

Bill No. 362 of 2019

THE TAXATION LAWS (AMENDMENT) BILL, 2019

A

BILL

further to amend the Income-tax Act, 1961 and to amend the Finance (No. 2) Act, 2019.

BE it enacted by Parliament in the Seventieth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

1. (1) This Act may be called the Taxation Laws (Amendment) Act, 2019.

Short title and commencement.

5 (2) Save as otherwise provided, it shall be deemed to have come into force on the 20th day of September, 2019.

CHAPTER II

AMENDMENTS IN THE INCOME-TAX ACT, 1961

43 of 1961.

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2. In section 92BA of the Income-tax Act, 1961 (hereafter in this Chapter referred to as the Income-tax Act), after clause (v), the following clause shall be inserted, with effect from the 1st day of April, 2020, namely:—

Amendment of section 92BA.

"(va) any business transacted between the persons referred to in sub-section (6) of section 115BAB;".

Amendment
of section
115BA.

3. In section 115BA of the Income-tax Act, with effect from the 1st day of April, 2020,—

(a) for the marginal heading "Tax on income of certain domestic companies", the marginal heading "Tax on income of certain manufacturing domestic companies" shall be substituted;

(b) in sub-section (1), for the words "subject to the other provisions of this Chapter", the words, figures and letters "subject to the other provisions of this Chapter, other than those mentioned under section 115BAA and section 115BAB" shall be substituted;

(c) in sub-section (4), after the proviso, the following proviso shall be inserted, namely:—

"Provided further that where the person exercises option under section 115BAA, the option under this section may be withdrawn."

Insertion of
new sections
115BAA and
115BAB.
Tax on
income of
certain
domestic
companies.

4. After section 115BA of the Income-tax Act, the following sections shall be inserted with effect from the 1st day of April, 2020, namely:—

"115BAA. (1) Notwithstanding anything contained in this Act but subject to the provisions of this Chapter, other than those mentioned under section 115BA and section 115BAB, the income-tax payable in respect of the total income of a person, being a domestic company, for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2020, shall, at the option of such person, be computed at the rate of twenty-two per cent., if the conditions contained in sub-section (2) are satisfied:

Provided that where the person fails to satisfy the conditions contained in sub-section (2) in any previous year, the option shall become invalid in respect of the assessment year relevant to that previous year and subsequent assessment years and other provisions of the Act shall apply, as if the option had not been exercised for the assessment year relevant to that previous year and subsequent assessment years.

(2) For the purposes of sub-section (1), the following conditions shall apply if the total income of the company has been computed,—

(i) without any deduction under the provisions of section 10AA or clause (iia) of sub-section (1) of section 32 or section 32AD or section 33AB or section 33ABA or sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or sub-section (2AA) or sub-section (2AB) of section 35 or section 35AD or section 35CCC or section 35CCD or under any provisions of Chapter VI-A under the heading "C.—Deductions in respect of certain incomes" other than the provisions of section 80JJAA;

(ii) without set off of any loss carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred to in clause (i);

(iii) without set off of any loss or allowance for unabsorbed depreciation deemed so under section 72A, if such loss or depreciation is attributable to any of the deductions referred to in clause (i); and

(iv) by claiming the depreciation, if any, under any provision of section 32, except clause (iia) of sub-section (1) of the said section, determined in such manner as may be prescribed.

(3) The loss and depreciation referred to in clause (ii) and clause (iii) of sub-section (2) shall be deemed to have been given full effect to and no further deduction for such loss or depreciation shall be allowed for any subsequent year:

Provided that where there is a depreciation allowance in respect of a block of asset which has not been given full effect to prior to the assessment year beginning on the 1st day of April, 2020, corresponding adjustment shall be made to the written down value of such block of assets as on the 1st day of April, 2019 in the prescribed manner, if the option under sub-section (5) is exercised for a previous year relevant to the assessment year beginning on the 1st day of April, 2020.

