MINISTRY OF FINANCE

(Department of Revenue)

(CENTRAL BOARD OF DIRECT TAXES)

NOTIFICATION

New Delhi, the 5th March, 2021

G.S.R. 155(E).—In exercise of the powers conferred by sub-clause (viia) of clause (2) of section 17 read with section 295 of 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 (1st Amendment) Rules, 2021.

(2) They shall come into force from the 1st day of April, 2021.

2. In the Income-tax Rules, 1962, after the rule 3A, the following rule shall be inserted, namely: –

"3B. Annual accretion referred to in the sub-clause (viia) of clause (2) of section 17 of the Act.

For the purposes of sub-clause (viia) of clause (2) of section 17 of the Act, annual accretion by way of interest, dividend or any other amount of similar nature during the previous year (hereinafter in this rule referred to as the current previous year) to balance to the credit of the fund or scheme referred to in sub-clause (vii) of clause (2) of section 17 of the Act shall be the amount or aggregate of amounts computed in accordance with the following formula, namely:—

TP= (PC/2)*R + (PC1+ TP1)*R

Where,

TP= Taxable perquisite under sub-clause (viia) of clause (2) of section 17 of the Act for the current previous year;

TP_1 = Aggregate of taxable perquisite under sub-clause (viia) of clause (2) of section 17 of the Act for the previous year or years commencing on or after 1st day April, 2020 other than the current previous year (*See Note*);

PC= Amount or aggregate of amounts of principal contribution made by the employer in excess of Rs. 7.5 lakh to the specified fund or scheme during the previous year;

PC_1 = Amount or aggregate of amounts of principal contribution made by the employer in excess of Rs. 7.5 lakh to the specified fund or scheme for the previous year or years commencing on or after 1st day April, 2020 other than the current previous year (*See Note*);

R= I/ Favg;

I=Amount or aggregate of amounts of income accrued during the current previous year in the specified fund or scheme account;

Favg = (Amount or aggregate of amounts of balance to the credit of the specified fund or scheme on the first day of the current previous Year + Amount or aggregate of amounts of balance to the credit of the specified fund or scheme on the last day of the current previous year)/2.

Explanation. — For the purposes of this rule, "specified fund or scheme" shall mean a fund or scheme referred to in sub-clause (vii) of clause (2) of section 17 of the Act.

Note: Where the amount or aggregate of amounts of TP1 and PC1 exceeds the amount or aggregate of amounts of balance to the credit of the specified fund or scheme on the first day of the current previous year, then the amount in excess of the amount or aggregate of amounts of the said balance shall be ignored for the purpose of computing the amount or aggregate of amounts of TP_1 and PC_1.".

[Notification No. 11 /2021/F. No. 370142/52/2020-TPL]

GUDRUN NEHAR, Director (TPL-II)

Note: The principle rules were published in the Gazette of India, Extraordinary, Part II, Section 3,sub-section (ii) *vide* notification number. S.O. 969 dated the 26th March, 1962 and lastly amended *vide* notification number G.S.R. No. 664(E) dated the 22nd October, 2020.

Uploaded by Dte. of Printing at Government of India Press, Ring Road, Mayapuri, New Delhi-110064
and Published by the Controller of Publications, Delhi-110054.