

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"
The rates for deduction of income-tax at source during the financial year 2012-13 from certain incomes other than "Salaries" have been specified in Part II of the First Schedule to the Bill. The rates for all the categories of persons will remain the same as those specified in Part I of the First Schedule to the Finance Act, 2011, for the purposes of deduction of income-tax at source during the financial year 2011-12, except that in case of certain interest payments made to a non-residents by a specified Indian company engaged in prescribed business of

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.

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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]

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.

It is, therefore, proposed to amend the Income Tax Act to provide clarity that second proviso to section 92C also should 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 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 and 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, merger or 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 (b) of the said section prescribes the methods of computation of Arm's Length Price. Sub-section (2) of the said sub-section provides that if the application of the methods prescribed in sub-section (b) of the said section would result in a price which is not in accordance with the arm's length principle, the ALP would be the price which would be the ALP. The proviso to sub-section (2) 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 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 (2) 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 chartered accountant in Form 3CEB, as per Section 92E of the Act, before the due date of filing of return of income. The penalty is provided for failure to furnish information and document in respect of international transactions.

Section 271G provides penalty for failure to furnish information or document under section 92B which is an international transaction. Section 271G provides certain information and documents in the prescribed proforma by persons entering into 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 report audited and furnish a false report. In such cases, the penalty provisions are not 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 and 271G to provide for a penalty in case of non-compliance with Transfer Pricing regulations, 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.

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 bring such cases to this section provides 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 transaction value 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 a presumption of escapement of income.

Therefore, it is 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 cases in the report, the income chargeable to tax in such cases shall be deemed to have escaped assessment 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 between the taxpayer and the Assessing Officer, 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 may appeal against the directions of the DRP. This amendment will take effect from 1st April, 2012.

It is 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. [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 between the taxpayer and the Assessing Officer. The DRP may confirm, reduce or enhance the variations proposed in the draft order of the Assessing Officer.

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. It is proposed to amend section 144C of the Act to provide 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 available to the DRP in all cases where this comes to the notice of the panel during the course of proceedings before it.

It is not in accordance with the legislative intent. It is 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 available to the DRP in all cases where this comes to the notice of the panel during the course of proceedings before it. [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 is as provided in section 144C of the Act. It is proposed to amend section 144C of the Act to provide that in such cases, the time limit for completion of assessment shall be the same as that provided in section 144C 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 in order to provide for filing of appeal directly to ITAT. The amendments in section 144C and consequential amendments are proposed to be made in the provisions of section 246A and 253 of the Income Tax Act.

These amendments in the provisions of the Income Tax Act will take effect retrospectively from the 1st day of October, 2009. [Clause 60]

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 in force in India.

In an environment of moderate rates of tax, it is necessary that the correct tax base be subject to tax in the face of the tax planning arrangements. It is necessary to have a general anti-avoidance rule in the Income Tax Act. Most countries have codified the "substance over form" doctrine in the form of General Anti Avoidance Rule (GAAR).

In 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 the determination of tax liability. It is proposed to amend section 144C of the Act to provide that in such cases, the time limit for completion of assessment shall be the same as that provided in section 144C of the Act.

It is accordingly proposed to provide General Anti Avoidance Rule in the Income Tax Act to deal with aggressive tax planning. (i) An arrangement whose main purpose or one of the main purposes is to obtain a tax benefit and which also satisfies at least one of the four tests, can be declared as an "impermissible avoidance arrangement".

- (ii) The arrangement creates rights and obligations, which are not normally created between parties dealing at arm's length.
- (iii) It results in misuse or abuse of provisions of tax laws.
- (iv) It lacks commercial substance or is deemed to lack commercial substance.

(v) An arrangement is not commercially justified, if it is not in accordance with the normal business practice of the real intent and purpose. Internationally several countries have introduced, and are administering statutory General Anti Avoidance Provisions. It is, therefore, important that Indian taxation law also incorporate a statutory General Anti Avoidance Provisions for the purpose of tax planning. The basic criterion of statutory GAAR which is raised worldwide is that it provides a wide discretion and authority to the tax administration which at times it prone to be misused. This vital aspect, therefore, needs to be kept in mind while formulating any GAAR regime.

