

AS INTRODUCED IN LOK SABHA  
ON 26TH FEBRUARY, 2010

Bill No.10 of 2010

THE FINANCE BILL, 2010

A

BILL

*to give effect to the financial proposals of the Central Government for the  
financial year 2010-2011.*

BE it enacted by Parliament in the Sixty-first Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

1. (1) This Act may be called the Finance Act, 2010.
- 5 (2) Save as otherwise provided in this Act, sections 2 to 56 shall be deemed to have come into force on the 1st day of April, 2010.

Short title and  
commencement.

## CHAPTER II

### RATES OF INCOME-TAX

2. (1) Subject to the provisions of sub-sections (2) and (3), for the assessment year commencing on Income-tax.  
10 the 1st day of April, 2010, income-tax shall be charged at the rates specified in Part I of the First Schedule and such tax shall be increased by a surcharge, for purposes of the Union, calculated in each case in the manner provided therein.

(2) In the cases to which Paragraph A of Part I of the First Schedule applies, where the assessee has, in the previous year, any net agricultural income exceeding five thousand rupees, in addition to  
15 total income, and the total income exceeds one lakh sixty thousand rupees, then,—

(a) the net agricultural income shall be taken into account, in the manner provided in clause (b) [that is to say, as if the net agricultural income were comprised in the total income after the first one lakh sixty thousand rupees of the total income but without being liable to tax], only for the purpose of charging income-tax in respect of the total income; and

20 (b) the income-tax chargeable shall be calculated as follows:—

(i) the total income and the net agricultural income shall be aggregated and the amount of income-tax shall be determined in respect of the aggregate income at the rates specified in the said Paragraph A, as if such aggregate income were the total income;

25 (ii) the net agricultural income shall be increased by a sum of one lakh sixty thousand rupees, and the amount of income-tax shall be determined in respect of the net agricultural income as so increased at the rates specified in the said Paragraph A, as if the net agricultural income as so increased were the total income;

30 (iii) the amount of income-tax determined in accordance with sub-clause (i) shall be reduced by the amount of income-tax determined in accordance with sub-clause (ii) and the sum so arrived at shall be the income-tax in respect of the total income:

Provided that in the case of every woman, resident in India and below the age of sixty-five years at any time during the previous year, referred to in item (II) of Paragraph A of Part I of the First Schedule, the provisions of this sub-section shall have effect as if for the words "one lakh sixty thousand rupees", the words "one lakh ninety thousand rupees" had been substituted:

35 Provided further that in the case of every individual, being a resident in India, who is of the age of sixty-five years or more at any time during the previous year, referred to in item (III) of Paragraph A of Part I of the First Schedule, the provisions of this sub-section shall have effect as if for the words "one lakh sixty thousand rupees", the words "two lakh forty thousand rupees" had been substituted.

(3) In cases to which the provisions of Chapter XII or Chapter XII-A or Chapter XII-H or section  
40 115JB or sub-section (1A) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act) apply, the tax chargeable shall be

determined as provided in that Chapter or that section, and with reference to the rates imposed by sub-section (1) or the rates as specified in that Chapter or section, as the case may be:

Provided that the amount of income-tax computed in accordance with the provisions of section 111A or section 112 shall be increased by a surcharge, for purposes of the Union, as provided in Paragraph A, B, C, D or E, as the case may be, of Part I of the First Schedule: 5

Provided further that in respect of any income chargeable to tax under sections 115A, 115AB, 115AC, 115ACA, 115AD, 115B, 115BB, 115BBA, 115BBC, 115E and 115JB of the Income-tax Act, the amount of income-tax computed under this sub-section shall be increased by a surcharge, for purposes of the Union, calculated,—

(a) in the case of a domestic company, at the rate of ten per cent. of such income-tax where the total income exceeds one crore rupees; 10

(b) in the case of every company, other than a domestic company, at the rate of two and one-half per cent. of such income-tax where the total income exceeds one crore rupees:

Provided also that in the case of every company having total income chargeable to tax under section 115JB of the Income-tax Act, and such income exceeds one crore rupees, the total amount payable as income-tax and surcharge on such income-tax shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees. 15

(4) In cases in which tax has to be charged and paid under section 115-O or sub-section (2) of section 115R of the Income-tax Act, the tax shall be charged and paid at the rates as specified in those sections and shall be increased by a surcharge, for purposes of the Union, calculated at the rate of seven and one-half per cent. of such tax. 20

(5) In cases in which tax has to be deducted under sections 193, 194, 194A, 194B, 194BB, 194D and 195 of the Income-tax Act, at the rates in force, the deductions shall be made at the rates specified in Part II of the First Schedule and shall be increased by a surcharge, for purposes of the Union, calculated in cases wherever prescribed, in the manner provided therein. 25

(6) In cases in which tax has to be deducted under sections 194C, 194E, 194EE, 194F, 194G, 194H, 194-I, 194J, 194LA, 196B, 196C and 196D of the Income-tax Act, the deductions shall be made at the rates specified in those sections and shall be increased by a surcharge, for purposes of the Union, in the case of every company, other than a domestic company, calculated at the rate of two and one-half 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. 30

(7) In cases in which tax has to be collected under the proviso to section 194B of the Income-tax Act, the collection shall be made at the rates specified in Part II of the First Schedule, and shall be increased by a surcharge, for purposes of the Union, calculated, in cases wherever prescribed, in the manner provided therein. 35

(8) In cases in which tax has to be collected under section 206C of the Income-tax Act, the collection shall be made at the rates specified in that section and shall be increased by a surcharge, for purposes of the Union, in the case of every company, other than a domestic company, calculated at the rate of two and one-half per cent. of such tax, where the amount or the aggregate of such amounts collected and subject to the collection exceeds one crore rupees. 40

(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 so 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 purposes of the Union, calculated in such cases and in such manner as provided therein: 45

Provided that in cases to which the provisions of Chapter XII or Chapter XII-A or section 115JB or sub-section (1A) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act apply, "advance tax" shall be computed with reference to the rates imposed by this sub-section or the rates as specified in that Chapter or section, as the case may be: 50

Provided further that the amount of "advance tax" computed in accordance with the provisions of section 111A or section 112 of the Income-tax Act shall be increased by a surcharge, for purposes of the Union, as provided in Paragraph E of Part III of the First Schedule pertaining to the case of a company: 55

Provided also that in respect of any income chargeable to tax under sections 115A, 115AB, 115AC, 115ACA, 115AD, 115B, 115BB, 115BBA, 115BBC, 115E and 115JB of the Income-tax Act, "advance

tax” computed under the first proviso shall be increased by a surcharge, for purposes of the Union, calculated,—

- (a) in the case of every domestic company, at the rate of seven and one-half per cent. of such “advance tax” where the total income exceeds one crore rupees;
- 5 (b) in the case of every company, other than a domestic company, at the rate of two and one-half per cent. of such “advance tax” where the total income exceeds one crore rupees:

Provided also that in the case of every company having total income chargeable to tax under section 115JB of the Income-tax Act, and such income exceeds one crore rupees, the total amount payable as “advance tax” on such income and surcharge thereon, shall not exceed the total amount payable as  
10 “advance tax” on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

(10) In cases to which Paragraph A of Part III of the First Schedule applies, where the assessee has, in the previous year or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than the previous year, in such other period, any net agricultural  
15 income exceeding five thousand rupees, in addition to total income and the total income exceeds one lakh sixty thousand rupees, then, in charging income-tax under sub-section (2) of section 174 or section 174A or section 175 or sub-section (2) of section 176 of the said Act or in computing the “advance tax” payable under Chapter XVII-C of the said Act, at the rate or rates in force,—

(a) the net agricultural income shall be taken into account, in the manner provided in clause (b) [that is to say, as if the net agricultural income were comprised in the total income after the first one lakh sixty thousand rupees of the total income but without being liable to tax], only for the purpose of charging or  
20 computing such income-tax or, as the case may be, “advance tax” in respect of the total income; and

(b) such income-tax or, as the case may be, “advance tax” shall be so charged or computed as follows:—

25 (i) the total income and the net agricultural income shall be aggregated and the amount of income-tax or “advance tax” shall be determined in respect of the aggregate income at the rates specified in the said Paragraph A, as if such aggregate income were the total income;

(ii) the net agricultural income shall be increased by a sum of one lakh sixty thousand rupees, and the amount of income-tax or “advance tax” shall be determined in respect of the net agricultural  
30 income as so increased at the rates specified in the said Paragraph A, as if the net agricultural income were the total income;

(iii) the amount of income-tax or “advance tax” determined in accordance with sub-clause (i) shall be reduced by the amount of income-tax or, as the case may be, “advance tax” determined in accordance with sub-clause (ii) and the sum so arrived at shall be the income-tax or, as the  
35 case may be, “advance tax” in respect of the total income:

Provided that in the case of every woman, resident in India and below the age of sixty-five years at any time during the previous year, referred to in item (II) of Paragraph A of Part III of the First Schedule, the provisions of this sub-section shall have effect as if for the words “one lakh sixty thousand rupees”, the words “one lakh ninety thousand rupees” had been substituted:

40 Provided further that in the case of every individual, being a resident in India, who is of the age of sixty-five years or more at any time during the previous year, referred to in item (III) of Paragraph A of Part III of the First Schedule, the provisions of this sub-section shall have effect as if for the words “one lakh sixty thousand rupees”, the words “two lakh forty thousand rupees” had been substituted.

(11) The amount of income-tax as specified in sub-sections (1) to (10) and as increased by the applicable  
45 surcharge, for purposes of the Union, calculated in the manner provided therein, shall be further increased by an additional surcharge, for purposes of the Union, to be called the “Education Cess on income-tax”, calculated at the rate of two per cent. of such income-tax and surcharge so as to fulfil the commitment of the Government to provide and finance universalised quality basic education:

Provided that nothing contained in this sub-section shall apply to cases in which tax is to be deducted  
50 or collected under the sections of the Income-tax Act mentioned in sub-sections (5), (6), (7) and (8), if the income subjected to deduction of tax at source or collection of tax at source is paid to a domestic company and any other person who is resident in India.

