

UNION BUDGET 2011-12

XII TUESDAY 1 MARCH 2011



The existing provisions contained in clause (a) of sub-section (2AA) of the aforesaid section provide for a weighted deduction to the extent of one and three-fourth times the sum paid to a National Laboratory or a University or an Indian Institute of Technology or a specified person for the purpose of an approved scientific research programme.

It is proposed to amend the said clause (a) so as to enhance the weighted deduction to two times the sum paid.

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

Clause 6 of the Bill seeks to amend section 35AD of the Income-tax Act relating to deduction in respect of expenditure on specified business.

The existing provisions contained in sub-section (5) of the aforesaid section provide for the date of commencement of operations of the specified businesses referred to in sub-section (2) of the said section for the purposes of availing the deduction. Further, the existing provisions of clause (c) of sub-section (8) of the aforesaid section define the expression "specified business".

The amendments proposed to the aforesaid section seek to include two new businesses as "specified business" along with their dates of commencement and also to omit the word "new" from the existing definition of "specified business" in respect of new hotel and new hospital.

Sub-clause (a) of this clause seeks to insert a new clause (aa) in the said sub-section (5) so as to provide that the date of commencement of operations shall be on or after the 1st day of April, 2011 where a business is in the nature of developing and building a housing project under a scheme for affordable housing framed by the Central Government or a State Government, as the case may be, and notified by the Board in this behalf in accordance with the guidelines as may be prescribed.

It further seeks to insert a new clause (ae) in the said sub-section (5) to specify that the date of commencement of operations shall be on or after the 1st day of April, 2011 in a new plant or in a newly installed capital in an existing plant for production of fertiliser.

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

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(i) and (v) of clause (c) of sub-section (8) from the definition of "specified business".

These amendments will take effect retrospectively from 1st April, 2011 and will, accordingly, apply in relation to the assessment year 2011-2012 and subsequent years.

Sub-clause (b) further seeks to insert a new sub-clause (vi) in clause (c) of the aforesaid sub-section (8) so as to include within the scope of "specified business", the business of developing and building a housing project under a scheme for affordable housing framed by the Central Government or a State Government, as the case may be, and notified by the Board in this behalf in accordance with the guidelines as may be prescribed.

It also seeks to insert a new sub-clause (viii) in the said clause (c) of the aforesaid sub-section (8) so as to include production of fertilizer in India as a "specified business".

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

Clause 7 of the Bill seeks to amend section 36 of the Income-tax Act relating to other deductions.

The existing provisions of sub-section (1) of the aforesaid section provide for allowing certain deductions in computing the income under the head profits and gains of business or profession.

It is proposed to insert a new clause (iva) in the said sub-section so as to provide that any sum paid by the assessee as an employer by way of contribution towards a pension scheme as referred to in section 80CCD on account of an employee to the extent it does not exceed ten per cent. of the salary of the employee in the previous year shall be allowed as a deduction.

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

Clause 8 of the Bill seeks to amend section 80CEE of the Income-tax Act relating to the limit on deductions under sections 80C, 80CCC and 80CCD.

The existing provisions contained in the aforesaid section 80CEE provide that the aggregate amount of deductions under section 80C, section 80CCC and section 80CCD shall not exceed one lakh rupees.

It is proposed to amend the aforesaid section 80CEE so as to provide that contribution made by the Central Government or any other employer to a pension scheme under sub-section (2) of section 80CCD shall not be included in the limit of deduction of one lakh rupees provided under section 80CEE.

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

Clause 9 of the Bill seeks to amend section 80CCF of the Income-tax Act relating to deduction in respect of subscription to long-term infrastructure bonds.

Under the existing provisions contained in section 80CCF deduction is allowed to the extent of such amount which does not exceed twenty-thousand rupees, paid or deposited during the previous year relevant to the assessment year beginning on the 1st day of April, 2011 as subscription to long-term infrastructure bonds.

It is proposed to amend the said section so as to provide the same deduction for the amount paid or deposited during the previous year relevant to the assessment year beginning on the 1st day of April, 2012.

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

Clause 10 of the Bill seeks to amend section 80IA of the Income-tax Act relating to deductions in respect of profits and gains from industrial undertakings or enterprises engaged in infrastructure development, etc.

