

Amendment
of section
115JB.

24. In section 115JB of the Income-tax Act, with effect from the 1st day of April, 2007,—

(i) in sub-section (1),—

(a) for the words, figures and letters "the 1st day of April, 2001", the words, figures and letters "the 1st day of April, 2007" shall be substituted;

(b) for the words "seven and one-half per cent.", at both the places where they occur, the words "ten per cent." shall be substituted; 5

(ii) in the *Explanation* occurring after sub-section (2),—

(a) in clause (f), for the words, figures, brackets and letters "section 10 (other than the provisions contained in clause (23G) thereof) or section 10A or section 10B or section 11 or section 12 apply," the words, figures, brackets and letters "section 10 [other than the provisions contained in clause (38) thereof] or section 10A or section 10B or section 11 or section 12 apply; or" shall be substituted; 10

(b) after clause (f),—

(A) the following clause shall be inserted, namely:—

"(g) the amount of depreciation,"; 15

(B) for the portion beginning with the words "if any amount", and ending with the words "as reduced by—", the following shall be substituted, namely:—

"if any amount referred to in clauses (a) to (g) is debited to the profit and loss account, and as reduced by—";

(c) in clause (ii), for the words, figures, brackets and letter "section 10 (other than the provisions contained in clause (23G) thereof)", the words, figures and brackets "section 10 [other than the provisions contained in clause (38) thereof]" shall be substituted; 20

(d) after clause (ii), the following clauses shall be inserted, namely:—

"(iia) the amount of depreciation debited to the profit and loss account (excluding the depreciation on account of revaluation of assets); or 25

(iib) the amount withdrawn from revaluation reserve and credited to the profit and loss account, to the extent it does not exceed the amount of depreciation on account of revaluation of assets referred to in clause (iia); or".

Amendment
of section
115-O.

25. In section 115-O of the Income-tax Act, in sub-section (6), the words, brackets, figures and letter "not falling under clause (23G) of section 10" shall be omitted with effect from the 1st day of April, 2007. 30

Amendment
of section
115R.

26. In section 115R of the Income-tax Act, in sub-section (2), in the proviso, in clause (b), the word "open-ended" shall be omitted with effect from the 1st day of June, 2006.

Amendment
of section
115T.

27. In section 115T of the Income-tax Act, in the *Explanation*, in clause (b), with effect from the 1st day of June, 2006,—

(i) the word "open-ended" shall be omitted; 35

(ii) in sub-clause (ii), for the words "fifty per cent.", the words "sixty-five per cent." shall be substituted.

Amendment
of section
115WB.

28. In section 115WB of the Income-tax Act, with effect from the 1st day of April, 2007,—

(a) in sub-section (2),—

(i) in clause (D), in the proviso,—

(A) in clause (v), the word "and" occurring at the end shall be omitted; 40

(B) after clause (vi), the following clauses shall be inserted, namely:—

"(vii) being the expenditure on distribution of free samples of medicines or of medical equipment, to doctors; and

(viii) being the expenditure by way of payment to any person of repute for promoting the sale of goods or services of the business of the employer,"; 45

(ii) in clause (F), the words and brackets "tour and travel (including foreign travel)" shall be omitted;

(iii) after clause (P), the following clause shall be inserted, namely:—

"(Q) tour and travel (including foreign travel).";

(b) in sub-section (3), after the words "payable by the employee", the words "or any benefit or amenity in the nature of free or subsidised transport or any such allowance provided by the employer to his employees for journeys by the employees from their residence to the place of work or such place of work to the place of residence" shall be inserted at the end.

5 **29.** In section 115WC of the Income-tax Act, with effect from the 1st day of April, 2007,—

Amendment of
section 115WC.

(a) in sub-section (1),—

(i) for clause (b), the following clause shall be substituted, namely:—

"(b) the amount of contribution, referred to in clause (c) of sub-section (1) of section 115WB, which exceeds one lakh rupees in respect of each employee;"

10 (ii) after clause (d), the following clause shall be inserted, namely:—

"(e) five per cent. of the expenses referred to in clause (Q) of sub-section (2) of section 115WB.";

(b) in sub-section (2),—

(i) after clause (a), the following clauses shall be inserted, namely:—

15 '(aa) in the case of an employer engaged in the business of carriage of passengers or goods by aircraft, the value of fringe benefits for the purposes referred to in clause (B) of sub-section (2) of section 115WB shall be "five per cent." instead of "twenty per cent." referred to in clause (c) of sub-section (1);

