

Business Standard

Budget 2012-13

Explanatory Memorandum & Finance Bill

Ahmedabad, Bangalore, Bhubaneswar, Chandigarh, Chennai, Hyderabad, Kochi, Kolkata, Lucknow, Mumbai, New Delhi and Pune



WALKING THE TIGHTROPE

"For the Indian economy, this was a year of recovery interrupted," said Finance Minister Pranab Mukherjee in his Budget speech. "The enrolments into the Aadhaar system have crossed 200 million and the Aadhaar numbers generated till date have crossed 140 million. I propose to allocate adequate funds to complete another 400 million enrolments from April 1, 2012."

FINANCE BILL, 2012 PROVISIONS RELATING TO DIRECT TAXES

Introduction

The provisions of the Finance Bill, 2012 relating to direct taxes seek to amend the Income-tax Act, inter alia, in order to provide for—

- Tax rates
- Widening of tax base
- Measures to prevent generation and circulation of unaccounted money
- Tax incentives and reliefs
- Rationalization of Tax Deduction at Source (TDS) provisions
- Rationalization of international taxation provisions
- Rationalization of transfer pricing provisions
- General Anti-Avoidance Rule

Other clarifications
2. The Finance Bill, 2012 seeks to prescribe the rates of income-tax on income liable to tax for the assessment year 2012-13; the rates at which tax will be deductible at source during the financial year 2012-13 from interest (including interest on securities), winnings from lotteries or crossword puzzles, winnings from horse races, card games and other categories of income liable to deduction or collection of tax at source under the Income-tax Act; rates for computation of "advance tax", deduction of income-tax from, or payment of tax on, "Salaries" and charging of income-tax on current incomes in certain cases for the financial year 2012-13.

3. The substance of the main provisions of the Bill relating to direct taxes is explained in the following paragraphs.

A. RATES OF INCOME-TAX

I. Rates of income-tax in respect of income liable to tax for the assessment year 2012-13.

In respect of income of all categories of assesses liable to tax for the assessment year 2012-13, the rates of income-tax computed shall be increased by a surcharge for the purposes of the Union calculated at the rate of five per cent. of such income tax.

(b) In the case of a company, other than a domestic company, having total income exceeding one crore rupees, the amount of income-tax computed shall be increased by a surcharge for the purposes of the Union calculated at the rate of two per cent. of such income tax.

However, marginal relief shall be allowed in all these cases to ensure that the additional amount of income-tax payable, including surcharge, on the excess of income over one crore rupees is limited to the amount by which the income is more than one crore rupees.

Also, in the case of every company having total income chargeable to tax under section 115JB of the Income Tax Act, 1961 (hereinafter referred to as "Income-tax Act") and where such income exceeds one crore rupees, surcharge at the rates mentioned above shall be levied and marginal relief shall also be provided.

II. Education Cess —

For assessment year 2012-13, additional surcharge called the "Education Cess on income-tax" and "Secondary and Higher Education Cess on income-tax" shall continue to be levied at the rate of two per cent. and one per cent., respectively, on the amount of tax computed, inclusive of surcharge, in all cases. No marginal relief shall be allowed in respect of such Cess.

III. Rates for deduction of income-tax at source during the financial year 2012-13 from certain incomes other than "Salaries"
For assessment year 2012-13, additional surcharge called the "Education Cess on income-tax" and "Secondary and Higher Education Cess on income-tax" shall continue to be levied at the rate of two per cent. and one per cent., respectively, on the amount of tax computed, inclusive of surcharge, in all cases. No marginal relief shall be allowed in respect of such Cess.

Infrastructure development, the rates for deduction have been now provided in the proposed new section 194LC.

(1) Surcharge—
The amount of tax so deducted, in the case of a company other than a domestic company, shall be increased by a surcharge at the rate of two per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees.

No surcharge will be levied on deductions in other cases.
(2) Education Cess—
"Education Cess on income-tax" and "Secondary and Higher Education Cess on income-tax" shall continue to be levied at the rate of two per cent. and one per cent., respectively, of income tax including surcharge wherever applicable, in the cases of persons not resident in India including companies other than domestic company.

III. Rates for deduction of income-tax at source from "Salaries", computation of "advance tax" and charging of income-tax in special cases during the financial year 2012-13.
The rates for deduction of income-tax at source from "Salaries" during the financial year 2012-13 and also for computation of "advance tax" payable during the said year in the case of all categories of assesses have been specified in Part III of the First Schedule to the Bill.

These rates are also applicable for charging income-tax during the financial year 2012-13 on current incomes in cases where accelerated assessments have to be made, for instance, provisional assessment of shipping profits arising in India to non-residents, assessment of persons leaving India for good during the financial year, assessment of persons who are likely to transfer property to avoid tax, assessment of bodies formed for a short duration, etc.

The salient features of the rates specified in the said Part III are indicated in the following paragraphs—
A. Individual, Hindu undivided family, association of persons, body of individuals, artificial juridical person

Paragraph A of Part-III of First Schedule to the Bill provides following rates of income-tax—
(i) The rates of income-tax in the case of every individual (other than those mentioned in (ii) and (iii) below) 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 (3) of section 2 of the Income-tax Act (not being a case to which any other Paragraph of Part III applies) are as under—

Upto Rs. 2,00,000	Nil
Rs. 2,00,001 to Rs. 5,00,000	10 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 eighty years at any time during the previous year—

Upto Rs. 2,50,000	Nil
Rs. 2,50,001 to Rs. 5,00,000	10 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, -

Upto 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.

No surcharge shall be levied in the cases of persons covered under paragraph-A of part-III of the First Schedule.

B. Co-operative Societies
In the case of co-operative societies, the rates of income-tax have been specified in Paragraph B of Part III of the First Schedule to the Bill. These rates will continue to be the same as those specified for assessment year 2012-13. No surcharge will be levied.

C. Firms
In the case of firms, the rate of income-tax has been specified in Paragraph C of Part III of the First Schedule to the Bill. This rate will continue to be the same as that specified for assessment year 2012-13. No surcharge shall be levied.

D. Local authorities
The rate of income-tax in the case of every local authority is specified in Paragraph D of Part III of the First Schedule to the Bill. This rate will continue to be the same as that specified for the assessment year 2012-13. No surcharge will be levied.

E. Companies
The rates of income-tax in the case of companies are specified in Paragraph E of Part III of the First Schedule to the Bill. These rates are the same as those specified for the assessment year 2012-13.

The existing surcharge of five per cent in case of a domestic company shall continue to be levied. In case of companies other than domestic companies, the existing surcharge of two per cent. shall continue to be levied.

However, the total amount payable as income-tax and surcharge on total income exceeding one crore rupees shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.
The existing surcharge of five per cent. in all other cases (including sections 115JB, 115-O, 115R, etc.) shall continue to be levied.

For financial year 2012-13, additional surcharge called the "Education Cess on income-tax" and "Secondary and Higher Education Cess on income-tax" shall continue to be levied at the rate of two per cent. and one per cent., respectively, on the amount of tax computed, inclusive of surcharge (wherever applicable), in all cases. No marginal relief shall be available in respect of such Cess. [Clause 2]

B. WIDENING OF TAX BASE
Alternate Minimum Tax (AMT) on all persons other than companies
Under the existing provisions of the Income-tax Act, Minimum Alternate Tax (MAT) and Alternate Minimum Tax (AMT) are levied on companies and limited liability partnerships (LLPs) respectively. However, no such tax is levied on the other form of business organisations such as partnership firms, sole proprietorship, association of persons, etc.

In order to widen the tax base vis-à-vis profit linked deductions, it is proposed to amend provisions regarding AMT contained in Chapter XII-BA in the Income-tax Act to provide that a person other than a company, who has claimed deduction under any section (other than section 80P) included in Chapter VI-A under the heading "C—Deductions in respect of certain incomes" or under section 10AA, shall be liable to pay AMT.

Under the proposed amendments, where the regular income-tax payable for a previous year by a person (other than a company) 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 such person and he shall be liable to pay income-tax on such total income at the rate of eighteen and one-half per cent.

For the purpose of the above,
(i) "adjusted total income" shall be the total income before giving effect to provisions of Chapter XII-BA as increased by the deductions claimed under any section (other than section 80P) included in Chapter VI-A under the heading "C—Deductions in respect of certain incomes" and deduction claimed under section 10AA;

(ii) "alternate minimum tax" shall be the amount of tax computed on adjusted total income at a rate of eighteen and one-half per cent; and
(iii) "regular income-tax" shall be the income-tax payable for a previous year by a person other than a company on his/her total income in accordance with the provisions of the Act other than the provisions of Chapter XII-BA.

It is further provided that the provisions of AMT under Chapter XII-BA shall not apply to an individual or a Hindu undivided family or an association of persons or a body of individuals (whether incorporated or not) or an artificial juridical person referred to in section 2(i)(vii) if the adjusted total income of such person does not exceed twenty lakh rupees.

It is also provided that the credit for tax (tax credit) paid by a person on account of AMT under Chapter XII-BA shall be allowed to the extent of the excess of the AMT paid over the regular income-tax. This tax credit shall be allowed to be carried forward up to the tenth assessment year immediately succeeding the assessment year for which such credit becomes allowable. It shall be allowed to be set off for an assessment year in which the regular income-tax exceeds the AMT to the extent of the excess of the regular income-tax over the AMT.

Consequential amendments are also proposed to the provisions of section 140A relating to self-assessment, section 25AA relating to interest for default in furnishing return of income, section 23AB relating to interest for default in payment of advance tax and section 234C relating to interest for default of advance tax. These amendments will take effect from 1st April, 2013 and will, accordingly, apply in relation to the assessment year 2013-14 and subsequent assessment years. [Clauses 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64]

Tax Deduction at Source (TDS) on transfer of certain immovable properties (other than agricultural land)
Under the existing provisions of the Income-tax Act, tax is required to be deducted at source on certain specified payments made to residents by way of salary, interest, commission, brokerage, professional services, etc.



Power: "Thermal power producers have been under stress. I propose to provide full exemption from basic Customs duty and a concessional CVD of 1% to steam coal for a period of 2 years"

—FM's Budget Speech, March 16, 2012

relating to late furnishing of TDS statement.

In order to provide effective deterrence against delay in furnishing of TDS statement, it is proposed –

- to provide for levy of fee of Rs.200 per day for late furnishing of TDS statement from the date of furnishing of TDS statement to the date of furnishing of TDS statement. However, the total amount of fee shall not exceed the total amount of tax deductible during the period for which the TDS statement is delayed, and
- to provide that in addition to said fee, a penalty ranging from Rs.10,000 to Rs.1,00,000 shall also be levied for non furnishing TDS statement within the prescribed time.

In view of the levy of fee for late furnishing of TDS statement, it is also proposed to provide that no penalty shall be levied for delay in furnishing of TDS statement if the TDS statement is furnished within one year of the prescribed due date after payment of tax deducted along with applicable interest and fee.

In order to discourage the deductors to furnish incorrect information in TDS statement, it is proposed to provide that a penalty ranging from Rs.10,000 to Rs.1,00,000 shall be levied for furnishing incorrect information in TDS statement.

Consequential amendment is proposed in section 273B so that no penalty shall be levied if the deductor proves that there was a reasonable cause for the failure.

Consequential amendment is also proposed in section 272A to provide that no penalty under this section shall be levied for late filing of TDS statement in respect of tax deducted or on or after 1st July, 2012.

Amendments on the similar lines for levy of fee and penalty for delay in furnishing of TDS statement and furnishing of incorrect information in the TDS statement are also proposed to be made.

These amendments will take effect from 1st July, 2012 and will, accordingly, apply to the TDS or TCS statement to be furnished in respect of tax deducted or collected on or after 1st July, 2012.

IV. Intimation after processing of TDS statement

Finance Act, 2009, section 206A was inserted in the Income-tax Act to provide for processing of TDS statement.

After processing of TDS statement, an intimation is generated specifying the amount payable and refundable. The intimation generated after processing of TDS statement is not

- subject to rectification under section 154;
- appealable under section 246A; and
- deemed as notice of demand under section 156.

In order to reduce the compliance burden of the deductor and also to rationalise the provisions of processing of TDS statement, it is proposed to provide that the intimation generated after processing of TDS statement shall be subject to rectification under section 154;

- appealable under section 246A; and
- deemed as notice of demand under section 156.

These amendments will take effect from 1st July, 2012.

V. "Person responsible for paying" in case of payment by Central Government or Government of a State

Section 204 of the Income-tax Act, 1961 provides for payment of tax by the person responsible for paying. It has been defined to include employer, company or its principal officer or the payer. There is a lack of clarity in the case of payment made by Central Government or by a State Government as to who is the person responsible for paying the tax to the payer.

In order to provide clarity to the meaning of "person responsible for paying" in case of payment by Central Government or a State Government, it is proposed to provide that in the case of payment by Central Government or a State Government, the Drawing and Disbursing Officer or any other person (whichever name called) responsible for making payment shall be the "person responsible for paying" within the meaning of section 204.

This amendment will take effect from 1st July, 2012.

VI. Extension of time for passing an order under section 201 in certain cases

Under the existing provisions section 201 of the Income-tax Act, a person can be deemed to be an assessee in default, by an order, in respect of non-deduction/short deduction of tax. Such order can be passed within a period of four years from the date of expiry of the return or statement as referred to in section 200 has been filed.

It is proposed to amend provision of section 201, so as to extend the time limit from three years to six years.

This amendment will take effect retrospectively from 1st April, 2010.

Threshold for TDS on compensation or consideration for compulsory acquisition

Under the existing provisions of the section 194LA of the Income-tax Act, a person responsible for paying any compensation or consideration for compulsory acquisition of immovable property (other than agricultural land) is required to deduct tax at the rate of 10% in the case where the consideration exceeds one lakh rupees.

In order to reduce the compliance burden on small assesses and companies, it is proposed that no deduction of tax shall be made in case where the consideration is less than one lakh rupees.

This amendment will take effect from 1st July, 2012. [Clause 72]

Threshold for TDS on payment of interest on debentures

Under the existing provisions of section 193 of the Income-tax Act, a person responsible for paying interest to a resident individual on listed debentures of a company, in which the public are substantially interested, is not required to deduct tax on the amount of interest payable if the aggregate amount of interest paid during a financial year does not exceed Rs.2,500, and the interest is paid by account payee cheque. However, if a non-resident person is holder of listed debentures of a company, no threshold limit is specified for deduction of tax on payment of interest.

In order to reduce the compliance burden on small assesses and companies, it is proposed that no deduction of tax shall be made from payment of interest on any debenture, (whether listed or not) issued by a company, in which the public are substantially interested, to a resident individual or Hindu undivided family, if the aggregate amount of interest on such debenture paid during the financial year does not exceed Rs.5,000 and the payment is made by account payee cheque.

This amendment will take effect from 1st July, 2012. [Clause 69]

F. RATIONALIZATION OF INTERNATIONAL TRANSACTION PROVISIONS

Section 9 of the Income Tax Act provides definitions of various terms which are relevant for the purposes of the Act. Section 9 of the Income Tax Act provides cases of income, which are deemed to accrue or arise in India. This is a legal fiction created to tax income, which accrues or arises in India and would not have been taxable but for the deeming provision created by this section. Sub-section (1)(i) provides a set of circumstances in which income accruing or arising, directly or indirectly, is taxable in India. One of the limbs of clause (i) is income accruing or arising directly or indirectly through the transfer of a capital asset situated in India. The legislative intent of this clause is to widen the application as it covers incomes, which are accruing or arising, directly or indirectly. The section codifies source rule of taxation wherein the state where the actual economic nexus of income is situated has a right to tax the income irrespective of the place of residence of the entity deriving the income. Where corporate structure is created to route funds, the actual gain or income arises only in consequence of the investment made in the activity in which such gains are attributable and not the mode through which such gains are realized. Internationally this principle is recognized by several countries, which provide that the source country has taxation right on the gains derived of offshore transactions where the value is attributable to the underlying asset.

Section 95 of the Income-tax Act requires any person to deduct tax at source before making payments to a non-resident if the income of such non-resident is chargeable to tax in India. "Person", here, will take its meaning from section 2 and would include all persons, whether resident or non-resident. Therefore, a non-resident person is also required to deduct tax at source before making payments to another non-resident, if the payment represents income of the payee non-resident, chargeable to tax in India. There are no other constraints specified in the Act and if the income of the payee non-resident is chargeable to tax, then tax has to be deducted at source, whether the payment is made by a resident or a non-resident.

