant referred to in sub-clause (*ii*) of clause (*a*) of section 245N seeking advance ruling in relation to a transaction undertaken or proposed to be undertaken by him with a non-resident; and

(*c*) in Form No. 34DA in respect of a resident applicant referred to in sub-clause (*iia*) of clause (*a*) of section 245N falling within any such class or category of person as notified by the Central Government in exercise of the powers conferred by [72][item (*III*) of sub-clause (*A*) of clause (*b*)] of that section;

(*d*) in Form No. 34E in respect of a resident falling within any such class or category of person as notified by the Central Government in exercise of the powers conferred by [73][item (*IV*) of sub-clause (*A*) of clause (*b*)] of section 245N; and

(*e*) in Form No. 34EA, in respect of an applicant referred to in [74][item (*V*) of sub-clause (*A*) of clause (*b*)] of section 245N of the Act,

and shall be verified in the manner indicated therein.]

[75]**[***(2) The application referred to in sub-rule (1), the verification appended thereto, the annexures to the said application and the statements and documents accompanying the annexures, shall be,—***

(a) *in the case of an individual,—*

(I) *signed or digitally signed,—*

(i) *by the individual himself; or*

(ii) *where, for any unavoidable reason, it is not possible for the individual to sign the application, by any person duly authorised by him in this behalf:*

Provided *that in a case referred to in sub-clause (*ii*), the person signing the application holds a valid power of attorney from the individual to do so, which shall be attached to the application; and*

(II) *furnished through his registered e-mail address;*

(b) *in the case of a Hindu undivided family,—*

(I) *signed or digitally signed,—*

(i) *by the karta thereof; or*

(ii) *where, for any unavoidable reason, it is not possible for the karta to sign the application, by any other adult member of such family; and*

(II) *furnished through its registered e-mail address;*

(c) *in the case of a company,—*

(I) *signed or digitally signed,—*

(i) *by the Managing Director thereof; or where for any unavoidable reason such Managing Director is not able to sign and verify the application, or where there is no Managing Director, by any Director thereof; or*

(ii) *where, for any unavoidable reason, it is not possible for the Managing Director or the Director to sign the application, by any person duly authorised by the company in this behalf:*

Provided *that in the case referred to in sub-clause (*ii*), the person signing the application holds a valid power of attorney from the company to do so, which shall be attached to the application; and*

(II) *furnished through its registered e-mail address;*

(d) *in the case of a firm,—*

(I) *signed or digitally signed,—*

(i) *by the managing partner thereof; or*

(ii) *where for any unavoidable reason such managing partner is not able to sign and verify the application, or where there is no managing partner as such, by any partner thereof, not being a minor; and*

(II) *furnished through its registered e-mail address;*

(e) *in the case of an association of persons,—*

(I) *signed or digitally signed by any member of the association or the principal officer thereof; and*

(II) *furnished through its registered e-mail address;*

(f) *in the case of any other person,--*

(I) *signed or digitally signed by that person or by some other person competent to act on his behalf; and*

(II) *furnished through his registered e-mail address.***]**

[76][(3) Every application in the Form as applicable shall be accompanied by the proof of payment of fees as specified in sub-rule (4).

(4) The fees payable along with application for advance ruling shall be in accordance with the following Table:

TABLE

Category of applicant	*Category of case*	*Fee*
(1)	*(2)*	*(3)*
An applicant referred to in sub-clause (*i*) or (*ii*) or (*iia*) of clause (*b*) of section 245N	Amount of one or more transaction, entered into or proposed to be undertaken, in respect of which ruling is sought does not exceed Rs. 100 crore.	Rs. 2 lacs
	Amount of one or more transaction, entered into or proposed to be undertaken, in respect of which ruling is sought exceeds Rs. 100 crore but does not exceed Rs. 300 crore	Rs. 5 lacs
	Amount of one or more transaction, entered into or proposed to be undertaken, in	Rs. 10 lacs

Any other applicant	In all cases	Rs. 10000]

69. Substituted for "Form of application for obtaining an advance ruling." by the IT (Twelfth Amdt.) Rules, 2014, w.e.f. 28-11-2014.
70. Substituted by the IT (Twelfth Amdt.) Rules, 2014, w.e.f. 28-11-2014.
71. Words "in quadruplicate" omitted by the IT (Twelfth Amdt.) Rules, 2022, w.e.f. 5-5-2022.
72. Substituted for "sub-clause (*iia*) of clause (*b*)" by the IT (Seventh Amdt.) Rules, 2018, w.e.f. 13-7-2018.
73. Substituted for "sub-clause (*iii*) of clause (*b*)" by the IT (Seventh Amdt.) Rules, 2018, w.e.f. 13-7-2018.
74. Substituted for "sub-clause (*iiia*) of clause (*b*)" by the IT (Seventh Amdt.) Rules, 2018, w.e.f. 13-7-2018.
75. Substituted by the IT (Ninth Amdt.) Rules, 2023, w.e.f. **12-6-2023**.
76. Inserted by the IT (Twelfth Amdt.) Rules, 2014, w.e.f. 28-11-2014.

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Certification of copies of the advance rulings pronounced by the [77]*[Board]*.

44F. The copy of the advance ruling pronounced by the [77]**[***Board***]** to be sent to the applicant and to the Commissioner having jurisdiction over his case, shall be certified to be true copy thereof by the Commissioner or Deputy Commissioner, [77]**[***Board***]** for Advance Rulings, as the case may be.

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77. Substituted for "Authority" by the IT (Ninth Amdt.) Rules, 2023, w.e.f. **12-6-2023**.

[78][**Form and manner of filing appeal to the High Court on ruling pronounced or order passed by the Board for Advance Rulings under sub-section (1) of section 245W.**

44FA. The form and manner of filing appeal to the High Court under sub-section (1) of section 245W of the Act against a ruling pronounced or order passed by the Board for Advance Rulings by the assessee, or the Assessing Officer on the directions of the Principal Commissioner or Commissioner, shall be the same as provided in the applicable procedure laid down by the jurisdictional High Court for filing an appeal to the High Court.]

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78. Inserted by the IT (Sixteenth Amdt.) Rules, 2022, w.e.f. 31-5-2022.

PART IX-C

MUTUAL AGREEMENT PROCEDURE

[79][**Application seeking to give effect to the terms of any agreement under clause (*h*) of sub-section (2) of section 295 and the procedure for giving effect to the decision under the Agreement.**

44G. (1) Where an assessee, being a resident of India, is aggrieved by any action of the tax authorities of any country or specified territory outside India for the reason that, according to him, such action is not in accordance with the terms of agreement with such other country or specified territory, he may make an application to the Competent Authority in India seeking to invoke the mutual agreement procedure, if provided in such agreement, in Form No. 34F.

(2) Where a reference has been received from the competent authority of any country or specified territory outside India under any agreement with that country or specified territory with regard to any action taken by any income-tax authority in India or by the tax authorities of such country or specified territory, the Competent Authority in India shall convey his acceptance or otherwise for taking up the reference under mutual agreement procedure to the competent authority of the other country or specified territory.

(3) The Competent Authority in India shall, with regard to the issues contained in Form No. 34F or in the reference from the competent authority of a country or specified territory outside India, call for the relevant records and additional document from the income-tax authorities or the assessee or his authorised representative in India, or have a discussion with such authorities or assessee or representative, to understand the actions taken by the income-tax authorities in India or outside that are not in accordance with the terms of the agreements between India and the other country or specified territory.

(4) The Competent Authority in India shall endeavour to arrive at a mutually agreeable resolution of the tax disputes, arising from such actions of the income-tax authorities, in accordance with the agreement between India and the other country or specified territory within an average time period of twenty-four months.

(5) In case the mutual agreement procedure is invoked on account of action taken by any income-tax authority in India, the resolution arrived at under sub-rule (4) in a previous year shall not result in decreasing the income or increasing the loss, as the case may be, of the assessee in India, as declared by him in the return of income of the said year.

(6) If a resolution is arrived at under sub-rule (4) between the Competent Authority in India and that of the other country or specified territory, the same shall be communicated in writing to the assessee.

(7) The assessee shall communicate his acceptance or non-acceptance of the resolution in writing to the Competent Authority in India within thirty days of receipt of the communication under sub-rule (6).

(8) The assessee's acceptance of the resolution shall be accompanied by proof of withdrawal of appeal, if any, pending on the issues that were the subject matter of the resolution arrived at under sub-rule (4).

(9) On receipt of acceptance under sub-rule (7), the Competent Authority in India shall communicate the resolution arrived at under sub-rule (4) and the acceptance by the assessee alongwith proof of withdrawal of appeal, if any, submitted by the assessee under sub-rule (8), to the Principal Chief Commissioner or the Chief Commissioner or the Principal Director General or Director General, as the case may be, who in turn shall forward it to the Assessing Officer.

(10) On receipt of communication under sub-rule (9), the Assessing Officer shall give effect to the resolution arrived at under sub-rule (4), by an order in writing, within one month from the end of the month in which the communication was received by him and intimate the assessee about the tax payable determined by him, if any.

(11) The assessee shall pay the tax as determined under sub-rule (10) within the time allowed by the Assessing Officer and shall submit the proof of payment of taxes to the Assessing Officer who shall then proceed to withdraw the pending appeal, if any, pertaining to subject matter of the resolution under sub-rule (4), which were filed by the Assessing Officer or the Principal Commissioner or Commissioner or any other income-tax authority.

(12) A copy of the order under sub-rule (10), shall be sent to the Competent Authority in India and to the assessee.

(13) The amount of tax, interest or penalty already determined shall be adjusted in accordance with the resolution arrived at under sub-rule (4) and in the manner provided under the Act or the rules made thereunder to the extent that such manner is not contrary to the resolution arrived at.

Explanation.—For the purposes of this rule, the "Competent Authority in India" shall mean an officer authorised by the Central Government for the purposes of discharging the functions as such.]

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79. Substituted by the IT (Eighth Amdt.) Rules, 2020, w.e.f. 6-5-2020.

Procedure to deal with requests for bilateral or multilateral advance pricing agreements.

44GA. (1) Where a person has made request for a bilateral or multilateral advance pricing agreement in an application filed in Form No. 3CED in accordance with rule 10-I, the request shall be dealt with subject to provisions of this rule.

(2) The process for bilateral or multilateral advance pricing agreement shall not be initiated unless the associated enterprise situated outside India has initiated process of advance pricing agreement with the competent authority in the other country.

(3) The competent authority in India shall, on intimation of request of the applicant for a bilateral or multilateral agreement, consult and ascertain willingness of the competent authority in other country or countries, as the case may be, for initiation of negotiation for this purpose.

(4) In case of willingness of the competent authority in other country or countries, as the case may be, the competent authority in India shall enter into negotiation in this behalf and endeavour to reach a set of terms which are acceptable to the competent authority in India and the competent authority in the other country or countries, as the case may be.

(5) In case of an agreement after consultation, the competent authority in India shall formalise a mutual agreement procedure arrangement with the competent authority in other country or countries, as the case may be, and intimate the same to the applicant.

(6) In case of failure to reach agreement on such terms as are mutually acceptable to parties mentioned in sub-rule (4), the applicant shall be informed of the failure to reach an agreement with the competent authority in other country or countries.

(7) The applicant shall not be entitled to be part of discussion between competent authority in India and the competent authority in the other country or countries, as the case may be; however the applicant can communicate or meet the competent authority in India for the purpose of entering into an advance pricing agreement.

(8) The applicant shall convey acceptance or otherwise of the agreement within thirty days of it being communicated.

(9) The applicant, in case the agreement is not acceptable may at its option continue with process of entering into an advance pricing agreement without benefit of mutual agreement process or withdraw application in accordance with rule 10J.

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Action by the Competent Authority of India and procedure for giving effect to the decision under the agreement.

44H. [80][***]

80. Omitted by the IT (Eighth Amdt.) Rules, 2020, w.e.f. 6-5-2020.

PART X

APPEALS

[81][**Form of appeal to [82][*Joint Commissioner (Appeals) or Commissioner (Appeals)*].**

45. (1) An appeal to the [82][*Joint Commissioner (Appeals) or the Commissioner (Appeals)*] shall be made in Form No. 35.

(2) Form No. 35 shall be furnished in the following manner, namely:—

(*a*) in the case of a person who is required to furnish return of income electronically under sub-rule (3) of rule 12,—

(*i*) by furnishing the form electronically under digital signature, if the return of income is furnished under digital signature;

(*ii*) by furnishing the form electronically through electronic verification code in a case not covered under sub-clause (*i*);

(*b*) in a case where the assessee has the option to furnish the return of income in paper form, by furnishing the form electronically in accordance with clause (*a*) of sub-rule (2) or in paper form.

(3) The form of appeal referred to in sub-rule (1), shall be verified by the person who is authorised to verify the return of income under section 140 of the Act, as applicable to the assessee.

(4) Any document accompanying Form No. 35 shall be furnished in the manner in which the said form is furnished.

(5) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall—

(*i*) specify the procedure for electronic filing of Form No. 35 and documents;

(*ii*) specify the data structure, standards and manner of generation of electronic verification code, referred to in sub-rule (2), for the purpose of verification of the person furnishing the said form; and

(*iii*) be responsible for formulating and implementing appropriate security, archival and retrieval of policies in relation to the said form so furnished.]

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81. Substituted by the IT (Third Amdt.) Rules, 2016, w.e.f. 1-3-2016.

82. Substituted for "Commissioner (Appeals)" by the IT (Sixth Amdt.) Rules, 2023, w.e.f. **29-5-2023**.

Mode of service.

46. (1) The intimation of any such order as is referred to in clause (*c*) of sub-section (2) of section 249 shall be served in the same manner as is laid down in section 282 for the service of a notice or requisition.

(2) Any other order, not being a notice or requisition, which is to be sent or communicated to, or served on, any person shall be sent, communicated or served either by post or as if it were a summons issued by a Court under the Code of Civil Procedure, 1908 (5 of 1908).

Production of additional evidence before the [83][*Joint Commissioner*] (Appeals) and Commissioner (Appeals).

46A. (1) The appellant shall not be entitled to produce before the [83][*Joint Commissioner*] (Appeals) or, as the case may be, the Commissioner (Appeals), any evidence, whether oral or documentary, other than the evidence produced by him during the course of proceedings before the Assessing Officer, except in the following circumstances, namely :—

(*a*) where the Assessing Officer has refused to admit evidence which ought to have been admitted ; or

(*b*) where the appellant was prevented by sufficient cause from producing the evidence which he was called upon to produce by the Assessing Officer ; or

(*c*) where the appellant was prevented by sufficient cause from producing before the Assessing Officer any evidence which is relevant to any ground of appeal ; or

(*d*) where the Assessing Officer has made the order appealed against without giving sufficient opportunity to the appellant to adduce evidence relevant to any ground of appeal.

(2) No evidence shall be admitted under sub-rule (1) unless the [84][*Joint Commissioner*] (Appeals) or, as the case may be, the Commissioner (Appeals) records in writing the reasons for its admission.

(3) The [84][*Joint Commissioner*] (Appeals) or, as the case may be, the Commissioner (Appeals)] shall not take into account any evidence produced under sub-rule (1) unless the Assessing Officer has been allowed a reasonable opportunity—

(*a*) to examine the evidence or document or to cross-examine the witness produced by the appellant, or

(*b*) to produce any evidence or document or any witness in rebuttal of the additional evidence produced by the appellant.

(4) Nothing contained in this rule shall affect the power of the [84][*Joint Commissioner*] (Appeals) or, as the case may be, the Commissioner (Appeals)] to direct the production of any document, or the examination of any witness, to enable him to dispose of the appeal, or for any other substantial cause including the enhancement of the assessment or penalty (whether on his own motion or on the request of the Assessing Officer) under clause (*a*) of sub-section (1) of section 251 or the imposition of penalty under section 271.

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83. Substituted for "Deputy Commissioner" by the IT (Sixth Amdt.) Rules, 2023, w.e.f. **29-5-2023**.
84. Substituted for "Deputy Commissioner" by the IT (Sixth Amdt.) Rules, 2023, w.e.f. **29-5-2023**.

Form of appeal and memorandum of cross-objections to Appellate Tribunal.

47. (1) An appeal under sub-section (1) or sub-section (2) of section 253 to the Appellate Tribunal shall be made in Form No. 36, and where the appeal is made by the assessee, the form of appeal, the grounds of appeal and the form of verification appended thereto shall be signed by the person specified in [85][sub-rule (3)] of rule 45].

(2) A memorandum of cross-objections under sub-section (4) of section 253 to the Appellate Tribunal shall be made in Form No. 36A, and where the memorandum of cross-objection is made by the assessee, the form of memorandum of cross-objections, the grounds of cross-objections and the form of verification appended thereto shall be signed by the person specified in [85][sub-rule (3)] of rule 45].

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85. Substituted for "sub-rule (2)" by the IT (Tenth Amdt.) Rules, 2018, w.e.f. 23-10-2018.

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Form of application for reference to High Court.

48. [*Omitted by the IT (Twenty-first Amdt.) Rules, 2021, w.e.f.29-7-2021(*see *rule 130).*]

PART XA

ANNUITY DEPOSITS

Notice of demand.

48A. [*Omitted by the IT (Fifth Amdt.) Rules, 1989, w.e.f. 18-5-1989.*]

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Estimate of advance deposit.

48B. [*Omitted by the IT (Fifth Amdt.) Rules, 1989, w.e.f. 18-5-1989.*]

Estimate of annuity deposit for the assessment year 1964-65.

48C. [*Omitted by the IT (Fifth Amdt.) Rules, 1989, w.e.f. 18-5-1989. Earlier, it was amended by the IT (Amdt.) Rules, 1967, w.e.f. 13-2-1967.*]

PART XB

ACQUISITION OF IMMOVABLE PROPERTIES UNDER CHAPTER XXA

Jurisdiction of competent authorities.

48D. Where any immovable property is situate within the local limits of the jurisdiction of two or more competent authorities, the competent authority within whose jurisdiction the office of the registering officer who registered the instrument of transfer in respect of such property is situate shall be the competent authority to perform the functions of competent authority under Chapter XXA in relation to such property.

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Statement to be registered with the competent authority under section 269AB.

48DD. (1) The statement required to be registered with the competent authority under sub-section (2) of section 269AB shall be in Form No. 37EE and shall be signed and verified in the manner indicated therein by each of the parties to the transaction referred to in sub-section (1) of that section or by any of the parties to such transaction acting on behalf of himself and on behalf of the other parties.

(2) The statement in Form No. 37EE shall be made in duplicate and shall be furnished to the competent authority within a period of thirty days from the date on which the transaction referred to in sub-section (1) of section 269AB takes place :

Provided that in relation to any such transaction which has taken place between the 1st day of July, 1982 and the date of the publication of the Income-tax (Eighth Amendment) Rules, 1982 in the Official Gazette, the provisions of this sub-rule shall have effect as if for the words "thirty days", the words "sixty days" had been substituted.

(3) Where the competent authority considers that the statement in Form No. 37EE furnished under sub-section (2) of section 269AB is defective, he may intimate the defect to the parties or, as the case may be, the party furnishing such statement and give them an opportunity to rectify the defect within a period of fifteen days from the date of such intimation or within such further period which, on an application made in this behalf, the competent authority may, in his discretion allow ; and if the defect is not rectified within the period of fifteen days or, as the case may be, the further period so allowed, then, notwithstanding anything contained in any other provision of this rule, the statement in Form No. 37EE shall be treated as an invalid statement and the provisions of the Act shall apply as if the parties to the transaction had not complied with the provision of section 269AB.

(4) The competent authority shall, within a period of sixty days from the date of the receipt by him of the statement in Form No. 37EE or, as the case may be, from the date of the rectification of the defects under sub-rule (3), make an order registering the statement under section 269AB ; and if no such order is made by the competent authority within the said period of sixty days, the statement shall be deemed to have been registered under section 269AB as on the date on which the said period of sixty days expires.

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Manner of publication of notice for acquisition.

48E. The substance of the notice under sub-section (1) of section 269D in respect of any immovable property shall be made known in the locality in which such property is situate by proclamation in the language of the District by beat of drum or other customary mode.

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Form of appeal to the Appellate Tribunal.

48F. An appeal under section 269G to the Appellate Tribunal shall be in Form No. 37F and the form of appeal, the grounds of appeal and the form of verification appended thereto shall be signed by the person specified in sub-rule (2) of rule 45.

Statement to be furnished in respect of transfers of immovable property.

48G. The statement required to be furnished to the registering officer under sub-section (1) of section 269P shall be in Form No. 37G, and shall be signed and verified by the transferee in the manner indicated therein.

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Form of fortnightly return to be forwarded by registering officer to the competent authority.

48H. The return to be forwarded by the registering officer to the competent authority under clause (*b*) of sub-section (2) of section 269P shall be in Form No. 37H and be verified in the manner indicated therein.

PART XC

PURCHASE OF IMMOVABLE PROPERTIES UNDER CHAPTER XXC

Rate of interest for determination of discounted value of consideration.

48-I. The rate of interest for determination of the discounted value of consideration under sub-clause (*1*) or sub-clause (*2*) of clause (*b*) of section 269UA shall be eight per cent per annum.

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Jurisdiction of appropriate authority.

48J. Where any immovable property is situate within the local limits of the jurisdiction of two or more appropriate authorities, the appropriate authority within whose jurisdiction the office of the registering officer appointed under the Registration Act, 1908 (16 of 1908), who is entitled to register any document of transfer in respect of such property, is situate, shall be the appropriate authority to perform the function of appropriate authority under Chapter XXC in relation to such property.

Value of immovable property.

48K. The value of any immovable property for the purposes of sub-section (1) of section 269UC shall be, where the agreement for transfer prescribed under the said sub-section—

(*a*) is entered into, on or before the 31st day of July, 1995, the apparent consideration of that property exceeding 10 lakh rupees;

(*b*) is entered into, after 31st day of July, 1995, the apparent consideration of that property as specified in column (3) of the Table below :

Sl. No.	*Area within which the appropriate authorities shall perform their function*	*Value of any immovable property for the purposes of sub-section(1) of section 269UC*
(1)	*(2)*	*(3)*
1.	The area comprised in Greater Bombay as notified *vide* SO 480(E), dated 7th August, 1986	The apparent consideration of the property exceeding Rs. 75 lakhs.
2.	The area comprised in the Union territory of Delhi as notified *vide* SO 480(E), dated 7th August, 1986	The apparent consideration of the property exceeding Rs. 50 lakhs.
3.	The area comprised in Calcutta Metropolitan Area and Madras Metropolitan Planning Area as notified *vide* SO 480(E), dated 7th August, 1986	The apparent consideration of the property exceeding Rs. 25 lakhs.
4.	The areas comprised in Bangalore Metropolitan Region and the areas declared as Ahmedabad Urban Development Area and the areas comprised in the city of Ahmedabad as notified *vide* SO 835(E), dated 21st September, 1987	The apparent consideration of the property exceeding Rs. 25 lakhs.
5.	The areas comprised in the city of Pune as notified *vide* SO 339(E), dated 8th May, 1989	The apparent consideration of the property exceeding Rs. 25 lakhs.
6.	The areas other than those mentioned at Sl. No. 5 above and notified *vide* SO 339(E), dated 8th May, 1989; SO 53(E), dated 19th January, 1990 and SO 180(E), dated 14th March, 1991	The apparent consideration of the property exceeding Rs. 20 lakhs.]

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Statement to be furnished under section 269UC(3).

48L. (1) The statement required to be furnished to the appropriate authority under sub-section (3) of section 269UC shall be in Form No. 37-I and shall be signed and verified in the manner indicated therein by each of the parties to the transfer referred to in sub-section (1) of that section or by any of the parties to such transfer acting on behalf of himself and on behalf of the other parties.

(2) The statement in Form No. 37-I shall be furnished, in duplicate, to the appropriate authority—

(*a*) before the 30th day of October, 1987, in a case where the agreement for transfer is entered into before the coming into force of Chapter XXC in the areas comprised in the "Bangalore Metropolitan Region", and "Ahmedabad Urban Development Area" and the areas comprised in the city of Ahmedabad, as referred to in the notification of the Government of India in the Department of Revenue No. SO 835(E), dated 21-9-1987;

(*b*) before the expiry of 15 days from the date on which the provisions of Chapter XXC come into force in any areas, other than the areas referred to in clause (*a*) where the agreement for transfer is entered into before such date; and

(*c*) before the expiry of 15 days from the date on which the agreement for transfer is entered into, in cases not covered by clauses (*a*) and (*b*).

PART XI

AUTHORISED REPRESENTATIVES

Definitions.

49. In this Part—

(*a*) "authorised income-tax practitioner" means any authorised representative as defined in clause (*v*) or clause (*vi*) or clause (*vii*) of sub-section (2) of section 288;

(*b*) "prescribed authority" means the prescribed authority referred to in rule 52;

(*c*) "register" means the register of income-tax practitioners referred to in rule 53.

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Accountancy examinations recognised.

50. The following accountancy examinations are recognised for the purpose of clause (*v*) of sub-section (2) of section 288, namely :—

(*1*) The National Diploma in Commerce awarded by the All-India Council for Technical Education under the Ministry of Education, New Delhi, provided the diploma-holder has taken Advanced Accountancy and Auditing as an elective subject for the Diploma Examination.

(*2*) Government Diploma in Company Secretaryship awarded by the Department of Company Affairs, under the Ministry of Industrial Development and Company Affairs, New Delhi.

(*2A*) Final Examination of the Institute of Company Secretaries of India, New Delhi.

(*3*) The Final Examination of the Institute of Cost and Works Accountants of India constituted under the Cost and Works Accountants Act, 1959 (23 of 1959).

(*4*) The Departmental Examinations conducted by or on behalf of the Central Board of Direct Taxes for Assessing Officers, Class I or Group 'A', Probationers, or for Assessing Officers, Class II or Group 'B', Probationers, or for promotion to the post of Assessing Officers, Class II or Group 'B', as the case may be.

(*5*) The Revenue Audit Examination for Section Officers conducted by the Office of the Comptroller and Auditor General of India.

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Educational qualifications prescribed.

51. The following educational qualifications are prescribed for the purpose of clause (*vi*) of sub-section (2) of section 288 :—

A degree in Commerce or Law conferred by any of the following Universities:—

(I) *Indian Universities :*
Any Indian University incorporated by any law for the time being in force.

(II) *Rangoon University*.

(III) *English and Welsh Universities :*
The Universities of Birmingham, Bristol, Cambridge, Durham, Leeds, Liverpool, London, Manchester, Oxford, Reading, Sheffield and Wales.

(IV) *Scottish Universities :*
The Universities of Aberdeen, Edinburgh, Glasgow and St. Andrews.

(V) *Irish Universities :*
The Universities of Dublin (Trinity College), the Queen's University, Belfast and the National University of Dublin.

(VI) *Pakistan Universities:*
Any Pakistan University incorporated by any law for the time being in force.

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[86][**Nature of business relationship.**

51A. For the purposes of sub-clause (*viii*) of *Explanation* below sub-section (2) of section 288, the term "business relationship" shall be construed as any transaction entered into for a commercial purpose, other than,—

(*i*) commercial transactions which are in the nature of professional services permitted to be rendered by an auditor or audit firm under the Act and the Chartered Accountants Act, 1949 (38 of 1949) and the rules or the regulations made under those Acts;

(*ii*) commercial transactions which are in the ordinary course of business of the company at arm's length price - like sale of products or services to the auditor, as customer, in the ordinary course of business, by companies engaged in the business of telecommunications, airlines, hospitals, hotels and such other similar businesses.]

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86. Inserted by the IT (Ninth Amdt.) Rules, 2015, w.e.f. 24-6-2015.

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[87][**Appearance by Authorised Representative in certain cases.**

51B. For the purposes of clause (*viii*) of sub-section (2) of section 288, any other person, in respect of a company or a limited liability partnership, as the case may be, shall be the person appointed by the Adjudicating Authority for discharging the duties and functions of an interim resolution professional, a resolution professional, or a liquidator, as the case may be, under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) and the rules and regulations made thereunder.

Explanation.—For the purposes of this rule "Adjudicating Authority" shall have the same meaning as assigned to it in clause (*1*) of section 5 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016).]

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87. Inserted by the IT (Twenty-fourth Amdt.) Rules, 2021, w.e.f. 18-8-2021.

Prescribed authority for section 288(5)(*b*).

52. For the purposes of clause (*b*) of sub-section (5) of section 288, the "prescribed authority" shall be the Chief Commissioner or Commissioner having jurisdiction over the case in the proceedings connected with which the income-tax practitioner is alleged to be guilty of misconduct.

Register of income-tax practitioners.

53. Every Chief Commissioner or Commissioner shall maintain in Form No. 38, a register of authorised income-tax practitioners to whom certificates of registration have been issued by him under rule 55.

Application for registration.

54. (1) Any person who wishes to have his name entered as an authorised income- tax practitioner in the register shall apply to the Chief Commissioner or Commissioner] within whose area of jurisdiction he has been practising. The application shall be made in Form No. 39 and shall be accompanied by documentary evidence regarding his eligibility for income-tax practice under clause (*v*) or clause (*vi*) or clause (*via*) or clause (*vii*) of sub-section (2) of section 288.

(2) The applicant shall also furnish such further information as the Chief Commissioner or Commissioner may require in connection with the disposal of the application.

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Certificate of registration.

55. If the Chief Commissioner or Commissioner is satisfied that the applicant fulfils the requirements of clause (*v*) or clause (*vi*) or clause (*via*) or clause (*vii*) of sub-section (2) of section 288 and has been practising before income-tax authorities for not less than one year on the date of the application, the Chief Commissioner or Commissioner shall enter the name of the applicant in the register and issue him a certificate of registration in Form No. 40.

Cancellation of certificate.

56. (1) A certificate of registration shall stand cancelled when the name of the holder of the certificate is removed from the register under these rules.

(2) When the name of the holder of the certificate is removed from the register, the Chief Commissioner or Commissioner maintaining the register shall notify the fact of such removal to the authorised income-tax practitioner concerned and also to other Chief Commissioners or Commissioners of Income-tax (who shall notify the fact of the removal to the income-tax authorities subordinate to them) and to the Appellate Tribunal.

Cancellation of certificate obtained by misrepresentation.

57. (1) If at any time the Chief Commissioner or Commissioner is satisfied that the certificate of registration was obtained by misrepresentation as to an essential fact, he shall order the removal of the name of the income-tax practitioner from the register.

(2) No order under sub-rule (1) shall be passed unless the authorised income-tax practitioner has been given a reasonable opportunity of being heard in regard to the proposed removal.

Removal of name of authorised income-tax practitioner who is insolvent or on whom penalty has been imposed.

58. During the period for which a person whose name has been entered in the register is in the circumstances referred to in clause (*b*) or clause (*c*) of sub-section (4) of section 288 disqualified to represent an assessee, his name shall be removed from the register and shall be re-entered only after the completion of the aforesaid period.

Prescribed authority to order an inquiry.

59. No order directing that an authorised income-tax practitioner shall be disqualified to represent an assessee shall be passed under clause (*b*) of sub-section (5) of section 288 except after an inquiry held as far as may be in the manner hereinafter provided in rules 60 to 65.

Charge-sheet.

60. Where the prescribed authority on the basis of information in its possession is of the opinion that *prima facie* an authorised income-tax practitioner is guilty of misconduct in connection with any income-tax proceedings, it shall frame definite charges against the income-tax practitioner and shall communicate them in writing to him together with a statement of the allegations in support of the charges. The authorised income-tax practitioner shall be required to submit within such time as may be specified by the prescribed authority a written statement of his defence and also to state whether he desires to be heard in person.

Inquiry Officer.

61. The prescribed authority shall, unless it proposes to conduct the inquiry itself, appoint an Inquiry Officer, not below the rank of an Assistant Commissioner of Income-tax to conduct the inquiry and shall inform the authorised income-tax practitioner of the appointment of such an Inquiry Officer.

Proceedings before Inquiry Officer.

62. (1) On receipt of the written statement of defence, or if no such statement is received within the time specified, the Inquiry Officer shall inquire into such of the charges as are not admitted.

(2) The Inquiry Officer shall, in the course of the inquiry, consider such documentary evidence and take such oral evidence as may be relevant or material in regard to the charges. The authorised income-tax practitioner shall be entitled to cross-examine witnesses examined in support of the charges and to give evidence in person. If the Inquiry Officer declines to examine any witness on the ground that his evidence is not relevant or material, he shall record his reasons in writing.

(3) At the conclusion of the inquiry, the Inquiry Officer shall prepare a report of the inquiry, recording his findings on each of the charges together with the reasons therefor.

Order of the prescribed authority.

63. (1) The prescribed authority shall consider the report of the Inquiry Officer and record its findings on each charge and, where it does not agree with the findings of the Inquiry Officer, shall record the reasons for its disagreement.

(2) If the prescribed authority is satisfied on the basis of its findings on the Inquiry Officer's report that the authorised income-tax practitioner is guilty of misconduct in connection with any income-tax proceedings, it shall pass an order directing that the authorised income-tax practitioner shall be disqualified to represent an assessee under sub-section (1) of section 288 for such period as it may determine and his name shall be removed from the register for that period.

(3) The prescribed authority shall while communicating its order under sub-rule (2) furnish to the authorised income-tax practitioner a copy of the report of the Inquiry Officer and a statement of its findings together with the reasons for disagreement, if any, with the findings of the Inquiry Officer.

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Procedure if no Inquiry Officer appointed.

64. The procedure prescribed in the aforesaid rules shall *mutatis mutandis* apply when the prescribed authority itself conducts the inquiry without appointing an Inquiry Officer.

Change of Inquiry Officer.

65. If a change of an Inquiry Officer becomes necessary in the midst of an inquiry, the prescribed authority may appoint any other Inquiry Officer not below the rank of an Assistant Commissioner of Income-tax and the proceedings shall be continued by the succeeding Inquiry Officer from the stage at which they were left by his predecessor.

Powers of prescribed authority and Inquiry Officer.

66. For the purposes of any proceedings under rules 59 to 65, the prescribed authority and the Inquiry Officer shall have the same powers as are vested in a Court under the Code of Civil Procedure, 1908 (5 of 1908), when trying a suit in respect of the following matters:—

(*a*) discovery and inspection;

(*b*) enforcing the attendance of any person including any officer of a banking company and examining him on oath;

(*c*) compelling the production of books of account and other documents; and

(*d*) issuing commissions.

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PART XII

RECOGNISED PROVIDENT FUNDS

Investment of fund moneys.

67. (1) All moneys contributed to a provident fund (whether by the employer or by the employees) after the 31st day of October, 1974, or transferred after that date from the individual account of an employee in any recognised provident fund maintained by his former employer or accruing after that date by way of interest or otherwise to the fund may be deposited in a Post Office Savings Bank Account in India or in a current account or a Savings Bank Account with any scheduled bank; and to the extent such moneys as are not so deposited (such moneys as are not so deposited being hereafter in this rule referred to as investible moneys) shall be invested in the manner specified in sub-rule (2).

Explanation.—For the purposes of this rule and rules 85 and 101,—

(*i*) moneys received after the 31st day of October, 1974, on transfer, maturity or realisation of any security or deposit forming part of a fund or by withdrawal from any account in a bank (including a Post Office Savings Bank Account) shall be deemed to be moneys accruing to the fund after that date;

(*ii*) "scheduled bank" means the State Bank of India constituted under the State Bank of India Act, 1955 (23 of 1955), a subsidiary bank as defined in the State Bank of India (Subsidiary Banks) Act, 1959 (38 of 1959), a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970), or under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980), or any other bank, being a bank included in the Second Schedule to the Reserve Bank of India Act, 1934 (2 of 1934).

[88][(2) The manner of investment referred to in sub-rule (1) shall be in accordance with the following Table, namely:—

TABLE

INVESTMENT PATTERN

Sl. No.	*Investment*	*Percentage amount to be invested in items referred to in column (2)*
(1)	*(2)*	*(3)*
i.	**Government Securities and Related Investments:** (*a*) Government Securities; (*b*) other securities, as defined in section 2(*h*) of the Securities Contracts (Regulation) Act, 1956, the principal whereof and interest whereon is fully and unconditionally guaranteed by the Central Government, or any State Government; and/or (*c*) units of mutual funds set up as dedicated funds for investment in Govt. securities and regulated by the Securities and Exchange Board of India.	**Minimum forty-five per cent and upto fifty per cent**

ii.	**Debt Instruments and Related Investments:** (*a*) Listed (or proposed to be listed in case of fresh issue) debt securities issued by bodies corporate, including banks and public financial institutions, which have a minimum residual maturity period of three years from the date of investment; (*b*) Basel III Tier-I bonds issued by scheduled commercial banks under the guidelines issued by the Reserve Bank of India; (*c*) Rupee Bonds having an outstanding maturity of at least three years issued by institutions of the International Bank for Reconstruction and Development, International Finance Corporation and Asian Development Bank; (*d*) Term Deposit receipts of not less than one year duration issued by scheduled commercial banks, which satisfy the following conditions on the basis of published annual reports for the most recent years, as required to have been published by them under any law for the time being in force: (*i*) having declared profit in the immediately preceding three financial years; (*ii*) maintaining a minimum Capital to Risk Weighted Assets Ratio of nine per cent or mandated by prevailing norms of Reserve Bank of India, whichever is higher; (*iii*) having net non-performing assets of not more than four per cent of the net advances; and (*iv*) having a minimum net worth of not less than two hundred crore rupees and/or (*e*) Units of debt mutual funds as regulated by Securities and Exchange Board of India; (*f*) The following infrastructure related debt instruments; (*i*) Listed (or proposed to be listed in case of fresh issue) debt securities issued by body porates engaged mainly in the business of development or operation and maintenance of infrastructure, or development, construction or finance of low cost housing and including securities issued by Indian Railways or any of the body corporates in which it has majority shareholding, or any Authority of the Government which is not a body corporate and has been formed mainly with the purpose of promoting development of infrastructure: **Provided** that any structural obligation undertaken or letter of comfort issued by the Central Government, Indian Railways or any Authority of the Central Government, for any security issued by a body corporate engaged in the business of infrastructure, which notwithstanding the terms in the letter of comfort or the obligation undertaken, fails to enable its inclusion as security covered under sub-clause (*b*) of clause (*i*), shall be treated as an eligible security under this sub-category; (*ii*) Infrastructure and affordable housing Bonds issued by any scheduled commercial bank, which meets the conditions specified in sub-clause (*d*) of clause (*ii*); (*iii*) Listed (or proposed to be listed in case of fresh issue) securities issued by Infrastructure debt funds operating as a Non-Banking Financial Company and regulated by the Reserve Bank of India; (*iv*) Listed (or proposed to be listed in case of fresh issue) units issued by Infrastructure Debt Funds operating as a Mutual Fund and regulated by Securities and Exchange Board of India.	**Minimum thirty-five per cent and upto forty-five per cent**
iii.	**Short-term Debt Instruments and Related Investments** (*a*) Money market instruments; (*b*) Units of liquid mutual funds regulated by the Securities and Exchange Board of India; (*c*) Term Deposit Receipts of up to one year duration issued by such scheduled commercial banks which satisfy all the conditions mentioned in sub-clause (*d*) of clause (*ii*).	**Upto five per cent**
iv.	**Equities and Related Investments** (*a*) Shares of body ates listed on Bombay Stock Exchange or National Stock Exchange, which have,— (*i*) Market capitalization of not less than five thousand re rupees as on the date of investment; and (*ii*) Derivatives with the shares as underlying, traded in either of the two stock exchanges; and/or (*b*) Units of mutual funds regulated by the Securities and Exchange Board of India, which have minimum sixty five per cent of their investment in shares of body corporates listed on Bombay Stock Exchange or National Stock Exchange; (*c*) Exchange Traded Funds/Index Funds regulated by the Securities and Exchange Board of India that replicate the portfolio of either Bombay Stock Exchange Sensex Index or National Stock Exchange Nifty fifty Index; (*d*) Exchange Traded Funds issued by Securities and Exchange Board of India regulated mutual funds constructed specifically for disinvestment of shareholding of the Government of India in body corporates; (*e*) Exchange traded derivatives regulated by the Securities and Exchange Board of India having the underlying of any permissible listed stock or any of the permissible indices, with the sole purpose of hedging.	**Minimum five per cent and upto fifteen per cent**
v.	**Asset Backed, Trust Structured and Miscellaneous Investments** (*a*) Mortgage based Securities or Residential mortgage based securities; (*b*) Units issued by Real Estate Investment Trusts regulated by the Securities and Exchange Board of India; (*c*) Asset Backed Securities regulated by the Securities and Exchange Board of India; (*d*) Units of Infrastructure Investment Trusts regulated by the Securities and Exchange Board of India:	**Upto five per cent**

Provided that the portfolio invested under sub-clause (*b*) of clause (*i*) of the said Table shall not be in excess of ten per cent of the total portfolio of the fund:

Provided further that, irrespective of the proportion of investments specified in clause (*i*) of the said Table, exposure of a trust to any Individual Mutual Fund, under sub-clause (*c*) of the said clause, which has been set up as a dedicated fund for investment in Government Securities, shall not exceed five per cent of its total portfolio at any point of time and fresh investments made in them shall not exceed five per cent of the fresh accretions in the year:

Provided also that the investment stated in sub-clause (*b*) of clause (*ii*) shall be made only in such Tier-I bonds which are proposed to be listed in case of initial offering of the bonds and if such Tier-I bonds are listed and regularly traded, investment shall be made in such bonds of a Scheduled Commercial Bank from the Secondary Market:

Provided also that the total portfolio invested, at any time, in Tier I bonds referred to sub-clause (*b*) of clause (*ii*) of the said Table shall not be more than two per cent of the total portfolio of the fund; and

(*i*) no investment in initial offerings shall exceed twenty per cent of the initial offering,

(*ii*) the aggregate value of Tier I bonds of any particular bank held by the fund at any point of time, shall not exceed twenty per cent of such bonds issued by that Bank:

Provided also that for sub-clause (*c*) of clause (*ii*) of the said Table, a single rating of [89][A] or above by a domestic or international rating agency will be acceptable:

Provided also that the debt securities covered under sub-clause (*b*) of clause (*i*) of the said Table shall be excluded from the securities covered under clause (*ii*) of the said Table:

Provided also that in sub-clause (*e*) of clause (*ii*), fresh investment in Debt Mutual Funds shall not be more than five per cent of the fresh accretions invested in the year and the portfolio invested in them shall not exceed five per cent of the total portfolio of the fund at any point in time:

Provided also that the investment under sub-clauses (*a*), (*b*) and items (*i*) to (*iv*) of sub-clause (*f*) of clause (*ii*) of the said Table shall be made only in such securities which have minimum [90][A] rating or equivalent in the applicable rating scale from at least two credit rating agencies registered with Securities and Exchange Board of India under Securities and Exchange Board of India (Credit Rating Agencies) Regulations, 1999:

Provided also that in case of item (*iii*) of the sub-clause (*f*) of clause (*ii*) of the said Table the ratings shall relate to the Non-Banking Financial Company and for item (*iv*) of the sub-clause (*f*) of clause (*ii*) of the said Table the ratings shall relate to the investment in eligible securities rated above investment grade of the scheme of the fund:

Provided also that if the securities or entities have been rated by more than two rating agencies, the two lowest of all the ratings shall be considered:

Provided also that investments under sub-clauses (*a*), (*b*) and sub-clause (*f*) of clause (*ii*) of the said Table requiring a minimum [90][A] rating, shall be permissible in securities having investment grade rating below [90][A] in case the risk of default for such securities is fully covered with Credit Default Swaps issued under Guidelines of the Reserve Bank of India and purchased along with the underlying securities and purchase amount of such Swaps shall be considered to be investment made under this clause:

Provided also that investment stated in sub-clause (*a*) of clause (*iii*) of the said Table in paper issued by body corporates shall be made only in such instruments which have minimum rating of A1 + by at least two credit rating agencies registered with the Securities and Exchange Board of India and if paper has been rated by more than two rating agencies, the two lowest of the ratings shall be considered:

Provided also that investment in sub-clause (*a*) of clause (*iii*) of the said Table in Certificates of Deposit of up to one year duration issued by scheduled commercial banks will require the bank to satisfy all conditions mentioned in sub-clause (*d*) of clause (*ii*) of the said Table:

Provided also that the aggregate portfolio invested in such mutual funds stated in sub-clause (*b*) of clause (*iv*) of the said Table shall not be in excess of five per cent of the total portfolio of the fund at any point in time and the fresh investment in such mutual funds shall not be in excess of five per cent of the fresh accretions invested in the year:

Provided also that the portfolio invested in derivatives in terms of contract value shall not be in excess of five per cent of the total portfolio invested in sub-clauses (*a*) to (*d*) of clause (*iv*) of the said Table:

Provided also that investment under clause (*v*) of the said Table shall only be in listed instruments or fresh issues that are proposed to be listed:

Provided also that investment under clause (*v*) of the said Table shall be made only in such securities which have minimum AA or equivalent rating in the applicable rating scale from at least two credit rating agencies registered by the Securities and Exchange Board of India under Securities and Exchange Board of India (Credit Rating Agencies) Regulations, 1999:

Provided also that in case of the sub-clauses (*b*) and (*d*) of the clause (*v*) of the said Table, the ratings shall relate to the rating of the sponsor entity floating the trust:

Provided also that if the securities/entities have been rated by more than two rating agencies, the two lowest of the ratings shall be considered:

Provided also that any proceeds arising out of exercise of put option, tenure or asset switch or trade of any asset before maturity can be invested in any of the permissible categories in the manner that at any given point of time the percentage of assets under that category shall not exceed the maximum limit prescribed for that category and also shall not exceed the maximum limit prescribed for the sub-categories, if any. However, asset switch because of any Reserve Bank of India mandated Government debt switch would not be covered under this restriction:

Provided also that fresh accretions to the fund shall be invested in the permissible categories specified in this investment pattern in a manner consistent with specified maximum permissible percentage amounts to be invested in each such investment category, while also complying with such other restrictions as made applicable for various sub-categories of the permissible investments:

Provided also that the turnover ratio, being the value of securities traded in the year divided by the average value of the portfolio at the beginning of the year and at the end of the year, should not exceed two:

Provided also that in the event of the rating of any instrument mentioned in the Table for being rated and their rating falling below the investment grade, as confirmed by One Credit Rating Agency registered under sub-section (1A) of section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), the option of exit shall be considered and exercised, as appropriate, in a manner that is in the best interest of the subscribers and released fund shall be invested in accordance with the manner provided in the Table:

Provided also that if the fund has engaged services of professional fund manager or asset managers for management of its assets, payment to whom is made on the basis of the value of each transaction, the value of funds invested by them in any mutual fund mentioned in any of the clauses of the Table or Exchange Traded Funds or Index Funds shall be reduced before computing the payment due to them.

Explanation 1.—The manner of investment specified in this sub-rule shall apply to the aggregate amount of investible moneys with the fund in the previous year.

Explanation 2.—For the purposes of this sub-rule,—

(*i*) Fresh accretions to the funds shall be the sum of uninvested funds from the past and receipts like contributions to the funds, dividend, interest, commission, amount received on the maturity of investment made prior to the 1st day of April, 2015 etc., as reduced by obligatory outgo during the financial year;

(*ii*) the expression "Government securities" shall have the meaning assigned to it in clause (*b*) of section 2 of the Securities Contracts (Regulation) Act, 1956;

(*iii*) the expression "Infrastructure" for the purposes of sub-clause (*f*) of clause (*ii*) of the Table shall have the meaning as referred to in Notification dated 2nd March, 2015 (F. No. 11/14/2013-PR) of Department of Financial Services;

(*iv*) the expression "public financial institutions" shall have the meaning as assigned to it under section 2 of the Companies Act, 2013 (1 of 2013);

(*v*) the expression "public sector company" shall have the meaning assigned to it in clause (*36A*) of section 2 of the Income-tax Act;

(*vi*) the expression "securities" shall have the meaning assigned to it in clause (*h*) of section 2 of the Securities Contracts (Regulation) Act, 1956.]