(4) In case of a person, having a Unit in the International Financial Services Centre, as referred to in sub-section (1A) of section 80LA, which has exercised option under sub-section (5), the conditions contained in sub-section (2) shall be modified to the extent that the deduction under section 80LA shall be available to such Unit subject to fulfilment of the conditions contained in the said section.

Explanation.—For the purposes of this sub-section, the term "Unit" shall have the same meaning as assigned to it in clause (zc) of section 2 of the Special Economic Zones Act, 2005.

(5) Nothing contained in this section shall apply unless the option is exercised by the person in the prescribed manner on or before the due date specified under sub-section (1) of section 139 for furnishing the returns of income for any previous year relevant to the assessment year commencing on or after the 1st day of April, 2020 and such option once exercised shall apply to subsequent assessment years:

Provided that in case of a person, where the option exercised by it under section 115BAB has been rendered invalid due to violation of conditions contained in sub-clause (ii) or sub-clause (iii) of clause (a), or clause (b) of sub-section (2) of said section, such person may exercise option under this section:

Provided further that once the option has been exercised for any previous year, it cannot be subsequently withdrawn for the same or any other previous year.

115BAB. (1) Notwithstanding anything contained in this Act but subject to the provisions of this Chapter, other than those mentioned under section 115BA and section 115BAA, the income-tax payable in respect of the total income of a person, being a domestic company, for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2020, shall, at the option of such person, be computed at the rate of fifteen per cent., if the conditions contained in sub-section (2) are satisfied:

Tax on income of new manufacturing domestic companies.

Provided that where the total income of the person, includes any income, which has neither been derived from nor is incidental to manufacturing or production of an article or thing and in respect of which no specific rate of tax has been provided separately under this Chapter, such income shall be taxed at the rate of twenty-two per cent. and no deduction or allowance in respect of any expenditure or allowance shall be allowed in computing such income:

Provided further that the income-tax payable in respect of the income of the person deemed so under second proviso to sub-section (6) shall be computed at the rate of thirty per cent.:

Provided also that the income-tax payable in respect of income being short term capital gains derived from transfer of a capital asset on which no depreciation is allowable under the Act shall be computed at the rate of twenty-two per cent.:

Provided also that where the person fails to satisfy the conditions contained in sub-section (2) in any previous year, the option shall become invalid in respect of the assessment year relevant to that previous year and subsequent assessment years and other provisions of the Act shall apply to the person as if the option had not been exercised for the assessment year relevant to that previous year and subsequent assessment years.

(2) For the purposes of sub-section (1), the following conditions shall apply, namely:—

(a) the company has been set-up and registered on or after the 1st day of October, 2019, and has commenced manufacturing or production of an article or thing on or before the 31st day of March, 2023 and,—

(i) the business is not formed by splitting up, or the reconstruction, of a business already in existence:

Provided that this condition shall not apply in respect of a company, business of which is formed as a result of the re-establishment, reconstruction or revival by the person of the business of any such undertaking as is referred to in section 33B, in the circumstances and within the period specified in the said section;

(ii) does not use any machinery or plant previously used for any purpose.

Explanation 1.—For the purposes of sub-clause (ii), any machinery or plant which was used outside India by any other person shall not be regarded as machinery or plant previously used for any purpose, if the following conditions are fulfilled, namely:—

(A) such machinery or plant was not, at any time previous to the date of the installation used in India;

(B) such machinery or plant is imported into India from any country outside India; and

(C) no deduction on account of depreciation in respect of such machinery or plant has been allowed or is allowable under the provisions of this Act in computing the total income of any person for any period prior to the date of the installation of machinery or plant by the person.

