

**MINISTRY OF FINANCE**

**(Department of Revenue)**

**(CENTRAL BOARD OF DIRECT TAXES)**

**NOTIFICATION**

New Delhi, the 1st October, 2020

**INCOME-TAX**

**G.S.R. 610(E).**—In exercise of the powers conferred by section 44AB, section 92E, clause (iv) of sub-section (2) of section 115BAA, sub-clause (iii) of clause (c) of sub-section (2) of section 115BAB, clause (iii) of sub-section (2), proviso to sub-section (3) and sub-section (5) of section 115BAC, clause (iii) of sub-section (2), proviso to sub-section (3) and sub-section (5) of section 115BAD read with section 295 the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the following rules further to amend the Income-tax Rules, 1962, namely: -

1. **Short title and commencement.**—(1) These rules may be called the Income-tax (22<sup>nd</sup> Amendment) Rules, 2020.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Income-tax Rules, 1962 (hereafter referred to as the principal rules), -

(a) in rule 5, in sub-rule (1), for the proviso, the following proviso shall be substituted, namely: -

“Provided that the allowance under clause (ii) of sub-section (1) of section 32 in respect of depreciation of any block of assets entitled to more than forty per cent. shall be restricted to forty per cent. on the written down value of such block of assets in case of -

- (i) a domestic company which has exercised option under sub-section (4) of section 115BA, or under sub-section (5) of section 115BAA, or under sub-section (7) of section 115BAB; or
- (ii) an individual or Hindu undivided family which has exercised option under sub-section (5) of section 115BAC; or
- (iii) a co-operative society resident in India which has exercised option under sub-section (5) of section 115BAD:

Provided further that, for the purposes of section 115BAA, if the following conditions are satisfied, namely: -

- (i) option under sub-section (5) thereof is exercised for a previous year relevant to the assessment year beginning on the 1st day of April, 2020;
- (ii) there is a depreciation allowance, in respect of a block of asset, from any earlier assessment year or allowance of unabsorbed depreciation deemed so under section 72A, which is attributable to the provisions in clause (iia) of sub-section (1) of section 32; and
- (iii) such depreciation or allowance for unabsorbed depreciation is not allowed to be set off under clause (ii) or clause (iii) of sub-section (2) thereof, the written down value of the block of asset as on the 1st day of April, 2019 shall be increased by such depreciation or allowance for unabsorbed depreciation not allowed to be set off:

Provided also that, for the purposes of section 115BAC and section 115BAD, if the following conditions are satisfied, namely: -

- (i) the option under sub-section (5) of the respective section is exercised for a previous year relevant to the assessment year beginning on the 1st day of April, 2021;
- (ii) there is a depreciation allowance, in respect of a block of asset, from any earlier assessment year which is attributable to the provisions in clause (iia) of sub-section (1) of section 32; and
- (iii) such depreciation is not allowed to be set off under sub-clause (a) of clause (ii) of sub-section (2) of section 115BAC or clause (ii) of sub-section (2) of section 115BAD,

the written down value of the block of asset as on the 1st day of April, 2020 shall be increased by such depreciation not allowed to be set off.”;

(b) after rule 21AF, the following rules shall be inserted, namely: -

**“Exercise of option under sub-section (5) of section 115BAC. - 21AG.** (1) The option to be exercised in accordance with the provisions of sub-section (5) of section 115BAC by a person, being an individual or Hindu undivided family, for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2021, shall be in Form No. 10-IE.

(2) The option in Form No. 10-IE shall be furnished electronically either under digital signature or electronic verification code.

(3) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall, -

- (i) specify the procedure for filing of Form No. 10-IE;
- (ii) specify the data structure, standards and manner of generation of electronic verification code, referred to in sub-rule (2), for verification of the person furnishing the said Form; and
- (iii) be responsible for formulating and implementing appropriate security, archival and retrieval policies in relation to the Form so furnished.

**Exercise of option under sub-section (5) of section 115BAD. - 21AH.** (1) The option to be exercised in accordance with the provisions of sub-section (5) of section 115BAD by a person, being a co-operative society resident in India, for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2021, shall be in Form No. 10-IF.

(2) The option in Form No. 10-IF shall be furnished electronically either under digital signature or electronic verification code.

(3) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall, -

- (i) specify the procedure for filing of Form No. 10-IE;

- (ii) specify the data structure, standards and manner of generation of electronic verification code, referred to in sub-rule (2), for verification of the person furnishing the said Form; and
- (iii) be responsible for formulating and implementing appropriate security, archival and retrieval policies in relation to the Form so furnished.

