

MINISTRY OF FINANCE
(Department of Revenue)
(CENTRAL BOARD OF DIRECT TAXES)

NOTIFICATION

New Delhi, the 21st June, 2023

INCOME-TAX

G.S.R. 452(E).—In exercise of the powers conferred by clauses (i) and (iii) of sub-section (2), second proviso to sub-section (3) and sub-section (6) of section 115BAC, sub-clause (iii) of clause (c) of sub-section (2) of section 115BAE 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 (Tenth Amendment) Rules, 2023.

(2) Save as otherwise provided in these rules, they shall come into force from 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 2BB, for sub-rule (3), the following sub-rule shall be substituted, namely:-

“(3) Notwithstanding anything contained in sub-rule (1) and (2), an employee, being an assessee, -

(i) who has exercised option under sub-section (5) of section 115BAC; or

(ii) whose income is chargeable to tax under sub-section (1A) of section 115BAC,

shall be entitled to exemption only in respect of the allowances mentioned in sub-clauses (a) to (c) of sub-rule (1) and at serial no. 11 of the Table below sub-rule (2) to the extent and subject to the conditions, if any, specified therein.”;

(b) in rule 3, in sub-rule (7), in clause (iii), for the second proviso, the following proviso shall be substituted, namely:-

“Provided further that the provisions of the first proviso in respect of free food and non-alcoholic beverage provided by the employer through paid voucher shall not apply to an employee, being an assessee, who has exercised an option under sub-section (5) of section 115BAC or whose income is chargeable to tax under sub-section (1A) of section 115BAC.”;

(c) in rule 5, in sub-rule (1) -

(a) for the first 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 shall not exceed forty per cent. of 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 a Hindu undivided family which has exercised option under sub-section (5) of section 115BAC; or
 - (iia) an individual or a Hindu undivided family, or an association of persons (other than a co-operative society) or a body of individuals, whether incorporated or not, or an artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 whose income is chargeable to tax under sub-section (1A) of section 115BAC; or
 - (iii) a co-operative society resident in India which has exercised option under sub-section (5) of section 115BAD; or
 - (iv) a co-operative society resident in India which has exercised option under sub-section (5) of section 115BAE.”;
- (b) in the third proviso, for the words, figures and letters “for the purposes of section 115BAC”, the words, figures, letters and brackets “for the purposes of section 115BAC [as it stood immediately before its amendment by the Finance Act, 2023]” shall be substituted;
- (c) after the third proviso, the following proviso shall be inserted, namely:-

“Provided also that, where income is chargeable to tax under sub-section (1A) of section 115BAC, the written down value of the block of asset as on the 1st day of April, 2023 shall be increased by such depreciation which is attributable to clause (iia) of sub-section (1) of section 32 and which is not allowed to be set off under sub-clause (a) of clause (ii) of sub-section (2) of section 115BAC if both the following conditions are satisfied, namely: -

- (i) the assessee has not exercised option under sub-section (5) for any previous year relevant to the assessment year beginning on or before the 1st day of April, 2023; and
- (ii) there is a depreciation allowance in respect of a block of assets which has not been given full effect to prior to the assessment year beginning on the 1st day of April, 2024, and is attributable to the provisions of clause (iia) of sub-section (1) of section 32.”;

(d) after rule 21AG, the following rule shall be inserted, namely:-

“21AGA. Exercise of option under sub-section (6) of section 115BAC.-(1) The option to be exercised in accordance with the provisions of sub-section (6) of section 115BAC by a person, being an individual or Hindu undivided family, or an association of persons (other than a co-operative society) or a body of individuals, whether incorporated or not, or an artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2, for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2024, shall be, -

- (a) in Form No. 10-IEA on or before the due date specified under sub-section (1) of section 139 for furnishing the return of income for such assessment year, in the case of a person having income from business or profession;
- (b) in the return of income to be furnished under sub-section (1) of section 139 for such assessment year, in the case of a person not having income from business or profession as referred to in clause (i).

(2) The withdrawal of option under the proviso to sub-section (6) of section 115BAC shall also be in Form No. 10-IEA.

- (3) Form No. 10-IEA shall be furnished electronically either under digital signature or electronic verification code.
- (4) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall, -
- specify the procedure for furnishing of Form No. 10-IEA;
 - specify the data structure, standards and manner of generation of electronic verification code, referred to in sub-rule (3), for verification of the person furnishing the said Form; and
 - be responsible for formulating and implementing appropriate security, archival and retrieval policies in relation to the Form so furnished.

Explanation.—For the purposes of this rule "electronic verification code" means a code generated for the purpose of electronic verification of the person furnishing the Form as per the data structure and standards specified by the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) as the case may be."

- (e) In the principal rules, in the Appendix, after Form No. 10IE, the following form shall be inserted, namely:-

“FORM No. 10-IEA

[See rule 21AGA]

Application for exercise of option under clause (i) of sub-section (6) of section 115BAC or withdrawal of option under the proviso to sub-section (6) of section 115BAC of the Income-tax Act, 1961

To,

The Assessing Officer

.....

.....

Sl.No.			
1.	Name	:	
2.	PAN	:	
3.	Status of the person referred to in sub-section(1A) of section 115BAC	:	
4.	Assessment year for which the form is being furnished	:	yyyy - yy
5.	Whether opting out of or re-entering the regime provided under sub-section (1A) of section 115BAC	:	Opting out/ Re-entering
6.	If re-entering as per inputs in 5, provide details of the option exercised earlier.	Date of exercising the option for opting out under clause (i) of sub-section (6) of section 115BAC in Form No. 10IEA	First assessment year for which the option was exercised.
		Dd/mm/yyyy	20....
7.	Whether having any Unit in International Financial Services Centre (IFSC), as referred to in sub-section (1A) of section 80LA (if re-entering as per row 5)	:	Yes/No

8.	If yes in 7, provide details regarding Units in IFSC: (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				

Undertaking

I(Name in full and in block letters) having PAN.....son/daughter/wife of..... (in case of individual) do hereby declare that to the best of my knowledge and belief what is stated in the Form above is correct and complete. I further declare that I am furnishing such statement in my capacity as.....(designation) and that I am competent to make this declaration and furnish this Form.

I further declare that the person referred to at serial no. 1 having PAN at serial no. 2 has income under the head "Profits and gains from business or profession" during the assessment year referred to at serial no. 4.

I also declare re-entering sub-section (1A) of section 115BAC of the Act shall render the person referred to at serial no. 1 having PAN at serial no. 2 ineligible for opting out of sub-section (1A) of section 115BAC.

Place:

Date:

Yours faithfully,

*Signature**.....

Name.....

Designation.....

Address.....

*Signature of the person competent to verify the return of income of the Individual/ HUF / association of persons (other than a co-operative society)/body of individuals, whether incorporated or not/ an artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 in accordance with the provisions of section 140 of the Act.

Note: For status of the person one of the following codes to be selected:

Sl.No.		Code
(i)	Individual	1
(ii)	Hindu Undivided Family (HUF)	2
(iii)	association of persons (other than a co-operative society)	3
(iv)	Body of individuals, whether incorporated or not	4
(v)	An artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Act	5".

[Notification No. 43/2023/F. No. 370142/15/2023-TPL]

KAMLESH CHANDRA VARSHNEY, Jt. Secy.

Note : The principal rules were published *vide* notification number S.O. 969(E), dated the, 26th March, 1962 and last amended *vide* notification number G.S.R. 432 (E) dated the 12th June, 2023.