Therefore, there is a need to provide clarity regarding the scope and purpose of sections 9 and 195. Further, there are certain issues in respect of income deemed to accrue or arise where there are conflicting decisions of various judicial authorities.

Therefore, there is a need to provide clarificatory retrospective amendment to restate the legislative intent in respect of scope and applicability of section 9 and 195 and also to make other clarificatory amendments for providing certainty in law.

It is, therefore, proposed to amend the Income Tax Act in the following manner:-

- Amend section 9(i)(i) to clarify that the expression "through" shall mean and include and shall be deemed to have always meant and included "by means of" or "by reason of".
- Amend section 9(i)(ii) to clarify that an asset or a capital asset being any share or interest in a company or entity registered or incorporated outside India shall be deemed to be and shall always be deemed to have been

situated in India if the share or interest derives, directly or indirectly, its value substantially from the assets located in India.

(ii) Amend section 214) to clarify that "property" includes and shall be deemed to have always included any rights in or relation to an Indian company, including rights of management or control or any other rights whatsoever.

(iv) Amend section 247) to clarify that "transfer" includes and shall be deemed to have always included disposing of or parting with an asset or any interest therein, or creating any interest in any asset in any manner whatsoever, directly or indirectly, absolutely or conditionally, voluntarily or involuntarily by way of an agreement (whether entered into in India or outside India) or otherwise, notwithstanding that such transfer of rights has been characterized as being effected or dependent upon or flowing from the transfer of a share or shares of a company registered or incorporated outside India.

(v) Amend section 195(i) to clarify that obligation to comply with sub-section (1) and to make deduction thereunder applies and shall be deemed to have always applied and extends and shall be deemed to have always extended to all persons, resident or non-resident, whether or not the non-resident is:-

- a residence or place of business or business connection in India; or
- any other presence in any manner whatsoever in India.

These amendments will take effect retrospectively from 1st April, 1962 and will accordingly apply in relation to the assessment year 1962-63 and subsequent assessment years.

(iii) Amend section 9(i)(v) to provide that any income payable by way of royalty in respect of any right, property or information is deemed to be accruing or arising in India. The term "royalty" has been defined in Explanation 2 to section 9(i)(v) to include any sum payable by way of royalty in respect of any right, property or information, which means consideration received or receivable for transfer of all or any right in respect of certain rights, property or information. Some judicial decisions have interpreted this definition in a manner which has created doubts as to whether consideration for use of computer software is royalty or not; whether the right, property or information has to be treated as an agent of a non-resident; the time limit presently prescribed of two years to be extended to six years. It is also clarified that these provisions being of procedural nature shall also be applicable for any assessment year beginning on or before the 1st day of April, 2012.

(v) Amend section 9(i)(vi) to clarify that the consideration for or right to use of computer software is royalty by transferring that transfer of all or any rights in respect of any right, property or information as mentioned in Explanation 2 to section 9(i)(v) to include transfer of all or any right for use or right to use a computer software (including granting of a license) irrespective of the medium through which such right is transferred.

(vi) To amend section 9(i)(vii) to clarify that royalty includes and has always included consideration in respect of any right, property or information, whether or not

- a possession or control of such right, property or information is with the payer; or
- the consideration for such right, property or information is used directly by the payer.

(vii) Amend section 9(i)(viii) to clarify that the term "process" includes and shall be deemed to have always included transmission or off-line (including transfer of all or any right for use or right to use a computer software), cable, optic fibre or by any other similar technology, whether or not such process is secret.

(viii) Amend section 9(i)(ix) to clarify that the term "process" includes and shall be deemed to have always included transmission or off-line (including transfer of all or any right for use or right to use a computer software), cable, optic fibre or by any other similar technology, whether or not such process is secret.

(ix) Amend section 1977B and subsequent assessment years.

(x) Amend section 1977B and subsequent assessment years.

IV. It is also proposed to amend section 195 to provide that the Board may, by notification in the Official Gazette, specify a class of persons or cases, where the person responsible for paying to a non-resident, not being a citizen and non-resident, any sum payable by way of royalty in respect of any right, property or information, shall make an application to the Assessing Officer to determine, by general or special order, the appropriate proportion of sum chargeable, and upon such determination, tax shall be deducted under sub-section (1) on that proportion of the sum which is so chargeable.

This amendment shall take effect from 1st July, 2012.

Section 195A of the Income Tax Act is proposed to provide for validation of demands raised under the Income-tax Act in certain cases in respect of income accruing or arising, through or from transfer of a capital asset situated in India, in consequence of the transfer of a share or shares of a company registered or incorporated outside India or in consequence of agreement or otherwise outside India. It is proposed to provide for this validation clause that if any notice sent or purporting to have been sent, taxes levied, demanded, assessed, imposed or collected or recovered during any period prior to coming into force of the validating clause shall be deemed to have been validly made with respect to levy of tax which is not held to be null and void on the ground that the person liable to be chargeable or any amount including that it is a tax on capital gains arising out of transactions which have taken place outside India. The validating clause shall operate notwithstanding anything contained in any agreement, decree or order of any Court or Tribunal or any Authority.

This validation shall take effect from coming into force of the Finance Act, 2012. [Clauses 4, 6, 72, 143]

Taxation of a non-resident entertainer, sports person etc.

Section 118BBA of the Income Tax Act provides a concessional tax regime in the case of income of sports persons and entertainers (PTAAs). A similar tax regime is also provided to persons engaged by way of participation in any game or sport, advertising or contribution of article in any newspaper etc. The income of such sports persons is taxed at the rate of 10% of the gross receipts. It is proposed to provide that a non-resident sports person, company or institution for guarantee money payable to such institution in relation to any game or sport played in India.

Under the Double Tax Avoidance Agreement (DTAA), there is a parity between a non-resident sportsman and a non-resident entertainer. A similar tax regime is also provided to persons engaged by way of participation in any game or sport, advertising or contribution of article in any newspaper etc. The income of such sports persons is taxed at the rate of 10% of the gross receipts. It is proposed to provide that a non-resident sports person, company or institution for guarantee money payable to such institution in relation to any game or sport played in India.

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Internationally, similar tax rates exist for both entertainer and sports person. Internationally, commissions also reveal that the tax rate ranges between 10% to 30% in case of entertainer and sports person. Therefore, rate of 20% on gross receipts is a reasonable rate of tax in case of non-resident, non-citizen entertainer. The tax rate in case of non-resident, non-citizen sports persons and non-resident sports associations also needs to be raised to 20%.

Section 118BBA of the Income Tax Act provides a concessional tax regime in the case of income of sports persons and entertainers (PTAAs). A similar tax regime is also provided to persons engaged by way of participation in any game or sport, advertising or contribution of article in any newspaper etc. The income of such sports persons is taxed at the rate of 10% of the gross receipts. It is proposed to provide that a non-resident sports person, company or institution for guarantee money payable to such institution in relation to any game or sport played in India.

Consequential amendment is proposed in section 194E to provide for withholding of tax at the rate of 20% from income payable to non-resident, non-citizen, entertainer, or sportsman or sports association or institution. This amendment will take effect from 1st April, 2013 and will, accordingly, apply in relation to the assessment year 2013-14 and subsequent assessment years. [Clauses 45, 70]

Meaning assigned to a term used in Double Taxation Avoidance Agreement (DTAA)

Section 90A of the Income Tax Act empowers the Central Government to enter into an agreement with foreign countries or specified territories for the purpose of granting relief, particularly in respect of double taxation. Under this power, the Central Government has entered into various treaties commonly known as Double Taxation Avoidance Agreements (DTAAs).

Section 90A of the Act similarly empowers the Central Government to adopt and implement an agreement between a specified association in India and any specified association in a specified territory outside India for granting relief from double taxation etc. on the lines of section 90 of the Act.

Sub-section (3) of sections 90 and 90A of the Act empowered the Central Government to assign a meaning, through notification, to any term used in the Agreement, which was neither defined in the Act nor in the agreement.

Since this assignment of meaning is in respect of a term used in a treaty entered into by the Government of India, this assignment is not subject to the provisions of section 90 and 90A. Therefore, the legislative intent of sub-section (3) of section 90 and section 90A that whenever any term is assigned a meaning through a notification issued under section 90(i) or section 90A(i), it shall have the effect of clarifying the term from the date of coming into force of the Agreement in which such term is used, needs to be clarified.

It is proposed to amend section 90 of the Act to provide that any meaning assigned through notification to a

term used in an agreement but not defined in the Act or agreement, shall be effective from the date of coming into force of the agreement. It is also proposed to make similar amendment in section 90A of the Act.

The amendment in section 90 will take effect retrospectively from 1st October, 2009 and the amendment in section 90A shall take effect retrospectively from 1st June, 2010. [Clauses 5, 32]

Tax Residence Certificate (TRC) for claiming relief under DTAA

Section 90 of the Income Tax Act empowers the Central Government to enter into an agreement with the Government of any foreign country or specified territory outside India for the purpose of –

- granting relief from double taxation;
- exchange of information and
- recovery of taxes.

Particulars of the TRC empowers the Central Government to adopt any agreement between specified associations for relief of double taxation.

Further, in this regard, the Government has entered into various Double Taxation Avoidance Agreements (DTAAs) with different countries and have adopted agreements between specified associations for relief of double taxation. The scheme of interplay of treaty and domestic legislation ensures that a taxpayer, who is resident of one country and non-resident of the other, is entitled to claim applicability of beneficial provisions either of treaty or of the domestic law.

It is noticed that in many instances the taxpayers who are not tax resident of a contracting country do claim benefit under the DTAA. However, the Central Government has not provided any guidance to third party residents claim unutilized treaty benefits.

It is proposed to amend section 90 and section 90A of the Act to make submission of Tax Residence Certificate mandatory prescribed particulars, as a necessary but not sufficient condition for availing benefits of the agreements referred to in these Sections.

These amendments will take effect from 1st April, 2013 and will, accordingly, apply in relation to the assessment year 2013-14 and subsequent years. [Clauses 31, 32]

Extension of time limit for completion of assessment or reassessment where information is sought under DTAA

During the course of assessment proceedings, in the case of an assessee having income or assets outside India, information is being sought from the tax authorities situated outside India, while completing an assessment. Under the provisions of section 90 or section 90A of the Income-tax Act, information can be exchanged with the foreign tax authorities and the assessment or reassessment can be completed only after this Act or under the corresponding law in force in that country or specified territory, as the case may be.

The time limit for completion of an assessment or reassessment has been provided in the provisions of section 153 and 153B of the Income Tax Act. These provisions are not applicable in such cases where the time taken in obtaining information (from foreign tax authorities) from the time prescribed for completion of assessment or reassessment in the case of an assessee. This time period to be excluded would start from the date on which the process of getting information is initiated by the assessee and the competent authority in India to the foreign tax authorities and end with the date on which information is received by the Commissioner. Currently, this period is fixed to six months.

Foreign inquiries generally by nature take longer time for obtaining information. It is, therefore, proposed that this time limit of six months be extended to one year.

These amendments will take effect from the 1st day of July, 2012. [Clauses 63, 65]

C. RATIONALIZATION OF TRANSFER PRICING PROVISIONS

Advance Pricing Agreement (APA)

Advance Pricing Agreement is an agreement between a taxpayer and a taxing authority on an appropriate transfer pricing methodology for a specified period of time in future. The APA offer to be applied to all transactions in a transfer pricing methods and are conducive in providing certainty and unanimity of approach.

It is proposed to insert new sections 92C and 92CD in the Act to provide a framework for advance pricing agreement under the existing provisions of section 92.

- Empowers Board, to enter into an advance pricing agreement with any person undertaking an international transaction.

Such APAs include determination of the arm's length price or specify the manner in which arm's length price shall be determined, in relation to an international transaction which the person undertake.

The manner of determination of arm's length price in such cases shall be any method including those provided in sub-section (1) of section 92, with necessary modifications.

The arm's length price of any international transaction, which is covered under such APA, shall be determined according to the method or methods so entered into the APA. In case of an APA, section 92CA normally apply for determination of arm's length price will be modified to this extent and arm's length price shall be determined in accordance with APA.

The APA shall be valid for a period of five previous years as specified in the agreement which in no case shall exceed five consecutive previous years.

The APA shall be binding only on the person and the Commissioner (including income-tax authorities subordinate to him) in respect of the transaction in relation to which the APA has been entered into. The APA shall not be binding if there is any change in law or facts having bearing on such APA.

The Board is empowered to prescribe a Scheme providing for the manner, form, procedure and any other matter generally relating to the advance pricing agreement.

Where an application is made by a person for entering into such APA, proceedings shall be deemed to be pending in the case of the person for the purposes of the Act like for making enquiries under section 133(b) of the Act.

- The person entering into such APA shall necessarily have to furnish a modified return within a period of three months from the date of completion of the assessment in which the APA has been entered into.

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It is, therefore, proposed to amend the Income Tax Act to provide clarity that second proviso to section 92C should also be applicable to all proceedings which were pending on or on 01/10/2009. [Clause 36]

The amendments will take effect retrospectively from the first day of October, 2009. [Clause 36]

Filing of return of income, definition of international transaction, tolerance band for ALP, penalties and reassessment in transfer pricing cases

Section 139 of the Act provides for due date of filing return of income in case of various categories of persons. In addition to the provisions of income tax assesses who are engaged in international transactions are also required to prepare and file a Transfer Pricing report in Form 3CEB, as per Section 92E of the Act, before the due date of filing of return of income. [Clause 36]

It is noted that the assesses often face with special constraints of absence of sufficient contemporary data in public domain by their country which is currently the date of filing of return of income and Transfer Pricing report by 30th September.

Therefore, there is a need to amend section 139 of the Act to provide for filing of return of income in case of non-corporate taxpayers, who have undertaken international transactions and are required to obtain and file Transfer Pricing report as per Section 92E of the Act. The due date of filing of return of income in case of non-corporate assesses are extended to 30th November of the assessment year.

It is proposed to amend Section 139 of the Act, to provide that in case of all assesses who are required to obtain and file Transfer Pricing report as per Section 92E of the Act, the due date would be 30th November of the assessment year.

This amendment will take effect retrospectively from 1st April, 2012 and will, accordingly, apply in relation to the assessment year 2012-13 and subsequent assessment years.

Section 92B of the Act, provides an exclusive definition of International Transaction. Although, the definition is worded broadly, the current definition of International Transaction leaves scope for its misinterpretation.

The definition by its concise nature does not mention all the nature and details of transactions, taking benefit of which large number of international transactions are being reported by taxpayers in transfer pricing audit reports. In the definition, the term "intangible property" is included, still, due to lack of clarity in respect of scope of intangible property, the taxpayer have not reported several such transactions.

Certain judicial authorities have interpreted the term "intangible property" in a very restrictive manner, even where even if there is an international transaction Transfer Pricing provisions would not be applicable if it does not have bearing on profits or loss of current year or impact on profit and loss account is not determinable under normal computation provisions. The transfer pricing provisions, the present scheme of Transfer Pricing provisions does not require that international transaction should have bearing on profits or income of current year.

Therefore, there is a need to amend the definition of international transaction in order to clarify the true scope of the meaning of the term, "international transaction" and to clarify the term "intangible property" used in the definition.

It is, therefore, proposed to amend section 92B of the Act, to provide for the explanation to clarify meaning of international transaction and to clarify the term intangible property used in the definition of international transaction and to clarify that the international transaction shall include a transaction of business, whether by reorganisation, entered into by an enterprise with an associated enterprise, irrespective of the fact that it has bearing on the profit, income, losses or assets or such enterprises at the time of the transaction or at any future time.

This amendment will take effect retrospectively from 1st April, 2002 and will, accordingly, apply in relation to the assessment year 2002-03 and subsequent assessment years.

Section 92C provides methods for determination of Arm's Length Price (ALP). Sub-section (c) of the said section prescribes the methods of computation of Arm's Length Price. Sub-section (d) of the said section provides that if the application of the methods prescribed in sub-section (c) results in a price which is not in accordance with the ALP. The proviso to sub-section (d) of section 92C which was amended by Finance Act, 2011 provides that the Central Government may notify a percentage and if variation between the ALP so determined and the transaction price is not more than the notified percentage, the transaction price shall be deemed to be in accordance with the ALP.

There is a need to put an upper ceiling on such tolerance range, which is to be notified, in the legislation. It is, therefore, proposed to amend section 92C of the Act, so as to provide an upper ceiling of 5% in respect of power of Central Government to notify the tolerance range for determination of arm's length price.

This amendment will take effect from 1st April, 2012 and will, accordingly, apply in relation to the assessment year 2013-14 and subsequent assessment years.