Explanation 2.—Where in the case of a person, any machinery or plant or any part thereof previously used for any purpose is put to use by the company and the total value of such machinery or plant or part thereof does not exceed twenty per cent. of the total value of the machinery or plant used by the company, then, for the purposes of sub-clause (ii) of this clause, the condition specified therein shall be deemed to have been complied with;

(iii) does not use any building previously used as a hotel or a convention centre, as the case may be, in respect of which deduction under section 80-ID has been claimed and allowed.

Explanation.—For the purposes of this sub-clause, the expressions "hotel" and "convention centre" shall have the meanings respectively assigned to them in clause (a) and clause (b) of sub-section (6) of section 80-ID;

(b) the company is not engaged in any business other than the business of manufacture or production of any article or thing and research in relation to, or distribution of, such article or thing manufactured or produced by it.

Explanation.—For the removal of doubts, it is hereby clarified that the business of manufacture or production of any article or thing referred to in clause (b) shall not include business of,—

(i) development of computer software in any form or in any media;

(ii) mining;

(iii) conversion of marble blocks or similar items into slabs;

(iv) bottling of gas into cylinder;

(v) printing of books or production of cinematograph film; or

5 (vi) any other business as may be notified by the Central Government in this behalf; and

(c) the total income of the company has been computed,—

10 (i) without any deduction under the provisions of section 10AA or clause (iia) of sub-section (1) of section 32 or section 32AD or section 33AB or section 33ABA or sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or sub-section (2AA) or sub-section (2AB) of section 35 or section 35AD or section 35CCC or section 35CCD or under any provisions of Chapter VI-A under the heading "C.—Deductions in respect of certain incomes" other than the provisions
15 of section 80JJAA;

(ii) without set off of any loss or allowance for unabsorbed depreciation deemed so under section 72A where such loss or depreciation is attributable to any of the deductions referred to in sub-clause (i);

20 *Explanation.*—For the removal of doubts, it is hereby clarified that in case of an amalgamation, the option under sub-section (7) shall remain valid in case of the amalgamated company only and if the conditions contained in sub-section (2) are continued to be satisfied by such company; and

25 (iii) by claiming the depreciation under the provision of section 32, except clause (iia) of sub-section (1) of the said section, determined in such manner as may be prescribed.

(3) The loss referred to in sub-clause (ii) of clause (c) of sub-section (2) shall be deemed to have been given full effect to and no further deduction for such loss shall be allowed for any subsequent year.

30 (4) If any difficulty arises regarding fulfilment of the conditions contained in sub-clause (ii) or sub-clause (iii) of clause (a) of sub-section (2) or clause (b) of said sub-section, as the case may be, the Board may, with the approval of the Central Government, issue guidelines for the purpose of removing the difficulty and to promote manufacturing or production of article or thing using new plant and machinery.

35 (5) Every guideline issued by the Board under sub-section (4) shall be laid before each House of Parliament, and shall be binding on the person, and the income-tax authorities subordinate to it.

40 (6) Where it appears to the Assessing Officer that, owing to the close connection between the person to which this section applies and any other person, or for any other reason, the course of business between them is so arranged that the business transacted between them produces to the person more than the ordinary profits which might be expected to arise in such business, the Assessing Officer shall, in computing the profits and gains of such business for the purposes of this section, take the amount of profits as may be reasonably deemed to have been derived therefrom:

45 Provided that in case the aforesaid arrangement involves a specified domestic transaction referred to in section 92BA, the amount of profits from such transaction shall be determined having regard to arm's length price as defined in clause (ii) of section 92F:

Provided further that the amount, being profits in excess of the amount of the profits determined by the Assessing Officer, shall be deemed to be the income of the person.

(7) Nothing contained in this section shall apply unless the option is exercised by the person in the prescribed manner on or before the due date specified under sub-section (1) of section 139 for furnishing the first of the returns of income for any previous year relevant to the assessment year commencing on or after 1st day of April, 2020 and such option once exercised shall apply to subsequent assessment years: 5

Provided that once the option has been exercised for any previous year, it cannot be subsequently withdrawn for the same or any other previous year. 10

Explanation.—For the purposes of section 115BAA and this section, the expression "unabsorbed depreciation" shall have the meaning assigned to it in clause (b) of sub-section (7) of section 72A.