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88. Substituted by the IT (Thirty-sixth Amdt.) Rules, 2016, w.r.e.f. 1-4-2016.
89. Substituted for "AA" by the IT (Twenty-third Amdt.) Rules, 2020, w.e.f. 1-4-2021.
90. Substituted for "AA" by the IT (Twenty-third Amdt.) Rules, 2020, w.e.f. 1-4-2021.

Nomination.

67A. (1) An employee may be allowed by the trustees of the provident fund to make a nomination conferring on one or more persons the right to receive the amount that may stand to his credit in the provident fund in the event of his death, before that amount becomes payable or, having become payable, has not been paid. Such a nomination shall be made in Form No. 40A or in a form as near thereto as may be necessary.

(2) If an employee nominates more than one person under sub-rule (1), he shall, in his nomination, specify the amount or share payable to each of the nominees in such manner as to cover the whole of the amount that may stand to his credit in the provident fund.

(3) Where an employee has a family at the time of making a nomination, the nomination shall be in favour of one or more persons belonging to his family. Any nomination made by an employee in favour of a person not belonging to his family shall be invalid.

(4) If at the time of making a nomination the employee has no family, the nomination may be in favour of any person or persons, but if the employee subsequently acquires a family, such nomination shall forthwith be deemed to be invalid and the employee may be allowed to make a fresh nomination in favour of one or more persons belonging to his family.

(5) A nomination made by an employee may, at any time, be modified by him after giving a written notice to the trustees of his intention of doing so in Form No. 40B or in a form as near thereto as may be. If the nominee predeceases the employee, the interest of the nominee shall revert to the employee, who may thereupon make a fresh nomination in respect of such interest.

(6) A nomination or its modification shall take effect to the extent that it is valid on the date on which it is received by the trustees.

Explanation.—For the purposes of this rule, "family" means the employee's spouse, legitimate children, step-children , deceased son's widow, deceased son's legitimate children, deceased son's step-children and dependent parents .

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Circumstances in which withdrawals may be permitted.

68. (1) Withdrawals by employees may be allowed by the trustees of the provident fund in the following circumstances:—

(*a*) to pay expenses incurred in connection with the illness of the employee or a member of his family;

(*aa*) meeting the cost of higher education, including, where necessary, the travelling expenses of any child of the employee actually dependent on him in the following cases, namely :—

(*i*) education outside India for academic, technical, professional or vocational courses beyond the matriculation stage, and

(*ii*) any medical, engineering or other technical or specialised course in India beyond the matriculation stage;

(*b*) to pay for the cost of passage to a place out of India of an employee or any member of his family;

(*c*) to pay expenses in connection with marriages, funerals or ceremonies, which by the religion of the employee it is incumbent upon him to perform;

(*d*) to meet the expenditure on building a house, or purchasing a site or a house or a house and a site and, in the case of an employee whose pay does not exceed rupees five thousand per month also on additions, substantial alterations or improvements necessary to a house:

Provided that the employee furnishes an undertaking to the trustees not to encumber or alienate such house or site or such house and site or house and site, as the case may be:

Provided further that in the case of an employee whose pay does not exceed rupees five thousand per month, such house or site or such house and site shall not be deemed to be an encumbered property merely because such house or site or such house and site is—

(*i*) mortgaged, solely for having obtained funds for the purchase of the said house or site or the said house and site or for the building of such house to any of the following agencies, namely, (*a*) the Central Government; (*b*) a State Government; (*c*) a co-operative society, being a society registered or deemed to be registered under the Co-operative Societies Act, 1912, or under any other law for the time being in force in any State relating to co-operative societies; (*d*) an institution; (*e*) a trust; (*f*) a local body; or (*g*) a housing finance corporation; or

(*ii*) held in the name of any of the aforesaid agencies and the employee is precluded from transferring or otherwise disposing of that house or site or that house and site without the prior approval of such agency.

Explanation : For the purposes of this clause, "pay" shall have the meaning assigned to it in the *Explanation* to sub-rules (2A) and (2B) of rule 69;

(*dd*) for repayment of loan previously raised for the purpose of construction or purchase of a house;

(*e*) to pay premia on policies of insurance on the life of the employee or of his wife provided that the policy is assigned to the trustees of the Fund or at their discretion deposited with them and that the receipts granted by the insurance company for the premia are from time to time handed over to the trustees for inspection by the Assessing Officer;

(*f*) to meet the cost of legal proceedings instituted by the employee for vindicating his position in regard to any allegations made against him in respect of any act done or purporting to be done by him in the discharge of his official duty or to meet the cost of his defence when he is prosecuted by the employer in any court of law in respect of any official misconduct on his part:

Provided that the advance under this clause shall not be admissible to an employee who institutes legal proceedings in any court of law either in respect of any matter unconnected with his official duty or against the employer in respect of any condition of service or penalty imposed on him;

(*g*) to meet the expenses of the damage caused to the movable or immovable property of the employee as a direct result of—

(*i*) flood, cyclone, earthquake or other convulsion of nature; or

(*ii*) riot;

(*h*) in the case of an employee whose pay does not exceed rupees five thousand per month,—

(*i*) to meet his household expenses if a factory or other establishment, wherein he is working, is locked up or closed down for more than fifteen days for reasons other than a strike rendering him unemployed without any compensation or if he is not in receipt of wages for a continuous period of two months or more;

(*ii*) to meet his household expenses if the factory or other establishment wherein he is working, suffers cut in supply of electricity resulting in a loss of one-fourth or more of the total wages of the employee;

(*iii*) to meet the cost of purchasing an equipment required by a physically handicapped employee which will minimise his hardship on account of the handicap;

(*iv*) to meet his household expenses where the employee is discharged or dismissed or retrenched by the employer and such discharge, dismissal or retrenchment, as the case may be, is challenged by the employee in any court or tribunal and the case is pending in that court or tribunal.

Explanation.—For the purposes of this clause, "pay" shall have the meaning assigned to it in the *Explanation* to sub-rules (2A) and (2B) of rule 69.

(2) For the purposes of sub-rule (1), "family" means any of the following persons who are wholly dependent on the employee, namely:— the employee's wife, legitimate children, step-children, parents, sisters and minor brothers.

Conditions for withdrawal for various purposes.

69. (1) The withdrawal in connection with expenses on illness as specified in clause (*a*) of sub-rule (1) of rule 68 or in connection with expenses on marriages as specified in clause (*c*) of sub-rule (1) of rule 68, by an employee whose pay exceeds rupees five thousand per month, shall not exceed six months' pay or the total of the accumulation of exempted contributions and exempted interest lying to the credit of the employee, whichever is less.

(1A) The withdrawal for the purposes specified in clause (*aa*) and clause (*c*) of sub-rule (1) of rule 68, by an employee, whose pay does not exceed rupees five thousand per month, shall be subject to the following conditions, namely :—

(*a*) the amount of withdrawal shall not exceed one-half of the employee's contributions to the fund with interest thereon;

(*b*) the employee shall have completed seven years of service;

(*c*) the amount of the employee's contributions to the fund with interest thereon is not less than rupees one thousand.

(2) The withdrawal for the purpose specified in clause (*d*) and clause (*dd*) of sub-rule (1) of rule 68 , by any employee whose pay exceeds rupees five thousand per month, shall be subject to the following conditions:—

(*i*) the amount of withdrawal shall not exceed one-half of the amount standing to the employee's credit or the actual cost of the house and/or of the site, whichever is less;

(*ii*) the employee shall have completed ten years of service or is due to retire within the next ten years;

(*iii*) the construction of the house should be commenced within six months of the withdrawal and should be completed within one year from the date of the commencement of the construction;

(*iv*) if the withdrawal is made for the purchase of a house and/or a site for a house, the purchase should be made within six months of the withdrawal;

(*v*) if the withdrawal is made for the repayment of loan previously raised for the purpose of construction or purchase of a house, the repayment of the loan should be made within three months of the withdrawal;

(*vi*) where the withdrawal is for the construction of a house, it shall be permitted in two or more equal instalments (not exceeding four), a later instalment being permitted only after verification by the trustees about the actual utilisation of the earlier withdrawal;

(*vii*) the withdrawal shall be permitted only if the house and/or site is free from encumbrances and no withdrawal shall be permitted for purchasing a share in a joint property or building or house or land whose ownership is divided;

(*viii*) if the amount withdrawn exceeds the actual cost of the purchase or construction of the house and/or site, or if the amount is not utilised for the purpose for which it is withdrawn, the excess or the whole amount, as the case may be, shall be refunded to the trustees forthwith in one lump sum together with interest from the month of such withdrawal at the rate prescribed in sub-rule (4) of rule 71. The amount refunded shall be credited to the employee's account in the provident fund.

(2A) The withdrawal for the purpose specified in clause (*d*) of sub-rule (1) of rule 68, by any employee whose pay does not exceed rupees five thousand per month, shall be subject to the following conditions, namely:—

(*i*) the amount of withdrawal shall not exceed—

(*a*) the employee's basic wages and dearness allowance for thirty-six months; or

(*b*) the actual cost of building the house or of purchasing the house or the site or the house and the site; or

(*c*) the employee's contribution to the fund together with the specified percentage of the employer's contributions to that fund with interest thereon;

whichever is less.

Explanation.—For the purposes of sub-clause (*c*), "specified percentage" means—

(*1*) 75 per cent of the employee's contribution forming part of the accumulation as on the date of the authorisation of payment, if the period of membership of the employee in the fund is five years or more, but less than ten years;

(*2*) 85 per cent of such contribution, if the period of membership of the employee in the fund is 10 years or more, but less than 15 years; and

(*3*) 100 per cent of such contribution, if the period of membership of the employee in the fund is 15 years or more ;

(*ii*) the employee shall have completed five years of service or is due to retire within the next ten years;

(*iii*) the withdrawal shall be permitted only if the house and/or site is free from encumbrances;

(*iv*) no withdrawal shall be permitted for purchasing a share in a joint property or a building or a house or land whose ownership is divided except where a site is owned jointly with the spouse;

(*v*) where the withdrawal is for construction of a house, the payment of the withdrawal may be sanctioned in such number of instalments (not exceeding four) as the trustees of the fund think fit;

(*vi*) where the withdrawal is for the construction of a house, the construction of the house should be commenced within six months of the withdrawal and should be completed within twelve months of the withdrawal of final instalment;

(*vii*) if the withdrawal is made for the purchase of a house and/or a site for a house, the purchase should be made within six months of the withdrawal;

(*viii*) if the amount withdrawn exceeds the actual cost of the purchase or construction of the house and/or site or if the amount is not utilised for the purpose for which it is withdrawn, the excess or the whole amount, as the case may be, shall be refunded to the trustees forthwith in one lump sum together with interest from the month of such withdrawal at the rate prescribed in sub-rule (4) of rule 71 and the amount so refunded shall be credited to the employee's account in the fund.

(2B) A withdrawal for additions, substantial alterations or improvements necessary to the house owned by the employee or jointly owned by the employee and the spouse may be granted once and in one instalment only to an employee whose pay does not exceed rupees five thousand per month, up to twelve months' basic wages and dearness allowance or the employee's own share of contribution with interest thereon or the amount standing to his credit in the fund, whichever is less :

Provided that the said withdrawal shall be admissible only after a period of five years from the date of purchase or completion of the house :

Provided further that where the amount withdrawn is not utilised in whole or in part for the purpose for which it was withdrawn, the excess or the whole amount, as the case may be, shall be refunded to the trustees forthwith in one lump sum together with interest from the month of such withdrawal at the rate prescribed in sub-rule (4) of rule 71 and the amount so refunded shall be credited to the employee's account in the fund.

Explanation.—For the purposes of sub-rules (2A) and (2B), "pay" includes basic wages with dearness allowance, retaining allowance (if any), and cash value of food concession admissible thereon, to which the employee is entitled at the time when the withdrawal is granted or, in the case of an employee referred to in sub-rule (2) of rule 5 of Part A of the Fourth Schedule, the pay (including increments, if any) which he would have received had he not entered the armed forces of the Union or being taken into or employed in the national service.

(3) The withdrawal for the purpose specified in clause (*f*) of sub-rule (1) of rule 68 shall not exceed three months' pay or Rs. 500, whichever is greater, but shall in no case exceed half the amount to the credit of the employee.

(4) The withdrawal for any other purpose referred to in sub-rule (1) of rule 68 except as provided in sub-rule (1A) shall not exceed three months' pay or the total of the accumulation of exempted contributions and exempted interest lying to the credit of the employee, whichever is less.

(5) For the purpose of this rule except sub-rules (2A) and (2B), "pay" means the pay to which the employee is entitled at the time when the withdrawal is granted or, in the case of an employee referred to in sub-rule (2) of rule 5 of Part A of the Fourth Schedule, the pay (including increments, if any) which he would have received had he not entered the armed forces of the Union or been taken into or employed in the national service.

Second withdrawal.

70. (1) Save as in sub-rule (2) and sub-rule (3), a second withdrawal shall not be permitted until the sum first withdrawn has been fully repaid.

(2) A withdrawal may be permitted—

(*a*) for any purpose specified in clause (*d*) or clause (*e*) of sub-rule (1) of rule 68 notwithstanding that the sum withdrawn earlier for any purpose has not been repaid ;

(*b*) for any other purpose specified in sub-rule (1) of rule 68 notwithstanding that any sum withdrawn earlier for any purpose specified in clause (*d*) or clause (*e*) of the said sub-rule (1) has not been repaid.

(3) A withdrawal, referred to in clause (*a*) of sub-rule (2), of an amount equal to the difference between the amount of withdrawal admissible under sub-rule (2A) of rule 69 as on the date of application and the amount actually withdrawn by the employee for the purpose specified in clause (*d*) of sub-rule (1) of rule 68 any time during six years preceding the 3rd day of October, 1981, may be permitted to the employee, whose pay does not exceed rupees five thousand per month, subject to the following conditions, namely :—

(*i*) the employee had availed of the first withdrawal for purchase of a site and now proposes to construct a house on the site so purchased; or

(*ii*) the employee had availed of the first withdrawal for making initial payment towards allotment or purchase of a house from any of the agencies referred to in the second proviso to clause (*d*) of sub-rule (1) of rule 68 and now proposes to withdraw the amount for completing the transaction and for acquiring ownership of the house so purchased; or

(*iii*) the employee had availed of the first withdrawal for construction of a house but the said construction could not be completed due to shortage of funds.

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Repayment of amounts withdrawn.

71. (1) Subject to the provisions of clause (*viii*) of sub-rule (2) or clause (*viii*) of sub-rule (2A) or the second proviso to sub-rule (2B) of rule 69 where a withdrawal is allowed for a purpose specified in clause (*d*) or clause (*dd*) or clause (*e*) or sub-clause (*i*) of clause (*h*) of sub-rule (1) of rule 68, the amount withdrawn need not be repaid.

(2) Where a withdrawal is allowed in connection with marriages as specified in clause (*c*) of sub-rule (1) of rule 68, the amount withdrawn shall be repaid in not more than forty-eight equal monthly instalments.

(3) Where a withdrawal is allowed for any other purpose, the amount withdrawn shall be repaid in not more than twenty-four equal monthly instalments.

(4) In respect of withdrawals referred to in sub-rules (2) and (3) and of the amount referred to in clause (*viii*) of sub-rule (2) or clause (*viii*) of sub-rule (2A) or the second proviso to sub-rule (2B) of rule 69, interest shall be paid in accordance with the following Table :—

TABLE

1	*2*
Where the amount is repaid in not	One additional instalment of 4% on the amount withdrawn
Where the amount is repaid in more than 12 monthly instalments but not more than 24 monthly instalments	Two additional instalments of 4% on the amount withdrawn
Where the amount is repaid in more than 24 monthly instalments but not more than 36 monthly instalments	Three additional instalments of 4% on the amount withdrawn
Where the amount is repaid in more than 36 monthly instalments but not more than 48 monthly instalments	Four additional instalments of 4% on the amount withdrawn
Where the amount is refunded under clause (*viii*) of sub-rule (2) of rule 69	4% of the amount which is refundable :

Provided that at the discretion of the trustees of the fund, interest may be recovered on the amount aforesaid or the balance thereof outstanding from time to time at one per cent above the rate which is payable for the time being on the balance in the fund at the credit of the employee.

(5) The employer shall deduct the instalments aforesaid from the employee's salary, and pay them to the trustees of the fund. These deductions shall commence from the second monthly payment of salary made after the withdrawal or, in the case of an employee on leave without pay, from the second monthly payment of salary made after his return to duty.

Certain rules not to apply.

71A. The conditions stipulated in rules 68, 69, 70 and 71 shall not apply in respect of withdrawals made after 1st April, 2007 from a fund which fulfils the conditions stipulated in sub-rule (*ea*) of rule 4 of Part A of the Fourth Schedule to the Income-tax Act, 1961.

Amount withdrawn but not repaid may be deemed as income.

72. In case of default of repayment of instalments due under sub-rule (2) or sub- rule (3) or sub-rule (4) of rule 71 or where the amount withdrawn is not utilised for the purpose for which it is withdrawn, the Chief Commissioner or Commissioner may at his discretion order that the amount of the withdrawal or the amount outstanding shall be added to the total income of the employee for the year in which the default occurs or the withdrawn amount is finally held not to have been utilised for the purpose for which it is withdrawn, and the Assessing Officer shall assess the employee accordingly.

Withdrawal within twelve months before retirement.

73. Notwithstanding anything contained in rules 68 to 72, it shall be open to the trustees of a provident fund to permit at any time within twelve months before the date of retirement on superannuation of an employee, the withdrawal of upto ninety per cent of the amount standing at the credit of the employee.

Accounts.

74. (1) The accounts of a provident fund shall be prepared at intervals of not more than twelve months.

(2) An account shall be maintained for each subscriber to the fund and it shall include the particulars shown in Form No. 41.

(3) Where the accounts of a provident fund are kept outside India, certified copies of the accounts shall be supplied not later than the 15th June in each year to a local representative of the employer in India :

Provided that the Assessing Officer may in any year appoint a date later than the 15th June as the date by which the certified copies shall be supplied.

(4) An abstract for the financial year or other applicable accounting period of the individual account of each employee participating in a provident fund shall be furnished by the trustees to the Assessing Officer of the area in which the accounts of the fund are kept or if the accounts are kept outside India, to the Assessing Officer of the area in which the local headquarters of the employer are situated, not later than the fifteenth day of June in each year or any other subsequent date fixed by the Assessing Officer. It shall be in the form prescribed in sub-rule (2) of this rule, but shall show only the totals of the various columns thereof for the financial year or other accounting period. It shall also give an account of any temporary withdrawals by the employee during the year and of the repayment thereof. Similar abstract shall also be furnished in respect of other employees participating in a provident fund who come within the purview of sub-rule (1) of rule 75.

(5) The account to be made under the provisions of sub-rule (1) of rule 11 of Part A of the Fourth Schedule shall show in respect of each employee (*i*) the total salary paid to the employee during the period of his participation in the provident fund, (*ii*) the total contributions, (*iii*) the total interest which has accrued thereon, and (*iv*) so far as may be, the percentage of the employee's salary in accordance with which contributions have been made by the employer and employee.

(6) Every employer shall, as soon as possible, after the close of each financial year, send to each member, a statement of his account in the fund showing the opening balance at the beginning of the period, amount contributed during the year, the total amount of interest credited at the end of the period or debited in the period and the closing balance at the end of the period.

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Limits for contributions.

75. (1) Where an employee of a company owns shares in the company with a voting power exceeding ten per cent of the whole of such power, the sum of the contributions of the employee and employer to the recognized provident fund maintained by the company shall not exceed Rs. 250 in any month.

(2) For the purpose of clause (*a*) of sub-rule (4) of rule 5 of Part A of the Fourth Schedule the employer's aggregate contribution in any year, including the normal contribution, to the individual account of any one employee whose salary does not exceed five hundred rupees per mensem shall not exceed double the amount of the contribution of the employee in that year.

(3) The amount of the periodical bonuses and other contributions of a contingent nature which may be credited by an employer in any year under clause (*b*) of sub-rule (4) of rule 5 of Part A of the Fourth Schedule to the individual account of any one employee shall not exceed the amount of the contributions of the employee in that year :

Provided, however, that the above limit shall not apply to bonus contributions made by an employer under an award by an Industrial Tribunal or under an order of a Court or under an agreement with the employees' union(s) to the individual accounts of employees whose salary does not exceed Rs. 500 per month.

Penalty for assigning or creating a charge on beneficial interest.

76. If an employee assigns or creates a charge upon his beneficial interest in a recognised provident fund, the Assessing Officer shall, on the fact of the assignment or charge coming to his knowledge, give notice to the employee that if he does not secure the cancellation of the assignment or charge within two months of the date of receipt of the notice, the consideration received for such assignment or charge shall be deemed to be income received by him in the year in which the fact became known to the Assessing Officer and shall be assessed accordingly.

Application for recognition.

77. (1) An application for recognition shall be made by the employers maintaining a provident fund for which recognition is sought and shall be accompanied by the following documents :—

(*a*) the trust deed if any in original with one copy thereof, the latter to be retained by the Chief Commissioner or Commissioner, and

(*b*) the rules of the fund :

Provided that if the original of the trust deed cannot conveniently be produced, it shall be open to the Chief Commissioner or Commissioner to accept in lieu of the original a copy certified either by a Magistrate or in any manner specified in rule 17 of the Companies (Central Government's) General Rules and Forms, 1956, in which case an additional copy shall be furnished for retention by the Chief Commissioner or Commissioner.

(2) The application shall be submitted through the Assessing Officer of the area in which the accounts of the fund are kept or, if the accounts are kept outside India, through the Assessing Officer of the area in which the local headquarters of the employer are situate.

(3) The application shall be furnished in Form No. 40C and shall include the following information:—

(*a*) Name of employer and address, his business, profession, etc., also his principal place of business.

(*b*) Number of employees subscribing to the fund—

(*i*) in India,

(*ii*) outside India.

(*c*) Place where the accounts of the fund are or will be maintained.

(*d*) If the fund is already in existence—

(*i*) a copy of the last balance sheet of the fund, where such is maintained,

(*ii*) details of investments of the fund.

(4) The application in Form No. 40C shall be verified in the manner specified therein.

(5) A fund which has been granted recognition on or before 31st March, 2006 or has applied for recognition before the publication of this notification in the Official Gazette, shall make a fresh application in Form No. 40C through the Assessing Officer referred to in sub-rule (2).

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Order of recognition.

78. An order according recognition to a provident fund shall take effect from the last day of the month in which the application for recognition is received by the income-tax authority concerned, unless, at the request of the employer, the last day of any later month in the same financial year is specified :

Provided that if the Chief Commissioner or Commissioner is satisfied that there was sufficient reason for the delay in making such application, he may accord recognition to the fund from a date not earlier than the 1st day of April of the financial year in which the application is made.

Withdrawal of recognition.

79. (1) The Chief Commissioner or Commissioner may withdraw recognition granted to a provident fund if it does not fulfil the conditions specified in Part A of the Fourth Schedule to the Income-tax Act, 1961 or subsequent to grant of recognition under the Income-tax Act, 1961 the exemption granted under section 17 of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 is withdrawn under sub-section (4) of section 17 of the said Act.

(2) Before withdrawing recognition, the Chief Commissioner or Commissioner shall give an opportunity to the employer and the trustees of the fund to show cause why recognition should not be withdrawn.

Exemption from tax when recognition withdrawn.

80. If the Chief Commissioner or Commissioner withdraws recognition from a provident fund, the balance to the credit of each employee at the end of the financial year prior to the date of the withdrawal of recognition shall, subject to the provisions of rule 9 of Part A of the Fourth Schedule, be paid to him free of tax at the time when such employee receives the accumulated balance due to him. The remainder of the accumulated balance due to him shall be liable to tax as if the fund had never been recognised.

Appeal.

81. An appeal under sub-rule (1) of rule 13 of Part A of the Fourth Schedule shall be in Form No. 42 and shall be verified in the manner indicated therein and shall be accompanied by a fee of rupees one hundred.

PART XIII

APPROVED SUPERANNUATION FUNDS

Definitions.

82. In this Part—

(*1*) "beneficiary" means a person referred to in clause (*b*) of rule 3 of Part B of the Fourth Schedule for whom provision of annuity is made;

(*2*) "fund" means a superannuation fund or a part of a superannuation fund which includes a fund, by whatever name called, established or constituted with a sole purpose of making payment of pension or family pension by the employer to his employees; and

(*3*) "trust" means the trust under which the superannuation fund is established and "trustee" means a trustee thereof.

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Establishment of fund and trust.

83. The fund and the trust shall be established in India.

Conditions regarding trustees.

84. (1) The trust shall have at least two trustees, provided that a company as defined in clause (*i*) of sub-section (1) of section 3 of the Companies Act, 1956 (1 of 1956) shall not be appointed as a trustee without the prior approval of the Chief Commissioner or Commissioner.

(2) The trustees of the fund shall be resident in India and any trustee who leaves India permanently shall vacate his office.

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Investment of fund moneys.

85. All moneys contributed to the fund after the 31st day of October, 1974, or received or accruing after that date by way of interest or otherwise to the fund may be deposited in a Post Office Savings Bank Account in India or in a current account or in a savings account with any scheduled bank or utilised in accordance with rule 89 for making payments under a scheme of insurance or for purchase of annuities referred to in that rule; and to the extent such moneys as are not so deposited or utilised shall be invested in the manner specified in sub-rule (2) of rule 67, and for this purpose, the expression "investible moneys" in that sub-rule shall mean the moneys of the fund as are not deposited or utilised as aforesaid.

Admission of directors to a fund.

86. Where the employer is a company as defined in clause (*i*) of sub-section (1) of section 3 of the Companies Act, 1956 (1 of 1956), a director of the company may be admitted to the benefits of the fund only if he is a whole-time *bona fide* employee of the company and does not beneficially own shares in the company carrying more than five per cent of the total voting power.

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Ordinary annual contributions.

87. The ordinary annual contribution by the employer to a fund in respect of any particular employee shall not exceed twenty-seven per cent of his salary for each year as reduced by the employer's contribution, if any, to any provident fund (whether recognised or not) in respect of the same employee for that year.

Initial contributions.

88. Subject to any condition which the Board may think fit to specify under clause (*iv*) of sub-section (1) of section 36, the amount to be allowed as a deduction on account of an initial contribution which an employer may make in respect of the past services of an employee admitted to the benefits of a fund shall not exceed twenty-five per cent of the employee's salary for each year up to the 21st September, 1997 and after 21st September, 1997, twenty-seven per cent of the employee's salary for each year of his past service with the employer as reduced by the employer's contribution, if any, to any provident fund (whether recognised or not) in respect of that employee for each such year.

Scheme of insurance or annuity.

89. For the purpose of providing the annuities for the beneficiaries, the trustees shall—

(*i*) enter into a scheme of insurance with the Life Insurance Corporation established under the Life Insurance Corporation Act, 1956 (31 of 1956) or any other insurer as defined in clause (*28BB*) of section 2 of the Income-tax Act, 1961, or

(*ii*) accumulate the contributions in respect of each beneficiary and purchase an annuity from the said Life Insurance Corporation of India or any other insurer at the time of the retirement or death of each employee or on his becoming incapacitated prior to retirement :

Provided that nothing in this rule shall apply to a fund established or constituted, under an irrevocable trust which has its sole purpose to make payment of pension or family pension, in accordance with the rules or regulations made under the following Central Acts, namely :—

(*i*) the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970); or

(*ii*) the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980); or

(*iii*) the State Bank of India Act, 1955 (23 of 1955); or

(*iv*) the State Bank of India (Subsidiary Banks) Act, 1959 (38 of 1959); or

(*v*) the Industrial Development Bank of India Act, 1964 (18 of 1964); or

(*vi*) the National Bank for Agriculture and Rural Development Act, 1981 (61 of 1981); or

(*vii*) the Export-Import Bank of India Act, 1981 (28 of 1981); or

(*viii*) the Industrial Reconstruction Bank of India Act, 1984 (62 of 1984); or

(*ix*) the Small Industries Development Bank of India Act, 1989 (39 of 1989); or

(*x*) the National Housing Bank Act, 1987 (53 of 1987).

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Commutation of annuity.

90. Any payment in commutation of annuity shall not exceed—

(*a*) in a case where the employee receives any gratuity, the commuted value of one-third of the annuity which he is normally entitled to receive, and

(*b*) in any other case, the commuted value of one-half of such annuity,

such commuted value being determined having regard to the age of the recipient, the state of his health, the rate of interest and officially recognised tables of mortality.

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Beneficiary not to have any interest in insurance and employer not to have any interest in fund's moneys.

91. (1) No beneficiary shall have any interest in any insurance policy taken out by the trustees under the rules of a fund and he shall be entitled only to an annuity from the fund.

(2) No money belonging to the fund shall be receivable by the employer under any circumstances nor shall the employer have any lien or charge on the fund.

Penalty if employee assigns or charges interest in fund.

92. If an employee assigns or creates a charge upon his beneficial interest in a fund, the Assessing Officer shall give notice to the employee that if he does not secure the cancellation of the assignment or charge within two months of the date of receipt of the notice, the consideration received for such assignment or charge shall be deemed to be income received by him in the previous year in which the fact became known to the Assessing Officer and shall be assessed accordingly.

Arrangements on winding up, etc., of business.

93. Where the employer's trade or undertaking is to be wound up or discontinued, the trustees shall, with the prior approval of, and subject to such conditions as may be imposed by, the Chief Commissioner or Commissioner, make satisfactory arrangements for the payment of annuities to the existing employees or, on the death of the employees, to their widows, children or dependents.

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Arrangements for winding up, etc., of fund.

94. Any arrangements for the winding up of the fund or for its amalgamation with another fund shall be subject to the prior approval of, and subject to such conditions as may be imposed by, the Chief Commissioner or Commissioner.

Application for approval.

95. (1) The application for approval of a fund or part of a fund under sub-rule (1) of rule 4 of Part B of the Fourth Schedule shall contain the following information :—

(*a*) Name of employer and address, his business, profession, etc., also his principal place of business.

(*b*) Classes and number of employees entitled to the benefits of the fund—

(*i*) in India;

(*ii*) outside India.

(*c*) Place where the accounts of the fund are or will be maintained.

(*d*) If the fund is already in existence, the details of investment of the fund.

(2) A verification in the following form shall be annexed to the application :—

FORM OF VERIFICATION

We/I, the trustee(s) of the abovenamed fund, do declare that what is stated in the above application is true to the best of our/my information and belief, and that the documents sent herewith are the originals or true copies thereof.

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Amendment of rules, etc., of fund.

96. No alteration in the rules, constitution, objects or conditions of an approved fund shall be made without the prior approval of the Chief Commissioner or Commissioner.

Appeal.

97. An appeal under sub-rule (1) of rule 8 of Part B of the Fourth Schedule shall be made in Form No. 43 and shall be verified in the manner indicated therein and shall be accompanied by a fee of rupees one hundred.

PART XIV

GRATUITY FUNDS

Definitions.

98. In this Part—

(*a*) "beneficiary" means a person referred to in clause (*b*) of rule 3 of Part C of the Fourth Schedule for whom provision of gratuity is made;

(*b*) "fund" means a "gratuity fund"; and

(*c*) "trust" means the trust under which the fund is established and "trustee" means a trustee thereof.

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Establishment of fund and trust.

99. The fund and the trust shall be established in India.

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Conditions regarding trustees.

100. (1) The trust shall have at least two trustees provided that a companyas defined in clause (*i*) of sub-section (1) of section 3 of the Companies Act, 1956 (1 of 1956) shall not be appointed as a trustee without the prior approval of the Chief Commissioner or Commissioner.

(2) The trustees of the fund shall be resident in India and any trustee who leaves India permanently shall vacate his office.

Investment of fund moneys.

101. All moneys contributed to the fund after the 31st day of October, 1974 or received or accruing after that date by way of interest or otherwise to the fund may be deposited in a Post Office Savings Bank Account in India or in a current account or in a savings account with any scheduled bank or utilised for the purpose of making contributions under Group Gratuity Scheme entered into with the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956 (31 of 1956) or any other insurer as defined in clause (*28BB*) of section 2 of the Income-tax Act, 1961 ; and to the extent such moneys as are not so deposited or utilised shall be invested in the manner specified in sub- rule (2) of rule 67, and for this purpose, the expression "investible moneys" in that sub-rule shall mean the moneys of the fund as are not deposited or utilised as aforesaid.

Nomination.

101A. (1) An employee may be allowed by the trustees of the gratuity fund to make a nomination conferring on one or more persons the right to receive the amount of gratuity in the event of his death, before that amount becomes payable or, having become payable, has not been paid. Such a nomination shall be made in Form No. 40A or in a form as near thereto as may be necessary.

(2) If an employee nominates more than one person under sub-rule (1), he shall, in his nomination, specify the amount or share payable to each of the nominees in such manner as to cover the whole of the amount of gratuity that may be payable in the event of his death.

(3) Where an employee has a family at the time of making a nomination, the nomination shall be in favour of one or more persons belonging to his family. Any nomination made by such employee in favour of a person not belonging to his family shall be invalid.

(4) If at the time of making a nomination the employee has no family, the nomination may be in favour of any person or persons, but if the employee subsequently acquires a family, such nomination shall forthwith be deemed to be invalid and the employee may be allowed to make a fresh nomination in favour of one or more persons belonging to his family.

(5) A nomination made by an employee may, at any time, be modified by him after giving a written notice to the trustees of his intention of doing so in Form No. 40B or in a form as near thereto as may be. If the nominee predeceases the employee, the interest of the nominee shall revert to the employee, who may thereupon make a fresh nomination in respect of such interest.

(6) A nomination or its modification shall take effect to the extent it is valid on the date on which it is received by the trustees.

Explanation.—For the purposes of this rule, "family" means the employee's spouse, legitimate children, step-children, deceased son's widow, deceased son's legitimate children, deceased son's step-children, dependent parents, sisters, minor brothers and the dependent parents of the employee's spouse.

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Admission of directors to a fund.

102. Where the employer is a company as defined in clause (*i*) of sub-section (1) of section 3 of the Companies Act, 1956 (1 of 1956), a director of the company may be admitted to the benefits of the fund only if he is a wholetime *bona fide* employee of the company and does not beneficially own shares in the company carrying more than five per cent of the total voting power.

Ordinary annual contributions.

103. The ordinary annual contribution by the employer to a fund shall be made on a reasonable basis as may be approved by the Chief Commissioner or Commissioner having regard to the length of service of each employee concerned so, however, that such contribution shall not exceed 8 $^{1}/_{3}$ per cent of the salary of each employee during each year.

Initial contributions.

104. The amount to be allowed as a deduction on account of an initial contribution which an employer may make in respect of the past services of an employee admitted to the benefits of a fund shall not exceed $8^{1}/_{3}$ per cent of the employee's salary for each year of his past service with the employer.

Penalty if employee assigns or charges interest in fund.

105. If an employee assigns or creates a charge upon his beneficial interest in a fund, the Assessing Officer shall give notice to the employee that if he does not secure the cancellation of the assignment or charge within two months of the date of receipt of the notice, the consideration received for such assignment or charge shall be deemed to be income received by him in the previous year in which the fact became known to the Assessing Officer and shall be assessed accordingly.

Employer not to have interest in fund moneys.

106. No money belonging to the fund shall be receivable by the employer under any circumstances nor shall the employer have any lien or charge on the fund.

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Arrangements for winding up, etc., of business.

107. Where the employer's trade or undertaking is to be wound up or discontinued, the trustees shall, with the prior approval of, and subject to such conditions as may be imposed by, the Chief Commissioner or Commissioner, make satisfactory arrangements for the payment of gratuity to the existing beneficiaries.

Arrangements for winding up of the fund.

108. Any arrangements for the winding up of the fund or for its amalgamation with another fund shall be subject to the prior approval of, and to such conditions as may be imposed by, the Chief Commissioner or Commissioner.

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Application for approval.

109. (1) The application for approval of a gratuity fund under sub-rule (1) of rule 4 of Part C of the Fourth Schedule shall contain the following information :—

(*a*) Name of employer and address, his business, profession, etc., also his principal place of business.

(*b*) Classes and number of employees entitled to admission to the fund—

(*i*) in India;

(*ii*) outside India.

(*c*) Place where the accounts of the fund are or will be maintained.

(*d*) If the fund is already in existence, the details of investment of the fund.

(2) A verification in the following form shall be annexed to the application :—

FORM OF VERIFICATION

We/I, the trustee(s) of the abovenamed fund, do declare that what is stated in the above application is true to the best of our/my information and belief, and that the documents sent herewith are the originals or true copies thereof.

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Amendment of rules, etc., of fund.

110. No alteration in the rules, constitution, objects or conditions of an approved fund shall be made without the prior approval of the Chief Commissioner or Commissioner.

Appeal.

111. An appeal under sub-rule (1) of rule 8 of Part C of the Fourth Schedule shall be made in Form No. 44 and shall be verified in the manner indicated therein and shall be accompanied by a fee of rupees one hundred.

PART XV

MISCELLANEOUS

Application for reduction of the amount of minimum distribution by a company.

111A. [*Omitted by the IT (Thirty-second Amdt.) Rules, 1999, w.e.f. 19-11-1999.*]

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Conditions for reference to Valuation Officers.

111AA. The percentage of the value of the asset and the amount referred to in sub- clause (*i*) of clause (*b*) of section 55A shall, respectively, be 15 per cent and Rs. 25,000.

Form of report of valuation by registered valuer.

111AB. The report of valuation by a registered valuer in respect of any asset shall be furnished in the appropriate form specified in rule 8D of the Wealth-tax Rules, 1957, and shall be verified in the manner indicated in such form.

Publication and circulation of Board's order.

111B. Any general or special order of the Board issued under clause (*a*) of sub- section (2) of section 119, the publication and circulation of which is, in the opinion of the Board, necessary in the public interest, shall be published and circulated in one or more of the following modes, namely :—

(*i*) publication of the order in the Official Gazette;

(*ii*) despatching copies of the order to Chambers of Commerce and other trade or professional associations which are, for the time being, borne on the mailing list of the Board;

(*iii*) displaying copies of the order on the notice board of the office of every Chief Commissioner or Commissioner, Deputy Commissioner and Assessing Officer.

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Search and seizure.

112. (1) The powers of search and seizure under section 132 shall be exercised in accordance with sub-rules (2) to (14).

(2)(*a*) The authorisation under sub-section (1) of section 132 (other than an authorisation under the proviso thereto) by the Director-General or Director or the Chief Commissioner or Commissioner or any such Deputy Director or Deputy Commissioner as is empowered by the Board in this behalf shall be in Form No. 45;

(*b*) the authorisation under the proviso to sub-section (1) of section 132 by a Chief Commissioner or Commissioner shall be in Form No. 45A;

(*c*) the authorisation under sub-section (1A) of section 132 by a Chief Commissioner or Commissioner shall be in Form No. 45B.

(2A) Every authorisation referred to in sub-rule (2) shall be in writing under the signature of the officer issuing the authorisation and shall bear his seal.

(3) Any person in charge of or in any building, place, vessel, vehicle or aircraft authorised to be searched shall, on demand by the officer, authorised to exercise the powers of search and seizure under section 132 (hereinafter referred to as the authorised officer) and on production of the authority, allow him free ingress thereto and afford all reasonable facilities for a search therein.

(4) If ingress into such building or place cannot be so obtained it shall be lawful for the authorised officer executing the authority, with such assistance of police officers or of officers of the Central Government, or of both, as may be required, to enter such building or place and search therein and in order to effect an entrance into such building or place, to break open any outer or inner door or window of any building or place, whether that of the person to be searched or of any other person, if after notification of his authority and purpose and demand of admittance duly made, he cannot otherwise obtain admittance :

Provided that, if any such building or place is an apartment in actual occupancy of a woman, who according to custom does not appear in public, the authorised officer shall, before entering such apartment, give notice to such woman that she is at liberty to withdraw and shall afford her every reasonable facility for withdrawing and may then break open the apartment and enter it.

(4A) If ingress into any vessel, vehicle or aircraft authorised to be searched cannot be obtained because such vessel, vehicle or aircraft is moving or for any other reason, it shall be lawful for the authorised officer with such assistance of police officers or of officers of the Central Government, or of both, as may be required, to stop any such vessel or vehicle or, in the case of an aircraft, compel it to stop or land, and search any part of the vessel, vehicle or aircraft; and in order to effect an entrance into such vessel, vehicle or aircraft, to break open any outer or inner door or window of any such vessel, vehicle or aircraft, whether that of the person to be searched or of any other person, if after notification of his authority and purpose and demand of admittance duly made, he cannot otherwise obtain admittance :

Provided that if any such vessel, vehicle or aircraft is occupied by a woman, who according to custom does not appear in public, the authorised officer shall, before entering such vessel, vehicle or aircraft, give notice to such woman that she is at liberty to withdraw and shall afford her every reasonable facility for withdrawing.

(4B) The authorised officer may require any person who is the owner, or has the immediate possession, or control, of any box, locker, safe, almirah or any other receptacle situate in such building, place, vessel, vehicle or aircraft, to open the same and allow access to inspect or examine its contents, and, where the keys thereof are not available or where such person fails to comply with any such requirement, may cause any action to be taken including the breaking open of such box, locker, safe, almirah or other receptacle which the authorised officer may deem necessary for carrying out all or any of the purposes specified in the authority issued under sub-rule (2).

(4C) The authorised officer may, where it is not practicable to seize the money, bullion, jewellery or other valuable article or thing or any books of account or document, serve an order on the owner or the person who is in immediate possession or control thereof that he shall not remove, part with or otherwise deal with it except with the previous permission of the authorised officer, who may take such steps as may be necessary for ensuring compliance with this sub-rule.

(5) Any person referred to in clause (*iia*) of sub-section (1) of section 132 may be searched by the authorised officer with such assistance as he may consider necessary. If such person is a woman, the search shall be made by another woman with a strict regard to decency.

(6) Before making a search, the authorised officer shall,—

(*a*) where a building or place is to be searched, call upon two or more respectable inhabitants of the locality in which the building or place to be searched is situate, and

(*b*) where a vessel, vehicle or aircraft is to be searched, call upon any two or more respectable persons, to attend and witness the search and may issue an order in writing to them or any of them so to do.

(7) The search shall be made in the presence, of the witnesses aforesaid and a list of all things seized in the course of such search and of the places in which they were respectively found shall be prepared by the authorised officer and signed by such witnesses; but no person witnessing a search shall be required to attend as a witness of the search in any proceedings under the Indian Income-tax Act, 1922 (11 of 1922), or the Act unless specially summoned.

(8) The occupant of the building, place, vessel, vehicle or aircraft searched, including the person in charge of such vessel, vehicle or aircraft, or some person on his behalf, shall be permitted to attend during the search and a copy of the list prepared under sub-rule (7) shall be delivered to such occupant or person. A copy thereof shall be forwarded to the Chief Commissioner or Commissioner, and, where the authorisation has been issued by any officer other than the Chief Commissioner or Commissioner, also to that officer.

(9) Where any person is searched under clause (*iia*) of sub-section (1) of section 132, a list of all things taken possession of shall be prepared and a copy thereof shall be delivered to such person. A copy thereof shall be forwarded to the Chief Commissioner or Commissioner, and, where the authorisation has been issued by any officer other than the Chief Commissioner or Commissioner, also to that officer.

(10) The authorised officer shall place or cause to be placed the bullion, jewellery and other valuable articles and things seized during the search in a package or packages which shall be listed with details of the bullion, jewellery and other valuable articles and things placed therein; every such package shall bear an identification mark and the seal of the authorised officer or any other income-tax authority not below the rank of Income-tax Officer and the occupant of the

also be permitted to place his seal on them. A copy of the list prepared shall be delivered to such occupant or person. A copy shall be forwarded to the Chief Commissioner or Commissioner and where the authorisation has been issued by any officer other than the Chief Commissioner or Commissioner, also to that officer.

(11) The authorised officer may convey the books of account and other documents, if any, seized by him in the course of the search made by him and the package or packages, if any, referred to in sub-rule (10) to the office of any income-tax authority not below the rank of Income-tax Officer (hereinafter referred to as the Custodian). Any money seized in the search referred to above may also be deposited with the Custodian.

(12)(*i*) The Custodian shall take such steps as he may consider necessary for the safe custody of—

(*a*) books of account and other documents, and

(*b*) the package or packages, conveyed to him.

(*ii*) The Custodian may deposit for safe custody all or any of the packages with any branch of the Reserve Bank of India or the State Bank of India or of its subsidiaries or the authorised bank or a Government Treasury.

(*iii*) Where any money has been deposited with the Custodian, he may credit the money, or remit the money through the nearest branch of the Reserve Bank of India or the State Bank of India or of its subsidiaries or any authorised bank for being credited, in the Personal Deposit Account of the Chief Commissioner or Commissioner in the branch of the Reserve Bank of India or the State Bank of India or of its subsidiaries or any authorised bank at the place where the office of the Chief Commissioner or Commissioner is situate.

(13) (*i*) Whenever any sealed package is required to be opened for any of the purposes of the Act, the authorised officer may, unless he is himself the Custodian, requisition the same from the Custodian and on receipt of the requisition, such package or packages, as the case may be, shall be delivered to him by the Custodian. The authorised officer may break any seal and open such package in the presence of two respectable witnesses after giving a reasonable notice to the person from whose custody the contents were seized to be present.

(*ii*) Such person shall be permitted to be present till all or any of the contents of such package are placed in a fresh package or packages and sealed in the manner specified in sub-rule (1) or delivered to such person or the Custodian, as the case may be.

(14) The Assessing Officer to whom the books of account or other documents or assets have been handed over under sub-section (9A) of section 132 shall have all the powers conferred on the authorised officer under sub-rules (11) and (13).

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Inquiry under section 132.

112A. (1) Where any money, bullion, jewellery or other valuable article or thing (hereinafter referred to as assets) are seized, the Assessing Officer, shall, within fifteen days of the seizure, and in a case where the assets are handed over to him by the authorised officer under sub-section (9A) of section 132, within fifteen days from the date on which such assets are handed over to him, issue to the person in respect of whom inquiry under sub-section (5) of section 132 is to be made requiring him on the date to be specified therein (not being earlier than fifteen days from the date of service of such notice) either to attend at the office of the Assessing Officer to explain or to produce or cause to be there produced evidence on which such person may rely for explaining the nature of the possession and the source of the acquisition of the assets.

(2) The Assessing Officer may issue a notice to the person referred to in sub-rule (1) requiring him on a date specified therein to produce or cause to be produced at such time and at such place as the Assessing Officer may specify such accounts or documents or evidence as the Assessing Officer may require and may from time to time issue further notices requiring production of such further accounts or documents or other evidence as he may require.

(3) The Assessing Officer may examine on oath any other person or make such other inquiry as he may deem fit.

(4) Before any material gathered in the course of the examination or inquiry under sub-rule (3) is used by the Assessing Officer against the person referred to in sub-rule (1), the Assessing Officer shall give a reasonable notice to that person to show cause why such material should not be used against him.

Release of articles under section 132(5).