3. In the principal rules, in Appendix II,-

(a) in Form No 3CD,-

- (i) in Part A, after serial number 8 and the entries relating thereto, the following shall be inserted, namely: -

“8a. Whether the assessee has opted for taxation under section 115BA/115BAA/115BAB?”;

(ii) in Part B, -

- (I) in serial number 18, after clause (c), the following clauses shall be inserted, namely: -

“(ca) Adjustment made to the written down value under section 115BAA (for assessment year 2020-21 only) .....

(cb) Adjusted written down value .....”;

- (II) in serial number 32, for clause (a), the following clause shall be substituted, namely: -

“(a) Details of brought forward loss or depreciation allowance, in the following manner, to the extent available:

Sl No	Assessment Year	Nature of loss/ allowance (in rupees)	Amount as returned* (in rupees)	All losses/ allowances not allowed under section 115BAA	Amount as adjusted by withdrawal of additional depreciation on account of opting for taxation under section 115BAA <sup>^</sup>	Amounts as assessed (give reference to relevant order)	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

\*If the assessed depreciation is less and no appeal pending than take assessed.

<sup>^</sup> To be filled in for assessment year 2020-21 only.”;

(b) in Form No 3CEB, in Part C,-

- (i) serial number 22 and the entries relating thereto shall be omitted;
- (ii) serial numbers 23 and 24 shall be re-numbered as serial numbers 22 and 23 respectively;
- (iii) after serial number 23 as so renumbered, the following shall be inserted, namely: -

*24.	<p>Particulars in respect of specified domestic transaction in the nature of any business transacted between the persons referred to in sub-section (6) of section 115BAB:</p> <p>Has the assessee entered into any specified domestic transaction(s) with any persons referred to in sub-section (6) of section 115BAB which has resulted in more than ordinary profits expected to arise in such business?</p> <p>If “yes”, provide the following details:</p> <p>(a) Name of the person with whom the specified domestic transaction has been entered into</p> <p>(b) Description of the transaction including quantitative details, if any.</p> <p>(c) Total amount received/receivable or paid/ payable in the transaction -</p> <p>(i) as per books of account;</p> <p>(ii) as computed by the assessee having regard to the arm’s length price.</p> <p>(d) Method used for determining the arm’s length price [See section 92C(1)].</p>	<p>Yes/No</p> <p>_____”;</p>
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(c) after Form No. 10-ID, the following forms shall be inserted, namely: -

**“FORM No. 10-IE**

[See sub-rule (1) of rule 21AG]

**Application for exercise/ withdrawal of option under clause (i) of sub-section (5) of section 115BAC of the Income-tax Act, 1961**

To,

The Assessing Officer,

.....

.....

Sir/ Madam,

I, .....[name of individual]/ Karta of Hindu undivided family (HUF).....[name of HUF]\* / ..... , on behalf of..... [name and address of the individual/ HUF\*, having Permanent Account Number (PAN) ..... do hereby exercise/ withdraw\* the option referred to in clause (i) of sub-section (5) of section 115BAC of the Income-tax Act, 1961 for previous year 20.....-.....and subsequent years.

2. The details for this purpose are given below:

- (i) Name of the individual/ HUF\* :  
(ii) Whether the individual/ HUF\* has any income under : Yes/ No  
the head profit or gains from business or profession  
(iii) PAN :  
(iii) Address :  
(iv) Date of Birth/ Incorporation\* :dd/mm/yyyy  
(v) Nature of Business/ Profession\* :

3. (i) Whether the individual/ HUF has any Unit in International Financial Services Centre (IFSC), as referred to in sub-section (1A) of section 80LA: Yes/No

(ii) If answer to (i) is Yes, provide following details: (Add number of columns depending on number of Units):

	Unit 1	Unit 2	Unit 3
(1)	(2)	(3)	(4)
Name of Unit			
Address of Unit			
Nature of activities undertaken in Unit			

4. (i) Whether option under clause (i) of sub-section (5) of section 115BAC has been exercised in Form 10-IE for any earlier previous year/ years and is now being withdrawn **(to be activated if withdrawal option is selected)** : Yes/No

(ii) If yes, previous year in which option was exercised : 20....-20.....