Under the existing provisions contained in clause (iv) of sub-section (4) of the aforesaid section, a deduction is allowed to an undertaking which,— (a) is set up in any part of India for the generation or generation and distribution of power if it begins to generate power at any time during the period beginning on 1st April, 1993 and ending on 31st March, 2011; (b) starts transmission or distribution by laying a network of new transmission or distribution lines at any time during the period beginning on 1st April, 1999 and ending on 31st March, 2011; or (c) undertakes substantial renovation and modernisation of the existing network of transmission or distribution lines at any time during the period beginning on 1st April, 2004 and ending on 31st March, 2011.

It is proposed to amend the said clause so as to extend the time limit from 31st March, 2011 to 31st March, 2012.

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

Clause 11 of the Bill seeks to amend section 80-IB of the Income-tax Act, relating to deduction in respect of profits and gains from certain industrial undertakings other than infrastructure development undertakings.

Sub-section (9) of the said section provides that the amount of deduction to an undertaking shall be hundred per cent. of the profits for a period of seven consecutive assessment years, including the initial assessment year, if such undertaking fulfils certain conditions stipulated therein.

It is proposed to amend the said section requires that such undertaking is located in any part of India and has begun or begins commercial production of mineral oil or any other product as specified in the said section.

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

Clause 12 of the Bill seeks to amend section 92A of the Income-tax Act relating to reference to Transfer Pricing Officer.

Under the existing provisions contained in sub-section (1) of the aforesaid section, where an assessee has entered into an international transaction in any previous year; and the Assessing Officer considers it necessary, he may, with the previous approval of the Commissioner, refer the computation of the arm's length price in relation to the international transaction under section 92C, to the Transfer Pricing Officer.

Sub-section (2) of the aforesaid section, *inter alia*, provides that the Transfer Pricing Officer, for the purpose of determining the arm's length price in respect of international transactions referred to him by the Assessing Officer shall serve a notice on the assessee requiring him to produce evidence in support of computation of the arm's length price of such transactions.

It is proposed to insert a new sub-section (2A) so as to enable the Transfer Pricing Officer to take into account any other international transaction which comes to his notice subsequently during the course of the proceeding before him as if such transaction is an international transaction referred under sub-section (1) and the provisions of Chapter X of the Income-tax Act shall apply accordingly.

Sub-section (7) of the aforesaid section provides that for the purposes of determining arm's length price, the Transfer Pricing Officer shall have the powers as provided under sub-section (1) of section 131 and clause (6) of section 133.

It is proposed to amend the said sub-section (7) so as to enable the Transfer Pricing Officer to exercise the power of survey conferred upon an income-tax authority under section 133A of the Act.

These amendments will take effect from 1st June, 2011.

Clause 14 of the Bill seeks to insert a new section 94A in the Income-tax Act relating to special measures in respect of transactions with persons located in a notified jurisdictional area.

It is proposed to enable the Central Government to notify any country or territory outside India, having regard to the lack of effective exchange of information by it with India, as notified jurisdictional area.

It is also proposed to provide that, if an assessee enters into a transaction where one of the parties to the transaction is a person located in a notified jurisdictional area, then all the parties to the transaction shall be deemed to be associated enterprises within the meaning of section 92A, and that transaction shall be deemed to be an international transaction within the meaning of section 92B and, accordingly, the provisions of sections 92, 92A, 92B, 92C [except the second proviso to sub-section (2)], 92CA, 92CB, 92D, 92E and 92F shall apply to such transaction.

It is also proposed to provide that notwithstanding anything contained in the Income-tax Act, no deduction in respect of any payment made to any financial institution located in the notified jurisdictional area shall be allowed unless the assessee furnishes an authorisation in the prescribed form authorising the Board or any other income-tax authority acting on its behalf to seek relevant information from the said financial institution and no deduction in respect of any other expenditure or allowance (including the depreciation) arising from the transaction with a person located in a notified jurisdictional area shall be allowed under any provision of the Act unless the assessee maintains such other documents and furnishes the information as may be prescribed.

