

## Notes on clauses

### Income-tax

Clause 2, read with the First Schedule to the Bill, specifies the rates at which income-tax is to be levied on income chargeable to tax for the assessment year 2018-2019. Further, it lays down the rates at which tax is to be deducted at source during the financial year 2018-2019 from income other than "Salaries" subject to such deductions under the Income-tax Act; and the rates at which "advance tax" is to be paid, tax is to be deducted at source from, or paid on, income chargeable under the head "Salaries" and tax is to be calculated and charged in special cases for the financial year 2018-2019.

#### Rates of income-tax for the assessment year 2018-2019

Part I of the First Schedule to the Bill specifies the rates at which income is liable to tax for the assessment year 2018-2019. These rates are the same as those specified in Part III of the First Schedule to the Finance Act, 2017, for the purposes of deduction of tax at source from "Salaries", computation of "advance tax" and charging of income-tax in special cases during the financial year 2017-2018.

#### Rates for deduction of tax at source during the financial year 2018-2019 from income other than "Salaries"

Part II of the First Schedule to the Bill specifies the rates at which income-tax is to be deducted at source during the financial year 2018-2019 from income other than "Salaries". The rates are the same, as those specified in Part II of the First Schedule to the Finance Act, 2017 for the purposes of deduction of income tax at source during the financial year 2017-2018 except that in the case of long-term capital gains referred to in section 112A of the Income-tax Act, tax shall now be deducted at source at the rate of ten per cent. The amount of tax so deducted shall be increased by a surcharge in the case of—

(i) every non-resident being an individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act,—

(a) at the rate of ten per cent. of such tax, where the income or the aggregate of income paid or likely to be paid and subject to deduction exceeds fifty lakh rupees but does not exceed one crore rupees;

(b) at the rate of fifteen per cent. of such tax, where the income or the aggregate of income paid or likely to be paid and subject to deduction exceeds one crore rupees;

(ii) every non-resident being a co-operative society or firm or local authority at the rate of twelve per cent. where the income or the aggregate of income paid or likely to be paid and subject to deduction exceeds one crore rupees;

(iii) every company other than a domestic company at the rate of two per cent. where the income or the aggregate of income paid or likely to be paid and subject to deduction exceeds one crore rupees but does not exceed ten crore rupees;

(iv) every company other than a domestic company at the rate of five per cent. where the income or the aggregate of income paid or likely to be paid and subject to deduction exceeds ten crore rupees.

#### Rates for deduction of tax at source from "Salaries", computation of "advance tax" and charging of income-tax in special cases during the financial year 2018-2019

Part III of the First Schedule to the Bill specifies the rates at which income-tax is to be deducted at source from, or paid on,

income under the head "Salaries" and also the rates at which "advance tax" is to be paid and income-tax is to be calculated or charged in special cases for the financial year 2018-2019.

Paragraph A of this Part specifies the rates of income-tax as under:—

(i) in the case of every individual [other than those specifically mentioned in sub-paras (ii) and (iii)] or Hindu undivided family or every association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies:—

Up to Rs. 2,50,000	Nil
Rs. 2,50,001 to Rs. 5,00,000	5 per cent.
Rs. 5,00,001 to Rs. 10,00,000	20 per cent.
Above Rs. 10,00,000	30 per cent.;

(ii) In the case of every individual, being a resident in India, who is of the age of sixty years or more but less than the age of eighty years at any time during the previous year:—

Up to Rs. 3,00,000	Nil
Rs. 3,00,001 to Rs. 5,00,000	5 per cent.
Rs. 5,00,001 to Rs. 10,00,000	20 per cent.
Above Rs. 10,00,000	30 per cent.;

(iii) In the case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the previous year:—

Up to Rs. 5,00,000	Nil
Rs. 5,00,001 to Rs. 10,00,000	20 per cent.
Above Rs. 10,00,000	30 per cent.

The surcharge in cases of persons referred to in this paragraph, having total income above fifty lakh rupees but not above one crore rupees, shall be levied at the rate of ten per cent. In cases of persons referred to in this paragraph, having total income above one crore rupees, surcharge shall be levied at the rate of fifteen per cent. Marginal relief will be provided.

Paragraph B of this Part specifies the rates of income-tax in the case of every co-operative society. In such cases, the rates of tax will continue to be the same as those specified for assessment year 2018-2019. The surcharge in cases of co-operative societies, having income above one crore rupees shall be levied at the rate of twelve per cent. Marginal relief will be provided.

Paragraph C of this Part specifies the rate of income-tax in the case of every firm. In such cases, the rate of tax will continue to be the same as that specified for assessment year 2018-2019. The

surcharge in cases of firms, having income above one crore rupees shall be levied at the rate of twelve per cent. Marginal relief will be provided.

Paragraph D of this Part specifies the rate of income-tax in the case of every local authority. In such cases, the rate of tax will continue to be the same as that specified for the assessment year 2018-2019. The surcharge in cases of local authorities, having income above one crore rupees shall be levied at the rate of twelve per cent. Marginal relief will be provided.

Paragraph E of this Part specifies the rates of income-tax in the case of companies. In the case of domestic companies the rate of income-tax shall be twenty-five per cent. of the total income where the total turnover or gross receipts of previous year 2016-2017 does not exceed two hundred and fifty crore rupees and in all other cases the rate of income-tax shall be thirty per cent. of the total income. In the case of companies other than domestic companies, the rate of tax will continue to be the same as that specified for assessment year 2018-2019.

Surcharge in the case of domestic companies having total income above one crore rupees but not above ten crore rupees shall be levied at the rate of seven per cent. In the case of domestic companies having total income above ten crore rupees, surcharge shall be levied at the rate of twelve per cent. In the case of companies other than domestic companies having income above one crore rupees but not above ten crore rupees surcharge shall be levied at the rate of two per cent. In the case of companies other than domestic companies having total income above ten crore rupees, surcharge shall be levied at the rate of five per cent. Marginal relief will be provided.

In all other cases (including sections 115-O, 115QA, 115R, 115TA, 115TD, etc.), the surcharge will be applicable at the rate of twelve per cent.

“Education Cess” at the rate of two per cent. and “Secondary and Higher Education Cess” at the rate of one per cent. shall continue to be levied in all cases covered under Part I of the First Schedule. However, in financial year 2018-2019, in the cases covered under Part II and Part III of the First Schedule, the “Education Cess” and “Secondary and Higher Education Cess” shall be discontinued. A new cess by the name “Health and Education Cess” at the rate of four per cent. shall be levied in the cases covered under Part II and Part III of the First Schedule. In the cases covered under Part II of the First Schedule, there will be no levy of the “Health and Education Cess” on tax deducted or collected at source in the case of domestic company and any other person who is resident in India. The cess would apply on tax deducted at source in the case of salary payments. It would also be levied in the cases of persons not resident in India and companies other than domestic company.

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

*Clause (22)* of the said section provides the definition of the term “dividend”. *Explanation 2* to the said clause clarifies the expression “accumulated profits” for the purposes of the said clause.

It is proposed to insert a new *Explanation* to the said clause to provide that in the case of an amalgamated company, accumulated

profits or loss in the hands of the amalgamated company shall be increased by the accumulated profits of the amalgamating company, whether capitalised or not, on the date of amalgamation.

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

*Clause (24)* of the said section defines the expression “income”.

It is proposed to insert a new sub-clause (*xiiia*) in the said clause (*24*) so as to include the fair market value of inventory referred to in *Clause (via)* of section 28, also within the definition of income.

It is further proposed to insert a new sub-clause (*xviiib*) in the said clause (*24*) so as to include any compensation or other payment referred to in clause (*xi*) of sub-section (*2*) of section 56, also within the definition of income.

*Clause (42A)* of the said section, *inter alia*, provides for determination of period for which the capital asset is held by the assessee.

It is proposed to insert a new sub-clause (*ba*) in clause (*i*) of *Explanation 1* of the said clause (*42A*) so as to provide that in case inventory is converted into or treated as a capital asset under the proposed new clause (*via*) of section 28, the period shall be reckoned from the date of its conversion or the treatment.

These amendments will take effect from 1st April, 2019 and will, accordingly, apply in relation to the assessment year 2019-2020 and subsequent years.

*Clause 4* of the Bill seeks to amend section 9 of the Income-tax Act relating to income deemed to accrue or arise in India.

*Explanation 2* to clause (*i*) of sub-section (*1*) of the said section provides that “business connection” shall include any business activity carried out through a person who, acting on behalf of the non-resident, has and habitually exercises in India, an authority to conclude contracts on behalf of the non-resident, unless his activities are limited to the purchase of goods or merchandise for the non-resident; or has no such authority, but habitually maintains in India a stock of goods or merchandise from which he regularly delivers goods or merchandise on behalf of the non-resident; or habitually secures orders in India, mainly or wholly for the non-resident or for that non-resident and other non-residents controlling, controlled by, or subject to the same common control, as that non-resident.

The proviso to the said *Explanation* provides that such business connection shall not include any business activity specified therein.

It is proposed to substitute clause (*a*) of the said *Explanation 2* so as to provide that “business connection” shall include any business activity carried through a person who, acting on behalf of the non-resident, has and habitually exercises in India, an authority to conclude contracts on behalf of the non-resident or habitually concludes contracts or habitually plays the principal role leading to conclusion of contracts by the non-resident and the contracts are—

- (i) in the name of the non-resident; or
- (ii) for the transfer of the ownership of, or for the granting of the right to use, property owned by that non-resident or that non-resident has the right to use; or
- (iii) for the provision of services by that non-resident.

It is further proposed to insert a new *Explanation 2A* in clause (j) of sub-section (1) of the said section so as to provide that the significant economic presence of a non-resident in India shall constitute "business connection" of the non-resident in India and the "significant economic presence" for this purpose, shall mean—

(a) any transaction in respect of any goods, services or property carried out by a non-resident in India including provision of download of data or software in India, if the aggregate of payments arising from such transaction or transactions during the previous year exceeds such amount as may be prescribed; or

(b) systematic and continuous soliciting of its business activities or engaging in interaction with such number of users as may be prescribed, in India through digital means.

It is further proposed to provide that the transactions or activities shall constitute significant economic presence in India, whether or not the non-resident has a residence or place of business in India or renders services in India.

It is also proposed to provide that only so much of income as is attributable to the transactions or activities referred to in clause (a) or clause (b) shall be deemed to accrue or arise in India.

These amendments will take effect from 1st April, 2019 and will, accordingly, apply in relation to the assessment year 2019-2020 and subsequent years.

*Clause 5* of the Bill seeks to amend section 10 of the Income-tax Act relating to incomes not included in total income.

The said section provides that in computing the total income of a previous year of any person, certain categories of income shall not be included in total income.

It is proposed to insert a new clause (6D) in the said section so as to exempt that any income arising to a non-resident, not being a company, or a foreign company, by way of royalty from or fees for technical services rendered in or outside India to the National Technical Research Organisation.

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

*Clause (12A)* of the said section provides that any payment from the National Pension System Trust to an employee on closure of his account or on his opting out of the pension scheme referred to in section 80CCD, to the extent it does not exceed forty per cent. of the total amount payable to him at the time of such closure or his opting out of the scheme shall not be included in his total income.

It is proposed to amend the said clause so as to extend the aforesaid exemption to all the assesseees who have subscribed to the National Pension System Trust.

Third proviso to clause (23C) of the said section provides for exemption in respect of income of the entities referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of said clause in a case where such income is applied or accumulated during the previous year for certain purposes in accordance with the relevant provisions.

It is proposed to insert a proviso after the twelfth proviso to the said clause so as to provide that for the purposes of determining

the amount of application under item (a) of the said third proviso, the provisions of sub-clause (ia) of clause (a) of section 40 and sub-sections (3) and (3A) of section 40A shall, *mutatis mutandis*, apply as they apply in computing the income chargeable under the head "Profits and gains of business or profession".

*Clause (38)* of section 10, *inter alia*, provides for exemption from tax on the income arising from the transfer of a long-term capital asset, being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust subject to certain conditions specified in the said clause.

It is proposed to amend the said clause so as to provide that the provisions of said clause shall not apply to any income arising from the transfer of long-term capital asset, being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust, made on or after the 1st day of April, 2018.

These amendments will take effect from 1st April, 2019 and will, accordingly, apply in relation to the assessment year 2019-2020 and subsequent years.

*Clause (46)* of said section, *inter alia*, provides for notification in respect of exemption to specified income arising to a body or authority or Board or Trust or Commission (by whatever name called), not engaged in any commercial activity, established or constituted by or under a Central, State or Provincial Act, or constituted by the Central Government or a State Government, with the object of regulating or administering any activity for the benefit of the general public.

It is proposed to amend the said clause so as to provide such exemption to specified income arising to a class of body or authority or Board or Trust or Commission also.

This amendment will take effect from 1st April, 2018.

*Clause (48B)* of the said section provides that any income accruing or arising to a foreign company on account of sale of leftover stock of crude oil, if any, from a facility in India after the expiry of the agreement or arrangement as referred to under clause (48A) shall be exempt subject to such conditions as may be notified by the Central Government in this behalf.

It is proposed to amend the said clause (48B) so as to provide that any income accruing or arising to such foreign company on account of sale of leftover stock of crude oil, if any, from such facility in India on the termination of the agreement or the arrangement referred to in clause (48A) of the said section in accordance with the terms mentioned therein, shall also be exempt, subject to the conditions as may be notified by the Central Government in this behalf.

This amendment will take effect from 1st April, 2019 and will, accordingly, apply in relation to assessment year 2019-2020 and subsequent years.