112B. Where in pursuance of sub-section (5) of section 132 of the Act, the assets or part thereof have to be released, the Assessing Officer shall forthwith deliver the same to the person from whose custody they were seized in the presence of two respectable witnesses.

Release of remaining assets.

112C. Any assets or proceeds thereof which remain after the liabilities referred to in clause (*i*) of sub-section (1) of section 132B are discharged shall be forthwith made over or paid to the person, from whose custody the assets were seized, in the presence of two respectable witnesses.

Requisition of books of account, etc.

112D. (1) The authorisation under sub-section (1) of section 132A by the Director General or Director or the Chief Commissioner or Commissioner shall be in Form No. 45C, shall be in writing under the signature of the officer issuing the authorisation and shall bear his seal.

(2) The officer authorised to make a requisition under sub-section (1) of section 132A (hereinafter referred to as the requisitioning officer) shall make the requisition in writing to the officer or authority referred to in clause (*a*) or clause (*b*) or, as the case may be, clause (*c*) of the said sub-section (hereinafter referred to as the delivering officer or authority) calling upon the delivering officer or authority to deliver the books of account, other documents or assets specified in the requisition to him. The requisition shall be accompanied by a copy of the authorisation in Form No. 45C. A copy of the requisition, along with a copy of the authorisation in Form No. 45C, shall be forwarded to the person referred to in clause (*a*) or clause (*b*) or, as the case may be, clause (*c*) of sub-section (1) of section 132A.

(3) The delivering officer or authority shall prepare a list of the books of account or other documents delivered to the requisitioning officer. Before effecting delivery of any bullion, jewellery or other valuable article or thing, the delivering officer or authority shall place or cause to be placed such bullion, jewellery, article or thing in a package or packages which shall be listed with details of such bullion, jewellery, article or thing placed therein. Every such package shall bear an identification mark and seal of the requisitioning officer or of any other income-tax authority not below the rank of Income-tax Officer on behalf of the requisitioning officer, and also of the delivering officer or authority. The person referred to in clause (*a*) or clause (*b*) or, as the case may be, clause (*c*) of sub-section (1) of section 132A or any other person on his behalf shall also be permitted to place his seal on the said package or packages. A copy of the list prepared shall be delivered to such person and a copy thereof shall also be forwarded by the delivering officer to the Chief Commissioner or Commissioner and also to the Director-General or Director where the authorisation under sub-rule (1) has been issued by him.

(4) The provisions of sub-rules (11) to (14) (both inclusive) of rule 112 and of rule 112A, rule 112B and rule 112C shall, so far as may be, apply as if the books of account, other documents and assets delivered to the requisitioning officer under section 132A had been seized under sub-section (1) of section 132 by the requisitioning officer from the custody of the person referred to in clause (*a*) or clause (*b*) or, as the case may be, clause (*c*) of sub-section (1) of the said section and as if for the words "the authorised officer" occurring in any of the aforesaid sub-rules and rules, the words "the requisitioning officer" were substituted.

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Form of information under section 133B(1).

112E. The information required to be furnished under sub-section (1) of section 133B shall be in Form No. 45D.

Class or classes of cases in which the Assessing Officer shall not be required to issue notice for assessment or reassessment of the total income for six assessment years immediately preceding the assessment year.

112F. The class or classes of cases in which the Assessing Officer shall not be required to issue notice for assessing or reassessing the total income for six assessment years immediately preceding the assessment year relevant to the previous year in which search is conducted or requisition is made, shall be the cases—

(*i*) where, as a result of a search under sub-section (1) of section 132 of the Act or a requisition made under section 132A of the Act, a person is found to be in possession of any money, bullion, jewellery or other valuable articles or things, whether or not he is the actual owner of such money, bullion, jewellery, etc.; and

(*ii*) where, such search is conducted or such requisition is made in the territorial area of an assembly or Parliamentary constituency in respect of which a notification has been issued under section 30 read with section 56 of the Representation of the People Act, 1951 (43 of 1951), or where the assets so seized or requisitioned are connected in any manner to the ongoing election in an assembly or Parliamentary constituency:

Provided that this rule shall not be applicable to cases where such search under section 132 or such requisition under section 132A has taken place after the hours of poll so notified:

Provided further that this rule shall not be applicable to cases where any assessment or reassessment has abated under the second proviso to section 153A and where any assessment or reassessment has abated under section 153C.

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Disclosure of information respecting assessees.

113. (1) The application to the Chief Commissioner or Commissioner under clause (*b*) of sub-section (1) of section 138 for information relating to an assessee in respect of any assessment made either under the Act or under the Indian Income-tax Act, 1922 (11 of 1922), on or after the 1st day of April, 1960, shall be made in Form No. 46.

(2) The information under clause (*b*) of sub-section (1) of section 138 shall be furnished by the Chief Commissioner or Commissioner in Form No. 47.

(3) Where it is not possible for the Chief Commissioner or Commissioner to furnish the information asked for by the applicant under clause (*b*) of sub- section (1) of section 138 owing to the fact that the relevant assessment has not been completed, he shall inform the applicant in Form No. 48.

(4) Where the Chief Commissioner or Commissioner is satisfied that it is not in the public interest to furnish or cause to be furnished the information asked for, he shall intimate the fact to the applicant in Form No. 49.

Application for allotment of a permanent account number.

114. (1) An application under sub-section (1) or sub-section (1A) or sub-section (2) or sub-section (3) of section 139A for allotment of a permanent account number shall be made in Form No. 49A or 49AA, as the case may be :

[91][**Provided** that an applicant may apply for allotment of permanent account number through a common application form notified by the Central Government in the Official Gazette, and the Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems) shall specify the classes of persons, forms and formats along with procedure for safe and secure transmission of such forms and formats in relation to furnishing of permanent account number.]

[92][(1A) Any person, who has not been allotted a permanent account number but possesses the Aadhaar number and has furnished or intimated or quoted his Aadhaar number in lieu of the permanent account number in accordance with sub-section (5E) of section 139A, shall be deemed to have applied for allotment of permanent account number and he shall not be required to apply or submit any documents under this rule.

(1B) Any person, who has not been allotted a permanent account number but possesses the Aadhaar number may apply for allotment of the permanent account number under sub-section (1) or sub-section (1A) or sub-section (3) of section 139A to the authorities mentioned in sub-rule (2) by intimating his Aadhaar number and he shall not be required to apply or submit any documents under this rule.

(1C) The Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems) shall on receipt of information under sub-rule (1A) or sub-rule (1B), as the case may be, authenticate the Aadhaar number for that purpose.]

(2) An application referred to in sub-rule (1) shall be made,—

(*i*) in cases where the function of allotment of permanent account number under section 139A has been assigned by the Chief Commissioner or Commissioner to any particular Assessing Officer, to that Assessing Officer;

(*ii*) in any other case, to the Assessing Officer having jurisdiction to assess the applicant.

(3) The application referred to in sub-rule (1) shall be made,—

(*i*) in a case where the total income of the person or the total income of any other person in respect of which he is assessable under the Act during any financial year exceeds the maximum amount which is not chargeable to income-tax and he has not been allotted any permanent account number, on or before the 31st day of May of the assessment year for which such income is assessable;

(*ii*) in the case of a person not falling under clause (*i*), but carrying on any business or profession, the total sales, turnover or gross receipts of which are or is likely to exceed five lakh rupees in any financial year and who has not been allotted any permanent account number, before the end of that financial year;

(*iii*) in the case of a person who is required to furnish a return of income under sub-section (4A) of section 139 and who has not been allotted any permanent account number, before the end of the financial year;

(*iv*) in the case of a person who is entitled to receive any sum or income or amount, on which tax is deductible under Chapter XVII-B in any financial year, before the end of such financial year;

[93][(*v*) in the case of a person, being a resident, other than an individual, which enters into a financial transaction of an amount aggregating to two lakh fifty thousand rupees or more in a financial year and which has not been allotted any permanent account number, on or before the 31st day of May immediately following such financial year;

(*vi*) in the case of a person, who is the managing director, director, partner, trustee, author, founder, karta, chief executive officer, principal officer or office bearer of the person referred to in clause (*v*) or any person competent to act on behalf of the person referred to in clause (*v*) and who has not been allotted any permanent account number, on or before the 31st day of May immediately following the financial year in which the person referred to in clause (*v*) enters into financial transaction specified therein;]

[94][(*vii*) in the case of a person who intends to enter into the transaction prescribed under clause (*vii*) of sub-section (1) of section 139A, at least seven days before the date on which he intends to enter into the said transaction.]

(4) The application, referred to in sub-rule (1) [95][other than that referred to in the proviso to sub-rule (1)] in respect of an applicant mentioned in column (2) of the Table below, shall be filled in the Form mentioned in column (3) of the said table, and shall be accompanied by the documents mentioned in column (4) thereof, as proof of identity, address and date of birth of such applicant:

Table

Sl. No.	*Applicant*	*Form*	*Documents as proof of identity, address and date of birth*
(1)	*(2)*	*(3)*	*(4)*

1.	Individual who is a citizen of India	49A	(*A*) Proof of identity— (*i*) Copy of,— (*a*) elector's photo identity card; or (*b*) ration card having photograph of the applicant; or (*c*) passport; or (*d*) driving licence; or (*e*) arm's license; or (*f*) AADHAAR Card issued by the Unique Identification Authority of India; or (*g*) photo identity card issued by the Central Government or a State Government or a Public Sector Undertaking; or (*h*) Pensioner Card having photograph of the applicant; or (*i*) Central Government Health Scheme Card or Ex-servicemen Contributory Health Scheme photo card; or (*ii*) certificate of identity in original signed by a Member of Parliament or Member of Legislative Assembly or Municipal Councillor or a Gazetted Officer, as the case may be; or (*iii*) bank certificate in original on letter head from the branch (along with name and stamp of the issuing officer) containing duly attested photograph and bank account number of the applicant. **Note :** In case of a person being a minor, any of the above documents of any of the parents or guardian of such minor shall be deemed to be the proof of identity. (*B*) Proof of address— (*i*) copy of the following documents of not more than three months old— (*a*) electricity bill; or (*b*) landline telephone or broadband connection bill; or (*c*) water bill; or (*d*) consumer gas connection card or book or piped gas bill; or (*e*) bank account statement or as per Note 1; or (*f*) depository account statement; or (*g*) credit card statement; or (*ii*) copy of,— (*a*) post office pass book having address of the applicant; or (*b*) passport; or (*c*) passport of the spouse; or (*d*) elector's photo identity card; or (*e*) latest property tax assessment order; or (*f*) driving licence; or (*g*) domicile certificate issued by the Government; or (*h*) AADHAAR Card issued by the Unique Identification Authority of India; or (*i*) allotment letter of accommodation issued by the Central Government or State Government of not more than three years old; or (*j*) property registration document; or (*iii*) certificate of address signed by a Member of Parliament or Member of Legislative Assembly or Municipal Councillor or a Gazetted Officer, as the case may be; or (*iv*) employer certificate in original. **Note 1 :** In case of an Indian citizen residing outside India, copy of Bank Account Statement in country of residence or copy of Non-resident External bank account statements shall be the proof of address. **Note 2 :** In case of a minor, any of the above documents of any of the parents or guardian of such minor shall be deemed to be the proof of address. [96][(*C*) Proof of date of birth— copy of the following documents if they bear the name, date, month and year of birth of the applicant, namely:— (*a*) birth certificate issued by the municipal authority or any office authorised to issue birth and death certificate by the Registrar of Birth and Deaths or the Indian Consulate as defined in clause (*d*) of sub-section (1) of section 2 of the Citizenship Act, 1955 (57 of 1955); or (*b*) pension payment order; or (*c*) marriage certificate issued by the Registrar of Marriages; or (*d*) matriculation certificate or mark sheet of recognised board; or (*e*) passport; or (*f*) driving licence; or (*g*) domicile certificate issued by the Government; or (*h*) aadhaar card issued by the Unique Identification Authority of India; or (*i*) elector's photo identity card; or (*j*) photo identity card issued by the Central Government or State Government or Central Public Sector Undertaking or State Public Sector Undertaking; or (*k*) Central Government Health Service Scheme photo card or Ex-servicemen Contributory Health Scheme photo card; or (*l*) affidavit sworn before a magistrate stating the date of birth.]
2.	Hindu undivided family	49A	(*a*) An affidavit by the karta of the Hindu Undivided Family stating the name, father's name and address of all the coparceners on the date of application; and (*b*) Copy of any document applicable in the case of an individual specified in serial number 1, in respect of karta of the Hindu undivided family, as proof of identity, address and date of birth.
3.	Company registered	49A	[97][(*a*) Copy of Certificate of Registration issued by in India the Registrar of Companies; or (*b*) corporate identity number allotted by the Registrar under section 7 of the Companies Act, 2013 (18 of 2013)]

4.	Firm (including Limited Liability Partnership) formed or registered in India	49A	(*a*) Copy of Certificate of Registration issued by the Registrar of Firms/Limited Liability Partnerships; or (*b*) Copy of Partnership Deed.
5.	Association of persons(Trusts) formed or registered in India	49A	(*a*) Copy of trust deed; or (*b*) Copy of Certificate of Registration Number issued by Charity Commissioner.
6.	Association of persons(other than Trusts) or body of individuals or local authority or artificial juridical person formed or registered in India	49A	(*a*) Copy of Agreement; or (*b*) Copy of Certificate of Registration Number issued by Charity Commissioner or Registrar of Co-operative Society or any other Competent Authority; or (*c*) Any other document originating from any Central Government or State Government Department establishing Identity and address of such person.
7.	Individuals not being a citizen of India	49AA	(*i*) Proof of identity :— (*a*) Copy of Passport; or (*b*) copy of person of Indian Origin card issued by the Government of India; or (*c*) copy of Overseas Citizenship of India Card issued by Government of India; or (*d*) copy of other national or citizenship Identification Number or Taxpayer Identification Number duly attested by "Apostille" (in respect of countries which are signatories to the Hague Apostille Convention of 1961) or by Indian embassy or High Commission or Consulate in the country where the applicant is located or authorised officials of overseas branches of Scheduled Banks registered in India. (*ii*) Proof of address:— (*a*) copy of Passport; or (*b*) copy of person of Indian Origin card issued by the Government of India; or (*c*) copy of Overseas Citizenship of India Card issued by Government of India; or (*d*) copy of other national or citizenship Identification Number or Taxpayer Identification Number duly attested by "Apostille" (in respect of countries which are signatories to the Hague Apostille Convention of 1961) or by Indian embassy or High Commission or Consulate in the country where the applicant is located or authorised officials of over- seas branches of Scheduled Banks registered in India; or (*e*) copy of bank account statement in the country of residence; or (*f*) copy of Non-resident External bank account statement in India; or (*g*) copy of certificate of residence in India or Residential permit issued by the State Police Authority; or (*h*) copy of the registration certificate issued by the Foreigner's Registration Office showing Indian address; or (*i*) copy of Visa granted and copy of appointment letter or contract from Indian Company and Certificate (in original) of Indian Address issued by the employer.
8.	LLP registered outside India	49AA	(*a*) Copy of Certificate of Registration issued in the country where the applicant is located, duly attested by "Apostille" (in respect of countries which are signatories to the Hague Apostille Convention of 1961) or by Indian embassy or High Commission or Consulate in the country where the applicant is located or authorised officials of overseas branches of Scheduled Banks registered in India; or (*b*) Copy of registration certificate issued in India or of approval granted to set up office in India by Indian Authorities.
9.	Company registered outside India	49AA	(*a*) Copy of Certificate of Registration issued in the country where the applicant is located, duly attested by "Apostille" (in respect of countries which are signatories to the Hague Apostille Convention of 1961) or by Indian embassy or High Commission or Consulate in the country where the applicant is located or authorised officials of overseas branches of Scheduled Banks registered in India; or (*b*) Copy of registration certificate issued in India or of approval granted to set up office in India by Indian Authorities.
10.	Firm formed or regist red outside India	49AA	(*a*) Copy of Certificate of Registration issued in the country where the applicant is located, duly attested by "Apostille" (in respect of countries which are signatories to the Hague Apostille Convention of 1961) or by Indian embassy or High Commission or Consulate in the country where the applicant is located or authorised officials of overseas branches of Scheduled Banks registered in India; or (*b*) Copy of registration certificate issued in India or of approval granted to set up office in India by Indian Authorities.
11.	Association of persons (Trusts) formed outside	49AA	(*a*) Copy of Certificate of Registration issued in the country where the applicant is located, duly India attested by "Apostille" (in respect of countries which are signatories to the Hague Apostille Convention of 1961) or by Indian embassy or High Commission or Consulate in the country where the applicant is located or authorised officials of overseas branches of Scheduled Banks registered in India; or (*b*) Copy of registration certificate issued in India or of approval granted to set up office in India by Indian Authorities.
12.	Association of persons (other than Trusts) or body of individuals or local authority or person formed or any other entity (by whatever name called) registered outside India	49AA	(*a*) Copy of Certificate of Registration issued in the country where the applicant is located, duly at tested by "Apostille" (in respect of countries which are signatories to the Hague Apostille Convention of 1961) or by Indian embassy or High Commission or Consulate in the country where the applicant is located or authorised officials of overseas branches of Scheduled Banks registered in India; or (*b*) Copy of registration certificate issued in India or of approval granted to set up office in India by Indian Authorities.

[98][(5) Every person who has been allotted permanent account number as on the 1st day of July, 2017 and who in accordance with the provisions of sub-section (2) of section 139AA is required to intimate his Aadhaar number, shall intimate his Aadhaar number to the Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems) or the person authorised by the said authorities.

[99][(5A) Every person who, in accordance with the provisions of sub-section (2) of section 139AA, is required to intimate his Aadhaar number to the prescribed authority in the prescribed form and manner, fails to do so by the date referred to in the said sub-section, shall, at the time of subsequent intimation of his Aadhaar number to the prescribed authority, be liable to pay, by way of fee, an amount equal to,—

(*a*) five hundred rupees, in a case where such intimation is made within three months from the date referred to in sub-section (2) of section 139AA; and

(*b*) one thousand rupees, in all other cases.]

[1]**[***(5AA) 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 to the Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems) or the person authorised by the said authorities.***]**

(6) The Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems) shall specify the formats and standards along with procedure, for the verification of documents filed with the application [1a][under sub-rule (4), [1b]**[***intimation of Aadhaar number in sub-rules (5) and (5AA)***]** and issue of permanent account number], for ensuring secure capture and transmission of data in such format and standards and shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to furnishing of the application forms for allotment of permanent account [2][number, intimation of Aadhaar number and issue of permanent account number].]

[3][(7) The Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems) shall lay down the formats and standards along with procedure for,—

(*a*) furnishing or intimation or quoting of Aadhaar number under sub-rule (1A); or

(*b*) intimation of Aadhaar number under sub-rule (1B); or

(*c*) authentication of Aadhaar number under sub-rule (1C); or

(*d*) obtaining demographic information of an individual from the Unique Identification Authority of India,

for ensuring secure capture and transmission of data and shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to furnishing or intimation or quoting or authentication of Aadhaar number or obtaining of demographic information of an individual from the Unique Identification Authority of India, for allotment of permanent account number and issue thereof.]

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91. Substituted by the IT (Second Amdt.) Rules, 2017, w.e.f. 9-2-2017.
92. Sub-rules (1A), (1B) and (1C) inserted by the IT (Fifth Amdt.) Rules, 2019, w.e.f. 1-9-2019.
93. Inserted by the IT (Twelfth Amdt.) Rules, 2018, w.e.f. 5-12-2018.
94. Inserted by the IT (Fifteenth Amdt.) Rules, 2022. The amendment shall come into force after the expiry of fifteen days from 10-5-2022.
95. Inserted by the IT (Fifth Amdt.) Rules, 2015, w.e.f. 10-4-2015.
96. Substituted by the IT (Fifth Amdt.) Rules, 2015, w.e.f. 10-4-2015.
97. Substituted for "Copy of Certificate of Registration issued by the Registrar of Companies" by the IT (Fifth Amdt.) Rules, 2015, w.e.f. 10-4-2015.
98. Sub-rules (5) and (6) substituted for sub-rule (5) by the IT (Seventeenth Amdt.) Rules, 2017, w.e.f. 1-7-2017.
99. Inserted by the IT (Third Amdt.) Rules, 2022, w.e.f. 1-4-2022.
1. Inserted by the IT (Ninth Amdt.) Rules, **2025**., w.e.f. **3-4-2025**.
1a. Substituted for "under sub-rule (4) or intimation of Aadhaar number in sub-rule (5)" by the IT (Twelfth Amdt.) Rules, 2018, w.e.f. 5-12-2018.
1b. Substituted for "intimation of Aadhaar number in sub-rule (5)" by the IT (Ninth Amdt.) Rules, **2025**., w.e.f. **3-4-2025**.
2. Substituted for "number and intimation of Aadhaar number" by the IT (Twelfth Amdt.) Rules, 2018, w.e.f. 5-12-2018.
3. Inserted by the IT (Fifth Amdt.) Rules, 2019, w.e.f. 1-9-2019.

Application for allotment of a tax deduction and collection account number.

114A. (1) An application under sub-section (1) of section 203A for the allotment of a tax deduction and collection account number shall be made in duplicate in Form No. 49B :

[4][**Provided** that an applicant may apply for allotment of a tax deduction and collection account number through a common application form notified by the Central Government in the Official Gazette, and the Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems) shall specify the classes of persons, applicable forms and formats along with procedure for safe and secure transmission of such forms and formats in relation to furnishing of tax deduction and collection account number.]

(2) An application referred to in sub-rule (1) shall be made,—

(*i*) in cases where the function of allotment of tax deduction and collection account number under section 203A has been assigned by the Chief Commissioner or Commissioner to any particular Assessing Officer, to that Assessing Officer;

(*ii*) in any other case, to the Assessing Officer having jurisdiction to assess the applicant.

(3) The application referred to in sub-rule (1) shall be made,—

(*i*) in a case where a person has deducted tax or collected tax in accordance with the provisions of Chapter XVII under the heading *'B.—Deduction at source'* or *'BB.—Collection at source'*, as the case may be, prior to the 1st day of October, 2004, on or before the 31st day of January, 2005;

(*ii*) in a case where a person has,—

(*a*) deducted or deducts tax in accordance with the provisions of Chapter XVII under the heading *'B.—Deduction at source'*; or

(*b*) collected or collects tax in accordance with the provisions of Chapter XVII under the heading *'BB.—Collection at source'*,

on or after the 1st day of October, 2004, within one month from the end of the month in which the tax was deducted or collected, as the case may be, or the 31st day of January, 2005, whichever is later.

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4. Substituted by the IT (Second Amdt.) Rules, 2017, w.e.f. 9-2-2017.

Application for allotment of a tax collection account number.

114AA. (1) An application under sub-section (1) of section 206CA for the allotment of a tax collection account number shall be made in duplicate in Form No. 49B.

(2) An application referred to in sub-rule (1) shall be made,—

(*i*) in cases where the function of allotment of tax collection account number under section 206CA has been assigned by the Chief Commissioner or Commissioner to any particular Assessing Officer, to that Assessing Officer;

(*ii*) in any other case, to the Assessing Officer having jurisdiction to assess the applicant.

(3) The application referred to in sub-rule (1) shall be made,—

(*i*) in a case where a person has collected tax in accordance with the provisions of Chapter XVII under the heading *'BB.—Collection at source'* prior to the 1st day of June, 2002, on or before the 30th day of September, 2002;

(*ii*) in a case where a person has collected or collects tax in accordance with the provisions of Chapter XVII under the heading*'BB.—Collection at source'* on or after the 1st day of June, 2002, within one month from the end of the month in which the tax was collected or the 30th day of September, 2002, whichever is later.

सत्यमेव जयते
कोष मूलो दण्ड:
INCOME TAX DEPARTMENT

[5]**[Manner of making permanent account number inoperative.**

114AAA. *(1) Where a person, who has been allotted the permanent account number as on the 1st day of July, 2017 and is required to intimate his Aadhaar number under sub-section (2) of section 139AA, has failed to intimate the same on or before the 31st day of March, 2022, the permanent account number of such person shall become inoperative, and he shall be liable for payment of fee in accordance with sub-rule (5A) of rule 114.*

(2) Where the person referred to in sub-rule (1) has intimated his Aadhaar number under sub-section (2) of section 139AA after the 31st day of March, 2022, after payment of fee in accordance with sub-rule (5A) of rule 114, his permanent account number shall become operative within thirty days from the date of intimation of Aadhaar number.

(3) A person, whose permanent account number has become inoperative, shall be liable for further consequences for the period commencing from the date as specified under sub-rule (4) till the date it becomes operative, namely:—

(i) *refund of any amount of tax or part thereof, due under the provisions of the Act shall not be made;*

(ii) *interest shall not be payable on such refund for the period, beginning with the date specified under sub-rule (4) and ending with the date on which it becomes operative;*

(iii) *where tax is deductible under Chapter XVIIB in case of such person, such tax shall be deducted at higher rate, in accordance with provisions of section 206AA;*

(iv) *where tax is collectible at source under Chapter XVIIBB in case of such person, such tax shall be collected at higher rate, in accordance with provisions of section 206CC.*

(4) The provisions of sub-rule (3) shall have effect from the date specified by the Board.

*(5) The Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems) shall specify the formats and standards along with the procedure for verifying the operational status of permanent account number under sub-rule (1) and sub-rule (2).***]**

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5. Substituted by the IT (Fourth Amdt.) Rules, 2023, w.e.f. **1-4-2023**.

[6][**Class or classes of person to whom provisions of section 139A shall not apply.**

114AAB. (1) The provisions of section 139A shall not apply to a non-resident, not being a company, or a foreign company, (hereinafter referred to as the non-resident) who has, during a previous year, made investment in a specified fund if the following conditions are fulfilled, namely:—

(*i*) the non-resident does not earn any income in India, other than the income from investment in the specified fund during the previous year;

(*ii*) any income-tax due on income of non-resident has been deducted at source and remitted to the Central Government by the specified fund at the rates specified in section 194LBB of the Act; and

(*iii*) the non-resident furnishes the following details and documents to the specified fund, namely:—

(*a*) name, e-mail id, contact number;

(*b*) address in the country or specified territory outside India of which he is a resident;

(*c*) a declaration that he is a resident of a country or specified territory outside India; and

(*d*) Tax Identification Number in the country or specified territory of his residence and in case no such number is available, then a unique number on the basis of which the non-resident is identified by the Government of that country or the specified territory of which he claims to be a resident.

(2) The specified fund shall furnish a quarterly statement for the quarter of the financial year, in which the details and documents referred to in clause (*iii*) of sub-rule (1) are received by it, in Form No. 49BA to the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) or the person authorised by him, electronically and upload the declaration referred to in sub-clause (*c*) of clause (*iii*) of sub-rule (1) within fifteen days from the end of the quarter of the financial year to which such statement relates in accordance with the procedures, formats and standards specified by the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) under sub-rule (3).

[7][(2A) The provisions of section 139A shall not apply to a non-resident, being an eligible foreign investor, who has made transaction only in a capital asset referred to in clause (*viiab*) of section 47 which are listed on a recognised stock exchange located in any International Financial Services Centre and the consideration on transfer of such capital asset is paid or payable in foreign currency, if the following conditions are fulfilled, namely:—

(*i*) the eligible foreign investor does not earn any income in India, other than the income from transfer of a capital asset referred to in clause (*viiab*) of section 47;

(*ii*) the eligible foreign investor furnishes the following details and documents to the stock broker through which the transaction is made namely:—

(*a*) name, e-mail id, contact number;

(*b*) address in the country or specified territory outside India of which he is a resident;

(*c*) a declaration that he is a resident of a country or specified territory outside India; and

(*d*) Tax Identification Number in the country or specified territory of his residence and in case no such number is available, then a unique number on the basis of which the non-resident is identified by the Government of that country or the specified territory of which he claims to be a resident.

(2B) The stock broker shall furnish a quarterly statement for the quarter of the financial year, in which the details and documents referred to in sub-rule (2A) are received by it, in Form No. 49BA to the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) or the person authorised by him, electronically and upload the declaration referred to in sub-clause (*c*) of clause (*ii*) of sub-rule (2A) within fifteen days from the end of the quarter of the financial year to which such statement relates in accordance with the procedures, formats and standards specified by the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) under sub-rule (3).]

(3) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) shall specify the procedures, formats and standards for the purposes of furnishing and verification of Form 49BA and shall be responsible for the day-to-day administration in relation to the furnishing and verification of quarterly statement [8][in accordance with the provisions of sub-rule (2) or sub-rule (2B)].

Explanation.—For the purposes of this rule—

[9][(a)*"specified fund" means any 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 of registration as a Category I or Category II Alternative Investment Fund and is regulated under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 made under the Securities and Exchange Board of India Act, 1992 (15 of 1992) or regulated under the International Financial Services Centres Authority (Fund Management) Regulations, 2022 made under the International Financial Services Centres Authority Act, 2019 (50 of 2019) and which is located in any International Financial Services Centre or a specified fund referred to in sub-clause (*i) *of clause (*c) *of* Explanation *to clause (*4D*) of section 10;*]

(*b*) "International Financial Services Centre" shall have the same meaning as assigned to it in clause (*q*) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005);]

[10][(*c*) "eligible foreign investor" means a non-resident who operates in accordance with the Securities and Exchange Board of India, Circular IMD/HO/FPIC/CIR/P/2017/003, dated 4th January, 2017;

(*d*) "stock broker" means a person having trading rights in a recognised stock exchange located in any International Financial Services Centre and the member of such exchange.]

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6. Inserted by the IT (Nineteenth Amdt.) Rules, 2020, w.e.f. 10-8-2020.

7. Sub-rules (2A) and (2B) inserted by the IT (Fourteenth Amdt.) Rules, 2021, w.e.f. 4-5-2021.

8. Substituted for "in accordance with the provisions of sub-rule (2)" by the IT (Fourteenth Amdt.) Rules, 2021, w.e.f. 4-5-2021.

9. Substituted by the IT (Twelfth Amdt.) Rules, 2023, w.e.f. **17-7-2023**
10. Inserted by the IT (Fourteenth Amdt.) Rules, 2021, w.e.f. 4-5-2021.

[11][**Transactions in relation to which permanent account number is to be quoted in all documents for the purpose of clause (*c*) of sub-section (5) of section 139A.**

114B. Every person shall quote his permanent account number in all documents pertaining to the transactions specified in the Table below, namely:—

TABLE

Sl. No.	*Nature of transaction*	*Value of transaction*
(1)	*(2)*	*(3)*
1.	Sale or purchase of a motor vehicle or vehicle, as defined in clause (*28*) of section 2 of the Motor Vehicles Act, 1988 (59 of 1988) which requires registration by a registering authority under Chapter IV of that Act, other than two wheeled vehicles.	All such transactions.
2.	Opening an account [other than a time-deposit referred to at Sl. No. 12 and a Basic Savings Bank Deposit Account] with a banking company or a co-operative bank to which the Banking Regulation Act, 1949 (10 of 1949), applies (including any bank or banking institution referred to in section 51 of that Act).	All such transactions.
3.	Making an application to any banking company or a co-operative bank to which the Banking Regulation Act, 1949 (10 of 1949), applies (including any bank or banking institution referred to in section 51 of that Act) or to any other company or institution, for issue of a credit or debit card.	All such transactions.
4.	Opening of a demat account with a depository, participant, custodian of securities or any other person registered under sub-section (1A) of section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992).	All such transactions.
5.	Payment to a hotel or restaurant against a bill or bills at any one time.	Payment in cash of an amount exceeding fifty thousand rupees.
6.	Payment in connection with travel to any foreign country or payment for purchase of any foreign currency at any one time.	Payment in cash of an amount exceeding fifty thousand rupees.
7.	Payment to a Mutual Fund for purchase of its units.	Amount exceeding fifty thousand rupees.
8.	Payment to a company or an institution for acquiring debentures or bonds issued by it.	Amount exceeding fifty thousand rupees.
9.	Payment to the Reserve Bank of India, constituted under section 3 of the Reserve Bank of India Act, 1934 (2 of 1934) for acquiring bonds issued by it.	Amount exceeding fifty thousand rupees.
10.	Deposit with,— (*i*) a banking company or a co-operative bank to which the Banking Regulation Act, 1949 (10 of 1949), applies (including any bank or banking institution referred to in section 51 of that Act); (*ii*) Post Office.	Cash deposits,— (*i*) exceeding fifty thousand rupees during any one day; or (*ii*) aggregating to more than two lakh fifty thousand rupees during the period 9th November, 2016 to 30th December, 2016.
11.	Purchase of bank drafts or pay orders or banker's cheques from a banking company or a co-operative bank to which the Banking Regulation Act, 1949 (10 of 1949), applies (including any bank or banking institution referred to in section 51 of that Act).	Payment in cash for an amount exceeding fifty thousand rupees during any one day.
12.	A time deposit with,— (*i*) a banking company or a co-operative bank to which the Banking Regulation Act, 1949 (10 of 1949), applies (including any bank or banking institution referred to in section 51 of that Act); (*ii*) a Post Office; (*iii*) a Nidhi referred to in section 406 of the Companies Act, 2013 (18 of 2013); or (*iv*) a non-banking financial company which holds a certificate of registration under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934), to hold or accept deposit from public.	Amount exceeding fifty thousand rupees or aggregating to more than five lakh rupees during a financial year.
13.	Payment for one or more pre-paid payment instruments, as defined in the policy guidelines for issuance and operation of pre-paid payment instruments issued by Reserve Bank of India under section 18 of the Payment and Settlement Systems Act, 2007 (51 of 2007), to a banking company or a co- operative bank to which the Banking Regulation Act, 1949 (10 of 1949), applies (including any bank or banking institution referred to in section 51 of that Act) or to any other company or institution.	Payment in cash or by way of a bank draft or pay order or banker's cheque of an amount aggregating to more than fifty thousand rupees in a financial year.
14.	Payment as life insurance premium to an insurer as defined in clause (*9*) of section 2 of the Insurance Act, 1938 (4 of 1938).	Amount aggregating to more than fifty thousand rupees in a financial year.
15.	A contract for sale or purchase of securities (other than shares) as defined in clause (*h*) of section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956).	Amount exceeding one lakh rupees per transaction.
16.	Sale or purchase, by any person, of shares of a company not listed in a recognised stock exchange.	Amount exceeding one lakh rupees per transaction.
17.	Sale or purchase of any immovable property.	Amount exceeding ten lakh rupees or valued by stamp valuation authority referred to in section 50C of the Act at an amount exceeding ten lakh rupees.
18.	Sale or purchase, by any person, of goods or services of any nature other than those specified at Sl. Nos. 1 to 17 of this Table, if any.	Amount exceeding two lakh rupees per transaction:

Provided that where a person, entering into any transaction referred to in this rule, is a minor and who does not have any income chargeable to income-tax, he shall quote the permanent account number of his father or mother or guardian, as the case may be, in the document pertaining to the said transaction;

[12]**[Provided further** *that any person, not being a company or a firm,***]** who does not have a permanent account number and who enters into any transaction specified in this rule, he shall make a declaration in Form No. 60 giving therein the particulars of such transaction [13][either in paper form or electronically under the electronic verification code in accordance with the procedures, data structures, and standards specified by the Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems)]:

[14]**[Provided also** *that a foreign company who,—*

(i) does not have any income chargeable to tax in India; and

(ii) does not have a permanent account number,

*and enters into any transaction referred to at Sl. No. 2 or 12 of the Table, in an IFSC banking unit, shall make a declaration in Form No. 60:***]**

Provided also that the provisions of this rule shall not apply to the following class or classes of persons, namely :—

(*i*) the Central Government, the State Governments and the Consular Offices;

(*ii*) the non-residents referred to in clause (*30*) of section 2 of the Act in respect of the transactions other than a transaction referred to at Sl. No. 1 or 2 or 4 or 7 or 8 or 10 or 12 or 14 or 15 or 16 or 17 of the Table :

[15][**Provided also** that a person who has an account (other than a time deposit referred to at S. No.12 of the Table and a Basic Saving Bank Deposit Account) maintained with a banking company or a co-operative bank to which the Banking Regulation Act, 1949 (10 of 1949), applies (including any bank or banking institution referred to in section 51 of that Act) and has not quoted his permanent account number or furnished Form No. 60, as the case may be, at the time of opening of such account or subsequently, he shall furnish his permanent account number or Form No. 60, as the case may be, to the person specified in clause (*c*) of sub-rule (1) of rule 114C on or before the [16][30th day of June], 2017.]

Explanation.—For the purposes of this rule,—

[14]**[***(1)"IFSC banking unit" means a financial institution defined under clause* (c) *of sub-section (1) of section 3 of the International Financial Services Centres Authority Act, 2019 (50 of 2019), that is licensed or permitted by the International Financial Services Centres Authority to undertake permissible activities under the International Financial Services Centres Authority (Banking) Regulations, 2020;***]**

[17]**[**(1A)**]** "payment in connection with travel" includes payment towards fare, or to a travel agent or a tour operator, or to an authorised person as defined in clause (*c*) of section 2 of the Foreign Exchange Management Act, 1999 (42 of 1999);

(*2*) "travel agent or tour operator" includes a person who makes arrangements for air, surface or maritime travel or provides services relating to accommodation, tours, entertainment, passport, visa, foreign exchange, travel related insurance or other travel related services either severally or in package;

(*3*) "time deposit" means any deposit which is repayable on the expiry of a fixed period.

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11. Rules 114B to 114D substituted by the IT (Twenty-second Amdt.) Rules, 2015, w.e.f. 1-1-2016.
12. Substituted for "**Provided further** that any person" by the IT (Twenty-fourth Amdt.) Rules, 2023, w.e.f. **10-10-2023**.
13. Inserted by the IT (Fourteenth Amdt.) Rules, 2017, w.e.f. 9-6-2017.
14. Inserted by the IT (Twenty-fourth Amdt.) Rules, 2023, w.e.f. **10-10-2023**.
15. Inserted by the IT (First Amdt.) Rules, 2017, w.e.f. 6-1-2017.
16. Substituted for "28th day of February" by the IT (Seventh Amdt.) Rules, 2017, w.r.e.f. 1-3-2017.
17. Clause (*1*) renumbered as clause (*1A*) by the IT (Twenty-fourth Amdt.) Rules, 2023, w.e.f. **10-10-2023**.

[18][**Transactions for the purposes of clause (*vii*) of sub-section (1) of section 139A.**

114BA. The following shall be the transactions for the purposes of clause (*vii*) of sub-section (1) of section 139A, namely:—

(*a*) cash deposit or deposits aggregating to twenty lakh rupees or more in a financial year, in one or more account of a person with a banking company or a co-operative bank to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act) or a Post Office;

(*b*) cash withdrawal or withdrawals aggregating to twenty lakh rupees or more in a financial year, in one or more account of a person with a banking company or a co-operative bank to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act) or a Post Office;

(*c*) opening of a current account or cash credit account by a person with a banking company or a co-operative bank to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act) or a Post Office:]

[19]**[Provided** *that the provisions of this rule shall not apply in a case,—*

(a) *where the person, making the deposit or withdrawal of an amount otherwise than by way of cash as per clause (*a*) or (*b*), or opening a current account not being a cash credit account as per clause (*c*) of this rule, is a non-resident (not being a company) or a foreign company;*

(b) *the transaction is entered into with an IFSC banking unit; and*

(c) *such non-resident (not being a company) or the foreign company does not have any income chargeable to tax in India.*

Explanation.—*For the purposes of this rule, "IFSC banking unit" shall have the same meaning as assigned to it in clause (*1*) of the* Explanation *to rule 114B.***]**

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18. Inserted by the IT (Fifteenth Amdt.) Rules, 2022. The amendment shall come into force after the expiry of fifteen days from 10-5-2022.
19. Inserted by the IT (Twenty-fourth Amdt.) Rules, 2023, w.e.f. **10-10-2023**.

[20][**Transactions for the purposes of sub-section (6A) of section 139A and prescribed person for the purposes of clause (*ab*) of *Explanation* to section 139A.**

114BB. (1) Every person shall, at the time of entering into a transaction specified in column (2) of the Table below, quote his permanent account number or Aadhaar number, as the case may be, in documents pertaining to such transaction, and every person specified in column (3) of the said Table, who receives such document, shall ensure that the said number has been duly quoted and authenticated—

TABLE

Sl. No.	*Nature of transaction*	*Person*
(1)	*(2)*	*(3)*
1.	Cash deposit or deposits aggregating to twenty lakh rupees or more in a financial year, in one or more account of a person with, —	
	(*i*) A banking company or a co-operative bank to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act);	(*i*) A banking company or a cooperative bank to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act);
	(*ii*) Post Office	(*ii*) Post Master General as referred to in clause (*j*) of section 2 of the Indian Post Office Act, 1898 (6 of 1898).
2.	Cash withdrawal or withdrawals aggregating to twenty lakh rupees or more in a financial year, in one or more account of a person with,—	
	(*i*) A banking company or a co-operative bank to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act);	(*i*) A banking company or a cooperative bank to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act);
	(*ii*) Post Office	(*ii*) Post Master General as referred to in clause (*j*) of section 2 of the Indian Post Office Act, 1898 (6 of 1898)
3.	Opening of a current account or cash credit account by a person with,—	
	(*i*) A banking company or a co-operative bank to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act);	(*i*) A banking company or a cooperative bank to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act);
	(*ii*) Post Office	(*ii*) Post Master General as referred to in clause (*j*) of section 2 of the Indian Post Office Act, 1898 (6 of 1898):

[21][**Provided** that the provisions of this sub-rule shall not apply in a case where the person, depositing the money as per Sl. No. 1 of column (2) or withdrawing money as per Sl. No. 2 of column (2) or opening a current account or cash credit account as per Sl. No. 3 of column (2) of the Table above, is the Central Government, the State Government or the Consular Office:]

[22]**[Provided further** *that the provisions of this sub-rule shall not apply in a case,—*

(a) *where the person, making the deposit or withdrawal of an amount otherwise than by way of cash as per Sl. No. 1 or Sl. No. 2 of column (2), or opening a current account not being an cash credit account as per Sl. No. 3 of column (2) of the Table, is a non-resident (not being a company) or a foreign company;*

(b) *the transaction is entered into with an IFSC banking unit; and*

(c) *such non-resident (not being a company) or the foreign company does not have any income chargeable to tax in India.*

Explanation.—*For the purposes of this sub-rule, "IFSC banking unit" shall have the same meaning as assigned to it in clause (1) of the* Explanation *to rule 114B.***]**

(2) The permanent account number or Aadhaar number alongwith demographic information or biometric information of an individual shall be submitted to the Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems) or the person authorised by the Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems) with the approval of the Board, for the purposes of authentication referred to in section 139A.

(3) Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems) shall lay down the formats and standards along with procedure for authentication of permanent account number or Aadhaar number.]

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20. Inserted by the IT (Fifteenth Amdt.) Rules, 2022. The amendment shall come into force after the expiry of sixty days from 10-5-2022.
21. Inserted by the IT (Twenty-ninth Amdt.) Rules, 2022, w.r.e.f. 9-7-2022.
22. Inserted by the IT (Twenty-fourth Amdt.) Rules, 2023, w.e.f. **10-10-2023**.

Verification of Permanent Account Number in transactions specified in rule 114B.

114C. (1) Any person being,—

(*a*) a registering officer or an Inspector-General appointed under the Registration Act, 1908 (16 of 1908);

(*b*) a person who sells the immovable property or motor vehicle;

(*c*) a manager or officer of a banking company or co-operative bank, as the case may be, referred to at Sl. No. 2 or 3 or 10 or 11 or 12 or 13 of rule 114B;

(*d*) post master;

(*e*) stock broker, sub-broker, share transfer agent, banker to an issue, trustee of a trust deed, registrar to issue, merchant banker, underwriter, portfolio manager, investment adviser and such other intermediaries registered under sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992);

(*f*) a depository, participant, custodian of securities or any other person registered under sub-section (1A) of section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992) referred to at Sl. No. 4 of rule 114B;

(*g*) the principal officer of a company referred to at Sl. No. 3 or 4 or 8 or 12 or 13 or 15 or 16 of rule 114B;

(*h*) the principal officer of an institution referred to at Sl. No. 2 or 3 or 8 or 10 or 11 or 12 or 13 of rule 114B;

(*i*) any trustee or any other person duly authorised by the trustee of a Mutual Fund referred to at Sl. No. 7 of rule 114B;

(*j*) an officer of the Reserve Bank of India, constituted under section 3 of the Reserve Bank of India Act, 1934 (2 of 1934), or of any agency bank authorised by the Reserve Bank of India;

(*k*) a manager or officer of an insurer referred to at Sl. No. 14 of rule 114B,

who, in relation to a transaction specified in rule 114B, has received any document shall ensure after verification that permanent account number has been duly and correctly mentioned therein or as the case may be, a declaration in Form 60 has been duly furnished with complete particulars.

(2) Any person, being a person raising bills referred to at Sl. No. 5 or 6 or 18 of rule 114B, who, in relation to a transaction specified in the said Sl. No., has issued any document shall ensure after verification that permanent account number has been correctly furnished and the same shall be mentioned in such document, or as the case may be, a declaration in Form 60 has been duly furnished with complete particulars.

[23][(3) The person referred to in sub-rule (1) or sub-rule (2) who has received any document in which permanent account number is mentioned or as the case may be, a declaration in Form No. 60 has been furnished, shall ensure that the valid permanent account number or the fact of furnishing of Form No. 60, is duly mentioned in the records maintained for the transactions referred to in rule 114B and the permanent account number or the details of Form No. 60 are linked and mentioned in any information furnished to the income-tax authority or any other authority or agency under any provision of the Act or any rule prescribed therein.]

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23. Inserted by the IT (First Amdt.) Rules, 2017, w.e.f. 6-1-2017.

Time and manner in which persons referred to in rule 114C shall furnish a statement containing particulars of Form No. 60.

114D. (1) Every person referred to in,—

(*I*) [24][clauses (*a*)] to (*k*) of sub-rule (1) of rule 114C; and

(*II*) sub-rule (2) of rule 114C and who is required to get his accounts audited under section 44AB of the Act,

who has received any declaration in Form No. 60, on or after the 1st day of January, 2016, in relation to a transaction specified in rule 114B, shall—

(*i*) furnish a statement in Form No. 61 containing particulars of such declaration to the Director of Income-tax (Intelligence and Criminal Investigation) or the Joint Director of Income-tax (Intelligence and Criminal Investigation) through online transmission of electronic data to a server designated for this purpose and obtain an acknowledgement number; and

(*ii*) retain Form No. 60 for a period of six years from the end of the financial year in which the transaction was undertaken.

(2) The statement referred to in clause (*i*) of sub-rule (1) shall,—

(*i*) where the declarations are received by the 30th September, be furnished by the 31st October of that year; and

(*ii*) where the declarations are received by the 31st March, be furnished by the 30th April of the financial year immediately following the financial year in which the form is received :

[25][**Provided** that the statement in respect of the transactions listed in clause (*ii*) of column (3) of serial number (10) of the Table under rule 114B shall be furnished on or before the 15th day of January, 2017.]

(3) The statement referred to in clause (*i*) of sub-rule (1) shall be verified—

(*a*) in a case where the person furnishing the statement is an assessee as defined in clause (*7*) of section 2 of the Act, by a person specified in section 140 of the Act;

(*b*) in any other case, by the person referred to in rule 114C.]

[26][(4) The Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems) shall specify the procedures, data structures, and standards for ensuring secure capture and transmission of data, evolving and implementing appropriate security, archival and retrieval policies in relation to the statement referred to in sub-clause (*i*) of sub-rule (1).]