(12) The amount of income-tax as specified in sub-sections (1) to (10) and as increased by the applicable surcharge, for purposes of the Union, calculated in the manner provided therein, shall also  
55 be increased by an additional surcharge, for purposes of the Union, to be called the “Secondary and Higher Education Cess on income-tax”, calculated at the rate of one per cent. of such income-tax and surcharge so as to fulfil the commitment of the Government to provide and finance secondary and higher education:

Provided that nothing contained in this sub-section shall apply to cases in which tax is to be deducted or collected under the sections of the Income-tax Act mentioned in sub-sections (5), (6), (7) and (8), if the income subjected to deduction of tax at source or collection of tax at source is paid to a domestic company and any other person who is resident in India.

(13) For the purposes of this section and the First Schedule,— 5

(a) “domestic company” means an Indian company or any other company which, in respect of its income liable to income-tax under the Income-tax Act, for the assessment year commencing on the 1st day of April, 2010, has made the prescribed arrangements for the declaration and payment within India of the dividends (including dividends on preference shares) payable out of such income;

(b) “insurance commission” means any remuneration or reward, whether by way of commission 10 or otherwise, for soliciting or procuring insurance business (including business relating to the continuance, renewal or revival of policies of insurance);

(c) “net agricultural income”, in relation to a person, means the total amount of agricultural income, from whatever source derived, of that person computed in accordance with the rules contained in Part IV of the First Schedule; 15

(d) all other words and expressions used in this section and the First Schedule but not defined in this sub-section and defined in the Income-tax Act shall have the meanings, respectively, assigned to them in that Act.

CHAPTER III  
DIRECT TAXES 20  
*Income-tax*

- Amendment of section 2. **3.** In section 2 of the Income-tax Act,—
- (a) in clause (15), after the proviso, the following proviso shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2009, namely:—
- “Provided further that the first proviso shall not apply if the aggregate value of the receipts from the activities referred to therein is ten lakh rupees or less in the previous year;”;
- (b) in clause (24), in sub-clause (xv), after the words, brackets and figures “value of property referred to in clause (vii)”, the words, brackets, figures and letter “or clause (viiia)” shall be inserted with effect from the 1st day of June, 2010.
- Amendment of section 9. **4.** In section 9 of the Income-tax Act, for the *Explanation* occurring after sub-section (2), the following *Explanation* shall be substituted and shall be deemed to have been substituted with effect from the 1st day of June, 1976, namely:—
- “*Explanation.*—For the removal of doubts, it is hereby declared that for the purposes of this section, income of a non-resident shall be deemed to accrue or arise in India under clause (v) or clause (vi) or clause (vii) of sub-section (1) and shall be included in the total income of the non-resident, whether or not,—
- (i) the non-resident has a residence or place of business or business connection in India; or
- (ii) the non-resident has rendered services in India.”.
- Amendment of section 10. **5.** In section 10 of the Income-tax Act, in clause (21), with effect from the 1st day of April, 2011,—
- (a) for the words “scientific research association”, wherever they occur, the words “research association” shall be substituted;
- (b) in the opening portion, after the word, brackets and figures “clause (ii)”, the words, brackets and figures “or clause (iii)” shall be inserted;
- (c) in the first proviso, in clause (a),—
- (A) in sub-clause (i),—
- (I) in item (2), for the words “scientific research”, the words “scientific research or research in social science or statistical research” shall be substituted;
- (II) in item (3), after the word, brackets and figures “clause (ii)”, the words, brackets and figures “or clause (iii)” shall be inserted;
- (B) in sub-clause (ii), for the words “scientific research”, the words “scientific research or research in social science or statistical research” shall be substituted.

6. In section 10AA of the Income-tax Act, in sub-section (7), the following proviso shall be inserted, Amendment of  
namely:— section 10AA.

33 of 2009. 5 "Provided that the provisions of this sub-section [as amended by section 6 of the Finance (No. 2) Act, 2009] shall have effect for the assessment year beginning on the 1st day of April, 2006 and subsequent assessment years."

33 of 1996. 10 7. In section 12AA of the Income-tax Act, in sub-section (3), after the word, brackets and figure "sub-section (1)", the words, figures letter and brackets "or has obtained registration at any time under section 12A [as it stood before its amendment by the Finance (No. 2) Act, 1996]" shall be inserted with effect from the 1st day of June, 2010. Amendment of section 12AA.

10 8. In section 32 of the Income-tax Act, in sub-section (1), in the fifth proviso, for the words, brackets and figures "clause (xiii) and clause (xiv)", the words, brackets, figures and letter "clause (xiii), clause (xiiib) and clause (xiv)" shall be substituted with effect from the 1st day of April, 2011. Amendment of section 32.

9. In section 35 of the Income-tax Act, with effect from the 1st day of April, 2011,— Amendment of section 35.

(i) in sub-section (1),—

15 (a) for the words "scientific research association", wherever they occur, the words "research association" shall be substituted;

(b) in clause (i), for the words "one and one-fourth", the words "one and three-fourth" shall be substituted;

(c) in clause (iii),—

20 (A) for the words "any sum paid to a university", the words "any sum paid to a research association which has as its object the undertaking of research in social science or statistical research or to a university" shall be substituted;

(B) in the proviso, for the words "such university", at both the places where they occur, the words "such association, university" shall be substituted;

25 (ii) in sub-section (2AA), in clause (a), for the words "one and one-fourth", the words "one and three-fourth" shall be substituted;

(iii) in sub-section (2AB), in clause (1), for the words "one and one-half", the word "two" shall be substituted.

10. In section 35AD of the Income-tax Act,— Amendment of section 35AD.

30 19 of 2006. (a) in sub-section (2), in clause (iii), in sub-clause (c), for the words "one-third of its total pipeline capacity", the words, brackets and figures "such proportion of its total pipeline capacity as specified by regulations made by the Petroleum and Natural Gas Regulatory Board established under sub-section (1) of section 3 of the Petroleum and Natural Gas Regulatory Board Act, 2006" shall be substituted;

35 (b) for sub-section (3), the following sub-section shall be substituted with effect from the 1st day of April, 2011, namely:—

40 '(3) Where a deduction under this section is claimed and allowed in respect of the specified business for any assessment year, no deduction shall be allowed under the provisions of Chapter VI-A under the heading "C.—Deductions in respect of certain incomes" in relation to such specified business for the same or any other assessment year.;

(c) in sub-section (5), with effect from the 1st day of April, 2011,—

(i) in clause (a), the word "and", occurring at the end, shall be omitted;

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

45 "(aa) on or after the 1st day of April, 2010, where the specified business is in the nature of building and operating a new hotel of two-star or above category as classified by the Central Government; and";

(iii) in clause (b), for the word, brackets and letter "clause (a)", the words, brackets and letters "clause (a) and clause (aa)" shall be substituted;

50 (d) in sub-section (8), in clause (c), after sub-clause (iii), the following sub-clause shall be inserted with effect from the 1st day of April, 2011, namely:—

"(iv) building and operating, anywhere in India, a new hotel of two-star or above category as classified by the Central Government;".

- Amendment of section 35DDA. **11.** In section 35DDA of the Income-tax Act, with effect from the 1st day of April, 2011,—
- (a) after sub-section (4), the following sub-section shall be inserted, namely:—
- “(4A) Where there has been reorganisation of business, whereby a private company or unlisted public company is succeeded by a limited liability partnership fulfilling the conditions laid down in the proviso to clause (xiiib) of section 47, the provisions of this section shall, as far as may be, apply to the successor limited liability partnership, as they would have applied to the said company, if reorganisation of business had not taken place.”;
- (b) in sub-section (5), for the words, brackets and figures “sub-section (3) and in the case of a firm or proprietary concern referred to in sub-section (4)”, the words, brackets, figures and letter “sub-section (3), in the case of a firm or proprietary concern referred to in sub-section (4) and in the case of a company referred to in sub-section (4A)” shall be substituted.
- Amendment of section 40. **12.** In section 40 of the Income-tax Act, in clause (a), in sub-clause (ia),—
- (a) for the portion beginning with the words “has not been paid,—” and ending with the words “the last day of the previous year”, the words, brackets and figures “has not been paid on or before the due date specified in sub-section (1) of section 139” shall be substituted;
- (b) for the proviso, the following proviso shall be substituted, namely:—
- “Provided that where in respect of any such sum, tax has been deducted in any subsequent year, or has been deducted during the previous year but paid after the due date specified in sub-section (1) of section 139, such sum shall be allowed as a deduction in computing the income of the previous year in which such tax has been paid.”.
- Amendment of section 43. **13.** In section 43 of the Income-tax Act, with effect from the 1st day of April, 2011,—
- (a) in clause (1), in *Explanation 13*, in clause (b), in sub-clause (iii), for the brackets, figures and word “(xiii) and (xiv)”, the brackets, figures, letter and word “(xiii), (xiiib) and (xiv)” shall be substituted;
- (b) in clause (6), after *Explanation 2B*, the following *Explanation* shall be inserted, namely:—
- “*Explanation 2C.*—Where in any previous year, any block of assets is transferred by a private company or unlisted public company to a limited liability partnership and the conditions specified in the proviso to clause (xiiib) of section 47 are satisfied, then, notwithstanding anything contained in clause (1), the actual cost of the block of assets in the case of the limited liability partnership shall be the written down value of the block of assets as in the case of the said company on the date of conversion of the company into the limited liability partnership.”.
- Amendment of section 44AB. **14.** In section 44AB of the Income-tax Act, with effect from the 1st day of April, 2011,—
- (a) in clause (a), for the words “forty lakh rupees”, the words “sixty lakh rupees” shall be substituted;
- (b) in clause (b), for the words “ten lakh rupees”, the words “fifteen lakh rupees” shall be substituted.
- Amendment of section 44AD. **15.** In section 44AD of the Income-tax Act [as amended by section 20 of the Finance (No. 2) Act, 2009], in the *Explanation*, in clause (b), in sub-clause (ii), for the words “forty lakh rupees”, the words “sixty lakh rupees” shall be substituted with effect from the 1st day of April, 2011.
- Amendment of section 44BB. **16.** In section 44BB of the Income-tax Act, in the proviso to sub-section (1), after the words, figures and letter “section 44D or”, the words, figures and letters “section 44DA or” shall be inserted with effect from the 1st day of April, 2011.
- Amendment of section 44DA. **17.** In section 44DA of the Income-tax Act, in sub-section (1), after the proviso, the following proviso shall be inserted with effect from the 1st day of April, 2011, namely:—
- “Provided further that the provisions of section 44BB shall not apply in respect of the income referred to in this section.”.
- Amendment of section 47. **18.** In section 47 of the Income-tax Act, after clause (xiiia), the following shall be inserted with effect from the 1st day of April, 2011, namely:—
- “(xiiib) any transfer of a capital asset or intangible asset by a private company or unlisted public company (hereafter in this clause referred to as the company) to a limited liability partnership as a result of conversion of the company into a limited liability partnership in accordance with the provisions of section 56 or section 57 of the Limited Liability Partnership Act, 2008:
- Provided that—
- (a) all the assets and liabilities of the company immediately before the conversion become the assets and liabilities of the limited liability partnership;