(iii) Date on which option exercised in Form 10-IE : d/mm/yyyy

5. I understand that the option under clause (i) of sub-section (5) of section 115BAC, once exercised in a previous year, cannot be withdrawn for the same previous year and can subsequently be withdrawn only once for any other previous rendering me/ Individual/ HUF\* ineligible for exercising option under section 115BAC in terms of proviso to sub-section (5) thereof.

6. I do hereby further affirm that the conditions stipulated in section 115BAC are and shall be satisfied by me/ Individual/ HUF\* (to be activated in case where the option is being exercised).

\*Delete whichever is inapplicable.

Place:

Date:

Yours faithfully,

*Signature of Individual/ Karta of HUF / Authorised Representative .....*

*Name.....*

*Designation.....*

*Address.....*

**Note:** This form shall be signed by the individual/ Karta of the HUF/ Authorised Representative.

**FORM No. 10-IF**

[See sub-rule (1) of rule 21AH]

**Application for exercise of option under sub-section (5) of section 115BAD of the  
Income-tax Act, 1961**

To,

The Assessing Officer,

.....

.....

Sir/ Madam,

I,....., on behalf of [name and registered address of the co-operative society exercising the option under sub-section (5) of section 115BAD] ..... having Permanent Account Number (PAN)..... do hereby exercise the option referred to in sub-section (5) of section 115BAD of the Income-tax Act, 1961 for previous year 20.....-..... and subsequent years.

2. The details of the co-operative society are given below:

- (i) Name of the co-operative society :  
(ii) Whether a resident co-operative society : Yes/No  
(iii) PAN :  
(iv) Registered Address :  
(v) Date of Incorporation : dd/mm/yyyy  
(vi) Nature of activities :

3. (i) Whether the co-operative society has any Unit in International Financial Services Centre (IFSC), as referred to in sub-section (1A) of section 80LA: Yes/No

(ii) If answer to (i) is Yes, provide following details: (Add number of columns depending on number of Units):

	Unit 1	Unit 2	Unit 3
Name of Unit			
Address of Unit			
Nature of activities undertaken in Unit			

5. I understand that the option under sub-section (5) of section 115BAD, once exercised for any previous year, cannot be subsequently withdrawn for the same or any other previous year.

6. I do hereby further affirm that the conditions stipulated in section 115BAD are and shall be satisfied by the aforesaid co-operative society.

Place:

Date:

Yours faithfully,

*Signature of Principal Officer*.....

*Name*.....

*Designation*.....

*Address*.....

**Note:** This form shall be signed by the principal officer.”;

(d) in Form ITR-6 relating to assessment year 2020-21,-

(i) in Schedule DPM, -

(I) after serial number 3 and the entries relating thereto, the following shall be inserted, namely: -

“3a.	Amount as adjusted on account of opting for taxation section 115BAA				
3b.	Adjusted Written down value on the first day of previous year (3) + (3a)”;				

(II) for serial number 5, the following shall be substituted, namely: -

“5.	Consideration or other realization during the previous year out of 3b or 4”;				
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(III) for serial number 6, the following shall be substituted, namely: -

“6.	Amount on which depreciation at full rate to be allowed (3b + 4 -5) (enter 0, if result is negative)”;				
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(IV) for serial number 20, the following shall be substituted, namely: -

“20.	Capital gains/ loss under section 50 (5 + 8 -3b - 4 -7 - 19) (enter negative only, if block ceases to exist)”;				
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(ii) for Schedule CFL, the following Schedule shall be substituted, namely: -



(iii) for Schedule UD, the following Schedule shall be substituted, namely: -

Schedule UD		Unabsorbed depreciation and allowance under section 35(4)						
S. No	Assessment Year	Depreciation				Allowance under section 35(4)		
		Amount of brought forward unabsorbed depreciation	Amount as adjusted on account of opting for taxation section 115BAA	Amount of depreciation set-off against the current year income	Balance carried forward to the next year	Amount of brought forward unabsorbed allowance	Amount of allowance set-off against the current year income	Balance Carried forward to the next year
(1)	(2)	(3)	(3a)	(4)	(5)	(6)	(7)	(8)
i	Current Assessment Year							
ii								
iii								
iv	Total							

[Notification No. 82/2020/F. No. 370142/30/2020-TPL]

ANKIT JAIN, Under Secy .(Tax Policy and Legislation Division)

**Note :** The principal rules were published in the Gazette of India Extraordinary, Part III, section 3, sub-section (i), *vide* notification number S.O. 969(E), dated the, 26th March, 1962 and were last amended *vide* notification number G.S.R. 574 (E) dated the 22nd September, 2020.