Amendment
of section
115JAA.

5. In section 115JAA of the Income-tax Act, after sub-section (7), the following sub-section shall be inserted with effect from the 1st day of April, 2020, namely:— 15

"(8) The provisions of this section shall not apply to a person who has exercised the option under section 115BAA."

Amendment
of section
115JB.

6. In section 115JB of the Income-tax Act, with effect from the 1st day of April, 2020,—

(a) in sub-section (1), the following proviso shall be inserted, namely:—

"Provided that for the previous year commencing on or after the 1st day of April, 2020, the provisions of this sub-section shall have effect as if for the words "eighteen and one-half per cent." occurring at both the places, the words "fifteen per cent." had been substituted."; 20

(b) for sub-section (5A), the following sub-section shall be substituted, namely:—

"(5A) The provisions of this section shall not apply to,— 25

(i) any income accruing or arising to a company from life insurance business referred to in section 115B;

(ii) a person who has exercised the option referred to under section 115BAA or section 115BAB."

Amendment
of section
115QA.

7. In section 115QA of the Income-tax Act, in sub-section (1), the following proviso shall be inserted and shall be deemed to have been inserted with effect from the 5th day of July, 2019, namely:— 30

"Provided that the provisions of this sub-section shall not apply to such buy-back of shares (being the shares listed on a recognised stock exchange), in respect of which public announcement has been made before the 5th day of July, 2019 in accordance with the provisions of the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018 made under the Securities and Exchange Board of India Act, 1992. 35 15 of 1992.

CHAPTER III

AMENDMENTS IN THE FINANCE (NO. 2) ACT, 2019 40

Amendment
of Act No. 23
of 2019.

8. In section 2 of the Finance (No. 2) Act, 2019 [hereafter in this Chapter referred to as the Finance (No. 2) Act], in sub-section (9), with effect from the 1st day of April, 2019,—

(a) in the second proviso, for the words "First Schedule", the words, figures and letters "First Schedule, except in case of a domestic company whose income is chargeable to tax under section 115BAA or section 115BAB of the Income-tax Act" shall be inserted and shall be deemed to have been inserted; 45

(b) in the third proviso,—

(i) in clause (a) for the words "the Income-tax Act" the words, figures and letters "the Income-tax Act, not having any income under section 115AD of the Income-tax Act" shall be inserted and shall be deemed to have been inserted;

5 (ii) after clause (a), the following clause shall be inserted and shall be deemed to have been inserted, namely:—

(aa) in the case of individual or every association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act having income under section 115AD of the Income-tax Act,—

(i) at the rate of ten per cent. of such "advance tax", where the total income exceeds fifty lakh rupees, but does not exceed one crore rupees;

15 (ii) at the rate of fifteen per cent. of such "advance tax", where the total income exceeds one crore rupees but does not exceed two crore rupees;

(iii) at the rate of twenty-five per cent. of such "advance tax", where the total income [excluding the income of the nature referred to in clause (b) of sub-section (1) of section 115AD of the Income-tax Act] exceeds two crore rupees but does not exceed five crore rupees;

20 (iv) at the rate of thirty-seven per cent. of such "advance tax", where the total income [excluding the income of the nature referred to in clause (b) of sub-section (1) of section 115AD of the Income-tax Act] exceeds five crore rupees;

25 (v) at the rate of fifteen per cent. of such "advance tax", where the total income [including the income of the nature referred to in clause (b) of sub-section (1) of section 115AD of the Income-tax Act] exceeds two crore rupees but is not covered in sub-clauses (iii) and (iv):

30 Provided that in case where the total income includes any income chargeable under clause (b) of sub-section (1) of section 115AD of the Income-tax Act, the rate of surcharge on the advance tax calculated on that part of income shall not exceed fifteen per cent.;