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24. Substituted for "clauses (*b*)" by the IT (Twenty-sixth Amdt.) Rules, 2016, w.e.f. 6-10-2016.
25. Inserted by the IT (First Amdt.) Rules, 2017, w.e.f. 6-1-2017.
26. Inserted by the IT (Twenty-sixth Amdt.) Rules, 2016, w.e.f. 6-10-2016.

[**Furnishing of Annual Statement by a non-resident having Liaison Office in India.**

114DA. (1) The annual statement as provided under section 285 for every financial year, shall be furnished in [1][*Form No. 49C within eight months from the end of such financial year*].

(2) The annual statement referred to in sub-rule (1) shall be duly verified by the Chartered Accountant or the person authorised in this behalf by the non-resident person, who shall be known as the Authorised Signatory.

(3) The annual statement referred to in sub-rule (1) shall be furnished in electronic form along with digital signature.

(4) The Director General of Income-tax (Systems) shall specify the procedure for filing of annual statement referred to in sub-rule (1) and shall also be responsible for formulating and implementing appropriate security, archival and retrieval policies in relation to statements so furnished.]

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1. Substituted for "Form No. 49C" by the IT (Fourth Amdt.) Rules, 2025, w.e.f. **7-2-2025**.

[27][**Information or documents to be furnished under section 285A.**

114DB. (1) Every Indian concern referred to in section 285A shall, for the purposes of the said section, maintain and furnish the information and documents in accordance with this rule.

(2) The information shall be furnished in Form No. 49D electronically under digital signature to the Assessing Officer having jurisdiction over the Indian concern within a period of ninety days from the end of the financial year in which any transfer of the share of, or interest in, a company or entity incorporated outside India (hereafter referred to as "foreign company or entity") referred to in *Explanation 5* to clause (*i*) of sub-section (1) of section 9 has taken place:

Provided that where the transaction in respect of the share or the interest has the effect of directly or indirectly transferring the rights of management or control in relation to the Indian concern, the information shall be furnished in the said Form within ninety days of the transaction.

(3) The Indian concern shall maintain the following along with its english translation, if the documents originally prepared are in foreign languages and produce the same when called upon to do so by any income-tax authority in the course of any proceeding to substantiate the information furnished under sub-rule (2), namely: —

(*i*) details of the immediate holding company or entity, intermediate holding company or companies or entity or entities and ultimate holding company or entity of the Indian concern;

(*ii*) details of other entities in India of the group of which the Indian concern is a constituent;

(*iii*) the holding structure of the shares of, or the interest in, the foreign company or entity before and after the transfer;

(*iv*) any transfer contract or agreement entered into in respect of the share of, or interest in, any foreign company or entity that holds any asset in India through, or in, the Indian concern;

(*v*) financial and accounting statements of the foreign company or entity which directly or indirectly holds the assets in India through, or in, the Indian concern for two years prior to the date of transfer of the share or interest;

(*vi*) information relating to the decision or implementation process of the overall arrangement of the transfer;

(*vii*) information in respect of the foreign company or entity and its subsidiaries, relating to,—

- (*a*) the business operation;
- (*b*) personnel;
- (*c*) finance and properties;
- (*d*) internal and external audit or the valuation report, if any, forming basis of the consideration in respect of share, or the interest;

(*viii*) the asset valuation report and other supporting evidence to determine the place of location of the share or interest being transferred;

(*ix*) the details of payment of tax outside India, which relates to the transfer of the share or interest;

(*x*) the valuation report in respect of Indian asset and total assets duly certified by a merchant banker or accountant with supporting evidence;

(*xi*) documents which are issued in connection with the transactions under the accounting practice followed.

(4) Where there are more than one Indian concerns that are constituent entities of a group, the information may be furnished by any one Indian concern, if,—

(*i*) the group has designated such Indian concern to furnish information on behalf of all other Indian concerns that are constituent of the group, and

(*ii*) the information regarding the designated Indian concern has been conveyed in writing on behalf of the group to the Assessing Officer:

Provided that nothing contained in this sub-rule shall have effect if the designated Indian concern fails to furnish the information in accordance with the provisions of this rule.

(5) The Principal Director General of Income-tax (Systems) or Director General Income-tax (Systems), as the case may be, shall specify the procedure for electronically filing of Form No. 49D and shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to the information so furnished under this rule.

(6) The information and documents specified in sub-rule (3) shall be kept and maintained for a period of eight years from the end of relevant assessment year.

Explanation.—For the purposes of this rule,—

(*i*) "constituent entity" shall have the meaning as assigned to it in clause (*d*) of sub-section (9) of section 286;

(*ii*) "group" shall have the meaning as assigned to it in clause (*e*) of sub-section (9) of section 286;

(*iii*) "intermediate holding company or entity" means a company or an entity that has controlling interest in another company or entity and is itself controlled by, or is subsidiary of, another company or entity;

(*iv*) "immediate holding company or entity" means the company or the entity that directly maintains the controlling interest in the Indian concern;

(*v*) "ultimate holding company or entity" means a company or an entity that has ultimate control of the Indian concern directly or indirectly and such company or entity is not itself controlled by, or is subsidiary of, any other company or entity.]

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27. Inserted by the IT (Nineteenth Amdt.) Rules, 2016, w.e.f. 28-6-2016.

[28][**Furnishing of statement of financial transaction.**[29]

114E. (1) The statement of financial transaction required to be furnished under sub-section (1) of section 285BA of the Act shall be furnished in respect of a financial year in Form No. 61A and shall be verified in the manner indicated therein.

(2) The statement referred to in sub-rule (1) shall be furnished by every person mentioned in column (3) of the Table below in respect of all the transactions of the nature and value specified in the corresponding entry in column (2) of the said Table in accordance with the provisions of sub-rule (3), which are registered or recorded by him on or after the 1st day of April, 2016, namely:—

TABLE

Sl. No.	*Nature and value of transaction*	*Class of person (reporting person)*
(1)	*(2)*	*(3)*
1.	(*a*) Payment made in cash for purchase of bank drafts or pay orders or banker's cheque of an amount aggregating to ten lakh rupees or more in a financial year. (*b*) Payments made in cash aggregating to ten lakh rupees or more during the financial year for purchase of pre-paid instruments issued by Reserve Bank of India under section 18 of the Payment and Settlement Systems Act, 2007 (51 of 2007). (*c*) Cash deposits or cash withdrawals (including through bearer's cheque) aggregating to fifty lakh rupees or more in a financial year, in or from one or more current account of a person.	A banking company or a co-operative bank to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act).
2.	Cash deposits aggregating to ten lakh rupees or more in a financial year, in one or more accounts (other than a current account and time deposit) of a person.	(*i*) A banking company or a co-operative bank to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act); (*ii*) Post Master General as referred to in clause (*j*) of section 2 of the Indian Post Office Act, 1898 (6 of 1898).
3.	One or more time deposits (other than a time deposit made through renewal of another time deposit) of a person aggregating to ten lakh rupees or more in a financial year of a person.	(*i*) A banking company or a co-operative bank to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act); (*ii*) Post Master General as referred to in clause (*j*) of section 2 of the Indian Post Office Act, 1898 (6 of 1898); (*iii*) Nidhi referred to in section 406 of the Companies Act, 2013 (18 of 2013); (*iv*) Non-banking financial company which holds a certificate of registration under section 45-IA of the Reserve Bank of India Act, 1934 [30][(2 of 1934)], to hold or accept deposit from public.
4.	Payments made by any person of an amount aggregating to— (*i*) one lakh rupees or more in cash; or (*ii*) ten lakh rupees or more by any other mode, against bills raised in respect of one or more credit cards issued to that person, in a financial year.	A banking company or a co-operative bank to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act) or any other company or institution issuing credit card.
5.	Receipt from any person of an amount aggregating to ten lakh rupees or more in a financial year for acquiring bonds or debentures issued by the company or institution (other than the amount received on account of renewal of the bond or debenture issued by that company).	A company or institution issuing bonds or debentures.
6.	Receipt from any person of an amount aggregating to ten lakh rupees or more in a financial year for acquiring shares (including share application money) issued by the company.	A company issuing shares.
7.	Buy back of shares from any person (other than the shares bought in the open market) for an amount or value aggregating to ten lakh rupees or more in a financial year.	A company listed on a recognised stock exchange purchasing its own securities under section 68 of the Companies Act, 2013 (18 of 2013).
8.	Receipt from any person of an amount aggregating to ten lakh rupees or more in a financial year for acquiring units of one or more schemes of a Mutual Fund (other than the amount received on account of transfer from one scheme to another scheme of that Mutual Fund).	A trustee of a Mutual Fund or such other person managing the affairs of the Mutual Fund as may be duly authorised by the trustee in this behalf.
9.	Receipt from any person for sale of foreign currency including any credit of such currency to foreign exchange card or expense in such currency through a debit or credit card or through issue of travellers cheque or draft or any other instrument of an amount aggregating to ten lakh rupees or more during a financial year.	Authorised person as referred to in clause (*c*) of section 2 of the Foreign Exchange Management Act, 1999 (42 of 1999).
10.	Purchase or sale by any person of immovable property for an amount of thirty lakh rupees or more or valued by the stamp valuation authority referred to in section 50C of the Act at thirty lakh rupees or more.	Inspector-General appointed under section 3 of the Registration Act, 1908 or Registrar or Sub-Registrar appointed under section 6 of that Act.
11.	Receipt of cash payment exceeding two lakh rupees for sale, by any person, of goods or services of any nature (other than those specified at Sl. Nos. 1 to 10 of this rule, if any.)	Any person who is liable for audit under section 44AB of the Act.
[31][12.	Cash deposits during the period 9th November, 2016 to 30th December, 2016 aggregating to — (*i*) twelve lakh fifty thousand rupees or more, in one or more in one or more current account of a person; or	(*i*) A banking company or a co-operative bank to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act);

	(*ii*) two lakh fifty thousand rupees or more, in one or more accounts (other than a current account) of a person	(*ii*) Post Master General as referred to in clause (*j*) of section 2 of the Indian Post Office Act, 1898 (6 of 1898).]
[32][13.	Cash deposits during the period 1st April, 2016 to 9th November, 2016 in respect of accounts that are reportable under Sl. No. 12.	(*i*) A banking company or a co-operative bank to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act); (*ii*) Post Master General as referred to in clause (*j*) of section 2 of the Indian Post Office Act, 1898 (6 of 1898).]

(3) The reporting person mentioned in column (3) of the Table under sub-rule (2) [33][(other than the persons at Sl. No. 10 and Sl. No. 11)] shall, while aggregating the amounts for determining the threshold amount for reporting in respect of any person as specified in column (2) of the said Table,—

(*a*) take into account all the accounts of the same nature as specified in column (2) of the said Table maintained in respect of that person during the financial year;

(*b*) aggregate all the transactions of the same nature as specified in column (2) of the said Table recorded in respect of that person during the financial year;

(*c*) attribute the entire value of the transaction or the aggregated value of all the transactions to all the persons, in a case where the account is maintained or transaction is recorded in the name of more than one person;

(*d*) apply the threshold limit separately to deposits and withdrawals in respect of transaction specified in item (*c*) under column (2), against Sl. No. 1 of the said Table.

(4)(*a*) The return in Form No. 61A referred to in sub-rule (1) shall be furnished to the Director of Income-tax (Intelligence and Criminal Investigation) or the Joint Director of Income-tax (Intelligence and Criminal Investigation) through online transmission of electronic data to a server designated for this purpose under the digital signature of the person specified in sub-rule (7) and in accordance with the data structure specified in this regard by the Principal Director General of Income-tax (Systems):

Provided that in case of a reporting person, being a Post Master General or a Registrar or an Inspector General referred to in sub-rule (2), the said return in Form 61A may be furnished in a computer readable media, being a Compact Disc or Digital Video Disc (DVD), along with the verification in Form-V on paper.

Explanation.—For the purposes of this sub-rule, "digital signature" means a digital signature issued by any Certifying Authority authorised to issue such certificates by the Controller of Certifying Authorities.

(*b*) Principal Director General of Income-tax (Systems) shall specify the procedures, data structures and standards for ensuring secure capture and transmission of data, evolving and implementing appropriate security, archival and retrieval policies.

(*c*) The Board may designate an officer as Information Statement Administrator, not below the rank of a Joint Director of Income-tax for the purposes of day to day administration in relation to the furnishing of returns or statements.

(5) The statement of financial transactions referred to in sub-rule (1) shall be furnished on or before the 31st May, immediately following the financial year in which the transaction is registered or recorded :

[34][**Provided** that the statement of financial transaction in respect of the transactions listed at serial number (12) [35][and serial number (13)] in the Table under sub-rule (2), shall be furnished on or before the 31st day of January, 2017.]

[36][(5A) For the purposes of pre-filling the return of income, a statement of financial transaction under sub-section (1) of section 285BA of the Act containing information relating to capital gains on transfer of listed securities or units of Mutual Funds, dividend income, and interest income mentioned in column (2) of Table below shall be furnished by the persons mentioned in column (3) of the said Table in such form, at such frequency, and in such manner, as may be specified by the Principal Director General of Income Tax (Systems) or the Director General of Income Tax (Systems), as the case may be, with the approval of the Board, namely:—

TABLE

Sl. No.	*Nature of transaction*	*Class of person (reporting person)*
(1)	*(2)*	*(3)*
1.	Capital gains on transfer of listed securities or units of Mutual Funds	(*i*) Recognised Stock Exchange; (*ii*) Depository as defined in clause (*e*) of sub-section (1) of section 2 of the Depositories Act, 1996 (22 of 1996); (*iii*) Recognised Clearing Corporation; (*iv*) Registrar to an issue and share transfer agent registered under sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992).
2.	Dividend income	A company
3.	Interest income	(*i*) A banking company or a co-operative bank to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act); (*ii*) Post Master General as referred to in clause (*j*) of section 2 of the Indian Post Office Act, 1898 (6 of 1898). (*iii*) Non-banking financial company which holds a certificate of registration under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934), to hold or accept deposit from public.

Explanation.—For the purposes of this rule,—

(*a*) "listed securities" means the securities which are listed on any recognised stock exchange in India;

(*b*) "Mutual Fund" means a Mutual Fund as referred to in clause (23D) of section 10 of the Act;

(*c*) "recognised clearing corporation" shall have the same meaning as assigned to it in clause (o) of sub-regulation (1) of regulation 2 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 made under the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and the Securities and Exchange Board of India Act, 1992 (15 of 1992);

(*d*) "recognised stock exchange" shall have the same meaning as assigned to it in clause (f) of section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956);

(*e*) "securities" shall have the same meaning as assigned to it in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956).]

(6) (*a*) Every reporting person mentioned in column (3) of the Table under sub-rule (2) [37][and column (3) of the Table under sub-rule (5A)] shall communicate to the Principal Director General of Income-tax (Systems) the name, designation, address and telephone number of the Designated Director and the Principal Officer and obtain a registration number.

(*b*) It shall be the duty of every person specified in column (3) of the Table under sub-rule (2) [37][and column (3) of the Table under sub-rule (5A)], its Designated Director, Principal Officer and employees to observe the procedure and the manner of maintaining information as specified by its regulator and ensure compliance with the obligations imposed under section 285BA of the Act and rules 114B to 114D and this rule.

Explanation 1.—"Designated Director" means a person designated by the reporting person to ensure overall compliance with the obligations imposed under section 285BA of the Act and the rules 114B to 114D and this rule and includes—

(*i*) the Managing Director or a whole-time Director, as defined in the Companies Act, 2013 (18 of 2013), duly authorised by the Board of Directors if the reporting person is a company;

(*ii*) the managing partner if the reporting person is a partnership firm;

(*iii*) the proprietor if the reporting person is a proprietorship concern;

(*iv*) the managing trustee if the reporting person is a trust;

(*v*) a person or individual, as the case may be, who controls and manages the affairs of the reporting entity if the reporting person is, an unincorporated association or, a body of individuals or, any other person.

Explanation 2.—"Principal Officer" means an officer designated by the reporting person referred to in the Table in sub-rule (2) [37][and in sub-rule (5A)].

Explanation 3.—"Regulator" means a person or an authority or a Government which is vested with the power to license, authorise, register, regulate or supervise the activity of the reporting person referred to in the Table in sub-rule (2) [37][and in sub-rule (5A)].

(7) The statement of financial transaction referred to in sub-rule (1) [37][and sub-rule (5A)] shall be signed, verified and furnished by the Designated Director specified in sub-rule (6):

Provided that where the reporting person is a non-resident, the statement may be signed, verified and furnished by a person who holds a valid power of attorney from such Designated Director.]

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28. Substituted by the IT (Twenty-second Amdt.) Rules, 2015, w.e.f. 1-4-2016.
29. Rule 114E amended by the IT (Seventh Amdt.) Rules, 2016, w.r.e.f. 1-4-2015.
30. Substituted for "(6 of 1934)" by the IT (Fourth Amdt.) Rules, 2021, w.e.f. 12-3-2021.
31. Inserted by the IT (Thirtieth Amdt.) Rules, 2016, w.e.f. 15-11-2016.
32. Inserted by the IT (First Amdt.) Rules, 2017, w.e.f. 6-1-2017.
33. Substituted for "(other than the person at Sl. No. 9)" by the IT (Twenty-sixth Amdt.) Rules, 2016, w.e.f. 6-10-2016.
34. Inserted by the IT (Thirtieth Amdt.) Rules, 2016, w.e.f. 15-11-2016.
35. Inserted by the IT (First Amdt.) Rules, 2017, w.e.f. 6-1-2017.
36. Inserted by the IT (Fourth Amdt.) Rules, 2021, w.e.f. 12-3-2021.
37. Inserted by the IT (Fourth Amdt.) Rules, 2021, w.e.f. 12-3-2021.

[95][**Definitions.**

114F. For the purpose of this rule and rules 114G and 114H,—

(1) "financial account" means an account (other than an excluded account) maintained by a financial institution, and includes—

(*i*) a depository account;

(*ii*) a custodial account;

(*iii*) in the case of an investment entity, any equity or debt interest in the financial institution.

Explanation.—For the purposes of this sub-clause "financial account" shall not include any equity interest or debt interest in an entity that is an investment entity solely because it,—

(*a*) renders investment advice to, and acts on behalf of; or

(*b*) manages portfolios for, and acts on behalf of,

a customer for the purpose of investing, managing, or administering financial assets deposited in the name of the customer with a financial institution that is not a non-participating financial institution other than such entity;

(*iv*) in the case of a financial institution not described in sub-clause (*iii*), any equity or debt interest in the financial institution, if the class of interests was established with a purpose of avoiding reporting in accordance with rule 114G and, in case of a U.S. reportable account, if the value of the debt or equity interest is determined, directly or indirectly, primarily by reference to assets that give rise to U.S. source withholdable payments; and

(*v*) any cash value insurance contract and any annuity contract issued or maintained by a financial institution, other than a non-investment-linked, non-transferable immediate life annuity that is issued to an individual and monetises a pension or disability benefit provided under an account that is an excluded account.

Explanation.—For the purposes of this clause,—

(*a*) "depository account" includes any commercial, checking, savings, time, or thrift account, or an account that is evidenced by a certificate of deposit, thrift certificate, investment certificate, certificate of indebtedness, or other similar instrument maintained by a financial institution in the ordinary course of a banking or similar business and also an amount held by an insurance company pursuant to a guaranteed investment contract or similar agreement to pay or credit interest thereon:

[95a]**[Provided***that for an account other than a U.S. reportable account, the provision of this clause shall apply with the effect that the phrase "financial Institution in the ordinary course of a banking or similar business" shall be substituted by the phrase "depository institution":*

Provided further*that for an account other than a U.S. reportable account, a "depository account" shall also include —*

(i) *an account or notional account that represents all specified electronic money products held for the benefit of a customer; and*

(ii) *an account that holds one or more central bank digital currencies for the benefit of a customer;*]

[95a] [(aa) *"central bank digital currencies" means any digital fiat currency issued by a Central Bank;*]

(*b*) "custodial account" means an account (other than an insurance contract or annuity contract) for the benefit of another person that holds one or more financial assets;

(*c*) "equity interest" in a financial institution, being—

(*i*) a partnership firm, means either a capital or profits interest in the partnership firm;

(*ii*) a trust, means any interest held by any person treated as a settlor or beneficiary of all or a portion of the trust, or any other natural person exercising ultimate effective control over the trust;

Explanation.—A person will be treated as a beneficiary of a trust if he has the right to receive directly or indirectly a mandatory distribution or may receive, directly or indirectly, a discretionary distribution from the trust.

(*d*) "insurance contract" means a contract (other than an annuity contract) under which the issuer agrees to pay an amount upon the occurrence of a specified contingency involving mortality, morbidity, accident, liability, or property risk;

(*e*) "annuity contract" means a contract under which the issuer agrees to make payments for a period of time determined in whole or in part by reference to the life expectancy of one or more individuals;

(*f*) "cash value insurance contract" means an insurance contract (other than an indemnity reinsurance contract between two insurance companies) that has a cash value and in case of a U.S. reportable account such value is greater than an amount equivalent to fifty thousand U.S. dollars.

Explanation.—For the purposes of this clause, a single premium life insurance contract which does not permit an amount to be paid on surrender or termination of the contract and which does not allow amounts to be borrowed under or with regard to the contract, shall not constitute a cash value insurance contract;

(*g*) "cash value" means the greater of—

(*i*) the amount that the policyholder is entitled to receive upon surrender or termination of the contract (determined without reduction for any surrender charge or policy loan); and

(*ii*) the amount the policyholder can borrow under or with regard to the contract,

but does not include an amount payable under an insurance contract,—

(*A*) solely by reason of the death of an individual insured under a life insurance contract including a refund of a previously paid premium provided such refund is a limited risk refund; or

(*B*) as a personal injury or sickness benefit or other benefit providing indemnification of an economic loss incurred upon the occurrence of the event insured against; or

(*C*) as a refund of a previously paid premium (less cost of insurance charges whether or not actually imposed) under an insurance contract (other than a life insurance contract or an annuity contract) due to cancellation or termination of the contract, decrease in risk exposure during the effective period of the contract, or arising from the correction of a posting or similar error with regard to the premium for the contract; or

(*D*) as a policyholder dividend (other than a termination dividend) provided that the dividend relates to an insurance contract under which the only benefits payable are described [96][in sub-clause (*B*)]; or

(*E*) as a return of an advance premium or premium deposit for an insurance contract for which the premium is payable at least annually if the amount of the advance premium or premium deposit does not exceed the next annual premium which will be payable under the contract:

Provided that the provisions contained in sub-clause (*A*) and sub-clause (*E*) shall not apply in case of a U.S. reportable account;

(*h*) "excluded account" means,—

(*i*) a retirement account or pension account that satisfies the following requirements, namely:—

(*A*) the account is subject to regulation as a personal retirement account or is part of a registered or regulated retirement or pension plan for the provision of retirement or pension benefits (including disability or death benefits);

(*B*) the account is tax-favoured where contributions to the account that would otherwise be subject to tax are deductible or excluded from the gross total income of the account holder or taxed at a reduced rate, or taxation of investment income from the account is deferred or taxed at a reduced rate;

(*C*) information reporting is required to the income-tax authorities with respect to the account;

(*D*) withdrawals are conditioned on reaching a specified retirement age, disability, or death, or penalties apply to withdrawals made before such specified events; and

(*E*) either annual contributions are limited to an amount equivalent to fifty thousand U.S. dollars or less, or there is maximum lifetime contribution limit to the account of an amount equivalent to one million U.S. dollars or less, in each case applying the rules specified in clause (*c*) of sub-rule (7) of rule 114H for account aggregation and currency translation.

Explanation.—A financial account that otherwise satisfies the requirements of item (*E*) will not fail to satisfy such requirements solely because such financial account may receive assets or funds transferred from one or more financial accounts that meet the requirements of [97][sub-clause (*i*) or (*ii*) or from one or more retirement or pension funds that meets with the requirements of clause (*E*), (*F*) or (G) of *Explanation* to clause (*5*)];

(*ii*) an account that satisfies the following requirements, namely:—

(*A*) the account is subject to regulation as a savings vehicle for purposes other than for retirement, or the account (other than U.S. reportable account) is subject to regulation as an investment vehicle for purposes other than for retirement and is regularly traded on an established securities market;

(*B*) the account is tax-favoured where contributions to the account that will otherwise be subject to tax are deductible or excluded from the total income of the account holder or taxed at a reduced rate, or taxation of investment income from the account is deferred or taxed at a reduced rate;

(*C*) withdrawals are conditioned on meeting specific criteria related to the purpose of the investment or savings account (for example, the provision of educational or medical benefits), or penalties apply to withdrawals made before such criteria are met; and

(*D*) annual contributions are limited to an amount equivalent to fifty thousand U.S. dollars or less, applying the rules specified in clause (*c*) of sub-rule (7) of rule 114H for account aggregation and currency translation.

Explanation.—A financial account that otherwise satisfies the requirements of item (*D*) will not fail to satisfy such requirements solely because such financial account may receive assets or funds transferred from one or more financial accounts that meet the requirements of [97][sub-clause (*i*) or (*ii*) or from one or more retirement or pension funds that meets with the requirements of clause (*E*), (*F*) or (*G*) of *Explanation* to clause (*5*)] of this rule;

(*iii*) an account established under the Senior Citizens Savings Scheme Rules, 2004 made under the Government Savings Banks Act, 1873 (5 of 1873);

(*iv*) a life insurance contract with a coverage period that will end before the insured individual attains age of ninety years, provided that the contract satisfies the following requirements, namely:—

(*A*) periodic premiums, which do not decrease over time, are payable at least annually during the period the contract is in existence or until the insured attains age of ninety years, whichever is shorter;

(*B*) the contract has no contract value that any person can access (by withdrawal, loan, or otherwise) without terminating the contract;

(*C*) the amount (other than a death benefit) payable upon cancellation or termination of the contract cannot exceed the aggregate premiums paid for the contract, less the sum of mortality, morbidity, and expense charges (whether or not actually imposed) for the period or periods of the contract's existence and any amounts paid prior to the cancellation or termination of the contract; and

(*D*) the contract is not held by a transferee for value;

(*v*) an account that is held solely by an estate if the documentation for such account includes a copy of the deceased's will or death certificate;

(*vi*) an account established in connection with any of the following:

(*A*) a court order or judgment;

(*B*) a sale, exchange, or lease of real or personal property, provided that the account satisfies the following requirements, namely:—

(*a*) the account is funded solely with a down payment, earnest money, deposit in an amount appropriate to secure an obligation directly related to the transaction, or a similar payment, or is funded with a financial asset that is deposited in the account in connection with the sale, exchange, or lease of the property;

(*b*) the account is established and used solely to secure the obligation of the purchaser to pay the purchase price for the property, the seller to pay any contingent liability, or the lessor or lessee to pay for any damages relating to the leased property as agreed under the lease;

(*c*) the assets of the account, including the income earned thereon, will be paid or otherwise distributed for the benefit of the purchaser, seller, lessor, or lessee (including to satisfy such person's obligation) when the property is sold, exchanged, or surrendered, or the lease terminates;

(*d*) the account is not a margin or similar account established in connection with a sale or exchange of a financial asset; and

(*e*) the account is not associated with a depository account referred to in sub-clause (*vii*);

(*C*) an obligation of a financial institution servicing a loan secured by real property to set aside a portion of a payment solely to facilitate the payment of taxes or insurance related to the real property at a later time;

(*D*) an obligation of a financial institution solely to facilitate the payment of taxes at a later time;

[95a][(*E*) *a foundation or capital increase of a company provided that the account satisfies the following requirements, namely: —*

*(*i*) the account is used exclusively to deposit capital that is to be used for the purpose of the foundation or capital increase of a company, as prescribed by law;*

*(*ii*) any amounts held in the account are blocked until the Reporting Financial Institution obtains an independent confirmation regarding the foundation or capital increase;*

*(*iii*) the account is closed or transformed into an account in the name of the company after the foundation or capital increase;*

*(*iv*) any repayments resulting from a failed foundation or capital increase, net of service provider and similar fees, are made solely to the persons who contributed the amounts; and*

(v) *the account has not been established more than 12 months ago:*

Provided*that the provisions of item (E) shall apply in respect of an account other than a U.S. reportable account*;]

(*vii*) in the case of an account other than a U.S. reportable account, a depository account that satisfies the following requirements, namely:—

(*A*) the account exists solely because a customer makes a payment in excess of a balance due with respect to a credit card or other revolving credit facility and the overpayment is not immediately returned to the customer; and

(*B*) beginning on or before the 31st December, 2015, the financial institution implements its policies and procedures either to prevent a customer from making an overpayment in excess of an amount equivalent to fifty thousand U.S. dollars, or to ensure that any customer overpayment in excess of an amount equivalent to fifty thousand U.S. dollars is refunded to the customer within sixty days, in each case applying the rules specified in clause (*c*) of sub-rule (7) of rule 114H for account aggregation and currency translation and for this purpose, a customer overpayment does not refer to credit balances to the extent of disputed charges but includes credit balances resulting from merchandise returns;

[95a] [(viii) *a depository account, other than U.S. reportable account, which represents all specified electronic money products held for the benefit of a customer, if the rolling average ninety-day end-of-day aggregate account balance or value during any period of ninety consecutive days did not exceed USD 10,000 at any day during the calendar year or other appropriate reporting period;*]

(*2*) "financial asset" includes a security (for example, a share of stock in a corporation; partnership or beneficial ownership interest in a widely held or publicly traded partnership or trust; note, bond, debenture, or other evidence of indebtedness), partnership interest, commodity, swap (for example, interest rate swaps, currency swaps, basis swaps, interest rate caps, interest rate floors, commodity swaps, equity swaps, equity index swaps, and similar agreements), insurance contract or annuity contract, or any interest (including a futures or forward contract or option) in a security, partnership interest, commodity, swap, insurance contract, or annuity contract:

Provided that "financial asset" shall not include a non-debt and direct interest in an immovable property:

[95a]**[Provided further***that for an account other than a U.S. reportable account, "financial asset" shall also include any interest (including a futures or forward contract or option) in a relevant crypto-asset;*]

(*3*) "financial institution" means a custodial institution, a depository institution, an investment entity, or a specified insurance company.

Explanation.—For the purposes of this clause,—

(*a*) "custodial institution" means any entity that holds, as a substantial portion of its business, financial assets for the account of others and where its income attributable to the holding of financial assets and related financial services equals or exceeds twenty per cent of its gross income during the three financial years preceding the year in which determination is made or the period during which the entity has been in existence, whichever is less;

(*b*) "depository institution" means any entity that accepts deposits in the ordinary course of a banking or similar business:

[95a]**[Provided** *that for an account other than a U.S. reportable account, "depository institution" shall also include an entity that holds specified electronic money products or central bank digital currencies for the benefit of customers;*]

(*c*) "investment entity" means any entity,—

(*A*) that primarily conducts as a business one or more of the following activities or operations for or on behalf of a customer, namely:—

(*i*) trading in money market instruments (cheques, bills, certificates of deposit, derivatives, etc.); foreign exchange; exchange, interest rate and index instruments; transferable securities; or commodity futures trading; or

(*ii*) individual and collective portfolio management; or

(*iii*) otherwise investing, administering, or managing financial assets or money on behalf of other persons; or

[95a]**[Provided***that for an account other than U.S. reportable account, the provisions of item (iii) shall apply with the effect that the phrase "financial assets" shall be substituted by the phrase "financial assets or relevant crypto-assets":*

Provided further*that for an account other than U.S. reportable account, the item (iii) shall not include the provision of services effectuating exchange transactions for or on behalf of customers.*

Explanation.— *For the purposes of item (iii), the term "exchange transaction" means any –*

*(*i*) exchange between relevant crypto-assets and fiat currencies; and*

*(*ii*) exchange between one or more forms of relevant crypto-assets;*]

(*B*) the gross income of which is primarily attributable to investing, reinvesting, or trading in financial assets, if the entity is managed by another entity that is a depository institution, a custodial institution, a specified insurance company, or an investment entity mentioned in sub-clause (*A*) of this clause.

Explanation 1.—An entity is treated as primarily conducting as a business one or more of the activities described in sub-clause (*A*) of this clause, or an entity's gross income is primarily attributable to investing, reinvesting, or trading in financial assets for purposes of sub-clause (*B*) of this clause, if the entity's gross income attributable to the relevant activities equals or exceeds fifty per cent of the gross income of the entity during the shorter of the three-year period ending on 31st March of the year preceding the year in which the determination is made or the period during which the entity has been in existence.

Explanation 2.—The term "investment entity" shall not include an entity that is an active non-financial entity merely because it meets any of the criteria provided in sub-clause (*iv*), (*v*), (*vi*) or (*vii*) of clause (*A*) of *Explanation* to clause (*6*) of this rule:

[95a]**[Provided** *that for an account other than a U.S. reportable account, the provisions of sub-clause (B) and Explanation 1 shall apply with the effect that the phrase "financial assets" shall be substituted by the phrase "financial assets or relevant crypto-assets".***]**

(*d*) "specified insurance company" means any entity that is an insurance company (or the holding company of an insurance company) that issues, or is obligated to make payments with respect to, a Cash Value Insurance Contract or an Annuity Contract;

(*4*) "non-participating financial institution" means a financial institution defined in clause (*r*) of Article 1 of the agreement between the Government of the Republic of India and the Government of the United States of America to improve international tax compliance and to implement Foreign Account Tax Compliance Act of the United States of America (hereinafter referred to as the FATCA agreement), but does not include,—

(*a*) an Indian financial institution; or

(*b*) other jurisdiction, being a jurisdiction that has in effect an agreement with the United States of America to facilitate the implementation of Foreign Account Tax Compliance Act (hereinafter referred to as other partner jurisdiction), financial institution,

other than a financial institution treated as a non-participating financial institution pursuant to sub-paragraph (*b*) of paragraph 2 of Article 5 of the FATCA agreement or the corresponding provision in an agreement between the United States of America and other partner jurisdiction;

(*5*) "non-reporting financial institution" means any financial institution that is,—

(*a*) [96a] [(*i*)] a Governmental entity, International Organisation or Central Bank, other than with respect to a payment that is derived from an obligation held in connection with a commercial financial activity of a type engaged in by a specified insurance company, custodial institution, or [95b][*depository institution; or*

(ii) *with respect to the activity of maintaining central bank digital currencies for account holders which are not financial institutions, governmental entities, international organizations or central banks:*

Provided*that the provisions of item (ii) shall apply in respect of an account other than a U.S. reportable account;*]

(*b*) a Treaty Qualified Retirement Fund; a Broad Participation Retirement Fund; a Narrow Participation Retirement Fund; or a Pension Fund of a Governmental entity, International Organization or Central Bank;

(*c*) a non-public fund of the armed forces, Employees' State Insurance Fund, a gratuity fund or a provident fund;

(*d*) an entity that is an Indian financial institution only because it is an investment entity, provided that each direct holder of an equity interest in the entity is a financial institution referred to in sub-clauses (*a*) to (*c*), and each direct holder of a debt interest in such entity is either a depository institution (with respect to a loan made to such entity) or a financial institution referred to in sub-clauses (*a*) to (*c*);

(*e*) a qualified credit card issuer;

(*f*) an investment entity established in India that is a financial institution only because it,—

(*I*) renders investment advice to, and acts on behalf of; or

(*II*) manages portfolios for, and acts on behalf of; or

(*III*) executes trades on behalf of,

a customer for the purposes of investing, managing, or administering funds or securities deposited in the name of the customer with a financial institution other than a non-participating financial institution;

(*g*) an exempt collective investment vehicle;

(*h*) a trust established under any law for the time being in force to the extent that the trustee of the trust is a reporting financial institution and reports all information required to be reported under rule 114G with respect to all reportable accounts of the trust;

[95a][(*ha*) *a qualified non-profit entity in respect of an account other then a U.S. reportable account;*]

[97a][(*i*) *a financial institution with a local client base, in case of any U.S. reportable account;*

(*j*) *a local bank, in case of any U.S. reportable account;*

(*k*) *a financial institution with only low value accounts, in case of any U.S. reportable account;*]

(*l*) sponsored investment entity and controlled foreign corporation, in case of any U.S. reportable account; or

(*m*) sponsored closely held investment vehicle, in case of any U.S. reportable account.

Explanation.—For the purpose of this clause,—

(*A*) "Governmental entity" means the Government of a country or territory, any political sub-division of a country or territory (including a State, province, county, or municipality), or any wholly owned agency or instrumentality or controlled entity of a country or territory or of any one or more of the foregoing (where each is also a "Governmental entity") and includes the integral parts, controlled entities, and political sub-divisions of such country or territory.

Explanation.—For the purpose of clause (*A*),—

(*i*) an "integral part" of a country or territory means any person, organisation, agency, bureau, fund, instrumentality, or other body, by whatever name called, that constitutes a governing authority of a country or territory and the net earnings of the governing authority must be credited to its own account or to other accounts of the country or territory, with no portion inuring to the benefit of any private person:

Provided that an integral part does not include any individual who is a sovereign, official, or administrator acting in a private or personal capacity:

Provided further that the income does not inure to the benefit of private persons if such persons are the intended beneficiaries of a Governmental programme, and the programme activities are performed for the general public with respect to the common welfare or relate to the administration of a Department of Government:

Provided also that income is considered to inure to the benefit of private persons if the income is derived from the Governmental entity engaged in a commercial business, such as a commercial banking business, which provides financial services to private persons;

(*ii*) a controlled entity means an entity that is separate in form from the country or territory or that otherwise constitutes a separate juridical entity:

Provided that—

(*a*) the entity is wholly owned and controlled by one or more Governmental entities directly or through one or more controlled entities;

(*b*) the entity's net earnings are credited to its own account or to the accounts of one or more Governmental entities, with no portion of its income inuring to the benefit of any private person; and

(*c*) the entity's assets vest in one or more Governmental entities upon dissolution:

Provided further that the income does not inure to the benefit of private persons if such persons are the intended beneficiaries of a Governmental programme, and the programme activities are performed for the general public with respect to the common welfare or relate to the administration of a Department of Government:

Provided also that income is considered to inure to the benefit of private persons if the income is derived from Governmental entity engaged in a commercial business, such as a commercial banking business, which provides financial services to private persons;

(*B*) "International Organisation" means any international organization or wholly owned agency or instrumentality thereof including any inter-Governmental organisation,—

(*a*) that is comprised primarily of Governments;

(*b*) that has in effect a headquarters or substantially similar agreement with India; and

(*c*) the income of which does not inure to the benefit of private persons;

(*C*) "Central Bank" means a bank that is by law or Government sanction the principal authority, other than the Government of the country or territory itself, issuing instruments intended to circulate as currency including an instrumentality that is separate from the Government of the country or territory, whether or not owned in whole or in part by that country or territory;

(*D*) "Treaty Qualified Retirement Fund" means a fund established in India, provided that the fund is entitled to benefits under an agreement between India and [97aa][*the United States of America on income that it derives from sources within the United States of America* (*or would be entitled to such benefits if it derived any such income*)] as a resident of India that satisfies any applicable limitation on benefits requirement, and is operated principally to administer or provide pension or retirement benefits;

(*E*) "Broad Participation Retirement Fund" means a fund established to provide retirement, disability, or death benefits, or any combination thereof, to beneficiaries who are current or former employees (or persons nominated by such employees) of one or more employers in consideration for services rendered:

Provided that the fund,—

(*i*) does not have any beneficiary with a right to more than five per cent of the fund's assets;

(*ii*) is subject to Government regulation and provides information reporting to the income-tax authorities; and

(*iii*) satisfies at least one of the following requirements, namely:—

(*a*) the fund is generally exempt from tax on investment income, or taxation of such income is deferred or taxed at a reduced rate, due to its status as a retirement or pension plan;

(*b*) the fund receives at least fifty per cent of its total contributions [other than transfer of assets from other plans referred to in clauses (*D*) to (*G*) or from retirement and pension accounts referred to in sub-clause (*i*) of clause (*h*) of *Explanation* to clause (*1*)] from the sponsoring employers;

(*c*) distributions or withdrawals from the fund are allowed only in the event of retirement, disability or death [except rollover distributions to other retirement funds referred to in clauses (*E*) to (*G*), or retirement and pension accounts referred to in sub-clause (*i*) of clause (*h*) of *Explanation* to clause (*1*)], or penalties which apply to distributions or withdrawals made before such events; or

(*d*) contributions (other than permitted make-up contributions) by employees to the fund are limited by reference to earned income of the employee or may not exceed an amount equivalent to fifty thousand U.S. dollars annually, applying the procedures set forth in clause (*c*) of sub-rule (7) of rule 114H for account aggregation and currency translation;

(*F*) "Narrow Participation Retirement Fund" means a fund established to provide retirement, disability, or death benefits to beneficiaries who are current or former employees (or persons nominated by such employees) of one or more employers in consideration for services rendered:

Provided that,—

(*i*) the fund has less than fifty participants;

(*ii*) the fund is sponsored by one or more employers who are not investment entities or passive non-financial entities;

(*iii*) the employee and employer contributions to the fund [other than transfer of assets from retirement and pension accounts referred to in sub-clause (*i*) of clause (*h*) of *Explanation* to clause (*1*)] are limited by reference to earned income and compensation of the employee, respectively;

(*iv*) participants who are not residents in India are not entitled to more than twenty per cent of the fund's assets; and

(*v*) the fund is subject to Government regulation and provides information reporting to the income-tax authorities;

(*G*) "Pension Fund of a Governmental entity, International Organisation or Central Bank" means a fund established by a Governmental entity, International Organisation or Central Bank to provide retirement, disability or death benefits to beneficiaries or participants who are current or former employees (or persons nominated by such employees), or who are not current or former employees, if the benefits provided to such beneficiaries or participants are in consideration of personal services rendered to the Governmental entity, International Organisation or Central Bank;

(*H*) "non-public fund of the armed forces" means a fund established in India as a regimental fund or non-public fund by the armed forces of the Union of India for the welfare of the current and former members of the armed forces and whose income is exempt from tax under clause (*23AA*) of section 10 of the Act;

(*I*) "Employees' State Insurance Fund" means the fund established as Employees' State Insurance Fund under the provisions of the Employees' State Insurance Act, 1948 (34 of 1948), to provide medical expenses of low-income factory workers in India;

(*J*) "gratuity fund" means a fund established under the Payment of Gratuity Act, 1972 (39 of 1972), to provide for the payment of a gratuity to certain types of employees of an Indian employer specified in the Payment of Gratuity Act, 1972;

(*K*) "provident fund" means a fund established under the Provident Funds Act, 1925 (19 of 1925) or the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (19 of 1952) to provide current and former employees of Indian employers retirement benefits in consideration for services rendered:

Provided that fund,—

(*i*) does not have any beneficiary with a right to more than five per cent of the fund's assets;

(*ii*) is subject to Government regulation and provides annual information reporting about its beneficiaries to the income-tax authorities;

(*iii*) is generally exempt from tax on investment income due to its status as a provident fund; and

(*iv*) contributions (other than permitted make-up contributions) by employees to the fund are limited by reference to earned income of the employee or may not exceed an amount equivalent to fifty thousand U.S. dollars annually, applying the procedures set forth in clause (*c*) of sub-rule (7) of rule 114H for account aggregation and currency translation;

(*L*) "qualified credit card issuer" means a financial institution satisfying the following requirements, namely:—

(*i*) it is a financial institution only because it is an issuer of credit cards and accepts deposits only when a customer makes a payment in excess of a balance due with respect to the card and the overpayment is not immediately returned to the customer; and

(*ii*) beginning on or before the 1st July, 2014, the financial institution implements policies and procedures either to prevent a customer from making an overpayment in excess of an amount equivalent to fifty thousand U.S. dollars or to ensure that any customer overpayment in excess of an amount equivalent to fifty thousand U.S. dollars is refunded to the customer within sixty days, in each case applying the rules set forth in clause (*c*) of sub-rule (7) of rule 114H for account aggregation and currency translation.

Explanation.—For the purpose of this sub-clause, a customer overpayment does not refer to credit balances to the extent of disputed charges but includes credit balances resulting from merchandise returns;

(*M*) "exempt collective investment vehicle" means an investment entity that is regulated as a collective investment vehicle, provided that all of the interests in the collective investment vehicle are held by or through persons other than,—

(*i*) those referred to in sub-clauses (*a*) to (*c*) of clause (*6*); and

(*ii*) a non-participating financial institution.

Explanation.—An investment entity which is regulated as a collective investment vehicle does not fail to qualify under this clause as an exempt collective investment vehicle, only because it has issued physical shares in bearer form:

Provided that—

(*i*) the collective investment vehicle has not issued, and does not issue, any physical shares in bearer form after the 31st December, 2012;

(*ii*) the collective investment vehicle retires all such shares upon surrender;

(*iii*) the collective investment vehicle performs the due diligence procedures set forth in rule 114H and reports any information required to be reported with respect to any such shares when such shares are presented for redemption or other payment; and

(*iv*) the collective investment vehicle has in place policies and procedures to ensure that such shares are redeemed or immobilised as soon as possible, and in any event prior to the 1st January, 2017;

95a [*(MA) "Qualified Non-Profit Entity" means an entity resident in India that has obtained confirmation by the Income-tax Department or other governmental authority of India that such entity meets all of the following conditions, namely: —*

(*i*) *it is established and operated in India exclusively for religious, charitable, scientific, artistic, cultural, athletic, or educational purposes; or it is established and operated in India and it is a professional organisation, business league, chamber of commerce, labour organisation, agricultural or horticultural organisation, civic league or an organisation operated exclusively for the promotion of social welfare;*

(*ii*) *it is exempted from income tax in India;*

(*iii*) *it has no shareholders or members who have a proprietary or beneficial interest in its income or assets;*

(*iv*) *the applicable laws of India or the entity's formation documents do not permit any income or assets of the entity to be distributed to, or applied for the benefit of, a private person or a noncharitable entity other than pursuant to the conduct of the entity's charitable activities, or as payment of reasonable compensation for services rendered, or as payment representing the fair market value of property which the entity has purchased; and*

(*v*) *the applicable laws of India or the entity's formation documents require that, upon the entity's liquidation or dissolution, all of its assets be distributed to a Governmental entity or other entity that meets the conditions set out in (i) to (v), or escheat to the Government of India or any political sub-division thereof;";*

(*N*) "financial institution with a local client base" means a financial institution satisfying the following requirements, namely:—

(*i*) it has been granted a licence and is regulated as a financial institution under any law for the time being in force;

(*ii*) the financial institution does not have a fixed place of business outside India.

Explanation.—For the purposes of this sub-clause, a fixed place of business does not include a location that is not advertised to the public and from which the financial institution performs only administrative support functions; and

(*iii*) the financial institution does not solicit customers or account holders outside India.

