MINISTRY OF FINANCE

[PART II—SEC. 3(i)]

(Department of Revenue)

(CENTRAL BOARD OF DIRECT TAXES)

NOTIFICATION

New Delhi, the 9th August, 2021

- G.S.R. 545(E).—In exercise of the powers conferred by clause (4D) of section 10 and sub-section (1A) of section 115AD, 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 Amendment (22nd Amendment), Rules, 2021.
 - (2) They shall come into force from the date of its publication in the Official Gazette.
- 2. In the Income-tax Rules, 1962 (hereinafter referred to as the principal rules), after rule 21AH, the following rules shall be inserted, namely:—
- **'21AI.** Computation of exempt income of specified fund for the purposes of clause (4D) of section 10.— (1). For the purpose of clause (4D) of section 10, income attributable to units held by non-resident (not being the permanent establishment of a non-resident in India) in a specified fund shall be computed in accordance with the following formula, namely:-

Income exempt under clause (4D) of section 10= A*C1 + B*C2 + D*FI+E*F2, where

A = any income accrued or arisen to, or received by a specified fund as a result of transfer of capital asset referred to in clause (viiab) of section 47, on a recognised stock exchange located in any International Financial Services Centre and where the consideration for such transaction is paid or payable in convertible foreign exchange;

B = any income accrued or arisen to, or received by a specified fund as a result of transfer of securities (other than shares in a company resident in India);

C1 = ratio of the aggregate of daily 'assets under management' of the specified fund held by non-resident unit holders (not being the permanent establishment of a non-resident in India) to the aggregate of daily total 'assets under management' of the specified fund, from the date of acquisition of the capital asset referred to in clause (viiab) of section 47 to the date of transfer of such capital asset.

C2= ratio of the aggregate of daily 'assets under management' of the specified fund held by non-resident unit holders (not being the permanent establishment of a non-resident in India) to the aggregate of daily total 'assets under management' of the specified fund, from the date of acquisition of the security (other than shares in a company resident in India) to the date of transfer of such security.

D = any income accrued or arisen to, or received by a specified fund from securities issued by a non-resident (not being a permanent establishment of a non-resident in India) and where such income otherwise does not accrue or arise in India:

E = any income accrued or arisen to, or received by a specified fund from a securitisation trust which is chargeable under the head "profits and gains of business or profession"; and

F1 = ratio of the 'assets under management' in the specified fund held by non-resident unit holders (not being the permanent establishment of a non-resident in India) to the total 'asset under management' of the specified fund, as on the date of receipt of such income from securities issued by a non-resident(not being a permanent establishment of a non-resident in India) and where such income otherwise does not accrue or arise in India.

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F2 = ratio of the 'assets under management' in the specified fund held by non-resident unit holders (not being the permanent establishment of a non-resident in India) to the total 'asset under management' of the specified fund, as on the date of receipt of such income from a securitisation trust which is chargeable under the head "profits and gains of business or profession".

- (2) The specified fund shall furnish an annual statement of exempt income in Form No. 10IG electronically under digital signature on or before the due date, which is duly verified in the manner indicated therein.
- (3) 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 filing of the Form No. 10IG and shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to the statements so furnished under this rule.

Explanation. - For the purpose of this rule, the expressions, -

- (a) "assets under management" means the closing balance of the value of assets or investments of the specified fund as on a particular date;
- (b) "International Financial Services Centre" shall have the same meaning as assigned to it in clause (q) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005)
- (c) "permanent establishment" shall have the same meaning as assigned to it in clause (iiia) of section 92F;
- (d) "securities" shall have the meaning as assigned to it in clause (bb) of the Explanation to clause (4D) of section 10:
- (e) "due date" shall have the same meaning as assigned to it in the Explanation 2 to sub-section (1) of section 139;
- (f) "specified fund" shall have the same meaning as assigned to it in sub-clause (i) of clause (c) of the *Explanation* to clause (4D) of section 10; and
- (g) "unit" shall have the same meaning assigned to it in clause (f) of Explanation to clause (4D) of section 10.