20 (ab) in the case of an employer engaged in the business of carriage of passengers or goods by ship, the value of fringe benefits for the purposes referred to in clause (B) of sub-section (2) of section 115WB shall be "five per cent." instead of "twenty per cent." referred to in clause (c) of sub-section (1);

(ii) after clause (d), the following clauses shall be inserted, namely:—

25 '(da) in the case of an employer engaged in the business of carriage of passengers or goods by aircraft, the value of fringe benefits for the purposes referred to in clause (G) of sub-section (2) of section 115WB shall be "five per cent." instead of "twenty per cent." referred to in clause (c) of sub-section (1);

30 (db) in the case of an employer engaged in the business of carriage of passengers or goods by ship, the value of fringe benefits for the purposes referred to in clause (G) of sub-section (2) of section 115WB shall be "five per cent." instead of "twenty per cent." referred to in clause (c) of sub-section (1);

30. In section 120 of the Income-tax Act, in sub-section (1), the following *Explanation* shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1988, namely:—

Amendment of
section 120.

35 "*Explanation.*—For the removal of doubts, it is hereby declared that any income-tax authority, being an authority higher in rank, may, if so directed by the Board, exercise the powers and perform the functions of the income-tax authority lower in rank and any such direction issued by the Board shall be deemed to be a direction issued under sub-section (1)."

31. In section 139 of the Income-tax Act,—

Amendment of
section 139.

40 (I) in sub-section (1), in the first proviso, after clause (vi), for the words "during the previous year", the words, figures and letters "during any previous year ending before the 1st day of April, 2005" shall be substituted;

(II) in sub-section (9), in the *Explanation*,—

(A) in clause (c), in sub-clause (i),—

45 (a) for the words "deducted at source", the words "deducted or collected at source" shall be substituted with effect from the 1st day of April, 2007;

(b) for the words, figures and letters "before the 1st day of April, 2006", the words, figures and letters "before the 1st day of April, 2008" shall be substituted;

(c) in the proviso, with effect from the 1st day of April, 2007,—

50 (i) for the words "claimed to have been deducted at source", the words "claimed to have been deducted or collected at source" shall be substituted;

(ii) for clause (a), the following clause shall be substituted, namely:—

"(a) a certificate for tax deducted or collected was not furnished under section 203 or section 206C to the person furnishing his return of income;"

55 (B) after clause (f), the following proviso shall be inserted with effect from the 1st day of June, 2006, namely:—

"Provided that the Board may, by rules made by it,—

(a) dispense, for a class or classes of persons, with any of the conditions specified in clauses (a) to (f); or

(b) include any of the conditions specified in clauses (a) to (f) of this *Explanation* in the form of return prescribed under sub-section (1) or sub-section (6) of this section.".

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Amendment
of section
139A.

32. In section 139A of the Income-tax Act,—

(a) after sub-section (1A), the following sub-section shall be inserted with effect from the 1st day of June, 2006, namely:—

"(1B) Notwithstanding anything contained in sub-section (1), the Central Government may, for the purpose of collecting any information which may be useful for or relevant to the purposes of this Act, by notification in the Official Gazette, specify, any class or classes of persons who shall apply to the Assessing Officer for the allotment of the permanent account number and such persons shall, within such time as mentioned in that notification, apply to the Assessing Officer for the allotment of a permanent account number.";

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(b) for sub-section (2), the following sub-section shall be substituted with effect from the 1st day of June, 2006, namely:—

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"(2) The Assessing Officer, having regard to the nature of the transactions as may be prescribed, may also allot a permanent account number, to any other person (whether any tax is payable by him or not), in the manner and in accordance with the procedure as may be prescribed.";

(c) in sub-section (5B), after clause (iii), the following clause shall be inserted with effect from the 1st day of June, 2006, namely:—

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"(iv) in all quarterly statements prepared and delivered or caused to be delivered in accordance with the provisions of sub-section (3) of section 200:";

(d) in sub-section (5C), for the word "seller", the words "person responsible for collecting tax" shall be substituted with effect from the 1st day of April, 2007;

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(e) in sub-section (5D),—

(A) in the opening portion, for the word "seller", the word "person" shall be substituted with effect from the 1st day of April, 2007;

(B) after clause (ii), the following clause shall be inserted with effect from the 1st day of June, 2006, namely:—

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"(iii) in all quarterly statements prepared and delivered or caused to be delivered in accordance with the provisions of sub-section (3) of section 206C.".

