

❑ **CBDT NOTIFIES 13th INCOME TAX AMENDMENT RULES**

**NOTIFICATION No. 51/2023/ F. No. 370142/22/2023-TPL, DATED 187-07-2023**

The Central Board of Indirect Taxes on 18th July, 2023 has issued the Income-tax (Thirteenth Amendment) Rules, 2023. The amendment provides that the receipt of following property need not be reported under the head of "Income from other sources":

"Any movable property, being shares or units or interest in the resultant fund received by the fund management entity of the resultant fund, in lieu of shares or units or interest held by the investment manager entity in the original fund".

❑ **INCOME TAX EXEMPTION FOR IFSC AIRCRAFT LEASING U/S 10(34B)**

**NOTIFICATION No. 52/2023/F. No. 275/17/2023-IT(B) DATED 20-07-2023**

The Ministry of Finance has issued above notification under section 10(34B) of the Income Tax Act, 1961. The notification provides an income tax exemption for dividends from aircraft leasing within International Financial Services Centers (IFSC). The notification specifies that no income tax deduction shall be made from any dividend income paid by an IFSC unit primarily engaged in aircraft leasing to another company operating within the IFSC, subject to certain conditions. The payee must furnish a statement-cum-declaration in Form No. 1 to the payer, detailing the relevant assessment year for exemption. The payer must not deduct tax after receiving the declaration and report these transactions accordingly. Effective from 1st September, 2023, this notification offers a boost to the aircraft leasing business within IFSCs by providing an income tax exemption for eligible dividends.

❑ **CBDT NOTIFIES 14th INCOME TAX AMENDMENT RULES**

**NOTIFICATION No. 54/2023/ F. No. 370142/24/2023-TPL DATED 01-08-2023**

CBDT inserted New Rule 6ABBB viz., Form of statement to be furnished regarding preliminary expenses incurred under section 35D vide above notification The amendment introduces Form No. 3AF for furnishing statements regarding preliminary expenses incurred by taxpayers. This form must be submitted one month prior to the due date for filing the income tax return. It should be furnished electronically either under digital signature or through an electronic verification code. The amendment also replaces Form No. 3AE in the Income-tax Rules, 1962, with new forms to be used for audit reports under section 35D(4)/35E(6) of the Income-tax Act, 1961. These changes are aimed at ensuring proper record-keeping and transparency in the deduction of preliminary expenses.

❑ **CBDT EXEMPTS IFSC UNITS FROM TDS DEDUCTION ON SHIPS LEASING INCOME**

**NOTIFICATION No. 57/2023/F. No. 275/19/2023-IT(B), DATED 01-08-2023**

The central government through the use of the powers granted by sub-section (1F) of section 197A read with clause (c) of sub-section (2) of section 80LA, of the Income-tax Act, 1961 (43 of 1961), mentioned that no deduction of the tax will be incurred under section 194-I of the Income-tax Act upon the payment such as lease rent or the supplemental lease rent, under the case, incurred via a person (lessee) to the individual being a unit of International Financial Services Centre ('lessor') for the lease of a ship as per the following-

- (a) The lessor shall, -
  - (i) Before the lessee provide a statement-cum-declaration in Form No.1 providing information of the aforementioned years pertinent to the 10 consecutive assessment years for which the lessor chooses to avail the deduction under sub-section (1A) and (2) of section 80LA of the Income Tax Act.
  - (ii) These statement-cum-declaration would be provided and validated accordingly to the Form No.1, for each aforementioned year relevant to the ten consecutive assessment years for which the lessor chooses to avail deduction under sub-sections (1A) and (2) of section 80LA of the Income Tax Act.
- (b) The lessee shall, -

- (i) Once the lessee receives a copy of the statement-cum-declaration in Form No.1 from the lessor, they are not required to deduct tax on any payment made or credited to the lessor after that date.
- (ii) Lessee are required to provide particulars of all payments made to the lessor on which tax has not been deducted due to this notification in the statement of deduction of tax referred to in subsection (3) of section 200 of the Income-tax Act read with rule 31A of the Income-tax Rules, 1962.

As reported, the aforesaid relaxation would be available before the lessor merely at the time of the stated aforementioned years pertinent to the 10 successive assessment years as the lessor displayed in Form No.1 for which deduction under section 80LA is chosen. For the payment of lease rent for any other year, the lessee will be responsible to deduct tax.

The Principal Director General of the income tax (systems) or the Director General of income tax (systems) according to the case would lay down methods, formats, and standards in order to confirm safe data capturing and transmitting and uploading the documents as well as the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) will be liable for advancing and executing the relevant security, archival and retrieval policies.

It is stated that:-

- (A) The term "ship" shall have the same meaning as defined in clause (ii) of the Explanation to clause (4F) of section 10 of the Income-tax Act.
- (B) 'International Financial Services Centre' would secure the same meaning as given to it in clause (q) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005); and
- (C) 'Unit' would secure the identical meaning as given to it in clause (zc) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005).

From the 1st day of September 2023, the notification will be effective.