*Clause 6* of the Bill seeks to amend section 11 of the Income-tax Act relating to income from property held for charitable or religious purposes.

The said section provides for exemption in respect of income derived from property held under trust for charitable or religious purposes to the extent to which such income is applied or accumulated during the previous year for certain purposes in accordance with the relevant provisions.

It is proposed to insert a new *Explanation* to the said section so as to provide that for the purposes of determining the amount of application under clause (a) or clause (b) of sub-section (1) thereof, the provisions of sub-clause (ia) of clause (a) of section 40 and sub-sections (3) and (3A) of section 40A, shall, *mutatis mutandis*, apply as they apply in computing the income chargeable under the head "Profits and gains of business or profession".

This amendment will take effect from 1st April, 2019 and will, accordingly, apply in relation to the assessment year 2019-2020 and subsequent years.

*Clause 7* of the Bill seeks to amend section 16 of the Income-tax Act relating to deductions from salaries.

The existing provisions of the said section, *inter alia*, provide that the income chargeable under the head "Salaries" shall be computed after making certain deductions specified therein.

It is proposed to insert a new clause (ia) in the said section so as to provide for deduction of forty thousand rupees or the amount of the salary, whichever is less, for the purpose of computing the income chargeable under the said head.

This amendment will take effect from 1st April, 2019 and will, accordingly, apply in relation to the assessment year 2019-2020 and subsequent years.

*Clause 8* of the Bill seeks to amend section 17 of the Income-tax Act relating to "Salary", "perquisite" and "profits in lieu of salary" defined.

*Clause (v)* of the proviso occurring after sub-clause (viii) of clause (2) of the said section provides that any sum paid by the employer in respect of any expenditure actually incurred by the employee on his medical treatment or treatment of any member of his family not exceeding fifteen thousand rupees in the previous year shall not be treated as perquisite in the hands of the employee.

It is proposed to omit the said clause (v).

This amendment will take effect from 1st April, 2019 and will, accordingly, apply in relation to the assessment year 2019-2020 and subsequent years.

*Clause 9* of the Bill seeks to amend section 28 of the Income-tax Act relating to profits and gains of business or profession.

The said section, *inter alia*, provides that certain types of compensation receipts as set out in sub-clauses (a) to (d) of clause (ii) of the said section are taxable under the head "Profits and gains of business or profession".

It is proposed to insert a new sub-clause (e) in the said clause (ii) so as to provide that any compensation due or received by any person, by whatever name called, at or in connection with the termination or the modification of the terms and conditions, as the case may be, of any contract relating to his business shall be chargeable to tax under the head "Profits and gains of business or profession".

It is further proposed to amend the said section so as to provide that the fair market value determined in the prescribed manner of

the inventory as on the date of its conversion or treatment as capital assets shall be chargeable to tax under the head "Profit and gains of business and profession".

These amendments will take effect from 1st April, 2019 and will, accordingly, apply in relation to the assessment year 2019-2020 and subsequent years.

*Clause 10* of the Bill seeks to amend section 36 of the Income-tax Act relating to other deductions.

Sub-section (1) of the said section provides for allowing certain deductions in computing income under the head "Profits and gains of business or profession".

It is proposed to insert a new clause (xviii) in the said sub-section so as to provide that deduction in respect of any marked to market loss or other expected loss shall be allowed, if computed in accordance with the income computation and disclosure standards notified under sub-section (2) of section 145.

This amendment will take effect retrospectively from 1st April, 2017 and will, accordingly, apply in relation to the assessment year 2017-2018 and subsequent years.

*Clause 11* of the Bill seeks to amend section 40A of the Income-tax Act relating to expenses or payments not deductible in certain circumstances.

The aforesaid section provides for disallowance of certain expenses or payments while computing income under the head "Profits and gains of business or profession".

It is proposed to insert a new sub-section (13) in the said section so as to provide that no deduction or allowance shall be allowed in respect of any marked to market loss or other expected loss except as allowable under the new clause (xviii) of sub-section (1) of section 36.

This amendment will take effect retrospectively from 1st April, 2017 and will, accordingly, apply in relation to the assessment year 2017-2018 and subsequent years.

*Clause 12* of the Bill seeks to amend section 43 of the Income-tax Act relating to definitions of certain terms relevant to income from profits and gains of business or profession.

*Clause (5)* of the said section provides for the definition of speculative transaction. Clause (e) of the proviso to the said clause (5) provides that trading in commodity derivatives carried out in a recognised stock exchange, which is chargeable to commodity transaction tax is a non-speculative transaction.

It is proposed to insert a new proviso for the purposes of clause (e) of the first proviso so as to provide that for transaction in respect of trading in agricultural commodity derivatives, the requirement of chargeability to commodity transactions tax under Chapter VII of the Finance Act, 2013 shall not apply.

This amendment will take effect from 1st April, 2019 and will, accordingly, apply in relation to the assessment year 2019-2020 and subsequent years.

*Clause 13* of the Bill seeks to insert a new section 43AA in the Income-tax Act relating to taxation of foreign exchange fluctuation.

The proposed new section provides that, subject to the provisions of section 43A, any gain or loss arising on account of

any change in foreign exchange rates shall be treated as income or loss, as the case may be, and such gain or loss shall be computed in accordance with the income computation and disclosure standards notified under sub-section (2) of section 145.

It is further proposed to provide that gain or loss arising on account of the change in foreign exchange rates shall be in respect of all foreign currency transactions including those relating to monetary items and non-monetary items or translation of financial statements of foreign operations or forward exchange contracts or foreign currency translation reserves.

This amendment will take effect retrospectively from 1st April, 2017 and will, accordingly, apply in relation to the assessment year 2017-2018 and subsequent years.

*Clause 14* of the Bill seeks to amend section 43CA of the Income-tax Act relating to special provision for full value of consideration for transfer of assets other than capital assets in certain cases.

The said section, *inter alia*, provides that in case of transfer of an asset (other than a capital asset) being land or building or both the value adopted or assessed or assessable by the stamp valuation authority for the purpose of payment of stamp duty in respect of such transfer shall be taken as the full value of consideration for the purposes of computing profits and gains from transfer of such asset, if it is more than the consideration. The said section also provides that where the date of agreement fixing the value of consideration for transfer of the asset and the date of registration of such transfer of asset are not the same, the value assessable by the authority for the purpose of payment of stamp duty in respect of such transfer on the date of the agreement shall be taken if the amount of consideration or a part thereof has been received by any mode other than cash on or before the date of agreement for transfer of the asset.

It is proposed to insert a proviso to sub-section (1) of the said section so as to provide that where the value adopted or assessed or assessable by the stamp valuation authority does not exceed one hundred and five per cent. of the consideration received or accruing as a result of the transfer, the consideration so received or accruing as a result of the transfer shall, for the purposes of computing profits and gains from transfer of such asset, be deemed to be the full value of the consideration.

It is further proposed to amend sub-section (4) of the said section so as to provide that where the date of agreement fixing the value of consideration for transfer of the asset and the date of registration of such transfer of asset are not the same, the value referred to in sub-section (1) may be taken as the value assessable by the authority for the purpose of payment of stamp duty in respect of such transfer on the date of the agreement where the amount of consideration or a part thereof has been received by way of an account payee cheque or an account payee bank draft or by use of electronic clearing system through a bank account on or before the date of agreement for transfer of the asset.

These amendments will take effect from 1st April, 2019 and will, accordingly, apply in relation to the assessment year 2019-2020 and subsequent assessment years.

*Clause 15* of the Bill seeks to insert a new section 43CB in the Income-tax Act relating to computation of income from construction and service contracts.

The proposed new section provides that profits and gains of a construction contract or a contract for providing services shall be determined on the basis of percentage of completion method in accordance with the income computation and disclosure standards notified under sub-section (2) of section 145. It is further proposed to provide that in the case of a contract for providing services with duration less than ninety days, the profits and gains shall be determined on the basis of project completion method. It is also proposed to provide that in the case of a contract for provision of services involving indeterminate number of acts over a specific period of time, the profits and gains arising from such contract shall be determined on the basis of a straight line method.

It is also proposed to provide that for this purpose the contract revenue shall include retention money and the contract costs shall not be reduced by any incidental income in the nature of interest, dividends or capital gains.

This amendment will take effect retrospectively from 1st April, 2017 and will, accordingly, apply in relation to the assessment year 2017-2018 and subsequent years.

*Clause 16* of the Bill seeks to amend section 44AE of the Income-tax Act relating to special provision for computing profits and gains of business of plying, hiring or leasing goods carriages.

Sub-section (2) of the said section, *inter alia*, provides that for the purpose of computing profits and gains of business of plying, hiring or leasing goods carriages an amount equal to seven thousand five hundred rupees for every month or part of a month or an amount claimed to be actually earned by the assessee, whichever is higher, shall be deemed to be the aggregate income.

It is proposed to substitute the said sub-section so as to provide that for a heavy goods vehicle, the profits and gains shall be an amount equal to one thousand rupees per ton of gross vehicle weight or unladen weight, as the case may be, for every month or part of a month during which the heavy goods vehicle is owned by the assessee in the previous year or an amount claimed to have been actually earned from such vehicle, whichever is higher.

It is further proposed to provide that in the case of a goods carriage other than heavy vehicle, the profits and gains shall be an amount equal to seven thousand five hundred rupees for every month or part of a month during which the goods carriage is owned by the assessee in the previous year or an amount claimed to have been actually earned from such goods carriage, whichever is higher.

It is also proposed to define the expressions "goods carriage", "gross vehicle weight", "heavy goods vehicle" and "unladen weight" in the said section.

These amendments will take effect from 1st April, 2019 and will, accordingly, apply in relation to the assessment year 2019-2020 and subsequent years.

*Clause 17* of the Bill seeks to amend section 47 of the Income-tax Act relating to transactions not regarded as transfer.

The said section provides that certain transfers of capital assets are not to be regarded as transfer for the purposes of section 45 of the Income-tax Act.

It is proposed to insert a new clause (*viiab*) in the said section so as to provide that any transfer of a capital asset, being bond or Global Depository Receipt referred to in sub-section (1) of section 115AC or rupee denominated bond of an Indian company or derivative, made by a non-resident on a recognised stock exchange located in any International Financial Services Centre and where the consideration for such transaction is paid or payable in foreign currency, shall not be regarded as transfer.

It is further proposed to define certain expressions used therein.

This amendment will take effect from 1st April, 2019 and will, accordingly, apply in relation to the assessment year 2019-2020 and subsequent years.

*Clause 18* of the Bill seeks to amend section 49 of the Income-tax Act relating to cost with reference to certain modes of acquisition.

It is proposed to amend the said section so as to provide that where the capital gain arises from the transfer of a capital asset, referred to in clause (*via*) of section 28, the cost of acquisition of such asset shall be deemed to be the fair market value which has been taken into account for the purposes of the said clause.

This amendment will take effect from 1st April, 2019 and will, accordingly, apply in relation to the assessment year 2019-2020 and subsequent years.

*Clause 19* of the Bill seeks to amend section 50C of the Income-tax Act relating to special provision for full value of consideration in certain cases.

The said section provides that in case of transfer of a capital asset being land or building or both, the value adopted or assessed or assessable by the stamp valuation authority for the purpose of payment of stamp duty in respect of such transfer shall be taken as the full value of consideration for the purposes of computation of Capital gains if the same is more than the full value of consideration.

It is proposed to insert a proviso to sub-section (1) of the said section so as to provide that where the value adopted or assessed or assessable by the stamp valuation authority does not exceed one hundred and five per cent. of the consideration received or accruing as a result of the transfer, the consideration so received or accruing as a result of the transfer shall, for the purposes of section 48, be deemed to be the full value of the consideration.

This amendment will take effect from 1st April, 2019 and will, accordingly, apply in relation to the assessment year 2019-2020 and subsequent years.

*Clause 20* of the Bill seeks to amend section 54EC of the Income-tax Act relating to capital gain not to be charged on investment in certain bonds.

The said section, *inter alia*, provides that capital gain arising from the transfer of a long-term capital asset, invested in the long-term specified asset at any time within a period of six months after the date of such transfer, shall not be charged to tax subject to certain conditions specified in the said section.

It is proposed to amend the said section so as to provide that capital gain arising from the transfer of a long-term capital asset, being land or building or both, invested in the long-term specified asset at any time within a period of six months after the date of such transfer, the capital gain shall not be charged to tax subject to certain conditions specified in the said section.

*Clause (ba)* of the *Explanation* to the said section clarifies expression "long-term specified asset" for making any investment under the said section on or after the 1st day of April, 2007, to mean any bond, redeemable after three years and issued on or after the 1st day of April, 2007 by the National Highways Authority of India or by the Rural Electrification Corporation Limited; or any other bond notified by the Central Government in this behalf.

It is proposed to substitute the said clause so as to provide that long-term specified asset for making any investment under the said section on or after the 1st day of April, 2007 but before the 1st day of April, 2018 shall mean any bond, redeemable after three years and issued on or after the 1st day of April, 2007 but before the 1st day of April, 2018 and for making any investment under the section on or after the 1st day of April, 2018 shall mean any bond, redeemable after five years and issued on or after the 1st day of April, 2018 by the National Highways Authority of India or by the Rural Electrification Corporation Limited or any other bond notified by the Central Government in this behalf.

These amendments will take effect, from 1st April, 2019 and will, accordingly, apply in relation to the assessment year 2019-2020 and subsequent years.

*Clause 21* of the Bill seeks to amend section 56 of the Income-tax Act relating to income from other sources.