(b) all the shareholders of the company immediately before the conversion become the partners of the limited liability partnership and their capital contribution and profit sharing ratio in the limited liability partnership are in the same proportion as their shareholding in the company on the date of conversion;

5 (c) the shareholders of the company do not receive any consideration or benefit, directly or indirectly, in any form or manner, other than by way of share in profit and capital contribution in the limited liability partnership;

(d) the aggregate of the profit sharing ratio of the shareholders of the company in the limited liability partnership shall not be less than fifty per cent. at any time during the period of five years from the date of conversion;

(e) the total sales, turnover or gross receipts in business of the company in any of the three previous years preceding the previous year in which the conversion takes place does not exceed sixty lakh rupees; and

15 (f) no amount is paid, either directly or indirectly, to any partner out of balance of accumulated profit standing in the accounts of the company on the date of conversion for a period of three years from the date of conversion.

*Explanation.*—For the purposes of this clause, the expressions “private company” and “unlisted public company” shall have the meanings respectively assigned to them in the Limited Liability Partnership Act, 2008;’.  
6 of 2009.

20 **19.** In section 47A of the Income-tax Act, after sub-section (3), the following sub-section shall be inserted with effect from the 1st day of April, 2011, namely:— Amendment of section 47A.

“(4) Where any of the conditions laid down in the proviso to clause (xiiib) of section 47 are not complied with, the amount of profits or gains arising from the transfer of such capital asset or intangible asset not charged under section 45 by virtue of conditions laid down in the said proviso shall be deemed to be the profits and gains chargeable to tax of the successor limited liability partnership for the previous year in which the requirements of the said proviso are not complied with.”.

**20.** In section 49 of the Income-tax Act,— Amendment of section 49.

(a) in sub-section (1), in clause (iii), in sub-clause (e), for the words, brackets, figures and letters “clause (vicb) of section 47”, the words, brackets, figures and letters “clause (vicb) or clause (xiiib) of section 47” shall be substituted with effect from the 1st day of April, 2011;

(b) in sub-section (4), after the word, brackets and figures “clause (vii)”, at both the places where they occur, the words, brackets, figures and letter “or clause (viiia)” shall be inserted with effect from the 1st day of June, 2010.

**21.** In section 56 of the Income-tax Act, in sub-section (2),— Amendment of section 56.

(a) in clause (vii),—

(i) for sub-clause (b), the following sub-clause shall be substituted and shall be deemed to have been substituted with effect from the 1st day of October, 2009, namely:—

“(b) any immovable property, without consideration, the stamp duty value of which exceeds fifty thousand rupees, the stamp duty value of such property;”;

(ii) in the *Explanation*, in clause (d),—

(A) in the opening portion, for the word “means—”, the words “means the following capital asset of the assessee, namely:—” shall be substituted and shall be deemed to have been substituted with effect from the 1st day of October, 2009;

(B) in sub-clause (vii), the word “or” shall be omitted with effect from the 1st day of June, 2010;

(C) in sub-clause (viii), the word “or” shall be inserted at the end with effect from the 1st day of June, 2010;

(D) after sub-clause (viii), the following sub-clause shall be inserted with effect from the 1st day of June, 2010, namely:—

“(ix) bullion;”;

(b) after clause (vii), the following shall be inserted with effect from the 1st day of June, 2010, namely:—

'(vii) where a firm or a company not being a company in which the public are substantially interested, receives, in any previous year, from any person or persons, on or after the 1st day of June, 2010, any property, being shares of a company not being a company in which the public are substantially interested,—

(i) without consideration, the aggregate fair market value of which exceeds fifty thousand rupees, the whole of the aggregate fair market value of such property;

(ii) for a consideration which is less than the aggregate fair market value of the property by an amount exceeding fifty thousand rupees, the aggregate fair market value of such property as exceeds such consideration:

Provided that this clause shall not apply to any such property received by way of a transaction not regarded as transfer under clause (via) or clause (vic) or clause (vicb) or clause (vid) or clause (vii) of section 47.

*Explanation.*—For the purposes of this clause, “fair market value” of a property, being shares of a company not being a company in which the public are substantially interested, shall have the meaning assigned to it in the *Explanation* to clause (vii);.

Amendment  
of section  
72A.

**22.** In section 72A of the Income-tax Act, with effect from the 1st day of April, 2011,—

(a) after sub-section (6), the following shall be inserted, namely:—

“(6A) Where there has been reorganisation of business whereby a private company or unlisted public company is succeeded by a limited liability partnership fulfilling the conditions laid down in the proviso to clause (xiiib) of section 47, then, notwithstanding anything contained in any other provision of this Act, the accumulated loss and the unabsorbed depreciation of the predecessor company, shall be deemed to be the loss or allowance for depreciation of the successor limited liability partnership for the purpose of the previous year in which business reorganisation was effected and other provisions of this Act relating to set off and carry forward of loss and allowance for depreciation shall apply accordingly:

Provided that if any of the conditions laid down in the proviso to clause (xiiib) of section 47 are not complied with, the set off of loss or allowance of depreciation made in any previous year in the hands of the successor limited liability partnership, shall be deemed to be the income of the limited liability partnership chargeable to tax in the year in which such conditions are not complied with.”;

(b) in sub-section (7), for clauses (a) and (b), the following clauses shall, respectively, be substituted, namely:—

“(a) “accumulated loss” means so much of the loss of the predecessor firm or the proprietary concern or the private company or unlisted public company before conversion into limited liability partnership or the amalgamating company or the demerged company, as the case may be, under the head “Profits and gains of business or profession” (not being a loss sustained in a speculation business) which such predecessor firm or the proprietary concern or the company or amalgamating company or demerged company, would have been entitled to carry forward and set off under the provisions of section 72 if the reorganisation of business or conversion or amalgamation or demerger had not taken place;

(b) “unabsorbed depreciation” means so much of the allowance for depreciation of the predecessor firm or the proprietary concern or the private company or unlisted public company before conversion into limited liability partnership or the amalgamating company or the demerged company, as the case may be, which remains to be allowed and which would have been allowed to the predecessor firm or the proprietary concern or the company or amalgamating company or demerged company, as the case may be, under the provisions of this Act, if the reorganisation of business or conversion or amalgamation or demerger had not taken place;’.

Amendment  
of section  
80A.

**23.** In section 80A of the Income-tax Act, after sub-section (6) and the *Explanation* thereto, the following sub-section shall be inserted with effect from the 1st day of April, 2011, namely:—

“(7) Where a deduction under any provision of this Chapter under the heading “C.—Deductions in respect of certain incomes” is claimed and allowed in respect of profits of any of the specified business referred to in clause (c) of sub-section (8) of section 35AD for any assessment year, no deduction shall be allowed under the provisions of section 35AD in relation to such specified business for the same or any other assessment year.’.

24. After section 80CCE of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2011, namely:—
- Insertion of new section 80CCF.
- “80CCF. In computing the total income of an assessee, being an individual or a Hindu undivided family, there shall be deducted, the whole of the amount, to the extent such amount 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 as may, for the purposes of this section, be notified by the Central Government.”.
- Deduction in respect of subscription to long-term infrastructure bonds.
25. In section 80D of the Income-tax Act, in sub-section (2), in clause (a), after the words “his family”, the words “or any contribution made to the Central Government Health Scheme” shall be inserted with effect from the 1st day of April, 2011.
- Amendment of section 80D.
26. In section 80GGA of the Income-tax Act, in sub-section (2), with effect from the 1st day of April, 2011,—
- Amendment of section 80GGA.
- (a) in clause (a), for the words “scientific research association”, the words “research association” shall be substituted;
- (b) in clause (aa),—
- (A) for the words “to a University”, the words “to a research association which has as its object the undertaking of research in social science or statistical research or to a University” shall be substituted;
- (B) in the proviso, for the words “such University”, the words “such association, University” shall be substituted;
- (C) in the *Explanation*, for the words “scientific research association”, the words “research association” shall be substituted.
27. In section 80-IB of the Income-tax Act, in sub-section (10),—
- Amendment of section 80-IB.
- (i) in clause (a),—
- (a) in sub-clause (ii), after the words, figures and letters “the 1st day of April, 2004”, the words, figures and letters “but not later than the 31st day of March, 2005” shall be inserted;
- (b) after sub-clause (ii), the following sub-clause shall be inserted, namely:—
- “(iii) in a case where a housing project has been approved by the local authority on or after the 1st day of April, 2005, within five years from the end of the financial year in which the housing project is approved by the local authority.”;
- (ii) in clause (d),—
- (a) for the words “five per cent.”, the words “three per cent.” shall be substituted;
- (b) for the words “two thousand square feet, whichever is less”, the words “five thousand square feet, whichever is higher” shall be substituted.
28. In section 80-ID of the Income-tax Act, in sub-section (2), with effect from the 1st day of April, 2011,—
- Amendment of section 80-ID.
- (a) in clause (i), for the words, figures and letters “the 31st day of March, 2010”, the words, figures and letters “the 31st day of July, 2010” shall be substituted;
- (b) in clause (ii), for the words, figures and letters “the 31st day of March, 2010”, the words, figures and letters “the 31st day of July, 2010” shall be substituted.
29. In section 115JAA of the Income-tax Act, after sub-section (6), the following shall be inserted with effect from the 1st day of April, 2011, namely:—
- Amendment of section 115JAA.
- ‘(7) In case of conversion of a private company or unlisted public company into a limited liability partnership under the Limited Liability Partnership Act, 2008, the provisions of this section shall not apply to the successor limited liability partnership.
- Explanation.*—For the purposes of this section, the expressions “private company” and “unlisted public company” shall have the meanings respectively assigned to them in the Limited Liability Partnership Act, 2008.’