(iii) in clause (c), in the opening portion, for the words "domestic company", the words, figures and letters "domestic company except such domestic company whose income is chargeable to tax under section 115BAA or section 115BAB of the Income-tax Act," shall be inserted and shall be deemed to have been inserted;

(c) in the fourth proviso, for the words, brackets and letter "in (a) above", the words, brackets and letters "in (a) and (aa) above" shall be substituted;

(d) after the eighth proviso, the following proviso shall be inserted, namely:—

45 "Provided also that in case of every domestic company whose income is chargeable to tax under section 115BAA or section 115BAB of the Income-tax Act, the advance tax computed under the first proviso shall be increased by a surcharge, for the purposes of the Union, calculated at the rate of ten per cent. of such "advance tax"."

Amendment
of Part II of
First Schedule.

9. In the First Schedule of the Finance (No.2) Act,—

(A) in PART II, under the sub-heading "Surcharge on income-tax", in paragraph (i), in clause (a), with effect from the 1st day of April, 2019,—

(i) in sub-clauses I and II, after the words "aggregate of such incomes", the brackets, words, figures and letters "(including the income under the provisions of section 111A and section 112A of the Income-tax Act)" shall be inserted and shall be deemed to have been inserted; 5

(ii) in sub-clauses III and IV, after the words "aggregate of such incomes", the brackets, words, figures and letters "(excluding the income under the provisions of section 111A and section 112A of the Income-tax Act)" shall be inserted and shall be deemed to have been inserted; 10

(iii) after sub-clause IV, the following sub-clause shall be inserted and shall be deemed to have been inserted, namely:—

"V. at the rate of fifteen per cent. of such tax, where the income or aggregate of the such incomes (excluding income under the provisions of section 111A and section 112A of the Income-tax Act) paid or likely to be paid and subject to the deduction exceeds two crore rupees, but is not covered under sub-clauses III and IV); 15

Provided that in case where the total income includes any income chargeable under section 111A and section 112A of the Income-tax Act, the rate of surcharge on the amount of Income-tax deducted in respect of that part of income shall not exceed fifteen per cent.;" 20

(B) in PART III, in Paragraph A, under the sub-heading "Surcharge on income-tax", after the opening portion,—

(i) in clauses (a) and (b), after the words "having a total income", the brackets, words, figures and letters "(including the income under the provisions of section 111A and section 112A)" shall be inserted; 25

(ii) in clauses (c) and (d), after the words "having a total income", the brackets, words, figures and letters "(excluding the income under the provisions of section 111A and section 112A)" shall be inserted; 30

(iii) after clause (d) and before the proviso, the following clause shall be inserted, namely:—

"(e) having a total income (including income under the provisions of section 111A and section 112A) exceeding two crore rupees, but is not covered under clauses (c) and (d), shall be applicable at the rate of fifteen per cent. of such income-tax: 35

Provided that in case where the total income includes any income chargeable under section 111A and section 112A of the Income-tax Act, the rate of surcharge on the amount of Income-tax computed in respect of that part of income shall not exceed fifteen per cent.;" 40

Repeal and
savings.

10. (1) The Taxation Laws (Amendment) Ordinance, 2019 is hereby repealed.

Ord. 15 of
2019.

(2) Notwithstanding such repeal, anything done or any action taken under the said Ordinance, shall be deemed to have been done or taken under the corresponding provisions of this Act.

STATEMENT OF OBJECTS AND REASONS

The Finance (No. 2) Act, 2019 (the Finance Act, 2019) was enacted on the 1st day of August, 2019, *inter alia*, to provide the rate of income-tax, surcharge and health and education cess (the cess) to be levied on the income of the financial year 2018-19 and also to provide the rate of income-tax, surcharge and cess to be applicable for deduction of tax at source and payment of advance-tax during the Financial Year 2019-20. Subsequent to the enactment of the Finance Act, 2019 in view of various developments, it was felt that there is an urgent need to take additional fiscal measures so as to boost the investment and growth in the economy for which the Government had already announced certain measures. Some of these measures related to amendments to the Income-tax Act, 1961 (the Income-tax Act) and to the Finance Act, 2019.