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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 reasonable grounds for believing that any person has in his possession or under his 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, unutilised 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 contributions to certain institutions for scientific research or rural development made 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 2 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 100% 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 2 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 100% 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 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 100% of the actual 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 of the insured person) as provided in the policy, but excluding 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 defined in the policy, which is not payable under the policy. 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 to 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 nos. 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 willful mis-statement or suppression of facts 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.
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 lakh to Rupees five lakh 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 retrospectively to "foreign goods imported" a 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, on the basis of such reports as it may receive, take such steps as it may think fit to take to prevent or to reduce to a minimum such disruption to domestic industry even though the latter has taken measures to adjust to such disruption. The amended provision would also align with the Transitional Product Specific Tariff Mechanism under the Accession Protocol signed with WTO in 2001.
2) The First schedule to the Customs Tariff Act, 1975 is being amended to -
(i) 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.
(ii) revise the description of tariff items 2601 10 10 to 2610 10 90 dealing 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) (v) align the entries relating to copper scrap, brass scrap, nickel scrap, aluminium scrap, lead scrap and zinc scrap with the corresponding entries in the Central Excise Tariff Act, 1994.
(v) 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 21(v) and 31 will come into effect immediately owing to a declaration under the Provisional Collection of Taxes Act, 1991.

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 for payment of the duty. 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, 1962.
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 benefit of reduced penalty shall be available to the assessee undertaking 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 "manufacture" is being amended to include cigarettes. Accordingly, the packing, or repacking in a unit container, labelling or relabelling of cigarettes in a unit container shall not be deemed to constitute an adoption of any treatment to render cigarettes marketable shall be processes amounting to manufacture.
14) Section 140 is being amended to provide that the benefit of reduced penalty shall be available to the assessee.
Changes at para 13) above would come into force immediately owing to a declaration under the Provisional Collection of Taxes Act, 1991.

AMENDMENTS IN CENTRAL EXCISE TARIFF ACT, 1986:
1) The First Schedule to the Central Excise Tariff Act, 1986 is being amended so as to -
(a) revise the rates of excise duty on certain goods which are 12% for all non-petroleum goods other than exempted goods (goods attracting merit rate or higher duty rates). For petroleum goods, the ad valorem rate or ad valorem component (where the rates are mixed) is being revised to 14%.
(b) enhance the rate of excise duty on certain goods from 20% to 24% and from 22% to Rs.15000 per vehicle to 27% on certain categories of automobiles. The composite rate applicable to automobile chassis is being converted into an ad valorem rate and is being fixed at 15% or 28%.
(c) enhance the rate of excise duty on cigarettes (both existing filter and non-filter) of length exceeding 65 millimetres by adding an ad valorem rate of 10% to the existing specific rates of Rs.150 per thousand, whichever is higher".
(d) omit the following changes:
(i) carry out the words "or polishing" in Note 6 of Chapter 25 so as to remove doubts about the correct classification of polished marble.
(ii) insert a note in Chapter 48 to provide that notwithstanding anything contained in Note 12 and concentrates based on Fe content.
(iii) insert a note 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.
(iv) insert a note in Chapter 71 to provide that for the purposes of headings 7113 and 7114, the process of affixing or embossing trade name or brand name on articles of jewellery or on articles of goldsmiths' or silversmiths' work shall not be deemed to constitute an adoption of any treatment to render such articles marketable shall be processes amounting to manufacture".
(v) insert a note in Chapter 72 to provide that the process of cutting, slitting and printing of aluminium foils shall amount to "manufacture".
(vi) insert a note in Chapter 85 to provide that the processes of matching, batching and charging of Lithium Ion batteries or the making of battery packs shall amount to "manufacture".
(vii) align the entries relating to copper scrap, brass scrap, nickel scrap, aluminium scrap, lead scrap and zinc scrap with the corresponding entries in the Central Excise Tariff Act, 1994.
(viii) insert a note in Chapter 85 to provide that notwithstanding anything contained in Note 11, man-made fibre such as polyester staple fibre and polyester filament yarn manufactured from plastic and plastic waste including waste polyethylene terephthalate bottles shall be classified as textile material under Chapter 54 or Chapter 58, as the case may be. This amendment is being carried out with retrospective effect from 29.06.2010.
(ix) insert a note in Chapter 85 to provide that notwithstanding anything contained in Note 11, man-made fibre such as polyester staple fibre and polyester filament yarn manufactured from plastic and plastic waste including waste polyethylene terephthalate bottles shall be classified as textile material under Chapter 54 or Chapter 58, as the case may be. This amendment is being carried out with retrospective effect from 29.06.2010.
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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 interest of", 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.A. (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 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, 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 the Registration Act, 1908, or any other law, is required to be registered under section 17 of the Indian Registration Act, 1908, 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), the transferee shall be deemed to be the transferee for the purposes 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 (ii) 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;

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(xl) District of Gandhinagar;

(xli) District of Gandhinagar;

(xlii) District of Gandhinagar;

(xliiii) District of Gandhinagar;

(xliiiii) 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;

(xlvi) District of Gandhinagar;

(xlvii) District of Gandhinagar;

(xlviii) District of Gandhinagar;

(xlvix) 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 clause (a) or clause (b) or clause (c) has not received or been credited with the amount of such tax or has been received 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", the words "and section 234C" 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 1153AA", the words, figures and letters "or section 1153D" 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 1153AA", the words, figures and letters "or section 1153D" 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 pending on 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 sub-section (3) of section 200 or section 206, as the case may be.