*Clause (x)* of sub-section (2) of the said section, *inter alia*, provides that where any person receives, in any previous year, from any person or persons on or after the 1st day of April, 2017, any immovable property, for a consideration which is less than the stamp duty value of the property by an amount exceeding fifty thousand rupees, the stamp duty value of such property as exceeds such consideration shall be charged to tax under the head "Income from other sources".

It is proposed to amend the said clause of sub-section (2) of the said section so as to provide that where any person receives any immovable property for a consideration, the stamp duty value of the property as exceeds such consideration, if the amount of such excess is more than fifty thousand rupees or the amount equal to five per cent. of the consideration, whichever is higher, shall be charged to tax under the head "Income from other sources".

This amendment will take effect from 1st April, 2019 and will, accordingly, apply in relation to the assessment year 2019-2020 and subsequent years.

It is further proposed to amend the fourth proviso to clause (x) of the said sub-section so as to exclude the transfer of capital asset between holding company and its wholly owned Indian subsidiary company and between subsidiary company and its Indian holding company, which are not regarded as transfer under clause (iv) or clause (v) of section 47, from the scope of clause (x) of the said sub-section.

This amendment will take effect from 1st April, 2018.

It is also proposed to insert a new clause (xi) in sub-section (2) of the said section so as to provide that any compensation or other payment due to or received by any person, by whatever name called, in connection with the termination of his employment or the modification of the terms and conditions relating thereto shall be chargeable to income-tax under the head "Income from other sources".

This amendment will take effect from 1st April, 2019 and will, accordingly, apply in relation to the assessment year 2019-2020 and subsequent years.

*Clause 22* of the Bill seeks to amend section 79 [as substituted by section 32 of the Finance Act, 2017] of the Income-tax Act relating to carry forward and set off of losses in case of certain companies.

The said section, *inter alia*, provides that where a change in shareholding has taken place in a previous year in the case of a company, not being a company in which the public are substantially interested, no loss incurred in any year prior to the previous year shall be carried forward and set off against the income of the previous year unless on the last day of the previous year the shares of the company carrying not less than fifty-one per cent. of the voting power were beneficially held by persons who beneficially held shares of the company carrying not less than fifty-one per cent. of the voting power on the last day of the year or years in which the loss was incurred.

It is proposed to amend the aforesaid section to provide that nothing contained in the said section shall apply to a company where a change in the shareholding takes place in a previous year pursuant to approved resolution plan under the Insolvency and Bankruptcy Code, 2016, after affording a reasonable opportunity of being heard to the jurisdictional Principal Commissioner or Commissioner.

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

*Clause 23* of the Bill seeks to amend section 80AC of the Income-tax Act relating to deduction not to be allowed unless return furnished.

The said section provides that where, in computing the total income of an assessee of the previous year relevant to the assessment year commencing on the 1st day of April, 2006 or any subsequent assessment year, any deduction admissible under section 80-IA or section 80-IAB or section 80-IB or section 80-IC or section 80-ID or section 80-IE, shall be allowed to him only if he furnishes a return of his income for such assessment year on or before the due date specified under sub-section (1) of section 139.

It is proposed to substitute the said section so as to provide that in computing the total income of an assessee of the previous year relevant to the assessment year commencing on or after the 1st day of April, 2018, deduction under any other provisions of Chapter VIA under the heading "C.—Deductions in respect of certain incomes" shall be allowed only if the return is filed within the due date specified under sub-section (1) of section 139.

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

*Clause 24* of the Bill seeks to amend section 80D of the Income-tax Act relating to deduction in respect of health insurance premia.

The said section, *inter alia*, provides that for medical insurance or preventive health check-up of a senior citizen, deduction of thirty thousand rupees shall be allowed. Further, in the case of very senior citizens, the said section also provides for a deduction of medical expenditure within the overall limits of thirty thousand rupees.

It is proposed to amend the said section so as to provide that the deduction of fifty thousand rupees in aggregate shall be allowed to senior citizens in respect of medical insurance or preventive health check-up or medical expenditure.

It is further proposed to provide that where an amount is paid in lump sum in the previous year to effect or to keep in force an insurance on the health of a person specified therein for more than a year, then, subject to the provisions of this section, there shall be allowed for each of the relevant previous years, a deduction equal to the appropriate fraction of the amount.

It is also proposed to define the expressions "appropriate fraction" and "relevant previous years".

These amendments will take effect from 1st April, 2019 and will, accordingly, apply in relation to the assessment year 2019-2020 and subsequent years.

*Clause 25* of the Bill seeks to amend section 80DDB of the Income-tax Act relating to deduction in respect of medical treatment, etc.

As per provisions under the said section a deduction is available to an individual and Hindu undivided family with regard to amount paid for medical treatment of specified diseases in respect of very senior citizen upto eighty thousand rupees and in case of senior citizens sixty thousand rupees subject to other conditions.

It is proposed to amend the said section so as to increase the existing limit of deduction available to an individual and Hindu undivided family with regard to amount paid for medical treatment of specified diseases in respect of senior citizen shall be one hundred thousand rupees.

This amendment will take effect from 1st April, 2019 and will, accordingly, apply in relation to the assessment year 2019-2020 and subsequent years.

*Clause 26* of the Bill seeks to amend section 80-IAC of the Income-tax Act relating to special provision in respect of specified business.

The said section, *inter alia*, provides that deduction under the said section shall be available to an eligible start-up, if it is incorporated on or after the 1st day of April, 2016 but before the 1st day of April, 2019; the total turnover of its business does not exceed twenty-five crore rupees in any of the previous years beginning on or after the 1st day of April, 2016 and ending on the 31st day of March, 2021; and it is engaged in the eligible business.

It is proposed to amend the said section so as to provide that deduction under the said section shall be available to an eligible start-up, if it is incorporated on or after the 1st day of April, 2016 but before the 1st day of April, 2021; the total turnover of its business does not exceed twenty-five crore rupees in any of the seven previous years beginning from the year in which it is incorporated.

It is also proposed to amend the definition of "eligible business" to mean a business carried out by an eligible start up engaged in innovation, development or improvement of products or processes or services or a scalable business model with a high potential of employment generation or wealth creation.

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

*Clause 27* of the Bill seeks to amend section 80JJAA of the Income-tax Act relating to deduction in respect of employment of new employees.

The said section provides for a deduction of thirty per cent. of emoluments paid to a new employee for three years. In order to claim the deduction, the new employee must be employed for more than two hundred and forty days in the year of employment or one hundred and fifty days in case of business of manufacturing of apparel, subject to certain conditions.

It is proposed to amend the said section so as to provide that in the case of business of manufacturing of footwear or leather products, the minimum number of days of employment in the years of employment shall be one hundred and fifty days in place of two hundred and forty days.

It is further proposed to provide that where a new employee is employed during the previous year for a period of less than two hundred and forty days or one hundred and fifty days, as the case may be, but is employed for a period of two hundred and forty days or one hundred and fifty days, as the case may be, in the immediately succeeding year, he shall be deemed to have been employed in the succeeding year and the provisions of this section shall apply accordingly.

These amendments will take effect from 1st April, 2019 and will, accordingly, apply in relation to the assessment year 2019-2020 and subsequent years.

*Clause 28* of the Bill seeks to insert a new section 80PA of the Income-tax Act relating to deduction in respect of certain income of Producer Companies.

It is proposed to insert the said new section so as to provide that in case of an assessee, being a Producer Company, having a total turnover of one hundred crore rupees or less in any previous year, the gross total income includes any income from the marketing of agricultural produce grown by its members, or the purchase of agricultural implements, seeds, livestock or other articles intended for agriculture for the purpose of supplying them to its members, or the processing of the agricultural produce of its members, the whole of the amount of income or profits and gains and business attributable to any one or more of such activities shall be deducted in computing the total income of the assessee for the previous year relevant to any assessment year commencing on or after the 1st day of April, 2019, but before the 1st day of April, 2025.

It is further proposed to provide that where the assessee is entitled also to deduction under any other provision or provisions of Chapter VIA, the deduction under this section shall be allowed from the gross total income as reduced by the deductions under such other provision or provisions of the said Chapter.

It is also proposed to define the expressions "eligible business", "member" and "Producer Company" for the purposes of the said new section.

These amendments will take effect from 1st April, 2019 and will, accordingly, apply in relation to the assessment year 2019-2020 and subsequent years.

*Clause 29* of the Bill seeks to amend section 80TTA of the Income-tax Act relating to deduction in respect of interest on deposits in savings account.

The said section, *inter alia*, provides that where the gross total income of an assessee, being an individual or a Hindu undivided family, includes any income by way of interest on deposits in a savings bank account with certain entities.

It is proposed to amend the said section so as to provide that the assessee referred to in section 80TTB shall not be eligible for the benefit of deduction under this section.

This amendment will take effect from 1st April, 2019 and will, accordingly, apply in relation to the assessment year 2019-2020 and subsequent years.

*Clause 30* of the Bill seeks to insert a new section 80TTB in the Income-tax Act relating to deduction in respect of interest on deposits made by senior citizens.

The proposed new section, *inter alia*, provides that where the gross total income of an assessee, being a senior citizen, includes any income by way of interest on deposits with a banking company to which the Banking Regulation Act, 1949, applies (including any bank or banking institution referred to in section 51 of that Act) or a co-operative society engaged in the business of banking (including a co-operative land mortgage bank or a co-operative land development bank) or a Post Office as defined in clause (k) of section 2 of the Indian Post Office Act, 1898, a deduction of an amount up to fifty thousand rupees shall be allowed.

It is further proposed to provide that where the income referred to in this section is derived from any deposit held by, or on behalf of, a firm, an association of persons or a body of individuals, no deduction shall be allowed under this section in respect of such income in computing the total income of any partner of the firm or any member of the association or any individual of the body.

It is also proposed to define the expression "senior citizen".

This amendment will take effect from 1st April, 2019 and will, accordingly, apply in relation to the assessment year 2019-2020 and subsequent years.

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

The proposed new section 112A provides that where the total income of an assessee, includes any income chargeable under the head "Capital gains", arising from the transfer of a long-term capital asset, being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust, subject to the conditions specified under the section, the tax payable by the assessee on the capital gains exceeding one lakh rupees shall be calculated at the rate of ten per cent.

It is further proposed to provide that in the case of an individual or a Hindu undivided family, being a resident, where the total income as reduced by such long-term capital gains is below the maximum amount which is not chargeable to income-tax, then, such long-term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax.

It is also proposed to provide that capital gains arising from a transaction undertaken on a recognised stock exchange located in any International Financial Services Centre and where the consideration for such transaction is received or receivable in foreign currency, shall be eligible under this section without payment of securities transaction tax.

It is also proposed to provide that the provisions of this section shall not apply to any income arising from the transfer of a long-term capital asset, being an equity share in a company, if the



transaction of acquisition, other than the acquisition notified by the Central Government in this behalf, of such equity share is entered into on or after the 1st day of October, 2004 and such transaction is not chargeable to securities transaction tax under Chapter VII of the Finance (No. 2) Act, 2004.

It is also proposed to provide that capital gains under the said section shall be computed without giving effect to the first and second proviso to section 48.

It is also proposed to provide that the cost of acquisition for the purposes of computing capital gains under the section in respect of capital asset acquired by the assessee before the 1st day of February, 2018, shall be as provided in the said section.

It is also proposed to provide that where the gross total income of an assessee includes any long-term capital gains, deduction under Chapter VI-A shall be allowed from the gross total income as reduced by such capital gains.

It is also proposed to provide that where the total income of an assessee includes any long-term capital gains referred to in the said section, the rebate under section 87A shall be allowed from the income-tax on the total income as reduced by tax payable on such capital gains.

It is also proposed to define the expressions "equity oriented fund", "fair market value", "International Financial Services Centre" and "recognised stock exchange".

This amendment will take effect from 1st April, 2019 and will, accordingly, apply in relation to the assessment year 2019-2020 and subsequent years.

*Clause 32* of the Bill seeks to amend section 115AD of the Income-tax Act relating to tax on income of Foreign Institutional Investors from securities or capital gains arising from their transfer which is consequential in nature.

This amendment will take effect from 1st April, 2019 and will, accordingly, apply in relation to the assessment year 2019-2020 and subsequent years.

*Clause 33* of the Bill seeks to amend section 115BA of the Income-tax Act relating to tax on income of certain domestic companies.

The said section provides that subject to the fulfillment of conditions specified therein and the provisions of sections 111A and 112 of Chapter XII, from assessment year 2017-2018, the total income of certain a newly set up domestic companies shall, at their option, be taxed at the rate of twenty-five per cent.

It is proposed to amend the said section so as to provide that the provisions of this section shall be subject to the other provisions of the said Chapter instead of only sections 111A and 112.

This amendment will take effect retrospectively from 1st April, 2017 and will, accordingly, apply in relation to the assessment year 2017-2018 and subsequent years.

*Clause 34* of the Bill seeks to amend section 115BBE of the Income-tax Act relating to tax on income referred to in section 68 or section 69 or section 69A or section 69B or section 69C or section 69D.

Sub-section (2) of the said section provides that no deduction in respect of any expenditure or allowance or set-off of any loss shall

be allowed to the assessee under any provision of the said Act in computing his income referred to in clause (a) of sub-section (1).

It is proposed to amend the said sub-section (2) so as to include income referred to in clause (b) of sub-section (1).

This amendment will take effect retrospectively from 1st April, 2017 and will, accordingly, apply in relation to the assessment year 2017-2018 and subsequent years.