- Amendment of section 115JB. **30.** In section 115JB of the Income-tax Act, in sub-section (1), with effect from the 1st day of April, 2011,—
- (a) for the words, figures and letters “the 1st day of April, 2010”, the words, figures and letters “the 1st day of April, 2011” shall be substituted;
- (b) for the words “fifteen per cent.” at both the places where they occur, the words “eighteen per cent.” shall be substituted. 5
- Amendment of section 115WE. **31.** In section 115WE of the Income-tax Act, in sub-section (1B), for the words, figures and letters “after the 31st day of March, 2010”, the words, figures and letters “after the 31st day of March, 2011” shall be substituted.
- Amendment of section 139. **32.** In section 139 of the Income-tax Act, in sub-section (4C), for the words “scientific research association” at both the places where they occur, the words “research association” shall be substituted with effect from the 1st day of April, 2011. 10
- Amendment of section 142A. **33.** In section 142A of the Income-tax Act, in sub-section (1), for the words, figures and letter “section 69B is required to be made”, the words, figures, letter and brackets “section 69B or fair market value of any property referred to in sub-section (2) of section 56 is required to be made” shall be substituted with effect from the 1st day of July, 2010. 15
- Amendment of section 143. **34.** In section 143 of the Income-tax Act,—
- (a) in sub-section (1B), for the words, figures and letters “after the 31st day of March, 2010”, the words, figures and letters “after the 31st day of March, 2011” shall be substituted;
- (b) in sub-section (3), in the first proviso, for the words “scientific research association”, wherever they occur, the words “research association” shall be substituted with effect from the 1st day of April, 2011. 20
- Amendment of section 194B. **35.** In section 194B of the Income-tax Act, for the words “five thousand rupees”, the words “ten thousand rupees” shall be substituted with effect from the 1st day of July, 2010.
- Amendment of section 194BB. **36.** In section 194BB of the Income-tax Act, for the words “two thousand five hundred rupees”, the words “five thousand rupees” shall be substituted with effect from the 1st day of July, 2010. 25
- Amendment of section 194C. **37.** In section 194C of the Income-tax Act, in sub-section (5), with effect from the 1st day of July, 2010,—
- (a) for the words “twenty thousand rupees”, the words “thirty thousand rupees” shall be substituted;
- (b) in the proviso, for the words “fifty thousand rupees”, the words “seventy-five thousand rupees” shall be substituted. 30
- Amendment of section 194D. **38.** In section 194D of the Income-tax Act, in the second proviso, for the words “five thousand rupees”, the words “twenty thousand rupees” shall be substituted with effect from the 1st day of July, 2010.
- Amendment of section 194H. **39.** In section 194H of the Income-tax Act, in the first proviso, for the words “two thousand five hundred rupees”, the words “five thousand rupees” shall be substituted with effect from the 1st day of July, 2010. 35
- Amendment of section 194-I. **40.** In section 194-I of the Income-tax Act, in the first proviso, for the words “one hundred and twenty thousand rupees”, the words “one hundred eighty thousand rupees” shall be substituted with effect from the 1st day of July, 2010. 40
- Amendment of section 194J. **41.** In section 194J of the Income-tax Act, in the first proviso to sub-section (1), in clause (B), for the words “twenty thousand rupees”, wherever they occur, the words “thirty thousand rupees” shall be substituted with effect from the 1st day of July, 2010.
- Amendment of section 201. **42.** In section 201 of the Income-tax Act, for sub-section (1A), the following sub-section shall be substituted with effect from the 1st day of July, 2010, namely:— 45
- “(1A) Without prejudice to the provisions of sub-section (1), if any such person, principal officer or company as is referred to in that sub-section does not deduct the whole or any part of the tax or after deducting fails to pay the tax as required by or under this Act, he or it shall be liable to pay simple interest,—
- (i) at one per cent. for every month or part of a month on the amount of such tax from the date on which such tax was deductible to the date on which such tax is deducted; and 50
- (ii) at one and one-half per cent. for every month or part of a month on the amount of such tax from the date on which such tax was deducted to the date on which such tax is actually paid,

and such interest shall be paid before furnishing the statement in accordance with the provisions of sub-section (3) of section 200.”.

- 43.** In section 203 of the Income-tax Act, sub-section (3) shall be omitted. Amendment of section 203.
- 44.** In section 206C of the Income-tax Act, in sub-section (5),— Amendment of section 206C.
- 5 (a) the first proviso shall be omitted;
- (b) in the second proviso, for the words “Provided further”, the word “Provided” shall be substituted.
- 45.** In section 245A of the Income-tax Act, in clause (b), with effect from the 1st day of June, 2010,— Amendment of section 245A.
- (i) in the proviso, clauses (ii) and (iii) shall be omitted;
- (ii) in the *Explanation*,—
- 10 (a) clause (ii) shall be omitted;
- (b) after clause (iii), the following clause shall be inserted, namely:—
- “(iii a) a proceeding for assessment or reassessment for any of the assessment years, referred to in clause (b) of sub-section (1) of section 153A in case of a person referred to in section 153A or section 153C, shall be deemed to have commenced on the date of issue of notice initiating such proceedings and concluded on the date on which the assessment is made;”;
- 15 (c) in clause (iv), for the words, brackets and figures “clause (ii) or clause (iii) or clause (iv) of the proviso”, the words, brackets, figures and letter “clause (iv) of the proviso or clause (iii a) of the *Explanation*” shall be substituted.
- 46.** In section 245C of the Income-tax Act, in sub-section (1), for the proviso, the following proviso Amendment of section 245C.
- 20 shall be substituted with effect from the 1st day of June, 2010, namely:—
- “Provided that no such application shall be made unless,—
- (i) in a case where proceedings for assessment or reassessment 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 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 fifty lakh rupees,
- 25 (ii) in any other case, the additional amount of income-tax payable on the income disclosed in the application exceeds ten lakh rupees,
- and such tax and the interest thereon, which would have been paid under the provisions of this Act had the income disclosed in the application been declared in the return of income before the Assessing Officer on the date of application, has been paid on or before the date of making the application and the proof of such payment is attached with the application.”.
- 30
- 47.** In section 245D of the Income-tax Act, in sub-section (4A),— Amendment of section 245D.
- (a) in clause (ii), after the words, figures and letters “the 1st day of June, 2007”, the words, figures and letters “but before the 1st day of June, 2010” shall be inserted;
- 35 (b) after clause (ii), the following clause shall be inserted with effect from the 1st day of June, 2010, namely:—
- “(iii) in respect of an application made on or after the 1st day of June, 2010, within eighteen months from the end of the month in which the application was made.”.
- 40
- 48.** In section 256 of the Income-tax Act, after sub-section (2), the following sub-section shall be Amendment of section 256.
- inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1981, section 256.
- namely:—
- “(2A) The High Court may admit an application after the expiry of the period of six months referred to in sub-section (2), if it is satisfied that there was sufficient cause for not filing the same within that
- 45 period.”.
- 49.** In section 260A of the Income-tax Act, after sub-section (2), the following sub-section shall be Amendment of section 260A.
- inserted and shall be deemed to have been inserted with effect from the 1st day of October, 1998, section 260A.
- namely:—
- “(2A) The High Court may admit an appeal after the expiry of the period of one hundred and
- 50 twenty days referred to in clause (a) of sub-section (2), if it is satisfied that there was sufficient cause for not filing the same within that period.”.

- Amendment of section 271B. **50.** In section 271B of the Income-tax Act, for the words “one hundred thousand rupees”, the words “one hundred fifty thousand rupees” shall be substituted with effect from the 1st day of April, 2011.
- Amendment of section 282B. **51.** In section 282B of the Income-tax Act [as inserted by section 78 of the Finance (No. 2) Act, 2009], with effect from the 1st day of October, 2010,— 33 of 2009.
- (a) in sub-section (1), for the words “income-tax authority shall”, the words, figures and letters “income-tax authority shall, on or after the 1st day of July, 2011,” shall be substituted; 5
- (b) in sub-section (3), for the words “received by”, the words, figures and letters “received, on or after the 1st day of July, 2011, by” shall be substituted.
- Amendment of First Schedule. **52.** In the First Schedule to the Income-tax Act, in rule 5, for clause (b) [as inserted by clause (ii) of section 80 of the Finance (No.2) Act, 2009], the following clause shall be substituted with effect from the 1st day of April, 2011, namely:— 10 33 of 2009.
- “(b) (i) any gain or loss on realisation of investments shall be added or deducted, as the case may be, if such gain or loss is not credited or debited to the profit and loss account;
- (ii) any provision for diminution in the value of investment debited to the profit and loss account, shall be added back;”.