Explanation.—For the purpose of this sub-clause, a financial institution shall not be considered to have solicited customers or account holders outside India merely because the financial institution,—

(*a*) operates a website, provided that the website does not specifically indicate that the financial institution provides financial accounts or services to non-residents, and does not otherwise target or solicit customers or account holders who are resident of any country or territory outside India for tax purposes; or

(*b*) advertises in print media or on a radio or television station which is distributed or aired primarily within India but is also incidentally distributed or aired in other countries, provided that the advertisement does not specifically indicate that the financial institution provides financial accounts or services to non-residents, and does not otherwise target or solicit customers or account holders who are resident of any country or territory outside India for tax purposes;

(*iv*) the financial institution is required under any law for the time being in force to identify resident account holders for purposes of either information reporting or withholding of tax with respect to financial accounts held by residents or for purposes of satisfying the due diligence requirements under the Prevention of Money-laundering Act, 2002 (15 of 2003);

(*v*) at least ninety eight per cent of the financial accounts by value maintained by the financial institution are held by residents;

(*vi*) beginning on or before the 30th June, 2014, the policies and procedures of the financial institution are consistent with those set forth in rule 114H, to prevent the financial institution from providing a financial account to any non-participating financial institution and to monitor whether the financial institution opens or maintains a financial account for any reportable person who is not a resident of India (including a non-resident who was a resident of India when the financial account was opened but subsequently ceases to be a resident of India) or any passive non-financial entity with controlling persons who are reportable persons;

(*vii*) such policies and procedures explicitly provide that if any financial account held by a reportable person who is not a resident of India or by a passive non-financial entity with controlling persons who are reportable persons who are not resident of India is identified, the financial institution shall report such financial account as would be required if the financial institution was a reporting financial institution or close such financial account;

(*viii*) with respect to a pre-existing account held by an individual who is not a resident of India or by an entity, the financial institution shall review those pre-existing accounts in accordance with the procedures set forth in rule 114H applicable to pre-existing accounts to identify any reportable account or financial account held by a non-participating financial institution, and shall report such financial account as would be required if the financial institution were a reporting financial institution or close such financial account;

(*ix*) each related entity of the financial institution that is a financial institution must be incorporated or organised in India and, with the exception of any related entity that is a retirement fund referred to in clauses (*D*) to (*G*) of this *Explanation*, satisfies the requirements set forth in this clause; and

(*x*) the financial institution must not have policies or practices which discriminate against opening or maintaining financial accounts for individuals who are specified U.S. persons and residents of India;

(*O*) "local bank" means a financial institution satisfying the following requirements, namely:—

(*i*) the financial institution operates only as (and is licensed and regulated under any law for the time being in force) a bank, or a credit union or similar cooperative credit organisation which is operated without profit;

(*ii*) the business of the financial institution consists primarily of receiving deposits from and making loans to, with respect to a bank, unrelated retail customers and, with respect to a credit union or similar cooperative credit organisation, members, provided that no member has a greater than five per cent interest in such credit union or cooperative credit organisation;

(*iii*) the financial institution satisfies the requirements set forth in sub-clauses (*ii*) and (*iii*) of clause (*N*), provided that, in addition to the limitations on the website referred to in sub-clause (*iii*) of clause (*N*), the website does not permit the opening of a financial account;

(*iv*) the financial institution does not have more than an amount equivalent to one hundred seventy-five million U.S. dollars in assets on its balance sheet, and the financial institution and any related entity, taken together, does not have more than an amount equivalent to five hundred million U.S. dollars in total assets on its consolidated or combined balance sheets; and

(*v*) any related entity must be incorporated or organised in India, and any related entity that is a financial institution, with the exception of any related entity that is a retirement fund referred to in clauses (*D*) to (*G*) or a financial institution with only low-value accounts referred to in clause (*P*), must satisfy the requirements set forth in this clause.

Explanation.—Regional Rural Banks constituted under the Regional Rural Bank Act, 1976 (21 of 1976), Urban Cooperative Banks constituted under respective State Cooperative Societies Acts or Multi State Cooperative Societies Act, State Cooperative Banks or District Central Cooperative Banks constituted under respective State Cooperative Societies Act and Local Area Banks licensed under the Banking Regulations Act, 1949 (10 of 1949) and regulated and registered as public limited companies under the Companies Act, 1956 (1 of 1956) or Companies Act, 2013 (18 of 2013), that satisfy the requirement under sub-clause (*iv*) shall be treated as local bank for the purpose of this clause;

(*P*) "financial institution with only low-value accounts" means a financial institution satisfying the following requirements, namely:—

(*i*) the financial institution is not an investment entity;

(*ii*) no financial account maintained by the financial institution or any related entity has a balance or value in excess of an amount equivalent to fifty thousand U.S. dollars, applying the procedures prescribed in clause (*c*) of sub-rule (7) of rule 114H for account aggregation and currency translation; and

(*iii*) the financial institution does not have more than fifty million U.S. dollars in assets on its balance sheet, and the financial institution and any related entities, taken together, do not have more than fifty million U.S. dollars in total assets on their consolidated or combined balance sheets;

(*Q*) "sponsored investment entity and controlled foreign corporation" means a financial institution described in the following sub-clauses, namely:—

(*i*) a financial institution is a sponsored investment entity if—

(*a*) it is an investment entity established in India that is not a qualified intermediary (being an intermediary that is a party to a withholding agreement with the United States of America), withholding foreign partnership, or withholding foreign trust; and

(*b*) an entity has agreed with the financial institution to act as a sponsoring entity for the financial institution;

(*ii*) a financial institution is a sponsored controlled foreign corporation if—

(*a*) the financial institution is a controlled foreign corporation established under any law for the time being in force in India that is not a qualified intermediary (being an intermediary which is a party to a withholding agreement with the United States of America), withholding foreign partnership, or withholding foreign trust;

(*b*) the financial institution is wholly owned, directly or indirectly, by a reporting U.S. financial institution referred to in Article 1 of the FATCA agreement that agrees to act, or requires an affiliate of the financial institution to act, as a sponsoring entity for the financial institution; and

(*c*) the financial institution shares a common electronic account system with the sponsoring entity that enables the sponsoring entity to identify all account holders and payees of the financial institution and to access all account and customer information maintained by the financial institution including, but not limited to, customer identification information, customer documentation, account balance, and all payments made to the account holder or payee,

and that complies with the following requirements namely:—

(*I*) the sponsoring entity is authorised to act on behalf of the financial institution (such as a fund manager, trustee, corporate director, or managing partner) to fulfil applicable registration requirements of the United States of America;

(*II*) the sponsoring entity has registered as a sponsoring entity with the United States of America;

(*III*) if the sponsoring entity identifies any U.S. reportable account with respect to the financial institution, the sponsoring entity registers the financial institution pursuant to applicable registration requirements of the United States of America on or before the 31st December, 2015 or the date that is ninety days after such U.S. reportable account is first identified, whichever is later;

(*IV*) the sponsoring entity agrees to perform, on behalf of the financial institution, all due diligence, withholding, reporting, and other requirements that the financial institution would have been required to perform if it were a reporting financial institution;

(*V*) the sponsoring entity identifies the financial institution and includes the identifying number of the financial institution (obtained by following applicable registration requirements of the United States of America) in all its reporting completed on the financial institution's behalf; and

(*VI*) the sponsoring entity has not had its status as a sponsor revoked;

(*R*) "sponsored, closely held investment vehicle" means a financial institution satisfying the following requirements, namely:—

(*i*) it is a financial institution only because it is an investment entity and is not a qualified intermediary (being an intermediary that is a party to a withholding agreement with the United States of America), withholding foreign partnership, or withholding foreign trust;

(*ii*) the sponsoring entity is a reporting U.S. financial institution referred to in Article 1 of the FATCA agreement, reporting financial institution, or participating foreign financial institution defined in Annex II of the FATCA agreement, is authorised to act on behalf of the financial institution (such as a professional manager, trustee, or managing partner), and agrees to perform, on behalf of the financial institution, all due diligence, withholding, reporting, and other requirements which the financial institution would have been required to perform if it were a reporting financial institution;

(*iii*) the financial institution does not act as an investment vehicle for unrelated parties;

(*iv*) twenty or less than twenty individuals own all the debt interests and equity interests in the financial institution (other than debt interests owned by participating foreign financial institution defined in Annex II of the FATCA agreement and non-reporting financial institutions and equity interests owned by an entity if that entity owns hundred per cent of the equity interests in the financial institution and is itself a sponsored financial institution described in this clause); and

(*v*) the sponsoring entity complies with the following requirements, namely:—

(*a*) it has been registered as a sponsoring entity in terms of the Foreign Account Tax Compliance Act of the United States of America;

(*b*) the sponsoring entity agrees to perform, on behalf of the financial institution, all due diligence, withholding, reporting, and other requirements that the financial institution would have been required to perform if it were a reporting financial institution and retains documentation collected with respect to the financial institution for a period of six years;

(*c*) the sponsoring entity identifies the financial institution in all its reporting completed on the financial institution's behalf; and

(*d*) the sponsoring entity has not had its status as a sponsor revoked;

95a [*(5A) "relevant crypto-asset" means any crypto-asset—*

(a) that is not a Central Bank Digital Currency; or

(b) that is not a specified electronic money product; or

(*c*) *for which the reporting crypto-asset service provider has adequately determined that it cannot be used for payment or investment purposes;*]

(6) "reportable account" means a financial account which has been identified, pursuant to the due diligence procedures provided in rule 114H, as held by, —

(*a*) a reportable person; or

(*b*) an entity, not based in United States of America, with one or more controlling persons that is a specified U.S. person; or

(*c*) a passive non-financial entity with one or more controlling persons that is a person described in sub-clause (*b*) of clause (*8*) of this rule.

Explanation.—For the purpose of this clause,—

(*A*) "active non-financial entity" means any non-financial entity which fulfils any of the following criteria, namely:—

(*i*) less than fifty per cent of the entity's gross income for the preceding financial year is passive income and less than fifty per cent of the assets held by the entity during the preceding financial year are assets that produce or are held for the production of passive income; or

(*ii*) the stock of the entity is regularly traded on an established securities market or the non-financial entity is a related entity of an entity, the stock of which is regularly traded on an established securities market.

Explanation.—For the purpose of this sub-clause, an established securities market means an exchange that is recognised and supervised by a Governmental authority in which the securities market is located and that has a meaningful annual value of shares traded on the exchange;

(*iii*) the entity is a Governmental entity, an International Organization, a Central Bank, or an entity wholly owned by one or more of these entities; or

(*iv*) substantially all of the activities of the entity consist of holding (in whole or in part) the outstanding stock of, or providing financing and services to, one or more subsidiaries that engage in trades or businesses other than the business of a financial institution:

Provided that an entity shall not qualify for this status if it functions as an investment fund, such as a private equity fund, venture capital fund, leveraged buyout fund, or any investment vehicle whose purpose is to acquire or fund companies and then hold interests in those companies as capital assets for investment purposes; or

(*v*) the entity is not yet operating a business and has no prior operating history, but is investing capital into assets with the intent to operate a business other than that of a financial institution, provided that the entity shall not qualify for this exception after the date that is twenty four months after the date of the initial organisation of the entity; or

(*vi*) the entity was not a financial institution in the past five years, and is in the process of liquidating its assets or is reorganising with intent to continue or recommence operations in a business other than that of a financial institution; or

(*vii*) the entity primarily engages in financing and hedging transactions with, or for, related entities which are not financial institutions, and does not provide financing or hedging services to any entity which is not a related entity, provided that the group of any such related entities is primarily engaged in a business other than that of a financial institution; or

(*viii*) the entity fulfils all of the following requirements, namely:—

(*a*) it is established and operated in India exclusively for religious, charitable, scientific, artistic, cultural, athletic, or educational purposes; or it is established and operated in India and it is a professional organisation, business league, chamber of commerce, labour organisation, agricultural or horticultural organisation, civic league or an organisation operated exclusively for the promotion of social welfare;

(*b*) it is exempt from income-tax in India;

(*c*) it has no shareholders or members who have a proprietary or beneficial interest in its income or assets;

(*d*) the applicable laws of the entity's country or territory of residence or the entity's formation documents do not permit any income or assets of the entity to be distributed to, or applied for the benefit of, a private person or non-charitable entity other than pursuant to the conduct of the entity's charitable activities, or as payment of reasonable compensation for services rendered, or as payment representing the fair market value of property which the entity has purchased; and

(*e*) the applicable laws of the entity's country or territory of residence or the entity's formation documents require that, upon the entity's liquidation or dissolution, all of its assets must be distributed to a Governmental entity or other non-profit organization, or escheat to the Government of the entity's country or territory of residence or any political sub-division thereof.

Explanation.—For the purpose of this sub-clause, the following shall be treated as fulfilling the criteria provided in the said sub-clause, namely:—

(*I*) an Investor Protection Fund referred to in clause (*23EA*);

(*II*) a Credit Guarantee Fund Trust for Small Industries referred to in clause (*23EB*); and

(*III*) an Investor Protection Fund referred to in clause (*23EC*), of section 10 of the Act;

(*B*) "controlling person" means the natural person who exercises control over an entity and includes a beneficial owner as determined under sub-rule (3) of rule 9 of the Prevention of Money-laundering (Maintenance of Records) Rules, 2005.

Explanation 1.—In determining the beneficial owner, the procedure specified in the following circular as amended from time to time shall be applied, namely:—

(*i*) DBOD.AML.BC. No.71/14.01.001/2012-13, issued on the 18th January, 2013 by the Reserve Bank of India; or

(*ii*) CIR/MIRSD/2/2013, issued on the 24th January, 2013 by the Securities and Exchange Board of India; or

(*iii*) IRDA/SDD/GDL/CIR/019/02/2013, issued on the 4th February, 2013 by the Insurance Regulatory and Development Authority.

Explanation 2.— In the case of a trust, the controlling person means the settlor, the trustees, the protector (if any), the beneficiaries or class of beneficiaries, and any other natural person exercising ultimate effective control over the trust, and in the case of a legal arrangement other than a trust, the said expression means the person in equivalent or similar position;

(*C*) "non-financial entity" means any entity that is not a financial institution;

(*D*) "passive non-financial entity" means,—

(*i*) any non-financial entity which is not an active non-financial entity; or

(*ii*) an investment entity described in sub-clause (*B*) of clause (*c*) of the *Explanation* to [98][clause (*3*), which is not located in any of the jurisdictions specified by the Central Board of Direct Taxes in this behalf]; or

[99][(*iii*) not a withholding foreign partnership or a withholding foreign trust;]

(*E*) an entity is a "related entity" of another entity if either entity controls the other entity, or the two entities are under common control.

Explanation.— For the purpose of this clause control includes direct or indirect ownership of more than fifty per cent of the votes and value in an entity;

(*F*) "passive income" includes income by way of,—

(*i*) dividends;

(*ii*) interest;
(*iii*) income equivalent to interest;
(*iv*) rents and royalties (other than rents and royalties derived in the active conduct of a business conducted, at least in part, by employees of the non-financial entity);
(*v*) annuities;
[98a][(vi) *the excess of gains over losses from the sale or exchange of financial assets;*]
(*vii*) the excess of gains over losses from transactions (including futures, forwards, options, and similar transactions) in any financial assets;
(*viii*) the excess of foreign currency gains over foreign currency losses;
(*ix*) net income from swaps; or
(*x*) amounts received under cash value insurance contracts:

Provided that passive income will not include, in the case of a non-financial entity that regularly acts as a dealer in financial assets, any income from any transaction entered into in the ordinary course of such dealer's business as such a dealer.

(*7*) "reporting financial institution" means,—
(*a*) a financial institution (other than a non-reporting financial institution) which is resident in India, but excludes any branch of such institution, that is located outside India; and
(*b*) any branch, of a financial institution (other than a non-reporting financial institution) which is not resident in India, if that branch is located in India;

(*8*) "reportable person" means,—
(*a*) one or more specified U.S. persons; or
(*b*) one or more persons other than,—
[98b][(i) *an entity, the stock of which is regularly traded on one or more established securities markets;*
(ii) *any entity that is a related entity of an entity mentioned in item (i);*]
(*iii*) a Governmental entity;
(*iv*) an International organisation;
(*v*) a Central bank; or
(*vi*) a financial institution,

that is a resident of any country or territory outside India (except the United States of America) under the tax laws of such country or territory or an estate of a decedent who was a resident of any country or territory outside India (except the United States of America) under the tax laws of such country or territory;

(*9*) "specified U.S. person" means a U.S. person, other than the persons referred to in sub-clauses (*i*) to (*xiii*) of clause (*ff*) of Article 1 of the FATCA agreement;

[95a][(*9A*) *"Specified Electronic Money Product" means any product that satisfies following criteria, namely:—*
(a) *it is a digital representation of a single fiat currency;*
(b) *it is issued on receipt of funds for the purpose of making payment transactions;*
(c) *it is represented by a claim on the issuer denominated in the same fiat currency;*
(d) *it is accepted in payment by a natural or legal person other than the issuer; and*
(e) *it is, by virtue of regulatory requirements to which the issuer is subject, redeemable at any time and at par value for the same fiat currency upon request of the holder of the product.*

Explanation—*For the purposes of this clause, —*
(i) *'Specified Electronic Money Product' does not include a product created for the sole purpose of facilitating the transfer of funds from a customer to another person pursuant to instructions of the customer;*
(ii) *a product is not created for the sole purpose of facilitating the transfer of funds if, in the ordinary course of business of the transferring entity, either the funds connected with such product are held longer than 60 days after receipt of instructions to facilitate the transfer, or, if no instructions are received, the funds connected with such product are held longer than 60 days after receipt of the funds;*
(iii) *"fiat currency" means the official currency of a country or territory, issued by such country or territory, or by the designated Central Bank or monetary authority of such country or territory, as represented by physical banknotes or coins or by money in different digital forms, including bank reserves and Central Bank Digital Currencies, including commercial bank money and electronic money products (including specified electronic money products);*]

(*10*) "U.S. person" means,—
(*a*) an individual, being a citizen or resident of the United States of America;
(*b*) a partnership or corporation organized in the United States of America or under the laws of the United States of America or any State thereof;
(*c*) a trust if,—
(*i*) a court within the United States of America would have authority under applicable law to render orders or judgments concerning substantially all issues regarding administration of the trust; and
(*ii*) one or more U.S. persons have the authority to control all substantial decisions of the trust; or
(*d*) an estate of a decedent who was a citizen or resident of the United States of America;

(*11*) "U.S. reportable account" means a financial account maintained by a reporting financial institution and, pursuant to the due diligence procedures provided in rule 114H, is identified to be held by one or more specified U.S. persons or by an entity not based in the United States of America with one or more controlling persons which is a specified U.S. Person;

(*12*) "U.S. source withholdable payment" means any payment of interest (including any original issue discount), dividends, rents, salaries, wages, premiums, annuities, compensations, remunerations, emoluments, and other fixed or determinable annual or periodical gains, profits, and income, if such payment is from sources within the United States of America:

Provided that a U.S. source withholdable payment shall not include any payment that is not treated as a withholdable payment in relevant Treasury Regulations of the United States of America;

(*13*) "withholding foreign partnership" means a foreign partnership that has entered into a withholding agreement with the United States of America in which it agrees to assume primary withholding responsibility for all payments which are made to it for its partners, beneficiaries or owners;

(*14*) "withholding foreign trust" means a foreign trust that has entered into a withholding agreement with the United States of America in which it agrees to assume primary withholding responsibility for all payments which are made to it for its partners, beneficiaries or owners.

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95. Rules 114F, 114G and 114H inserted by the IT (Eleventh Amdt.) Rules, 2015, w.e.f. 7-8-2015.

Rules 114F to 114H are enacted for purposes of section 285BA. *See* also Agreement between India and USA to implement FATCA [Notification No. SO 2676(E), dated 30-9-2015]; Letter F. No. 500/137/2011-FTTR-III, dated 31-8-2015 (Guidance notes on implementation of reporting requirements under rules 114F to 114H) and Notification No. 4/2015 [F.No. DGIT(S)/DIT(S)-2/ITWG on financial sector reporting/12/2015], dated 4-9-2015 [Procedure for registration and submission of report as per section 285BA(1)(*k*)]. For details, see Taxmann's Direct Taxes Manual, Vol. 3.

95a. Inserted by the Income-tax (First Amendment) Rules, 2026, w.r.e.f. **1-1-2026.**

95b. Substituted for "depository institution;" by the Income-tax (First Amendment) Rules, 2026, w.r.e.f. **1-1-2026.**

96. Substituted for "in sub-clause (*ii*)" by the IT (Thirty-fifth Amdt.) Rules, 2016, w.r.e.f. 7-8-2015.

96a. Renumbered as sub-clause (*i*) by the Income-tax (First Amendment) Rules, 2026, w.r.e.f. **1-1-2026.**

97. Substituted for "item (*A*) or (*B*) or from one or more retirement or pension funds that meets with the requirements of clause (*e*), (*f*) or (*g*) of *Explanation* to clause (*1*)" by the IT (Thirty-fifth Amdt.) Rules, 2016, w.r.e.f. 7-8-2015.

97a. Substituted by the Income-tax (Thirty-third Amendment) Rules, 2022, w.e.f. **7-10-2022**. Prior to their substitution, clauses (*i*), (*j*) and (*k*) read as under:

"(*i*) a financial institution with a local client base;
(*j*) a local bank;
(*k*) a financial institution with only low-value accounts;"

97aa. Substituted for "the Government of any country or territory outside India on income that it derives from sources within such country or territory outside India (or would be entitled to such benefits if it derived any such income)" by the Income-tax (Thirty-third Amendment) Rules, 2022, w.e.f. **7-10-2022**.

98. Substituted for "clause (*3*)" by the IT (Fifteenth Amdt.) Rules, 2016, w.e.f. 20-6-2016.

98a. Substituted by the Income-tax (First Amendment) Rules, 2026, w.r.e.f. **1-1-2026.** Prior to its substitution, item (*vi*) read as under:

"(*vi*) the excess of gains over losses from the sale or exchange of financial assets which gives rise to the passive income;"

98b. Substituted by the Income-tax (First Amendment) Rules, 2026, w.r.e.f. **1-1-2026.** Prior to their substitution, sub-clauses (*i*) and (*ii*) read as under:

"(*i*) a corporation, the stock of which is regularly traded on one or more established securities markets;
(*ii*) any corporation that is a related entity of a corporation mentioned in item (*i*);"

99. Substituted by the IT (Fifteenth Amdt.) Rules, 2016, w.e.f. 20-6-2016. Prior to its substitution, sub-clause (*iii*) read as under:

"(*iii*) a withholding foreign partnership or withholding foreign trust;"

Information to be maintained and reported.

114G. (1) The following information shall be maintained and reported by a reporting financial institution in respect of each reportable account, namely:—

(*a*) the name, address, taxpayer identification number (assigned to the account holder by the country or territory of his residence for tax purposes) and date and place of birth (in the case of an individual) of each reportable person, that is an account holder of the account:
[1]**[Provided***that in the case of an account other than a U.S. reportable account, a reporting financial institution shall also, –*
(i) *maintain and report whether the account holder has provided a valid self-certification; and*
(ii) *report whether the account is a joint account, including the number of joint Account Holders*.]

(*b*) in the case of any entity which is an account holder and which, after application of due diligence procedures prescribed in rule 114H, is identified as having one or more controlling persons that is a reportable person,—
(*i*) the name and address of the entity, taxpayer identification number assigned to the entity by the country or territory of its [2][*residence; and*]
(*ii*) the name, address, date and place of birth of each such controlling person and taxpayer identification number assigned to such controlling person by the country or territory of his residence:

[1]**[Provided***that in the case of an account other than a U.S. reportable account, a reporting financial institution shall also –*
(i) *maintain and report the role by virtue of which each reportable person is a controlling person of the entity and whether a valid self-certification has been provided for each reportable person;*
(ii) *report whether the account is a joint account, including the number of joint Account Holders*.]

(*c*) the account number (or functional equivalent in the absence of an account number):

[1]**[Provided** *that in the case of an account other than a U.S. reportable account, a reporting financial institution shall also maintain and report the type of account and whether the account is a pre-existing account or a new account;*]

(*d*) the account balance or value (including, in the case of a cash value insurance contract or annuity contract, the cash value or surrender value) at the end of relevant calendar year or, if the account was closed during such year, immediately before closure;

(*e*) in the case of any custodial account,—
(*i*) the total gross amount of interest, the total gross amount of dividends, and the total gross amount of other income generated with respect to the assets held in the account, in each case paid or credited to the account (or with respect to the account) during the calendar year; and
[3] [(ii) *the total gross proceeds from the sale or redemption of financial assets paid or credited to or with respect to the account during the calendar year with respect to which the reporting financial institution acted as a custodian, broker, nominee, or otherwise as an agent for the account holder;*]

(*f*) in the case of any depository account, the total gross amount of interest paid or credited to the account during the relevant calendar year;

[1][(*fa*) *in the case of an account other than U.S. reportable account, where any equity interest is held in an investment entity that is a legal arrangement, the role(s) by virtue of which the reportable person is an equity interest holder;*]

(*g*) in the case of any account other than that referred to in clause (*e*) or (*f*), the total gross amount paid or credited to the account holder with respect to the account during the relevant calendar year with respect to which the reporting financial institution is the obligor or debtor, including the aggregate amount of any redemption payments made to the account holder during the relevant calendar year; and

(*h*) in the case of any account held by a non-participating financial institution, for calendar years 2015 and 2016, the name of each non-participating financial institution to which payments have been made and the aggregate amount of such payments:

Provided that the information to be reported,—

(*i*) with respect to calendar year 2014, is the information referred to in clauses (*a*), (*b*), (*c*) and (*d*), with regard to U.S. reportable accounts;

(*ii*) with respect to calendar year 2015, is the information referred to in clauses (*a*), (*b*), (*c*), (*d*), (*f*), (*g*), (*h*) and sub-clause (*i*) of clause (*e*), with regard to U.S. reportable accounts;

(*iii*) with respect to calendar year 2016, is the information referred to in clauses (*a*) to (*h*), with regard to all reportable accounts;

(*iv*) with respect to calendar year 2017 and subsequent years, is the information referred to in clauses (*a*) to (*g*), with regard to all reportable accounts:

Provided further that with respect to each U.S. reportable account which is maintained by a reporting financial institution as on the 30th June, 2014, the taxpayer identification number of any relevant person is not required to be reported if such taxpayer identification number is not in the records of the reporting financial institution.

(2) For the purpose of sub-rule (1),—

(*a*) "account holder" means the person listed or identified as the holder of a financial account by the financial institution that maintains the account:
Provided that a person, other than a financial institution, holding a financial account for the benefit or on account of another person as agent, custodian, nominee, signatory, investment advisor, or intermediary, is not treated as holding the account, and such other person is treated as holding the account:
Provided further that in the case of a cash value insurance contract or an annuity contract, the account holder is any person entitled to receive a payment upon the maturity of the contract or any person entitled to access the cash value or change the beneficiary of the contract and if no person can access the cash value or change the beneficiary, the account holder is any person named as the owner in the contract and any person with a vested entitlement to payment under the terms of the contract;

(*b*) "taxpayer identification number" means a number assigned to a person in the country or territory in which he is resident for tax purposes and includes a functional equivalent in case no such number is assigned.

(3) Where the person is a resident of more than one country or territory outside India under the tax laws of such country or territory, the reporting financial institution shall maintain the taxpayer identification number in respect of each such country or territory.

(4) Notwithstanding anything contained in sub-rule (1), with respect to each reportable account which is a pre-existing account, the taxpayer identification number or date of birth is not required to be reported if such taxpayer identification number or date of birth is not in the records of the reporting financial institution:

Provided that the reporting financial institution shall obtain the taxpayer identification number and date of birth with respect to pre-existing accounts by the 31st December, 2016 and shall report it with respect to calendar year 2017 and subsequent years:

[1]**[Provided further** *that for an account other than a U.S. reportable account, the reporting financial institution shall obtain the taxpayer identification number and date of birth whenever it is required to update the information relating to the pre-existing account pursuant to the rules made under the Prevention of Money-Laundering Act, 2002 (15 of 2003).*]

(5) Notwithstanding anything contained in sub-rule (1) and sub-rule (4), the taxpayer identification number is not required to be reported if,—

(*i*) a taxpayer identification number (including its functional equivalent) is not issued by the relevant country or territory outside India in which the person is resident for tax purposes; or

(*ii*) the domestic law of the relevant country or territory outside India does not require the collection of the taxpayer identification number issued by such country or territory.

(6) Notwithstanding anything contained in sub-rule (1), the place of birth is not required to be reported unless it is available in the electronically searchable data maintained by the reporting financial institution.

[1] [*(6A) Notwithstanding anything contained in sub-clause (ii) of clause (e) of sub-rule (1) and unless the reporting financial institution elects otherwise with respect to any clearly identified group of accounts, the gross proceeds from the sale or redemption of a financial asset are not required to be reported to the extent such gross proceeds from the sale or redemption of such financial asset are reported by the reporting financial institution under the Crypto-Asset Reporting Framework:*

Provided*that the provisions of this sub-rule shall apply in respect of an account other than U.S. reportable account.*]

(7) The statement of reportable account required to be furnished under clause (*k*) of sub-section (1) of section 285BA shall be furnished by a reporting financial institution in respect of each account which has been identified, pursuant to due diligence procedure specified in rule 114H, as a reportable account:

Provided that where pursuant to such due diligence procedures no account is identified as a reportable account, a nil statement shall be furnished by the reporting financial institution.

(8) The statement referred to in sub-rule (7) shall be furnished in Form No. 61B for every calendar year by the 31st day of May following that year:

Provided that the statement pertaining to calendar year 2014 shall be furnished by the 31st day of August, 2015.

(9) (*a*) The statement referred to in sub-rule (7) shall be furnished to the Director of Income-tax (Intelligence and Criminal Investigation) or the Joint Director of Income-tax (Intelligence and Criminal Investigation) through online transmission of electronic data to a server designated for this purpose under the digital signature in accordance with the data structure specified in this regard by the Principal Director General of Income-tax (Systems).

Explanation.— For the purposes of this sub-rule, "digital signature" means a digital signature issued by any Certifying Authority authorised to issue such certificates by the Controller of Certifying Authorities.

(*b*) Principal Director General of Income Tax (Systems) shall specify the procedures, data structures and standards for ensuring secure capture and transmission of data, evolving and implementing appropriate security, archival and retrieval policies.

(10) (*a*) Every reporting financial institution shall communicate to the Principal Director General of Income-tax (Systems) the name, designation and communication details of the Designated Director and the Principal Officer and obtain a registration number;

(*b*) The statement referred to in sub-rule (7) shall be signed, verified and furnished by the Designated Director of the reporting financial institution on the basis of information available with the institution:

Provided that where the reporting financial institution is a non-resident, the statement may be signed, verified and furnished by a person who holds a valid power of attorney from such Designated Director;

(*c*) It shall be the duty of every reporting financial institution, its Designated Director, Principal Officer and employees to observe the procedure and the manner of maintaining information as specified by its regulator.

Explanation.—For the purposes of this sub-rule,—

(*a*) "Designated Director" means a person designated by the reporting financial institution to ensure overall compliance with the obligations imposed under section 285BA and the rules made thereunder and includes—
- (*i*) the Managing Director or a whole-time Director, as defined in the Companies Act, 2013 (18 of 2013), duly authorised by the Board of Directors if the reporting financial institution is a company;
- (*ii*) the managing partner if the reporting financial institution is a partnership firm;
- (*iii*) the proprietor if the reporting financial institution is a proprietorship concern;
- (*iv*) the managing trustee if the reporting financial institution is a trust;
- (*v*) a person or individual, as the case may be, who controls and manages the affairs of the reporting financial institution if the reporting financial institution is an association of persons or a body of individuals, or any other person;

(*b*) "Principal Officer" means an officer designated by the reporting financial institution;

(*c*) "regulator" means a person or an authority or a Government which is vested with the power to licence, authorise, register, regulate or supervise the activities of the reporting financial institution.

(11)(*a*) The regulator referred to in clause (*c*) of sub-rule (10) shall issue instructions or guidelines to,—

(*i*) incorporate the requirements of reporting and due diligence procedure specified under rules 114F to 114H;

(*ii*) provide the procedure and manner of maintaining the information by the reporting financial institution; and

(*iii*) ensure the availability of the information referred to in sub-rule (1) with the reporting financial institution for meeting its reporting obligation, if such information is not maintained by it under any rule or regulation issued by the regulator.

(*b*) Every reporting financial institution shall maintain information in respect of financial accounts in accordance with the procedure and manner as may be specified by its regulator from time to time so as to enable reporting of information prescribed under this rule and perform due diligence procedure specified under rule 114H.

[1] [*(12) Notwithstanding anything in sub-clauses (b) and (fa) of sub-rule (1) of this rule, with respect to each reportable account other than a U.S. reportable account that is maintained by a reporting financial institution as of 31st December, 2025 and for reporting periods ending by the second calendar year following such date, information with respect to the role by virtue of which each reportable person is a controlling person or equity interest holder of the entity is only required to be reported if such information is available in the electronically searchable data maintained by the reporting financial institution*.]

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1. Inserted by the Income-tax (First Amendment) Rules, 2026, w.r.e.f. **1-1-2026.**
2. Substituted for "residence;" by the Income-tax (First Amendment) Rules, 2026, w.r.e.f. **1-1-2026.**
3. Substituted by the Income-tax (First Amendment) Rules, 2026, w.r.e.f. **1-1-2026.** Prior to its substitution, item (*ii*) read as under:

"(*ii*) the total gross proceeds from the sale or redemption of financial assets paid or credited to the account during the calendar year with respect to which the reporting financial institution acted as a custodian, broker, nominee, or otherwise as an agent for the account holder;"

सत्यमेव जयते
कोष मूलो दण्ड:
INCOME TAX DEPARTMENT

Due diligence requirement.

114H. (1) An account shall be treated as a reportable account beginning as on the date it is identified as such pursuant to the due diligence procedure specified in sub-rule (3) to sub-rule (8) and, unless otherwise provided, information with respect to a reportable account shall be reported annually in the calendar year following the calendar year to which the information relates.

(2) For the purpose of this rule,—

(*a*) "documentary evidence" includes any of the following, namely:—

(*i*) a certificate of residence issued by an authorised Government body, including a Government agency or a municipality, of the country or territory in which the payee claims to be a resident;

(*ii*) with respect to an individual, any valid identification issued by an authorized Government body, including a Government agency or a municipality, that includes the individual's name and is particularly used for identification purposes;

(*iii*) with respect to an entity, any official documentation issued by an authorized Government body, including a Government agency or a municipality, which includes the name of the entity and either the address of its principal office in the country or territory in which it claims to be a resident or the country or territory in which the entity was incorporated or organized;

(*iv*) any financial statement, third-party credit report, bankruptcy filing, or a report of the Government agency regulating the securities market;

(*b*) "high value account" means a pre-existing individual account with a balance or value that,—

(*i*) in case of a U.S. reportable account, exceeds an amount equivalent to one million U.S. dollars as on the 30th June, 2014 or 31st December of any subsequent year; and

(*ii*) in case of other reportable account, exceeds an amount equivalent to one million U.S. dollars as on the 31st December, 2015 or 31st December of any subsequent year;

(*c*) "lower value account" means a pre-existing individual account with a balance or value that,—

(*i*) in case of a U.S. reportable account, exceeds an amount equivalent to fifty thousand U.S. dollars but does not exceed an amount equivalent to one million U.S. dollars as on the 30th June, 2014; and

(*ii*) in case of other reportable account, does not exceed an amount equivalent to one million U.S. dollars as on the 31st December, 2015;

(*d*) "new account" means a financial account maintained by a reporting financial institution opened on or after,

(*i*) in case of a U.S. reportable account, the 1st July, 2014; and

[1] [(ii) *in case of other reportable account, the 1st January, 2016 or, if the account is treated as a financial account solely by virtue of the amendments to the Common Reporting Standard, on or after 1st January 2026;*]

(*e*) "new entity account" means a new account held by one or more entities;

(*f*) "new individual account" means a new account held by one or more individuals;

(*g*) "other reportable account" means a reportable account which is not a U.S. reportable account;

(*h*) "pre-existing account" means a financial account maintained by a reporting financial institution as on,—

(*I*) in case of a U.S. reportable account, the 30th June, 2014; and

[1a] [(II) *in case of other reportable account, the 31st December, 2015 or, if the account is treated as a financial account solely by virtue of the amendments to the Common Reporting Standard, as of 31st December 2025;*]

(*i*) "pre-existing entity account" means a pre-existing account held by one or more entities;

(*j*) "pre-existing individual account" means a pre-existing account held by one or more individuals;

(*k*) where a balance or value threshold is to be determined at the end of a calendar year, the relevant balance or value shall be determined as on the last day of the reporting period which ends with or within that calendar year.

(3) The due diligence procedure for the purposes of identifying reportable accounts among pre-existing individual accounts shall be the following, namely:—

(*a*) a pre-existing individual account is not required to be reviewed, identified or reported, if,—

(*i*) in case of a U.S. reportable account,—

(*A*) the balance or value as on the 30th June, 2014, does not exceed an amount equivalent to fifty thousand U.S. dollars, subject to sub-clause (*vi*) of clause (*c*) of this sub-rule; or

(*B*) which is a cash value insurance contract or an annuity contract, the balance or value does not exceed an amount equivalent to two hundred and fifty thousand U.S. dollars as on the 30th June, 2014, subject to sub-clause (*vi*) of clause (*c*) of this sub-rule; or

(*C*) which is a cash value insurance contract or an annuity contract, the reporting financial institution, under any other law for the time being in force in India or of the United States of America, is prevented from selling such contract to a person who is a resident of the United States of America;

(*ii*) in case of other reportable account, which is a cash value insurance contract or an annuity contract, the reporting financial institution, under any other law for the time being in force in India, is prevented from selling such contract to a person who is not a resident of India for tax purposes;

(*b*) with respect to lower value accounts among pre-existing individual accounts the following procedures shall apply, namely:—

(*i*) the reporting financial institution must review electronically searchable data maintained by the reporting financial institution for any of the following indicia, and apply provisions contained in sub-clauses (*ii*) to (*v*), namely:—

(*A*) identification of the account holder as a resident of any country or territory outside India for tax purposes or unambiguous indication of a place of birth in the United States of America; or

(*B*) current mailing or residence address (including a post office box) in any country or territory outside India; or

(*C*) one or more telephone numbers in a country or territory outside India and no telephone number in India; or

[2][(*D*) in case of U.S. reportable account, any standing instructions to transfer funds to an account maintained in a country or territory outside India and in case of other reportable account, any standing instructions (other than with respect to a depository account) to transfer funds to an account maintained in a country or territory outside India; or]

(*E*) currently effective power of attorney or signatory authority granted to a person with an address in a country or territory outside India; or

(*F*) a "hold mail" instruction or "in-care-of" address in a country or territory outside India if the reporting financial institution does not have any other address on file for the account holder;

(*ii*) if none of the indicia listed in sub-clause (*i*) are discovered in the electronic search, then no further action is required until there is a change in circumstances which results in one or more indicia being associated with the account, or the account becomes a high value account;

(*iii*) if any of the indicia listed in items (*A*) to (*E*) of sub-clause (*i*) are discovered in the electronic search, or if there is a change in circumstances which results in one or more indicia being associated with the account, then the reporting financial institution shall treat the account holder as resident for tax purposes of each such country or territory for which an indicium is identified, unless it elects to apply sub-clause (*v*) and one of the exceptions in the said sub-clause applies with respect to that account;

(*iv*) if a "hold mail" instruction or "in-care-of" address is discovered in the electronic search and no other address and none of the other indicia listed in items (*A*) to (*E*) of sub-clause (*i*) are identified for the account holder, the reporting financial institution shall apply the paper record search referred to in sub-clause (*ii*) of clause (*c*), or seek to obtain from the account holder a self-certification or documentary evidence to establish the residence or residences for tax purposes of such account holder:

Provided that if the paper search fails to establish an indicium and the attempt to obtain the self-certification or documentary evidence is not successful, the reporting financial institution shall report the account as an undocumented account;

(*v*) notwithstanding a finding of indicia under sub-clause (*i*), a reporting financial institution is not required to treat an account holder as a resident, for tax purposes,—

(*A*) of United States of America if, the account holder's information unambiguously indicates a place of birth in the United States of America and the reporting financial institution obtains, or has previously reviewed and maintains a record of,—

(*I*) a self-certification that the account holder is neither a citizen of the United States of America nor its resident for tax purposes;

(*II*) a passport or other Government-issued identification evidencing the account holder's citizenship or nationality in a country other than the United States of America; and

(*III*) a copy of the account holder's certificate of loss of nationality of the United States of America or a reasonable explanation of —

(*1*) the reason, the account holder does not have such a certificate despite relinquishing citizenship of the United States of America; or

(*2*) the reason, the account holder did not obtain citizenship of the United States of America at birth;

(*B*) of any country or territory outside India if, the account holder's information contains a current mailing or residence address in any country or territory outside India, one or more telephone numbers in any country or territory outside India (and no telephone number in India) or standing instructions (with respect to financial accounts other than depository accounts) to transfer funds to an account maintained in any country or territory outside India, the reporting financial institution obtains, or has previously reviewed and maintains a record of,—

(*I*) a self-certification from the account holder of the country or territory or countries or territories of residence for tax purposes of such account holder that does not include any country or territory outside India; and

(*II*) documentary evidence establishing the account holder's non-reportable status;

(*C*) of any country or territory outside India if, the account holder's information contains a currently effective power of attorney or signatory authority granted to a person with an address in a country or territory outside India, or one or more telephone numbers in any country or territory outside India (if an Indian telephone number is also associated with the account), the reporting financial institution obtains, or has previously reviewed and maintains a record of—

(*I*) a self-certification from the account holder of the country or territory or countries or territories of residence of such account holder that does not include any country or territory outside India; or

(*II*) documentary evidence establishing the account holder's non-reportable status;

(*c*) with respect to high value accounts among pre-existing individual accounts the following enhanced review procedures shall apply, namely:—

(*i*) the reporting financial institution must review electronically searchable data maintained by the reporting financial institution for any of the indicia described in sub-clause (*i*) of clause (*b*);

(*ii*) if the reporting financial institution's electronically searchable databases do not capture all of the information referred to in sub-clause (*iii*) of this clause, then the reporting financial institution shall also review the current customer master file and, to the extent not contained in the current customer master file, the following documents associated with the account and obtained by the reporting financial institution during the last five years for any of the indicia provided in sub-clause (*i*) of clause (*b*),—

(*A*) the most recent documentary evidence collected with respect to the account;

(*B*) the most recent account opening contract or documentation;

(*C*) the most recent documentation obtained by the reporting financial institution pursuant to rules framed under the Prevention of Money-laundering Act, 2002 (15 of 2003) or any other law for the time being in force;

(*D*) any power of attorney or signature authority forms currently in effect; and

[2a][(*E*) in case of U.S. reportable account, any standing instructions to transfer funds currently in effect and in case of other reportable account any standing instructions (other than with respect to a depository account) to transfer funds currently in effect:]

Provided that where the electronically searchable databases include fields for, and capture all the information referred to in sub-clause (*iii*) of this clause, then review of the customer master file and documents referred to above shall not be required;

(*iii*) a reporting financial institution is not required to perform the paper record search referred in sub-clause (*ii*) of this clause to the extent the reporting financial institution's electronically searchable information includes the following, namely:—

(*A*) the account holder's residence status for tax purposes;

(*B*) the account holder's residence address and mailing address currently on file with the reporting financial institution;

(*C*) the account holder's telephone number or numbers currently on file, if any, with the reporting financial institution;

(*D*) in the case of financial accounts other than depository accounts, whether there are standing instructions to transfer funds in the account to another account (including an account at another branch of the reporting financial institution or another financial institution);

(*E*) whether there is a current "in-care-of" address or "hold mail" instruction for the account holder; and

(*F*) whether there is any power of attorney or signatory authority for the account;

(*iv*) in addition to the electronic and paper record searches provided in sub-clauses (*i*) to (*iii*) of this clause, the reporting financial institution shall treat as a reportable account any high value account assigned to a relationship manager (including any financial accounts aggregated with that high value account) if the relationship manager has actual knowledge that the account holder is a reportable person;

(*v*) after application of review procedures specified in sub-clauses (*i*) to (*iv*) if,—

(*A*) none of the indicia referred to in sub-clause (*i*) of clause (*b*) are discovered, and the account is not identified as held by a reportable person as per sub-clause (*iv*), then further action is not required until there is a change in circumstances which results in one or more indicia being associated with the account;

(*B*) any of the indicia referred to in items (*A*) to (*E*) of sub-clause (*i*) of clause (*b*) are discovered, or if there is a subsequent change in circumstances which results in one or more indicia being associated with the account, then the reporting financial institution shall treat the account as a reportable account with respect to each country or territory outside India for which an indicium is identified unless it elects to apply sub-clause (*v*) of clause (*b*) and one of the exceptions in the said sub-clause applies with respect to that account;

(*C*) a "hold mail" instruction or "in-care-of" address is discovered in the electronic search and no other address and none of the other indicia referred to in items (*A*) to (*E*) of sub-clause (*i*) of clause (*b*) are identified for the account holder, the reporting financial institution shall obtain from such account holder a self-certification or documentary evidence to establish the residence or residences for tax purposes of the account holder:

Provided that if the reporting financial institution cannot obtain such self-certification or documentary evidence, it shall report the account as an undocumented account;

(*vi*) if a pre-existing individual account is not a high value account as on the 30th June, 2014 (for U.S. reportable account), or as the case may be, 31st December, 2015 (for other reportable account), but becomes a high value account as on the last day of year 2015 (for U.S. reportable account) or last day of any subsequent calendar year (for all reportable accounts), the reporting financial institution shall complete the enhanced review procedures specified in this clause with respect to such account within the calendar year following the year in which the account becomes a high value account and if based on such review the account is identified as a reportable account, the reporting financial institution shall report the required information about such account with respect to the year in which it is identified as a reportable account and subsequent years on an annual basis, unless the account holder ceases to be a reportable person;

(*vii*) once a reporting financial institution applies the enhanced review procedures specified in this clause to a high value account, the reporting financial institution is not required to re-apply such procedures, other than an inquiry by the relationship manager provided in sub-clause (*iv*), to the same high value account in any subsequent year unless the account is undocumented where the reporting financial institution shall re-apply them annually until such account ceases to be undocumented;

(*viii*) if there is a change of circumstances with respect to a high value account which results in one or more indicia referred to in sub-clause (*i*) of clause (*b*) being associated with the account, then the reporting financial institution must treat the account as a reportable account with respect to each such country or territory outside India for which an indicium is identified unless it elects to apply sub-clause (*v*) of clause (*b*) and one of the exceptions in the said sub-clause applies with respect to that account;

(*ix*) a reporting financial institution shall implement procedures to ensure that a relationship manager identifies any change in circumstances of an account and where the relationship manager is informed that the account holder has a new mailing address in any country or territory outside India, the reporting financial institution is required to treat the new address as a change in circumstances and, if it elects to apply sub-clause (*v*) of clause (*b*), then it is required to obtain the appropriate documentation from the account holder;

(*d*) review of pre-existing individual account,—

(*i*) in case of a U.S. reportable account which is high value account as on the 30th June, 2014, shall be completed by the 31st December, 2015 and if based on this review such account is identified as a U.S. reportable account after the 31st December, 2014 and on or before the 31st December, 2015, the reporting financial institution is not required to report information about such account with respect to calendar year 2014, but shall report information about the account on an annual basis thereafter;

[2b][(*ii*) in case of a U.S. reportable account which is low value account as on the 30th June, 2014, shall be completed by the 30th June, 2016 and in case of other reportable account which is high value account as on the 31st December, 2015, shall be completed by the 31st December, 2016;]

(*iii*) in case of other reportable account that is low value account as on the 31st December, 2015, must be completed by the 30th June, 2017;

(*e*) any pre-existing individual account which has been identified as a reportable account under this sub-rule shall be treated as a reportable account in all subsequent years, unless the account holder ceases to be a resident of any country or territory outside India as per tax laws of such jurisdiction.