It is also proposed to provide that if any sum is received from a person located in the notified jurisdictional area, then, the onus is on the assessee to satisfactorily explain the source of such money in the hands of such person or in the hands of the beneficial owner, and in case of his failure to do so, the amount shall be deemed to be the income of the assessee notwithstanding anything to the contrary contained in the Act.

It is also proposed to provide that any payment made to a person located in the notified jurisdictional area shall be liable to the highest of the rates of tax deduction specified therein.

It is also proposed to define the expressions "person located in a notified jurisdictional area", "permanent establishment" and "transaction" for the purposes of the section.

These amendments will take effect from 1st June, 2011.

Clause 15 of the Bill seeks to amend section 115A of the Income-tax Act, relating to tax on dividends, royalty and technical service fees in case of foreign companies.

Under the existing provisions contained in sub-section (1) of the aforesaid section, the rates at which income-tax shall be payable is prescribed, where the total income of a non-resident (not being a company) or a foreign company, includes any income by way of dividends (other than dividends referred to in section 115C); or interest received from the Government or an Indian concern on monies borrowed or debt incurred by the Government or the Indian concern in foreign currency; or income received in respect of units, purchased in foreign currency of a Mutual Fund specified under clause (2)(D) of section 10 or of the Unit Trust of India.

It is proposed to amend sub-clause (ii) of clause (a) of sub-section (1) of the aforesaid section so as to provide that the rates at which income-tax shall be payable, where the total income of a non-resident (not being a company) or a foreign company, includes any income by way of interest received from Government or an Indian concern on monies borrowed or debt incurred by the Government or the Indian concern in foreign currency, not being the interest received from an infrastructure debt fund referred to in clause (47) of section 10.

It is further proposed to insert a new sub-clause (ia) in clause (a) of sub-section (1) of the aforesaid section so as to provide that the rates at which income-tax shall be payable, where the total income of a non-resident (not being a company) or a foreign company, includes any income by way of interest received from an infrastructure debt fund referred to in clause (47) of section 10.

It is also proposed to insert a new item (BA) after item (B) of clause (a) of sub-section (1) of the aforesaid section to provide that the tax shall be payable at the rate of five per cent. on any interest income received by a non-resident from an infrastructure debt fund referred to in clause (47) of section 10.

These amendments will take effect from 1st June, 2011.

Clause 16 of the Bill seeks to insert a new section 115BD in the Income-tax Act relating to tax on certain dividends received from foreign companies.

Under the existing provisions of the Income-tax Act, dividend received from foreign companies is taxable in the hands of the recipient at his applicable marginal rate of tax. Therefore, in case of companies who receive foreign dividend, such dividend is taxable at the rate of thirty per cent. plus applicable surcharge and cess.

Sub-section (1) of the aforesaid new section seeks to provide that where the total income of an assessee, being an Indian company, for the previous year relevant to the assessment year beginning on the 1st day of April, 2012, includes any income by way of dividends declared, distributed or paid by a subsidiary foreign company, the income-tax payable shall be the aggregate of the amount of income-tax calculated on the income by way of such dividends at the rate of fifteen per cent. and the amount of income-tax with which the assessee would have been chargeable had its total income been reduced by the amount of aforesaid income by way of dividends.

Sub-section (2) of the aforesaid new section provides that no deduction in respect of any expenditure or allowance shall be allowed to the assessee under any provision of the Income-tax Act in computing his income by way of dividends.

Sub-section (3) of the aforesaid new section seeks to define the expressions "dividends" and "subsidiary foreign company".

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

Clause 17 of the Bill seeks to amend section 115JB of the Income-tax Act relating to special provision for payment of tax by certain companies.

The existing provisions contained in sub-section (1) of the aforesaid section provide that in case of a company, if the tax payable on the total income as computed under the Income-tax Act in respect of any previous year relevant to the assessment year commencing on or after the 1st day of April, 2011, is less than eighteen per cent. of its book profit, such book profit shall be deemed to be the total income of the assessee and the tax payable for the relevant previous year shall be eighteen per cent. of such book profit.

It is proposed to amend sub-section (1) of the aforesaid section to provide that if the income-tax payable on the total income as computed under the Income-tax Act in respect of any previous year relevant to the assessment year commencing on or after the 1st day of April, 2012 is less than eighteen and one-half per cent. of its book profit, such book profit shall be deemed to be the total income of the assessee and the tax payable for the relevant previous year shall be eighteen and one-half per cent. of such book profit.