(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;

(b) 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) in clause (ii), for the words "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", 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 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day of July, 2012;

(vi) for the words "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except 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 "and the letter 'under section 153A'", the words, figures and letters "under section 153A except an order referred to in sub-section (12) of section 144BA" shall be substituted with effect from the 1st day

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; (c) transport of goods or passengers; (d) support services, other than services covered under clause (b) to (iii) above, to business entities;

Proposed section 66D seeks to provide for provisions of interpretation of specified descriptions of services or bundled services.

- (a) sub-clause (G) seeks to amend section 67, so as to omit clause (b) of the Explanation thereon. The amendments made by sub-clauses (A), (B), (C), (D), (E), (F) and (G) will come into force from a date to be notified by the Central Government.

- (i) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport; (ii) transport of goods or passengers; (iii) support services, other than services covered under clause (b) to (iii) above, to business entities; (iv) services by the Reserve Bank of India; (v) services by a foreign diplomatic mission located in India; (vi) services relating to agriculture by way of— (a) agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or seed testing; (b) supply of farm labour; (c) processes carried out at an agricultural farm including tending, pruning, grafting, harvesting, drying, cleaning, trimming, sun-drying, fumigating, curing, sorting, grading, cooling or bulk packaging and such like operations which do not alter essential characteristics of agricultural produce but make it only marketable for the primary markets;

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.

Sub-clause (9) 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.

Sub-clause (10) 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.

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 (b) defining the expressions of "effective revenue deficit" and "grants for creation of capital assets".

Chapter VI (containing sections 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 (b) defining the expressions of "effective revenue deficit" and "grants for creation of capital assets".

Chapter VII (containing sections 151-155) provides for amendments in the Income-tax Act relating to assessment of income, including the provisions of sub-section (1) of the aforesaid section 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.

Chapter VIII (containing sections 156-160) provides for amendments in the Income-tax Act relating to assessment of income, including the provisions of sub-section (1) of the aforesaid section 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.

Chapter IX (containing sections 161-165) provides for amendments in the Income-tax Act relating to assessment of income, including the provisions of sub-section (1) of the aforesaid section 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.

Chapter X (containing sections 166-170) provides for amendments in the Income-tax Act relating to assessment of income, including the provisions of sub-section (1) of the aforesaid section 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.

Chapter XI (containing sections 171-175) provides for amendments in the Income-tax Act relating to assessment of income, including the provisions of sub-section (1) of the aforesaid section 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.

Chapter XII (containing sections 176-180) provides for amendments in the Income-tax Act relating to assessment of income, including the provisions of sub-section (1) of the aforesaid section 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.

Chapter XIII (containing sections 181-185) provides for amendments in the Income-tax Act relating to assessment of income, including the provisions of sub-section (1) of the aforesaid section 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.

Chapter XIV (containing sections 186-190) provides for amendments in the Income-tax Act relating to assessment of income, including the provisions of sub-section (1) of the aforesaid section 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.

Chapter XV (containing sections 191-195) provides for amendments in the Income-tax Act relating to assessment of income, including the provisions of sub-section (1) of the aforesaid section 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.

Chapter XVI (containing sections 196-200) provides for amendments in the Income-tax Act relating to assessment of income, including the provisions of sub-section (1) of the aforesaid section 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.

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 aforesaid provisions, the Central Government may, by notification, specify, shall not be entitled 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 (b) of the Bill seeks to amend section 90B of the Income-tax Act relating to the meaning of specified domestic transaction.

Clause (c) of the proposed new section empowers the Board to make rules relating to any other specified domestic transaction not being an international transaction.

Clause 39 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-abuse provisions.

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.

Section 102 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.

Section 103 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.

Section 104 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.

Section 105 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.

Section 106 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.

Section 107 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.

Section 108 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.

Section 109 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.

Section 110 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.

Section 111 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.

Section 112 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.

Section 113 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.

Section 114 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.

Section 115 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.

Section 116 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.

Section 117 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.

Section 118 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.

Section 119 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.

Section 120 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.

Section 121 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.

Section 122 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.

Section 123 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.

Section 124 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.

Section 125 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.

Section 126 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.

Section 127 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.

Section 128 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.

Section 129 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.

Section 130 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.

Section 131 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.

Section 132 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.

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Section 136 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.

Section 137 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.

Section 138 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.

Section 139 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.

Section 140 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.