2. It was also noticed that many countries, the world over, had reduced corporate income-tax to attract investment and create employment opportunities, thus, necessitating the need of similar measures in the form of reduction of corporate income-tax payable by domestic companies in order to make Indian industry more competitive. Therefore, it was felt that a fiscal stimulus through reduction of corporate income-tax rate of domestic companies may be provided so as to attract the investment, generate employment and boost the economy of the country.

3. In view of the above, it becomes necessary to amend certain provisions of the Income-tax Act, and the Finance Act, 2019. However, as the Parliament was not in session and in view of the urgency felt in the matter, the Taxation Laws (Amendment) Ordinance, 2019 was promulgated on the 20th day of September, 2019.

4. The Taxation Laws (Amendment) Bill, 2019 which seeks to replace the aforesaid Ordinance is on lines to the Taxation Laws (Amendment) Ordinance, 2019. However, in view of representations received from various Stakeholders to provide certainty, it has been proposed to make certain further amendments to the Income-tax Act and the Finance Act, 2019, which are as under—

(i) to amend section 115BAA of the Income-tax Act, relating to "tax on income of certain domestic companies" so as to—

(a) insert a proviso to sub-section (1) that the option of the person with respect to computation of income-tax shall become invalid, if the person fails to fulfil the conditions mentioned in sub-section (2) of the said section;

(b) insert certain additional grounds in sub-section (2) to be complied by the person;

(c) insert a new sub-section in the said section relating to option by the person having a Unit in the International Financial Services Centre; and

(d) to insert a proviso to sub-section (5) that in case where option of the person becomes invalid under section 115BAB for the specified reasons, it may exercise option under section 115BAA;

(ii) to amend section 115BAB, relating to "tax on income of new manufacturing domestic companies" so as to—

(a) insert certain provisions in sub-section (1) relating to computation of different rates of tax for the reasons mentioned therein;

(b) to clarify that the benefit of this section shall not be available to the business of—

(i) development of computer software in any form or in any media;

(ii) mining;

(iii) conversion of marble blocks or similar items into slabs;

(iv) bottling of gas into cylinder;

(v) printing of books or production of cinematograph film; or

(vi) any other business notified by Central Government in this behalf;

and

(c) insert a new sub-section that if any difficulty arises regarding fulfilment of conditions, the Board may issue guidelines for the purpose of removing the difficulty and to promote manufacturing or production of article or thing using new plant and machinery;

(iii) to amend section 115JAA of the Income-tax Act relating to "tax credit in respect of tax paid on deemed income of certain companies" so as to insert a new sub-section (8) providing that the provisions of section 115JAA shall not apply to a person who has exercised the option under section 115BAA; and

(iv) to amend the provisions of the Finance (No. 2) Act, 2019 which are of consequential in nature.

5. The Bill seeks to replace the aforesaid Ordinance.

NEW DELHI;
The 21st November, 2019.

NIRMALA SITHARAMAN.

PRESIDENT'S RECOMMENDATION UNDER ARTICLES 117 AND 274 OF THE
CONSTITUTION OF INDIA

[Copy of D.O. No. 142/20/2019-TPL, dated 21st November, 2019 from Smt. Nirmala Sitharaman, Minister of Finance and Corporate Affairs in the Ministry of Finance to the Secretary-General, Lok Sabha.]