*Clause 35* of the Bill seeks to amend section 115JB of the Income-tax Act relating to special provision for payment of tax by certain companies.

The said section provides for levy of tax on certain companies on the basis of book profit which is determined after making certain adjustments to the net profit disclosed in the profit and loss account prepared in accordance with the provisions of the Companies Act, 2013.

It is proposed to amend *Explanation 1* to the said section so as to provide that in case of a company, against whom an application for corporate insolvency resolution process has been admitted by the Adjudicating Authority under section 7 or section 9 or section 10 of the Insolvency and Bankruptcy Code, 2016, the aggregate amount of unabsorbed depreciation and loss brought forward shall be allowed to be reduced from the book profit and the loss shall not include depreciation.

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

It is also proposed to insert a new *Explanation 4A* in the said section so as to clarify that the provisions of the said section shall not be applicable and shall be deemed never to have been applicable to an assessee, being a foreign company, where its total income comprises solely of profits and gains from business referred to in section 44B or section 44BB or section 44BBA or section 44BBB and such income has been offered to tax at the rates specified in the said sections.

This amendment, being clarificatory in nature, will take effect retrospectively from 1st April, 2001 and will, accordingly, apply in relation to the assessment year 2001-2002 and subsequent years.

*Clause 36* of the Bill seeks to amend section 115JC of the Income-tax Act relating to special provisions for payment of tax by certain persons other than a company.

The said section provides that where in the case of a person, other than a company, the regular income-tax payable for any previous year is less than the alternate minimum tax payable for such previous year, the adjusted total income shall be deemed to be the total income of that person for such previous year and the assessee shall be liable to pay income-tax on such total income at the rate of eighteen and one-half per cent.

It is proposed to amend the said section so as to provide that for the assessee being a person which, is a unit located in an International Financial Service Centre and derives its income solely in convertible foreign exchange, the rate of tax shall be nine per cent.

This amendment will take effect from 1st April, 2019 and will, accordingly, apply in relation to the assessment year 2019-2020 and subsequent years.

*Clause 37* seeks to amend section 115JF of the Income-tax Act relating to interpretation in this Chapter.

It is proposed to amend the said section so as to provide that the assessee being a person other than a company, is a unit located in an International Financial Service Centre and derives its income solely in convertible foreign exchange, the rate of tax minimum alternate tax shall be nine per cent.

It is further proposed to define certain expressions used therein.

These amendments will take effect from 1st April, 2019 and will, accordingly, apply in relation to the assessment year 2019-2020 and subsequent years.

*Clause 38* of the Bill seeks to amend section 115-O of the Income-tax Act relating to tax on distributed profits of domestic companies.

It is proposed to insert a proviso to sub-section (1) of the said section so as to provide for levy of tax at the rate of thirty per cent. on distributed profits in the nature of dividend under sub-clause (e) of clause (22) of section 2.

It is further proposed to insert a proviso to sub-section (1B) of the said section 115-O so as to exclude the amount of dividend under sub-clause (e) of clause (22) of section 2 from the applicability of grossing up provisions of the said sub-section.

These amendments will take effect from 1st April, 2018.

*Clause 39* of the Bill seeks to omit the *Explanation* occurring after section 115Q of the Income-tax Act.

The said *Explanation* clarifies that the expression "dividends" shall have the same meaning as is given in clause (22) of section 2 but shall not include sub-clause (e) thereof.

It is proposed to omit the said *Explanation* consequent to the amendments made to section 115-O.

This amendment will take effect from 1st April, 2018.

*Clause 40* of the Bill seeks to amend section 115R of the Income-tax Act relating to tax on distributed income to unit holders.

The said section, *inter alia*, provides that any amount of income distributed by the specified company or a Mutual Fund to its unit holders shall be chargeable to tax and such specified company or Mutual Fund shall be liable to pay additional income-tax on such distributed income at the rate specified in the said section. However, in respect of any income distributed to a unit holder of equity oriented funds in respect of any distribution made from such funds is not chargeable to tax under the said section.

It is proposed to amend the said section so as to provide that where any income is distributed to any person by an equity oriented fund, the fund shall be liable to pay additional income-tax at the rate of ten per cent. on income so distributed.

It is further proposed to omit clause (b) of the second proviso to sub-section (2) which is consequential in nature.

These amendments will take effect from 1st April, 2018.

*Clause 41* of the Bill seeks to amend section 115T of the Income-tax Act relating to Unit Trust of India or Mutual Fund to be an assessee in default.

The said section, *inter alia*, provides the definition of "equity oriented fund" to mean the Unit Scheme, 1964 made by the Unit Trust of India; and such fund where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty-five per cent. of the total proceeds of such fund.

It is proposed to amend the said clause so as to define "equity oriented fund" as a fund referred to in clause (a) of *Explanation* to section 112A and the Unit Scheme, 1964 made by the Unit Trust of India.

This amendment will take effect from 1st April, 2018.

*Clause 42* of the Bill seeks to amend section 139A of the Income-tax Act relating to permanent account number.

Sub-section (1) of the said section, *inter alia*, provides that every person specified therein and who has not been allotted a permanent account number shall apply to the Assessing Officer for allotment of a permanent account number.

It is proposed to insert a new clause (v) in the said sub-section so as to provide that every person, not being an individual, which enters into a financial transaction of an amount aggregating to two lakh fifty thousand rupees or more in a financial year shall apply to the Assessing Officer for allotment of a permanent account number.

It is further proposed to insert a new clause (vi) so as to provide that 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), shall also apply to the Assessing Officer for the allotment of permanent account number.

These amendments will take effect from 1st April, 2018.

*Clause 43* of the Bill seeks to amend section 140 of the Income-tax Act relating to return by whom to be verified.

It is proposed to amend the said section so as to provide that where in respect of a company an application has been admitted by the Adjudicating Authority under section 7 or section 9 or section 10 of the Insolvency and Bankruptcy Code, 2016, the return shall be verified by the insolvency professional appointed by such Adjudicating Authority.

It is further proposed to define the expressions "insolvency professional" and "Adjudicating Authority" in the said section.

These amendments will take effect from 1st April, 2018.

*Clause 44* of the Bill seeks to amend section 143 of the Income-tax Act relating to assessment.

Clause (a) of sub-section (1) of the said section provides that at the time of processing of return of income made under section 139, or in response to a notice under sub-section (1) of section 142, the total income or loss shall be computed after making the adjustments specified in clauses (i) to (vi) therein.

Sub-clause (vi) of the said clause provides for adjustment in respect of addition of income appearing in Form 26AS or Form 16A or Form 16 which has not been included in computing the total income in the return.

It is proposed to insert a new proviso to the said clause so as to provide that no adjustment under sub-clause (vi) of the said clause shall be made in respect of any return furnished for the assessment year commencing on or after the 1st day of April, 2018.

It is further proposed to insert sub-sections (3A), (3B) and (3C) in the said section so as to, *inter alia*, provide for a scheme, by notification in the Official Gazette, for the purpose of making assessment of total income or loss of the assessee under sub-section (3).

These amendments will take effect from 1st April, 2018.

*Clause 45* of the Bill seeks to substitute new sections 145A and 145B for section 145A of the Income-tax Act relating to method of accounting in certain cases and taxability of certain income.

The proposed new section 145A provides that for the purpose of determining the income chargeable under the head "Profits and gains of business or profession",—

(i) the valuation of inventory shall be made at lower of actual cost or net realisable value in accordance with the income computation and disclosure standards notified under sub-section (2) of section 145;

(ii) the valuation of purchase and sale of goods or services and of inventory shall be adjusted to include the amount of any tax, duty, cess or fee (by whatever name called) actually paid or incurred by the assessee to bring the goods or services to the place of its location and condition as on the date of valuation;

(iii) the valuation of inventory being securities not listed on a recognised stock exchange; or listed but not quoted on a recognised stock exchange with regularity from time to time, shall be valued at actual cost initially recognised in accordance with the income computation and disclosure standards notified under sub-section (2) of section 145;

(iv) inventory being securities other than those referred to in clause (iii), shall be valued at lower of actual cost or net realisable value in accordance with the income computation and disclosure standards notified under sub-section (2) of section 145 and for this purpose the comparison of actual cost and net realisable value shall be done category-wise.

It is also proposed to provide for an *Explanation* in the said section so as to provide that any tax, duty, cess or fee, by whatever name called, under any law for the time being in force, shall include all such payment notwithstanding any right arising as a consequence to such payment for the purposes of the said section.

The proposed new section 145B provides that notwithstanding anything to the contrary contained in section 145, the interest received by an assessee on any compensation or on enhanced compensation, as the case may be, shall be deemed to be the income of the year in which it is received. It is further proposed to provide that the claim for escalation of price in a contract or export incentives shall be deemed to be the income of the previous year in which reasonable certainty of its realisation is achieved. It is also proposed to provide that income referred to in sub-clause (xviii) of clause (24) of section 2 shall be deemed to be the income of the previous year in which it is received, if not charged to income tax for any earlier previous year.

These amendments will take effect retrospectively from 1st April, 2017 and will, accordingly, apply in relation to the assessment year 2017-2018 and subsequent years.

*Clause 46* of the Bill seeks to amend section 193 of the Income-tax Act relating to interest on securities.

It is proposed to amend the proviso to clause (iv) of the said section to provide that the person responsible for paying to a resident any interest on 7.75% Savings (Taxable) Bonds, 2018 shall deduct income-tax, if the interest payable on such bonds exceeds ten thousand rupees during the financial year.

This amendment will take effect from 1st April, 2018.

*Clause 47* of the Bill seeks to amend section 194A of the Income-tax Act relating to interest other than "interest on securities".

The said section, *inter alia*, provides that where the amount of income or, as the case may be, the aggregate of the amounts of income credited or paid or likely to be credited or paid during the financial year by the person, does not exceed ten thousand rupees, where the payer is a banking company to which the Banking Regulation Act, 1949 applies (including any bank or banking

institution, referred to in section 51 of that Act); or co-operative society engaged in carrying on the business of banking; or on any deposit with post office under any scheme framed by the Central Government and notified by it in this behalf; or five thousand rupees in any other case, no tax at source is required to be deducted.

It is proposed to amend the said section so as to provide that in case of senior citizen, the said interest amount is increased to fifty thousand rupees.

It is also proposed to define the expression "senior citizen".

These amendments will take effect from 1st April, 2018.

*Clause 48* of the Bill seeks to amend section 245-O of the Income-tax Act relating to Authority for Advance Rulings.

The said section, *inter alia*, provides for constitution of an Authority for Advance Rulings.

It is proposed to amend the said section so as to provide that the said Authority shall cease to act as an Authority for Advance Rulings for the purpose of Chapter V of the Customs Act, 1962 on and from the date of appointment of Customs Authority for Advance Rulings under section 28EA of the Customs Act, 1962 and the Authority for Advance Rulings under section 245-O shall act as an Appellate Authority, for the purpose of Chapter V of the Customs Act, 1962 on and from the said date.

It is further proposed that the Authority for Advance Rulings under section 245-O shall not admit any appeal against any ruling or order passed earlier by it in the capacity of Authority for Advance Rulings for the purposes of Chapter V of the Customs Act, 1962 after the date of appointment of Customs Authority for Advance Rulings.

It is also proposed that where the Authority for Advance Rulings under section 245-O is dealing with an application seeking advance ruling in the matters of the Income-tax Act, the revenue Member of the Bench shall be such member as referred to in sub-clause (i) of clause (c) of sub-section (3) of the said section.

These amendments will take effect from 1st April, 2018.

*Clause 49* of the Bill seeks to amend section 245Q of the Income-tax Act relating to application for advance ruling.

The said section provides for filing of application for advance ruling under this Act or under Chapter V of the Customs Act, 1962 or under Chapter IIIA of the Central Excise Act, 1944 or under Chapter VA of the Finance Act, 1994.

It is proposed to amend the said section so as to omit the provisions with regard to admissibility of applications for advance ruling under Chapter V of the Customs Act, 1962. This amendment is consequential in nature.

This amendment will take effect from 1st April, 2018.

*Clause 50* of the Bill seeks to amend section 253 of the Income-tax Act relating to appeals to the Appellate Tribunal.

Sub-section (1) of the said section provides that any assessee aggrieved by any of the orders mentioned therein may appeal to the Appellate Tribunal.

It is proposed to amend clause (a) of the said sub-section so as to make an order passed by a Commissioner (Appeals) under section 271J also appealable to the Appellate Tribunal.

This amendment will take effect from 1st April, 2018.

*Clause 51* of the Bill seeks to amend section 271FA of the Income-tax Act relating to penalty for failure to furnish statement of financial transaction or reportable account.

The said section provides that if a person who is required to furnish the statement of financial transaction or reportable account under sub-section (1) of section 285BA, fails to furnish such statement within the prescribed time, he shall be liable to pay penalty of one hundred rupees for every day of default. The proviso to the said section further provides that in case such person fails to furnish the statement of financial transaction or reportable account within the period specified in the notice issued under sub-section (5) of section 285BA, he shall be liable to pay penalty of five hundred rupees for every day of default.

It is proposed to amend the said section so as to increase the penalty from one hundred rupees to five hundred rupees and from five hundred rupees to one thousand rupees, for each day of continuing default.

This amendment will take effect from 1st April, 2018.

*Clause 52* of the Bill seeks to amend section 276CC of the Income-tax Act relating to failure to furnish returns of income.

Sub-clause (b) of clause (ii) of the proviso to the said section provides that a person shall not be proceeded against under the said section for any assessment year commencing on or after the 1st day of April, 1975, if the tax payable by him on the total income determined on regular assessment as reduced by the advance tax, if any, paid and any tax deducted at source, does not exceed three thousand rupees.