Sub-section (6) of section 115JB of the Income-tax Act was inserted in that section by way of a modification *vide* section 27 of the Special Economic Zones Act, 2005 read with the Second Schedule thereof.

The existing provisions contained in the aforesaid sub-section (6) provide that the provisions of section 115JB shall not apply to the income accrued or arising on or after the 1st day of April, 2005 from any business carried on, or services rendered, by an entrepreneur or a Developer, in a Unit or Special Economic Zone, as the case may be.

It is proposed to insert a proviso to the said sub-section (6) so as to provide that the provisions of that sub-section shall cease to have effect in respect of any previous year relevant to the assessment year commencing on or after the 1st day of April, 2012.

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

Clause 18 of the Bill seeks to amend section 115J of the Income-tax Act containing special provisions relating to certain limited liability partnerships.

Under the provisions of newly inserted section 115JC, where the regular income-tax payable for a previous year by any limited liability partnership is less than the alternate minimum tax payable for such previous year, the adjusted total income shall be deemed to be the total income of such limited liability partnership and it 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 aforesaid provision, adjusted total income shall be the total income before giving effect to the newly inserted Chapter XII-BA as increased by the deductions claimed under any section included in Chapter VI A under the heading "*C-Deductions in respect of certain incomes*" and deduction claimed under section 10A.

The proposed new section 115JD seeks to provide that the credit for tax paid by a limited liability partnership under section 115JC shall be the excess of the alternate minimum tax paid over the regular income-tax payable. This shall be allowed to be carried forward up to the tenth assessment year immediately succeeding the assessment year for which such tax credit becomes allowable and shall be allowed to be set off for an assessment year in which the regular income-tax exceeds the alternate minimum tax to the extent of the excess of the regular income-tax over the alternate minimum tax.

The proposed new section 115JE seeks to provide that save as provided in the newly inserted Chapter XII-BA, all other provisions of the Income-tax Act shall apply to a limited liability partnership.

The proposed new section 115JF seeks to define the expressions "accountant", "alternate minimum tax", "limited liability partnership" and "regular income-tax" for the purposes of newly inserted Chapter XII-BA.

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

Clause 19 of the Bill seeks to amend section 115-O of the Income-tax Act relating to tax on distributed profits of domestic companies.

Sub-section (6) was inserted in the aforesaid section by way of a modification *vide* section 27 of the Special Economic Zones Act, 2005 read with the Second Schedule thereof.

The existing provisions contained in the aforesaid sub-section provide that notwithstanding anything contained in section 115-O, no tax on distributed profits shall be chargeable in respect of the total income of an undertaking or enterprise engaged in developing or developing and operating or developing, operating and maintaining a Special Economic Zone for any assessment year on any amount declared, distributed or paid by such Developer or enterprise, by way of dividends (whether interim or otherwise) on or after the 1st day of April, 2005 out of its current income either in the hands of the Developer or enterprise or the person receiving such dividend.

It is proposed to insert a proviso to the said sub-section (6) to provide that the provisions of the said sub-section shall cease to have effect from the 1st day of June, 2011. Accordingly, tax on distributed profits shall be chargeable under this section on any amount declared, distributed or paid by way of dividends by the aforesaid undertaking or enterprise on or after the 1st day of June, 2011.

This amendment will take effect from 1st June, 2011.

Clause 20 of the Bill seeks to amend section 115R of the Income-tax Act relating to tax on distributed income to unit holders.

Under the existing provisions contained in sub-section (2) of the aforesaid section, any amount of income distributed by the specified company or a Mutual Fund to its unit holders shall be chargeable to tax and such specified company or Mutual Fund shall be liable to pay additional income-tax on such distributed income at the rate of twenty-five per cent. on income distributed by a money market mutual fund or a liquid fund; twelve and one-half per cent. on income distributed to any person being an individual or a Hindu undivided family or a fund other than a money market mutual fund or a liquid fund; and twenty per cent. on income distributed to any other person by any other than a money market mutual fund or a liquid fund.