Insertion of
new section
139B.

33. After section 139A of the Income-tax Act, the following section shall be inserted with effect from the 1st day of June, 2006, namely:—

Scheme for
submission of
returns
through Tax
Return
Preparers.

139B. (1) For the purpose of enabling any specified class or classes of persons in preparing and furnishing returns of income, the Board may, without prejudice to the provisions of section 139, frame a Scheme, by notification in the Official Gazette, providing that such persons may furnish their returns of income through a Tax Return Preparer authorised to act as such under the Scheme.

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(2) Every Tax Return Preparer shall assist the persons furnishing the return of income in such manner as may be specified in the Scheme framed under this section and affix his signature on such return.

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(3) For the purposes of this section,—

(a) "Tax Return Preparer" means any individual, [not being a person referred to in clause (ii) or clause (iii) or clause (iv) of sub-section (2) of section 288 or an employee of the "specified class or classes of persons"], who has been authorised to act as a Tax Return Preparer under the Scheme framed under this section;

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(b) "specified class or classes of persons" means any person, other than a company or a person, whose accounts are required to be audited under section 44AB or under any other law for the time being in force, who is required to furnish a return of income under this Act.

(4) The Scheme framed by the Board under this section may provide for the following, namely:—

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(a) the manner in which and the period for which the Tax Return Preparers shall be authorised under sub-section (3);

(b) the educational and other qualifications to be possessed, and the training and other conditions required to be fulfilled, by a person to act as a Tax Return Preparer;

(c) the code of conduct for the Tax Return Preparers;

(d) the duties and obligations of the Tax Return Preparers;

5 (e) the circumstances under which the authorisation given to a Tax Return Preparer may be withdrawn;

(f) any other matter which is required to be, or may be, specified by the Scheme for the purposes of this section.

10 (5) Every Scheme framed by the Board under this section shall be laid, as soon as may be after it is framed, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree that the Scheme should not be framed, the Scheme shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that Scheme.'. 15

34. In section 140A of the Income-tax Act, with effect from the 1st day of April, 2007,—

Amendment of section 140A.

(a) in sub-section (1), for the words "after taking into account the amount of tax, if any, already paid under any provision of this Act", the following shall be substituted, namely:—

"after taking into account,—

20 (i) the amount of tax, if any, already paid under any provision of this Act;

(ii) any tax deducted or collected at source;

(iii) any relief of tax or deduction of tax claimed under section 90 or section 91 on account of tax paid in a country outside India;

25 (iv) any relief of tax claimed under section 90A on account of tax paid in any specified territory outside India referred to in that section; and

(v) any tax credit claimed to be set off in accordance with the provisions of section 115JAA,";

(b) in sub-section (1A), for clause (i), the following clause shall be substituted, namely:—

"(i) under section 234A shall be computed on the amount of the tax on the total income as declared in the return as reduced by the amount of,—

30 (a) advance tax, if any, paid;

(b) any tax deducted or collected at source;

(c) any relief of tax or deduction of tax claimed under section 90 or section 91 on account of tax paid in a country outside India;

35 (d) any relief of tax claimed under section 90A on account of tax paid in any specified territory outside India referred to in that section; and

(e) any tax credit claimed to be set off in accordance with the provisions of section 115JAA,";

(c) in sub-section (1B), for the *Explanation*, the following *Explanation* shall be substituted, namely:—

'*Explanation*.—For the purposes of this sub-section, "assessed tax" means the tax on the total income as declared in the return as reduced by the amount of,—

40 (i) tax deducted or collected at source, in accordance with the provisions of Chapter XVII, on any income which is subject to such deduction or collection and which is taken into account in computing such total income;

(ii) any relief of tax or deduction of tax claimed under section 90 or section 91 on account of tax paid in a country outside India;

45 (iii) any relief of tax claimed under section 90A on account of tax paid in any specified territory outside India referred to in that section; and

(iv) any tax credit claimed to be set off in accordance with the provisions of section 115JAA.'.

35. In section 142 of the Income-tax Act, in sub-section (1), in clause (i),—

Amendment of section 142.

50 (a) for the words, brackets and figures "within the time allowed under sub-section (1) of section 139", the words, brackets and figures "within the time allowed under sub-section (1) of section 139 or before the end of the relevant assessment year" shall be substituted;