## Wealth-tax

Amendment of section 22A.	<b>53.</b> In section 22A of the Wealth-tax Act, 1957 (hereinafter referred to as the Wealth-tax Act), in clause (b), with effect from the 1st day of June, 2010,—	27 of 1957.
	(i) in the proviso, clause (iii) shall be omitted;	
	(ii) in the <i>Explanation</i> ,—	20
	(a) for clause (iii), the following clause shall be substituted, namely:—	
	“(iii) a proceeding for assessment or reassessment for any of the assessment years, in consequence of a search initiated under section 37A or requisition made under section 37B, shall be deemed to have commenced on the date of issue of notice initiating such proceedings and concluded on the date on which the assessment is made;”.	25
	(b) in clause (iv), for the words, brackets and figures “or clause (iii) of the proviso”, the words, brackets and figures “of the proviso or clause (iii) of the <i>Explanation</i> ” shall be substituted.	
Amendment of section 22D.	<b>54.</b> In section 22D of the Wealth-tax Act, in sub-section (4A),—	
	(a) in clause (ii), after the words, figures and letters “the 1st day of June, 2007”, the words, figures and letters “but before the 1st day of June, 2010” shall be inserted;	30
	(b) after clause (ii), the following clause shall be inserted with effect from the 1st day of June, 2010, namely:—	
	“(iii) in respect of an application made on or after the 1st day of June, 2010, within eighteen months from the end of the month in which the application was made.”.	
Amendment of section 27.	<b>55.</b> In section 27 of the Wealth-tax Act, after sub-section (3A), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1981, namely:—	35
	“(3B) The High Court may admit an application after the expiry of the period of ninety days referred to in sub-section (3), if it is satisfied that there was sufficient cause for not filing the same within that period.”.	40
Amendment of section 27A.	<b>56.</b> In section 27A of the Wealth-tax Act, after sub-section (1), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of October, 1998, namely:—	
	“(1A) The High Court may admit an appeal after the expiry of the period of one hundred and twenty days referred to in sub-section (1), if it is satisfied that there was sufficient cause for not filing the same within that period.”.	45

CHAPTER IV  
INDIRECT TAXES  
Customs

52 of 1962.	57. In the Customs Act, 1962 (hereinafter referred to as the Customs Act), in section 127B, in sub-section (1), for the words "but excluding the goods not included in the entry made under this Act", the words "or otherwise" shall be substituted.	Amendment of section 127B.
5	58. In section 127C of the Customs Act, in sub-section (6), the following proviso shall be inserted, namely:— "Provided that the period specified under this sub-section may, for reasons to be recorded in writing, be extended by the Settlement Commission for a further period not exceeding three months."	Amendment of section 127C.
10	59. In section 127L of the Customs Act,— (a) in sub-section (1),— (i) the words, figures and letters "before the 1st day of June, 2007" shall be omitted; (ii) in clause (i), after the words, brackets, figures and letter "sub-section (7) of section 127C", the words, figures, brackets and letter "as it stood immediately before the commencement of section 102 of the Finance Act, 2007 or sub-section (5) of section 127C" shall be inserted;	Amendment of section 127L.
22 of 2007.	(iii) in clause (ii), after the words, brackets and figure "sub-section (7)", the words, figures, brackets and letter "as it stood immediately before the commencement of section 102 of the Finance Act, 2007 or sub-section (5) of section 127C" shall be inserted;	
22 of 2007.	(b) sub-section (2) shall be omitted.	
20	60. (1) The notifications of the Government of India in the Ministry of Finance (Department of Revenue) number G.S.R. 118(E), dated the 1st March, 2002 and number G.S.R. 92(E), dated the 1st March, 2006, issued under sub-section (1) of section 25 of the Customs Act, shall stand amended and shall be deemed to have been amended retrospectively, in the manner specified in column (3) of the Second Schedule, on and from the corresponding date specified in column (4) of that Schedule, against each of the notifications specified in column (2) of that Schedule.	Amendment of notifications issued under sub-section (1) of section 25 of the Customs Act.
25	(2) For the purposes of sub-section (1), the Central Government shall have and shall be deemed to have the power to amend the notifications referred to in said sub-section (1) with retrospective effect as if the Central Government had the power to amend the said notifications under sub-section (1) of section 25 of the Customs Act, retrospectively, at all material times.	
30	(3) No suit or other proceedings shall be instituted, maintained or continued in any court, tribunal or other authority for any action taken or anything done or omitted to be done, in respect of any goods, under any such rule, regulation, notification or order and no enforcement shall be made by any court, of any decree or order relating to such action taken or anything done or omitted to be done as if the amendment made in said notifications had been in force at all material times.	
35	(4) Recovery shall be made of the amount which has not been paid but which would have been paid as if the amendment made in the manner specified in said sub-section (1) had been in force at all material times.	
	<i>Explanation.</i> —For the removal of doubts, it is hereby declared that no act or omission on the part of any person shall be punishable as an offence which would not have been so punishable if the notifications referred to in this section had not been amended retrospectively.	
	<i>Customs Tariff</i>	
51 of 1975.	61. In the Customs Tariff Act, 1975 (hereinafter referred to as the Customs Tariff Act), in section 3, in sub-section (2), for the first proviso, the following proviso shall be substituted, namely:— " Provided that in case of an article imported into India,— (a) in relation to which it is required, under the provisions of the Standards of Weights and Measures Act, 1976 or the rules made thereunder or under any other law for the time being in force, to declare on the package thereof the retail sale price of such article; and (b) where the like article produced or manufactured in India, or in case where such like article is not so produced or manufactured, then, the class or description of articles to which the imported article belongs, is— (i) the goods specified by notification in the Official Gazette under sub-section (1) of section 4A of the Central Excise Act, 1944, the value of the imported article shall be deemed to be the retail sale price declared on the imported article less such amount of abatement, if any, from such retail sale price as the Central Government may, by notification in the Official Gazette, allow in respect of such like article under sub-section (2) of section 4A of that Act; or (ii) the goods specified by notification in the Official Gazette under section 3 read with clause (1) of <i>Explanation</i> III of the Schedule to the Medicinal and Toilet Preparations (Excise Duties) Act, 1955, the value of the imported article shall be deemed to be the retail sale price declared on the imported article less such amount of abatement, if any, from such retail sale price as the	Amendment of section 3.
60 of 1976.	45	
1 of 1944.	50	
16 of 1955.	55	

Central Government may, by notification in the Official Gazette, allow in respect of such like article under clause (2) of the said *Explanation*.

16 of 1955.

*Explanation.*—Where on any imported article more than one retail sale price is declared, the maximum of such retail sale price shall be deemed to be the retail sale price for the purposes of this section.”

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Amendment  
of First  
Schedule.

62. The First Schedule to the Customs Tariff Act, shall be amended in the manner specified in the Third Schedule.

## Excise

Amendment of section 11A.	<b>63.</b> In the Central Excise Act, 1944 (hereinafter referred to as the Central Excise Act), in section 11A, in sub-section (2B), after <i>Explanation 2</i> , the following <i>Explanation</i> shall be inserted, namely:—	1 of 1944. 10
	<i>“Explanation 3.— For the removal of doubts, it is hereby declared that no penalty under any of the provisions of this Act or the rules made thereunder shall be imposed in respect of payment of duty under this sub-section and interest thereon.”.</i>	
Amendment of section 32E.	<b>64.</b> In section 32E of the Central Excise Act, in sub-section (1), for the words “but excluding the goods in respect of which no proper record has been maintained by the assessee in his daily stock register”, the words “or otherwise” shall be substituted.	15
Amendment of section 32F.	<b>65.</b> In section 32F of the Central Excise Act, in sub-section (6), the following proviso shall be inserted, namely:— “Provided that the period specified under this sub-section may, for reasons to be recorded in writing, be extended by the Settlement Commission for a further period not exceeding three months.”	20
Amendment of section 32-O.	<b>66.</b> In section 32-O of the Central Excise Act,— (a) in sub-section (1),— (i) the words, figures and letters “before the 1st day of June, 2007” shall be omitted; (ii) in clause (i), after the words, brackets, figures and letter “sub-section (7) of section 32F”, the words, figures, brackets and letter “, as it stood immediately before the commencement of section 122 of the Finance Act, 2007 or sub-section (5) of section 32F,” shall be inserted; (iii) in clause (ii), after the words, brackets and figure “sub-section (7)”, the words, figures, brackets and letter “, as it stood immediately before the commencement of section 122 of the Finance Act, 2007 or sub-section (5) of section 32F,” shall be inserted; (b) sub-section (2) shall be omitted.	25 22 of 2007. 22 of 2007. 30
Amendment of section 37.	<b>67.</b> In section 37 of the Central Excise Act, in sub-section (2), after clause (xiii), the following clause shall be inserted, namely:— “(xiiia) provide for withdrawal of facilities or imposition of restrictions (including restrictions on utilisation of CENVAT credit) on manufacturer or exporter or suspension of registration of dealer, for dealing with evasion of duty or misuse of CENVAT credit;”	35
Amendment of Central Excise Rules, 1944 by insertion of new rule 57CCC.	<b>68.</b> (1) The Central Excise Rules, 1944, made by the Central Government in exercise of the powers conferred by section 37 of the Central Excise Act, shall stand amended and shall be deemed to have been amended retrospectively, in the manner specified in column (3) of the Fourth Schedule, on and from and up to the corresponding date specified in column (4) of that Schedule, against the rule specified in column (2) of that Schedule. (2) Where a person opts to pay the amount in accordance with the provisions of the Central Excise Rules, 1944 as amended by sub-section (1), he shall pay the amount along with interest specified thereunder and make an application to the Commissioner of Central Excise along with documentary evidence and a certificate from a Chartered Accountant or a Cost Accountant certifying the amount of input credit attributable to the inputs used in or in relation to the manufacture of the final products, which are exempted from the whole of the duty of excise leviable thereon or chargeable to <i>nil</i> rate of duty, within a period of six months from the date on which the Finance Bill, 2010 receives the assent of the President. (3) The Commissioner of Central Excise shall, on receipt of an application under sub-section (2), verify the correctness of the amount paid within a period of two months from the date of receipt of the application and in case the amount so paid is found to be less than the amount payable, he shall call upon the applicant to pay the differential amount along with interest, which shall be paid within a period of ten days from the date of receipt of the communication from the Commissioner in this regard.	40 45 50

(4) Notwithstanding anything contained in any judgment, decree or order of any court, tribunal or other authority, any action taken or anything done or purported to have been taken or done, at any time during the period commencing on and from the 1st day of September, 1996 and ending with the 31st day of March, 2000, relating to the provisions as amended by sub-section (1), shall be deemed to be and deemed always to have been, for all purposes, as validly and effectively taken or done as if the amendment made by sub-section (1) had been in force at all material times.