It is proposed to amend the provisions of the said sub-clause (b) so as to provide that the conditions specified therein shall not be applicable in respect of a company.

This amendment will take effect from 1st April, 2018.

*Clause 53* of the Bill seeks to amend section 286 of the Income-tax Act relating to furnishing of report in respect of international group.

The said section, *inter alia*, provides for specific reporting regime containing revised standards for transfer pricing documentation and a template for country-by-country reporting.

Sub-section (2) of the said section provides that the parent entity or the alternate reporting entity of an international group which is resident in India shall furnish a report in respect of the international group on or before the due date specified under sub-section (1) of section 139 for furnishing of return of income of the relevant accounting year.

It is proposed to amend the said sub-section so as to provide that the said report for every reporting accounting year shall be furnished within a period of twelve months from the end of said reporting accounting year.

It is further proposed to amend sub-section (3) to give reference therein of the report to be furnished under sub-section (4).

It is also proposed to amend sub-section (4) so as to provide in case of a constituent entity, resident in India, whose parent entity is outside India that,—

(a) report of the nature referred to in sub-section (2) shall be furnished within the period specified in sub-section (2); and

(b) an additional condition for filing of report by said entity in a case where a country or territory, of which the parent entity is resident, is not obligated to file the report of the nature referred to in sub-section (2).

It is also proposed to amend sub-section (5) so as to provide that the due date for furnishing of the report of the nature referred to in sub-section (2) by said entity with the tax authority of the country or territory of which such entity is resident, would be the due date specified by that country or territory.

It is also proposed to consequentially substitute clause (b) of sub-section (9) so as to provide that the term "agreement" would mean a combination of,—

(i) an agreement referred to in sub-section (1) of section 90 or sub-section (1) of section 90A; and

(ii) an agreement as may be notified by the Central Government for exchange of the report referred to in sub-section (2) and sub-section (4).

It is also proposed to consequentially amend clause (j) of sub-section (9) so as to also make reference to the report referred to in sub-section (4).

These amendments are clarificatory in nature.

These amendments will take effect retrospectively from 1st April, 2017 and will, accordingly, apply in relation to the assessment year 2017-2018 and subsequent years.

### Customs

*Clause 54* of the Bill seeks to amend the Customs Act with a view to substitute reference to the expression "import manifest" with the expression "arrival manifest or import manifest" and the expression "export manifest" with the expression "departure manifest or export manifest", throughout the Act, so as to expand the scope of manifest, to include all goods carried by the conveyance, required to be delivered before its arrival and departure.

*Clause 55* of the Bill seeks to amend section 1 of the Customs Act so as to expand the scope of the said Act and make it applicable to a person who commits any offence or makes any contravention thereunder outside India.

*Clause 56* of the Bill seeks to amend section 2 of the Customs Act relating to definitions so as to define certain expressions and to expand the scope and bring clarity and certainty in certain expressions.

*Clause 57* of the Bill seeks to amend section 11 of the Customs Act so as to insert a new sub-section (3) therein, with effect from such date as the Central Government may, by notification, appoint, to provide that regulatory requirements relating to import or export of goods or class of goods or clearance thereof, in any other law or the rules or regulations made, or any order or notifications issued, thereunder, shall be required to be notified under this Act, with such exceptions or modifications or adaptations as the Central Government deems fit.

*Clause 58* of the Bill seeks to amend section 17 of the Customs Act so as to broaden the scope of verification by the proper officer to include all aspects of declarations made in the bill of entry or shipping bill in addition to self-assessment. It is further proposed to provide for the risk based selection of self-assessment. The scope of re-assessment is also proposed to be broadened beyond valuation, classification and exemption or concessions of duty availed consequent to any notification issued therefor under this Act.

*Clause 59* of the Bill seeks to amend section 18 of the Customs Act relating to provisional assessment of duty. It is proposed to widen the scope of provisional assessment to cover export consignments. It is further proposed to specify by regulations the time and manner of finalisation of provisional assessment. It is also proposed to substitute the reference to section "28AB" with section "28AA" retrospectively, with effect from the 8th day of April, 2011.

*Clause 60* of the Bill seeks to insert new sections 25A and 25B in the Customs Act. The proposed new section 25A empowers the

Central Government to exempt whole or any part of duty of customs, leviable on goods imported for repair, further processing or manufacture, subject to certain conditions.

The proposed new section 25B empowers the Central Government to exempt whole or any part of duty of customs, leviable on reimported goods which were exported for the purposes of repair, further processing or manufacture, subject to certain conditions.

*Clause 61* of the Bill seeks to amend section 28 of the Customs Act so as to insert a proviso in clause (a) of sub-section (1) to provide for pre-notice consultation in cases not involving collusion, suppression, etc., before issue of demand notice and to provide by regulations the manner to be conducting pre-notice consultation.

It further proposes to insert a new sub-section (7A) therein, to provide for issuance of supplementary show cause notice in the circumstances and manner to be provided by regulations.

It also proposes to amend sub-section (9) thereof, to provide a definite time frame for adjudication of demand notices as six months and one year depending upon whether charges of collusion, suppression, etc., have been invoked. These time periods shall be extendable by the officer senior to adjudicating authority for a further period of six months and one year respectively. It also proposes to provide that if the demand notice is not adjudicated within such extended period, it shall be deemed as if no demand notice was issued.

It also proposes to insert a new sub-section (9A) therein, to provide for certain grounds on which the time limit of six months or one year shall remain suspended.

It also proposes to insert a new sub-section (10A) therein to provide that if the department successfully appeals against an erroneous refund, no demand notice shall be required to be issued to recover such excess refund along with interest, but the amount shall be recovered as a sum due to the Government.

It also proposes to insert a new sub-section (10B) therein, to provide safeguard that where the notice issued by invoking grounds of collusion, etc., is held not sustainable and consequently, the demand of duty for five years is quashed by the Appellate Authority or Appellate Tribunal or court on final determination, in such case, at least the demand which pertains to the normal period of two years shall be deemed to be sustainable and proceeded on that basis.

It also proposes to insert an *Explanation* therein, to the effect that any notice issued for non-levy, not paid, short-levy or short-paid or erroneous refund after the 14th day of May, 2015, but before the date on which the Finance Bill, 2018 receives the assent of the President shall continue to be governed by the provisions of section 28 as it stood immediately before the date of such assent.

*Clause 62* of the Bill seeks to amend section 28E of the Customs Act to align the definition of the term "applicant" in the advance ruling provisions with the Trade Facilitation Agreement. The definition of "applicant" is proposed to be broad based so as to include large number of importers, exporters and other people with justiciable cause to the satisfaction of the Authority. It also seeks to amend the definition of "advance ruling" so as to make it broad based covering aspects beyond mere determination of duty. The existing Authority is now being designated as "Appellate Authority" and the new Authority to be called the Customs Authority for Advance Rulings is being appointed.

*Clause 63* of the Bill seeks to insert a new section 28EA in the Customs Act for appointment of the Customs Authority for Advance Rulings. It is proposed that one or more Customs Authorities for Advance Rulings of the rank of Principal Commissioner of Customs or Commissioner of Customs may be appointed by the Board.

*Clause 64* of the Bill seeks to amend sub-section (1) of section 28F of the Customs Act so as to substitute the words "Appellate Authority" for the word "Authority". The transitional provisions relating to transfer of the applications and proceedings pending before the existing Authority are also being proposed.

*Clause 65* of the Bill seeks to amend sub-section (2) of section 28H of the Customs Act to empower the Central Government to add by notification any other subject for advance ruling. It also seeks to provide that an applicant may be represented by an authorised person who is a resident of India.

*Clause 66* of the Bill seeks to amend sub-section (6) of section 28-I of the Customs Act to reduce the time limit from six months to three months within which the Customs Authority for Advance Rulings shall pronounce its advance ruling.

*Clause 67* of the Bill seeks to amend sub-section (1) of section 28K of the Customs Act so as to omit the brackets and words, "(after excluding the period beginning with the date of such advance ruling and ending with the date of order under this sub-section)" and in lieu thereof, to insert a proviso to the effect that the period beginning with the date of such advance ruling and ending with the date of order under this sub-section shall be excluded from the time period of two years and five years respectively, as specified in sub-section (7) of section 28.

*Clause 68* of the Bill seeks to insert a new section 28KA in the Customs Act to provide for appeal to the Appellate Authority by the applicant or any officer authorised by the Board, by notification, against the ruling or order passed by the Customs Authority for Advance Rulings.

*Clause 69* of the Bill seeks to amend section 28L of the Customs Act to insert the words "Appellate Authority" therein, so as to confer the powers of a civil court upon both the Authority as well as the Appellate Authority.

*Clause 70* of the Bill seeks to substitute the existing section 28M of the Customs Act with a new section so as to provide that procedure for Customs Authority for Advance Rulings may be provided by regulations by the Board. It also seeks to provide that the Appellate Authority shall regulate its own procedure for the purpose of conducting its proceedings.

*Clause 71* of the Bill seeks to amend section 30 of the Customs Act so as to include export goods in addition to imported goods as part of the information provided in the manifest. It also seeks to provide by regulation the manner of delivery of manifest.

*Clause 72* of the Bill seeks to amend section 41 of the Customs Act so as to include imported goods in addition to export goods as part of the information provided in the manifest and provide penalty provisions of late filing of manifest and the manner of delivery of manifest, by regulations.

*Clause 73* of the Bill seeks to make consequential amendments in section 45 in view of the amendments in sections 47, 51 and 60 so as to enable clearance by customs automated system.

*Clause 74* of the Bill seeks to amend section 46 of the Customs Act so as to insert a reference to customs automated system in sub-section (1) with a view to elaborate the manner of submission of bill of entry electronically in respect of entry of goods on importation. It further proposes to clarify the timing for prior presentation of bill of entry, as mentioned in the proviso to sub-section (3) and to amend sub-section (4) to include requirement of submission of such other documents, as may be provided by regulations, in addition to invoice, with a view to encourage voluntary compliance. It also proposes to insert a new sub-section (4A) to ensure accuracy, authenticity, validity of the declarations made by the importer under this section and compliance of the prohibitions or restrictions under this Act or under any other law for the time being in force.

*Clause 75* of the Bill seeks to amend section 47 of the Customs Act so as to insert a proviso therein, to provide for customs automated system based clearance in addition to clearance by the proper officer.

*Clause 76* of the Bill seeks to amend section 50 of the Customs Act so as to insert a reference to customs automated system in sub-section (1) with a view to elaborate the manner of submission of shipping bill or a bill of export electronically in respect of entry of goods for exportation. It further proposes to insert a new sub-section (3) to ensure accuracy, authenticity, validity of the declarations made by the exporter under this section and compliance of the prohibitions or restrictions under this Act or under any other law for the time being in force.

*Clause 77* of the Bill seeks to amend section 51 of the Customs Act so as to insert a proviso therein, to provide for customs automated system based clearance in addition to clearance by proper officer.

*Clause 78* of the Bill seeks to introduce a new Chapter VIIA in the Customs Act relating to payment through electronic cash ledger so as to provide that the importer or exporter shall deposit an advance with the Government instead of transaction wise payment as being done at present, which could be used to pay his liabilities under this Act or under any other law for the time being in force.

*Clause 79* of the Bill seeks to amend section 54 of the Customs Act so as to provide by regulations the manner of presenting a bill of transshipment and declaration for transshipment.

*Clause 80* of the Bill seeks to amend section 60 of the Customs Act so as to insert a proviso therein, to provide for customs automated system based clearance in addition to clearance by the proper officer.

*Clause 81* of the Bill seeks to amend section 68 of the Customs Act so as to insert a proviso therein, to provide for customs automated system based clearance in addition to clearance by the proper officer.

*Clause 82* of the Bill seeks to amend section 69 of the Customs Act so as to insert a proviso therein, to provide for customs automated system based clearance in addition to clearance by the proper officer.

*Clause 83* of the Bill seeks to amend section 74 of the Customs Act to omit the reference to "section 82" therein, which had been omitted *vide* section 104 of the Finance Act, 2017. However, as reference to section 82 is still existing in clause (iii) to sub-section (1) of that section, it is proposed to substitute the said reference with "clause (a) to section 84".

*Clause 84* of the Bill seeks to amend section 75 of the Customs Act to omit reference to "section 82", which had been omitted *vide* section 104 of the Finance Act, 2017. However, as reference to section 82 is still existing in sub-section (1) of section 75, it is proposed to substitute reference to "section 82" with "clause (a) to section 84".

*Clause 85* of the Bill seeks to amend Chapter heading of Chapter XI so as to include reference to "courier".

*Clause 86* of the Bill seeks to amend section 83 of the Customs Act to include reference to goods imported or exported by courier through the authorised courier.

*Clause 87* of the Bill seeks to amend section 84 of the Customs Act to include reference to import or export of goods by courier.

*Clause 88* of the Bill seeks to insert a new Chapter XIIA in the Customs Act relating to audit. The proposed new section 99A seeks to provide for audit of imported or export goods and of auditee

under the Customs Act, in accordance with the procedure to be provided by regulations. It further seeks to define the expression 'auditee' by way of an *Explanation*.

*Clause 89* of the Bill seeks to insert a new section 109A in the Customs Act relating to controlled delivery. It seeks to authorise the proper officer or any other officer authorised by him to make controlled delivery of any consignment of goods to any destination in India or a foreign country. It also seeks to define 'controlled delivery' by way of *Explanation*. It further seeks to provide that controlled delivery shall be applicable on such consignment of goods and in such manner as may be provided by regulations.