The President having been informed of the subject matter of the Taxation Laws (Amendment) Bill, 2019, recommends under clauses (1) and (3) of Article 117 read with clause (1) of Article 274 of the Constitution of India, the introduction of the Taxation Laws (Amendment) Bill, 2019 to the Lok Sabha for its introduction and also recommends to the Lok Sabha the consideration of the Bill.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 4 of the Bill seeks to insert new sections 115BAA and 115BAB in the Income-tax Act relating to tax on income of certain domestic companies and tax on income of new manufacturing domestic companies.

Clause (iv) of sub-section (2) of proposed section 115BAA provide that for the purposes of sub-section (1), while computing the total income of the company, the depreciation under section 32 is determined in the manner as may be prescribed. Sub-clause (iii) of clause (c) of sub-section (2) of proposed section 115BAB provide for prescribing similar manner of determination of depreciation.

Proviso to sub-section (3) of proposed section provides that where there is unabsorbed depreciation allowance in respect of a block of asset which has not been given full effect to prior to the assessment year beginning on the 1st day of April, 2020, corresponding adjustment shall be made to the written down value of such block of assets as on the 1st day of April, 2019 in the prescribed manner if the option under sub-section (5) is exercised for a previous year relevant to the assessment year beginning on the 1st day of April, 2020.

Sub-section (5) of the proposed section 115BAA further seeks to provide that the option by the person referred to in sub-section (1) shall be exercised in the prescribed manner on or before the due date specified under sub-section (1) of section 139 for furnishing the return of income for the relevant previous year. Sub-section (7) of proposed section 115BAB provide for prescribing similar manner for exercising option under this section.

ANNEXURE

EXTRACTS FROM THE INCOME-TAX ACT, 1961

(43 OF 1961)

Tax on income of certain domestic companies.	*	*	*	*	*
	115BA. (1) Notwithstanding anything contained in this Act but subject to the other provisions of this Chapter, the income-tax payable in respect of the total income of a person, being a domestic company, for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2017, shall, at the option of such person, be computed at the rate of twenty-five per cent., if the conditions contained in sub-section (2) are satisfied.				
	*	*	*	*	*
Special provision for payment of tax by certain companies.	*	*	*	*	*
	115JB. (1) (5A) The provisions of this section shall not apply to any income accruing or arising to a company from life insurance business referred to in section 115B.				
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EXTRACTS FROM THE FINANCE (NO.2) ACT, 2019

(23 OF 2019)

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CHAPTER II

RATES OF INCOME-TAX

Income Tax.	*	*	*	*	*
	2. (1) (9) Subject to the provisions of sub-section (10), in cases in which income-tax has to be charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 174A or section 175 or sub-section (2) of section 176 of the Income-tax Act or deducted from, or paid on, income chargeable under the head "Salaries" under section 192 of the said Act or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed at the rate or rates in force, such income-tax or, as the case may be, "advance tax" shall be charged, deducted or computed at the rate or rates specified in Part III of the First Schedule and such tax shall be increased by a surcharge, for the purposes of the Union, calculated in such cases and in such manner as provided therein:				
	*	*	*	*	*

Provided further that the amount of "advance tax" computed in accordance with the provisions of section 111A or section 112 or section 112A of the Income-tax Act shall be increased by a surcharge, for the purposes of the Union, as provided in Paragraph A, B, C, D or E, as the case may be, of Part III of the First Schedule:

Provided also that in respect of any income chargeable to tax under section 115A, 115AB, 115AC, 115ACA, 115AD, 115B, 115BA, 115BB, 115BBA, 115BBC, 115BBD, 115BBDA, 115BBF, 115BBG, 115E, 115JB or 115JC of the Income-tax Act, "advance tax" computed under the first proviso shall be increased by a surcharge, for the purposes of the Union, calculated,—

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

(i) at the rate of ten per cent. of such "advance tax", where the total income exceeds fifty lakh rupees but does not exceed one crore rupees;

(ii) at the rate of fifteen per cent. of such "advance tax", where the total income exceeds one crore rupees but does not exceed two crore rupees;

(iii) at the rate of twenty-five per cent. of such "advance tax", where the total income exceeds two crore rupees but does not exceed five crore rupees;