Section 271A of the Income Tax Act provides a penalty of Rs. 1 lakh in cases where any person fails to furnish a report from a transfer pricing auditor. Section 271AA provides a penalty for failure to keep and maintain information and document in respect of international transactions.

Section 271G provides penalty for failure to furnish information or document under section 92B in an international transaction. Section 271C provides penalty for failure to furnish information or document under section 92B in an international transaction.

The above scheme of penalty provisions allows for misuse of provisions due to lack of effective deterrent. In order to suppress information about international transactions, some taxpayers may not furnish the report or get the Transfer Pricing audit report done. In such a situation, the penalty provisions do not deter the taxpayer from such transactions is not an effective deterrent. There is presently no penalty for non-reporting of an international transaction in report filed under section 92E, or maintenance or furnishing of incorrect information or documents. Therefore, there is a need to amend section 271A to provide levy of a penalty at the rate of 2% of the value of international transaction, if the taxpayer:

- (i) fails to maintain prescribed documents or information or fails to report any such information or information to be reported; or
- (ii) maintains or furnishes any incorrect information or documents.

This penalty would be in addition to penalties in section 271A and 271G.

This amendment will take effect from 1st April, 2012 and will, accordingly, apply in relation to the assessment year 2013-14 and subsequent assessment years.

Section 147 of the Act, provides for reopening of the cases of the previous years, if any income chargeable to tax has escaped assessment. In order to amend this section to provide certain circumstances where it will be deemed that income has escaped assessments.

Under the Act, income from an international transaction has to be computed in accordance with arm's length principle and transfer pricing provisions. In an international transaction, the income arising from such transaction has to be tested against the benchmark of arm's length price. In certain transactions, transaction value is arm's length price and no adjustment takes place in either direction. In an international transaction, if the price is not reported by the assessee, such transaction never gets benchmarked against arm's length principle. It is, therefore, imperative that non-reporting of international transaction should be treated as a presumption of escapement of income.

Therefore, proposed to amend Section 147 of the Act, to provide that in cases where it is found that an international transaction has not been reported or by non-filing of report or otherwise but not including such transaction in the report, the income arising from such transaction shall be considered as a case of deemed escapement of income and such a case can be reopened under section 147 of the Act.

This amendment will take effect from 1st July, 2012. [Clauses 34, 36, 56, 61, 93]

Appeal against the directions of the Dispute Resolution Panel (DRP)

The Dispute Resolution Panel (DRP) was created by Finance Act, 2009 with a view to bring about a speedy resolution of disputes relating to international transactions, particularly involving Transfer Pricing issues.

Under the provisions of sub-section (8) of section 144C, the DRP has the power to confirm, reduce or enhance the variations proposed in the draft order. The Income Tax Department does not have the right to appeal against the directions given by the DRP. The taxpayer has been given a right to appeal directly to the Income Tax Appellate Tribunal (ITAT). The order passed by the Assessing Officer is treated as the order of the DRP.

As the directions given by the DRP are binding on the Assessing Officer, it is accordingly proposed to provide that the Assessing Officer shall not be bound by the directions of the DRP.

It is, therefore, proposed to amend the provisions of section 253 and section 254 of the Income Tax Act to provide for filing of appeal by the Assessing Officer against an order passed in pursuance of directions of the DRP in respect of an objection filed on or after 1st July, 2012.

This amendment will take effect from the first day of July, 2012. [Clauses 90, 91]

Power of the DRP to enhance variations

Dispute Resolution Panel (DRP) has been constituted with a view to expeditiously resolve the cases involving transfer pricing issues in the case of any person having international transactions or in case of a foreign company, in order to provide a speedy resolution of disputes relating to international transactions, particularly involving Transfer Pricing issues.

In a recent judgement, it was held that the power of DRP is restricted only to the issues raised in the draft assessment order and not to any other issues which are not raised in the draft assessment order. This power comes to the notice of the panel during the course of proceedings before it.

It is not in accordance with the legislative intent.

Therefore, proposed to amend the provisions of section 144C to clarify that the power of the DRP to enhance the variation shall include and shall always be deemed to have included the power to consider any matter arising out of the assessment proceedings relating to the draft assessment order. This power to consider any issue which arises out of the assessment proceedings shall be considered as a case of deemed escapement of income and such a case can be reopened under section 147 of the Act.

This amendment will take effect retrospectively from the first day of April, 2011 and will accordingly apply to assessment year 2009-10 and subsequent assessment years. [Clause 60]

Completion of assessment in search cases referred to DRP

Under the provisions of section 144C of the Income Tax Act where an eligible assessee files an objection against the draft assessment order before the Dispute Resolution Panel (DRP), then, the time limit for completion of assessment as per provisions of section 144C of the Act shall not apply. It is, therefore, proposed to provide that where assessments are framed as a result of search and seizure to provide that for such assessments, the time limit for completion of assessment shall be in accordance with section 153 of the Act.

It is also proposed to provide for exclusion of such orders passed by the Assessing Officer in pursuance of the directions of the DRP, from the appellate jurisdiction of the Commissioner (Appeals) and to provide for filing of appeal directly to ITAT. The amendments will take effect from 1st July, 2012.

These amendments in the provisions of the Income Tax Act will take effect retrospectively from the first day of October, 2009. [Clause 20]

H. GENERAL ANTI-AVOIDANCE RULE (GAAR)

The question of avoidance or form has consistently arisen in the implementation of taxation laws. In the Indian context, judicial decisions have varied. While some courts in certain circumstances have held that legal form of transactions can be disregarded in favour of substance, in other cases, the courts have held that legal form of transactions is to be given effect. The existence of anti-avoidance principles are based on various judicial pronouncements. There are some specific anti-avoidance provisions but general anti-avoidance provisions are not available in the Income Tax Act.

In an environment of moderate rates of tax, it is necessary that the correct tax base be subject to tax in the face of various tax planning arrangements. It is, therefore, proposed to amend the provisions of section 144C to clarify that the power of the DRP to enhance the variation shall include and shall always be deemed to have included the power to consider any matter arising out of the assessment proceedings relating to the draft assessment order. This power to consider any issue which arises out of the assessment proceedings shall be considered as a case of deemed escapement of income and such a case can be reopened under section 147 of the Act.

Most countries have codified the "substance over form" doctrine in the form of General Anti Avoidance Rule (GAAR). The above background and keeping in view the aggressive tax planning with the use of sophisticated structures, there is a need for statutory provisions so as to codify the doctrine of "substance over form" where the real intention of the parties and effect of transactions and purpose of an arrangement is taken into account for determining the tax consequences. It is, therefore, proposed to amend the provisions of section 144C to clarify that the power of the DRP to enhance the variation shall include and shall always be deemed to have included the power to consider any matter arising out of the assessment proceedings relating to the draft assessment order. This power to consider any issue which arises out of the assessment proceedings shall be considered as a case of deemed escapement of income and such a case can be reopened under section 147 of the Act.

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Section 92B of the Act, provides an exclusive definition of International Transaction. Although, the definition is worded broadly, the current definition of International Transaction leaves scope for its misinterpretation.

The definition by its concise nature does not mention all the nature and details of transactions, taking benefit of which large number of international transactions are being reported by taxpayers in transfer pricing audit reports. In the definition, the term "intangible property" is included, still, due to lack of clarity in respect of scope of intangible property, the taxpayer have not reported several such transactions.

Certain judicial authorities have interpreted the term "intangible property" in a very restrictive manner, even where even if there is an international transaction Transfer Pricing provisions would not be applicable if it does not have bearing on profits or loss of current year or impact on profit and loss account is not determinable under normal computation provisions. The transfer pricing provisions, the present scheme of Transfer Pricing provisions does not require that international transaction should have bearing on profits or income of current year.

Therefore, there is a need to amend the definition of international transaction in order to clarify the true scope of the meaning of the term, "international transaction" and to clarify the term "intangible property" used in the definition.

It is, therefore, proposed to amend section 92B of the Act, to provide for the explanation to clarify meaning of international transaction and to clarify the term intangible property used in the definition of international transaction and to clarify that the international transaction shall include a transaction of business, whether by reorganisation, entered into by an enterprise with an associated enterprise, irrespective of the fact that it has bearing on the profit, income, losses or assets or such enterprises at the time of the transaction or at any future time.

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There is a need to put an upper ceiling on such tolerance range, which is to be notified, in the legislation. It is, therefore, proposed to amend section 92C of the Act, so as to provide an upper ceiling of 5% in respect of power of Central Government to notify the tolerance range for determination of arm's length price.

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The question of avoidance or form has consistently arisen in the implementation of taxation laws. In the Indian context, judicial decisions have varied. While some courts in certain circumstances have held that legal form of transactions can be disregarded in favour of substance, in other cases, the courts have held that legal form of transactions is to be given effect. The existence of anti-avoidance principles are based on various judicial pronouncements. There are some specific anti-avoidance provisions but general anti-avoidance provisions are not available in the Income Tax Act.

In an environment of moderate rates of tax, it is necessary that the correct tax base be subject to tax in the face of various tax planning arrangements. It is, therefore, proposed to amend the provisions of section 144C to clarify that the power of the DRP to enhance the variation shall include and shall always be deemed to have included the power to consider any matter arising out of the assessment proceedings relating to the draft assessment order. This power to consider any issue which arises out of the assessment proceedings shall be considered as a case of deemed escapement of income and such a case can be reopened under section 147 of the Act.

Most countries have codified the "substance over form" doctrine in the form of General Anti Avoidance Rule (GAAR). The above background and keeping in view the aggressive tax planning with the use of sophisticated structures, there is a need for statutory provisions so as to codify the doctrine of "substance over form" where the real intention of the parties and effect of transactions and purpose of an arrangement is taken into account for determining the tax consequences. It is, therefore, proposed to amend the provisions of section 144C to clarify that the power of the DRP to enhance the variation shall include and shall always be deemed to have included the power to consider any matter arising out of the assessment proceedings relating to the draft assessment order. This power to consider any issue which arises out of the assessment proceedings shall be considered as a case of deemed escapement of income and such a case can be reopened under section 147 of the Act.

It is, therefore, proposed to amend the Income Tax Act to provide clarity that second proviso to section 92C should also be applicable to all proceedings which were pending on or on 01/10/2009. [Clause 36]

The amendments will take effect retrospectively from the first day of October, 2009. [Clause 36]

Filing of return of income, definition of international transaction, tolerance band for ALP, penalties and reassessment in transfer pricing cases

Section 139 of the Act provides for due date of filing return of income in case of various categories of persons. In addition to the provisions of income tax assesses who are engaged in international transactions are also required to prepare and file a Transfer Pricing report in Form 3CEB, as per Section 92E of the Act, before the due date of filing of return of income. [Clause 36]

It is noted that the assesses often face with special constraints of absence of sufficient contemporary data in public domain by their country which is currently the date of filing of return of income and Transfer Pricing report by 30th September.

Therefore, there is a need to amend section 139 of the Act to provide for filing of return of income in case of non-corporate taxpayers, who have undertaken international transactions and are required to obtain and file Transfer Pricing report as per Section 92E of the Act. The due date of filing of return of income in case of non-corporate assesses are extended to 30th November of the assessment year.

It is proposed to amend Section 139 of the Act, to provide that in case of all assesses who are required to obtain and file Transfer Pricing report as per Section 92E of the Act, the due date would be 30th November of the assessment year.

This amendment will take effect retrospectively from 1st April, 2012 and will, accordingly, apply in relation to the assessment year 2012-13 and subsequent assessment years.

Section 92B of the Act, provides an exclusive definition of International Transaction. Although, the definition is worded broadly, the current definition of International Transaction leaves scope for its misinterpretation.

The definition by its concise nature does not mention all the nature and details of transactions, taking benefit of which large number of international transactions are being reported by taxpayers in transfer pricing audit reports. In the definition, the term "intangible property" is included, still, due to lack of clarity in respect of scope of intangible property, the taxpayer have not reported several such transactions.

Certain judicial authorities have interpreted the term "intangible property" in a very restrictive manner, even where even if there is an international transaction Transfer Pricing provisions would not be applicable if it does not have bearing on profits or loss of current year or impact on profit and loss account is not determinable under normal computation provisions. The transfer pricing provisions, the present scheme of Transfer Pricing provisions does not require that international transaction should have bearing on profits or income of current year.

Therefore, there is a need to amend the definition of international transaction in order to clarify the true scope of the meaning of the term, "international transaction" and to clarify the term "intangible property" used in the definition.

It is, therefore, proposed to amend section 92B of the Act, to provide for the explanation to clarify meaning of international transaction and to clarify the term intangible property used in the definition of international transaction and to clarify that the international transaction shall include a transaction of business, whether by reorganisation, entered into by an enterprise with an associated enterprise, irrespective of the fact that it has bearing on the profit, income, losses or assets or such enterprises at the time of the transaction or at any future time.

This amendment will take effect retrospectively from 1st April, 2002 and will, accordingly, apply in relation to the assessment year 2002-03 and subsequent assessment years.

Section 92C provides methods for determination of Arm's Length Price (ALP). Sub-section (c) of the said section prescribes the methods of computation of Arm's Length Price. Sub-section (d) of the said section provides that if the application of the methods prescribed in sub-section (c) results in a price which is not in accordance with the ALP. The proviso to sub-section (d) of section 92C which was amended by Finance Act, 2011 provides that the Central Government may notify a percentage and if variation between the ALP so determined and the transaction price is not more than the notified percentage, the transaction price shall be deemed to be in accordance with the ALP.

There is a need to put an upper ceiling on such tolerance range, which is to be notified, in the legislation. It is, therefore, proposed to amend section 92C of the Act, so as to provide an upper ceiling of 5% in respect of power of Central Government to notify the tolerance range for determination of arm's length price.

This amendment will take effect from 1st April, 2012 and will, accordingly, apply in relation to the assessment year 2013-14 and subsequent assessment years.

Section 271A of the Income Tax Act provides a penalty of Rs. 1 lakh in cases where any person fails to furnish a report from a transfer pricing auditor. Section 271AA provides a penalty for failure to keep and maintain information and document in respect of international transactions.

Section 271G provides penalty for failure to furnish information or document under section 92B in an international transaction. Section 271C provides penalty for failure to furnish information or document under section 92B in an international transaction.

The above scheme of penalty provisions allows for misuse of provisions due to lack of effective deterrent. In order to suppress information about international transactions, some taxpayers may not furnish the report or get the Transfer Pricing audit report done. In such a situation, the penalty provisions do not deter the taxpayer from such transactions is not an effective deterrent. There is presently no penalty for non-reporting of an international transaction in report filed under section 92E, or maintenance or furnishing of incorrect information or documents. Therefore, there is a need to amend section 271A to provide levy of a penalty at the rate of 2% of the value of international transaction, if the taxpayer:

- (i) fails to maintain prescribed documents or information or fails to report any such information or information to be reported; or
- (ii) maintains or furnishes any incorrect information or documents.

This penalty would be in addition to penalties in section 271A and 271G.

This amendment will take effect from 1st April, 2012 and will, accordingly, apply in relation to the assessment year 2013-14 and subsequent assessment years.

Section 147 of the Act, provides for reopening of the cases of the previous years, if any income chargeable to tax has escaped assessment. In order to amend this section to provide certain circumstances where it will be deemed that income has escaped assessments.

Under the Act, income from an international transaction has to be computed in accordance with arm's length principle and transfer pricing provisions. In an international transaction, the income arising from such transaction has to be tested against the benchmark of arm's length price. In certain transactions, transaction value is arm's length price and no adjustment takes place in either direction. In an international transaction, if the price is not reported by the assessee, such transaction never gets benchmarked against arm's length principle. It is, therefore, imperative that non-reporting of international transaction should be treated as a presumption of escapement of income.

Therefore, proposed to amend Section 147 of the Act, to provide that in cases where it is found that an international transaction has not been reported or by non-filing of report or otherwise but not including such transaction in the report, the income arising from such transaction shall be considered as a case of deemed escapement of income and such a case can be reopened under section 147 of the Act.

This amendment will take effect from 1st July, 2012. [Clauses 34, 36, 56, 61, 93]

Appeal against the directions of the Dispute Resolution Panel (DRP)

The Dispute Resolution Panel (DRP) was created by Finance Act, 2009 with a view to bring about a speedy resolution of disputes relating to international transactions, particularly involving Transfer Pricing issues.