*Clause 90* of the Bill seeks to amend section 110 of the Customs Act so as to give power to extend the period for issuing show cause notice in the case of seized goods by a further period of six months and also to provide exemption from application of time limit of six months to cases in which an order for provisional release of seized goods has been passed.

*Clause 91* of the Bill seeks to substitute clauses (b) and (c) of section 122 of the Customs Act with a new clause (b) so as to empower the Board to specify the limits and the officers for the purpose of adjudication.

*Clause 92* of the Bill seeks to amend section 124 of the Customs Act to insert a proviso therein, to provide for issuing a supplementary show cause notice in the circumstances and manner as may be provided by regulations. This provision is consequential to the power to issue supplementary notice being introduced in section 28.

*Clause 93* of the Bill seeks to amend section 125 of the Customs Act by inserting a proviso in sub-section (1) thereof, so as to provide that where the demand proceedings against a noticee or co-noticee are deemed to be concluded on grounds of having paid the dues mentioned in section 28, then, the provisions of this section shall not apply to confiscated goods provided the goods are not prohibited or restricted.

It is further proposed to insert a new sub-section (3) therein, so as to provide that where the redemption fine under section 125 has not been paid within a period of one hundred and twenty days from the date of option under sub-section (1), then, such option shall become void, except in cases where any appeal against such order is pending.

It is also proposed to insert an *Explanation* therein, so as to provide that against any order passed under sub-section (1) before the date on which the Finance Bill, 2018 receives the assent of the President, if no appeal is pending, such option may be exercised within one hundred and twenty days from the date on which such assent is received.

*Clause 94* of the Bill seeks to amend sub-section (3) of section 128A of the Customs Act, to empower the Commissioner (Appeals) to remand the cases to original authority in certain circumstances.

*Clause 95* of the Bill seeks to insert a new section 143AA in the Customs Act so as to empower the Board to take measures and to specify separate procedure or documentation for a class of importers or exporters or categories of goods or on the basis of modes of transport to facilitate trade.

*Clause 96* of the Bill seeks to introduce a new section 151B in the Customs Act relating to reciprocal arrangement for exchange of information so as to,—

(a) authorise the Central Government to enter into an agreement or any other arrangement with the Government of any country outside India or with competent authorities of that country for trade facilitation, effective risk analysis, prevention,

combating and investigation of offences under the provisions of this Act or under the corresponding laws in force in that country;

(b) authorise the Central Government to provide by notification that the application of this section in relation to a contracting State with which reciprocal agreement or arrangements have been made shall be subject to such conditions, exceptions or qualifications as are specified in the said notification;

(c) utilise the information received under sub-section (1) as evidence in investigations and proceedings under this Act, if required, which shall be subject to the provisions of sub-section (2);

(d) authorise the Board to specify the procedure for exchange of information or documents including the conditions to which it shall be subject to and the person through whom such information shall be exchanged;

(e) insert a deeming provision that any agreement entered into or any other arrangement made by the Central Government prior to the date on which the Finance Bill, 2018 receives the assent of the President, shall be deemed to have been done or taken under the provisions of this section; and

(f) to insert definitions of "contracting State" and "corresponding law".

*Clause 97* of the Bill seeks to substitute a new section for section 153 of the Customs Act so as to include speed post, courier, and registered e-mail also as valid modes for delivery of notice, etc., and also to provide for affixing it at some conspicuous place at the last known place of business or residence in addition to affixing it on the notice board of the Customs House, so as to bring it in line with the Central Goods and Services Tax Act, 2017 as it would enable better servicing of orders, decisions, etc.

*Clause 98* of the Bill seeks to amend section 157 of the Customs Act so as to empower the Board, *inter alia*, to make regulations for the time and manner of finalisation of provisional assessment; the manner of conducting pre-notice consultations; the circumstances under which, and the manner in which supplementary notice may be issued; the form and manner in which an application for advance ruling or appeal shall be made, and the procedure for the Authority under Chapter VB; the manner of clearance or removal of imported or export goods; the documents to be furnished in relation to imported goods; the conditions, restrictions and the manner for deposits in electronic cash ledger, the utilisation and refund therefrom and the manner of maintaining such ledger; the manner of conducting audit; the goods for controlled delivery and the manner thereof; and the measures and separate procedure or documentation for a class of importers or exporters or categories of goods or on the basis of the modes of transport of goods.

*Clause 99* of the Bill seeks to give retrospective effect to the notification number G.S.R. 850(E), dated the 8th July, 2017 amending the notification number G.S.R. 785(E), dated the 30th June, 2017 issued under sub-section (1) of section 25 of the Customs Act, so as to give retrospective exemption from the integrated tax leviable under sub-section (7) of section 3 of the Customs Tariff Act, 1975 on aircrafts, aircraft engines and other aircraft parts imported under cross-border lease during the period from the 1st July, 2017 up to the 7th July, 2017.

#### *Customs Tariff*

*Clause 100* of the Bill seeks to amend section 3 of the Customs Tariff Act.

Sub-clause (i) of said clause seek to amend sub-section (7) of said section so as to include reference to the proposed new

sub-section (8A), in addition to sub-section (8), for the purposes of computation of integrated tax in case of goods warehoused under the Customs Act.

Sub-clause (ii) of said clause seeks to insert new sub-section (8A) so as to provide the method of computation of integrated tax in respect of goods warehoused under the provisions of the Customs Act.

Sub-clause (iii) of said clause seek to amend sub-section (9) of said section so as to include reference to the proposed new sub-section (10A), in addition to sub-section (10), for the purposes of computation of the goods and services tax compensation cess in case of goods warehoused under the Customs Act.

Sub-clause (iv) of said clause seeks to insert new sub-section (10A) so as to provide the method of computation of the goods and services tax compensation cess in respect of goods warehoused under the provisions of the Customs Act.

*Clause 101* of the Bill seeks to amend the First Schedule to the Customs Tariff Act,—

(a) in the manner specified in the Second Schedule so as to revise the tariff rates in respect of certain tariff items.

(b) in the manner specified in the Third Schedule so as to amend certain entries therein.

*Clause 102* of the Bill seeks to amend the Second Schedule to the Customs Tariff Act,—

(a) to insert a new Note 4 therein, to specify *Nil* rate of duty in respect of other goods which are not covered in column (2) of the Schedule.

(b) in the manner specified in the Fourth Schedule so as to impose export duty on Electrodes of a kind used for furnaces.

#### *Service tax*

*Clause 103* of the Bill seeks to provide exemption from service tax to life insurance services provided by the Naval Group Insurance Fund to personnel of Coast Guard, retrospectively, during the period from the 10th day of September, 2004 up to the 30th day of June, 2017.

*Clause 104* of the Bill seeks to provide exemption from service tax to services provided by the Goods and Services Tax Network to the Central Government or the State Governments or Union territory administrations, retrospectively, during the period from the 28th March, 2013 to the 30th June, 2017.

*Clause 105* of the Bill seeks to provide retrospective exemption from service tax on provision of services by way of grant of licence or lease to explore or mine petroleum crude or natural gas or both, from so much of the service tax as is leviable on the consideration paid to the Government in the form of Government's share of profit petroleum, as defined in the contract entered into by the Government in this behalf, during the period from the 1st day of April, 2016 to the 30th day of June, 2017.

#### *Repeal and savings of certain enactments*

*Clause 106* of the Bill seeks to repeal certain enactments specified in the Fifth Schedule to the extent mentioned in the fourth column thereof.

*Clause 107* of the Bill seeks to provide for collection and payment of arrears of duties notwithstanding the repeal of the enactments specified in the Fifth Schedule with effect from the date immediately preceding the date on which the Finance Bill, 2018 receives the assent of the President.

### *Social Welfare Surcharge*

*Clause 108* of the Bill seeks to provide for levy and collection of Social Welfare Surcharge as a duty of Customs, on goods specified in the First Schedule to the Customs Tariff Act, being goods imported into India, at the rate of 10% calculated on the aggregate of duties or taxes or cesses for the purposes of the Union, to fulfil the commitment of the Government to provide and finance education, health and social security.

### *Road and Infrastructure Cess*

*Clause 109* of the Bill seeks to provide for levy and collection of Road and Infrastructure Cess as additional duty of customs on goods specified in the Sixth Schedule at the rate specified in that Schedule for the purposes of the Union to finance infrastructure projects.

*Clause 110* of the Bill seeks to provide for levy and collection of Road and Infrastructure Cess as an additional duty of excise on excisable goods specified in the Sixth Schedule at the rate specified in that Schedule for the purposes of the Union to finance infrastructure projects.

### *Miscellaneous*

*Clause 111* of the Bill seeks to provide for commencement of Part I of Chapter VIII from such date as may be notified by the Central Government.

*Clause 112* of the Bill seeks to amend long title of the Government Savings Banks Act, 1873.

*Clause 113* of the Bill seeks to amend short title of the Act.

*Clause 114* of the Bill seeks to substitute the words "Authorised Officer" for "Secretary", throughout the Act.

*Clause 115* of the Bill seeks to omit section 2 of the Act.

*Clause 116* of the Bill seeks to substitute new sections 3, 3A and 3B for the existing section 3. Section 3 relates to definitions, which, *inter alia*, defines the terms "account", "administrator", "Authorised Officer", "banking company", "depositor", "executor", "Government Savings Bank", "guardian", "minor", "prescribed", "Savings Schemes" and "Schedule".

The proposed section 3A provides for framing of Saving Schemes by the Central Government or to amend or to discontinue existing Savings Schemes to promote household savings in the country. It also provides for amendment of the Schedule by the Central Government, by notification for inclusion of any new Savings Schemes, etc., in the Schedule.

The proposed new section 3B provides for deposit by the minor who has attained the age of ten years. It further provides that the guardian of a minor below the age of ten years may open and operate an account on behalf of such minor.

*Clause 117* of the Bill seeks to substitute sub-section (1) of section 4 of the Act to give the depositor the right to specify whether the nominee shall get the specified amount in respect of a deceased's account as an owner or as a trustee. It further provides to insert a new sub-section (4) to provide for cancellation of nomination in case of transfer of deposits.

*Clause 118* of the Bill seeks to amend section 4A of the Act so as to insert a new sub-section (3A) to make a provision for payment of the amount due to the guardian in case of death of a depositor who is minor or of unsound mind and no nomination has been made in this regard before the commencement of Part I of Chapter VIII of the Finance Act, 2018.

*Clause 119* of the Bill seeks to amend section 5 of the Act to substitute certain words.

*Clause 120* of the Bill seeks to amend section 6 of the Act to substitute certain words.

*Clause 121* of the Bill seeks to amend section 7 of the Act to substitute certain words.

*Clause 122* of the Bill seeks to insert a new section 7A. The proposed new section 7A empowers the Central Government to call for any information or documents and evidence concerning an account required in connection with the purposes of the Act.

*Clause 123* of the Bill seeks to amend section 8 of the Act which relates to exemption from payment of court fee on the probate or letters of administration. It is proposed to remove the limit of "three thousand rupees" in the said section so as to empower the Central Government to prescribe the limit for exemption from the payment of court fee.

*Clause 124* of the Bill seeks to amend section 10 of the Act to substitute certain words.

*Clause 125* of the Bill seeks to amend section 12 of the Act to substitute certain words.

*Clause 126* of the Bill seeks to insert a new section 12A to provide for operation of account by differently abled persons including the blind through an authorised individual.

*Clauses 127 and 128* of the Bill seek to omit the heading and section 13 of the Act respectively.

*Clause 129* of the Bill seeks to amend section 14 of the Act, so as to substitute the word "Government" with the words "Central Government".

*Clause 130* of the Bill seeks to amend section 15 of the Act which relates to power of the Central Government to make rules. It is proposed to amend sub-section (2) of the said section as a consequential amendment in view of amendments made in the Act.

*Clause 131* of the Bill seeks to insert a new section 16 to provide for repeal of the Government Savings Certificates Act, 1959 and the Public Provident Fund Act, 1968 and to bring existing schemes framed under these Acts under the Government Savings Banks Act, 1873.

It also provides for insertion of a Schedule to provide for the list of Government Savings Schemes.

*Clause 132* of the Bill seeks to amend section 17 of the Reserve Bank of India Act, 1934 relating to business which the bank may transact.

Section 17 authorises the bank to carry on and transact several kinds of business as specified in the said section.

It is proposed to insert a new clause (1A) in the said section so as to allow the accepting of money as deposits, repayable with interest from banks or any other person under the Standing Deposit Facility Scheme, as approved by the Central Board from time to time for the purposes of liquidity management.

*Clauses 133 to 136* of the Bill seeks to amend section 1A, clause (b) of sub-section (2) of section 2 and sub-clause (ii) of clause (b) of section 3A of the President's Emoluments and Pension Act, 1951.

Section 1A of the said Act relates to emoluments of the President. It is proposed to enhance the present emoluments of one lakh fifty thousand rupees to five lakh rupees per mensem retrospectively with effect from 1st January, 2016.

Section 2 of the aforesaid Act relates to pension to the retiring Presidents. Clause (b) of sub-section (2) of section 2 relates to



payment of office expenses at the rate of sixty thousand rupees per annum. It is proposed to enhance the said sum to one lakh rupees.

Section 3A of the aforesaid Act relates to free accommodation to the spouse of the President. Sub-clause (ii) of clause (b) of section 3A provides for payment of office expenses at the rate of twelve thousand rupees per annum. It is proposed to enhance the said sum to twenty thousand rupees per annum.