21AJ.Determination of income of a specified fund attributable to units held by non-residents under sub-section (1A) of section 115AD.- (1) For the purposes of sub-section (1A) of section 115AD, the income of a specified fund by way of short-term or long-term capital gains, referred to in clause (b) of sub-section (1) of section 115AD, attributable to the units held by non-resident (not being the permanent establishment of a non-resident in India) shall be calculated in accordance with the following formula, namely:—

A = B * C

Where

A = income attributable to the units held by non-resident (not being the permanent establishment of a non-resident in India)

B = income arising from transfer of the security

C = ratio of the aggregate of daily 'assets under management' of the specified fund held by non-resident unit holders (not being the permanent establishment of a non-resident in India) to the aggregate of daily total 'assets under management' of the specified fund, from the date of acquisition of the security to the date of transfer of such security.

(2) For the purposes of sub-section (1A) of section 115AD, the income of a specified fund by way of income received in respect of securities, referred to in clause (a) of sub-section (1) of section 115AD, attributable to the units held by non-resident (not being the permanent establishment of a non-resident in India) shall be calculated in accordance with the following formula, namely:—

X = Y * Z

Where.

X = income attributable to the units held by non-resident (not being the permanent establishment of a non-resident in India)

Y = income received in respect of securities

- Z = ratio of the 'assets under management' in the specified fund held by non-resident unit holders (not being the permanent establishment of a non-resident in India) to the total 'asset under management' of the specified fund, as on the date of receipt of such income.
- (3) The specified fund shall furnish an annual statement of income eligible for concessional taxation in Form No 10IH electronically under digital signature on or before the due date, which is duly verified in the manner indicated therein.
- (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 filing of the Form No. 10IH and shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to the statements so furnished under this rule.

Explanation .- For the purpose of this rule, the expressions,-

- (a) "assets under management" means the closing balance of the value of assets or investments of the specified fund as on a particular date;
- (b) "permanent establishment" shall have the same meaning as assigned to it in clause (iiia) of section 92F;
- (c) "securities" shall have the same meaning as assigned to it in clause (bb) of the *Explanation* to clause (4D) of section 10;
- (d) "due date" shall have the same meaning as assigned to it in the *Explanation* 2 to sub-section (1) of section 139;
- (e) "specified fund" shall have the same meaning as assigned to it in sub-clause (i) of clause (c) of the *Explanation* to clause (4D) of section 10; and
- (f) "unit" shall have the same meaning as assigned to it in clause (f) of Explanation to clause (4D) of section 10.".
- In the principal rules, after Form No.10IF, the following Forms shall be inserted, namely:-

"Form No.10IG [See sub-rule (2) of rule 21AI]

Statement of Exempt income under clause (4D) of section 10 of the Income-tax Act, 1961

S.no.								
1.	Name	Name of the Specified Fund:						
2.	Addre	Address of the registered office of the specified fund:						
3.	Legal status [company/ trust/ limited liability partnership/ body							
	corpo	rate]:						
4.	Permanent Account Number:							
5.	Previo	ous year ending:						
6.	(i)	Registration number as per the certificate of registration issued by the International Financial Services Centre Authority:						
	(ii)	Date of registration:	Dd/mm/yyyy					
7.	Total	Income of Specified Fund during Previous Year	(In Rs)					

Details o	Details of Exempt Income under clause (4D) of section 10					
	Nature of Income of the Specified Fund	Total Income	Income attributable to units			
		(In Rs)	held by non-resident (not			
			being a permanent			
			establishment of a non-			
			resident in India)			
8.	Income accrued or arisen to, or received as a result of	Total of	Total of Column (9) in Part			
	transfer of capital asset referred to in clause (viiab) of	Column (5) in	I of Annexure 1			
	section 47, on a recognised stock exchange located in any	Part I of				
	International Financial Services Centre and where the	Annexure 1				
	consideration for such transaction is paid or payable in					
	convertible foreign exchange(A)					
9.	Income accrued or arisen to, or received as a result of	Total of	Total of Column (9) in Part			

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	transfer of securities (other than shares in a company	Column (5) in	II of Annexure 1
	resident in India)(B)	Part II of	
		Annexure 1	
10.	Income from securities issued by a non-resident (not being	Total of	Total of Column (9) in Part
	a permanent establishment of a non-resident in India) and	Column (5) in	I of Annexure 2
	where such income otherwise does not accrue or arise in	Part I of	
	India (D)	Annexure 2	
11.	Income from a securitisation trust which is chargeable	Total of	Total of Column (9) in Part
	under the head "Profits and gains of business or	Column (5) in	II of Annexure 2
	profession"(E)	Part II of	
		Annexure 2	
12.	Total Exempt Income under clause (4D) of section 10		