Under the provisions of sub-section (8) of section 144C, the DRP has the power to confirm, reduce or enhance the variations proposed in the draft order. The Income Tax Department does not have the right to appeal against the directions given by the DRP. The taxpayer has been given a right to appeal directly to the Income Tax Appellate Tribunal (ITAT). The order passed by the Assessing Officer is treated as the order of the DRP.

As the directions given by the DRP are binding on the Assessing Officer, it is accordingly proposed to provide that the Assessing Officer shall not be bound by the directions of the DRP.

It is, therefore, proposed to amend the provisions of section 253 and section 254 of the Income Tax Act to provide for filing of appeal by the Assessing Officer against an order passed in pursuance of directions of the DRP in respect of an objection filed on or after 1st July, 2012.

This amendment will take effect from the first day of July, 2012. [Clauses 90, 91]

Power of the DRP to enhance variations

Dispute Resolution Panel (DRP) has been constituted with a view to expeditiously resolve the cases involving transfer pricing issues in the case of any person having international transactions or in case of a foreign company, in order to provide a speedy resolution of

Authorisation or requisition and subsequent assessment in search cases
Under the existing provisions of section 132 and section 132A, an authorisation can be issued or a requisition can be made, as the case may be, where the Director General or the Director in consequence of information in his possession has reason to believe that any person has in his possession, custody or control any valuable article or thing (hereafter referred to as undisclosed income or property), then, he may authorise any Additional Director or Deputy Director to search, seize, examine, build, place, vehicle, etc. and seize any such books of accounts, other documents, undisclosed property, etc.

Where a search is initiated under section 132 or requisition is made under section 132A, assessment is to be completed under the provisions of section 132 and if such assessment was prior to 31st May, 2003 under Chapter XIV-B of the Act or section 143(3), etc.
In a recent Court decision, it has been held that in search cases arising on the basis of warrant of authorisation under section 132 of the Act, an authorisation must be issued individually and if it is not issued individually, assessment cannot be made in an individual capacity. It was also held that if the authorisation was issued collectively, the assessment should be made collectively in the name of all the persons in the status of association of persons/body of individuals.

This decision is not in accordance with the legislative intent.
It is accordingly proposed to amend the Income-tax Act to provide that -
(i) it shall not be necessary to issue an authorisation under section 132 or make a requisition under section 132A separately in the name of each person;
(ii) where an authorisation under section 132 has been issued or a requisition under section 132A has been made mentioning therein the name of more than one person, the mention of such names of more than one person or authorisation or requisition shall not be deemed to constitute that it was issued in the name of an association of persons or body of individuals consisting of such persons;
(iii) notwithstanding that an authorisation under section 132 has been issued or requisition under section 132A has been made mentioning therein the name of more than one person, the assessment and reassessment shall be made separately in the name of each of the persons mentioned in such authorisation or requisition.
These amendments will take effect retrospectively from the 1st day of April, 1976 and will accordingly apply to assessments year 1976-77 and subsequent assessment years.

Prohibition of cash donations in excess of ten thousand rupees
Section 80G of the Income-tax Act provides for a deduction in respect of donations to certain funds, charitable institutions, etc. subject to specified conditions. The deduction is allowed in respect of any donation being a sum of money, similarly, section 80GGA provides for a deduction in respect of donations to research associations, universities, colleges or other educational institutions, subject to specified conditions.
Currently, there is no provision in either of these sections specifying the mode of payment of money. Therefore, it is proposed to amend sections 80G and 80GGA so as to specify therein that any payment exceeding a sum of ten thousand rupees shall not be allowed as a deduction if such sum is paid by any mode other than cash.
These amendments will take effect from 1st April, 2013 and will, accordingly, apply to assessments year 2013-14 and subsequent assessment years. (Clause 25, 28)

Eligibility conditions for exempt life insurance policies
Under the existing provisions contained in section 10(10D) of the Income-tax Act, any sum received under a life insurance policy in the event of the death of the insured person is exempt from tax, provided that the sum assured would have been the minimum of the sum assured in any of the years of the policy, insertion of a new Explanation 2 has been proposed towards this effect by referring to the new definition of "actual capital sum assured" under Explanation 1 to section 10(10D) so as to provide that the exemption for insurance policies issued on or after 1st April, 2012 would only be available for policies where the premium payable for any of the years during the term of the policy does not exceed 10% of the actual capital sum assured.
Further, in order to ensure that the life insurance products are not designed to circumvent the prescribed limit by varying the conditions of the policy, it is also proposed to provide that the actual capital sum assured would be the minimum of the sum assured in any of the years of the policy, insertion of a new Explanation 2 has been proposed towards this effect by referring to the new definition of "actual capital sum assured" under Explanation 1 to section 10(10D) so as to provide that the exemption for insurance policies issued on or after 1st April, 2012 would only be available for policies where the premium payable for any of the years during the term of the policy does not exceed 10% of the actual capital sum assured.
This amendment will take effect from 1st April, 2013 and will, accordingly, apply in relation to the assessment year 2013-14 and subsequent assessment years. (Clause 5)

Eligibility condition for deduction in respect of life insurance policies
Section 80C of the Income-tax Act provides that in computing the total income of an assessee, being an individual or an HUF, a deduction of up to one lakh rupees for life insurance premium, contributions to any provident fund, mutual funds, subscription to a recognised stock exchange, contributions to a recognised provident fund, purchase of houses in India for residential purposes, fixed term deposits of not less than five years with a schedule bank, etc., is allowed.
The existing provisions contained in section 80C(3) provide that the deduction for life insurance premium shall be allowed for only so much of any premium or other payment made on an insurance policy as is not in excess of 10% of the actual capital sum assured.
It is proposed to amend the provisions to provide that the deduction for life insurance premium as regards insurance policies issued on or after 1st April, 2012 shall be allowed for only so much of the premium payable do not exceed 10% of the actual capital sum assured.

It is further proposed to insert the definition of "actual capital sum assured" so as to provide that the actual capital sum assured in relation to a life insurance policy shall be the minimum amount assured under the policy (including the sum assured in the event of death) as shown in the policy, but not exceeding the value of any premiums agreed to be returned, or (ii) any benefit by way of bonus or otherwise over and above the sum assured, as may be determined by the insurer, or (iii) the actual sum assured, whichever is the least. This amendment has been proposed to ensure that the life insurance products are not designed to circumvent the prescribed limits by varying the capital sum assured from year to year. This definition is also referred to in the proposed Explanation 2 in section 10(10D).
These amendments will take effect from 1st April, 2013 and will, accordingly, apply in relation to the assessment year 2013-14 and subsequent assessment years. (Clause 24)

CUSTOMS
Notes: "Customs Duty" means the customs duty levied under the Customs Act, 1962.
(b) "CVD" means the Additional Duty of Customs levied under sub-section (1) of section 3 of the Customs Act, 1962.
(c) "SAD" means the Special Additional Duty of Customs levied under sub-section (5) of section 3 of the Customs Act, 1962.
(d) "Export duty" means duty of customs leviable on goods specified in the Second Schedule to the Customs Act, 1962.
(e) Clause no. in square brackets [] indicate the relevant clause of the Finance Bill, 2012.
Amendments carried through the Finance Bill, 2012 come into effect on the date of its enactment unless otherwise specified.

AMENDMENTS IN THE CUSTOMS ACT, 1962:
1) Clause (1) of section 2 is being amended to include air freight stations in the definition of "customs airport".
2) Clause (aa) of section 7 is being amended to include "air-freight stations".
These amendments would empower the Central Board of Excise and Customs to appoint air freight stations for unloading of import cargo and loading of export cargo as in the case of inland container Depots.

3) The provisions of section 135 relating to the forfeiture of bills of lading, bills of exchange, bills of exchange, or willful mis-statement or suppression of facts by the importer or the exporter or the agent or consignee or the person responsible for the cargo, or the person who has been entrusted with the cargo as duty credit scrips, where the instrument was obtained by means of collusion or willful mis-statement or suppression of facts by the person to whom the instrument was issued or his agent or employee and not by the person to whom the instrument was issued or his agent or employee and not by the person to whom the instrument was issued without prejudice to any action that may be taken against the importer.
4) Section 28BA is being amended to make the provisions relating to provisional attachment of property applicable to the proposed Section 28AA.
5) Section 28AA is being amended to insert a proviso to provide that the Central Government may, by notification in the official Gazette, specify the class or classes of importers who shall pay customs duty electronically.
6) Sections 28AA and 28AB of the Customs Act were merged through the provisions of the Finance Act, 2011. Section 75A is being amended to substitute the reference to section 28AB with section 28AA. The amendment is also being given retrospective effect from 08.04.2011.
7) Section 28AA of the Customs Act provides that notwithstanding anything contained in the Code of Criminal Procedure, 1973, all offences under the Act (except an offence punishable with term of imprisonment of three years or more under section 135 shall be cognizable, and all offences punishable with term of imprisonment of three years or more under section 135 shall be cognizable.
8) Section 104A is being inserted to provide that bail in the case of offences punishable with a term of imprisonment of three years or more shall not be granted by a Court or Magistrate unless he is satisfied that an opportunity being given to the Public Prosecutor to present his case. It also provides that in the case of minors, infants and women, the Magistrate may grant bail. It also excludes the jurisdiction of police officers to initiate investigation of offences under the Act, except in the case of offences punishable with a term of imprisonment of three years or more under section 135 shall be cognizable.
9) Section 122 is being amended to enhance the monetary limits for adjudication of cases involving confiscation of goods and imposition of penalty from Rupees two lakhs to Rupees five lakhs for Deputy Commissioners and from Rs.10,000 to Rs.50,000 for Gazetted officer lower in rank to Assistant/ Deputy Commissioners.
10) Section 138 deals with summary trial of offences. This section is being amended to exclude offences punishable with term of imprisonment of three years or more under section 135 since it is being proposed that such offences shall be cognizable.
11) Section 153 is being amended to bring "courier services" within its ambit for the purpose of serving any order/decision/summons/notice by the Commissioner.
12) Section 154 is being amended to include "foreign goods" in the definition of "goods" for the purpose of section 154.
13) Section 155 is being amended to provide for the period from 1st March, 2011 to 16th March, 2012.

AMENDMENTS IN CUSTOMS TARIFF ACT, 1975:
1) Section 8C empowers the Central Government to levy safeguard duty on imports from Peoples' Republic of China. It is being amended to provide that in addition to the safeguard duty, the Government may also impose such duties or charges as may be imposed in India so as to cause or threaten to cause market disruption to domestic industry even though the latter has taken measures to adjust to such disruption. The tariff item would also be added to the Tariff Schedule under the heading "Safeguard Duty".
2) The First Schedule to the Customs Tariff Act, 1975 is being amended to provide for the following:
(a) revise the length of the lowest slab of both filter and non-filter cigarettes of length not exceeding 60 millimetres or exceeding 60 millimetres to length exceeding 60 millimetres or not exceeding 60 millimetres respectively;
(b) revise the description of tariff items 2601.10 to 2610.10 relating with iron ore and concentrates based on Fe content.
3) Insert Note 13 in Chapter 48 to provide that notwithstanding anything contained in Note 12, if the paper and paper products of heading 4811, 4816 or 4820 are printed with any character, name, logo, motif or format they shall remain classified under heading 48 as long as such products are intended to be used for further printing. This will prevent classification disparity.
4) This section is being amended to provide for the following:
(a) align the entries relating to copper scrap, brass scrap, nickel scrap, aluminium scrap, lead scrap and resin scrap with the corresponding entries in the Central Excise Tariff Act, 1994;
(b) enhance the rate of basic customs duty on bicycles from 10% to 30% and on parts of bicycles from 10% to 20%.
5) The Second Schedule to the Customs Tariff Act is being amended to enhance the rate of export duty on chromium ore from Rs. 3000 per tonne to 30% ad valorem.
6) The changes at para 2(i) and 3(i) will come into effect immediately owing to a declaration under the Provisional Collection of Taxes Act, 1931.

CENTRAL EXCISE
AMENDMENTS IN CENTRAL EXCISE ACT, 1944:
1) Section 4 deals with the determination of value of excisable goods chargeable to duty on ad valorem basis. It is being amended to incorporate the definition of "inter-connected undertakings" contained in the Monopolies and Restrictive Trade Practices Act, 1969 as the latter has been repealed.
2) Section 9 provides that cases of evasion in which the duty leviable exceeds Rupees one lakh shall be punishable with a term of imprisonment extending to seven years and with fine. The section is being amended to substitute this amount with Rupees thirty lakh.
3) Section 9A is being amended to provide that in the case of evasion in which the duty leviable exceeds with imprisonment of three years or more under section 9, shall be non-cognizable.
4) Section 11A is being amended to exclude the period of one year in computing the period of one year or five years in the case of any case may be, for issuance of show cause notice.
5) Section 11AC provides for reduced penalty if the duty along with interest is paid within 30 days of the completion of the period of one year or five years. The benefit of reduced penalty is being provided to the assessee if the reduced penalty is also paid within the specified period of three days.
6) Section 12F relating to search and seizure is being amended to align the provisions with Customs Act.
7) Section 13 dealing with the power to arrest is being substituted to align the provisions with Customs Act and to provide that offences punishable with imprisonment of three years or more shall be cognizable.
8) Section 13A is being inserted to provide that bail in the case of offences punishable with a term of imprisonment of three years or more shall not be granted by a Court or Magistrate unless he is satisfied that an opportunity being given to the Public Prosecutor to present his case. It also provides that in the case of minors, infants and women, the Magistrate may grant bail. It also excludes the jurisdiction of police officers to initiate investigation of offences under the Central Excise Act, except in the case of offences punishable with a term of imprisonment of three years or more under section 9, shall be non-cognizable.
9) Section 15 is being amended to provide that save as provided under the Central Excise Act, search shall be carried out as per the procedure laid down in the Code of Criminal Procedure.
10) Section 19 dealing with disposal of persons arrested is being omitted as a consequential change.
11) Section 20 is being amended to carry out consequential changes in view of omission of section 19.
12) Notification No.1/2010-Ce dated 6th February, 2010 provides exemption from Central Excise duty on goods cleared from new units or units that have undertaken substantial expansion in the State of Jammu and Kashmir. It is being amended to provide that the exemption shall be available to units that have undertaken substantial expansion in terms of the notification, the expansion period of ten years would be computed from the date of commercial production from the expanded capacity. This would clarify the policy.
13) The Third Schedule of the Central Excise Act relating to the deeming of certain processes as amounting to "manufacturing" is being amended to include cigarettes. Accordingly, the packing, or repacking in a unit container, labelling or relabelling of cigarettes is being deemed to be a process amounting to "manufacturing" if any of the following conditions are satisfied:
(a) the process is carried out in a unit container;
(b) the process is carried out in a unit container;
(c) the process is carried out in a unit container;
(d) the process is carried out in a unit container;
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(c) in sub-section (3), for the words "the assessee", wherever they occur, the words "the assessee or the deductor" shall respectively be substituted.

(d) in sub-section (5), the following sub-section shall be substituted, namely:—

"(5) Where any such amount is effect of reducing the assessment or otherwise reducing the liability of the assessee or the deductor, the Assessing Officer shall make any refund which may be due to such assessee or the deductor."

(e) in sub-section (6), for the words "already made, the Assessing Officer shall serve on the assessee", the words "already made or otherwise increasing the liability of the assessee or the deductor, the Assessing Officer shall serve on the assessee or the deductor, as the case may be" shall be substituted;

(f) in sub-section (8), for the words "by the assessee", the words "by the assessee or by the deductor" shall be substituted.

66. In section 156 of the Income-tax Act, for the proviso, the following proviso shall be substituted with effect from the 1st day of July, 2012, namely:—

"Provided that where the assessee is determined to be payable by the assessee or by the deductor under sub-section (1) of section 143 or sub-section (1) of section 200A, the intimation under those sub-sections shall be deemed to be a notice of demand for the purposes of this section."

67. In section 158 of the Income-tax Act, for the proviso, the following clause shall be substituted with effect from the 1st day of July, 2012, namely:—

(a) any interest payable to an individual or a Hindu undivided family, who is resident in India, on any deposit made by a company in which the assessee is substantially interested, if—

(i) the amount of interest, as the case may be, the aggregate amount of such interest paid or likely to be paid on any account during the financial year by the company to such individual or Hindu undivided family does not exceed five thousand rupees; and

(ii) such interest is paid by the company by an account payee cheque;

(b) in section 194E of the Income-tax Act, with effect from the 1st day of July, 2012—

(a) after the words and brackets "is payable to a non-resident sportsman (including an athlete)", the words "or an entertainer", shall be inserted;

(b) after the words "an per cent", the words "twenty per cent" shall be substituted;

71. In section 194 of the Income-tax Act, in sub-section (1), after clause (b), the following clause shall be inserted with effect from the 1st day of July, 2012, namely:—

"(ba) any remuneration or fees or commission by whatever name called, other than those on which tax is deductible under section 192, to a director of a company; or"

72. In section 194A of the Income-tax Act, for the words "one hundred thousand rupees", the words "two hundred thousand rupees" shall be substituted with effect from the 1st day of July, 2012.