*Clause 137* of the Bill seeks to amend the Salaries and Allowances of Officers of Parliament Act, 1953.

Section 3 of the aforesaid Act relates to salaries, etc., of officers of Parliament. It is proposed to enhance the salary of the Chairman of the Council of the States from the existing one lakh twenty-five thousand rupees per mensem to four lakh rupees per mensem with retrospective effect from 1st January, 2016.

*Clauses 138 to 142* of the Bill seeks to amend the Salary, Allowances and Pension of Members of Parliament Act, 1954.

Section 3 of the said Act relates to salaries and allowances to the Members of Parliament. It is proposed to amend the said section to enhance the salary of members from the existing fifty thousand rupees per mensem to one lakh rupees. It is also proposed to insert a new sub-section (2) in the said section so as to provide that the salary and daily allowance of the members shall be increased after every five years commencing from 1st April, 2023 on the basis of Cost Inflation Index provided under clause (v) of section 48 of the Income-tax Act, 1961.

Section 4 of the aforesaid Act relates to travelling allowances. It is proposed to omit clause (a) of the said section which relates to reimbursement of one first class rail fare plus one second class fare in respect of journey performed by the member in any class. It is further proposed to amend clause (b) of the aforesaid section, so as to reimburse one air fare for journey by air. It is also proposed to amend clause (c) of the aforesaid section so as to reimburse one fare for the journey performed by steamer.

Section 8A of the aforesaid Act relates to pension. It is proposed to amend sub-section (1) of the said section so as to enhance the pension from the existing twenty thousand rupees per mensem to twenty-five thousand rupees per mensem. It is also proposed to enhance the additional pension of fifteen hundred rupees per mensem to two thousand rupees per mensem for every year served in excess of five years. It is proposed to insert a new sub-section (1A) in the said section so as to provide that the pension and additional pension to every person shall be increased after every five years commencing from 1st April, 2023 on the basis of Cost Inflation Index provided under clause (v) of section 48 of the Income-tax Act, 1961.

Section 8AC of the aforesaid Act relates to family pension. The said section has been inserted with effect from 15th September, 2006 by the Salary, Allowances and Pension of Members of Parliament (Amendment) Act, 2006. It is proposed to amend sub-section (2) of the aforesaid section so as to remove the reference of 2006 amendment Act to remove any confusion regarding interpretation of the aforesaid section retrospectively with effect from 15th September, 2006.

*Clause 143* of the Bill seeks to provide for commencement of Part VI of Chapter VIII from such date as may be notified by the Central Government.

*Clause 144* of the Bill seeks to amend section 12A of the Securities Contracts (Regulation) Act, 1956 to empower the Board to levy monetary penalty under the said Act after holding an inquiry in the prescribed manner.

*Clause 145* of the Bill seeks to amend section 23 of the Securities Contracts (Regulation) Act, 1956, as a consequential amendment, to enable the Board to levy monetary penalty by itself or its officer, not below the rank of Division Chief.

*Clause 146* of the Bill seeks to amend section 23A of the Act, to clarify that any person who furnishes or files false, incorrect or incomplete information, return, report, books or other documents shall be liable for penalty in the same manner as a person who fails to furnish the required information.

*Clause 147* of the Bill seeks to amend section 23E of the Act, to provide for monetary penalty for failure to comply with listing conditions in case of alternative investment fund, real estate investment trust and infrastructure investment trust.

*Clause 148* of the Bill seeks to amend section 23G of the Act, to clarify that any stock exchange, which furnishes or files false, incorrect or incomplete information under the said Act shall be liable for penalty in the same manner as a stock exchange that fails or neglects to furnish periodical returns.

*Clause 149* of the Bill seeks to insert a new section 23GA, so as to provide for penalty under the Act, for the failure of a stock exchange or a clearing corporation to conduct its business in a manner which is not in accordance with the rules and regulations made by the Securities and Exchange Board of India.

*Clause 150* of the Bill seeks to substitute certain words in sub-section (1) of section 23-I of the Act.

*Clause 151* of the Bill seeks to amend section 23J of the Act, as a consequential amendment, to ensure that the factors mentioned in the said section are relevant for levy of monetary penalty, by the Board under section 12A as well as by an adjudicating officer under section 23-I of the said Act.

*Clause 152* of the Bill seeks to amend section 23JA of the Act, to provide that the settlement amount (excluding legal costs and disgorgement amount) realised under the Act be credited to the Consolidated Fund of India.

*Clause 153* of the Bill seeks to amend section 23JB of the Act, as a consequential amendment, to provide for recovery in respect of default in payment of monetary penalty levied by the Board.

*Clause 154* of the Bill seeks to insert a new section 23JC of the Act to provide for the continuance of proceedings, except proceedings for levy of penalty, against a legal representative and recovery of sums due from him when a person dies.

*Clause 155* of the Bill seeks to amend section 23M of the Act, as a consequential amendments, to provide for prosecution in case of default in payment of monetary penalty levied by the Board and also for non-compliance with the directions of the Board.

*Clause 156* of the Bill seeks to amend section 24 of the Act to enlarge the scope of the section to cover enforcement proceedings, as provided therein.

*Clause 157* of the Bill seeks to amend the Central Boards of Revenue Act, 1963.

Sub-clause (a) of said clause seeks to rename the "the Central Board of Excise and Customs" constituted under the Central Boards of Revenue Act, 1963, as "the Central Board of Indirect Taxes and Customs".

Sub-clause (b) of said clause seeks to make amendments throughout the Act so as to substitute the words "Indirect Taxes and Customs", for the words "Excise and Customs" wherever they occur.

The said amendments shall take effect from the date on which the Finance Bill, 2018 receives the assent of the President.

*Clause 158* of the Bill seeks to amend section 3 of the Governors (Emoluments, Allowances and Privileges) Act, 1982.

Section 3 of the aforesaid Act relates to emoluments to the Governors. It is proposed to enhance the present emoluments from one lakh ten thousand rupees per mensem to three lakh fifty thousand rupees per mensem with retrospective effect from 1st January, 2016.

*Clauses 159 to 174* of the Bill seek to amend certain provisions of the National Housing Bank Act, 1987.

Accordingly, throughout the Act, consequential amendments have been made to omit or substitute the reference of Reserve Bank with Central Government.

It is proposed to transfer the ownership of the National Housing Bank from the Reserve Bank of India to the Central Government.

It is further proposed to amend sub-section (3) of section 3 of the said Act so as to change the place of head office to New Delhi or at such other place as the Central Government may specify by notification.

It is also proposed to substitute the proviso to sub-section (1) of section 4 of the said Act so as to empower the Central Government to increase the authorised capital up to two thousand crore rupees or such other amount as it may determine, by notification. It is also proposed to insert a new sub-section (3) in the said section relating to transfer of subscribed capital from the Reserve Bank to the Central Government.

It is also proposed to amend clause (d) of sub-section (1) of section 6 of the said Act so as to reduce the number of directors of the Reserve Bank of India to be part of the Board of Directors from "two" to "one".

Certain further consequential amendments have been made to give reference of the Companies Act, 2013 and the Foreign Exchange Management Act, 1999 in place of the Companies Act, 1956 and the Foreign Exchange Regulation Act, 1973, respectively.

*Clause 175* of the Bill seeks to provide for commencement of Part X of Chapter VIII from such date as may be notified by the Central Government.

*Clauses 176 and 177* of the Bill seek to amend sections 11 and 11B of the Securities and Exchange Board of India Act, 1992 to empower the Board to levy monetary penalty under the said Act after holding an inquiry in the prescribed manner.

*Clause 178* of the Bill seeks to amend section 15A of the Act, to clarify that any person who furnishes or files false, incorrect or incomplete information, return, report, books or other documents shall be liable for penalty in the same manner as a person who fails to furnish the required information.

*Clause 179* of the Bill seeks to insert new sections 15EA and 15EB so as to provide for monetary penalty for failure to comply with the regulations or directions issued by the Board in case of alternative investment funds, infrastructure investment trusts, real estate investment trusts, investment advisers and research analysts.

*Clause 180* of the Bill seeks to amend section 15F of the Act, to omit certain references not relevant for a stock-broker.

*Clause 181* of the Bill seeks to amend section 15-I of the Act, as a consequential amendment so as to enable the Board to levy monetary penalty by itself or its officer, not below the rank of Division Chief.

*Clause 182* of the Bill seeks to amend section 15J of the Act, as a consequential amendment, to ensure that the factors mentioned in section 15J of the said Act are relevant for levy of penalty by the Board under sections 11 and 11B as well as by an adjudicating officer under section 15-I of the Act.

*Clause 183* of the Bill seeks to amend section 15JB of the Act, to provide for credit of settlement amounts, excluding disgorgement amount and legal costs, to the Consolidated Fund of India.

*Clause 184* of the Bill seeks to amend section 24 of the Act, as a consequential amendment, to provide for prosecution in case of default in payment of monetary penalty levied by the Board and also for non-compliance with the directions of the Board.

*Clause 185* of the Bill seeks to amend section 27 of the Act, to enlarge the scope of the section to cover enforcement proceedings as provided therein.

*Clause 186* of the Bill seeks to amend section 28A of the Act, as a consequential amendment, to provide for recovery in respect of default in payment of monetary penalty levied by the Board.

*Clause 187* of the Bill seeks to insert a new section 28B in the Act, so as to provide for the continuance of proceedings, except proceedings for levy of penalty, against a legal representative and recovery of sums due from him when a person dies.

*Clause 188* of the Bill seeks to provide for commencement of Part XI of Chapter VIII from such date as may be notified by the Central Government.

*Clause 189* of the Bill seeks to amend section 19 of the Depositories Act, 1996 to empower the Board to levy monetary penalty under the said Act after holding an inquiry in the prescribed manner.

*Clause 190* of the Bill seeks to amend clause (a) and clause (b) of section 19A of the Act, to provide that any person who furnishes or files false, incorrect or incomplete information, return, report, books or other documents shall be liable for penalty in the same manner as a person who fails to furnish the required information.

*Clause 191* of the Bill seeks to insert a new section 19FA in the Act, for imposing monetary penalty on a depository for failure to conduct its business in a fair manner in accordance with the rules and regulations.

*Clause 192* of the Bill seeks to amend section 19H of the Act, to provide for the Board to levy monetary penalty under the said Act by itself or its officer, not below the rank of Division Chief.

*Clause 193* of the Bill seeks to amend section 19-I of the Act, to provide that the factors mentioned in the said section are relevant for levy of monetary penalty, by the Board under section 19 as well as by an adjudicating officer under section 19H of the said Act.

*Clause 194* of the Bill seeks to amend section 19-IA of the Act, to provide that the settlement amount (excluding legal costs and disgorgement amount) realised under the Act to be credited to the Consolidated Fund of India.

*Clause 195* of the Bill seeks to amend section 19-IB of the Act, so as to provide for recovery in respect of default in payment of penalty levied under the said Act by the Board.

*Clause 196* of the Bill seeks to insert a new section 19-IC in the Act, so as to provide for the continuance of proceedings, except proceedings for levy of penalty, against a legal representative and recovery of sums due from him when a person dies.

*Clause 197* of the Bill seeks to make consequential amendment in the Chapter heading of the Act.

*Clause 198* of the Bill seeks to amend section 20 of the Act, to provide for prosecution in case of default in payment of monetary penalty levied by the Board and also for non-compliance with the directions of the Board.

*Clause 199* of the Bill seeks to amend section 21 of the Act, to enlarge the scope of the section to cover the enforcement proceedings, as provided therein.

*Clause 200* of the Bill seeks to omit heading occurring before section 22 of the Act.

*Clause 201* of the Bill seeks to amend section 2 of the Vice-President's Pension Act, 1997.

Section 2 of the said Act relates to pension to the retiring Vice-Presidents. Clause (c) of sub-section (2) of the aforesaid section provides for payment of office expenses at the rate of sixty thousand rupees per annum. It is proposed to enhance the said sum to ninety thousand rupees per annum.

*Clause 202* of the Bill seeks to provide for commencement of Part XIII of Chapter VIII from such date as may be notified by the Central Government.

*Clause 203* of the Bill seeks to amend various provisions of the Central Road Fund Act, 2000.

Consequential amendments are also proposed in the said Act so as to align with the proposed amendments. It is proposed to amend long title and sub-title of the said Act, so as to include the infrastructure therein.

It is also proposed to insert a new Schedule II in the said Act so as to describe the Category of projects and infrastructure Sub-Sectors.

*Clauses 204* and *205* of the Bill seeks to amend certain provisions of the Prevention of Money-laundering Act, 2002, which include the following, namely:—

(i) to amend the definition "proceeds of crime" so as to allow to proceed against property equivalent to proceeds to crime held outside the country.

(ii) to insert an *Explanation* to section 5 of the said Act for the purposes of computing the period of one hundred and eighty days, the period during which the proceeding under the aforesaid section was stayed by the court, shall be excluded and a further period not exceeding thirty days from the date of communication of vacation of such stay order shall be counted.

(iii) to amend section 8 of the said Act relating to adjudication so as to allow Enforcement Directorate reasonable time to file prosecution and also to provide for the Special Court to consider the claim of the claimant for the purpose of restoration of such properties even during trial in such manner as may be prescribed.

(iv) to amend section 19 of the said Act relating to power to arrest by inserting the words "Special Court or" before the words "Magistrate's Court" so that the bail application is required to be heard by Special Court.