(5) Notwithstanding the supersession of the Central Excise Rules, 1944, for the purposes of sub-section (1), the Central Government shall have and shall be deemed to have the power to make rules with retrospective effect as if the Central Government had the power to make rules under section 37 of the Central Excise Act, retrospectively, at all material times.

*Explanation.*—For the removal of doubts, it is hereby declared that no act or omission on the part of any person shall be punishable as an offence which would not have been so punishable had this section not come into force.

**69.** (1) In the Central Excise Rules, 1944, made by the Central Government in exercise of the powers conferred by section 37 of the Central Excise Act, rule 57D, as substituted by rule 2 of the Central Excise (Second Amendment) Rules, 2000, published in the Official Gazette *vide* notification of the Government of India in the Ministry of Finance (Department of Revenue) number G.S.R. 203(E), dated the 1st March, 2000, and subsequently substituted as rule 57AD by rule 5 of the Central Excise [Second Amendment (Amendment)] Rules, 2000, published in the Gazette of India, *vide* notification of the Government of India in the Ministry of Finance (Department of Revenue) number G.S.R. 298 (E), dated the 31st March, 2000, shall stand amended and shall be deemed to have been amended retrospectively, in the manner specified in column (3) of the Fifth Schedule on and from and up to the corresponding date specified in column (4) of that Schedule against the rules specified in column (2) of that Schedule.

Amendment of rule 57AD of Central Excise Rules, 1944.

(2) Where a person opts to pay the amount in accordance with the provisions as amended by sub-section (1), he shall pay the amount along with interest specified thereunder and make an application to the Commissioner of Central Excise along with documentary evidence and a certificate from a Chartered Accountant or a Cost Accountant certifying the amount of input credit attributable to the inputs used in or in relation to the manufacture of the final products, which are exempted from the whole of the duty of excise leviable thereon or chargeable to *nil* rate of duty, within a period of six months from the date on which the Finance Bill, 2010 receives the assent of the President.

(3) The Commissioner of Central Excise shall, on receipt of an application under sub-section (2), verify the correctness of the amount paid within a period of two months from the date of receipt of the application and in case the amount so paid is found to be less than the amount payable, he shall upon the applicant to pay the differential amount along with interest, which shall be paid within a period of ten days from the date of receipt of the communication from the Commissioner in this regard.

(4) Notwithstanding anything contained in any judgment, decree or order of any court, tribunal or other authority, any action taken or anything done or purported to have been taken or done, at any time during the period commencing on and from the 1st day of April, 2000 and ending with the 30th day of June, 2001 relating to the provisions as amended by sub-section (1), shall be deemed to be and deemed always to have been, for all purposes, as validly and effectively taken or done as if the amendment made by sub-section (1) had been in force at all material times.

(5) Notwithstanding the supersession of the Central Excise Rules, 1944, for the purposes of sub-section (1), the Central Government shall have and shall be deemed to have the power to make rules with retrospective effect as if the Central Government had the power to make rules under section 37 of the Central Excise Act, retrospectively, at all material times.

*Explanation.*—For the removal of doubts, it is hereby declared that no act or omission on the part of any person shall be punishable as an offence which would not have been so punishable had this section not come into force.

**70.** (1) In the CENVAT Credit Rules, 2001, made by the Central Government in exercise of the powers conferred by section 37 of the Central Excise Act and published in the Official Gazette *vide* notification of the Government of India in the Ministry of Finance (Department of Revenue) number G.S.R. 445(E), dated the 21st June, 2001, rule 6 shall stand amended and shall be deemed to have been amended retrospectively, in the manner specified in column (3) of the Sixth Schedule, on and from and up to the corresponding date specified in column (4) of that Schedule against the rules specified in column (2) of that Schedule.

Amendment of rule 6 of CENVAT Credit Rules, 2001.

(2) Where a person opts to pay the amount in accordance with the provisions as amended by sub-section (1), he shall pay the amount along with interest specified thereunder and make an application to the Commissioner of Central Excise along with documentary evidence and a certificate from a Chartered Accountant or a Cost Accountant certifying the amount of input credit attributable to the

inputs used in or in relation to the manufacture of exempted goods within a period of six months from the date on which the Finance Bill, 2010 receives the assent of the President.

(3) The Commissioner of Central Excise shall, on receipt of an application under sub-section (2), verify the correctness of the amount paid within a period of two months from the date of receipt of the application and in case the amount so paid is found to be less than the amount payable, he shall call upon the applicant to pay the differential amount along with interest, which shall be paid within a period of ten days from the date of receipt of the communication from the Commissioner in this regard. 5

(4) Notwithstanding anything contained in any judgment, decree or order of any court, tribunal or other authority, any action taken or anything done or purported to have been taken or done, at any time during the period commencing on and from the 1st day of July, 2001 and ending with the 28th day of February, 2002, relating to the provisions as amended by sub-section (1), shall be deemed to be and deemed always to have been, for all purposes, as validly and effectively taken or done as if the amendment made by sub-section (1) had been in force at all material times. 10

(5) Notwithstanding the supersession of the CENVAT Credit Rules, 2001, for the purposes of sub-section (1), the Central Government shall have and shall be deemed to have the power to make rules with retrospective effect as if the Central Government had the power to make rules under section 37 of the Central Excise Act, retrospectively, at all material times. 15

*Explanation.*—For the removal of doubts, it is hereby declared that no act or omission on the part of any person shall be punishable as an offence which would not have been so punishable had this section not come into force. 20

Amendment  
of rule 6 of  
CENVAT  
Credit Rules,  
2002.

71. (1) In the CENVAT Credit Rules, 2002, made by the Central Government in exercise of the powers conferred by section 37 of the Central Excise Act, and published in the Official Gazette *vide* notification of the Government of India in the Ministry of Finance (Department of Revenue) number G.S.R. 144(E), dated the 1st March, 2002, rule 6 shall stand amended and shall be deemed to have been amended retrospectively, in the manner specified in column (3) of the Seventh Schedule, on and from and up to the corresponding date specified in column (4) of that Schedule against the rule specified in column (2) of that Schedule. 25

(2) Where a person opts to pay the amount in accordance with the provisions as amended by sub-section (1), he shall pay the amount along with interest specified thereunder and make an application to the Commissioner of Central Excise along with documentary evidence and a certificate from a Chartered Accountant or a Cost Accountant certifying the amount of input credit attributable to the inputs used in or in relation to the manufacture of exempted goods within a period of six months from the date on which the Finance Bill, 2010 receives the assent of the President. 30

(3) The Commissioner of Central Excise shall, on receipt of an application under sub-section (2), verify the correctness of the amount paid within a period of two months from the date of receipt of the application and in case the amount so paid is found to be less than the amount payable, he shall call upon the applicant to pay the differential amount along with interest, which shall be paid within a period of ten days from the date of receipt of the communication from the Commissioner in this regard. 35

(4) Notwithstanding anything contained in any judgment, decree or order of any court, tribunal or other authority, any action taken or anything done or purported to have been taken or done, at any time during the period commencing on and from the 1st day of March, 2002 and ending with the 9th day of September, 2004, relating to the provisions as amended by sub-section (1), shall be deemed to be, and deemed always to have been, for all purposes, as validly and effectively taken or done as if the amendment made by sub-section (1) had been in force at all material times. 40

(5) Notwithstanding the supersession of the CENVAT Credit Rules, 2002, for the purposes of sub-section (1), the Central Government shall have and shall be deemed to have the power to make rules with retrospective effect as if the Central Government had the power to make rules under section 37 of the Central Excise Act, retrospectively, at all material times. 45

*Explanation.*—For the removal of doubts, it is hereby declared that no act or omission on the part of any person shall be punishable as an offence which would not have been so punishable had this section not come into force. 50

Amendment  
of rule 6 of  
CENVAT  
Credit Rules,  
2004.

72. (1) In the CENVAT Credit Rules, 2004, made by the Central Government in exercise of the powers conferred by section 37 of the Central Excise Act, as published in the Official Gazette *vide* notification of the Government of India in the Ministry of Finance (Department of Revenue) number G.S.R. 600(E), dated the 10th September, 2004, rule 6 shall stand amended and shall be deemed to have been amended retrospectively, in the manner specified in column (3) of the Eighth Schedule, on and from and up to the corresponding date specified in column (4) of that Schedule against the rule specified in column (2) of that Schedule. 55

(2) Where a person opts to pay the amount in accordance with the provisions as amended by sub-section (1), he shall pay the amount along with interest specified thereunder and make an application to the Commissioner of Central Excise along with documentary evidence and a certificate from a Chartered Accountant or a Cost Accountant, certifying the amount of input credit attributable to the inputs used in or in relation to the manufacture of exempted goods, within a period of six months from the date on which the Finance Bill, 2010 receives the assent of the President.