(iv) at the rate of thirty-seven per cent. of such "advance tax", where the total income exceeds five crore rupees;

* * * * *

(c) in the case of every domestic company,—

(i) at the rate of seven per cent. of such "advance tax", where the total income exceeds one crore rupees but does not exceed ten crore rupees;

(ii) at the rate of twelve per cent. of such "advance tax", where the total income exceeds ten crore rupees;

* * * * *

Provided also that in the case of persons mentioned in (a) above, having total income chargeable to tax under section 115JC of the Income-tax Act, and such income exceeds,—

(a) fifty lakh rupees but does not exceed one crore rupees, the total amount payable as "advance tax" on such income and surcharge thereon shall not exceed the total amount payable as "advance tax" on a total income of fifty lakh rupees by more than the amount of income that exceeds fifty lakh rupees;

(b) one crore rupees but does not exceed two crore rupees, the total amount payable as "advance tax" on such income and surcharge thereon shall not exceed the total amount payable as "advance tax" on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees;

(c) two crore rupees but does not exceed five crore rupees, the total amount payable as "advance tax" on such income and surcharge thereon shall not exceed the total amount payable as "advance tax" on a total income of two crore rupees by more than the amount of income that exceeds two crore rupees;

(d) five crore rupees, the total amount payable as "advance tax" on such income and surcharge thereon shall not exceed the total amount payable as "advance tax" on a total income of five crore rupees by more than the amount of income that exceeds five crore rupees:

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THE FIRST SCHEDULE

(SEE SECTION 2)

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PART II

RATES FOR DEDUCTION OF TAX AT SOURCE IN CERTAIN CASES

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Surcharge on income-tax

The amount of income-tax deducted in accordance with the provisions of—

(i) item 1 of this Part, shall be increased by a surcharge, for the purposes of the Union,—

(a) in the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial

juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, being a non-resident, calculated,—

I. at the rate of ten 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 fifty lakh rupees but does not exceed one crore rupees;

II. at the rate of fifteen 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 but does not exceed two crore rupees;

III. at the rate of twenty-five 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 two crore rupees but does not exceed five crore rupees; and

IV. at the rate of thirty-seven 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 five crore rupees;

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PART III

RATES FOR CHARGING INCOME-TAX IN CERTAIN CASES, DEDUCTING INCOME-TAX FROM INCOME CHARGEABLE UNDER THE HEAD "SALARIES" AND COMPUTING "ADVANCE TAX"

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Paragraph A

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Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112 or section 112A of the Income-tax Act, shall be increased by a surcharge for the purposes of the Union, calculated, in the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act,—

(a) having a total income exceeding fifty lakh rupees but not exceeding one crore rupees, at the rate of ten per cent. of such income-tax;

(b) having a total income exceeding one crore rupees but not exceeding two crore rupees, at the rate of fifteen per cent. of such income-tax;

(c) having a total income exceeding two crore rupees but not exceeding five crore rupees, at the rate of twenty-five per cent. of such income-tax; and

(d) having a total income exceeding five crore rupees, at the rate of thirty-seven per cent. of such income-tax:

Provided that in the case of persons mentioned above having total income exceeding,—

(a) fifty lakh rupees but not exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of fifty lakh rupees by more than the amount of income that exceeds fifty lakh rupees;

(b) one crore rupees but does not exceed two crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax and surcharge on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees;

(c) two crore rupees but does not exceed five crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax and surcharge on a total income of two crore rupees by more than the amount of income that exceeds two crore rupees;

(d) five crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax and surcharge on a total income of five crore rupees by more than the amount of income that exceeds five crore rupees.

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*further to amend the Income-tax Act, 1961 and to amend the Finance (No. 2)
Act, 2019.*

(Smt. Nirmala Sitharaman, Minister of Finance and Corporate Affairs.)