(4) The following procedures shall apply for purposes of identifying reportable accounts among new individual accounts, namely:—

(*a*) unless the reporting financial institution elects otherwise, the following new individual accounts are not required to be reviewed, or reported as U.S. reportable accounts, namely:—

(*i*) a depository account unless the account balance exceeds an amount equivalent to fifty thousand U.S. dollars at the end of any calendar year;

(*ii*) a cash value insurance contract unless the cash value exceeds an amount equivalent to fifty thousand U.S. dollars at the end of any calendar year;

(*b*) in case of a new individual account,—

(*i*) in respect of a U.S. reportable account, which does not fall under sub-clauses (*i*) and (*ii*) of clause (*a*), upon account opening [or within ninety days after the end of the calendar year in which the account ceases to be covered under sub-clauses (*i*) and (*ii*) of clause (*a*)]; and

(*ii*) in respect of other reportable account, upon account opening,

the reporting financial institution shall obtain a self-certification, which may be part of the account opening documentation, that allows the reporting financial institution to determine the account holder's residence or residences for tax purposes and confirms the reasonableness of such self-certification based on the information obtained by the reporting financial institution in connection with the opening of the account, including any documentation collected in accordance with Prevention of Money-laundering (Maintenance of Records) Rules, 2005;

(*c*) where the self-certification obtained under clause (*b*) of this sub-rule establishes that the account holder is resident for tax purposes in a country or territory outside India, the reporting financial institution shall treat the account as a reportable account and the self-certification shall also include the account holder's taxpayer identification number with respect to such country or territory outside India, subject to sub-rule (5) of rule 114G, and date of birth;

(*d*) where a self-certification has been obtained under clause (*b*) of this sub-rule for a new individual account and if there is a change of circumstances with respect to such account which causes the reporting financial institution to know, or have reason to know, that the said self-certification is incorrect or unreliable, the reporting financial institution shall not rely on the said self-certification and shall obtain a valid self-certification that establishes the residence or residences for tax purposes of the account holder:

Provided that if the reporting financial institution is unable to obtain a valid self-certification, the reporting financial institution shall treat the account as a reportable account with respect to each such country or territory outside India for which an indicium is identified.

(5) The following procedures shall apply for purposes of identifying reportable accounts among pre-existing entity accounts, namely:—

(*a*) unless the reporting financial institution elects otherwise, either with respect to all pre-existing entity accounts or, separately, with respect to any clearly identified group of such accounts, a pre-existing entity account with an aggregate account balance or value which does not exceed an amount equivalent to two hundred and fifty thousand U.S. dollars as on the 30th June, 2014 (in case of a U.S. reportable account), or as the case may be, 31st December, 2015 (in case of other reportable account), is not required to be reviewed, identified, or reported as a reportable account until the aggregate account balance or value exceeds an amount equivalent to two hundred and fifty thousand U.S. dollars as of the last day of any subsequent calendar year;

(*b*) a pre-existing entity account that has an aggregate account balance or value that exceeds an amount equivalent to two hundred and fifty thousand U.S. dollars as on the 30th June, 2014 (in case of a U.S. reportable account), or as the case may be, 31st December, 2015 (in case of other reportable account), and a pre-existing entity account that does not exceed an amount equivalent to two hundred and fifty thousand U.S. dollars as on the 30th June, 2014 (in case of a U.S. reportable account), or as the case may be, 31st December, 2015 (in case of other reportable account) but the aggregate account balance or value exceeds an amount equivalent to two hundred and fifty thousand U.S. dollars as of the last day of any subsequent calendar year, shall be reviewed in accordance with the procedure provided in clause (*d*) of this sub-rule;

(*c*) with respect to pre-existing entity accounts referred to in clause (*b*), only accounts which are held by,—

(*i*) one or more entities which are reportable persons; or

(*ii*) passive non-financial entity with one or more controlling persons who are reportable persons,

shall be treated as reportable accounts:

Provided that the accounts held by non-participating financial institutions for which aggregate payments as provided in clause (*h*) of sub-rule (1) of rule 114G are reported shall be treated as reportable accounts;

(*d*) for pre-existing entity accounts referred to in clause (*b*) with respect to which reporting is required, a reporting financial institution, to determine whether the account is held by one or more reportable persons, or by a passive non-financial entity with one or more controlling persons who are reportable persons, or by non-participating financial institutions, shall apply the following review procedures namely:—

(*i*) to determine whether the entity is a reportable person, the reporting financial institution shall,—

(*A*) review information maintained for regulatory or customer relationship purposes [including information collected in accordance with the rules made under the Prevention of Money-laundering Act, 2002 (15 of 2003)] to determine whether the information indicates that the account holder is a reportable person.

Explanation.—For the purpose of this sub-clause, information indicating that the account holder is a resident of any country or territory outside India as per tax laws of such country or territory includes a place of incorporation or organisation, or an address in a country or territory outside India;

(*B*) treat the account as a reportable account, if the information as per item (*A*) indicates that the account holder is a reportable person, unless it obtains a self-certification from the account holder, or reasonably determines based on information in its possession or that is publicly available, that the account holder is not a reportable person:

Provided that if the information as per item (*A*) indicates that the account holder is an entity not based in the United States of America which is a financial institution, or the reporting financial institution verifies the account holder's Global Intermediary Identification Number, then the account shall not be treated as a U.S. reportable account;

(*ii*) treat the account holder as a non-participating financial institution if,—

(*A*) the account holder is an Indian financial institution or other partner jurisdiction financial institution and treated by the United States of America as a non-participating financial institution;

(*B*) the account holder, being a financial institution, is not an Indian financial institution or other partner jurisdiction financial institution, unless the reporting financial institution,—

(*I*) obtains a self-certification from the account holder that it is a financial institution referred to in sub-clauses (*a*) to (*m*) of clause (*5*) of rule 114F; or

(*II*) in the case of participating foreign financial institution defined in Annex II of the FATCA agreement or a financial institution referred to in sub-clauses (*e*) to (*m*) of clause (*5*) of rule 114F, verifies the account holder's Global Intermediary Identification Number;

(*iii*) the reporting financial institution shall determine whether the account holder is a passive non-financial entity with one or more controlling persons who are resident of any country or territory outside India as per tax laws of such country or territory and in making these determinations the reporting financial institution shall follow the following procedures, namely:—

(*A*) for purposes of determining whether the account holder is a passive non-financial entity, the reporting financial institution shall obtain a self-certification from the account holder to establish its status, unless it has information in its possession or which is publicly available, based on which it can reasonably determine that the account holder is an active non-financial entity or a financial institution other than an investment entity referred to in sub-clause (*B*) of clause (*c*) of *Explanation* to clause (*3*) of rule 114F;

(*B*) for purposes of determining the controlling persons of an account holder, a reporting financial institution may rely on information collected and maintained in accordance with the rules made under the Prevention of Money-laundering Act, 2002 (15 of 2003);

(*C*) for purposes of determining whether a controlling person of a pre-existing account of passive non-financial entity is a reportable person, a reporting financial institution may rely on,—

(*I*) information collected and maintained in accordance with rules made under the Prevention of Money-laundering Act, 2002 (15 of 2003) in the case of pre-existing entity account held by one or more non-financial entity with an aggregate balance or value which does not exceed an amount equivalent to one million U.S. dollars; or

(*II*) a self-certification from the account holder or such controlling person of the passive non-financial entity with an account balance or value which exceeds an amount equivalent to one million U.S. dollars;

(*D*) if any controlling person of a passive non-financial entity is a resident of any country or territory outside India for tax purposes, the account shall be treated as a reportable account;

(*e*) the following additional procedures shall be applicable to pre-existing entity accounts, namely:—

[3][(*i*) review of pre-existing entity accounts with an aggregate account balance or value that exceeds an amount equivalent to two hundred and fifty thousand U.S. dollars as on the 30th June, 2014 (in case of a U.S. reportable account) shall be completed by the 30th June, 2016 and review of pre-existing entity accounts with an aggregate account balance or value that exceeds an amount equivalent to two hundred and fifty thousand U.S. dollars as on the 31st December, 2015 (in case of other reportable account) shall be completed by the 31st December, 2016;]

(*ii*) review of pre-existing entity accounts with an aggregate account balance or value which does not exceed an amount equivalent to two hundred and fifty thousand U.S. dollars as on the 30th June, 2014 (in case of a U.S. reportable account), or as the case may be, 31st December, 2015 (in case of other reportable account), but exceeds an amount equivalent to two hundred and fifty thousand U.S. dollars as on the 31st December of a subsequent year, shall be completed within the calendar year following the year in which the aggregate account balance or value exceeds an amount equivalent to two hundred and fifty thousand U.S. dollars;

(*iii*) if there is a change of circumstances with respect to a pre-existing entity account that causes the reporting financial institution to know, or have reason to know, that the self-certification or other documentation associated with the account is incorrect or unreliable, the reporting financial institution shall re-determine the status of the account in accordance with the procedures set forth in clause (*d*) of this sub-rule.

(6) The following procedures shall apply for purposes of identifying reportable accounts and accounts held by non-participating financial institutions among new entity accounts, namely:—

(*a*) a reporting financial institution, to determine whether the new entity account is a reportable account, shall apply the following review procedures, namely:—

(*i*) determine whether the entity is a reportable person and for that the reporting financial institution shall,—

(*A*) obtain a self-certification, which may be part of the account opening documentation, that allows the reporting financial institution to determine the account holder's residence or residences for tax purposes and confirm the reasonableness of such self-certification based on the information obtained by the reporting financial institution in connection with the opening of the account, including any documentation collected in accordance with the rules made under the Prevention of Money-laundering Act, 2002 (15 of 2003):

Provided that if the entity certifies that it has no residence for tax purposes, the reporting financial institution may rely on the address of the principal office of the entity to determine the residence of the account holder;

(*B*) treat the account as a reportable account, if the information as per item (*A*) indicates that the account holder is a reportable person, unless it reasonably determines based on information in its possession or which is publicly available, that the account holder is not a reportable person:

Provided that if the information as per item (*A*) indicates that the account holder is an Indian financial institution, or partner jurisdiction financial institution, which is not a non-participating financial institution or a participating foreign financial institution or a non-reporting financial institution then the account shall not be treated as a U.S. reportable account;

(*ii*) determine whether the account holder is a passive non-financial entity with one or more controlling persons who are reportable persons and in making these determinations the reporting financial institution shall follow the following procedures, namely:—

(*A*) for purposes of determining whether the account holder is a passive non-financial entity, the reporting financial institution shall rely on a self-certification from the account holder to establish its status, unless it has information in its possession or that is publicly available, based on which it can reasonably determine that the account holder is not a passive non-financial entity;

(*B*) for purposes of determining the controlling persons of an account holder, a reporting financial institution may rely on information collected and maintained in accordance with the rules made under the Prevention of Money-laundering Act, 2002 (15 of 2003):

[4]**[Provided** *that in the case of an account other than a U.S. reportable account, if the reporting financial institution is not legally required to collect and maintain information in accordance with the rules made under the Prevention of Money-laundering Act, 2002 (15 of 2003), it must apply substantially similar procedures for the purpose of determining the controlling persons;***]**

(*C*) for purposes of determining whether a controlling person of a passive non-financial entity is a reportable person, a reporting financial institution may rely on a self-certification from the account holder or such controlling person;

(*b*) the reporting financial institution shall determine whether the account holder is a non-participating financial institution and in such case any payment to the account holder shall be reported as per clause (*h*) of sub-rule (1) of rule 114G.

(7) The following additional procedures shall apply in implementing the due diligence requirement specified in sub-rules (1) to (6), namely:—

(*a*) a reporting financial institution may not rely on a self-certification or documentary evidence if the reporting financial institution knows or has reason to know that the self-certification or documentary evidence is incorrect or unreliable;

[4] [*(aa) in the case of an account other than a U.S. reportable account, in exceptional circumstances where a self-certification cannot be obtained by a reporting financial institution in respect of a new account in time to meet its due diligence and reporting obligations with respect to the reporting period during which the account was opened, the reporting financial institution must apply the due diligence procedures as applicable for the pre-existing accounts to such new accounts, until such self-certification is obtained and validated;***]**

(*b*) a reporting financial institution may presume that an individual beneficiary (other than the owner) of a cash value insurance contract or an annuity contract receiving a death benefit is not a reportable person and may treat such financial account as other than a reportable account unless the reporting financial institution has actual knowledge, or reason to know, that the beneficiary is a reportable person:

Provided that if a reporting financial institution has actual knowledge, or reason to know, that the beneficiary is a reportable person, it shall follow the procedures specified in clause (*b*) of sub-rule (3);

Explanation.—For the purposes of this clause, a reporting financial institution shall be deemed to have reason to know that a beneficiary of a cash value insurance contract or an annuity contract is a reportable person if the information collected by the reporting financial institution and associated with the beneficiary contains indicia specified in clause (*b*) of sub-rule (3).

(*c*) the following procedures relating to aggregation of account balance and currency shall apply, namely:—

(*i*) for purposes of determining the aggregate balance or value of financial accounts held by an individual, a reporting financial institution shall be required to aggregate all financial accounts maintained by it, or by a related entity, but only to the extent that the computerised systems of that reporting financial institution links the financial accounts by reference to a data element such as client number or taxpayer identification number, and allows account balances or values to be aggregated;

(*ii*) for purposes of determining the aggregate balance or value of financial accounts held by an entity, a reporting financial institution shall be required to take into account all financial accounts which are maintained by it, or by a related entity, but only to the extent that the computerised systems of that reporting financial institution links the financial accounts by reference to a data element such as client number or taxpayer identification number, and allows account balances or values to be aggregated;

(*iii*) for purposes of determining the aggregate balance or value of financial accounts held by a person to determine whether a financial account is a high value account, a reporting financial institution shall also be required, in the case of any financial accounts that a relationship manager knows, or has reason to know, are directly or indirectly owned, controlled, or established (other than in a fiduciary capacity) by the same person, to aggregate all such accounts;

(*iv*) for the purposes of rules 114F, 114G and this rule, any account maintained in rupees or in any permissible currency (other than the United States Dollar) as designated by the Reserve Bank of India shall be converted to United States Dollar at the end of the reporting period as per the reference rates of the Reserve Bank of India and such converted amount in the United States Dollar shall be used for determining the balance or value of a financial account provided in such rules.

Explanation 1.—For the purposes of this clause each holder of a jointly held financial account shall be attributed the entire balance or value of the jointly held financial account for purposes of applying the aggregation requirements.

(8) In case of a U.S. reportable account opened on or after the 1st July, 2014 but before the date of entry into force of FATCA agreement, notwithstanding the due diligence procedures specified in sub-rule (4) or sub-rule (6) of this rule for new accounts, the reporting financial institution may, in lieu of the procedures specified in the said sub-rules, apply the following alternative procedures, namely:—

(*a*) within one year after the date of entry into force of the FATCA agreement, reporting financial institutions shall,—

(*i*) with respect to a new individual account opened on or after the 1st July, 2014 but before the date of entry into force of FATCA agreement, request the self-certification specified in sub-rule (4) and confirm the reasonableness of such self-certification consistent with the procedures specified in sub-rule (4); and

(*ii*) with respect to a new entity account opened on or after the 1st July, 2014 but before the date of entry into force of FATCA agreement, perform the due diligence procedures specified in sub-rule (6) and request for information as necessary to document the account, including any self-certification, required under sub-rule (6);

(*b*) the reporting financial institution shall report on any new account which is identified pursuant to clause (*a*) of this sub-rule as a U.S. reportable account or as an account held by a non-participating financial institution, as applicable, by the date which is the later of,—

(*i*) the 31st of May next following the date on which the account is identified as a U.S. reportable account or as an account held by a non-participating financial institution, as applicable; and

(*ii*) forty-five days after the account is identified as a U.S. reportable account or as an account held by a non-participating financial institution, as applicable:

Provided that the information required to be reported with respect to such a new account shall be information which would have been reportable had the new account been identified as a U.S. reportable account or as an account held by a non-participating financial institution, as applicable, as of the date the account was opened;

(*c*) by the date that is one year after the date of entry into force of the FATCA agreement, reporting financial institutions shall close any new account described in clause (*a*) for which it was unable to collect the required self-certification or other documentation in accordance with the procedure specified in clause (*b*):

Provided that in addition, by such date, the reporting financial institutions shall,—

(*i*) with respect to such closed accounts which prior to such closure were new individual accounts (without regard to whether such accounts were high value accounts), perform the due diligence procedure specified in clause (*c*) of sub-rule (3), or

(*ii*) with respect to such closed accounts which prior to such closure were new entity accounts, perform the due diligence procedures specified in sub-rule (5); and

(*d*) the reporting financial institution shall report the information specified in rule 114G in respect of any closed account which is identified under clause (*c*) as a U.S. reportable account or as an account held by a non-participating financial institution, as applicable, by the date that is the later of,—

(*i*) the 31st of May next following the date on which the account is identified as a U.S. reportable account or as an account held by a non-participating financial institution, as applicable; and

(*ii*) forty-five days after the account is identified as a U.S. reportable account or as an account held by a non-participating financial institution, as applicable:

Provided that in respect of all new entity accounts or a clearly identified group of such accounts which are U.S. reportable accounts opened on or after the 1st July, 2014, and before the 1st January, 2015 the reporting financial institution may, in lieu of the procedure specified in clauses (*a*) to (*d*), treat such accounts as pre-existing entity accounts and apply the due diligence procedure related to pre-existing entity accounts specified in sub-rule (5) without regard to the account balance or value threshold specified in clause (*a*) of sub-rule (5).]

[4] [*(9) For the purposes of rule 114F, 114G and this rule, exchange of any information in respect of any transaction in relevant crypto-assets is only for the limited purposes of administration of taxes by the relevant jurisdiction*.]

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1. Substituted by the Income-tax (First Amendment) Rules, 2026, w.r.e.f. **1-1-2026.** Prior its substitution, sub-clause (*ii*) read as under:

"(*ii*) in case of other reportable account, the 1st January, 2016;"

1a. Substituted by the Income-tax (First Amendment) Rules, 2026, w.r.e.f. **1-1-2026.** Prior its substitution, sub-clause (II) read as under:

"(*II*) in case of other reportable account, the 31st December, 2015;"

2. Substituted by the IT (Fifteenth Amdt.) Rules, 2016, w.e.f. 20-6-2016. Prior to its substitution, item (*D*) read as under :

"(*D*) standing instructions (other than with respect to a depository account) to transfer funds to an account maintained in a country or territory outside India; or"

2a. Substituted by the IT (Fifteenth Amdt.) Rules, 2016, w.e.f. 20-6-2016. Prior to its substitution, item (*E*) read as under :

"(*E*) any standing instructions (other than with respect to a depository account) to transfer funds currently in effect:"

2b. Substituted by the IT (Fifteenth Amdt.) Rules, 2016, w.e.f. 20-6-2016. Prior to its substitution, sub-clause (*ii*) read as under :

"(*ii*) in case of a U.S. reportable account which is low value account as on the 30th June, 2014, or in case of other reportable account which is high value account as on the 31st December, 2015, shall be completed by the 30th June, 2016;"

3. Substituted by the IT (Fifteenth Amdt.) Rules, 2016, w.e.f. 20-6-2016. Prior to its substitution, sub-clause (*i*) read as under :

"(*i*) review of pre-existing entity accounts with an aggregate account balance or value that exceeds an amount equivalent to two hundred and fifty thousand U.S. dollars as on the 30th June, 2014 (in case of a U.S. reportable account), or as the case may be, 31st December, 2015 (in case of other reportable account) shall be completed by the 30th June, 2016;"

4. Inserted by the Income-tax (First Amendment) Rules, 2026, w.r.e.f. **1-1-2026.**

[50-51][**Annual Information Statement.**

114-I. (1) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) or any person authorised by him shall, under section 285BB of the Income-tax Act,1961, upload in the registered account of the assessee an annual information statement in Form No. 26AS containing the information specified in column (2) of the table below, which is in his possession within three months from the end of the month in which the information is received by him :

Sl. No.	*Nature of information*
(1)	(2)
(*i*)	Information relating to tax deducted or collected at source
(*ii*)	Information relating to specified financial transaction
(*iii*)	Information relating to payment of taxes
(*iv*)	Information relating to demand and refund
(*v*)	Information relating to pending proceedings
(*vi*)	Information relating to completed proceedings

(2) The Board may also authorise the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) or any person authorised by him to upload the information received from any officer, authority or body performing any function under any law or the information received under an agreement referred to in section 90 or section 90A of the Income-tax Act,1961 or the information received from any other person to the extent as it may deem fit in the interest of the revenue in the annual information statement referred to in sub-rule (1).

(3) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) shall specify the procedures, formats and standards for the purposes of uploading of annual information statement referred to in sub-rule (1).]

50-51. Inserted by the IT (Eleventh Amdt.) Rules, 2020, w.e.f. 1-6-2020.

Rate of exchange for conversion into rupees of income expressed in foreign currency.

115. (1) The rate of exchange for the calculation of the value in rupees of any income accruing or arising or deemed to accrue or arise to the assessee in foreign currency or received or deemed to be received by him or on his behalf in foreign currency shall be the telegraphic transfer buying rate of such currency as on the specified date.

Explanation.—For the purposes of this rule,—

(*1*) "telegraphic transfer buying rate" shall have the same meaning as in the *Explanation* to rule 26;

(*2*) "specified date" means—

(*a*) in respect of income chargeable under the head "Salaries", the last day of the month immediately preceding the month in which the salary is due, or is paid in advance or in arrears;

(*b*) in respect of income by way of "interest on securities", the last day of the month immediately preceding the month in which the income is due;

(*c*) in respect of income chargeable under the heads "Income from house property", "Profits and gains of business or profession" [not being income referred to in clause (*d*)] and "Income from other sources" (not being income by way of dividends and "Interest on securities"), the last day of the previous year of the assessee;

(*d*) in respect of income chargeable under the head "Profits and gains of business or profession" in the case of a non-resident engaged in the business of operation of ships, the last day of the month immediately preceding the month in which such income is deemed to accrue or arise in India;

(*e*) in respect of income by way of dividends, the last day of the month immediately preceding the month in which the dividend is declared, distributed or paid by the company;

(*f*) in respect of income chargeable under the head "Capital gains", the last day of the month immediately preceding the month in which the capital asset is transferred :

Provided that the specified date, in respect of income referred to in sub-clauses (*a*) to (*f*) payable in foreign currency and from which tax has been deducted at source under rule 26, shall be the date on which the tax was required to be deducted] under the provisions of the Chapter XVII-B.

(2) Nothing contained in sub-rule (1) shall apply in respect of income referred to in clause (*c*) of the *Explanation* to sub-rule (1) where such income is received in, or brought into India by the assessee or on his behalf before the specified date in accordance with the provisions of the Foreign Exchange Regulation Act, 1973 (46 of 1973).

Rate of exchange for conversion of rupees into foreign currency and reconversion of foreign currency into rupees for the purpose of computation of capital gains under the proviso to clause (*a*) of sub-section (1) of section 48 of the Income-tax Act, 1961.

115A. For the purpose of computing capital gains arising from the transfer of a capital asset being shares in, or debentures of, an Indian company, in the case of an assessee who is a non-resident Indian, the rate of exchange shall be :—

(*a*) for converting the cost of acquisition of the capital asset, the average of the telegraphic transfer buying rate and telegraphic transfer selling rate of the foreign currency initially utilised in the purchase of the said asset, as on the date of its acquisition;

(*b*) for converting expenditure incurred wholly and exclusively in connection with the transfer of the capital asset referred to in clause (*a*), the average of the telegraphic transfer buying rate and telegraphic transfer selling rate of the foreign currency initially utilised in the purchase of the said asset, as on the date of transfer of the capital asset;

(*c*) for converting the full value of consideration received or accruing as a result of the transfer of the capital asset referred to in clause (*a*), the average of the telegraphic transfer buying rate and telegraphic transfer selling rate of the foreign currency initially utilised in the purchase of the said asset, as on the date of transfer of the capital asset;

(*d*) for reconverting capital gains computed in the foreign currency initially utilised in the purchase of the capital asset into rupees, the telegraphic transfer buying rate of such currency, as on the date of transfer of the capital asset.

Explanation.—For the purposes of this rule—

(*i*) "telegraphic transfer buying rate" shall have the same meaning as in the *Explanation* to rule 26;

(*ii*) "telegraphic transfer selling rate", in relation to a foreign currency, means the rate of exchange adopted by the State Bank of India constituted under the State Bank of India Act, 1955 (23 of 1955), for selling such currency where such currency is made available by that bank through telegraphic transfer.

सत्यमेव जयते
कोष मूलो दण्ड:
INCOME TAX DEPARTMENT

Return of interest paid.

116. [*Omitted by the IT (Fifth Amdt.) Rules, 1989, w.e.f. 18-5-1989.*]

सत्यमेव जयते
कोष मूलो दण्ड:
INCOME TAX DEPARTMENT

Return of dividends paid.

117. [*Omitted by the IT (Fifth Amdt.) Rules, 1989, w.e.f. 18-5-1989.*]

सत्यमेव जयते
कोष मूलो दण्ड:
INCOME TAX DEPARTMENT

Reduction or waiver of interest payable under section 139.

117A. In respect of assessment relating to an assessment year commencing on or before the first day of April, 1988, the Assessing Officer may reduce or waive the interest payable under section 139 in the cases and in the circumstances mentioned below, namely :—

(*i*) where the return of income is furnished by a person who has been treated under section 163 as an agent of a non-resident and is assessed in respect of the latter's income;

(*ii*) where the return of income is furnished by an assessee whose only source of income during the relevant previous year is a share in the income of an unregistered firm which has been assessed on its total income in respect of that previous year under clause (*b*) of section 183;

(*iii*) where the return of income of a deceased individual is furnished by his legal representative and the legal representative satisfies the Assessing Officer that he had sufficient cause for not furnishing such return within time;

(*iv*) where the return of income has been furnished in pursuance of a notice issued under section 148;

(*v*) any case in which the assessee produces evidence to the satisfaction of the Assessing Officer that he was prevented by sufficient cause from furnishing the return within time :

Provided that the previous approval of the Deputy Commissioner has been obtained where the amount of interest reduced or waived, as the case may be, under clause (*iv*) or clause (*v*) exceeds one thousand rupees.

सत्यमेव जयते
कोष मूलो दण्ड:
INCOME TAX DEPARTMENT

Form of statement under section 222 or section 223.

117B. A statement under section 222 or section 223 shall be drawn up by the Tax Recovery Officer in Form No. 57.

Tax Recovery Officer to exercise or perform certain powers and functions of an Assessing Officer.

117C. (1) The Chief Commissioner or the Commissioner, by general or special order in writing, may authorise a Tax Recovery Officer to exercise or perform the powers and functions conferred on or assigned to an Assessing Officer under section 154 for rectifying any mistake apparent from record in respect of an order passed by the Assessing Officer consequent to which a sum is payable and the Tax Recovery Officer has drawn a Certificate under section 222 in respect of such sum.

(2) The Tax Recovery Officer shall exercise or perform such powers and functions concurrently with the Assessing Officer.

Levy of interest under section 220(2) where a recovery certificate is not issued.

118. [*Omitted by the IT (Eleventh Amdt.) Rules, 1989, w.e.f. 30-11-1989.*]

Levy of interest under section 220(2) in a case where a recovery certificate is issued.

119. [*Omitted by the IT (Eleventh Amdt.) Rules, 1989, w.e.f. 30-11-1989.*]

Procedure to be followed in calculating interest.

119A. In calculating the interest payable by the assessee or the interest payable by the Central Government to the assessee under any provision of the Act,—

(*a*) where interest is to be calculated on annual basis, the period for which such interest is to be calculated shall be rounded off to a whole month or months and for this purpose any fraction of a month shall be ignored; and the period so rounded off shall be deemed to be the period in respect of which the interest is to be calculated;

(*b*) where the interest is to be calculated for every month or part of a month comprised in a period, any fraction of a month shall be deemed to be a full month and the interest shall be so calculated;

(*c*) the amount of tax, penalty or other sum in respect of which such interest is to be calculated shall be rounded off to the nearest multiple of one hundred rupees and for this purpose any fraction of one hundred rupees shall be ignored and the amount so rounded off shall be deemed to be the amount in respect of which the interest is to be calculated.

Modes of payment for the purpose of section 269SU.

119AA. Every person, carrying on business, if his total sales, turnover or gross receipts, as the case may be, in business exceeds fifty crore rupees during the immediately preceding previous year shall provide facility for accepting payment through following electronic modes, in addition to the facility for other electronic modes of payment, if any, being provided by such person, namely:—

(*i*) Debit Card powered by RuPay;
(*ii*) Unified Payments Interface (UPI) (BHIM-UPI); and
(*iii*) Unified Payments Interface Quick Response Code (UPI QR Code) (BHIM-UPI QR Code).

Form for furnishing particulars by contractor.

120. [*Omitted by the IT (Fifth Amdt.) Rules, 1989, w.e.f. 18-5-1989. Earlier, it was inserted by the IT (Amdt.) Rules, 1965, w.e.f. 4-1-1965.*]

सत्यमेव जयते
कोष मूलो दण्ड:
INCOME TAX DEPARTMENT

Procedure for imposition of fine.

121. [*Omitted by the IT (Fifth Amdt.) Rules, 1989, w.e.f. 18-5-1989. Earlier, it was inserted by the IT (Amdt.) Rules, 1965, w.e.f. 4-1-1965.*]

सत्यमेव जयते
कोष मूलो दण्ड:
INCOME TAX DEPARTMENT

[52]**[Form of statement to be furnished by producers of cinematograph films or persons engaged in specified activity.**

121A. (1) The statement required to be furnished under section 285B by a person carrying on production of cinematograph film or engaged in specified activity, or both, shall be in Form No. 52A for each previous year.

(2) Form No. 52A shall be furnished within sixty days from the end of the previous year.

(3) For the purpose of section 285B, the prescribed authority shall be the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, or any person authorised by the Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems).

(4) Form No. 52A, shall be furnished electronically,—

(*i*) under digital signature, if the return of income is required to be furnished under digital signature;

(*ii*) through electronic verification code in a case not covered under clause (*i*).

(5) The Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems), as the case may be, shall,—

(*a*) specify the procedures, formats and standards for the purposes of furnishing and verification of Form No. 52A;

(*b*) be responsible for the day-to-day administration in relation to furnishing and verification of Form No. 52A; and

(*c*) be responsible for formulating and implementing appropriate security, archival and retrieval policies in relation to Form No. 52A.

(6) The Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems), as the case may be, or any person authorised by the Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems) shall forward Form No. 52A to the Assessing Officer.

Explanation.—For the purposes of this rule, "specified activity" shall have the same meaning as assigned to it in the *Explanation* to section 285B of the Act.]

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52. Substituted by the IT (Thirtieth Amdt.) Rules, 2022, w.e.f. 14-9-2022.

Notice in respect of properties held benami.

122. [*Omitted by the IT (Fifth Amdt.) Rules, 1989, w.e.f. 18-5-1989.*]

सत्यमेव जयते
कोष मूलो दण्ड:
INCOME TAX DEPARTMENT

Application for obtaining certified copies of certain notices.

123. [*Omitted by the IT (Twenty-first Amdt.) Rules, 2021, w.e.f. 29-7-2021 (*see *rule 130)*.]

सत्यमेव जयते
कोष मूलो दण्ड:
INCOME TAX DEPARTMENT

Fees for obtaining certified copy of notice.

124. [*Omitted by the IT (Twenty-first Amdt.) Rules, 2021, w.e.f.29-7-2021(*see *rule 130).*]

सत्यमेव जयते
कोष मूलो दण्ड:
INCOME TAX DEPARTMENT

Electronic payment of tax.

125. (1) The following persons shall pay tax electronically on or after the 1st day of April, 2008:—

(*a*) a company; and

(*b*) a person (other than a company), to whom the provisions of section 44AB are applicable.

(2) For the purposes of this rule :—

(*a*) "pay tax electronically" shall mean, payment of tax by way of—

(*i*) internet banking facility of the authority bank; or

(*ii*) credit or debit cards;

(*b*) the word "tax" shall have the meaning as assigned to it in clause (*43*) of section 2 of the Act and shall include interest and penalty.

सत्यमेव जयते
कोष मूलो दण्ड:
INCOME TAX DEPARTMENT

[53]**[Computation of period of stay in India in certain cases.**

126. (1) For the purposes of clause (*1*) of section 6, in case of an individual, being a citizen of India and a member of the crew of a ship, the period or periods of stay in India shall, in respect of an eligible voyage, not include the period computed in accordance with sub-rule (2).

(2) The period referred to in sub-rule (1) shall be the period beginning on the date entered into the Continuous Discharge Certificate in respect of joining the ship by the said individual for the eligible voyage and ending on the date entered into the Continuous Discharge Certificate in respect of signing off by that individual from the ship in respect of such voyage.

Explanation.—For the purposes of this rule,—

(*a*) "Continuous Discharge Certificate" shall have the meaning assigned to it in the Merchant Shipping (Continuous Discharge Certificate-cum-Seafarer's Identity Document) Rules, 2001 made under the Merchant Shipping Act, 1958 (44 of 1958);

(*b*) "eligible voyage" shall mean a voyage undertaken by a ship engaged in the carriage of passengers or freight in international traffic where—

(*i*) for the voyage having originated from any port in India, has as its destination any port outside India; and

(*ii*) for the voyage having originated from any port outside India, has as its destination any port in India.]

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53. Inserted by the IT (Twelfth Amdt.) Rules, 2015, w.e.f. 1-4-2015.

[54][**Service of notice, summons, requisition, order and other communication.**

127. (1) For the purposes of sub-section (1) of section 282, the addresses (including the address for electronic mail or electronic mail message) to which a notice or summons or requisition or order or any other communication under the Act (hereafter in this rule referred to as "communication") may be delivered or transmitted shall be as per sub-rule (2).

(2) The addresses referred to in sub-rule (1) shall be—

(*a*) for communications delivered or transmitted in the manner provided in clause (*a*) or clause (*b*) of sub-section (1) of section 282—

(*i*) the address available in the PAN database of the addressee; or

(*ii*) the address available in the income-tax return to which the communication relates; or

(*iii*) the address available in the last income-tax return furnished by the addressee; or

(*iv*) in the case of addressee being a company, address of registered office as available on the website of Ministry of Corporate Affairs:

Provided that the communication shall not be delivered or transmitted to the address mentioned in items (*i*) to (*iv*) where the addressee furnishes in writing any other address for the purposes of communication to the income-tax authority or any person authorised by such authority issuing the communication:

[55][**Provided further** that where the communication cannot be delivered or transmitted to the address mentioned in items (*i*) to (*iv*) or any other address furnished by the addressee as referred to in first proviso, the communication shall be delivered or transmitted to the following address:—

(*i*) the address of the assessee as available with a banking company or a co-operative bank to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of the said Act); or

(*ii*) the address of the assessee as available with the Post Master General as referred to in clause (*j*) of section 2 of the Indian Post Office Act, 1898 (6 of 1898); or

(*iii*) the address of the assessee as available with the insurer as defined in clause (*9*) of section 2 of the Insurance Act, 1938 (4 of 1938); or

(*iv*) the address of the assessee as furnished in Form No. 61 to the Director of Income-tax (Intelligence and Criminal Investigation) or to the Joint Director of Income-tax (Intelligence and Criminal Investigation) under sub-rule (1) of rule 114D; or

(*v*) the address of the assessee as furnished in Form No. 61A under sub-rule (1) of rule 114E to the Director of Income-tax (Intelligence and Criminal Investigation) or to the Joint Director of Income-tax (Intelligence and Criminal Investigation); or

(*vi*) the address of the assessee as available in the records of the Government; or

(*vii*) the address of the assessee as available in the records of a local authority as referred to in the *Explanation* below clause (*20*) of section 10 of the Act;]

(*b*) for communications delivered or transmitted electronically—

(*i*) email address available in the income-tax return furnished by the addressee to which the communication relates; or

(*ii*) the email address available in the last income-tax return furnished by the addressee; or

(*iii*) in the case of addressee being a company, email address of the company as available on the website of Ministry of Corporate Affairs; or

(*iv*) any email address made available by the addressee to the income-tax authority or any person authorised by such income-tax authority.

(3) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) shall specify the procedure, formats and standards for ensuring secure transmission of electronic communication and shall also be responsible for formulating and implementing appropriate security, archival and retrieval policies in relation to such communication.]

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54. Inserted by the IT (Eighteenth Amdt.) Rules, 2015, w.e.f. 2-12-2015.

55. Inserted by the IT (Twenty-fifth Amdt.) Rules, 2017, w.e.f. 20-12-2017.

[56][**Authentication of notices and other documents.**

127A. (1) Every notice or other document communicated in electronic form by an income-tax authority under the Act shall be deemed to be authenticated,—

(*a*) in case of electronic mail or electronic mail message (hereinafter referred to as the e-mail), if the name and office of such income-tax authority—

(*i*) is printed on the e-mail body, if the notice or other document is in the e-mail body itself; or

(*ii*) is printed on the attachment to the e-mail, if the notice or other document is in the attachment,

and the e-mail is issued from the designated e-mail address of such income-tax authority;

(*b*) in case of an electronic record, if the name and office of the income-tax authority—

(*i*) is displayed as a part of the electronic record, if the notice or other document is contained as text or remark in the electronic record itself; or

(*ii*) is printed on the attachment in the electronic record, if the notice or other document is in the attachment,

and such electronic record is displayed on the designated website.

(2) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) shall specify the designated e-mail address of the income-tax authority, the designated website and the procedure, formats and standards for ensuring authenticity of the communication.

Explanation.—For the purposes of this rule, the expressions—

(*i*) "electronic mail" and "electronic mail message" shall have the same meanings respectively assigned to them in *Explanation* to section 66A of the Information Technology Act, 2000 (21 of 2000);

(*ii*) "electronic record" shall have the same meaning as assigned to it in clause (*t*) of sub-section (1) of section 2 of the Information Technology Act, 2000 (21 of 2000).]

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56. Inserted by the IT (Third Amdt.) Rules, 2017, w.e.f. 23-3-2017.

[57][**Foreign Tax Credit.**

128. (1) An assessee, being a resident shall be allowed a credit for the amount of any foreign tax paid by him in a country or specified territory outside India, by way of deduction or otherwise, in the year in which the income corresponding to such tax has been offered to tax or assessed to tax in India, in the manner and to the extent as specified in this rule:

Provided that in a case where income on which foreign tax has been paid or deducted, is offered to tax in more than one year, credit of foreign tax shall be allowed across those years in the same proportion in which the income is offered to tax or assessed to tax in India.

(2) The foreign tax referred to in sub-rule (1) shall mean,—

(*a*) in respect of a country or specified territory outside India with which India has entered into an agreement for the relief or avoidance of double taxation of income in terms of section 90 or section 90A, the tax covered under the said agreement;

(*b*) in respect of any other country or specified territory outside India, the tax payable under the law in force in that country or specified territory in the nature of income-tax referred to in clause (*iv*) of the *Explanation* to section 91.

(3) The credit under sub-rule (1) shall be available against the amount of tax, surcharge and cess payable under the Act but not in respect of any sum payable by way of interest, fee or penalty.

(4) No credit under sub-rule (1) shall be available in respect of any amount of foreign tax or part thereof which is disputed in any manner by the assessee:

Provided that the credit of such disputed tax shall be allowed for the year in which such income is offered to tax or assessed to tax in India if the assessee within six months from the end of the month in which the dispute is finally settled, furnishes evidence of settlement of dispute and an evidence to the effect that the liability for payment of such foreign tax has been discharged by him and furnishes an undertaking that no refund in respect of such amount has directly or indirectly been claimed or shall be claimed.

(5) The credit of foreign tax shall be the aggregate of the amounts of credit computed separately for each source of income arising from a particular country or specified territory outside India and shall be given effect to in the following manner:—

(*i*) the credit shall be the lower of the tax payable under the Act on such income and the foreign tax paid on such income:

Provided that where the foreign tax paid exceeds the amount of tax payable in accordance with the provisions of the agreement for relief or avoidance of double taxation, such excess shall be ignored for the purposes of this clause;

(*ii*) the credit shall be determined by conversion of the currency of payment of foreign tax at the telegraphic transfer buying rate on the last day of the month immediately preceding the month in which such tax has been paid or deducted.

(6) In a case where any tax is payable under the provisions of section 115JB or section 115JC, the credit of foreign tax shall be allowed against such tax in the same manner as is allowable against any tax payable under the provisions of the Act other than the provisions of the said sections (hereafter referred to as the "normal provisions").

(7) Where the amount of foreign tax credit available against the tax payable under the provisions of section 115JB or section 115JC exceeds the amount of tax credit available against the normal provisions, then while computing the amount of credit under section 115JAA or section 115JD in respect of the taxes paid under section 115JB or section 115JC, as the case may be, such excess shall be ignored.

(8) Credit of any foreign tax shall be allowed on furnishing the following documents by the assessee, namely:—

(*i*) a statement of income from the country or specified territory outside India offered for tax for the previous year and of foreign tax deducted or paid on such income in Form No. 67 and verified in the manner specified therein;

(*ii*) certificate or statement specifying the nature of income and the amount of tax deducted therefrom or paid by the assessee,—

(*a*) from the tax authority of the country or specified territory outside India; or

(*b*) from the person responsible for deduction of such tax; or

(*c*) signed by the assessee:

Provided that the statement furnished by the assessee in clause (*c*) shall be valid if it is accompanied by,—

(*A*) an acknowledgement of online payment or bank counter foil or challan for payment of tax where the payment has been made by the assessee;

(*B*) proof of deduction where the tax has been deducted.

[58][(9) The statement in Form No. 67 referred to in clause (*i*) of sub-rule (8) and the certificate or the statement referred to in clause (*ii*) of sub-rule (8) shall be furnished on or before the end of the assessment year relevant to the previous year in which the income referred to in sub-rule (1) has been offered to tax or assessed to tax in India and the return for such assessment year has been furnished within the time specified under sub-section (1) or sub-section (4) of section 139:

Provided that where the return has been furnished under sub-section (8A) of section 139, the statement in Form No. 67 referred to in clause (*i*) of sub-rule (8) and the certificate or the statement referred to in clause (*ii*) of sub-rule (8) to the extent it relates to the income included in the updated return, shall be furnished on or before the date on which such return is furnished.]

(10) Form No. 67 shall also be furnished in a case where the carry backward of loss of the current year results in refund of foreign tax for which credit has been claimed in any earlier previous year or years.

Explanation.—For the purposes of this rule "telegraphic transfer buying rate" shall have the same meaning as assigned to it in *Explanation* to rule 26.]

57. Inserted by the IT (Eighteenth Amdt.) Rules, 2016, w.e.f. 1-4-2017.
58. Substituted by the IT (Twenty-seventh Amdt.) Rules, 2022, w.r.e.f. 1-4-2022.

[59][**Form of application under section 270AA.**

129. An application to the Assessing Officer to grant immunity from imposition of penalty under section 270A and from initiation of proceedings under section 276C or section 276CC shall be made in Form No. 68.]

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59. Inserted by the IT (Twenty-fifth Amdt.) Rules, 2016, w.e.f. 1-4-2017.

[60][**Omission of certain rules and Forms and savings.**

130. (1) Rules 5A, 5AB, 6ABB, 12B, 12BA, [61]**[***]**[62][***] 16E, 16F, 18B, 18BB, 18BBA, 18DD, 18DDA, 20AB, 29AA, 29D, 37, 37E, 37F, 44A, 48, 123 and rule 124 shall be omitted.

(2) In Appendix II, Forms ITR-8, 2B, 2C, 2E, 3AA, 3AAA, 3BA, 4, 5, 5A, 10AA, 10C, 10CC, 10CCA, 10CCAA, 10CCAB, 10CCABA, 10CCAC, 10CCAD, 10CCAE, 10CCAF, 10CCAG, 10CCAH, 10CCAI, 10CCBA, 10CCBB, 10CCBBA, 10CCBC, 10CCBD, 10DB, 10DC, 10G, 10HA, 11, 11A, 12, 12A, 15-I, 15J, 16AA, 22, 24, 26, 27E, 30, 34A, 34B, 34BA, 37, 37EE, 37F, 37G, 37H, 37-I, 54, 55, 56A, 56AA, 56B, 56BA, 56C, 56CA, 56E, [63]**[***]**[64][***] 56G, 56H, 58A, 58B, 63, 63A and Form 63AA shall be omitted.

(3) Notwithstanding such omission, on and from the date of commencement of this rule—

(*i*) any proceeding pending before any income-tax authority, any Appellate Tribunal or any court, by way of appeal, reference or revision, shall be continued and disposed of as if rules and forms mentioned in sub-rule (1) and sub-rule (2) have not been omitted;

(*ii*) any agreement entered into, appointment made, approval given, recognition granted, direction, instruction, notification or order issued under the rules and Forms mentioned in sub-rule (1) and sub-rule (2) shall be deemed to continue in force as if rules and forms mentioned in sub-rule (1) and sub-rule (2) have not been omitted.]

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60. Inserted by the IT (Twenty-first Amdt.) Rules, 2021, w.e.f. 29-7-2021.
61. "16D," omitted by the IT (Twenty-sixth Amdt.) Rules, 2023, w.r.e.f. **29-7-2021**.
62. "16DD," omitted by the IT (Thirty-fifth Amdt.) Rules, 2021, w.r.e.f. 29-7-2021.
63. "56F," omitted by the IT (Twenty-sixth Amdt.) Rules, 2023, w.r.e.f. **29-7-2021**.
64. "56FF," omitted by the IT (Thirty-fifth Amdt.) Rules, 2021, w.r.e.f. 29-7-2021.

[65][**Electronic furnishing of Forms, Returns, Statements, Reports, orders etc.**

131. (1) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, may with the approval of the Board specify that any of the Forms, returns, statements, reports, orders, by whatever name called, prescribed in Appendix II, shall be furnished electronically—

(*i*) under digital signature, if the return of income is required to be furnished under digital signature; or

(*ii*) through electronic verification code in a case not covered under clause (*i*).

(2) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall—

(*i*) with the approval of the Board specify the Forms, returns, statements, reports, orders, referred to in sub-rule (1), which are to be furnished electronically;

(*ii*) lay down the data structure, standards and procedure of furnishing and verification of such Forms, returns, statements, reports, orders, including modification in format, if required, to make it compatible for furnishing electronically; and

(*iii*) be responsible for formulating and implementing appropriate security, archival and retrieval policies in relation to the said Forms, returns, statements, reports, orders.]

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65. Inserted by the IT (Twenty-first Amdt.) Rules, 2021, w.e.f. 29-7-2021.

[66][**Application for recomputation of income under sub-section (18) of section 155.**

132. (1) An application requesting for recomputation of total income of the previous year without allowing the claim for deduction of surcharge or cess, which has been claimed and allowed as deduction under section 40 in the said previous year, shall be made in Form No. 69 on or before the 31st day of March, 2023.

(2) Form No. 69 shall be furnished electronically to the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) or the person authorized by the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems).

(3) Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) shall lay down the procedures and standards for furnishing and verification of Form No. 69 and to forward the application received in Form No. 69 to the Assessing Officer.

(4) The Assessing Officer shall, on receipt of the application in Form No. 69, recompute the total income by amending the relevant order and issue notice under section 156 specifying the time period within which amount of tax payable, if any, is to be paid,—

(*i*) for the assessment year relevant to the previous year referred to in sub-rule (1); and

(*ii*) for the assessment years subsequent to the assessment year referred to in clause (*i*), if the order for such assessment year results in variation in carry forward of loss or allowance for unabsorbed depreciation or credit for tax under section 115JAA or section 115JD.

(5) The assessee shall, after making the payment of the tax determined under sub-rule (4), furnish the details of payment of tax in Form No. 70 to the Assessing Officer within thirty days from date of making the payment.]