	Declaration
I,	(Name in full and in block
letters) son/daughter/wife of	do hereby declare that:
accompanying such Annexure(s), is corre (ii) the fund has been granted a certificate of regulated under the Securities and Exc. 2012, made under the Securities and Exc. (iii) the fund is located in an International Fire	of registration as a Category III Alternative Investment Fund and is hange Board of India (Alternative Investment Fund) Regulations hange Board of India Act, 1992 (15 of 1992;
I further declare that I am furnishing such	
(designation) and that I am competent to make this	
Place:	
Date:	
	Yours faithfully,
	Signature
	Name
	Designation

Notes:

- Attach a copy of the certificate of registration under Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
- "Assets under management" means the closing balance of the value of assets or investments of the specified fund as on a particular date.
- "International Financial Services Centre" shall have the same meaning as assigned to it in clause (q) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005).
- "International Financial Services Centre Authority" means an Authority established under sub-section (1) of section 4 of the International Financial Services Centres Authority Act, 2019 (50 of 2019).
- "Permanent establishment" shall have the meaning assigned to it in clause (iiia) of section 92F.
- 6. "Securities" shall have the meaning assigned to it in in clause (bb) of the Explanation to clause (4D) of section 10.
- 7. "Specified fund" shall have the same meaning assigned to it in sub-clause (i) of clause (c) of the *Explanation* to clause (4D) of section 10.
- 8. "Unit" shall have the same meaning assigned to it clause (f) of Explanation to clause (4D) of section 10.
- 9. All amount to be mentioned in Indian rupees.

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Annexure 1

S.	Name	Date of	Date of	Capital		00 0	Ratio	Income
No.	of	acquisition	transfer	Gain	daily 'assets	daily total		attributable to
	security	(dd/mm/yyyy)		(In Rs)	under	'assets under		units held by
			(dd/mm/yyyy)		management'	management'		non-resident
					of the	of the		(not being a
					specified fund	specified		permanent
					held by non-	fund, from the		establishment
					resident unit	date of		of a non-
					holders (not	acquisition of		resident in
					being the	the capital		India)
					permanent	asset/security		
					establishment	to the date of		
					of a non-	transfer of		
					resident in	such capital		
					India)from the	asset/security.		
					date of			
					acquisition of			
					the capital			
					asset/ security			
					to the date of			
					transfer of			
					such capital			
					asset/ security			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) =	(9) = (5) * (8)
							(6)/	
							(7)	
Part I.	. Income f	rom of transfer	of securities ref	ferred to i	in clause (viiab) o	of section 47, on a	a recogn	ised stock
exchai	nge located	l in any Interna	tional Financia	l Services	Centre and whe	re the considerat	tion for	such
1.								
Total								
Part I	I. Income	from Transfer	of securities (o	ther than	shares in a comp	oany resident in l	(ndia)	
2.								
Total								

+ add rows depending upon number of securities

Annexure 2

S.	Name	Nature	Date	of	Income	Assets under	Total 'asset	Ratio	Income
No.	of	of	receipt	of	(In Rs)	management	under		attributable
	Security	income^	income			held by non-	management		to units held
			(dd/mm/y	ууу)		resident unit	as on the		by non-
						holders (not	date of		resident (not
						being the	receipt of		being a
						permanent	income.		permanent
						establishment			establishment
						of a non-			of a non-
						resident in			resident in
						India) as on			India)
						the date of			
						receipt of			
						income			

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Part I. Income from Securities issued by a non-resident (not being a permanent establishment of a non-									
residei	resident in India) and where such income otherwise does not accrue or arise in India.								
(1) (2) (3) (4) (5) (6) (7) $(8)=(6)/(7)$ $(9)=(5)*(8)$									
1.									
Total									
Part II. Income from a securitisation trust which is chargeable under the head "Profits and gains of business or									
profession.									
2.									
Total									

