

Reverse Mortgage (Amendment) Scheme, 2013

MINISTRY OF FINANCE

(Department of Revenue)

[CENTRAL BOARD OF DIRECT TAXES]

NOTIFICATION

New Delhi, the 7th October, 2013

Income-tax

S.O. 3034 (E).—In exercise of the powers conferred by clause (XVI) of section 47 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby makes the following Scheme to amend the Reverse Mortgage Scheme, 2008, namely:—

1. (1) This Scheme may be called the Reverse Mortgage (Amendment) Scheme, 2013.
- (2) It shall come into force on the date of its publication in the Official Gazette.
2. In the Reverse Mortgage Scheme, 2008, -
 - (1) in paragraph (2), after clause (a), the following clause shall be inserted, namely:-

“(ab) “annuity sourcing institution” means Life Insurance Corporation of India or any other insurer registered with the Insurance Regulatory and Development Authority established under sub-section (1) of section 3 of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999);” ;
 - (2) in paragraph (3), in sub-paragraph (2), for the word, brackets and number “sub-rule (1)”, the word, brackets and number “sub-paragraph (1)” shall be substituted;
 - (3) for paragraph(5), the following paragraph shall be substituted, namely:-
 - (4) “5. Disbursement of loan. - The approved lending institution may disburse the loan, -
 - (a) to the reverse mortgagor by any one or more of the following modes, namely:-
 - (i) periodic payments to be decided mutually between the approved lending institution and the reverse mortgagor;
 - (ii) lump-sum payment in one or more tranches, to the extent that the aggregate of the amount disbursed as lump sum payments does not exceed fifty per cent of the total loan amount sanctioned; or
 - (b) in part or in full, to the annuity sourcing institution for the purposes of periodic payments by way of annuity to the reverse mortgagor.”;
 - (4) for paragraph (6), the following paragraph shall be substituted, namely:-

“6. Period of reverse mortgage loan.- The loan under reverse mortgage shall not be granted for a period exceeding,-
 - (i) twenty years from the date of signing the agreement by the reverse mortgagor and the approved lending institution, where the loan is disbursed in accordance with clause (a) of Paragraph 5;
 - (ii) the residual life time of the borrower, where the loan is disbursed in accordance with clause (b) of Paragraph 5.”.

[Notification No.79 /2013/ F.No.149/54/2013-TPL]

ASHIS MOHANTY, Under Secy.

Note. - The principal Scheme was published in the Gazette of India, Extraordinary, Part-II, Section 3, Sub-section (ii), vide notification number S.O. 2310 (E), dated the 30th September, 2008.