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66. Inserted by the IT (Thirty-second Amdt.) Rules, 2022, w.e.f. 1-10-2022.

Calculation of net winnings from online games for purpose of section 115BBJ.

[67][**133.** *(1) Net winnings from online games during the previous year, for the purposes of section 115BBJ, shall be calculated using the following formula, namely:—*

Net winnings = (A+D) - (B+C), where—

A = Aggregate amount withdrawn from the user account during the financial year;

B = Aggregate amount of non-taxable deposit made in the user account by the assessee during the financial year;

C = Opening balance of the user account at the beginning of the financial year; and

D = Closing balance of the user account at the end of the financial year.

(2) Net winnings comprised in the first withdrawal during the financial year, for the purposes of section 194BA, shall be calculated using the following formula, namely:—

Net winnings = A - (B+C), where—

A = Amount withdrawn from the user account;

B = Aggregate amount of non-taxable deposit made in the user account by the owner of such account during the financial year, till the time of such withdrawal; and

C = Opening balance of the user account at the beginning of the financial year.

(3) Net winnings in the formula given in sub-rule (2) shall be zero, if the sum of amounts B and C is equal to or greater than the amount A.

(4) Net winnings comprised in each subsequent withdrawal during the financial year, for the purposes of section 194BA, shall be calculated using the following formula, namely:—

Net winnings = A - (B+C+E), where—

A = Aggregate amount withdrawn from the user account during the financial year till the time of subsequent withdrawal including the amount of such subsequent withdrawal;

B = Aggregate amount of non-taxable deposit made in the user account by the owner of such account during the financial year, till the time of such subsequent withdrawal;

C = Opening balance of the user account at the beginning of the financial year; and

E = Net winnings comprised in the earlier withdrawal or withdrawals computed under sub-rule (2), or under this sub-rule, during the financial year till the time of subsequent withdrawal if tax has been deducted in accordance with the provision of section 194BA on winnings comprised in such withdrawal or withdrawals.

(5) Net winnings in the formula given in sub-rule (4) shall be zero, if the sum of amounts B, C and E is equal to or greater than the amount A.

(6) Net winnings comprised in the user account at the end of the financial year, for the purposes of section 194BA, shall be calculated using the following formula, namely:—

Net winnings = (A+D) - (B+C+E), where—

A = Aggregate amount withdrawn from the user account during the financial year;

B = Aggregate amount of non-taxable deposit made in the user account by the owner of such account during the financial year;

C = Opening balance of the user account at the beginning of the financial year;

D = Closing balance of the user account at the end of the financial year; and

E = Net winnings comprised in the earlier withdrawal or withdrawals computed under sub-rule (2), or sub-rule (4), during the financial year if tax has been deducted in accordance with the provision of section 194BA on winnings comprised in such withdrawal or withdrawals.

(7) Net winnings in the formula given in sub-rule (6) shall be zero, if the sum of amounts B, C and E is equal to or greater than the sum of amount A and D.

Explanation 1.—*For the purposes of this rule—*

(a) *"non-taxable deposit" means the amount deposited by the user in his user account and which is not taxable;*
(b) *"taxable deposit" means any amount deposited in the user account which is not a non-taxable deposit and includes any amount paid directly to the user not through the user account; and*
(c) *"withdrawal" means any amount withdrawn by the user from any user account.*

Explanation 2.—*For the removal of doubts, it is hereby clarified that—*

(a) *user account shall include every account of user, by whatever name called, which is registered with the online gaming intermediary and where any taxable deposit, non-taxable deposit or the winnings made by the user is credited and withdrawal by the user is debited;*
(b) *whenever there is payment to the user in kind or in cash, or partly in kind and partly in cash, which is not from the user account, the provisions of this rule shall apply to calculate net winnings by deeming that the money equivalent to such payment has been deposited as taxable deposit in the user account and the equivalent amount has been withdrawn from the user account at the same time and shall accordingly be included in amount A;*
(c) *whenever there are multiple user accounts of the same user, each user account shall be considered for the purposes of calculating net winnings and the deposit, withdrawal or balance in the user account shall mean aggregate of deposit, withdrawal or balance in all user accounts;*

(d) *whenever there are multiple user accounts of the same user, transfer from one user account to another user account, maintained with the same online gaming intermediary, of the same user shall not be considered as withdrawal or deposit, as the case may be, for the purposes of deducting tax under section 194BA;*

(e) *whenever there is taxable deposit in the form of bonus, referral bonus, incentives, promotional money, discount by whatever name called; and such deposit can only be used for playing the online games and not for withdrawal or any other purposes, such deposit shall be ignored for the purposes of calculation of net winnings and shall not be included in amount B or amount C or amount D; and*

(f) *whenever any bonus, referral bonus, incentives, promotional money, discount, by whatever name called, is not considered as part of amount B or amount C or amount D under clause* (e) *and subsequently they are recharacterised and allowed to be withdrawn, they shall be deemed as taxable deposit at the time of such recharacterisation and it shall be deemed that the equivalent amount has been deposited in the user account at that time.***]**

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67. Inserted by the IT (Fifth Amdt.) Rules, 2023, w.e.f. **22-5-2023**.

सत्यमेव जयते
कोष मूलो दण्ड:
INCOME TAX DEPARTMENT

[68]**[Application under sub-section (20) of section 155 regarding credit of tax deduction at source.**

134. *(1) The application required to be made by the assessee under sub-section (20) of section 155 shall be in Form No. 71.*

(2) Form No. 71 shall be furnished to the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) or the person authorised by the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems).

(3) Form No. 71, shall be furnished electronically,—

(i) under digital signature, if the return of income is required to be furnished under digital signature;

(ii) through electronic verification code in a case not covered under clause (i).

(4) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall specify the procedures for furnishing Form No. 71 and shall also be responsible for formulating and evolving appropriate security, archival and retrieval policies in relation to the form so furnished.

*(5) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, or any person authorised by the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) shall forward Form No. 71 to the Assessing Officer.***]**

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68. Inserted by the IT (Twentieth Amdt.) Rules, 2023, w.e.f. **1-10-2023**.

[***NEW APPENDIX I***

[Effective from assessment year 2006-07 onwards]

[*See* rule 5]

TABLE OF RATES AT WHICH DEPRECIATION IS ADMISSIBLE

	Block of assets	*Depreciation allowance aspercentageof writtendown value*
	1	*2*
	PART A	
	TANGIBLE ASSETS	
I.	**Building** [*See* Notes 1 to 4 below this Table]	
	(*1*) Buildings which are used mainly for residential purposes except hotels and boarding houses	5
	(*2*) Buildings other than those used mainly for residential purposes and not covered by sub-items (*1*) above and (*3*) below	10
	(*3*) Buildings acquired on or after the 1st day of September, 2002 for installing machinery and plant forming part of water supply project or water treatment system and which is put to use for the purpose of business of providing infrastructure facilities under clause (*i*) of sub- section (4) of section 80-IA	[1][40]
	(*4*) Purely temporary erections such as wooden structures	[1][40]
II.	**Furniture and fittings**	
	Furniture and fittings including electrical fittings [*See* Note 5 below this Table]	10
III.	**Machinery and Plant**	
	(*1*) Machinery and plant other than those covered by sub-items (*2*), (*3*) and (*8*) below :	15
[2][(*2*)	(*i*) Motor cars, other than those used in a business of running them on hire, acquired or put to use on or after the 1st day of April, 1990 except those covered under entry (*ii*);	15
	(*ii*) Motor cars, other than those used in a business of running them on hire, acquired on or after the 23rd day of August, 2019 but before the 1st day of April, 2020 and is put to use before the 1st day of April, 2020. 30]	
	(*3*) (*i*) Aeroplanes - Aeroengines	40
[3][(*ii*)	(*a*) Motor buses, motor lorries and motor taxis used in a business of running them on hire other than those covered under entry (*b*).	30
	(*b*) Motor buses, motor lorries and motor taxis used in a business of running them on hire, acquired on or after the 23rd day of August, 2019 but before the 1st day of April, 2020 and is put to use before the 1st day of April, 2020.	45]
	(*iii*) Commercial vehicle which is acquired by the assessee on or after the 1st day of October, 1998, but before the 1st day of April, 1999 and is put to use for any period before the 1st day of April, 1999 for the purposes of business or profession in accordance with the third proviso to clause (*ii*) of sub-section (1) of section 32 [*See* Note 6 below this Table]	40
	(*iv*) New commercial vehicle which is acquired on or after the 1st day of October, 1998, but before the 1st day of April, 1999 in replacement of condemned vehicle of over 15 years of age and is put to use for any period before the 1st day of April, 1999 for the purposes of business or profession in accordance with the third proviso to clause (*ii*) of sub-section (1) of section 32 [*See* Note 6 below this Table]	[4][40]
	(*v*) New commercial vehicle which is acquired on or after the 1st day of April, 1999 but before the 1st day of April, 2000 in replacement of condemned vehicle of over 15 years of age and is put to use before the 1st day of April, 2000 for the purposes of business or profession in accordance with the second proviso to clause (*ii*) of sub-section (1) of section 32 [*See* Note 6 below this Table]	[4][40]
	(*vi*) New commercial vehicle which is acquired on or after the 1st day of April, 2001 but before the 1st day of April, 2002 and is put to use before the 1st day of April, 2002 for the purposes of business or profession [*See* Note 6 below this Table]	[5][40]
	[(*via*) New commercial vehicle which is acquired on or after the 1st day of January, 2009 but before the 1st day of October, 2009 and is put to use before the 1st day of October, 2009 for the purposes of business or profession [*See* paragraph 6 of the Notes below this Table]	[5][40]
	(*vii*) Moulds used in rubber and plastic goods factories	30
	(*viii*) Air pollution control equipment, being—	
	(*a*) Electrostatic precipitation systems	
	(*b*) Felt-filter systems	
	(*c*) Dust collector systems	[6][40]
	(*d*) Scrubber-counter current/venturi/packed bed/cyclonic scrubbers	

(*e*)	Ash handling system and evacuation system	
(*ix*)	Water pollution control equipment, being—	
(*a*)	Mechanical screen systems	
(*b*)	Aerated detritus chambers (including air compressor)	
(*c*)	Mechanically skimmed oil and grease removal systems	
(*d*)	Chemical feed systems and flash mixing equipment	
(*e*)	Mechanical flocculators and mechanical reactors	
(*f*)	Diffused air/mechanically aerated activated sludge systems	
(*g*)	Aerated lagoon systems	
(*h*)	Biofilters	
(*i*)	Methane-recovery anaerobic digester systems	[6][40]
(*j*)	Air flotation systems	
(*k*)	Air/steam stripping systems	
(*l*)	Urea Hydrolysis systems	
(*m*)	Marine outfall systems	
(*n*)	Centrifuge for dewatering sludge	
(*o*)	Rotating biological contractor or bio-disc	
(*p*)	Ion exchange resin column	
(*q*)	Activated carbon column	
(*x*)	(*a*) Solid waste, control equipment being - caustic/lime/ chrome/mineral/cryolite recovery systems	[6][40]
(*b*)	Solid waste recycling and resource recovery systems	
(*xi*)	Machinery and plant, used in semi-conductor industry covering all Integrated Circuits (ICs) (excluding hybrid integrated circuits) ranging from Small Scale Integration (SSI) to Large Scale Integration/Very Large Scale Integration (LSI/VLSI) as also discrete semi-conductor devices such as diodes, transistors, thyristors, triacs, etc., other than those covered by entries (*viii*), (*ix*) and (*x*) of this sub-item and sub-item (*8*) below.	30
(*xia*)	Life saving medical equipment, being—	
(*a*)	D.C. Defibrillators for internal use and pace makers	
(*b*)	Heamodialysors	
(*c*)	Heart lung machine	
(*d*)	Cobalt Therapy Unit	
(*e*)	Colour Doppler	
(*f*)	SPECT Gamma Camera	
(*g*)	Vascular Angiography System including Digital Subtraction Angiography	
(*h*)	Ventilator used with anaesthesia apparatus	
(*i*)	Magnetic Resonance Imaging System	
(*j*)	Surgical Laser	
(*k*)	Ventilator other than those used with anaesthesia	40
(*l*)	Gamma knife	
(*m*)	Bone Marrow Transplant Equipment including silastic long standing intravenous catheters for chemotherapy	
(*n*)	Fibre optic endoscopes including, Paediatric resectoscope/audit resectoscope, Peritoneoscopes, Arthoscope, Microlaryngoscope, Fibreoptic Flexible Nasal Pharyngo Bronchoscope, Fibreoptic Flexible Laryngo Bronchoscope, Video Laryngo Bronchoscope and Video Oesophago Gastroscope, Stroboscope, Fibreoptic Flexible Oesophago Gastroscope	
(*o*)	Laparoscope (single incision)	
(*4*)	Containers made of glass or plastic used as re-fills	[7][40]
(*5*)	Computers including computer software (*See* Note 7 below this Table)	[8][40]
(*6*)	Machinery and plant, used in weaving, processing and garment sector of textile industry, which is purchased under TUFS on or after the 1st day of April, 2001 but before the 1st day of April, 2004 and is put to use before the 1st day of April, 2004 [*See* Note 8 below this Table]	[9][40]

(*7*) Machinery and plant, acquired and installed on or after the 1st day of September, 2002 in a water supply project or a water treatment system and which is put to use for the purpose of business of providing infrastructure facility under clause (*i*) of sub-section (4) of section 80-IA [*See* Notes 4 and 9 below this Table]	[10][40]
(*8*) (*i*) Wooden parts used in artificial silk manufacturing machinery	
(*ii*) Cinematograph films - bulbs of studio lights	
(*iii*) Match factories - Wooden match frames	
(*iv*) Mines and quarries :	
(*a*) Tubs winding ropes, haulage ropes and sand stowing pipes	
(*b*) Safety lamps	[10][40]
(*v*) Salt works - Salt pans, reservoirs and condensers, etc., made of earthy, sandy or clayey material or any other similar material	
(*vi*) Flour mills – Rollers	
(*vii*) Iron and steel industry - Rolling mill rolls	
(*viii*) Sugar works – Rollers	[11][40]
(*ix*) Energy saving devices, being—	
A. Specialised boilers and furnaces :	
(*a*) Ignifluid/fluidized bed boilers	
(*b*) Flameless furnaces and continuous pusher type furnaces	
(*c*) Fluidized bed type heat treatment furnaces	[11][40]
(*d*) High efficiency boilers (thermal efficiency higher than 75 per cent in case of coal fired and 80 per cent in case of oil/gas fired boilers)	
B. Instrumentation and monitoring system for monitoring energy flows :	
(*a*) Automatic electrical load monitoring systems	
(*b*) Digital heat loss meters	
(*c*) Micro-processor based control systems	
(*d*) Infra-red thermography	
(*e*) Meters for measuring heat losses, furnace oil flow, steam flow, electric energy and power factor meters	[12][40]
(*f*) Maximum demand indicator and clamp on power meters	
(*g*) Exhaust gases analyzer	
(*h*) Fuel oil pump test bench	
C. Waste heat recovery equipment:	
(*a*) Economisers and feed water heaters	
(*b*) Recuperators and air pre-heaters	
(*c*) Heat pumps	[12][40]
(*d*) Thermal energy wheel for high and low temperature waste heat recovery	
D. Co-generation systems:	
(*a*) Back pressure pass out, controlled extraction, extraction-*cum*-condensing turbines for co-generation along with pressure boilers	
(*b*) Vapour absorption refrigeration systems	
(*c*) Organic rankine cycle power systems	[12][40]
(*d*) Low inlet pressure small steam turbines	
E. Electrical equipment:	
(*a*) Shunt capacitors and synchronous condenser systems	
(*b*) Automatic power cut-off devices (relays) mounted on individual motors	
(*c*) Automatic voltage controller	
(*d*) Power factor controller for AC motors	
(*e*) Solid state devices for controlling motor speeds	
(*f*) Thermally energy-efficient stenters (which require 800 or less kilocalories of heat to evaporate one kilogram of water)	
(*g*) Series compensation equipment	

(*h*) Flexible AC Transmission (FACT) devices - Thyristor controlled series compensation equipment [12][40]

(*i*) Time of Day (ToD) energy meters

(*j*) Equipment to establish transmission highways for National Power Grid to facilitate transfer of surplus power of one region to the deficient region

(*k*) Remote terminal units/intelligent electronic devices, computer hardware/software, router/bridges, other required equipment and associated communication systems for supervisory control and data acquisition systems, energy management systems and distribution management systems for power transmission systems

(*l*) Special energy meters for Availability Based Tariff (ABT)

F. Burners:

(*a*) 0 to 10 per cent excess air burners

(*b*) Emulsion burners

(*c*) Burners using air with high pre-heat temperature (above 300°C) [13][40]

G. Other equipment :

(*a*) Wet air oxidation equipment for recovery of chemicals and heat

(*b*) Mechanical vapour recompressors

(*c*) Thin film evaporators

(*d*) Automatic micro-processor based load demand controllers [13][40]

(*e*) Coal based producer gas plants

(*f*) Fluid drives and fluid couplings

(*g*) Turbo charges/super-charges

(*h*) Sealed radiation sources for radiation processing plants

(*x*) Gas cylinders including valves and regulators [14][40]

(*xi*) Glass manufacturing concerns - Direct fire glass melting furnaces [14][40]

(*xii*) Mineral oil concerns:

(*a*) Plant used in field operations (above ground) distribution -Returnable packages [14][40]

(*b*) Plant used in field operations (below ground), but not including kerbside pumps including underground tanks and fittings used in field operations (distribution) by mineral oil concerns

[15][(*c*) Oil wells not covered in clauses (*a*) and (*b*) 15]

(*xiii*) Renewable energy devices being —

(*a*) Flat plate solar collectors

(*b*) Concentrating and pipe type solar collectors

(*c*) Solar cookers

(*d*) Solar water heaters and systems

(*e*) Air/gas/fluid heating systems

(*f*) Solar crop driers and systems

(*g*) Solar refrigeration, cold storages and air conditioning systems [16][40]

(*h*) Solar steels and desalination systems

(*i*) Solar power generating systems

(*j*) Solar pumps based on solar-thermal and solar-photovoltaic conversion

(*k*) Solar-photovoltaic modules and panels for water pumping and other applications

(*l*) Wind mills and any specially designed devices which run on wind mills [17][installed on or after the 1st day of April, 2014]

(*m*) Any special devices including electric generators and pumps running on wind energy [17][installed on or after the 1st day of April, 2014]

(*n*) Biogas-plant and biogas-engines

(*o*) Electrically operated vehicles including battery powered or fuel-cell powered vehicles

(*p*) Agricultural and municipal waste conversion devices producing energy

(*q*) Equipment for utilising ocean waste and thermal energy

(*r*) Machinery and plant used in the manufacture of any of the above sub-items

(*9*) (*i*) Books owned by assessees carrying on a profession—

(*a*) Books, being annual publications	[18][40]
(*b*) Books, other than those covered by entry (*a*) above	[19] [40]
(*ii*) Books owned by assessees carrying on business in running lending libraries	[18][40]
IV. Ships	
(*1*) Ocean-going ships including dredgers, tugs, barges, survey launches and other similar ships used mainly for dredging purposes and fishing vessels with wooden hull	20
(*2*) Vessels ordinarily operating on inland waters, not covered by sub-item (*3*) below	20
(*3*) Vessels ordinarily operating on inland waters being speed boats [*See* Note 10 below this Table]	20

PART B

INTANGIBLE ASSETS

Know-how, patents, copyrights, trademarks, licences, franchises or any other business or commercial rights of similar nature	25

Notes:

1. "Buildings" include roads, bridges, culverts, wells and tubewells.
2. A building shall be deemed to be a building used mainly for residential purposes, if the built up floor area thereof used for residential purposes is not less than sixty-six and two-third per cent of its total built-up floor area and shall include any such building in the factory premises.
3. In respect of any structure or work by way of renovation or improvement in or in relation to a building referred to in *Explanation 1* of clause (*ii*) of sub-section (1) of section 32, the percentage to be applied will be the percentage specified against sub-item (1) or (2) of item 1 as may be appropriate to the class of building in or in relation to which the renovation or improvement is effected. Where the structure is constructed or the work is done by way of extension of any such building, the percentage to be applied would be such percentage as would be appropriate, as if the structure or work constituted a separate building.
4. Water treatment system includes system for desalination, demineralisation and purification of water.
5. "Electrical fittings" include electrical wiring, switches, sockets, other fittings and fans, etc.
6. "Commercial vehicle" means "heavy goods vehicle", "heavy passenger motor vehicle", "light motor vehicle", "medium goods vehicle" and "medium passenger motor vehicle" but does not include "maxi-cab", "motor-cab", "tractor" and "road-roller". The expressions "heavy goods vehicle", "heavy passenger motor vehicle", "light motor vehicle", "medium goods vehicle", "medium passenger motor vehicle", "maxi-cab", "motor-cab", "tractor" and "road-roller" shall have the meanings respectively assigned to them in section 2 of the Motor Vehicles Act, 1988 (59 of 1988).
7. "Computer software" means any computer program recorded on any disc, tape, perforated media or other information storage device.
8. "TUFS" means Technology Upgradation Fund Scheme announced by the Government of India in the form of a Resolution of the Ministry of Textiles *vide* No. 28/1/99-CTI of 31-3-1999.
9. Machinery and plant includes pipes needed for delivery from the source of supply of raw water to the plant and from the plant to the storage facility.
10. "Speed boat" means a motor boat driven by a high speed internal combustion engine capable of propelling the boat at a speed exceeding 24 kilometres per hour in still water and so designed that when running at a speed, it will plane, *i.e.*, its bow will rise from the water.]

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1. Substituted for "100" by the IT (Twenty-ninth Amdt.) Rules, 2016, w.e.f. 1-4-2017.
2. Substituted by the IT (Ninth Amdt.) Rules, 2019, w.r.e.f. 23-8-2019.
3. Substituted by the IT (Ninth Amdt.) Rules, 2019, w.r.e.f. 23-8-2019.
4. Substituted for "60" by the IT (Twenty-ninth Amdt.) Rules, 2016, w.e.f. 1-4-2017.
5. Substituted for "50" by the IT (Twenty-ninth Amdt.) Rules, 2016, w.e.f. 1-4-2017.
6. Substituted for "100" by the IT (Twenty-ninth Amdt.) Rules, 2016, w.e.f. 1-4-2017.
7. Substituted for "50" by the IT (Twenty-ninth Amdt.) Rules, 2016, w.e.f. 1-4-2017.
8. Substituted for "60" by the IT (Twenty-ninth Amdt.) Rules, 2016, w.e.f. 1-4-2017.
9. Substituted for "50" by the IT (Twenty-ninth Amdt.) Rules, 2016, w.e.f. 1-4-2017.
10. Substituted for "100" by the IT (Twenty-ninth Amdt.) Rules, 2016, w.e.f. 1-4-2017.
11. Substituted for "80" by the IT (Twenty-ninth Amdt.) Rules, 2016, w.e.f. 1-4-2017.
12. Substituted for "80" by the IT (Twenty-ninth Amdt.) Rules, 2016, w.e.f. 1-4-2017.
13. Substituted for "80" by the IT (Twenty-ninth Amdt.) Rules, 2016, w.e.f. 1-4-2017.
14. Substituted for "60" by the IT (Twenty-ninth Amdt.) Rules, 2016, w.e.f. 1-4-2017.
15. Inserted by the IT (Fourth Amdt.) Rules, 2016, w.e.f. 1-4-2016.
16. Substituted for "80" by the IT (Twenty-ninth Amdt.) Rules, 2016, w.e.f. 1-4-2017.
17. Substituted for "installed on or before 31st day of March, 2012" by the IT (Eighth Amdt.) Rules, 2014, w.e.f. 16-9-2014.
18. Substituted for "100" by the IT (Twenty-ninth Amdt.) Rules, 2016, w.e.f. 1-4-2017.
19. Substituted for "60" by the IT (Twenty-ninth Amdt.) Rules, 2016, w.e.f. 1-4-2017.

OLD APPENDIX I

[***Applicable for assessment years 2003-04 to 2005-06***]

[*See* rule 5]

TABLE OF RATES AT WHICH DEPRECIATION IS ADMISSIBLE

Block of assets	*Depreciation allowance as percentage of written down value*
1	*2*
PART A	
TANGIBLE ASSETS	
I. BUILDING [*See* Notes 1 to 4 below the Table]	
(*1*) Buildings which are used mainly for residential purposes except hotels and boarding houses	5
(*2*) Buildings other than those used mainly for residential purposes and not covered by sub-items (1) above and (3) Below	10
(*3*) Buildings acquired on or after the 1st day of September, 2002 for installing machinery and plant forming part of water supply project or water treatment system and which is put to use for the purpose of business of providing infrastructure facilities under clause (*i*) of sub-section (4) of section 80-IA	100
(*4*) Purely temporary erections such as wooden structures	100
II. FURNITURE AND FITTINGS	
Furniture and fittings including electrical fittings [*See* Note 5 below the Table]	15
III. MACHINERY AND PLANT	
(*1*) Machinery and plant other than those covered by sub-items (2), (3) and (8) below :	25
(*2*) Motor cars, other than those used in a business of running them on hire, acquired or put to use on or after the 1st day of April, 1990	20
(*3*) (*i*) Aeroplanes - Aeroengines	40
(*ii*) Motor buses, motor lorries and motor taxis used in a business of running them on hire	
(*iii*) Commercial vehicle which is acquired by the assessee on or after the 1st day of October, 1998, but before the 1st day of April, 1999 and is put to use for any period before the 1st day of April, 1999 for the purposes of business or profession in accordance with the third proviso to clause (*ii*) of sub-section (1) of section 32 [*See* Note 6 below the Table]	40
(*iv*) New commercial vehicle which is acquired on or after the 1st day of October, 1998, but before the 1st day of April, 1999 in replacement of condemned vehicle of over 15 years of age and is put to use for any period before the 1st day of April, 1999 for the purposes of business or profession in accordance with the third proviso to clause (*ii*) of sub-section (1) of section 32 [*See* Note 6 below the Table]	60
(*v*) New commercial vehicle which is acquired on or after the 1st day of April, 1999 but before the 1st day of April, 2000 in replacement of condemned vehicle of over 15 years of age and is put to use before the 1st day of April, 2000 for the purposes of business or profession in accordance with the second proviso to clause (*ii*) of sub-section (1) of section 32 [*See* Note 6 below the Table]	60
(*vi*) New commercial vehicle which is acquired on or after the 1st day of April, 2001 but before the 1st day of April, 2002 and is put to use before the 1st day of April, 2002 for the purposes of business or profession [*See* Note 6 below the Table]	50
(*vii*) Moulds used in rubber and plastic goods factories	40
(*viii*) Air pollution control equipment, being—	
(*a*) Electrostatic precipitation systems	100
(*b*) Felt-filter systems	
(*c*) Dust collector systems	
(*d*) Scrubber-counter current/venturi/packed bed/cyclonic scrubbers	
(*e*) Ash handling system and evacuation system	
(*ix*) Water pollution control equipment, being—	

(*a*) Mechanical screen systems (*b*) Aerated detritus chambers (including air compressor) (*c*) Mechanically skimmed oil and grease removal systems (*d*) Chemical feed systems and flash mixing equipment (*e*) Mechanical flocculators and mechanical reactors (*f*) Diffused air/mechanically aerated activated sludge systems (*g*) Aerated lagoon systems (*h*) Biofilters (*i*) Methane-recovery anaerobic digester systems (*j*) Air flotation systems (*k*) Air/steam stripping systems (*l*) Urea Hydrolysis systems (*m*) Marine outfall systems (*n*) Centrifuge for dewatering sludge (*o*) Rotating biological contractor or bio-disc (*p*) Ion exchange resin column (*q*) Activated carbon column	100
(*x*) (*a*) Solidwaste control equipments being - caustic/lime/chrome/mineral/cryolite recovery system (*b*) Solidwaste recycling and resource recovery systems	100
(*xi*) Machinery and plant, used in semi-conductor industry covering all integrated circuits (ICs) (excluding hybrid integrated circuits) ranging from small scale integration (SSI) to large scale integration/very large scale integration (LSI/VLSI) as also discrete semi-conductor devices such as diodes, transistors, thyristors, triacs, etc., other than those covered by entries (*viii*), (*ix*) and (*x*) of this sub-item and sub-item (8) below	40
(*xia*) Life saving medical equipment, being— (*a*) D.C. Defibrillators for internal use and pace makers (*b*) Heamodialysors (*c*) Heart lung machine (*d*) Cobalt Therapy Unit (*e*) Colour Doppler (*f*) SPECT Gamma Camera (*g*) Vascular Angiography System including Digital Subtraction Angiography (*h*) Ventilator used with anaesthesia apparatus (*i*) Magnetic Resonance Imaging System (*j*) Surgical Laser (*k*) Ventilators other than those used with anaesthesia (*l*) Gamma knife (*m*) Bone Marrow Transplant Equipment including silastic long standing intravenous catheters for chemotherapy (*n*) Fibre optic endoscopes including, Paediatric resectoscope/audit resectoscope, Peritoneo-scopes, Arthoscope, Microlaryngoscope, Fibreoptic Flexible Nasal Pharyngo Bronchoscope, Fibreoptic Flexible Laryngo Bronchoscope, Video Laryngo Bronchoscope and Video Oesophago Gastroscope, Stroboscope, Fibreoptic Flexible Oesophago Gastroscope (*o*) Laparoscope (single incision)	40
(*4*) Containers made of glass or plastic used as re-fills	50
(*5*) Computers including computer software [*See* Note 7 below the Table]	60
(*6*) Machinery and plant, used in weaving, processing and garment sector of textile industry, which is purchased under TUFS on or after the 1st day of April, 2001 but before the 1st day of April, 2004 and is put to use before the 1st day of April, 2004 [*See* Note 8 below the Table]	50
(*7*) Machinery and plant, acquired and installed on or after the 1st day of September, 2002 in a water supply project or a water treatment system and which is put to use for the purpose of business of providing infrastructure facility under clause (*i*) of sub-section (4) of section 80-IA [*See* Notes 4 and 9 below the Table]	100
(*8*) (*i*) Wooden parts used in artificial silk manufacturing machinery	100
(*ii*) Cinematograph films - bulbs of studio lights	100
(*iii*) Match factories - Wooden match frames	100
(*iv*) Mines and quarries : (*a*) Tubs, winding ropes, haulage ropes and sand stowing pipes (*b*) Safety lamps	100
(*v*) Salt works - Salt pans, reservoirs and condensers, etc., made of earthy, sandy or clayey material or any other similar material	100
(*vi*) Flour mills – Rollers	80
(*vii*) Iron and steel industry - Rolling mill rolls	80

(*viii*) Sugar works – Rollers	80
(*ix*) Energy saving devices, being—	
A. Specialised boilers and furnaces:	
(*a*) Ignifluid/fluidized bed boilers	80
(*b*) Flameless furnaces and continuous pusher type furnaces	
(*c*) Fluidized bed type heat treatment furnaces	
(*d*) High efficiency boilers (thermal efficiency higher than 75 per cent in case of coal fired and 80 per cent in case of oil/gas fired boilers)	
B. Instrumentation and monitoring system for monitoring energy flows:	
(*a*) Automatic electrical load monitoring systems	80
(*b*) Digital heat loss meters	
(*c*) Micro-processor based control systems	
(*d*) Infra-red thermography	
(*e*) Meters for measuring heat losses, furnace oil flow, steam flow, electric energy and power factor meters	
(*f*) Maximum demand indicator and clamp on power meters	
(*g*) Exhaust gases analyser	
(*h*) Fuel oil pump test bench	
C. Waste heat recovery equipment:	
(*a*) Economisers and feed water heaters	80
(*b*) Recuperators and air pre-heaters	
(*c*) Heat pumps	
(*d*) Thermal energy wheel for high and low temperature waste heat recovery	
D. Co-generation systems:	
(*a*) Back pressure pass out, controlled extraction, extraction-*cum*-condensing turbines for co-generation along with pressure boilers	80
(*b*) Vapour absorption refrigeration systems	
(*c*) Organic rankine cycle power systems	
(*d*) Low inlet pressure small steam turbines	
E. Electrical equipment:	
(*a*) Shunt capacitors and synchronous condenser systems	80
(*b*) Automatic power cut off devices (relays) mounted on individual motors	
(*c*) Automatic voltage controller	
(*d*) Power factor controller for AC motors	
(*e*) Solid state devices for controlling motor speeds	
(*f*) Thermally energy-efficient stenters (which require 800 or less kilocalories of heat to evaporate one kilogram of water)	
(*g*) Series compensation equipment	
(*h*) Flexible AC Transmission (FACT) devices - Thyristor controlled series compensation equipment	
(*i*) Time of Day (ToD) energy meters	
(*j*) Equipment to establish transmission highways for National Power Grid to facilitate transfer of surplus power of one region to the deficient region	
(*k*) Remote terminal units/intelligent electronic devices, computer hardware/software, router/bridges, other required equipment and associated communication systems for supervisory control and data acquisition systems, energy management systems and distribution management systems for power transmission systems	
(*l*) Special energy meters for Availability Based Tariff (ABT)	
F. Burners:	
(*a*) 0 to 10 per cent excess air burners	80
(*b*) Emulsion burners	
(*c*) Burners using air with high pre-heat temperature (above 300°C)	
G. Other equipment:	
(*a*) Wet air oxidation equipment for recovery of chemicals and heat	80
(*b*) Mechanical vapour recompressors	
(*c*) Thin film evaporators	
(*d*) Automatic micro-processor based load demand controllers	
(*e*) Coal based producer gas plants	
(*f*) Fluid drives and fluid couplings	
(*g*) Turbo charges/super-charges	
(*h*) Sealed radiation sources for radiation processing plants	

(*x*) Gas cylinders including valves and regulators	80
(*xi*) Glass manufacturing concerns - Direct fire glass melting furnaces	80
(*xii*) Mineral oil concerns:	
(*a*) Plant used in field operations (above ground) distribution - Returnable packages	80
(*b*) Plant used in field operations (below ground), but not including kerbside pumps including underground tanks and fittings used in field operations (distribution) by mineral oil concerns	
(*xiii*) Renewable energy devices being—	
(*a*) Flat plate solar collectors	80
(*b*) Concentrating and pipe type solar collectors	
(*c*) Solar cookers	
(*d*) Solar water heaters and systems	
(*e*) Air/gas/fluid heating systems	
(*f*) Solar crop driers and systems	
(*g*) Solar refrigeration, cold storage and air conditioning system	
(*h*) Solar steels and desalination systems	
(*i*) Solar power generating systems	
(*j*) Solar pumps based on solar-thermal and solar-photovoltaic conversion	
(*k*) Solar-photovoltaic modules and panels for water pumping and other applications	
(*l*) Wind mills and any specially designed devices which run on wind mills	
(*m*) Any special devices including electric generators and pumps running on wind energy	
(*n*) Biogas-plant and biogas-engines	
(*o*) Electrically operated vehicles including battery powered or fuel-cell powered vehicles	
(*p*) Agricultural and municipal waste conversion devices producing energy	
(*q*) Equipment for utilising ocean waste and thermal energy	
(*r*) Machinery and plant used in the manufacture of any of the above sub-items	
(*9*) (*i*) Books owned by assessees carrying on a profession—	
(*a*) Books, being annual publications	100
(*b*) Books, other than those covered by entry (*a*) Above	60
(*ii*) Books owned by assessees carrying on business in running lending libraries	100
IV. SHIPS	
(*1*) Ocean-going ships including dredgers, tugs, barges, survey launches and other similar ships used mainly for dredging purposes and fishing vessels with wooden hull	25
(*2*) Vessels ordinarily operating on inland waters, not covered by sub-item (3) below	25
(*3*) Vessels ordinarily operating on inland waters being speed boats [*See* Note 10 below the Table]	25
PART B	
INTANGIBLE ASSETS	
Know-how, patents, copyrights, trademarks, licences, franchises or any other business or commercial rights of similar nature	25

Notes:

1. "Buildings" include roads, bridges, culverts, wells and tubewells.
2. A building shall be deemed to be a building used mainly for residential purposes, if the built-up floor area thereof used for residential purposes is not less than sixty-six and two-third per cent of its total built-up floor area and shall include any such building in the factory premises.
3. In respect of any structure or work by way of renovation or improvement in or in relation to a building referred to in *Explanation 1* of clause (*ii*) of sub-section (1) of section 32, the percentage to be applied will be the percentage specified against sub-item (1) or (2) of item I as may be appropriate to the class of building in or in relation to which the renovation or improvement is effected. Where the structure is constructed or the work is done by way of extension of any such building, the percentage to be applied would be such percentage as would be appropriate, as if the structure or work constituted a separate building.
4. Water treatment system includes system for desalination, demineralisation and purification of water.
5. "Electrical fittings" include electrical wiring, switches, sockets, other fittings and fans, etc.
6. "Commercial vehicle" means "heavy goods vehicle", "heavy passenger motor vehicle", "light motor vehicle", "medium goods vehicle" and "medium passenger motor vehicle" but does not include "maxi-cab", "motor-cab", "tractor" and "road-roller". The expressions "heavy goods vehicle", "heavy passenger motor vehicle", "light motor vehicle", "medium goods vehicle", "medium passenger motor vehicle", "maxi-cab", "motor-cab", "tractor" and "road-roller" shall have the meanings respectively as assigned to them in section 2 of the Motor Vehicles Act, 1988 (59 of 1988).
7. "Computer software" means any computer program recorded on any disc, tape, perforated media or other information storage device.
8. "TUFS" means Technology Upgradation Fund Scheme announced by the Government of India in the form of a Resolution of the Ministry of Textiles *vide* No. 28/1/99-CTI of 31-3-1999.
9. Machinery and plant includes pipes needed for delivery from the source of supply of raw water to the plant and from the plant to the storage facility.
10. "Speed boat" means a motor boat driven by a high speed internal combustion engine capable of propelling the boat at a speed exceeding 24 kilometres per hour in still water and so designed that when running at a speed, it will plane, *i.e.*, its bow will rise from the water.]

OLD APPENDIX I

[*Applicable for assessment years 1988-89 to 2002-03*]

[*See* rule 5]

TABLE OF RATES AT WHICH DEPRECIATION IS ADMISSIBLE

Block of assets	*Depreciation allowance as percentage of written down value*
1	*2*
	PART A
	TANGIBLE ASSETS
I. BUILDINGS [*See* Notes 1 to 3 below the Table]	
(*1*)	Buildings other tha n those covered by sub-item (*3*) below which are used mainly for residential purposes — 5
(*2*)	Buildings which are not used mainly for residential purposes and which are not covered by sub-item (*3*) below — 10
(*3*)	(*i*) Buildings used as hotels
	(*ii*) Buildings with dwelling units each with plinth area not exceeding 80 square metres — 20
	(*iii*) New buildings, other than the buildings covered under entry (*ii*) of this item, with dwelling units each with plinth area not exceeding 80 square metres acquired on or after the 1st day of April, 1999 but before the 1st day of April, 2002 — 40
(*4*)	Purely temporary erections such as wooden structures — 100
II. FURNITURE AND FITTINGS	
(*1*)	Rate applicable to furniture and fittings not covered by sub-item (*2*) below — 10
(*2*)	Furniture and fittings used in hotels, restaurants and boarding houses; schools, colleges and other educational institutions; libraries; welfare centres; meeting halls; cinema houses; theatres and circuses; and furniture and fittings let out on hire for use on the occasion of marriages and similar functions — 15
III. MACHINERY AND PLANT	
(*1*)	Machinery and plant other than those covered by sub-items (1A), (2) and (3) below — 25
(*1A*)	Motor cars, other than those used in a business of running them on hire, acquired or put to use on or after the 1st day of April, 1990 — 20
	(*2*) (*i*) Aeroplanes—Aeroengines
	(*ii*) Motor buses, motor lorries and motor taxis used in a business of running them on hire — 40
	(*iia*) Commercial vehicle which is acquired by the assessee on or after the 1st day of October, 1998, but before the 1st day of April, 1999 and is put to use for any period before the 1st day of April, 1999 for the purposes of business or profession in accordance with the third proviso to clause (*ii*) of sub-section (1) of section 32 [*See* Note 3A below the Table] — 40
	(*iib*) New commercial vehicle which is acquired on or after the 1st day of October, 1998 but before the 1st day of April, 1999 in replacement of condemned vehicle of over 15 years of age and is put to use for any period before the 1st day of April, 1999 for the purposes of business or profession in accordance with the third proviso to clause (*ii*) of sub-section (1) of section 32 [*See* Note 3A below the Table] — 60
	(*iic*) New commercial vehicle which is acquired on or after the 1st day of April, 1999 but before the 1st day of April, 2000 in replacement of condemned vehicle of over 15 years of age and is put to use before the 1st day of April, 2000 for the purposes of business or profession in accordance with the second proviso to clause (*ii*) of sub-section (1) of section 32 [*See* Note 3A below the Table] — 60
	(*iid*) New commercial vehicle which is acquired on or after the 1st day of April, 2001 but before the 1st day of April, 2002 and is put to use before the 1st day of April, 2002 for the purposes of business or profession [*See* Note 3A below the Table] — 50
	(*iii*) Moulds used in rubber and plastic goods factories — 40
	(*iv*) Air pollution control equipments, being—
	(*a*) Electrostatic precipitation systems
	(*b*) Felt-filter systems
	(*c*) Dust collector systems — 100
	(*d*) Scrubber-counter current/venturi/packed-bed/cyclonic scrubbers
	(*e*) Ash handling system and evacuation system
	(*v*) Water pollution control equipments, being—

	(*a*) Mechanical screen systems	
	(*b*) Aerated detritus chambers (including air compressor)	
	(*c*) Mechanically skimmed oil and grease removal systems	
	(*d*) Chemical feed systems and flash mixing equipment	
	(*e*) Mechanical flocculators and mechanical reactors	
	(*f*) Diffused air/mechanically aerated activated sludge systems	
	(*g*) Aerated lagoon systems	
	(*h*) Biofilters	
	(*i*) Methane-recovery anaerobic digester systems	100
	(*j*) Air flotation systems	
	(*k*) Air/steam stripping systems	
	(*l*) Urea hydrolysis systems	
	(*m*) Marine outfall systems	
	(*n*) Centrifuge for dewatering sludge	
	(*o*) Rotating biological contractor or bio-disc	
	(*p*) Ion exchange resin column	
	(*q*) Activated carbon column	
(*vi*)	(*a*) Solidwaste control equipments, being—caustic/lime/chrome/mineral/cryolite recovery system	100
	(*b*) Solidwaste recycling and resource recovery systems	
(*vii*)	Machinery and plant, used in semi-conductor industry covering all integrated circuits (ICs) (excluding hybrid integrated circuits) ranging from small scale integration (SSI) to large scale integration/very large scale integration (LSI/VLSI) as also discrete semi-conductor devices such as diodes, transistors, thyristors, triacs, etc., other than those covered by entries (*iv*), (*v*) and (*vi*) of this sub-item and sub-item (*3*) below.	40
(*2A*)	Containers made of glass or plastic used as re-fills	50
(*2B*)	Computers	60
(*2C*)	Machinery and plant, used in weaving, processing and garment sector of textile industry, which is purchased under TUFS on or after the 1st day of April, 2001 but before the 1st day of April, 2004 and is put to use before the 1st day of April, 2004 [*See* Note 3B below the Table]	50
(*3*)	(*i*) Wooden parts used in artificial silk manufacturing machinery	100
	(*ii*) Cinematograph films—bulbs of studio lights	100
	(*iii*) Energy saving devices, being—	
	A. Specialised boilers and furnaces:	
	(*a*) Ignifluid/fluidized bed boilers	
	(*b*) Flameless furnaces and continuous pusher type furnaces	
	(*c*) Fluidized bed type heat treatment furnaces	100
	(*d*) High efficiency boilers (thermal efficiency higher than 75 per cent in case of coal fired and 80 per cent in case of oil/gas fired boilers)	
	B. Instrumentation and monitoring system for monitoring energy flows :	
	(*a*) Automatic electrical load monitoring systems	
	(*b*) Digital heat loss meters	
	(*c*) Micro-processor based control systems	
	(*d*) Infra-red thermography	
	(*e*) Meters for measuring heat losses, furnace oil flow, steam flow, electric energy and power factor meters	100
	(*f*) Maximum demand indicator and clamp on power meters	
	(*g*) Exhaust gases analyser	
	(*h*) Fuel oil pump test bench	
	C. Waste heat recovery equipments:	

	(*a*) Economisers and feed water heaters	
	(*b*) Recuperators and air pre-heaters	100
	(*c*) Heat pumps	
	(*d*) Thermal energy wheel for high and low temperature waste heat recovery	
D.	Co-generation systems:	
	(*a*) Back pressure pass out, controlled extraction, extraction-*cum*-condensing turbines for co-generation along with pressure boilers	
	(*b*) Vapour absorption refrigeration systems	100
	(*c*) Organic rankine cycle power systems	
	(*d*) Low inlet pressure small steam turbines	
E.	Electrical equipments:	
	(*a*) Shunt capacitors and synchronous condenser systems	
	(*b*) Automatic power cut off devices (relays) mount-ed on individual motors	
	(*c*) Automatic voltage controller	
	(*d*) Power factor controller for AC motors	100
	(*e*) Solid state devices for controlling motor speeds	
	(*f*) Thermally energy-efficient stenters (which require 800 or less kilocalories of heat to evaporate one kilogram of water)	
F.	Burners:	
	(*a*) 0 to 10 per cent excess air burners	
	(*b*) Emulsion burners	100
	(*c*) Burners using air with high pre-heat temperature (above 3000C)	
G.	Other equipments:	
	(*a*) Wet air oxidation equipment for recovery of chemicals and heat	
	(*b*) Mechanical vapour recompressors	
	(*c*) Thin film evaporators	
	(*d*) Automatic micro-processor based load demand controllers	100
	(*e*) Coal based producer gas plants	
	(*f*) Fluid drives and fluid couplings	
	(*g*) Turbo charges/super-charges	
(*iv*)	Flour mills—Rollers	100
(*v*)	Gas cylinders including valves and regulators	100
(*vi*)	Glass manufacturing concerns—Direct fire glass melting furnaces	100
(*vii*)	Iron and steel industry—Rolling mill rolls	100
(*viii*)	Match factories—Wooden match frames	100
(*ix*)	Mineral oil concerns:	
	(*a*) Plant used in field operations (above ground) distribution—Returnable packages	
	(*b*) Plant used in field operations (below ground) , but not including kerbside pumps including underground tanks and fittings used in field operations (distribution) by mineral oil concerns	100
(*x*)	Mines and quarries :	
	(*a*) Tubs, winding ropes, haulage ropes and sand stowing pipes	
	(*b*) Safety lamps	100
(*xi*)	Salt works—Salt pans, reservoirs and condensers, etc., made of earthy, sandy or clayey material or any other similar material	100
(*xii*)	Sugar works—Rollers	100
(*xiii*)	Renewal energy devices being—	

	(*a*) Flat plate solar collectors	
	(*b*) Concentrating and pipe type solar collectors	
	(*c*) Solar cookers	
	(*d*) Solar water heaters and systems	
	(*e*) Air/gas/fluid heating systems	
	(*f*) Solar crop driers and systems	
	(*g*) Solar refrigeration, cold storages and air-conditioning systems	
	(*h*) Solar steels and desalination systems	
	(*i*) Solar power generating systems	100
	(*j*) Solar pumps based on solar-thermal and solar-photovoltaic conversion	
	(*k*) Solar-photovoltaic modules and panels for water pumping and other applications	
	(*l*) Wind mills and any specially designed devices which run on wind mills	
	(*m*) Any special devices including electric generators and pumps running on wind energy	
	(*n*) Biogas-plant and biogas-engines	
	(*o*) Electrically operated vehicles including battery powered or fuel-cell powered vehicles	
	(*p*) Agricultural and municipal waste conversion devices producing energy	
	(*q*) Equipment for utilising ocean waste and thermal energy	
	(*r*) Machinery and plant used in the manufacture of any of the above sub-items	
(*4*) (*i*)	Books owned by assessees carrying on a profession	100
(*ii*)	Books owned by assessees carrying on business in running lending libraries	100

IV. SHIPS

(*1*)	Ocean-going ships including dredgers, tugs, barges, survey launches and other similar ships used mainly for dredging purposes and fishing vessels with wooden hull	25
(*2*)	Vessels ordinarily operating on inland waters, not covered by sub-item (*3*) below	25
(*3*)	Vessels ordinarily operating on inland waters being speed boats [*see* Note 4 below the Table]	25

PART B

INTANGIBLE ASSETS

Know-how, patents, copyrights, trademarks, licences, franchises or any other business or commercial rights of similar nature	25

Notes :

1. "Buildings" include roads, bridges, culverts, wells and tubewells.