(3) The Commissioner of Central Excise shall, on receipt of an application under sub-section (2), verify the correctness of the amount paid within a period of two months from the date of receipt of the application and in case the amount so paid is found to be less than the amount payable, he shall call upon the applicant to pay the differential amount along with interest, which shall be paid within a period of ten days from the date of receipt of the communication from the Commissioner in this regard.

(4) Notwithstanding anything contained in any judgment, decree or order of any court, tribunal or other authority, any action taken or anything done or purported to have been taken or done, at any time during the period commencing on and from the 10th day of September, 2004 and ending with the 31st day of March, 2008, relating to the provisions as amended by sub-section (1), shall be deemed to be and deemed always to have been, for all purposes, as validly and effectively taken or done as if the amendment made by sub-section (1) had been in force at all material times.

(5) For the purposes of sub-section (1), the Central Government shall have and shall be deemed to have the power to make rules with retrospective effect as if the Central Government had the power to make rules under section 37 of the Central Excise Act, retrospectively, at all material times.

*Explanation.*—For the removal of doubts, it is hereby declared that no act or omission on the part of any person shall be punishable as an offence which would not have been so punishable had this section not come into force.

25 **73.** In the notification of the Government of India in the Ministry of Finance (Department of Revenue) number G.S.R. 156(E), dated the 14th day of March, 2006, issued under rule 5 of the CENVAT Credit Rules, 2004, with effect from the 14th day of March, 2006,—

Amendment of notification issued under rule 5 of the CENVAT Credit Rules, 2004.

(A) in the opening portion,—

30 (i) in clause (a), for the words “used in”, the words “used in or in relation to” shall be substituted and shall be deemed to have been substituted;

(ii) in clause (b), for the words “used in”, the words “used for” shall be substituted and shall be deemed to have been substituted;

35 (B) in the Appendix, in condition 5, the portion beginning with the letters and words “i.e. Maximum refund” and ending with the letters and figures “i.e. Rs. 50” shall be omitted and shall be deemed to have been omitted.

#### Central Excise Tariff

**74.** The First Schedule to the Central Excise Tariff Act, 1985 (hereinafter referred to as the Central Excise Tariff Act), shall be amended in the manner specified in the Ninth Schedule.

Amendment of First Schedule to Act 5 of 1986.

## CHAPTER V

## SERVICE TAX

40

**75.** In the Finance Act, 1994,—

Amendment of  
Act 32 of  
1994.

(A) in section 65, save as otherwise provided, with effect from such date as the Central Government may, by notification in the Official Gazette, appoint,—

(1) in clause (19), in sub-clause (ii), the *Explanation* shall be omitted;

45

(2) after clause (19a), the following clause shall be inserted, namely:—

‘(19b) “business entity” includes an association of persons, body of individuals, company or firm but does not include an individual;’;

(3) in clause (25b), for the words “commercial or industrial construction service”, the words “commercial or industrial construction” shall be substituted;

50

(4) for clause (82), the following clause shall be substituted, namely:—

‘(82) “port service” means any service rendered within a port or other port, in any manner;’;

(5) in clause (105),—

(a) for sub-clause (zn), the following sub-clause shall be substituted, namely:—

“(zn) to any person, by any other person, in relation to port services in a port, in any manner:

Provided that the provisions of section 65A shall not apply to any service when the same is rendered wholly within the port;”;

(b) in sub-clause (zcc), the following *Explanation* shall be inserted and shall be deemed to have been inserted with effect from the 1st day of July, 2003, namely:—

‘*Explanation.*—For the removal of doubts, it is hereby declared that the expression “commercial training or coaching centre” occurring in this sub-clause and in clauses (26), (27) and (90a) shall include any centre or institute, by whatever name called, where training or coaching is imparted for consideration, whether or not such centre or institute is registered as a trust or a society or similar other organisation under any law for the time being in force and carrying on its activity with or without profit motive and the expression “commercial training or coaching” shall be construed accordingly;’;

(c) for sub-clauses (zzl) and (zzm), the following sub-clauses shall be substituted, namely:—

“(zzl) to any person, by any other person, in relation to port services in other port, in any manner:

Provided that the provisions of section 65A shall not apply to any service when the same is rendered wholly within other port;”;

(zzm) to any person, by airports authority or by any other person, in any airport or a civil enclave:

Provided that the provisions of section 65A shall not apply to any service when the same is rendered wholly within the airport or civil enclave;”;

(d) in sub-clause (zzq),—

(i) the word “service” shall be omitted;

(ii) the following *Explanation* shall be inserted, namely:—

‘*Explanation.*—For the purposes of this sub-clause, the construction of a new building which is intended for sale, wholly or partly, by a builder or any person authorised by the builder before, during or after construction (except in cases for which no sum is received from or on behalf of the prospective buyer by the builder or the person authorised by the builder before grant of completion certificate by the authority competent to issue such certificate under any law for the time being in force) shall be deemed to be service provided by the builder to the buyer;’;

(e) in sub-clause (zzzh), the following *Explanation* shall be inserted, namely:—

‘*Explanation.*—For the purposes of this sub-clause, construction of a complex which is intended for sale, wholly or partly, by a builder or any person authorised by the builder before, during or after construction (except in cases for which no sum is received from or on behalf of the prospective buyer by the builder or a person authorised by the builder before the grant of completion certificate by the authority competent to issue such certificate under any law for the time being in force) shall be deemed to be service provided by the builder to the buyer;’;

(f) for sub-clauses (zzzn) and (zzzo), the following sub-clauses shall be substituted, namely:—

“(zzzn) to any person, by any other person receiving sponsorship, in relation to such sponsorship, in any manner;

(zzzo) to any passenger, by an aircraft operator, in relation to scheduled or non-scheduled air transport of such passenger embarking in India for domestic journey or international journey;”;

(g) in sub-clause (zzzr), the following *Explanation* shall be inserted, namely:—

‘*Explanation.*—For the removal of doubts, it is hereby declared that for the purposes of this sub-clause, “auction by the Government” means the Government property being auctioned by any person acting as auctioneer;’;

(h) in sub-clause (zzzz),—

(i) for the portion beginning with the words “to any person” and ending with the words

“business or commerce”, the following shall be substituted and shall be deemed to have been substituted with effect from the 1st day of June, 2007, namely:—

5 “to any person, by any other person, by renting of immovable property or any other service in relation to such renting, for use in the course of or, for furtherance of, business or commerce.”;

(ii) in *Explanation 1*, after item (iv), the following item shall be inserted, namely:—

“(v) vacant land, given on lease or license for construction of building or temporary structure at a later stage to be used for furtherance of business or commerce.”;

10 (i) in sub-clause (zzzze), the words “for use in the course, or furtherance, of business or commerce,” shall be omitted;

(j) in sub-clause (zzzzf), in the *Explanation*, for clauses (ii) and (iii), the following clause shall be substituted, namely:—

15 “(ii) the gross amount charged by the insurer from the policy holder for the said service provided or to be provided shall be equal to the maximum amount fixed by the Insurance Regulatory and Development Authority established under section 3 of the Insurance Regulatory and Development Authority Act, 1999, as fund management charges for unit linked insurance plan or the actual amount charged for the said purpose by the insurer from the policy holder, whichever is higher.”;

41 of 1999.

(k) *Explanation* to sub-clause (zzzzm) shall be omitted;

20 (l) after sub-clause (zzzzn), the following sub-clauses shall be inserted, namely:—

“(zzzzn) to any person, by any other person, for promotion, marketing, organising or in any other manner assisting in organising games of chance, including lottery, Bingo or Lotto in whatever form or by whatever name called, whether or not conducted through internet or other electronic networks;

25 (zzzzo) by any hospital, nursing home or multi-specialty clinic,—

(i) to an employee of any business entity, in relation to health check-up or preventive care, where the payment for such check-up or preventive care is made by such business entity directly to such hospital, nursing home or multi-specialty clinic; or

30 (ii) to a person covered by health insurance scheme, for any health check-up or treatment, where the payment for such health check-up or treatment is made by the insurance company directly to such hospital, nursing home or multi-specialty clinic;

(zzzzp) to any business entity, by any other person, in relation to storing, keeping or maintaining of medical records of employees of a business entity;

35 (zzzzq) to any person, by any other person, through a business entity or otherwise, under a contract for promotion or marketing of a brand of goods, service, event or endorsement of name, including a trade name, logo or house mark of a business entity by appearing in advertisement and promotional event or carrying out any promotional activity for such goods, service or event.

40 *Explanation.*—For the purposes of this sub-clause, “brand” includes symbol, monogram, label, signature or invented words which indicate connection with the said goods, service, event or business entity;

(zzzzr) to any person, by any other person, by granting the right or by permitting commercial use or exploitation of any event including an event relating to art, entertainment, business, sports or marriage organised by such other person;

45 (zzzzs) to any person, by an electricity exchange, by whatever name called, approved by the Central Electricity Regulatory Commission constituted under section 76 of the Electricity Act, 2003, in relation to trading, processing, clearing or settlement of spot contracts, term ahead contracts, seasonal contracts, derivatives or any other electricity related contract;

36 of 2003.

(zzzzt) to any person, by any other person, for—

50 (a) transferring temporarily; or

(b) permitting the use or enjoyment of,

14 of 1957.

any copyright defined in the Copyright Act, 1957, except the rights covered under sub-clause (a) of clause (f) of section 13 of the said Act.”;

(zzzzu) to a buyer, by a builder of a residential complex, or a commercial complex, or any other person authorised by such builder, for providing preferential location or development of such complex but does not include services covered under sub-clauses (zzg), (zzq), (zzzh) and in relation to parking place.