73. After section 194A of the Income-tax Act, the following section shall be inserted with effect from the 1st day of July, 2012, namely:—

194A. (1) Any person, being a transferee, responsible for paying (other than the person referred to in section 194A) to a resident transferee any sum by way of consideration for transfer of any immovable property (other than agricultural land) or the credit of such sum to the account of the transferee or at the time of payment of such sum in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct an amount equal to one per cent of such sum in respect of such transfer, if the transferee is a resident.

(2) No deduction under sub-section (1) shall be made where consideration paid or payable for the transfer of an immovable property is less than fifty lakh rupees in case such immovable property is situated in a specified area or less than twenty lakh rupees in case such immovable property is situated in any other area.

(3) Where the consideration paid or payable for the transfer of an immovable property is less than the value adopted or assessed or assessable value of such property, the value adopted or assessed or assessable value of such property, shall be deemed to be the consideration paid or payable for the transfer of such immovable property.

(4) Notwithstanding anything contained in any other law for the time being in force, where any document required to be registered under any law for the time being in force, the person referred to in sub-section (1) of section 194A of the Income-tax Act, 1961, purports to transfer, assign, limit or extinguish the right, title or interest of any person or to any immovable property and in respect of which tax is required to be deducted under sub-section (1) of section 194A, the person referred to in sub-section (1) of section 194A shall be deemed to be the person referred to in section 194A in accordance with the provisions of this section and payment of sum so deducted shall be the credit of such sum to the account of the transferee.

(5) The provisions of section 203A shall not apply to a person required to deduct tax in accordance with the provisions of this section.

Explanation.—For the purposes of this section,—

(a) "agricultural land" means agricultural land in India, not being land situated in any area referred to in items (a) to (d) of clause (i) of section 194A; and

(b) "immovable property" means any land in India (other than agricultural land) or any building or part of a building; and "specified area" means an area comprising—

(i) Delhi urban agglomeration;

(ii) Kolkata urban agglomeration;

(iii) Chennai urban agglomeration;

(iv) Hyderabad urban agglomeration;

(v) Bangalore urban agglomeration;

(vi) Ahmedabad urban agglomeration;

(vii) District of Faridabad;

(viii) District of Gurgaon;

(ix) District of Gaudhara Nagar;

(x) District of Gandhinagar;

(xi) District of Gandhinagar;

(xii) District of Gandhinagar;

(xiii) District of Gandhinagar;

(xiv) District of Gandhinagar;

(xv) District of Gandhinagar;

(xvi) District of Gandhinagar;

(xvii) District of Gandhinagar;

(xviii) District of Gandhinagar;

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(xxvi) District of Gandhinagar;

(xxvii) District of Gandhinagar;

(xxviii) District of Gandhinagar;

(xxix) District of Gandhinagar;

(xxx) District of Gandhinagar;

(xxxi) District of Gandhinagar;

(xxxii) District of Gandhinagar;

(xxxiii) District of Gandhinagar;

(xxxiv) District of Gandhinagar;

(xxxv) District of Gandhinagar;

(xxxvi) District of Gandhinagar;

(xxxvii) District of Gandhinagar;

(xxxviii) District of Gandhinagar;

(xxxix) District of Gandhinagar;

(xl) District of Gandhinagar;

(xli) District of Gandhinagar;

(xlii) District of Gandhinagar;

(xliiii) District of Gandhinagar;

(xliv) District of Gandhinagar;

(xlv) District of Gandhinagar;

(xlvi) District of Gandhinagar;

(xlvii) District of Gandhinagar;

(xlviii) District of Gandhinagar;

(xlvix) District of Gandhinagar;

(xl) District of Gandhinagar;

(xli) District of Gandhinagar;

(xlii) District of Gandhinagar;

(xliiii) District of Gandhinagar;

(xliiiii) District of Gandhinagar;

(xlv) District of Gandhinagar;

81. In section 209 of the Income-tax Act, in sub-section (1), in clause (d), the following proviso shall be inserted, namely:—

"Provided that for computing liability for advance tax, income-tax calculated under clause (a) or clause (b) or clause (c) shall not, in each case, be reduced by the amount of income-tax which would be deductible or collectible at source during the financial year under any provision of this Act or from any income, if the person referred to in sub-section (1) has not been assessed or if he has been assessed and he has not been assessed or debited by the person responsible for collecting tax without collection of such tax."

82. In section 234A of the Income-tax Act, in sub-section (1), in clause (iv), after the words, figures and letters "and section 234B of the Income-tax Act", the words, figures and letters "and section 234C of the Income-tax Act" shall be inserted with effect from the 1st day of April, 2013.

83. In section 234B of the Income-tax Act, in sub-section (1), in Explanation 1, in clause (v), after the words, figures and letters "section 115IAA", the words, figures and letters "or section 115BD" shall be inserted with effect from the 1st day of April, 2013.

84. In section 234C of the Income-tax Act, in sub-section (1), in Explanation 1, in clause (v), after the words, figures and letters "section 115IAA", the words, figures and letters "or section 115BD" shall be inserted with effect from the 1st day of April, 2013.

85. In section 234D of the Income-tax Act, the Explanation shall be numbered as Explanation 1 thereof and after Explanation 1 as so numbered, the following Explanation shall be inserted and shall be deemed to have effect from the 1st day of July, 2012, namely:—

"Explanation 2.—For the removal of doubts, it is hereby declared that the provisions of this section shall also apply to an assessment year commencing before the 1st day of June, 2003, if the proceedings in respect of such assessment year were not completed before the 1st day of July, 2012."

86. After section 234D of the Income-tax Act, the following sub-heading and section shall be inserted with effect from the 1st day of July, 2012, namely:—

234E. (1) Without prejudice to the provisions of the Act, where a person fails to deliver or cause to be delivered a statement within the time prescribed in sub-section (3) of section 200 or the proviso to sub-section (3) of section 206, he shall be liable to pay, by way of fee, a sum of two hundred rupees for every day during which the failure continues.

(2) The amount of fee referred to in sub-section (1) shall not exceed the amount of tax deductible or collectible, as the case may be.

(3) The amount of fee referred to in sub-section (1) shall be paid before delivering or causing to be delivered a statement in accordance with the provisions of sub-section (3) of section 200 or the proviso to sub-section (3) of section 206.

(4) The provisions of this section shall apply to a statement referred to in sub-section (3) of section 200 or the proviso to sub-section (3) of section 206 which is to be delivered or caused to be delivered for tax deducted at source.

87. In section 245C of the Income-tax Act, in sub-section (1), in the proviso, in Explanation, in clause (b), for the words "at any time during the previous year", at both the places where they occur, the words "on the date of the assessment or reassessment" shall be substituted with effect from the 1st day of July, 2012.

88. In section 245D of the Income-tax Act, in sub-section (2), for the words "two hundred five hundred rupees" wherever they occur, the words "two hundred rupees" shall be substituted with effect from the 1st day of July, 2012.

89. In section 246A of the Income-tax Act, in sub-section (1),—

(a) after the words "the assessee or the deductor aggrieved" shall be substituted with effect from the 1st day of July, 2012, namely:—

"(a) in clause (i),—

(i) after the words and figures "section 143, where the assessee objects", the words, figures, brackets and letter "or section 143A or section 143B, where the assessee or the deductor objects" shall be substituted with effect from the 1st day of July, 2012;

(ii) for the words "except an order passed in pursuance of directions of the Dispute Resolution Panel", the brackets, words, figures and letters "except an order passed in pursuance of directions of the Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(iii) for the words "except an order passed in pursuance of directions of the Dispute Resolution Panel", the brackets, words, figures and letters "except an order passed in pursuance of directions of the Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(iv) for the words "except an order passed in pursuance of directions of the Dispute Resolution Panel", the brackets, words, figures and letters "except an order passed in pursuance of directions of the Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(v) for the words, figures and letters "under section 153A", the words, figures and letters "under section 153A or section 153B" shall be substituted with effect from the 1st day of July, 2012;

(vi) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(vii) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(viii) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(ix) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(x) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xi) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xii) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xiii) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xiv) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xv) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xvi) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xvii) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xviii) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xix) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xx) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xxi) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xxii) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xxiii) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xxiv) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xxv) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xxvi) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xxvii) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xxviii) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xxix) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xxx) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xxxi) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xxxii) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xxxiii) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xxxiv) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xxxv) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xxxvi) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xxxvii) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xxxviii) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xxxix) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xl) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xli) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xlii) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xliiii) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xliiiii) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xlv) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xlvi) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xlvii) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xlviii) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xlvix) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xlv) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xlv) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xlv) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xlv) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xlv) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xlv) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xlv) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(xlv) for the words "the Dispute Resolution Panel", the words, brackets, figures and letters, "Dispute Resolution Panel or an order referred to in sub-section (12) of section

Rule 8.—(1) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 2012, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011, is a loss, then, for the purposes of sub-section (1) of section 10, the following provisions shall apply—

(i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2007, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011;

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2005, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011;

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2006, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011;

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2007, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011;

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2008, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011;

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2009, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011;

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2010, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2010 or the 1st day of April, 2011;

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2011, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2011 or the 1st day of April, 2012.

(2) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 2012, or, if by virtue of the provisions of the Income-tax Act, income is to be charged to him in respect of the income of a period other than the previous year, in such other period, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012, is a loss, then, for the purposes of sub-section (1) of section 10, the following provisions shall apply—

(i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2005, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012;

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2006, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012;

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2007, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012;

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2008, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012;

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2009, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012;

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2010, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012;

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2011, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2011 or the 1st day of April, 2012.

(3) Where any person has, in the previous year relevant to the assessment year commencing on the 1st day of April, 2012, or, if by virtue of the provisions of the Income-tax Act, income is to be charged to him in respect of the income of a period other than the previous year, in such other period, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012, is a loss, then, for the purposes of sub-section (1) of section 10, the following provisions shall apply—

(i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2005, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012;

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2006, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012;

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2007, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012;

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2008, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012;

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2009, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012;

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2010, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012;

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2011, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2011 or the 1st day of April, 2012.

THE SECOND SCHEDULE (Section 12H)

Description of item and its exemption	Unit	Rate of Duty	Differential
(1)	(2)	(3)	(4)
(1) Period of effect			
(2) Foreign-going vessels			
Explanation.—For the purpose of this exemption, "foreign-going vessels" shall have the meaning assigned to it under clause (2) of section 2 of the Customs Act, 1962.			
THE THIRD SCHEDULE (Section 12J)			
In the First Schedule to the Customs Tariff Act,—			
(1) In Chapter 24, in the entry in column (2) occurring against the tariff items 2402 20 10, 2402 20 30, 2402 30 30 and 2402 40 20, for the figures and word "60 millimetres", the figures and word "65 millimetres" shall be substituted;			
(2) In Chapter 26, in heading 2601, in sub-heading 2601 11, for tariff items 2601 11 10 to 2601 11 90 and the entries relating thereto, the following tariff items and entries shall be substituted, namely—			
Tariff item	Description of goods	Unit	Rate of Duty
(1)	(2)	(3)	(4)
2601 11 11	Iron or iron lamps (60% Fe or more)	Kg.	10%
2601 11 12	60% Fe or more but below 62% Fe	Kg.	10%
2601 11 13	62% Fe or more but below 65% Fe	Kg.	10%
2601 11 39	Iron or iron lamps (below 60% Fe, including black iron)	Kg.	10%
2601 11 41	Below 55% Fe	Kg.	10%
2601 11 42	55% Fe or more but below 58% Fe	Kg.	10%
2601 11 43	58% Fe or more but below 60% Fe	Kg.	10%
2601 11 49	60% Fe or more but below 62% Fe	Kg.	10%
2601 11 90	Others	Kg.	10%

(3) In Chapter 48, after Note 12, the following Note shall be inserted, namely—

"13. Notwithstanding anything contained in Note 12, if paper and paper products of heading 4811, 4816 or 4820 are printed with or without any letter, figure or other mark, they shall remain eligible for the respective headings as long as such products are intended to be used for further printing or writing."

(4) In Chapter 74, in heading 7404, for the entry in column (2), for the words "SRSI code word 'Palms'", the following words shall be substituted, namely—

"SRSI code word 'Palms'";

Miscellaneous copper-containing skinnings, grindings, ashes, irony brass and copper, residues and slags covered by SRSI code word 'Dross';

Copper wire scrap with various types of insulation covered by SRSI code word 'Druid';

(b) in tariff item 7404 02 22, in the entry in column (2), for the words "SRSI code word 'Parch'", the following words shall be substituted, namely—

"SRSI code word 'Parch'";

High grade Low Lead Bronze/Brass Solids covered by SRSI code word 'Eland';

Clean fire bronze solids and borings covered by SRSI code word 'Elaid';

Clean fire 70/30 brass shell cases free of primers and any other foreign material covered by SRSI code word 'Lace';

Clean fire 70/30 brass shell cases containing the brass primers and containing no other foreign material covered by SRSI code word 'Lace';

Clean fire 70/30 brass shells free of bullets, iron and any other foreign material covered by SRSI code word 'Lace';

(b) in tariff item 7404 02 22, in the entry in column (2), for the words "SRSI code word 'Palms'", the following words shall be substituted, namely—

"SRSI code word 'Palms'";

"Other floating structures";

Nickel-iron batteries to be sold free of crates, copper terminal connectors and excess liquid, must be free of nickel cadmium batteries covered by SRSI code word 'Yaum';

(b) in Chapter 76, in heading 7602, in tariff item 7602 00 10, in column (2), for the words "SRSI code word 'Palms'", the following words shall be substituted, namely—

"SRSI code word 'Palms'";

(c) for the words "SRSI code word 'Tann'", the following words shall be substituted, namely—

"SRSI code word 'Tann'";

(d) for the words "SRSI code word 'Tann'", the following words shall be substituted, namely—

"SRSI code word 'Tann'";

(e) for the words "SRSI code word 'Tann'", the following words shall be substituted, namely—

"SRSI code word 'Tann'";

"New aluminium foil covered by SRSI code word 'Tetra';

High lead bronze solids and borings covered by SRSI code word 'Elaid';

(b) for the words "SRSI code word 'Twitch'", the following words and brackets shall be substituted, namely—

"SRSI code word 'Twitch'";

Aluminium auto or tractor wheels covered by SRSI code word 'Troma';

Fragmenter aluminium scrap from automobile shredders covered by SRSI code word 'Tweak';

Burnt Fragmenter aluminium scrap from automobile shredders covered by SRSI code word 'Twin';

Shredded non-ferrous scrap (predominantly aluminium) covered by SRSI code word 'Twin';

Aluminium dross, patterns, spellings, skinnings and sweepings covered by SRSI code word 'Twin';

Aluminium production aluminium scrap from aluminium extrusions covered by SRSI code word 'Twin';

All aluminium radiators from skinnings covered by SRSI code word 'Twin';

Aluminium extrusions 10/10 covered by SRSI code word 'Toto';

Aluminium extrusions 10/10 covered by SRSI code word 'Toto';

(b) in Chapter 78, in tariff item 7802 00 10, in the entry in column (2), for the words "SRSI code word 'Roses'", the following words and brackets shall be substituted, namely—

"SRSI code word 'Roses'";

Lead battery plates whether automotive, industrial or mixed covered by SRSI code word 'Rais';

The plates whether lead or lead alloy covered by SRSI code word 'Rais';

Battery lugs free of scrap lead, which weights, brass plates, rubber or plastic case material and other foreign material covered by SRSI code word 'Rais';

Clean fire covered copper cable free of armoured covering cable and foreign material covered by SRSI code word 'Rais';

Lead cross covered by SRSI code word 'Rais';

Scrap wire which contains any of the following: (a) starting, lighting and ignition, automotive, truck, 8-D and commercial golf cart and marine type batteries covered by SRSI code word 'Rais';

Scrap Industrial Inert lead cells consisting of plates enclosed by some form of complete plastic case covered by SRSI code word 'Rais';

Scrap which contains any of the following: (a) starting, lighting and ignition, automotive, truck, 8-D and commercial golf cart and marine type batteries covered by SRSI code word 'Rais';

(b) in Chapter 79, in tariff item 7902 00 10, in the entry in column (2), for the word "oxidation", the following words and brackets shall be substituted, namely—

"oxidation";

Unsorted zinc die cast scrap produced from automobile fragmenters containing about 5% zinc-bearing scrap covered by SRSI code word 'Scroil';

(b) in Chapter 79,—

(a) in tariff item 7902 00 10, for the entry in column (4), the entry "30%" shall be substituted;

(b) in tariff items 7914 90 10 to 7914 90 90, for the entry in column (4), the entry "30%" shall be substituted.