(v) to amend section 45 of the Act relating to offences to be cognizable and non-bailable and to amend sub-section (1) of section 45 to substitute the words "punishable for a term of imprisonment of more than three years under Part A of the Schedule" by the words "under this Act" so as to take a step further towards delinking the Schedule offence and money laundering offence. Further, it seeks to amend the proviso in sub-section (1) by inserting the words " or is accused either on his own or along with other co-accused of money laundering a

sum of less than Rupees one crore", after the words "sick or infirm" to allow the Court to apply lenient bail provisions in case of money laundering offence is not grave in nature.

(vi) to amend section 50 of the Act relating to powers of authorities regarding summons, production of documents and to give evidence, etc. It is further provided to amend proviso to sub-section (5) of section 50 of the Act by inserting the word "Joint" before the word "Director".

(vii) to amend section 66 of the Act relating to disclosure of information. Further, sub-clause (ii) seeks to insert sub-section (2) in section 66 that "on the basis of material in his possession, if the authority suspects the contravention of any other law then the authority shall share the information with the concerned agency and the agency shall act on that information forthwith", so as to give clear guidance to the officials.

(viii) to amend the Schedule to the Act to insert section 447 of the Companies Act, 2013 as paragraph 29 to Part A to strengthen the Act with respect to Corporate frauds.

*Clause 206* of the Bill provides for the commencement of Part XV of Chapter VIII from such date as may be notified by the Central Government.

*Clause 207* of the Bill seeks to amend the long title of the Fiscal Responsibility and Budget Management Act, 2003. It provides for omission of the words "achieving sufficient revenue surplus and" from the long title.

*Clause 208* of the Bill seeks to amend section 2 of the Act relating to definitions. It provides for substitution of definition of "effective revenue deficit", "grant for creation of capital assets", "revenue deficit" and "total liabilities" with the definitions of "Central Government debt", "general Government debt", "gross domestic product" and "real gross domestic product" and "real output growth".

*Clause 209* of the Bill seeks to amend section 3 of the Act relating to fiscal policy statements to be laid before Parliament. It provides for omission of item (i) of sub-section (3) and omission of the words "revenue balance and" in clause (b) of sub-section (6) and omission of item (iii) of sub-section (6A).

*Clause 210* of the Bill seeks to amend section 4 of the Act relating to fiscal management principles. It provides for substitution of section 4 so as to provide that the Central Government shall take appropriate measures to limit the fiscal deficit up to three per cent. of Gross Domestic Product by the 31st March, 2021; endeavour to ensure that General Government debt and Central Government debt does not exceed sixty per cent. and forty per cent. respectively of Gross Domestic Product by the end of financial year 2024-2025; shall not give additional guarantee with respect to any loan on security of the Consolidated Fund of India in excess of half per cent. of Gross Domestic Product in any financial year and ensure that such fiscal targets do not exceed after stipulated target dates.

It further provides that the Central Government shall prescribe the annual targets for reduction of fiscal deficit for the period specified therein. It also provides that the annual fiscal deficit target may exceed due to certain grounds mentioned therein. It also provides that such deviation shall not exceed one half per cent. of the Gross Domestic Product in a year. It also provides that the Central Government shall initiate deviation from the fiscal deficit target in case of increase in real output growth of a quarter by at least 3 per cent. points above its average of the previous four quarters, to reduce the fiscal deficit by at least one quarter per cent. of the Gross Domestic Product. It also provides that where fiscal deficit amount is varied from targets, a statement explaining the reasons thereof and the path of return to the annual target shall be laid before Parliament.

*Clause 211* of the Bill seeks to amend the section 5 of the Act relating to borrowing from Reserve Bank. It provides for substitution of sub-section (3) so as to enable the Reserve Bank to subscribe primary issue of Central Government securities due to ground or grounds specified in the proviso to sub-section (2) of section 4. It further enables that the Reserve Bank to convert Central Government securities held by it with other securities of the Central Government.

*Clause 212* of the Bill seeks to amend the section 7 of the Act relating to measures to enforce compliance. It provides to amend sub-section (1) so as to enable the Minister in-charge of the Ministry of Finance to review the trends in receipts and expenditure in relation to the budget on half yearly basis in place of quarterly basis. It further provides that the Central Government shall prepare the monthly statement of its accounts. It also provides to amend sub-section (2) so as to substitute the words "prescribed levels" in place of "pre-specified levels mentioned in the Fiscal Policy Strategy Statement and the rules made under this Act" so as to enable the Government to take measures in the event of short fall in revenue or excess of expenditure over the prescribed levels.

*Clause 213* of the Bill seeks to amend section 8 relating to power to make rules which are consequential in nature to the amendments proposed in this Part.

*Clause 214* of the Bill seeks to amend section 97 of the Finance (No.2) Act, 2004 relating to definitions.

The existing provisions of said section 97, *inter alia*, provides the definition of "equity oriented fund".

It is proposed to amend the said clause so as to define "equity oriented fund" as a fund referred to in clause (a) of *Explanation* to section 112A of the Income-tax Act.

This amendment will take effect from 1st April, 2018.

*Clause 215* of the Bill seeks to amend sections 116, 117, 118 and 128 of the Finance Act, 2013 relating to commodities transaction tax.

Clause (7) of the section 116 defines "taxable commodity transaction". It is proposed to amend the said clause so as to include "option on commodity derivatives".

Section 117 of the said Act provides the rate at which a commodities transaction tax shall be chargeable in respect of every taxable commodities transaction, being sale of commodity derivative and that such tax shall be payable by the seller.

It is proposed to substitute the said section so as to provide the rate at which the commodities transaction tax shall be chargeable in respect of the taxable commodities transaction, which shall be payable by the seller or purchaser, as the case may be.

Section 118 of the said Act provides the value of taxable commodities transactions, which is chargeable under section 117 on sale of commodity derivative.

It is proposed to substitute the section 118 so as to provide that the value of taxable commodities transaction which is chargeable under section 117 on sale of commodities.

Section 128 of the said Act provides that the provisions of certain sections of the Income-tax Act, as specified therein, shall apply, so far as may be, in relation to commodities transaction tax, as they apply in relation to income-tax.

It is proposed to amend the said section so as to include reference of section 119 of the Income-tax Act also.

These amendments will take effect from 1st April, 2018.

*Clause 216* of the Bill seeks to amend the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015.

Section 46 of the said Act relates to the procedure for imposing penalty.

Sub-section (4) of the said section, *inter alia*, provides that an order imposing a penalty shall be made with the approval of the Joint Commissioner in certain circumstances specified therein.

It is proposed to amend the said sub-section so as to provide that the Joint Director shall also be vested with the power to approve an order imposing penalty.

It is further proposed to amend clause (b) of the said sub-section so as to empower the Assistant Director and Deputy Director also to levy penalty under the said clause.

Section 55 of the said Act relates to institution of prosecution proceedings.

Sub-section (1) of the said section provides that a person shall not be proceeded against for an offence under section 49 to section 53 except with the sanction of the Principal Commissioner or Commissioner or the Commissioner (Appeals), as the case may be.

It is proposed to amend the marginal heading of the said section so as to include the reference of Principal Director General or Director General for the purpose of said section.

Sub-section (2) of the said section provides that the Principal Chief Commissioner or the Chief Commissioner may issue such instructions, or directions, to the tax authorities referred to in sub-section (1) as he may think fit for the institution of proceedings.

It is proposed to amend the said sub-section so as to empower the Principal Director General or the Director General also to issue such instructions or directions under the said sub-section.

These amendments will take effect from 1st April, 2018.

*Clause 217* of the Bill seeks to amend section 236 of the Finance Act, 2016 which relates to amendment to sub-clause (vi) of clause (j) of sub-section (1) of section 2 of the Foreign Contribution (Regulation) Act, 2010. The proviso to the said sub-clause inserted under the Finance Act, 2016 states that notwithstanding the nominal value of share capital of a company exceeding one-half per cent. at the time of making contribution, such company shall not be deemed to be a foreign source, if the foreign investment is within the limit specified under the Foreign Exchange Management Act, 1999 or the rules or regulations made thereunder.

It is proposed to bring the said amendment with effect from the 5th August, 1976 the date of commencement of the Foreign Contribution (Regulation) Act, 1976, which was repealed and re-enacted as the Foreign Contribution (Regulation) Act, 2010.

*Clause 218* of the Bill seeks to amend clause (16) of section 2 of the Central Goods and Services Tax Act, 2017, so as to substitute the words "Central Board of Indirect Taxes and Customs", for the words "Central Board of Excise and Customs".

## MEMORANDUM REGARDING DELEGATED LEGISLATION

Sub-clause (II) of clause 4 of the Bill seeks to insert *Explanation 2A* to sub-section (1) of section 9 relating to income deemed to accrue or arise in India. Clause (a) of *Explanation 2A* provides that significant economic presence of a non-resident in India means any transaction in respect of any goods, services or property carried out, if the aggregate of payments arising from such transaction or transactions during the previous year exceeds such amount as may be prescribed. Further, clause (b) to the said *Explanation* provides that the significant economic presence shall also mean systematic and continuous soliciting of business activities or engaging in interaction with such number of users as may be prescribed.

Sub-clause (II) of clause 9 of the Bill seeks to insert a new clause (via) in section 28 of the Income-tax Act relating to profits and gains of business or profession. The said clause (via) provides that the fair market value of inventory as on the date on which it is converted into, or treated as, a capital asset shall be determined in the prescribed manner.

Clause 98 of the Bill seeks to amend section 157 of the Customs Act, 1962 to confer power upon the Board, *inter alia*, to make regulations in respect of, (i) the manner of finalisation of provisional assessment; (ii) the manner of conducting pre-notice consultation; (iii) the circumstances under which and the manner of, issuing supplementary notice; (iv) the form and manner in which an application for advance ruling or appeal shall be made, and the procedure for authority, under Chapter VB; (v) the manner of clearance or removal of imported or export goods; (vi) the document to be furnished in relation to imported goods; (vii) the conditions, restrictions and the manner for deposits in electronic cash ledger, the utilisation and refund therefrom and the manner of maintaining such ledger; (viii) the manner of conducting audit; (ix) the goods for controlled delivery and the manner thereof; and (x) the measures and the simplified or different procedures or documentation for a class of importers or exporters or categories of goods or on the basis of the modes of transport of goods.

Clause 116 of the Bill seeks to substitute new sections 3, 3A and 3B of section 3 of the Government Savings Act, 1873. The proposed section 3, *inter alia*, provides that the Government Savings Banks means State Bank of India or a banking company, or any

other company or institution, as the Central Government may specify by notification. The proposed section 3A empowers the Central Government to frame new Savings Schemes or amend or discontinue existing Savings Schemes by notification so as to promote household savings in the country. The proposed section 3B empowers the Central Government to include or omit or amend Savings Schemes specified in the Schedule by notification.

Clause 118 of the Bill, *inter alia*, seeks to amend clause (a) of sub-section (4) of section 4A of the said Act to empower the Central Government to pay the deposit of a deceased person to any person appearing to him to be entitled, to receive it or to administer the estate of the deceased in such manner as may be prescribed.

Clause 123 of the Bill seeks to amend section 8 of the said Act to empower the Central Government to prescribe limit of the deposit that may be excluded in computing court fees by notification.

Clause 144 of the Bill seeks to insert a new sub-section (2) in section 12A of the Securities Contracts (Regulation) Act, 1956. The said sub-section empowers the Central Government to levy penalty after holding an inquiry in the prescribed manner.

Clause 161 of the Bill seeks to amend section 4 of the National Housing Bank Act, 1987. The proposed proviso to sub-section (1) of the said section empowers the Central Government to increase the authorised capital up to two thousand crore rupees or such other amount as may be determined from time to time by notification. Further, the proposed sub-section (3) empowers the Central Government to notify the dates for the payment of the face value of the subscribed capital to the Reserve Bank.

Clause 176 of the Bill seeks to insert a new sub-section (4A) in section 11 of the Securities and Exchange Board of India Act, 1992. The said sub-section empowers the Central Government to levy penalty after holding an inquiry in the prescribed manner.

Clause 177 of the Bill seeks to insert a new sub-section (2) in section 11B of the said Act. The

said sub-section empowers the Central Government to levy penalty after holding an inquiry in the prescribed manner.

Clause 189 of the Bill seeks to insert a new sub-section (2) in section 19 of the Depositories Act, 1996. The said sub-section empowers the Central Government to levy penalty after holding an inquiry in the prescribed manner.

Sub-clause (f) of clause 203 of the Bill seeks to insert a new sub-section (2) in section 7 of the Central Road Fund Act, 2000. Item (B) of sub-clause (f) empowers the Central Government to amend Schedule II to the Act relating to Category of projects and Infrastructure Sub-Sectors by notification. Further, sub-clause (g) of the said clause proposes to insert a new section 7A to the said Act relating to apportionment of share of fund by Committee. The said section empowers the Central Government to

constitute a Committee by notification for finalising the apportionment of the share of the Fund to each of infrastructure projects.

Sub-clause (c) of clause 205 of the Bill seeks to insert a proviso to sub-section (8) of section 8 of the Prevention of Money-Laundering Act, 2002. The proposed proviso empowers the Central Government to make rules for considering the claim of the claimant for the purposes of restoration of such properties during the trial of the case.

The matters in respect of which the rules or regulations may be made or notifications may be issued in accordance with the provisions of the Bill are matters of procedure and detail and it is not practicable to provide for them in the Bill. The delegation of legislative power is, therefore, of a normal character.

LOK SABHA

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to give effect to the financial proposals of the Central Government  
for the financial year 2018-2019.

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*(Shri Arun Jaitley,  
Minister of Finance.)*