*Explanation.*—For the purposes of this sub-clause, “preferential location” means any location having extra advantage which attracts extra payment over and above the basic sale price;’

(B) in section 66, with effect from such date as the Central Government may, by notification in the Official Gazette, appoint, for the word, brackets and letters “and (zzzzm)”, the brackets, letters and word “,(zzzzm), (zzzzn), (zzzzo), (zzzzp), (zzzzq), (zzzzr), (zzzss), (zzzzt) and (zzzzu)” shall be substituted;

(C) in section 73, in sub-section (3), the *Explanation* shall be numbered as *Explanation 1* thereof and after *Explanation 1* as so numbered, the following *Explanation* shall be inserted, namely:—

“*Explanation 2.*—For the removal of doubts, it is hereby declared that no penalty under any of the provisions of this Act or the rules made thereunder shall be imposed in respect of payment of service-tax under this sub-section and interest thereon.”;

(D) in section 95, after sub-section (1F), the following sub-section shall be inserted, namely:—

“(1G) If any difficulty arises in respect of implementing, classifying or assessing the value of any taxable service incorporated in this Chapter by the Finance Act, 2010, the Central Government may, by order published in the Official Gazette, not inconsistent with the provisions of this Chapter, remove the difficulty:

Provided that no such order shall be made after the expiry of a period of one year from the date on which the Finance Bill, 2010 receives the assent of the President.”.

Validation of action taken under sub-clause (zzzz) of clause (105) of section 65.

**76.** Any action taken or anything done or omitted to be done or purported to have been taken or done or omitted to be done under sub-clause (zzzz) of clause (105) of section 65 of the Finance Act, 1994, at any time during the period commencing on and from the 1st day of June, 2007 and ending with the day, the Finance Bill, 2010 receives the assent of the President, shall be deemed to be and deemed always to have been, for all purposes, as validly and effectively taken or done or omitted to be done as if the amendment made in sub-clause (zzzz) of clause (105) of section 65, by sub-item (i) of item (h) of sub-clause (5) of clause (A) of section 75 of the Finance Act, 2010 had been in force at all material times and, accordingly, notwithstanding anything contained in any judgment, decree or order of any court, tribunal or other authority,—

(a) any action taken or anything done or omitted to be taken or done in relation to the levy and collection of service tax during the said period on the taxable service of renting of immovable property, shall be deemed to be and deemed always to have been, as validly taken or done or omitted to be done as if the said amendment had been in force at all material times;

(b) no suit or other proceedings shall be maintained or continued in any court, tribunal or other authority for the levy and collection of such service tax and no enforcement shall be made by any court of any decree or order relating to such action taken or anything done or omitted to be done as if the said amendment had been in force at all material times;

(c) recovery shall be made of all such amounts of service tax, interest or penalty or fine or other charges which may not have been collected or, as the case may be, which have been refunded but which would have been collected or, as the case may be, would not have been refunded, as if the said amendment had been in force at all material times.

*Explanation.*—For the removal of doubts, it is hereby declared that no act or omission on the part of any person shall be punishable as an offence which would not have been so punishable had this amendment not come into force.

32 of 1994.

CHAPTER VI  
CENTRAL SALES TAX

Amendment  
of section 6A.

77. In the Central Sales Tax Act, 1956 (hereinafter referred to as the Central Sales Tax Act), in section 6A,—

74 of 1956.

(a) in sub-section (2), for the portion beginning with the words “are true, he may” and ending with the words “declaration relates shall”, the words “are true and that no inter-State sale has been effected, he may, at the time of, or at any time before, the assessment of the tax payable by the dealer under this Act, make an order to that effect and thereupon the movement of goods to which the declaration relates shall, subject to the provisions of sub-section (3),” shall be substituted; 50

(b) after sub-section (2), the following sub-section shall be inserted, namely:—

5 “(3) Nothing contained in sub-section (2) shall preclude reassessment by the assessing authority on the ground of discovery of new facts or revision by a higher authority on the ground that the findings of the assessing authority are contrary to law, and such reassessment or revision may be done in accordance with the provisions of general sales tax law of the State.”.

78. After Chapter V of the Central Sales Tax Act, the following Chapter shall be inserted, namely:— Insertion of new Chapter VA.

#### ‘CHAPTER VA

##### APPEALS TO THE HIGHEST APPELLATE AUTHORITY OF THE STATE

10 18A. (1) Notwithstanding anything contained in a State Act, any person aggrieved by an order made by the assessing authority under sub-section (2) of section 6A, or an order made under the provisions of sub-section (3) of that section, may, notwithstanding anything contained in the general sales tax law of the appropriate State, prefer an appeal to the highest appellate authority of the State against such order: Appeals to highest appellate authority of State.

15 Provided that any incidental issues including the rate of tax, computation of assessable turnover and penalty may be raised in such appeal.

(2) An appeal under sub-section (1) shall be filed within sixty days from the date on which the order referred to in that sub-section is communicated to the aggrieved person:

20 Provided that any appeal forwarded by the highest appellate authority of a State to the first appellate authority under the proviso to sub-section (2) of section 25 and pending before such authority immediately before the appointed day shall be transferred, on such appointed day, to the highest appellate authority of the State and the same shall be treated as an appeal filed under sub-section (1) and dealt with accordingly.

*Explanation.*—For the purposes of this sub-section, “appointed day” means such date as the Central Government may, by notification in the Official Gazette, appoint.

25 (3) The highest appellate authority of a State may, after giving both the parties an opportunity of being heard, pass appropriate order.

(4) The highest appellate authority of the State may, as far as practicable, hear and decide such appeal within a period of six months from the date of filing of the appeal.

30 (5) Notwithstanding anything contained in a State Act, the highest appellate authority of a State may, on the application of the appellant and after considering relevant facts, including the deposit of any amount towards local or central sales tax in other States on the same goods, pass an order of stay subject to such terms and conditions as it thinks fit, and such order may, *inter alia*, indicate the portion of tax as assessed, to be deposited prior to admission of the appeal.

35 *Explanation.*—For the purposes of this section and sections 20, 21, 22 and 25, “highest appellate authority of a State”, with its grammatical variations, means any authority or tribunal or court, except the High Court, established or constituted under the general sales tax law of a State, by whatever name called.’

79. In section 20 of the Central Sales Tax Act, for sub-section (1) and the *Explanation* thereunder, the following sub-section shall be substituted, namely:— Amendment of section 20.

40 “(1) An appeal shall lie to the Authority against any order passed by the highest appellate authority of a State under this Act determining issues relating to stock transfers or consignments of goods, in so far as they involve a dispute of inter-State nature.”.

80. In section 22 of the Central Sales Tax Act,—

Amendment of section 22.

(a) for the word “pre-deposit”, wherever it occurs, the word “deposit” shall be substituted;

45 (b) after sub-section (1A), the following sub-section shall be inserted, namely:—

“*(1B)* The Authority may issue direction for refund of tax collected by a State which has been held by the Authority to be not due to that State, or alternatively, direct that State to transfer the refundable amount to the State to which central sales tax is due on the same transaction:

50 Provided that the amount of tax directed to be refunded by a State shall not exceed the amount of central sales tax payable by the appellant on the same transaction.”.

81. In section 25 of the Central Sales Tax Act, the proviso to sub-section (2) shall be omitted. Amendment of section 25.

## CHAPTER VII

## CLEAN ENERGY CESS

Clean Energy Cess.	<b>82.</b> (1) This Chapter extends to the whole of India.	
	(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.	5
	(3) There shall be levied and collected in accordance with the provisions of this Chapter, a cess to be called the Clean Energy Cess, as duty of excise, on goods specified in the Tenth Schedule, being goods produced in India, at the rates set forth in the said Schedule for the purposes of financing and promoting clean energy initiatives, funding research in the area of clean energy or for any other purpose relating thereto.	10
	(4) The proceeds of the cess levied under sub-section (3) shall first be credited to the Consolidated Fund of India and the Central Government may, after due appropriation made by Parliament by law in this behalf, utilise such sums of the money of the cess for the purposes specified in sub-section (3), as it may consider necessary.	
	(5) The cess leviable under sub-section (3) shall be in addition to any cess or duty leviable on the goods specified in the Tenth Schedule under any other law for the time being in force.	15
	(6) The cess leviable under sub-section (3) shall be for the purposes of the Union and the proceeds thereof shall not be distributed among the States and the manner of assessment, collection, utilisation and any other matter relating to cess shall be such as may be prescribed by rules.	
	(7) The Central Government may, by notification in the Official Gazette, declare that any of the provisions of the Central Excise Act, 1944, relating to levy of and exemption from duty of excise, refund, offences and penalties, confiscation and procedure relating to offences and appeals shall, with such modifications and alterations as it may consider necessary, be applicable in respect of cess levied under sub-section (3).	20 1 of 1944.
Power of Central Government to make rules.	<b>83.</b> (1) The Central Government may, by notification in the Official Gazette, make rules for carrying out the provisions of this Chapter.	25
	(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for —	
	(a) the manner of assessment, collection and utilisation of the cess under sub-section (6) of section 82;	30
	(b) any other matter relating to the cess under sub-section (6) of section 82.	
	(3) Every rule made and every notification issued under this Chapter shall be laid as soon as may be after it is made or issued, 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 in making any modification in the rule or notification, or both Houses agree that the rule or notification should not be made or issued, the rule or notification 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 rule or notification.	35 40

## CHAPTER VIII

## MISCELLANEOUS

Amendment of section 3 of Act 16 of 1955. **84.** In the Medicinal and Toilet Preparations (Excise Duties) Act, 1955, in section 3, in sub-section (1), after the words "dutiable goods", the brackets and words "(excluding goods produced or manufactured in a Special Economic Zone)" shall be inserted. 45

Amendment of Act 14 of 2001. **85.** The Seventh Schedule to the Finance Act, 2001 shall be amended in the manner specified in the Eleventh Schedule.

Amendment of Act 18 of 2005. **86.** The Seventh Schedule to the Finance Act, 2005 shall be amended in the manner specified in the Twelfth Schedule.

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**Declaration under the Provisional Collection of Taxes Act, 1931**

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It is hereby declared that it is expedient in the public interest that the provisions of clauses 60, 62, 74, 85 and 86 of this Bill shall have immediate effect under the Provisional Collection of Taxes Act, 1931.

16 of 1931.