THE FOURTH SCHEDULE (Section 13)

In the Second Schedule to the Customs Tariff Act, serial No. 24 relating to Chromium ore and concentrates, all sorts, for the entry in column (4), the entry "30%" shall be substituted.

THE FIFTH SCHEDULE (Section 13B)

Notification number	Amendment	Date of effect of said amendment

(1) G.S.R. 62 (E), dated the 6th February, 2010 [1/2010-Central Excise, dated the 6th February, 2010].

In the said notification, in paragraph 9, for the words "from the date of publication of this notification or from the date of commercial production whichever is later", the following words shall be substituted, namely—

"From the date of commercial production, or from the date of commercial production from the expanded capacity referred to in sub-clause (c) of clause (b) of paragraph 8, as the case may be".

6th day of February, 2010.

THE SIXTH SCHEDULE (Section 140)

In the Third Schedule to the Central Excise Act, after S.No. 26 and the entries relating thereto, the following S.No. and entries shall be substituted, namely—

S.No.	Heading, sub-heading or tariff item	Description of goods
(1)	2602 20 10 to 2402 20 30	All goods."

THE SEVENTH SCHEDULE (Section 141)

In the First Schedule to the Central Excise Tariff Act,—

(1) In Chapter 4, in tariff items 4022 10 10 and 0402 20 20, for the entry in column (4), the entry "12%" shall be substituted;

(2) In Chapter 11,—

(a) for the entry in column (4) occurring against all the tariff items of heading 1107, the entry "12%" shall be substituted;

(b) for the entry in column (4) occurring against all the tariff items of heading 1108 (except tariff item 1108 20 00), the entry "12%" shall be substituted;

(c) in tariff item 1113, for the entry in column (4) occurring against all the tariff items, the entry "12%" shall be substituted;

(d) in Chapter 14, in tariff item 1404 90 00, for the entry in column (4), the entry "6%" shall be substituted;

(e) in Chapter 15,—

(i) in tariff items headings 1501 and 1502, for the entry in column (4), the entry "6%" shall be substituted;

(ii) in tariff item 1503 00 00, for the entry in column (4), the entry "12%" shall be substituted;

(iii) in the tariff items headings 1504 to 1516 and ISIP (except ISIP 10 22), for the entry in column (4), the entry "6%" shall be substituted;

(iv) in all the tariff items of heading 1518, for the entry in column (4), the entry "6%" shall be substituted;

(v) in tariff item 1520 00 00, for the entry in column (4), the entry "12%" shall be substituted;

(vi) in the tariff items of heading 1522, for the entry in column (4), the entry "12%" shall be substituted;

(vii) in Chapter 16, for the entry in column (4) occurring against all the tariff items, the entry "6%" shall be substituted;

(7) In Chapter 17,—

(a) for the entry in column (4) occurring against all the tariff items of headings 1701 (except tariff items 1701 13 20 and 1701 14 20), 1702 (except tariff item 1702 90 10) and 1704, the entry "12%" shall be substituted;

(b) in tariff items 1701 13 20 and 1701 14 20, for the entry in column (4), the entry "6%" shall be substituted;

(c) in Chapter 18, for the entry in column (4) occurring against all the tariff items, the entry "12%" shall be substituted;

(d) in the tariff items 1901 10 10 and 1901 90 10, for the entry in column (4), the entry "6%" shall be substituted;

(e) in tariff items 1901 20 00, 1901 10 90 and 1901 90 90, for the entry in column (4), the entry "12%" shall be substituted;

(f) in the tariff items 1902 10 10, 1902 10 90, 1902 20 10, 1902 30 10 and 1902 30 90, for the entry in column (4), the entry "6%" shall be substituted;

(g) in the tariff items 1902 40 10 and 1902 40 90, for the entry in column (4), the entry "12%" shall be substituted;

(h) in tariff item 1903 00 00, for the entry in column (4), the entry "6%" shall be substituted;

(i) in the tariff items in column (4) occurring against all the tariff items of heading 1904, the entry "12%" shall be substituted;

(j) in tariff item 1905 31 00, for the entry in column (4), the entry "6%" shall be substituted;

(k) in tariff items 1905 32 11, 1905 32 19 and 1905 32 90, for the entry in column (4), the entry "12%" shall be substituted;

(l) in Chapter 20,—

(i) in the entry in column (4) occurring against all the tariff items of heading 2101 (except tariff items 2101 30 10, 2101 30 20 and 2101 30 90), the entry "12%" shall be substituted;

(ii) in the entry in column (4) occurring against all the tariff items of headings 2102, 2103 and 2104, the entry "12%" shall be substituted;

(iii) in tariff item 2105 00 00, for the entry in column (4), the entry "6%" shall be substituted;

(iv) in the entry in column (4) occurring against all the tariff items of heading 2106 (except 2106 90 20 and 2106 90 90), the entry "12%" shall be substituted;

(v) in the entry in column (4) occurring against all the tariff items of heading 2107 (except 2107 90 20 and 2107 90 90), the entry "6%" shall be substituted;

(vi) for the entry in column (4) occurring against all the tariff items of heading 2201 (except 2201 90 10 and 2201 90 20), the entry "12%" shall be substituted;

(vii) in the entry in column (4) occurring against all the tariff items of heading 2202 (except 2202 90 10 and 2202 90 20), the entry "12%" shall be substituted;

(viii) in the entry in column (4) occurring against all the tariff items of heading 2209, the entry "12%" shall be substituted;

(ix) in Chapter 23,—

(i) in the tariff items 2302 10 10 and 2402 10 20, for the entry in column (4), the entry "12% or Rs.1370 per thousand whichever is higher" shall be substituted;

(ii) in the entry in column (2) occurring against the tariff item 2402 20 10, for the figures and word "60 millimetres" or "65 millimetres" shall be substituted;

(iii) in tariff item 2402 20 20, for the figures and word "60 millimetres", the figures and word "65 millimetres" shall be substituted;

(iv) in the entry in column (2), for the figures and word "60 millimetres", the figures and word "65 millimetres" shall be substituted;

(v) in the entry in column (4), the entry "10% + Rs. 128 per thousand" shall be substituted;

(vi) in the entry in column (2) occurring against the tariff item 2402 20 30, for the figures and word "60 millimetres" or "65 millimetres" shall be substituted;

(vii) in the entry in column (4), the entry "12%" shall be substituted;

(viii) in the entry in column (2), for the figures and word "60 millimetres", the figures and word "65 millimetres" shall be substituted;

(ix) in the entry in column (4), the entry "10% + Rs. 869 per thousand" shall be substituted;

(x) in the entry in column (4), the entry "10% + Rs. 126 per thousand" shall be substituted;

(xi) in tariff item 2402 20 60, for the entry in column (4), the entry "10% + Rs. 1624 per thousand" shall be substituted;

(xii) in tariff item 2402 20 90, for the entry in column (4), the entry "10% + Rs. 1948 per thousand" shall be substituted;

(14) In Chapter 25,—

(a) in Note 6, for the words "or polishing" shall be omitted;

(b) in the entry in column (4) occurring against all the tariff items of heading 2501 (except 2501 10 10), for the entry in column (4), the entry "12%" shall be substituted;

(c) in the tariff items 2515 12 20 and 2515 12 90, for the entry in column (4), the entry "12%" shall be substituted;

(d) in the entry in column (4) occurring against all the tariff items of heading 2523 (except 2523 10 10), for the entry in column (4), the entry "12%" shall be substituted;

(e) in the entry in column (4) occurring against all the tariff items of heading 2523 90 10, for the entry in column (4), the entry "12%" shall be substituted;

(f) in the entry in column (4) occurring against all the tariff items of heading 2523 90 20, for the entry in column (4), the entry "12%" shall be substituted;

(g) in the entry in column (4) occurring against all the tariff items of heading 2523 90 90, for the entry in column (4), the entry "12%" shall be substituted;

(15) In Chapter 26,—

(a) in heading 2601, for the tariff items 2601 11 10 to 2601 11 90 and the entries relating thereto, the following tariff items and entries shall be substituted, namely—

(1)	(2)	(3)	(4)
2601 11 11	Iron or iron lamps (60% Fe or more)	Kg.	12%
2601 11 12	60% Fe or more but below 62% Fe	Kg.	12%
2601 11 13	62% Fe or more but below 65% Fe	Kg.	12%
2601 11 39	Iron or iron lamps (below 60% Fe, including black iron or containing up to 10% Mn)	Kg.	12%
2601 11 41	Below 55% Fe	Kg.	12%
2601 11 42	55% Fe or more but below 58% Fe	Kg.	12%
2601 11 43	58% Fe or more but below 60% Fe	Kg.	12%
2601 11 49	60% Fe or more but below 62% Fe	Kg.	12%
2601 11 90	Others	Kg.	12%

(b) in the entry in column (4), the entry "12%" shall be substituted;

(c) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "12%" shall be substituted;

(d) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "12%" shall be substituted;

(e) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "12%" shall be substituted;

(f) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "12%" shall be substituted;

(g) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "12%" shall be substituted;

(h) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "12%" shall be substituted;

(i) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "12%" shall be substituted;

(j) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "12%" shall be substituted;

(k) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "12%" shall be substituted;

(l) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "12%" shall be substituted;

(m) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "12%" shall be substituted;

(n) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "12%" shall be substituted;

(o) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "12%" shall be substituted;

(p) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "12%" shall be substituted;

(q) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "12%" shall be substituted;

(r) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "12%" shall be substituted;

(s) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "12%" shall be substituted;

(t) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "12%" shall be substituted;

(u) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "12%" shall be substituted;

(v) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "12%" shall be substituted;

(w) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "12%" shall be substituted;

(x) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "12%" shall be substituted;

(y) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "12%" shall be substituted;

(z) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "12%" shall be substituted;

(aa) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "12%" shall be substituted;

(ab) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "12%" shall be substituted;

(ac) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "12%" shall be substituted;

(ad) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "12%" shall be substituted;

(ae) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "12%" shall be substituted;

(af) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "12%" shall be substituted;

(ag) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "12%" shall be substituted;

(ah) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "12%" shall be substituted;

(ai) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "12%" shall be substituted;

(aj) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "12%" shall be substituted;

(ak) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "12%" shall be substituted;

(al) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "12%" shall be substituted;

(am) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "12%" shall be substituted;

(an) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "12%" shall be substituted;

(ao) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "12%" shall be substituted;

(ap) in the entry in column (4) occurring against all the tariff items of heading 2602, the entry "

amount refunded under sub-section (1) of section 143 except the amount refundable on regular assessment, then, the assessee shall be liable to pay simple interest at the rate of one-half per cent, on the whole or the excess amount so refunded for every day or part of a day from the date of the order of such regular assessment.

The Explanation to the aforesaid section provides that where, in relation to an assessment year, an assessment is made for the first time under section 147 or section 153A, the assessment so made shall be regarded as a regular assessment for the purposes of the said section.

It is proposed to amend section 206C which provides that the provisions of this section shall also apply to an assessment year commencing before the 1st day of June, 2003 if the proceedings in respect of such assessment year is completed after the said date.

The amendments will take effect retrospectively from 1st June, 2003.

Clause 86 of the Bill seeks to insert a new sub-heading "Lo-Loyalty of In certain cases" and a new section 244A in the Income-tax Act, to read as follows:

Section 244A. Incentive for new set-up:

It is proposed to insert a new section 243E so to provide that—

- (1) Notwithstanding to the provisions of the Act, where a person fails to deliver or cause to be delivered a statement within the time specified in sub-section (1) of section 206C, he shall be liable to pay, by way of, fee, a sum of two hundred rupees for every day during which the failure continues.
- (2) The amount of fee referred to in sub-section (1) shall not exceed the amount of tax deductible or collectible, as the case may be.
- (3) The amount of fee referred to in sub-section (1) shall be paid before delivering or causing to be delivered a statement in accordance with sub-section (3) of section 200 or the proviso to sub-section (3) of section 206C.
- (4) The provisions of this section shall apply to a statement referred to in sub-section (3) of section 200 or the proviso to sub-section (3) of section 206C which is to be delivered or caused to be delivered for tax deducted at source or tax collected at source, as the case may be, on or after the 1st day of July, 2012.

This amendment will take effect from 1st July, 2012.

Clause 87 of the Bill seeks to amend section 245C of the Income-tax Act relating to application for settlement of assets.

The existing provisions of clause (a) of the proviso to sub-section (1) of the aforesaid section 245C provide that no application shall be made unless, in a case where the applicant is related to the person referred to in clause (b) who has filed an application; and the proceedings for assessment or reassessment for any of the assessment years specified in clause (b) of the aforesaid section 245C, have been completed in relation to the person referred to in clause (a) of the applicant, being a person referred to in section 153A or section 153C, have been initiated, the additional amount of income-tax payable on the income disclosed in the application exceeds ten lakh rupees.

- (A) in a case where the business or profession is carried on by a company, such person is at any time during the period specified in clause (b) of the aforesaid section 245C, carrying on such business or profession with or without a right to participate in profits) carrying not less than twenty per cent. of the voting power; and
 - (B) in any other case, such person is, at any time during the previous year beneficially entitled to not less than twenty per cent. of the net assets of the company.
- It is proposed to amend the aforesaid clause (b) so as to provide that the person shall be deemed to have substantial interest, if this person is beneficial owner on the date of search.
- The amendments will take effect from 1st July, 2012.

Clause 88 of the Bill seeks to amend section 245D of the Income-tax Act relating to application for advance ruling.

The provisions contained in sub-section (2) of the aforesaid section 245D provide that the application for an advance ruling shall be made in quadruplicate and be accompanied by a fee of two thousand five hundred rupees. It is proposed to amend section 245D to read as follows:

Section 245D. Application for advance ruling:

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Section 245D. Application for advance ruling:

It is proposed to amend section 245D to read as follows:

Section 245D. Application for advance ruling:

It is proposed to amend section 245D to read as follows:

or the proviso to sub-section (3) of section 206C before the expiry of one year from the time prescribed for delivering or causing to be delivered such statement.

It is also proposed to provide that the provisions of this section shall apply to a statement referred to in sub-section (3) of section 200 or the proviso to sub-section (3) of section 206C which is to be delivered or caused to be delivered for tax deducted at source or tax collected at source, as the case may be, on or after the 1st day of July, 2012.

This amendment will take effect from 1st July, 2012.

Clause 89 of the Bill seeks to amend section 272A of the Income-tax Act relating to penalty for failure to answer questions put to him by the Assessing Officer.

The existing provisions of sub-section (2) of the aforesaid section provide for levy of penalty if any person fails to comply with the requirements referred to in clause (a) of (i) of the said sub-section.

It is proposed to amend section 272A to read as follows:

Section 272A. Penalty for failure to answer questions:

It is proposed to amend section 272A to read as follows:

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It is proposed to amend section 272A to read as follows:

Clause 115 of the Bill seeks to amend clause (aa) of sub-section (1) of section 7 of the Customs Act so as to substitute the words "container deposits" with the words "container deposits or freight stations".

This amendment will take effect from the date on which this Bill receives the assent of the President.

Clause 116 of the Bill seeks to amend section 281A of the Customs Act relating to provisional attachment of property.

This amendment will take effect from the date on which this Bill receives the assent of the President.

Clause 117 of the Bill seeks to amend section 281B of the Customs Act relating to provisional attachment of property.

This amendment will take effect from the date on which this Bill receives the assent of the President.

Clause 118 of the Bill seeks to amend section 281C of the Customs Act relating to provisional attachment of property.

This amendment will take effect from the date on which this Bill receives the assent of the President.

Clause 119 of the Bill seeks to amend sub-section (2) of section 75A of the Customs Act so as to substitute the reference to "section 281B" with "section 281A", with retrospective effect from the 8th day of April, 2011.

Clause 120 of the Bill seeks to substitute sub-sections (3) and (4) of section 104 of the Customs Act with new sub-sections (3) and (4) respectively.