It is proposed to amend clause (i) of sub-section (2) of the aforesaid section to specifically provide that additional income-tax at the rate of twenty-five per cent shall be leviable on any income distributed to an individual or a Hindu undivided family by a money market mutual fund or a liquid fund.

It is further proposed to insert a new clause (ia) after clause (i) in sub-section (2) of the aforesaid section to provide that any income distributed to any other person by a money market mutual fund or a liquid fund shall be liable to additional income-tax at the rate of thirty per cent.

It is also proposed to amend clause (ii) of sub-section (2) of the aforesaid section so as to increase the rate of additional income-tax from twenty per cent. to thirty per cent. on any income distributed to any other person by a fund other than a money market mutual fund or a liquid fund.

These amendments will take effect from 1st June, 2011.

Clause 21 of the Bill seeks to amend section 131 of the Income-tax Act relating to power regarding discovery production of evidence, etc.

Under the existing provisions contained in section 131, certain income-tax authorities have been conferred the same power, as available to a Civil Court while trying a suit in respect of discovery and inspection, enforcing the attendance of any person, including any officer of a banking company and examining him on oath, compelling production of books of account and other documents and issuing commissions.

It is proposed to insert a new sub-section (2) in the aforesaid section to provide that for the purpose of making an inquiry or investigation in respect of any person or class of persons in relation to an agreement referred to in section 90 or section 90A, it shall be competent for any income-tax authority not below the rank of Assistant Commissioner of Income-tax, as notified by the Board in this behalf, to exercise the powers conferred under sub-section (1) on the income-tax authorities referred to in that sub-section, notwithstanding that no proceedings with respect to such person or class of persons are pending before it or any other income-tax authority.

It is further proposed to amend sub-section (3), so as to empower the aforesaid authority as notified by the Board, to impound and retain any books of account and other documents produced before it in any proceeding under the Act.

These amendments will take effect from 1st June, 2011.

Clause 22 of the Bill seeks to amend section 133 of the Income-tax Act relating to power to call for information.

Under the existing provisions contained in section 133, the income-tax authorities referred to in that section have been empowered to call for information which is useful for or relevant to, any proceeding under the Act.

It is proposed to insert a new proviso after the second proviso to the aforesaid section so as to provide that for the purposes of an agreement referred to in section 90 or section 90A, an income-tax authority notified under sub-section (2) of section 131 may exercise all the powers conferred under section 133, notwithstanding that no proceedings are pending before it or any other income-tax authority.

This amendment will take effect from 1st June, 2011.

Clause 23 of the Bill seeks to amend section 139 of the Income-tax Act relating to return of income.

Under the existing provisions contained in clause (a) of *Explanation 2* to sub-section (1) of the said section, the due date for filing return of income, in the case of a company, or a person (other than a company) whose accounts are required to be audited under the Income-tax Act or under any other law for the time being in force, or a working partner of a firm whose accounts are required to be audited under the Income-tax Act or under any other law for the time being in force, shall be the 30th day of September of the assessment year.

Section 92E of the Income-tax Act contains provisions for furnishing a report from an accountant by a person entering into international transactions.

It is proposed to amend sub-clause (i) of clause (a) to the said *Explanation 2* and to insert a new clause (aa) after the said clause (a) so as to provide that for filing a return of income in case of an assessee being a company, which is required to furnish a report referred to in the said section 92E, the due date shall be the 30th day of November of the assessment year.

This amendment will take effect retrospectively from 1st April, 2011.

Under the existing provisions contained in sub-section (1) of the aforesaid section, every person, if his total income or the total income of any other person in respect of which he is assessable under the Income-tax Act during the previous year exceeds the maximum amount which is not chargeable to income-tax, shall furnish a return of his income or the income of such other person during the previous year.

It is proposed to insert a new sub-section (1C) in the aforesaid section so as to empower the Central Government to exempt by notification in the Official Gazette any class or classes of persons from the requirement of furnishing a return of income having regard to such conditions as may be specified in that notification.

This amendment will take effect from 1st June, 2011.

Under the existing provisions contained in sub-section (4C) of section 139, every entity referred to therein shall, if the total income in respect of such entity (without giving effect to the provisions of section 10) exceeds the maximum amount which is not chargeable to income-tax, furnish a return of such income of the previous year.