#### **❑ CBDT NOTIFIES 15th INCOME TAX AMENDMENT RULES**

##### **NOTIFICATION No. 58/2023/ F. No. 370142/26/2023-TPL, DATED 09-08-2023**

The Central Board of Direct Taxes has issued the Income-tax (Fifteenth Amendment) Rules, 2023. The amendment provides that where an eligible assessee has entered into an eligible international transaction and the option for safe harbor is exercised, the transfer price declared by the assessee in respect of such transaction shall be accepted by the income-tax authorities. This shall be applicable till end of assessment year 2022-2023. These provisions shall be deemed to have come into force from the 1st day of April 2023.

#### **• CBDT NOTIFIES 16th INCOME TAX AMENDMENT RULES**

##### **NOTIFICATION No. 61/2023/ F.No.370142/28/2023-TPL, DATED 16-08-2023**

This Sixteenth Amendment focuses on the computation of income chargeable to tax related to the sums received under life insurance policies. These guidelines outline the method for calculating income from life insurance policies when the total annual premium exceeds Rs. 5 lakhs. The CBDT has introduced Rule 11UACA under the Income Tax Amendment (Sixteenth Amendment) Rules, 2023, to govern the calculation of income related to the maturity proceeds of life insurance policies issued after 1 April 2023, where the premiums paid are above Rs. 5 lakhs. The rules Rule 11UACA differentiate the computation based on whether the sum is received for the first time or during subsequent years under the life insurance policy. The amendment, as described in the notification, details the methodology to compute the income chargeable to tax under clause (xiii) of sub-section (2) of section 56 of the Income-tax Act, 1961. According to the new rules, life insurance policies issued after 1 April 2023 will be eligible for tax exemption on maturity benefits under Section 10(10D) of the Income Tax Act, as long as the total premium paid annually does not exceed Rs. 5 lakhs.

The above amendment provides that where a sum is received by an assessee for the first time under the life insurance policy during the previous year, the income chargeable to tax in the first previous year shall be computed in accordance with the formula A-B where, –

A = the sum or aggregate of sum received under the life insurance policy during the first previous year; and

B = the aggregate of the premium paid during the term of the life insurance policy till the date of receipt of the sum in the first previous year that has not been claimed as deduction under any other provision of the Act;

Where the sum is received under the life insurance policy during the previous year subsequent to the first previous year, the income chargeable to tax in the subsequent previous year shall be computed in accordance to the formula C-D, where-

C = the sum or aggregate of sum received under the life insurance policy during the subsequent previous year; and

D = the aggregate of the premium paid during the term of the life insurance policy till the date of receipt of the sum in the subsequent previous year not being premium which –

(a) has been claimed as deduction under any other provision of the Act; or

(b) is included in amount 'B' or amount 'D' of this rule in any of the previous year or years.

#### • **CBDT NOTIFIES 17th INCOME TAX AMENDMENT RULES**

##### **NOTIFICATION No. 64/2023/F.No. 370142/27/2023-TPL, DATED 17-08-2023**

The amendment provides that for the purpose of deduction of tax at source on any income payable in foreign currency, the rate of exchange for the calculation of the value in rupees of such income payable to an assessee outside India, to a Unit located in an International Financial Services Centre or by a Unit located in an International Financial Services Centre to an assessee in India, shall be the telegraphic transfer buying rate of such currency as on the date on which the tax is required to be deducted at source.

#### □ **CBDT NOTIFIES 18th INCOME TAX AMENDMENT RULES**

##### **NOTIFICATION No. 65/2023/F. No. 370142/21/2023-TPL Part (1), DATED 18-08-2023**

The Central Board of Direct Taxes (CBDT) has introduced an amendment to the Income Tax Rules, 1962, relating to the valuation of perquisites for residential accommodation provided by employers. The amendment, brings changes to the categorization and limits of cities and populations, along with revised perquisite rates based on the 2011 census. The Finance Act of 2023 incorporated amendments for the calculation of perquisites concerning the value of rent-free or concessional accommodation provided by employers to employees. As a result, the CBDT has modified Rule 3 of the Income Tax Rules, 1962, to accommodate these changes. The amended rule provides detailed guidelines for determining the value of residential accommodation perquisites based on various scenarios and parameters. The significant changes introduced by the amendment include a shift in categorization and limits of cities and populations based on the 2011 census. The earlier perquisite rates of 15%, 10%, and 7.5% have been revised to 10%, 7.5%, and 5% of the salary, respectively. The revised rates are applicable according to the population criteria, categorizing cities as per the census data. Furthermore, the amendment ensures that the valuation of perquisites considers situations where an employee occupies the same accommodation for more than one previous year, aiming for a fair tax implication. This CBDT's amendment to the Income Tax Rules, 1962, reflects the government's commitment to maintaining up-to-date and relevant regulations. By incorporating the 2011 census data and adjusting the perquisite rates, the amendment seeks to create a more balanced and accurate system for valuing residential accommodation perquisites. Employers and employees alike will benefit from the clarity and transparency provided by this amendment, enhancing the overall efficiency of the taxation framework.

The above amendment has issued the revised method for calculation of value of residential accommodation provided by the employer to employee for levy of income tax, on following scenarios:

Residential accommodation provided by government to employees

Residential accommodation provided by private employers

Residential accommodation owned by employer

Residential accommodation provided by employer through lease

Residential accommodation provided by employer in a hotel

They shall come into force with effect from the 1st day of September, 2023.