Clause 121 of the Bill seeks to amend section 104 of the Customs Act relating to bail for offence punishable for a term of imprisonment of three years or more under section 135 shall be cognizable.

Clause 122 of the Bill seeks to amend section 104 of the Customs Act relating to bail for offence punishable for a term of imprisonment of three years or more under section 135 shall be cognizable.

Clause 123 of the Bill seeks to amend section 104 of the Customs Act relating to bail for offence punishable for a term of imprisonment of three years or more under section 135 shall be cognizable.

Clause 124 of the Bill seeks to amend clause (a) of section 153 of the Customs Act so as to substitute the words "the provisions of section 153 shall be cognizable" with "the provisions of section 153 shall be cognizable".

Clause 125 of the Bill seeks to amend section 153 of the Customs Act so as to substitute the words "the provisions of section 153 shall be cognizable" with "the provisions of section 153 shall be cognizable".

Clause 126 of the Bill seeks to amend section 153 of the Customs Act so as to substitute the words "the provisions of section 153 shall be cognizable" with "the provisions of section 153 shall be cognizable".

Clause 127 of the Bill seeks to amend section 153 of the Customs Act so as to substitute the words "the provisions of section 153 shall be cognizable" with "the provisions of section 153 shall be cognizable".

Clause 128 of the Bill seeks to amend section 153 of the Customs Act so as to substitute the words "the provisions of section 153 shall be cognizable" with "the provisions of section 153 shall be cognizable".

Clause 129 of the Bill seeks to amend section 153 of the Customs Act so as to substitute the words "the provisions of section 153 shall be cognizable" with "the provisions of section 153 shall be cognizable".

Clause 130 of the Bill seeks to amend section 153 of the Customs Act so as to substitute the words "the provisions of section 153 shall be cognizable" with "the provisions of section 153 shall be cognizable".

Clause 131 of the Bill seeks to amend section 153 of the Customs Act so as to substitute the words "the provisions of section 153 shall be cognizable" with "the provisions of section 153 shall be cognizable".

Clause 132 of the Bill seeks to amend section 153 of the Customs Act so as to substitute the words "the provisions of section 153 shall be cognizable" with "the provisions of section 153 shall be cognizable".

Clause 133 of the Bill seeks to amend section 153 of the Customs Act so as to substitute the words "the provisions of section 153 shall be cognizable" with "the provisions of section 153 shall be cognizable".

Clause 134 of the Bill seeks to amend section 153 of the Customs Act so as to substitute the words "the provisions of section 153 shall be cognizable" with "the provisions of section 153 shall be cognizable".

Clause 135 of the Bill seeks to amend section 153 of the Customs Act so as to substitute the words "the provisions of section 153 shall be cognizable" with "the provisions of section 153 shall be cognizable".

Clause 136 of the Bill seeks to amend section 153 of the Customs Act so as to substitute the words "the provisions of section 153 shall be cognizable" with "the provisions of section 153 shall be cognizable".

Clause 137 of the Bill seeks to amend section 153 of the Customs Act so as to substitute the words "the provisions of section 153 shall be cognizable" with "the provisions of section 153 shall be cognizable".

Clause 138 of the Bill seeks to amend section 153 of the Customs Act so as to substitute the words "the provisions of section 153 shall be cognizable" with "the provisions of section 153 shall be cognizable".

Clause 139 of the Bill seeks to amend section 153 of the Customs Act so as to substitute the words "the provisions of section 153 shall be cognizable" with "the provisions of section 153 shall be cognizable".

Clause 140 of the Bill seeks to amend section 153 of the Customs Act so as to substitute the words "the provisions of section 153 shall be cognizable" with "the provisions of section 153 shall be cognizable".

Clause 141 of the Bill seeks to amend section 153 of the Customs Act so as to substitute the words "the provisions of section 153 shall be cognizable" with "the provisions of section 153 shall be cognizable".

Clause 142 of the Bill seeks to amend section 153 of the Customs Act so as to substitute the words "the provisions of section 153 shall be cognizable" with "the provisions of section 153 shall be cognizable".

Clause 143 of the Bill seeks to amend section 153 of the Customs Act so as to substitute the words "the provisions of section 153 shall be cognizable" with "the provisions of section 153 shall be cognizable".

Clause 144 of the Bill seeks to amend section 153 of the Customs Act so as to substitute the words "the provisions of section 153 shall be cognizable" with "the provisions of section 153 shall be cognizable".

Clause 145 of the Bill seeks to amend section 153 of the Customs Act so as to substitute the words "the provisions of section 153 shall be cognizable" with "the provisions of section 153 shall be cognizable".

Clause 146 of the Bill seeks to amend section 153 of the Customs Act so as to substitute the words "the provisions of section 153 shall be cognizable" with "the provisions of section 153 shall be cognizable".

Automobile: "Petrol and diesel-driven cars having length exceeding four metres and engine capacity of over 1,200 cc will now be charged with an ad valorem duty of 27% and a fixed duty of ₹150,000" —FM's Budget Speech, March 16, 2012

Proposed section 66C seeks to empower the Central Government to make rules to determine the place of provision of service having regard to the nature and description of various services.

- (a) services by Government or a local authority excluding the following services to the extent they are not covered elsewhere: (i) services by the Department of Posts by way of speed post, life insurance and agency services provided to a person other than Government;

- (b) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport; transport of goods or passengers; or support services, other than services covered under clause (i) to (iii) above, to business entities;

- (c) services by the Reserve Bank of India;

- (d) services by a foreign diplomatic mission located in India;

Sub-clause (8) seeks to amend section 93A, so as to provide for rebate of service tax on taxable services after report of goods, after the stage of manufacture, processing or removal.

This amendment will take effect from the date on which this Bill receives the assent of the President. Sub-clause (8) seeks to insert a new section 93B in the Finance Act, 1994 with a view to provide that all the rules made under section 94 and applicable to taxable services shall also be applicable to services other than taxable services in so far as they are relevant to the determination of any tax liability, refund, credit of service tax or duties paid on inputs and input services or for carrying out the provisions of Chapter V of the Finance Act, 1994.

This amendment will take effect from the date on which this Bill receives the assent of the President. Sub-clause (7) seeks to amend sub-section (2) of section 94, to omit clause (e), to amend clause (hh) and to insert in clause (i) and (j) relating to power to make rules.

These amendments will take effect from the date on which this Bill receives the assent of the President. Sub-clause (7) seeks to amend section 95 of the said Act, so as to empower the Central Government to issue orders for removal of difficulty in case of certain provisions inserted by the proposed legislation in this Chapter, up to two years from the date of enactment of the Finance Bill, 2012.

This amendment will take effect from the date on which this Bill receives the assent of the President. Sub-clause (V) seeks to amend sub-section (2) of section 96, so as to substitute clause (e) thereof to provide for admissibility of credit of duty or tax in terms of rules made in this regard.

This amendment will take effect from the date on which this Bill receives the assent of the President. Sub-clause (7) seeks to amend sub-section (2) of section 97 and 98, to amend clause (a) thereof to provide for repair of roads and non-commercial buildings for the period specified in the respective sections.

These amendments will take effect from the date on which this Bill receives the assent of the President. Chapter 14A of the Bill seeks to give retrospective effect to rule 6(A) of rule 6, inserted vide the notification of the Government of India number G.S.R. 134(E), dated the 1st March, 2011, in the Central Excise Act, 2002.

This amendment will take effect from the date on which this Bill receives the assent of the President. Clause 145 of the Bill, seeks to give retrospective effect to the notification of the Government of India number G.S.R. 566(E), dated the 26th July, 2011, from the 16th day of June, 2005, so as to allow the service tax exemption to a club or association service provided by a club or association, including cooperative societies, in relation to the project, under the said notification. The notification explains the expression "project" to mean common facility set up for treatment of effluents and solid wastes, with the Central Government or State Government's financial assistance.

This amendment will take effect from the date on which this Bill receives the assent of the President. Chapter V (containing clauses 146-150) provides for amendments in the Fiscal Responsibility and Budget Management Act, 2003. The proposed new sub-section 2 of the aforesaid Act so as to insert the new clauses (a) and (bb) defining the expressions of "effective revenue deficit" and "grants for creation of capital assets".

Clause 147 seeks to amend sub-section (1) of section 2 of the said Act so as to provide that the Central Government shall lay before Parliament. It is proposed to amend sub-section (1) of the said section so as to insert a new clause (d) relating to the Medium-term Expenditure Framework Statement which is also a statement of fiscal position in addition to the statements of the fiscal policy statement, the Union Budget, the Union Budget Estimates and the Union Budget Implementation Statement so as to provide that the statements referred to in clause (a) to (c) of sub-section (1) shall be followed up with the Medium-term Expenditure Framework Statement with analytical analysis of underlying assumptions.

The proposed new sub-section (2B) provides that the Central Government shall lay before Parliament the Medium-term Expenditure Framework Statement referred to in clause (d) of sub-section (1) before both Houses of Parliament, immediately following the Session of Parliament in which the policy statement referred to in clause (a) to (c) were laid under sub-section (1). It also seeks to insert a new sub-section (6A) in the aforesaid section so as to provide that the Medium-term Expenditure Framework Statement shall set forth a three-year rolling target for prescribed expenditure indicators with specification of underlying assumptions and risk involved; (D) the Medium-term Expenditure Framework Statement shall, inter alia, contain the expenditure commitment of major policy changes involving new services, new instruments of service, new schemes and programmes; the explicit contingent liabilities, which are in the form of stipulated annuity payments over a multi-year time-frame; and the detailed budget of grants for creation of capital assets. It also seeks to amend sub-section (7) of the aforesaid section so as to provide that the Medium-term Expenditure Framework Statement in the said sub-section shall be the purpose of prescribing the form with respect to the said Statement.

Clause 148 seeks to amend section 4 of the aforesaid Act relating to fiscal management principles. The existing provisions of sub-section (1) of the aforesaid section provide that the Central Government shall take appropriate measures to reduce the fiscal deficit and revenue deficit so as to eliminate revenue deficit by the 31st March, 2009 and thereafter build up adequate revenue surplus. Sub-section 2, inter alia, provides that the Central Government shall take appropriate measures to reduce the fiscal deficit and revenue deficit during the period beginning with the commencement of this Act and ending on 31st March, 2009. It is proposed to amend the Table between sub-sections 1 and 2 of the said section so as to provide that appropriate measures to reduce the fiscal deficit, revenue deficit and effective revenue deficit and eliminate the effective revenue deficit by the 31st March, 2015 and thereafter build up adequate revenue surplus and also to reach revenue deficit of not more than two per cent of the gross domestic product (GDP) by 31st March, 2015 and thereafter as may be prescribed by rules made by the Central Government. It further seeks to amend the aforesaid section so as to provide that the expression "effective revenue deficit" and enhance the existing time period from 31st March, 2009 to 31st March, 2015.

Clause 149 seeks to insert a new section 7A in the aforesaid Act relating to laying of revenue report before Parliament. The proposed new section 7A provides that the Central Government shall lay before Parliament a revenue report as required, the compliance of the provisions of this Act and such reviews shall be laid on the table of both Houses of Parliament. Clause 150 seeks to amend section 7B of the aforesaid Act relating to power to make rules. It proposes to make certain amendments which are consequential in nature.

This clause will take effect from the date on which this Bill receives the assent of the President. Clause 151 of the Bill seeks to amend the Schedule to the Oil Industry (Development) Act, 1974 so as to insert a new clause (c) in the said Schedule. Clause 152 of the Bill seeks to amend the Seventh Schedule to the Finance Act, 2001 so as to make certain amendments as specified in the Ninth Schedule.

This amendment will take effect from the date on which this Bill receives the assent of the President. Clause 153 of the Bill seeks to amend section 98 of the Finance Act, 2001, to amend clause (a) thereof to provide that the securities transaction tax shall be charged @ 1% on the value of the securities transaction tax from 0.125 per cent to 1.0 per cent, in respect of the taxable securities transactions of the equity shares and units of equity oriented fund of the nature referred to in column (2) of the said Table against serial numbers 1 and 2 thereof. This amendment will take effect from July 1, 2012.

Clause 154 of the Bill seeks to amend the Seventh Schedule to the Finance Act, 2005 so as to make certain amendments as specified in the Tenth Schedule. This amendment will take effect from the date on which this Bill receives the assent of the President. Clause 155 of the Bill seeks to amend section 73 of the Finance Act, 2001 with a view to substitute the word "inputs" with the word "services" in clause (a) thereof to provide for the levy of service tax on services.

This amendment will take effect from the date on which this Bill receives the assent of the President. Clause 156 of the Bill seeks to amend section 73 of the Finance Act, 2001, clause (b) of section 73 under the heading "Central Excise Tariff" shall be deemed to have been inserted as section 70A under the heading "Excise". It further seeks to amend the said Table between sub-sections 1 and 2 of the said section so as to substitute brackets, words, figures and letter "in the said Schedule to the Central Excise Act". This amendment will take effect from the date on which this Bill receives the assent of the President.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 10 of the Bill seeks to insert sections 330C and 330D in the Income-tax Act relating to "Expenditure on research and development" and expenditure on research and development.

Government of agreement between specified assessors for double taxation relief.

The proposed amendment seeks to insert a new sub-section (4) in the aforesaid section 90A so as to provide that, notwithstanding the provisions of section 90, if the assessee, from the date on which this Bill receives the assent of the President, is not a resident in any specified territory outside India is obtained by him from the Government of that territory, he shall not be deemed to be a resident in that territory for the purposes of section 90, unless he is certified to claim any relief under such agreement unless a certificate, containing such particulars as may be prescribed, of his being a resident in any specified territory outside India is obtained by him from the Government of that territory.

The proposed amendment empowers the Board to make rules for specifying the particulars with respect to the certificate to be obtained by the assessee from the Government of that specified territory.

Clause 10 of the Bill seeks to amend section 90A of the Income-tax Act relating to double taxation relief to the meaning of specified domestic transaction.

The proposed amendment empowers the Board to make rules relating to any other specified domestic transaction not being an international transaction.

Clause 30 of the Bill seeks to insert new sections 92CC and 92CD in the Income-tax Act relating to advanced pricing arrangements for international transactions.

Sub-section (9) of the proposed new section 92CC empowers the Board to make rules relating to the scheme specifying therein the manner, form, procedure and any other matter generally in respect of the advance pricing arrangements.

Clause 40 of the Bill seeks to insert a new Chapter-XXA in the Income-tax Act relating to General anti-avoidance.

Section 101 of the aforesaid Chapter seeks to provide that the provisions of the said Chapter shall be applied in accordance with such guidelines and subject to such conditions and the manner as may be prescribed.

Clause 41 of the Bill seeks to amend section 101 of the Income-tax Act relating to the application of the provisions of the said Chapter.

Sub-section (3) of the aforesaid new section 113AC seeks to provide that every person to whom section 113AC applies shall obtain a report, in such form as may be prescribed, from the assessee in relation to the class of cases in which the assessee's total income and the alternate minimum tax have been computed in accordance with the provisions of this Chapter and furnish such report on or before the due date of furnishing of return of income under sub-section (1) of section 139.

Accordingly, the Board is empowered to make rules for the purposes of the said section.

Clause 56 of the Bill seeks to amend section 139 of the Income-tax Act relating to return of income.

Sub-clause (b) of the said section seeks to insert a new clause (c) in the said section so as to provide that a person, being a resident, who is not required to furnish a return under this sub-section and who during the previous year has been assessed to tax in any country outside India or in any territory outside India or signing authority in any account located outside India, shall furnish a return before the due date for return in respect of his income or loss for the previous year in such form and verified in such manner and setting forth such other particulars as may be prescribed.

Accordingly, the Board is empowered to make rules for the purposes of the said section.

Clause 59 of the Bill seeks to insert a new section 144BA in the Income-tax Act relating to reference to Commissioner in certain cases.

Sub-section (15) of the new section 144BA empowers the Board to make rules for the purposes of the efficient functioning of the approving panel and expeditious disposal of the references referred under sub-section (4) of the said section.

Clause 64 of the Bill seeks to amend section 153A of the Income-tax Act relating to assessment in case of special assessors.

The proposed amendment seeks to insert a proviso in sub-section (1) of the aforesaid section so as to provide that the Central Government may by rules made by it and published in the Official Gazette (except in cases where any assessment or assessment has already been provided) specify the class or classes of cases in which the Assessing Officer shall not be required to issue notice for assessing or reassessing the total income for six assessment years immediately preceding the assessment year relevant to the previous year in which search is conducted or requisitioned.