⁺ add rows as required

- 1. Dividend
- 2. Interest
- 3. Other Income. Please specify

Form No.10IH [See sub-rule (3) of rule 21AJ]

Statement of income of a Specified fund eligible for concessional taxation under section 115AD of the Incometax Act, 1961

S. No.								
1.	Name o	Name of the Specified Fund:						
2.	Addres	Address of the registered office of the specified fund:						
3.	Legal s	Legal status [company/ trust/ limited liability partnership/ body						
	corporate]:							
4.	Permanent Account Number:							
5.	Previou	Previous year ending:						
6.	(i) Registration number as per the certificate of registration							
		issued by the International Financial Services Centre						
		Authority:						
	(ii)	Date of registration:	dd/mm/yyyy					
7.	Total In	ncome of Specified Fund during Previous Year	(In Rs)					

l	ds of income of specified fund attributable to non- on 115AD (in Rs)	residents and elig	ible for concessional taxation under
S. No.	Income/ Loss of the Specified Fund	Amount	Income attributable to units held by non-resident (not being a permanent establishment of a non-resident in India)
8.	Long Term Capital Gain income arising from transfer of securities as provided in clause (b) of sub-section (1) of section 115AD and which is chargeable @10% u/s 112A(A1)	Total of Column (5) in Part A1 of Annexure 1	Total of Column (9) in Part A1 of Annexure 1
9.	Long Term Capital Gain income arising from transfer of securities as provided in clause (b) of sub-section (1) of section 115AD and which is chargeable @10% (other than section 112A) (A2)	Total of Column (5) in Part A2 of Annexure 1	Total of Column (9) in Part A2 of Annexure 1

[^]Relevant code to be selected

10.	Short Term Capital Gain income arising from	Total of	Total of Column (9) in Part A3 of
	transfer of securities as provided in clause (b) of	Column (5) in	Annexure 1
	sub-section (1) of section 115AD and which is	Part A3 of	
	chargeable @15% u/s 111A (A3)	Annexure 1	
11.	Short Term Capital Gain income arising from	Total of	Total of Column (9) in Part A4 of
	transfer of securities as provided in clause (b) of	Column (5) in	Annexure 1
	sub-section (1) of section 115AD and which is	Part A4 of	
	chargeable @30% (A4)	Annexure 1	
12.	Income from securities as provided in clause (a)	Total of	Total of Column (9) in Part X1 of
	of sub-section (1) of section 115AD and which is	Column (5) in	Annexure 2
	chargeable @10 % (X1)	Part X1 of	
		Annexure 2	
13.	Income from securities as provided in clause (a)	Total of	Total of Column (9) in Part X2 of
	of sub-section (1) of section 115AD and which is	Column (5) in	Annexure 2
	chargeable @5% (X2)	Part X2 of	
		Annexure 2	

Declaration

letters) son/daughter/wife of	full and in block
documents accompanying such Annexure(s), is correct and complete; (ii) the fund has been granted a certificate of registration as a Category III Alternative Investment F and is regulated under the Securities and Exchange Board of India (Alternative Investment Fu Regulations, 2012, made under the Securities and Exchange Board of India Act, 1992 (15 of 1992; (iii) the fund is located in an International Financial Services Centre; (iv) all the units of the Specified Fund are held by non-residents other than units held by a sponsor of manger.	-
 (ii) the fund has been granted a certificate of registration as a Category III Alternative Investment F and is regulated under the Securities and Exchange Board of India (Alternative Investment Fu Regulations, 2012, made under the Securities and Exchange Board of India Act, 1992 (15 of 1992; (iii) the fund is located in an International Financial Services Centre; (iv) all the units of the Specified Fund are held by non-residents other than units held by a sponsor of manger. 	s), including the
and is regulated under the Securities and Exchange Board of India (Alternative Investment Fu Regulations, 2012, made under the Securities and Exchange Board of India Act, 1992 (15 of 1992; (iii) the fund is located in an International Financial Services Centre; (iv) all the units of the Specified Fund are held by non-residents other than units held by a sponsor of manger.	Investment Func
Regulations, 2012, made under the Securities and Exchange Board of India Act, 1992 (15 of 1992; (iii) the fund is located in an International Financial Services Centre; (iv) all the units of the Specified Fund are held by non-residents other than units held by a sponsor of manger.	
(iv) all the units of the Specified Fund are held by non-residents other than units held by a sponsor of manger.	
manger.	
	v a sponsor or a
I further declare that I am furnishing such statement in my capacity as	
l further declare that 1 am furnishing such statement in my capacity as	
(designation) and that I am competent to make this declaration and furnish this statement	
(designation) and that I am competent to make this declaration and furnish this statement.	
Place:	
Date:	
	Yours faithfully,
Signature	
Name	
Designation	