It is proposed to amend the aforesaid sub-section to insert therein new clauses (g) and (h) in order to require that any body or authority or Board or Trust or Commission referred to in clause (4) of section 10 and infrastructure debt fund referred to in clause (47) of section 10, respectively, shall also furnish a return of income.

This amendment will take effect from 1st June, 2011.

Clause 24 of the Bill seeks to amend section 143 of the Income-tax Act relating to assessment.

Under the existing provisions contained in sub-section (1B) of the aforesaid section, the Central Government may, save as otherwise expressly provided, for the purpose of giving effect to the scheme made under sub-section (1A) of that section, by notification in the Official Gazette, direct that any of the provisions of the Income-tax Act relating to processing of returns shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in that notification, so, however, that no direction shall be issued after the 31st day of March, 2011.

It is proposed to amend sub-section (1B) of the aforesaid section to extend the said time limit to the 31st day of March, 2012.

This amendment will take effect retrospectively from 1st April, 2011.

Clause 25 of the Bill seeks to amend section 153 of the Income-tax Act relating to time limit for completion of assessments and re-assessments.

Under the existing provisions contained in *Explanation 1* to the said section, certain periods specified therein are to be excluded while computing the period of limitation laid down in sub-sections (1), (2) and (2A) of the said section for completion of assessments and re-assessments.

It is proposed to insert a new clause (viii) in *Explanation 1* to the said section so as to provide that the period commencing from the date on which a reference for exchange of information is made by an authority competent under an agreement referred to in section 90 or section 90A and ending with the date on which the information so requested is received by the Commissioner or a period of six months, whichever is less, shall also be excluded.

This amendment will take effect from 1st June, 2011.

Clause 26 of the Bill seeks to amend section 153B of the Income-tax Act relating to time limit for completion of assessment under section 153A.

Under the existing provisions contained in the *Explanation* to section 153B, certain periods specified therein are to be excluded while computing the period of limitation laid down in sub-section (1) of the said section for completion of assessment under section 153A.

It is proposed to insert a new clause (viii) in the *Explanation* to the said section 153B so as to provide that the period commencing from the date on which a reference for exchange of information is made by an authority competent under an agreement referred to in section 90 or section 90A and ending with the date on which the information so requested is received by the Commissioner or a period of six months, whichever is less, shall also be excluded.

This amendment will take effect from 1st June, 2011.

Clause 27 of the Bill seeks to insert a new section 194LB in the Income-tax Act relating to income by way of interest from an infrastructure debt fund.

The proposed new section seeks to provide that where any income by way of interest is payable to a non-resident, not being a company, or to a foreign company, by an infrastructure debt fund referred to in clause (47) of section 10, the person responsible for making the payment shall, at the time of credit of such income to the account of payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of five per cent.

This amendment will take effect from 1st June, 2011.

Clause 28 of the Bill seeks to amend section 245C of the Income-tax Act relating to application for settlement of cases.

The existing provisions contained in the proviso to sub-section (1) of the aforesaid section provide that, no application shall be made before the Settlement Commission unless the proceedings under section 153A or under section 153C have been initiated against the applicant and the additional amount of income-tax payable on the income disclosed in the application exceeds fifty lakh rupees and in other cases if the additional amount of income-tax payable on the income disclosed in the application exceeds ten lakh rupees.

It is further proposed to insert a new clause (a) in the proviso to sub-section (1) of the aforesaid section. It provides that no application shall be made unless, in a case where the applicant is related to the person referred to in clause (i) who has filed an application [referred as "specified person"]; and the proceedings for assessment or re-assessment for any of the assessment years referred to in clause (b) of sub-section (1) of section 153A or clause (b) of sub-section (1) of section 153B in case of the applicant, being a person referred to in section 153A or section 153C, have been initiated, the additional amount of income-tax payable on the income disclosed in the application exceeds ten lakh rupees.

This amendment will take effect from 1st June, 2011.

Clause 29 of the Bill seeks to amend section 245D of the Income-tax Act relating to procedure on receipt of an application under section 245C.

The existing provisions contained in sub-section (4) of the aforesaid section 245D provide that the Settlement Commission may pass orders on the matters covered by the applications received by it.

It is proposed to insert a new sub-section (6B) so as to provide that the Settlement Commission may,