Accordingly, the proposed amendment empowers the Central Government to make rules for the purposes of the said section.

Clause 66 of the Bill seeks to amend section 153C of the Income-tax Act relating to assessment of income of any other person.

The proposed amendment seeks to insert a proviso in sub-section (1) of the aforesaid section so as to provide that the Central Government may by rules made by it and published in the Official Gazette, specify the class or classes of cases in which the Assessing Officer shall not be required to issue notice for assessing or reassessing the total income for six assessment years immediately preceding the assessment year relevant to the previous year in which search is conducted or requisitioned is made except in cases where any assessment or assessment has already been provided.

Accordingly, the proposed amendment empowers the Central Government to make rules for the purposes of the said section.

Clause 67 of the Bill seeks to insert new section 194LAA in the Income-tax Act relating to payment of transfer of certain immovable property other than agricultural land.

The proposed amendment seeks to provide that notwithstanding anything contained in any other law, the transferee shall be required to be registered under the provisions of sub-clause (a) to clause (e) of sub-section (1) of sub-section (1A) of section 17 of the Indian Registration Act, 1908.

Accordingly, the proposed amendment empowers the Central Government to make rules for the purposes of the said section.

Clause 75 of the Bill proposes to amend section 195 of the Income-tax Act relating to other surms.

The proposed amendment seeks to provide that where the assessee is a company, who falls to deduct the whole or any part of the tax in accordance with the provisions of Chapter XVII-B on the sum paid to a resident or on the sum credited to the account of a resident shall also be liable to deduct in respect of such tax if such resident has furnished his return of income under section 139 and taken into account such tax in computing his return of income; and has paid the tax due on the income declared by him in such return of income; and the person furnishing the return of income has taken into account such tax in computing his return of income.

The proposed amendment, therefore, empowers the Board to make rules for the purposes of the said section.

Clause 76 of the Bill proposes to amend section 206C of the Income-tax Act relating to profits and gains from special assignments.

The proposed amendment seeks to insert a new proviso in sub-section (6A) of the said section so as to provide that where the assessee is a partner in a partnership firm, who falls to deduct the whole or any part of the tax in accordance with the provisions of this section, who falls to collect the whole or any part of the tax on the amount received from a buyer or licensee or lessee or on the amount debited to the account of a buyer or licensee or lessee shall also be liable to deduct in respect of such tax, if such buyer or licensee or lessee has furnished his return of income under section 139; has taken into account such amount for computing income in such return of income; and has paid the tax due on the income declared by him in such return of income and the person furnishing the return of income has taken into account such amount for computing his return of income.

Accordingly, the proposed amendment empowers the Board to make rules for the purposes of the said section.

Clause 106 of the Bill seeks to insert the new section 280A in Chapter XXIII of the Income-tax Act relating to Special Assessments.

The proposed new section 280A seeks to provide that the Central Government, in consultation with the Chief Justice of India and the Chief Justice of the High Court, may by notification, appoint, designate, remove, suspend or remove from office or courts of Magistrate of first class as Special Courts for such area or areas or for such cases or class or group of cases as may be specified in the notification.

Accordingly, the proposed amendment empowers the Board to make rules for the purposes of the said section.

Clause 116 of the Bill seeks to amend section 47 of the Customs Act relating to clearance of goods for home consumption.

Sub-clause (a) of the said clause seeks to insert a new proviso in sub-section (2) empowering the Central Government, by notification, in the Official Gazette, to specify the class or classes of importers who shall pay the import duty electronically.

Clause 143 of the Bill seeks to amend Chapter V of the Finance Act, 1994 relating to Service Tax.

Sub-clause (A) of the said clause seeks to insert a new clause (a) in section 66A of the Finance Act, 1994 so that clause 66A shall not apply with effect from such date as the Central Government may, by notification, appoint.

Sub-clause (B) of aforesaid clause seeks to insert a new section 66A so as to provide that the provisions of section 66A shall not apply with effect from such date as the Central Government may, by notification, appoint.

Sub-clause (C) of aforesaid clause seeks to insert a new section 66B to provide for interpretation of various expressions used in section 66A.

Sub-clause (D) of aforesaid clause seeks to insert a proviso in section 66 so as to provide that the provisions of section 66 shall not apply with effect from such date as the Central Government may, by notification, appoint.

Sub-clause (E) of aforesaid clause seeks to insert new sections 66B, 66C, 66D, 66E and 66F therein with effect from such date as the Central Government may, by notification, appoint.

The proposed section 66B empowers the Central Government to make rules in respect of the manner of collection of service tax.

The proposed new section 66C provides for determination of place of provision of service. Sub-clause (a) of the said section shall take appropriate measures to reduce the fiscal deficit, revenue deficit and effective revenue deficit to eliminate the effective revenue deficit by the 31st March, 2009 and thereafter build up adequate effective revenue surplus and also to reach revenue deficit of not more than two per cent of Gross Domestic Product (GDP) by 31st March, 2015 and thereafter as may be prescribed by rules made by the Central Government.

Clause 147 of the Bill proposes to amend section 323 of the Fiscal Responsibility and Budget Management Act, 2003.

The proposed amendment seeks to insert a new sub-section (6A) in the said section. Clause (a) of sub-section (6A) of said section seeks to provide that the Medium-term Expenditure Framework Statement shall set forth a three-year rolling target for prescribed expenditure indicators with specification of underlying assumptions and risk involved.

Accordingly, the proposed amendment confers power upon the Central Government to make rules with respect to the manner of prescribing expenditure indicators with specifications of underlying assumptions and risk involved under clause (a) of sub-section (6A) of section 3.

The proposed amendment seeks to amend section 4 of the Fiscal Responsibility and Budget Management Act, 2003 relating to "fiscal management principles".

The proposed amendment seeks to substitute sub-section (1) of the aforesaid section so as to provide that the Central Government shall take appropriate measures to reduce the fiscal deficit, revenue deficit and effective revenue deficit to eliminate the effective revenue deficit by the 31st March, 2009 and thereafter build up adequate effective revenue surplus and also to reach revenue deficit of not more than two per cent of Gross Domestic Product (GDP) by 31st March, 2015 and thereafter as may be prescribed by rules made by the Central Government.

Accordingly, the proposed amendment confers power upon the Central Government to make rules so as to enhance the existing time period from 31st March, 2009 to 31st March, 2015 for the purpose of eliminating revenue deficit.

Sub-clause (b) of the said section seeks to provide that where the assessee is a company, who falls to deduct the whole or any part of the tax in accordance with the provisions of this section, who falls to collect the whole or any part of the tax on the amount received from a buyer or licensee or lessee or on the amount debited to the account of a buyer or licensee or lessee shall also be liable to deduct in respect of such tax, if such buyer or licensee or lessee has furnished his return of income under section 139; has taken into account such amount for computing income in such return of income; and has paid the tax due on the income declared by him in such return of income and the person furnishing the return of income has taken into account such amount for computing his return of income.

The proposed amendment, therefore, empowers the Board to make rules for the purposes of the said section.

Accordingly, the proposed amendment empowers the Board to make rules for the purposes of the said section.

Clause 148 of the Bill seeks to amend section 47 of the Customs Act relating to clearance of goods for home consumption.

Sub-clause (a) of the said clause seeks to insert a new proviso in sub-section (2) empowering the Central Government, by notification, in the Official Gazette, to specify the class or classes of importers who shall pay the import duty electronically.

Clause 143 of the Bill seeks to amend Chapter V of the Finance Act, 1994 relating to Service Tax.

Sub-clause (A) of the said clause seeks to insert a new clause (a) in section 66A of the Finance Act, 1994 so that clause 66A shall not apply with effect from such date as the Central Government may, by notification, appoint.

Sub-clause (B) of aforesaid clause seeks to insert a new section 66A so as to provide that the provisions of section 66A shall not apply with effect from such date as the Central Government may, by notification, appoint.

Sub-clause (C) of aforesaid clause seeks to insert a new section 66B to provide for interpretation of various expressions used in section 66A.

Sub-clause (D) of aforesaid clause seeks to insert a proviso in section 66 so as to provide that the provisions of section 66 shall not apply with effect from such date as the Central Government may, by notification, appoint.

Sub-clause (E) of aforesaid clause seeks to insert new sections 66B, 66C, 66D, 66E and 66F therein with effect from such date as the Central Government may, by notification, appoint.

The proposed section 66B empowers the Central Government to make rules in respect of the manner of collection of service tax.

The proposed new section 66C provides for determination of place of provision of service. Sub-clause (a) of the said section shall take appropriate measures to reduce the fiscal deficit, revenue deficit and effective revenue deficit to eliminate the effective revenue deficit by the 31st March, 2009 and thereafter build up adequate effective revenue surplus and also to reach revenue deficit of not more than two per cent of Gross Domestic Product (GDP) by 31st March, 2015 and thereafter as may be prescribed by rules made by the Central Government.

Clause 147 of the Bill proposes to amend section 323 of the Fiscal Responsibility and Budget Management Act, 2003.

The proposed amendment seeks to insert a new sub-section (6A) in the said section. Clause (a) of sub-section (6A) of said section seeks to provide that the Medium-term Expenditure Framework Statement shall set forth a three-year rolling target for prescribed expenditure indicators with specification of underlying assumptions and risk involved.

Accordingly, the proposed amendment confers power upon the Central Government to make rules with respect to the manner of prescribing expenditure indicators with specifications of underlying assumptions and risk involved under clause (a) of sub-section (6A) of section 3.

The proposed amendment seeks to amend section 4 of the Fiscal Responsibility and Budget Management Act, 2003 relating to "fiscal management principles".

The proposed amendment seeks to substitute sub-section (1) of the aforesaid section so as to provide that the Central Government shall take appropriate measures to reduce the fiscal deficit, revenue deficit and effective revenue deficit to eliminate the effective revenue deficit by the 31st March, 2009 and thereafter build up adequate effective revenue surplus and also to reach revenue deficit of not more than two per cent of Gross Domestic Product (GDP) by 31st March, 2015 and thereafter as may be prescribed by rules made by the Central Government.

Accordingly, the proposed amendment confers power upon the Central Government to make rules so as to enhance the existing time period from 31st March, 2009 to 31st March, 2015 for the purpose of eliminating revenue deficit.

Sub-clause (b) of the said section seeks to provide that where the assessee is a company, who falls to deduct the whole or any part of the tax in accordance with the provisions of this section, who falls to collect the whole or any part of the tax on the amount received from a buyer or licensee or lessee or on the amount debited to the account of a buyer or licensee or lessee shall also be liable to deduct in respect of such tax, if such buyer or licensee or lessee has furnished his return of income under section 139; has taken into account such amount for computing income in such return of income; and has paid the tax due on the income declared by him in such return of income and the person furnishing the return of income has taken into account such amount for computing his return of income.

The proposed amendment, therefore, empowers the Board to make rules for the purposes of the said section.

Accordingly, the proposed amendment empowers the Board to make rules for the purposes of the said section.

Clause 148 of the Bill seeks to amend section 47 of the Customs Act relating to clearance of goods for home consumption.

Sub-clause (a) of the said clause seeks to insert a new proviso in sub-section (2) empowering the Central Government, by notification, in the Official Gazette, to specify the class or classes of importers who shall pay the import duty electronically.

Clause 143 of the Bill seeks to amend Chapter V of the Finance Act, 1994 relating to Service Tax.

Sub-clause (A) of the said clause seeks to insert a new clause (a) in section 66A of the Finance Act, 1994 so that clause 66A shall not apply with effect from such date as the Central Government may, by notification, appoint.

Sub-clause (B) of aforesaid clause seeks to insert a new section 66A so as to provide that the provisions of section 66A shall not apply with effect from such date as the Central Government may, by notification, appoint.

Sub-clause (C) of aforesaid clause seeks to insert a new section 66B to provide for interpretation of various expressions used in section 66A.

Sub-clause (D) of aforesaid clause seeks to insert a proviso in section 66 so as to provide that the provisions of section 66 shall not apply with effect from such date as the Central Government may, by notification, appoint.

Sub-clause (E) of aforesaid clause seeks to insert new sections 66B, 66C, 66D, 66E and 66F therein with effect from such date as the Central Government may, by notification, appoint.

The proposed section 66B empowers the Central Government to make rules in respect of the manner of collection of service tax.

The proposed new section 66C provides for determination of place of provision of service. Sub-clause (a) of the said section shall take appropriate measures to reduce the fiscal deficit, revenue deficit and effective revenue deficit to eliminate the effective revenue deficit by the 31st March, 2009 and thereafter build up adequate effective revenue surplus and also to reach revenue deficit of not more than two per cent of Gross Domestic Product (GDP) by 31st March, 2015 and thereafter as may be prescribed by rules made by the Central Government.

Clause 147 of the Bill proposes to amend section 323 of the Fiscal Responsibility and Budget Management Act, 2003.

The proposed amendment seeks to insert a new sub-section (6A) in the said section. Clause (a) of sub-section (6A) of said section seeks to provide that the Medium-term Expenditure Framework Statement shall set forth a three-year rolling target for prescribed expenditure indicators with specification of underlying assumptions and risk involved.

Accordingly, the proposed amendment confers power upon the Central Government to make rules with respect to the manner of prescribing expenditure indicators with specifications of underlying assumptions and risk involved under clause (a) of sub-section (6A) of section 3.

The proposed amendment seeks to amend section 4 of the Fiscal Responsibility and Budget Management Act, 2003 relating to "fiscal management principles".

The proposed amendment seeks to substitute sub-section (1) of the aforesaid section so as to provide that the Central Government shall take appropriate measures to reduce the fiscal deficit, revenue deficit and effective revenue deficit to eliminate the effective revenue deficit by the 31st March, 2009 and thereafter build up adequate effective revenue surplus and also to reach revenue deficit of not more than two per cent of Gross Domestic Product (GDP) by 31st March, 2015 and thereafter as may be prescribed by rules made by the Central Government.

Accordingly, the proposed amendment confers power upon the Central Government to make rules so as to enhance the existing time period from 31st March, 2009 to 31st March, 2015 for the purpose of eliminating revenue deficit.

Sub-clause (b) of the said section seeks to provide that where the assessee is a company, who falls to deduct the whole or any part of the tax in accordance with the provisions of this section, who falls to collect the whole or any part of the tax on the amount received from a buyer or licensee or lessee or on the amount debited to the account of a buyer or licensee or lessee shall also be liable to deduct in respect of such tax, if such buyer or licensee or lessee has furnished his return of income under section 139; has taken into account such amount for computing income in such return of income; and has paid the tax due on the income declared by him in such return of income and the person furnishing the return of income has taken into account such amount for computing his return of income.

The proposed amendment, therefore, empowers the Board to make rules for the purposes of the said section.

Accordingly, the proposed amendment empowers the Board to make rules for the purposes of the said section.

Clause 148 of the Bill seeks to amend section 47 of the Customs Act relating to clearance of goods for home consumption.

Sub-clause (a) of the said clause seeks to insert a new proviso in sub-section (2) empowering the Central Government, by notification, in the Official Gazette, to specify the class or classes of importers who shall pay the import duty electronically.

Clause 143 of the Bill seeks to amend Chapter V of the Finance Act, 1994 relating to Service Tax.

Sub-clause (A) of the said clause seeks to insert a new clause (a) in section 66A of the Finance Act, 1994 so that clause 66A shall not apply with effect from such date as the Central Government may, by notification, appoint.

Sub-clause (B) of aforesaid clause seeks to insert a new section 66A so as to provide that the provisions of section 66A shall not apply with effect from such date as the Central Government may, by notification, appoint.

Sub-clause (C) of aforesaid clause seeks to insert a new section 66B to provide for interpretation of various expressions used in section 66A.

Sub-clause (D) of aforesaid clause seeks to insert a proviso in section 66 so as to provide that the provisions of section 66 shall not apply with effect from such date as the Central Government may, by notification, appoint.

Sub-clause (E) of aforesaid clause seeks to insert new sections 66B, 66C, 66D, 66E and 66F therein with effect from such date as the Central Government may, by notification, appoint.

The proposed section 66B empowers the Central Government to make rules in respect of the manner of collection of service tax.

The proposed new section 66C provides for determination of place of provision of service. Sub-clause (a) of the said section shall take appropriate measures to reduce the fiscal deficit, revenue deficit and effective revenue deficit to eliminate the effective revenue deficit by the 31st March, 2009 and thereafter build up adequate effective revenue surplus and also to reach revenue deficit of not more than two per cent of Gross Domestic Product (GDP) by 31st March, 2015 and thereafter as may be prescribed by rules made by the Central Government.