Notes:

Ι

- 1. Attach a copy of the certificate of registration under Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
- 2. "Assets under management" means the closing balance of the value of assets or investments of the specified fund as on a particular date.
- 3. "International Financial Services Centre" shall have the same meaning as assigned to it in clause (q) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005).
- 4. "International Financial Services Centre Authority" means an Authority established under sub-section (1) of section 4 of the International Financial Services Centres Authority Act, 2019 (50 of 2019).
- 5. "Permanent establishment" shall have the meaning assigned to it in clause (iiia) of section 92F.
- "Securities" shall have the meaning assigned to it in in clause (bb) of the Explanation to clause (4D) of section 10.

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- 7. "Specified fund" shall have the same meaning assigned to it in sub-clause (i) of clause (c) of the Explanation to clause (4D) of section 10.
- 8. "Unit" shall have the same meaning assigned to it clause (f) of Explanation to clause (4D) of section 10.
- 9. All amount to be mentioned in Indian rupees.

Annexure 1

	37	D . C	D. C	G ': 1			D. (*	-
S.	Name	Date of	Date of	Capital	Aggregate of	Aggregate of	Ratio	Income
No.	of	acquisition	transfer	Gain	daily 'assets	daily total		attributable
	security	(dd/mm/yyyy)		(In Rs)	under	'assets under		to units held
			(dd/mm/yyyy)		management'	management'		by non-
					of the	of the		resident (not
					specified	specified		being a
					fund held by	fund, from		permanent
					non-resident	the date of		establishment
					unit holders	acquisition of		of a non-
					(not being the	the security		resident in
					permanent	to the date of		India)
					establishment	transfer of		
					of a non-	such security.		
					resident in			
					India)from			
					the date of			
					acquisition of			
					the security			
					to the date of			
					transfer of			
					such security			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) =	(9) = (5)*(8)
							(6)/(7)	
Part	A1. Long 7	erm Capital G	ain income arisi	ng from t	ransfer of secui	rities as provide	d in claus	se (b) of sub-
1	_	_	which is charge	_		-		
1.								
Total								
Part A	A2. Long T	erm Capital G	ain income arisi	ing from	transfer of secu	rities as provid	ed in cla	use (b) of sub-
)% (other than s			
2.								
Total								
	A3.Short T	erm Capital Ga	in income arisi	ng from t	ransfer of secu	ırities as provid	led in cla	use (b) of sub-
ı		_	which is charge			•		. ,
3.								
Total								
		∟ 'erm Capital Ga	in income arisi	ng from 1	ransfer of secu	urities as provid	led in cla	use (b) of sub-
1		-	which is charge	_		P		(-, 52 5)
4.	(=, =====							
Total								
1 (1131			1					

+ add rows depending upon number of securities

Annexure 2

S.	Name	Nature	Date of	Income	Assets under	Total asset	Ratio	Income
No.	of	of	receipt of	(In Rs)	management	under		attributable
	security	income^	income		held by non-	management		to units held
			(dd/mm/yyyy)		resident unit	as on the		by non-

(1)

115AD

Total

(2)

(3)

(4)

1.											
Total											
Part X2. Income from Securities which is chargeable @5% (194LD) under clause (a) of sub-section (1) of											
section 115AD											
2.											

(5)

- 1. Dividend
- 2. Interest
- 3. Other Income. Please specify.".

[Notification No. 90/2021/ F. No. 370142/20/2021-TPL]

NEHA SAHAY, 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 (ii), vide notification number S.O. 969 (E), dated the 26th March, 1962 and last amended vide notification number G.S.R. 514 (E) dated the 29th July, 2021.

⁺ add rows as required

[^]Relevant code to be selected