2. A building shall be deemed to be a building used mainly for residential purposes, if the built-up floor area thereof used for residential purposes is not less than sixty-six and two-third per cent of its total built-up floor area.

3. In respect of any structure or work by way of renovation or improvement in or in relation to a building referred to in *Explanation 1* of clause (*ii*) of sub-section (1) of section 32, the percentage to be applied will be the percentage specified against sub-item (*1*) , (*2*) or (*3*) of item I as may be appropriate to the class of building in or in relation to which the renovation or improvement is effected. Where the structure is constructed or the work is done by way of extension of any such building, the percentage to be applied would be such percentage as would be appropriate, as if the structure or work constituted a separate building.

3A. "Commercial vehicle" means "heavy goods vehicle", "heavy passenger motor vehicle", "light motor vehicle", "medium goods vehicle" and "medium passenger motor vehicle" but does not include "maxi-cab", "motor-cab", "tractor" and "road-roller". The expressions "heavy goods vehicle", "heavy passenger motor vehicle", "light motor vehicle", "medium goods vehicle", "medium passenger motor vehicle", "maxi-cab", "motor-cab", "tractor" and "road-roller" shall have the meanings respectively as assigned to them in section 2 of the Motor Vehicles Act, 1988 (59 of 1988) .

3B. "TUFS" means Technology Upgradation Fund Scheme announced by the Government of India in the form of a Resolution of the Ministry of Textiles *vide* No. 28/1/99-CTI of 31-3-1999.

4. "Speed boat" means a motor boat driven by a high speed internal combustion engine capable of propelling the boat at a speed exceeding 24 kilometres per hour in still water and so designed that when running at a speed, it will plane, *i.e.*, its bow will rise from the water.

OLD APPENDIX I

[*Applicable for assessment years 1984-85 to 1987-88*]

PART I

[*See* rule 5]

TABLE OF RATES AT WHICH DEPRECIATION IS ADMISSIBLE

Class of asset	*Depreciation allowance as percentage Class of asset of— (i) actual cost in the case of ocean-going ships; (ii) written down value in the case of any other asset*	*Remarks*
1	*2*	*3*
I. BUILDINGS—		
1. General rate	5	
2. Special rate in respect of factory 10 include roads, buildings (excluding offices, godowns, bridges, culverts, officers' and employees' quarters, roads, wells and tubebridges, culverts, wells and tubewells) wells.	10	"Buildings" include roads, bridges, culverts, wells and tube-wells.
3. Purely temporary erections such as 100 wooden structures	100	
4. In respect of any structure or work in or in relation to a building referred to in subsection (1A) of section 32,—	—	
(*a*) where such structure is constructed or such work is done by way of renovation or improvement to any such building	The percentage specified against sub-item 1, 2 or 3 as may be appropriate to the class of building in or in relation to which the renovation or improvement is effected;	
(*b*) where the structure is constructed or the work is done by way of extension to any such building	The percentage specified against sub-item 1, 2 or 3 as would be appropriate if the structure or work constituted a separate building.	
II. FURNITURE AND FITTINGS—		
1. General rate	10	
2. Rate for furniture and fittings used in hotels, restaurants and boarding houses; schools, colleges and other educational institutions; libraries; welfare centres; meeting halls; cinema houses; theatres and circuses; and for furniture and fittings let out on hire for use on the occasion of marriages and similar functions	15	
III. MACHINERY AND PLANT (not being a ship)—		
(*i*) General rate applicable to machinery and plant (not being a ship) for which no special rate has been prescribed under item (ii) hereinbelow		
(*ii*) Special rates:	15	
A. [***]		
B. [***]		
C. (*1*) Cinematograph films—Machinery used in the production and exhibition of cinematograph films [N.E.S.A.]		
(*a*) Recording equipment, reproducing equipment, developing machines, printing machines, editing machines, synchronisers and studio lights except bulbs	20	
(*b*) Projecting equipment of film exhibiting concerns		
(*2*) Cycles [N.E.S.A.]		
(*3*) Data processing machines including computers [N.E.S.A.]	20	
(*4*) Electrical machinery—Batteries; X-Ray and electro- therapeutic apparatus and accessories thereto [N.E.S.A.] underground tanks and fittings [N.E.S.A.]		
(*5*) Glass manufacturing concerns except direct fire glass melting furnaces—Recuperative and regenerative glass melting furnaces		
(*6*) Juice boiling pans (karahis) [N.E.S.A.]		
(*6A*) Machinery used in the manufacture of electronic goods or components	20	

(*7*) Motor-cars, motor cycles, scooters and other mopeds [N.E.S.A.]

(*8*) Sugarcane crushers (indigenous kolhus and belans) [N.E.S.A.]

D. (*1*) Aeroplanes—Aircraft, aerial photographic apparatus [N.E.S.A.]

(*2*) Concrete pipes manufacture—Moulds [N.E.S.A.]

(*3*) Drum container manufacture—Dies [N.E.S.A.]

(*4*) Earth-moving machinery employed in heavy construction works, such as dams, tunnels, canals, etc. [N.E.S.A.]

(*5*) Glass manufacturing concerns except direct fire glass melting furnaces—Moulds [N.E.S.A.]

(*6*) Moulds in iron foundries [N.E.S.A.] 30

(*7*) Mineral oil concerns—Field operations (above ground)—Portable boilers, drilling tools, well-head tanks, rigs, etc. [N.E.S.A.]

(*8*) Mines and quarries—Portable underground machinery and earth-moving machinery used in open cast mining [N.E.S.A.]

(*9*) Motor buses and motor lorries other than those used in a business of running them on hire [N.E.S.A.]

(*9A*) Motor tractors, harvesting combines [N.E.S.A.]

(*10*) Patterns, dies and templates [N.E.S.A.]

(*10A*) Renewal energy devices, being—

(*i*) Flat plate solar collectors

(*ii*) Concentrating and pipe type solar collectors

(*iii*) Solar cookers

(*iv*) Solar water heaters and systems 30

(*v*) Air/gas/fluid heating systems

(*vi*) Solar crop driers and systems

(*vii*) Solar refrigeration, cold storages and air-conditioning systems

(*viii*) Solar steels and desalination systems

(*ix*) Solar power generating systems

(*x*) Solar pumps based on solar thermal and solar photovoltaic conversion

(*xi*) Solar photovoltaic modules and panels for water pumping and other applications

(*xii*) Wind mills and any specially designed devices which run on wind mills

(*xiii*) Any special devices including electric generators and pumps running on wind energy

(*xiv*) Biogas plant and biogas engines

(*xv*) Electrically operated vehicles including battery powered or fuel-cell powered vehicles

(*xvi*) Agricultural and municipal waste conversion devices producing energy

(*xvii*) Equipment for utilisingocean waste and thermal energy

(*xviii*) Machinery and plant used in the manufacture of any of the above subitems 30

(*10B*) (*a*) Air pollution control equipments, being—

(*i*) Electrostatic precipitation systems

(*ii*) Felt-filter systems

(*iii*) Dust collector systems

(*iv*) Scrubber—counter current/venturi/packed-bed/cyclonic scrubbers

(*b*) Water pollution control equipments being—

(*i*) Mechanical screen systems

(*ii*) Aerated detritus chambers (including air compressor)

	(*iii*) Mechanically skimmed oil and grease removal systems	
	(*iv*) Chemical feed systems and flash mixing equipment	
	(*v*) Mechanical flocculators and mechanical reactors	
	(*vi*) Diffused air/mechanically aerated activated sludge systems	
	(*vii*) Aerated lagoon systems	
	(*viii*) Bio-filters	30
	(*ix*) Methane recovery anaerobic digester system	
	(*x*) Air flotation systems	
	(*xi*) Air/steam stripping systems	
	(*xii*) Urea hydrolysis systems	
	(*xiii*) Marine outfall systems	
	(*xiv*) Centrifuge for dewatering sludge	
	(*xv*) Rotating biological contractor or biodisc	
	(*c*) Solid waste control equipments, being—Caustic/lime/chrome/mineral/cryolite recovery system	
	(*10C*) [***]	
	(*11*) Ropeway structures—Ropeways, ropes and trestle sheaves and connected parts [N.E.S.A.]	30
	(*12*) Shoe and other leather goods factories—Wooden lasts used in the manufacture of shoes	
E.	(*1*) Aeroplanes — Aero-engines [N.E.S.A.]	
	(*1A*) Motor buses, motor lorries and 40 motor taxis used in a business of running them on hire [N.E.S.A.]	40
	(*2*) Rubber and plastic goods factories—Moulds [N.E.S.A.]	40
F.	(*1*) Artificial silk manufacturing machinery—Wooden parts	
	(*2*) Cinematograph films—Bulbs of studio lights	
	(*2A*) Energy saving devices, being—	
	(*a*) Specialised boilers and furnaces:	
	(*i*) Ignifluid/fluidized bed boilers	
	(*ii*) Flameless furnaces	
	(*iii*) Fluidized bed type heat treatment furnaces	
	(*iv*) High efficiency boilers (thermal efficiency higher than 75 per cent in case of coal fired and 80 per cent in case of oil/gas fired boilers)	
	(*b*) Instrumentation and monitoring system for 100 monitoring energy flows	100
	(*i*) Automatic electrical load monitoring systems	
	(*ii*) Digital heat loss meters	
	(*iii*) Micro-processor based control systems	
	(*c*) Waste heat recovery equipments and cogeneration systems:	
	(*i*) Economisers and feed water heaters	
	(*ii*) Recuperators and air pre-heaters	
	(*iii*) Back pressure turbines for cogeneration	
	(*iv*) Heat pumps	
	(*v*) Vapour absorption refrigeration systems	
	(*vi*) Organic rankine cycle power systems	
	(*vii*) Low inlet pressure small steam turbines	
	(*d*) Power factor correcting devices :	
	Shunt capacitors and synchronous condenser systems	

(*3*) Flour mills—Rollers

(*4*) Gas cylinders including valves and regulators

(*5*) Glass manufacturing concerns—Direct fire glass melting furnaces

(*6*) Iron and steel industry—Rolling mill rolls

(*7*) Match factories—Wooden match frames 100

(*8*) Mineral oil concerns—

(*a*) Plant used in field operations (above ground)—Distribution — Returnable packages

(*b*) Plant used in field operations (below ground), but not including assets covered by sub-item (*ii*) B(*9*) above.

(*9*) Mines and quarries—

(*a*) Tubs, winding ropes, haulage ropes and sand stowing pipes

(*b*) Safety lamps

(*10*) Salt works—Salt pans, reservoirs and condensers, etc., made of earthy, sandy or clayey material or any other similar material

(*11*) Sugar works—Rollers

(*iii*) *Extra depreciation allowance for approved hotels:*

An extra allowance of depreciation of an amount equal to one-half of the normal allowance shall be allowed in the case of machinery and plant installed by an assessee, being an Indian company, in premises used by it as a hotel where such hotel is for the time being approved by the Central Government for the purposes of section 33 of the Act.

Explanation : For the purposes of this sub-item and sub-item (*iv*), "normal allowance" means the amount of depreciation allowance [other than the extra depreciation allowance under this sub-item or the extra shift depreciation allowance under sub-item (*iv*)] which is allowable under rule 5.

(*iv*) *Extra shift depreciation allowance:*

An extra allowance up to a maximum of an amount equal to one-half of the normal allowance shall be allowed where a concern claims such allowance on account of double shift working and establishes that it has worked double shift. An extra allowance up to a maximum of an amount equal to the normal allowance, instead of one-half of the normal allowance, shall be allowed where a concern claims such allowance on account of triple shift working and establishes that it has worked triple shift.

The calculations of the extra allowance for double shift working and for triple shift working shall be made separately in the proportion which the number of days for which the concern worked double shift or triple shift, as the case may be, bears to the normal number of working days during the previous year.

For this purpose, the normal number of working days during the previous year shall be deemed to be—

(*a*) in the case of a seasonal factory or concern, the number of days on which the factory or concern actually worked during the previous year or 180 days, whichever is greater;

(*b*) in any other case, the number of days on which the factory or concern actually worked during the previous year or 240 days, whichever is greater.

Illustration

For example, where a non-seasonal concern worked 270 days during the previous year out of which it worked triple shift on 135 days and double shift on another 90 days, the extra depreciation allowance for triple shift working will be 135/270, *i.e.*, one-half, of the normal allowance, and that for double shift working 90/270, *i.e.*, one-third, of one-half, of the normal allowance.

The extra shift allowance shall not be allowed in respect of any item of machinery or plant which has been specifically excepted by inscription of the letters "N.E.S.A." (meaning "No Extra Shift Allowance") against it in sub-item (*ii*) above and also in respect of the following items of machinery and plant to which the general rate of depreciation of 15 per cent applies—

(*1*) Accounting machines

(*2*) Air-conditioning machinery including room air-conditioners

(*3*) Building contractor's machinery

(*4*) Calculating machines

(*5*) Electrical machinery—switchgear and instruments, transformers and other stationary plant and wiring and fittings of electric light and fan installations.

(*6*) Hydraulic works, pipelines and sluices

(*7*) Locomotives, rolling stocks, tramways and railways used by concerns, excluding railway concerns

(*8*) Mineral oil concerns—field operations:

(*a*) Boilers

(*b*) Prime movers

(*c*) Process plant

(*d*) Storage tanks (above ground)

(*e*) Pipelines (above ground)

(*f*) Jetties and dry docks

(*9*) Mineral oil concerns—field operations (distribution)—kerbside pumps, including underground tanks and fittings

(*10*) Mineral oil concerns—refineries:

(*a*) Boilers

(*b*) Prime movers

(*c*) Process plant

(*11*) Mines and quarries:

(*a*) Surface and underground machinery (other than electrical machinery and portable underground machinery)

(*b*) Head-gears

(*c*) Rails

(*d*) Boilers

(*e*) Shafts and inclines

(*f*) Tramways on the surface

(*12*) Neo-post franking machines

(*13*) Office machinery

(*14*) Overhead cables and wires

(*15*) Railway sidings

(*16*) Refrigeration plant containers, etc. (other than racks)

(*17*) Ropeway structures:

(*a*) Trestle and station steel work

(*b*) Driving and tension gearing

(*18*) Salt works—Reservoirs, condensers, salt pans, delivery channels and piers if constructed of masonry, concrete, cement, asphalt or similar materials; barges and floating plant; piers, quays and jetties; and pipelines for conveying brine if constructed of masonry, concrete, cement, asphalt or similar materials

(*19*) Surgical instruments

(*20*) Tramways electric and tramways run by internal combustion engines—permanent way: cars—car trucks, car bodies, electrical equipment and motors; tram cars including engines and gears

(*21*) Typewriters

(*22*) Weighing machines

(*23*) Wireless apparatus and gear, wireless appliances and accessories

IV. SHIPS—

1.	Ocean-going ships—		
	(*i*) Fishing vessels with wooden hull	10	
	(*ii*) Dredgers, tugs, barges, survey launches and other similar ships used mainly for dredging purposes	7	To be calculated on the actual cost
	(*iii*) Other ships	5	
2.	Vessels ordinarily operating on inland waters—		
	(*i*) *Speed boats 20	20	
	(*ii*) Other vessels	10	

PART II

[*See* rule 5]

EXPECTATION OF LIFE IN THE CASE OF A STEAMER OR MOTOR VESSEL PURCHASED SECOND-HAND

Age at date of purchase		*Expectation of life*
Over years	Under years	Years
0	1	20
1	2	19
2	3	18
3	4	17
4	5	16
5	6	15
6	7	14
7	8	13
8	9	12
9	10	11
10	11	10
11	12	9
12	13	9
13	14	8
14	15	8
15	16	7
16	17	7
17	18	7
18	19	6
19	20	6
20	21	5
21	22	5
22	23	4
23	24	4
Over 24 years		As determined by the Board on the facts of each case

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* "Speed boat" means boatt driven by a high speed internal combustion engine capable of propelling the boat at a speed exceeding 24 kilometers per hour in still water and so designed that when running at a speed it will place, i.e., its bow will rise from the water.

APPENDIX IA

TABLE OF RATES AT WHICH DEPRECIATION IS ADMISSIBLE

[*See* rule 5(1A)]

Class of assets	*Depreciation allowance as percentage of actual cost*
(*a*) Plant and Machinery in generating stations including plant foundations :—	
(*i*) Hydro-electric	3.4
(*ii*) Steam electric NHRS & Waste heat recovery Boilers/plants	7.84
(*iii*) Diesel electric and Gas plant	8.24
(*b*) Cooling towers and circulating water systems	7.84
(*c*) Hydraulic works forming part of Hydro-electric system including :—	
(*i*) Dams, spillways weirs, canals, reinforced concrete flumes and syphons	1.95
(*ii*) Reinforced concrete pipelines and surge tanks, steel pipelines, sluice gates, steel surge (tanks), hydraulic control valves and other hydraulic works.	3.4
(*d*) Building and civil engineering works of permanent character, not mentioned above	
(*i*) Office and showrooms	3.02
(*ii*) Containing Thermo-electric generating plant	7.84
(*iii*) Containing Hydro-Electric generating plant	3.4
(*iv*) Temporary erection such as wooden structures	33.4
(*v*) Roads other than Kutcha roads	3.02
(*vi*) Others	3.02
(*e*) Transformers, transformer (Kiosk) sub-station equipment and other fixed apparatus (including plant foundations)	
(*i*) Transformers (including foundations) having a rating of 100 kilovolt amperes and over	7.81
(*ii*) Others	7.84
(*f*) Switchgear including cable connections	7.84
(*g*) Lightning arrestor :	
(*i*) Station type	7.84
(*ii*) Pole type	12.77
(*iii*) Synchronous condenser	5.27
(*h*) Batteries	33.4
(*i*) Underground cable including joint boxes and disconnectioned boxes	5.27
(*ii*) Cable duct system	3.02
(*i*) Overhead lines including supports :	
(*i*) Lines on fabricated steel operating at nominal voltages higher than 66 kilovolt	5.27
(*ii*) Lines on steel supports operating at nominal voltages higher than 13.2 kilovolts but not exceeding 66 kilovolts	7.84
(*iii*) Lines on steel or reinforced concrete supports	7.84
(*iv*) Lines on treated wood supports	
(*j*) Meters	12.77
(*k*) Self-propelled vehicles	33.40
(*l*) Air-conditioning plants :	
(*i*) Static	12.77
(*ii*) Portable	33.40
(*m*) (*i*) Office furniture and fittings	12.77
(*ii*) Office equipments	12.77
(*iii*) Internal wiring including fittings and apparatus	12.77
(*iv*) Street light fittings	12.77

(*n*) Apparatus let on hire	
(*i*) Other than motors	33.4
(*ii*) Motors	12.77
(*o*) Communication equipment :	
(*i*) Radio and high frequency carrier system	12.77
(*ii*) Telephone lines and telephones	12.77
(*p*) Any other assets not covered above	7.69

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APPENDIX II

RETURN FORMS FOR ASSESSMENT YEAR 2024-25

FORM	
SAHAJ(ITR-1)	*SAHAJ - Individual Income-tax Return*
ITR-2	*Return of Income - For Individuals and HUFs having income from profits and gains of business or profession*
ITR-2A	[OMITTED BY THE IT (FOURTH AMDT.) RULES, 2017, W.E.F. 1-4-2017]
ITR-3	*Return of Income - For Individuals and HUFs having income from profits and gains of business or profession*
SUGAM (ITR-4)	*SUGAM - For Individuals, HUFs and Firms (other than LLP) being a resident having total income upto Rs. 50 lakh and having income from business and profession which is computed under section 44AD, 44ADA or 44AE [Not for an individual who is either Director in a company or has invested in unlisted equity shares or if income-tax is deferred on ESOP or has agricultural income more than Rs. 5,000]*
ITR-4	[OMITTED BY THE IT (FOURTH AMDT.) RULES, 2017, W.E.F. 1-4-2017]
ITR-5	*Return of Income - For persons other than - (*i *) individual, (*ii *) HUF, (*iii *) company and (*iv *) person filing Form ITR-7*
ITR-6	*Return of Income - For Companies other than companies claiming exemption under section 11*
ITR-7	*Return of Income - For persons including companies required to furnish return under section 139(4A) or 139(4B) or 139(4C) or 139(4D) only*
ITR-8	[OMITTED BY THE IT (TWENTY-FIRST AMDT.) RULES, 2021, W.E.F. 29-7-2021]
ITR-V	*Return of Income - Verification Form Acknowledgement*
ITR-A	*Return Form - For successor entities to furnish return of income under section 170A consequent to business reorganisation*
ITR-U	*Return Form - For persons to update income within twenty-four months from the end of the relevant assessment year*

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APPENDIX III

ALL INDIA GRADATION LIST

Name of Districts		FINANCIAL		INFRASTRUCTURAL				INDUSTRIAL		TOTAL WEIGHTED INDEX COUNT
		Per capita credit	Per capita deposit	Urbani-sation %	Phone per 1000	Per capita power	Road per 100 sq. kms.	Factory workers Per 1000	Per capita GVA from manuf.	
		(AS A PERCENTAGE OF ALL INDIA AVERAGE FOR EACH INDICATOR)								
ALL INDIA AVERAGE INDEX		100	100	100	100	100	100	100	100	
WEIGHTS		3	2	1	1	2	1	3	2	
ALL INDIA WEIGHTED INDEX		300	200	100	100	200	100	300	200	1500
Godda	<< BH	45	38	11	4	22	9	0	0	129
Gumla	<< BH	39	48	17	16	8	14	0	0	142
Araria	<< BH	42	24	25	12	4	16	21	4	148
Gadchiroli	MH	30	32	34	16	8	35	3	2	160
Madhepura	<< BH	45	26	25	13	6	46	0	0	161
Sidharthanagar	<< UP	30	40	14	3	38	40	0	0	165
Dumka	BH	36	46	24	9	12	36	3	4	170
Madla	MP	33	24	30	19	26	29	6	4	171
Khagaria	<< BH	42	32	23	9	14	42	18	0	180
Kishanganj	<< BH	39	20	39	20	8	20	33	6	185
Malda	<< WB	48	42	28	13	16	41	0	0	188
Palamau	BH	42	46	21	19	22	16	15	18	199
Phulbani	<	51	28	23	25	32	40	0	0	199
Madhubani	<< BH	42	32	14	11	8	67	24	2	200
Kalahandi	<< OR	63	22	25	13	22	42	15	2	204
Jahanabad	<< BH	51	52	25	13	20	29	12	4	206
Saharsa	<< BH	39	24	27	13	18	49	36	2	208
West Dinajpur	WB	39	32	52	13	12	41	18	2	209
Nawadah	BH	54	40	27	14	22	40	12	2	211
Bahraich	UP	51	40	31	8	22	26	27	6	211
Sitamarhi	BH	45	28	22	19	6	58	27	8	213
Sahebganj	BH	36	44	28	11	4	18	63	10	214
Murshidabad	WB	42	42	40	13	18	57	6	2	220
Cooch Behar	<< WB	51	34	31	13	20	40	27	4	220
Bankura	<< WB	48	54	32	13	14	40	15	4	220
Panna	MP	39	38	51	22	44	20	6	0	220
Pratapgarh	UP	42	66	22	5	24	59	3	2	223
Maharajganj	<< UP	42	44	19	4	72	41	3	0	225
Jalore	RJ	24	38	28	25	88	19	3	2	227
Aurangabad	BH	60	52	30	15	34	30	6	0	227
E. Champaran	BH	51	38	22	13	10	44	39	10	227
Banda	UP	45	42	50	12	40	28	12	4	233
Barmer	<< RJ	36	40	39	31	32	15	30	12	235
Purnia	BH	57	30	33	16	10	61	27	4	238
Bastar	MP	33	32	67	22	48	13	21	4	240
Siwan	BH	54	82	20	10	6	58	12	0	242

Vaishali	BH	57	52	26	23	10	58	18	0	244
Basti	UP	51	54	25	6	22	41	39	12	250
Hardoi	UP	45	44	46	6	22	34	42	12	251
Seoni	MP	48	36	37	33	52	24	15	10	255
Surguja	<< MP	36	60	47	18	80	18	3	0	262
Katihar	BH	54	32	37	18	18	34	66	4	263
Tikamgarh	MP	42	40	66	15	64	37	0	0	264
Chamoli	<< UP	57	100	33	32	18	21	6	0	267
Bolangir	OR	51	28	37	25	36	46	39	6	268
Dungarpur	RJ	48	80	28	22	30	42	15	4	269
Lalitpur	UP	72	60	55	15	38	28	3	0	271
Bhagalpur	BH	72	60	47	18	16	44	15	0	272
Jaisalmer	<< RJ	57	64	61	43	36	7	3	4	275
Hamirpur	UP	57	54	68	8	42	28	18	4	279
Dholpur	RJ	60	44	67	24	20	45	21	0	281
Gopalganj	BH	36	54	22	11	6	55	75	22	281
Purulia	WB	48	56	37	13	26	24	30	48	282
Badaun	UP	57	40	69	10	42	33	30	2	283
Darbhanga	BH	57	54	34	25	16	81	15	2	284
W. Champaran	BH	60	36	39	22	8	29	57	34	285
Saran	BH	54	78	36	18	8	58	30	8	290
Birbhum	WB	63	62	35	13	26	66	24	8	297
Fatehpur	UP	45	48	39	7	48	48	24	40	299
Sawai Madhopur	RJ	72	56	58	31	58	23	6	0	304
Azamgarh	UP	51	92	28	9	50	56	15	4	305
Shivpuri	MP	57	50	59	35	68	19	12	6	306
Bhojpur	BH	66	92	44	16	28	37	21	4	308
Samastipur	BH	48	48	19	15	18	80	69	16	313
Lohardagga	<< BH	78	54	43	39	18	29	51	2	314
Chhatarpur	<< MP	57	54	75	27	74	27	3	0	317
Etah	UP	54	50	65	12	50	53	18	16	318
Mayurbhanj	OR	54	38	24	13	38	62	54	36	319
Barabanki	UP	39	48	36	8	44	39	81	26	321
Balaghat	MP	39	32	37	33	72	36	60	14	323
Uttar Kashi	<< UP	51	80	28	28	76	15	36	10	324
Jhabua	MP	51	30	34	35	84	42	33	16	325
Etawah	UP	57	64	61	11	34	49	45	8	329
Deoria	UP	45	64	29	6	32	48	75	32	331
Ghazipur	UP	60	98	28	7	54	68	15	2	332
Almora	UP	60	114	22	21	34	58	27	6	342
Ballia	UP	63	94	39	9	48	60	30	0	343
Deoghar	BH	75	76	53	20	18	55	18	28	343
Dangs	GJ	42	46	43	25	82	78	15	14	345
Banswara	RJ	84	74	30	26	38	38	36	20	346
Jaunpur	UP	57	94	27	7	50	67	36	10	348
Tonk	RJ	72	56	76	31	32	19	27	36	349

Sidhi	MP	42	70	25	16	114	30	30	24	351
Banaskantha	GJ	51	42	40	88	52	51	24	8	356
Nalanda	BH	57	56	57	63	38	72	12	2	357
Churu	<< RJ	60	84	113	47	30	15	6	4	359
Nagaur	RJ	39	50	62	43	94	22	27	26	363
Gaya	BH	72	76	52	26	48	33	48	8	363
Sitapur	UP	57	54	47	9	34	33	108	30	372
Jalaun	UP	72	74	86	12	48	51	21	10	374
Pithoragarh	UP	69	108	29	25	32	19	78	16	376
Muzaffarpur	BH	87	80	36	31	26	57	54	6	377
Vidisha	MP	111	46	78	51	58	18	18	2	382
Raigarh	MP	48	38	37	106	72	25	51	6	383
Unnao	UP	42	66	53	8	46	46	78	48	387
Faizabad	UP	69	88	45	15	64	44	45	18	388
Kanpur Dehat	UP	60	44	22	4	100	47	75	38	390
Mainpuri	UP	57	60	52	15	104	51	45	10	394
Gonda	UP	48	56	30	7	30	31	51	146	399
Sabarkantha	GJ	63	54	41	113	52	79	3	0	405
Morena	MP	78	48	80	40	86	22	36	22	412
Betul	MP	54	64	73	36	110	21	33	22	413
Tehri Garhwal	UP	45	118	22	16	72	45	51	44	413
Midnapore	WB	60	62	39	13	30	46	102	72	424
Balasore	OR	87	38	37	25	104	63	39	32	425
Farukhabad	UP	81	68	73	14	52	45	81	18	432
Rajgarh	MP	69	32	65	44	80	23	93	32	438
Jhalawar	RJ	75	40	61	31	68	23	108	36	442
Rohtas	BH	75	72	40	27	118	33	39	38	442
Srikakulam	AP	78	56	49	25	90	77	63	14	452
Ganjam	OR	84	68	58	38	104	38	51	16	457
Mahbubnagar	AP	90	52	43	25	128	31	66	26	461
Rajnandgaon	MP	57	38	61	27	58	27	165	28	461
Sultanpur	UP	69	70	17	11	44	58	33	164	466
Mirzapur	UP	114	88	54	15	64	36	48	52	471
Mau	UP	51	92	67	13	84	55	99	18	479
Sagar	MP	102	80	114	44	88	25	24	10	487
Beed (Bhir)	MH	69	40	70	22	100	77	78	32	488
Bidar	KT	102	58	76	50	24	88	63	30	491
Sikar	RJ	66	84	82	43	120	29	51	20	495
Bhind	MP	51	54	80	28	146	40	60	42	501
Giridih	BH	42	42	60	71	0	26	186	76	503
Sehore	MP	105	60	70	56	126	19	51	18	505
Hazaribagh	BH	66	102	70	20	42	21	117	70	508
Osmanabad	MH	69	38	59	18	156	86	60	24	510
Rae Bareli	UP	57	64	35	13	64	58	114	106	511
Malappuram	KL	102	112	35	74	44	70	51	28	516
Raichur	KT	135	66	81	51	34	70	51	32	520

Nadia	WB	54	66	88	25	48	78	135	26	520
Munger	BH	60	70	65	24	22	35	183	64	523
Parbhani	MH	78	36	88	24	96	78	102	24	526
Garhwal	UP	66	184	48	30	40	65	21	74	528
Yavatmal	MH	90	50	67	25	102	55	114	32	535
Datia	MP	75	72	88	38	164	41	45	12	535
Latur	MH	78	42	79	29	114	87	81	30	540
Damoh	MP	72	40	71	26	134	28	39	130	540
Bijapur	KT	117	74	92	56	36	74	66	28	543
Tiruvannamalai	TN	120	48	47	25	156	68	87	NA	551
Narsinghpur	MP	117	70	58	58	170	25	27	28	553
Shajapur	MP	75	38	69	66	124	34	87	62	555
Pilibhit	UP	108	60	72	13	66	36	156	48	559
Sindhudurg	MH	81	128	30	41	84	86	96	20	566
Shahjahanpur	UP	84	60	81	16	54	33	201	38	567
Kendujhar	OR	69	44	49	25	106	45	141	92	571
Buldhana	MH	72	36	80	33	154	57	102	38	572
Guna	MP	81	56	76	39	80	15	75	158	580
Bundi	RJ	129	64	68	27	102	27	90	76	583
Koraput	OR	51	34	44	25	110	44	63	212	583
Wayanad	<< KL	246	58	13	99	30	41	66	30	583
Chittorgarh	RJ	90	80	61	29	136	26	51	120	593
Kheri	UP	105	56	41	14	56	27	228	68	595
Shahdol	MP	42	72	82	26	122	25	135	92	596
Rewa	MP	72	86	59	24	160	43	51	108	603
Idukki	<< KL	156	76	18	139	36	34	51	108	618
Chhindwara	MP	69	74	90	56	122	20	99	90	620
Bharatpur	RJ	135	70	76	34	42	44	132	90	623
Jhunjhunu	RJ	72	92	81	45	158	43	54	90	635
Cuttack	OR	141	80	48	88	90	58	114	18	637
Nanded	MH	78	44	84	31	118	99	132	52	638
Tumkur	KT	120	74	65	48	36	120	96	82	641
Ramanathapuram	TN	81	76	85	100	80	59	120	46	647
Rampur	UP	114	56	102	18	76	54	147	84	651
Kasargod	KL	147	118	64	188	62	64	3	6	652
Bhandara	MH	72	52	51	27	196	65	108	82	653
Kolar	KT	123	74	91	63	104	128	60	14	657
Jalna	MH	99	38	66	26	148	54	165	76	672
Aligarh	UP	90	100	98	47	128	45	102	64	674
Gorakhpur	UP	87	138	72	34	60	42	192	50	675
South Arcot	TN	114	60	61	25	108	77	138	100	683
W. Nimar (Khargone)	MP	69	42	59	54	168	38	210	44	684
Dhenkanal	OR	75	62	38	25	164	53	108	162	687
Akola	MH	102	50	112	42	108	64	171	54	703
Pudukottai	TN	108	62	55	38	80	69	225	70	707
Bilaspur	MP	63	66	66	45	154	34	123	166	717

Khammam	AP	93	70	79	38	198	33	111	98	720
Dhule	MH	108	52	80	41	134	81	156	74	726
Jalpaiguri	<< WB	90	60	64	13	20	45	336	100	728
Warangal	AP	132	82	75	50	192	39	117	42	729
Nalgonda	AP	90	48	46	25	258	42	123	100	732
Bulandshahr	UP	81	92	81	26	174	53	138	90	735
Hassan	KT	186	96	68	79	30	179	72	26	736
Cuddapah	AP	147	88	93	38	154	45	123	48	736
Thanjavur	TN	150	122	89	63	78	93	108	34	737
Prakasam	AP	159	94	64	25	148	35	168	44	737
Begusarai	BH	63	52	38	29	56	67	93	340	738
Anantapur	AP	135	88	91	50	136	39	144	60	743
Ratnagiri	MH	78	124	35	48	90	86	165	120	746
Panch Mahal	GJ	87	56	41	50	56	77	231	156	754
Amravati	MH	96	76	128	47	144	53	183	32	759
Palakkad	KL	159	156	61	128	54	51	66	94	769
Nellore	AP	174	98	92	63	78	56	117	92	770
Hoshangabad	MP	129	88	107	83	132	20	111	104	774
Ganganagar	RJ	180	100	82	84	76	23	180	50	775
Jind	HR	168	92	67	97	256	68	6	24	778
Gulbarga	KT	117	74	91	52	84	69	114	180	781
Pali	RJ	63	76	85	90	88	29	252	100	783
Bikaner	RJ	144	148	154	75	64	14	171	50	820
Raipur	MP	120	76	77	69	148	39	228	68	825
Karimnagar	AP	111	108	80	38	292	40	120	38	827
Mandsaur	MP	75	70	90	100	264	27	93	112	831
Mandya	KT	120	64	63	49	68	280	111	82	837
Muradabad	UP	129	100	107	35	98	48	261	64	842
Kurnool	AP	150	82	100	38	110	41	273	50	844
Medak	AP	141	68	56	38	292	48	162	50	855
Nizamabad	AP	132	96	79	50	190	60	204	50	861
Sambalpur	OR	102	68	67	63	152	39	279	104	874
Allahabad	UP	120	138	82	45	124	60	168	150	887
Adilabad	AP	78	78	90	25	186	29	321	88	895
Varanasi	UP	189	188	106	65	88	82	120	62	900
Satara	MH	141	96	50	47	128	94	201	156	913
Puri	OR	294	162	77	125	102	59	84	24	927
East Godavari	AP	168	112	92	75	80	61	243	102	933
Saharanpur	UP	138	114	99	47	158	49	243	86	934
Satna	MP	105	84	77	37	160	45	210	218	936
Bellary	KT	222	92	116	72	136	82	138	80	938
Chitradurga	KT	156	74	105	77	76	109	273	84	954
Jalgaon	MH	117	70	107	49	212	77	249	110	991
Raisen	MP	105	44	62	51	266	16	189	258	991
Udaipur	RJ	144	120	66	61	154	32	213	206	996
Bareilly	UP	105	108	127	45	94	45	249	232	1005

Amreli	GJ	84	78	84	63	70	66	387	174	1006
East Nimar	MP	108	68	107	80	222	27	297	100	1009
Jodhpur	RJ	153	150	137	122	114	25	213	100	1014
Muzaffarnagar	UP	144	106	93	39	200	57	297	92	1028
Vizianagaram	AP	78	50	67	38	36	53	582	126	1030
Firozabad	UP	75	82	104	21	42	62	588	60	1034
Mathura	UP	96	114	91	44	158	66	288	180	1037
West Godavari	AP	195	110	80	75	110	89	303	92	1054
Ratlam	MP	144	120	124	132	192	27	255	64	1058
Bhiwani	HR	150	122	68	99	258	64	219	84	1064
Mahendragarh	HR	117	106	49	55	248	92	174	228	1069
Darjeeling	WB	156	172	119	125	68	103	258	82	1083
Kaithal	HR	177	112	57	62	308	74	267	32	1089
Chikmagalur	KT	297	132	66	101	256	154	57	28	1091
Kannur	KL	162	188	198	163	56	70	201	54	1092
Ahmednagar	MH	126	72	62	6	224	79	291	232	1092
Wardha	MH	132	82	103	41	208	56	369	106	1097
Belgaum	KT	174	118	93	86	204	99	228	96	1098
Pasumpon	TN	150	128	104	100	98	78	312	152	1122
Sirsa	HR	198	128	82	127	270	63	216	50	1134
Bhilwara	RJ	189	76	76	31	100	34	405	226	1137
Bijnor	UP	96	84	98	17	118	53	567	112	1145
Jhansi	UP	120	142	154	26	108	33	321	246	1150
Dharmapuri	TN	135	54	37	38	102	60	357	370	1153
Agra	UP	204	200	158	70	140	64	210	108	1154
Kozhikode	KL	222	164	149	174	62	81	234	78	1164
Alwar	RJ	117	90	55	62	180	41	306	324	1175
Surendranagar	GJ	87	78	116	125	34	44	585	112	1181
Kodagu	KT	372	242	62	196	30	118	132	32	1184
Hissar	HR	207	144	82	118	262	77	192	106	1188
Sangli	MH	165	110	89	66	176	82	315	186	1189
Solapur	MH	138	76	112	49	178	95	411	152	1211
Uttar Kannada	KT	150	154	94	117	142	142	252	176	1227
Dhar	MP	84	56	51	72	284	38	390	266	1241
Tirunelveli	TN	138	122	123	75	172	78	381	156	1245
Bangalore Rural	KT	117	58	71	74	56	149	339	406	1270
Bhavnagar	GJ	192	142	136	113	106	55	390	136	1270
Patna	BH	261	312	148	162	96	60	177	56	1272
Krishna	AP	249	150	139	113	114	80	327	100	1272
Chittoor	AP	162	108	77	50	200	54	522	102	1275
Alapuzha	KL	261	290	119	148	72	107	174	108	1279
W. Singhbhum	BH	45	92	61	27	70	14	405	576	1290
Guntur	AP	240	132	112	75	90	57	513	74	1293
Mysore	KT	261	146	116	113	72	140	291	158	1297
Jabalpur	MP	333	166	177	121	120	36	171	212	1336
Dindigul-Anna	TN	171	86	83	63	224	69	423	222	1341

Shimoga	KT	234	108	103	80	238	132	228	228	1351
Dharwad	KT	183	118	136	89	58	123	435	224	1366
Kottayam	KL	306	326	68	274	90	144	81	96	1385
Ajmer	RJ	171	176	159	114	132	40	432	176	1400
Nasik	MH	144	100	138	86	220	102	312	298	1400
Kolhapur	MH	168	94	103	83	212	89	402	250	1401
Meerut	UP	225	170	144	68	216	54	306	218	1401
Bhatinda	PB	288	174	88	113	196	91	282	186	1418
Rohtak	HR	192	188	84	52	144	75	471	218	1424
Kota	RJ	201	132	142	107	254	20	195	386	1437
Gwalior	MP	315	228	229	194	132	31	174	134	1437
Kheda	GJ	354	262	88	125	126	94	267	126	1442
Jaipur	RJ	348	238	153	189	144	34	228	114	1448
Periyar	TN	255	168	96	175	226	94	330	108	1452
Junagadh	GJ	168	200	127	125	150	56	375	260	1461
Ferozpur	PB	237	158	93	125	374	100	315	62	1464
Mehsana	GJ	120	94	86	125	140	68	504	332	1469
Ranchi	BH	285	220	129	117	136	48	396	158	1489
Pathanamthitta	KL	225	696	51	195	62	87	132	46	1494
Chandrapur	MH	93	96	109	29	406	60	264	440	1497
Thrissur	KL	252	364	102	177	82	84	309	164	1534
Tiruchirapalli	TN	228	134	104	100	166	76	441	298	1547
Barddhaman	WB	126	148	138	50	178	62	639	216	1557
Thiruvananthapuram	KL	369	372	132	235	68	131	186	66	1559
Kanya Kumari	TN	162	150	66	75	60	143	840	64	1560
Jamnagar	GJ	171	230	155	150	130	33	351	364	1584
Madurai	TN	288	134	175	113	162	80	459	208	1619
Aurangabad	MH	195	92	127	6	262	71	462	430	1645
Sirohi	RJ	78	104	76	52	152	32	684	472	1650
Faridkot	PB	273	234	99	125	254	116	339	222	1662
Salem	TN	207	140	112	113	288	102	561	200	1723
Rajkot	GJ	231	244	183	238	138	53	471	166	1724
Gurdaspur	PB	273	308	90	125	438	145	264	90	1733
Dewas	MP	162	62	101	73	256	119	597	402	1772
Kutch	GJ	156	512	118	175	96	16	453	262	1788
Yamunanagar	HR	303	246	131	194	360	88	345	136	1803
Rewari	HR	189	178	59	77	298	103	414	496	1814
North Arcot	TN	183	92	123	75	166	74	741	368	1822
Dakshina Kannada	KT	432	386	110	237	100	139	291	134	1829
Sonepat	HR	294	244	92	294	266	94	282	274	1840
Karnal	HR	342	246	107	135	408	92	270	266	1866
Hoshiarpur	PB	159	430	60	100	292	135	339	366	1881
Hooghly	WB	87	124	120	38	136	122	873	430	1930
Nagpur	MH	333	250	240	98	264	56	441	256	1938
Ujjain	MP	231	144	155	128	328	28	456	470	1940
Kurukshetra	HR	234	212	94	175	508	135	483	112	1953

Nainital	UP	249	180	123	61	240	61	651	392	1957
Haridwar	UP	267	236	121	51	210	53	507	562	2007
Visakhapatnam	AP	369	190	155	88	180	46	630	406	2064
Sangrur	PB	282	180	95	138	416	110	606	248	2075
Howrah	WB	105	160	193	75	268	117	951	322	2191
Amritsar	PB	354	394	133	213	452	115	369	182	2212
Ranga Reddy	AP	282	98	184	25	292	58	762	576	2277
Ambala	HR	345	376	139	304	272	115	360	390	2301
Lucknow	UP	576	564	242	211	160	67	375	112	2307
Gurgaon	HR	192	256	80	200	240	101	606	678	2353
Patiala	PB	318	304	119	188	348	148	618	366	2409
Valsad	GJ	264	352	95	125	244	110	681	572	2443
Chengalpattu MGR	TN	195	104	174	25	148	110	960	826	2542
Panipat	HR	396	198	106	164	402	97	894	382	2639
Bharuch	GJ	273	138	83	150	322	58	822	832	2678
Kollam	KL	456	228	72	157	92	102	1431	148	2686
Dehra Dun	UP	663	682	197	148	288	75	432	222	2707
Chidambaranar	TN	219	140	161	100	300	89	1074	738	2821
Indore	MP	753	402	270	319	292	52	534	204	2826
Nilgiris	TN	801	188	194	150	364	102	672	366	2837
Surat	GJ	339	294	197	263	378	80	756	534	2841
Sundergarh	OR	159	142	130	75	256	53	819	1300	2934
Gandhinagar	GJ	810	396	159	238	46	202	612	500	2963
24 Parganas	WB	873	634	197	225	96	62	651	236	2974
Durg	MP	153	120	138	36	370	47	873	1290	3027
Jalandhar	PB	426	912	141	200	404	168	432	372	3055
Raigarh	MH	117	140	69	52	406	75	438	1818	3115
Sonbhadra	UP	252	112	52	20	1720	19	393	576	3144
Thane	MH	192	236	252	82	480	90	738	1108	3178
Rupnagar	PB	276	348	99	100	566	167	792	844	3192
Kapurthala	PB	273	660	100	200	484	146	960	436	3259
Kanpur City	UP	633	460	330	237	296	83	933	416	3388
Ernakulam	KL	888	446	190	384	114	129	456	784	3391
Bhopal	MP	801	518	311	338	164	51	522	712	3417
Kamarajar	TN	318	110	146	38	254	71	2010	504	3451
Pune	MH	498	354	197	207	316	65	750	1068	3455
Dhanbad	BH	168	276	199	76	166	36	1308	1378	3607
Ghaziabad	UP	354	292	180	219	422	67	1107	1042	3683
Vadodara	GJ	780	414	166	188	274	78	780	1124	3804
Ahmedabad	GJ	708	482	291	488	84	66	1443	602	4164
E. Singhbhum	BH	213	278	206	89	236	65	1356	1928	4371
Hyderabad	AP	1986	816	389	475	168	25	426	156	4441
Faridabad	HR	462	292	189	249	380	94	1962	1524	5152
Ludhiana	PB	1176	544	194	338	616	170	1473	750	5261
Bangalore Urban	KT	1620	742	334	409	266	340	1152	868	5731
Madras	TN	3498	1428	389	738	544	1517	1014	738	9866

Coimbatore	TN	2280	1064	207	213	390	102	4362	2640	11258
Greater Bombay	MH	5022	2958	389	1004	548	14	1473	1520	12928

(NB "<<" indicates "no industry" districts.)

("NA" indicates "not available".)

Appendix IV

Following Forms are part of Appendix IV:

Form No. 1: Undertaking under sub-rule (1) of rule 11UE of the Income-tax Rules, 1962

Form No. 2: Form for Certificate Under sub-rule (2) of rule 11UF

Form No. 3: Intimation for Withdrawal under sub-rule (3) of rule 11UF of the Income- tax Rules, 1962

Form No. 4: Order by Principal Commissioner or Commissioner under sub-rule (7) of rule 11UF of the Income -tax Rules, 1962