

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA
UNSTARRED QUESTION NO. 3149

TO BE ANSWERED ON MONDAY 20TH MARCH, 2023 PHALGUNA 29, 1944 (SAKA)

PROPOSALS FOR TAX BENEFITS

3149. SHRI KOTHA PRABHAKAR REDDY:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government proposes to extend the period of tax benefits to funds relating to IFSC, GIFT City till 31.03.2025 and if so, the details and the present status thereof;
- (b) whether the Government proposes to decriminalise section 267A of the Income Tax Act and if so, the details and the present status thereof;
- (c) whether the Government proposes to allow carry forwarding of losses on strategic disinvestment including that of IDBI Bank and if so, the details and the present status thereof; and;
- (d) whether the Government proposes to provide EEE status to Agniveer Fund and if so, the details and the present status thereof?

ANSWER

THE MINISTER OF STATE IN MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) Yes, Sir. It is proposed vide the Finance Bill, 2023 to amend clause (b) of Explanation to clause (viiad) of section 47 of the Income-tax Act, 1961 (the Act) to extend the last date for transfer of assets of the original fund, or of its wholly owned special purpose vehicle, to a resultant fund in case of relocation from 31.03.2023 to 31.03.2025.

(b) Section 267A does not exist in the Act. However, an amendment to decriminalise section 276A of the Act has been proposed in the Finance Bill, 2023. Section 276A of the Act makes provisions for initiating prosecution proceedings in case of contravention or failure to fulfil obligations with respect to companies under liquidation as per the provisions of section 178 of the Act. Finance Bill, 2023 proposes to decriminalise this section, in line with the policy of the Government to improve ease of doing business.

(c) The provisions relating to carry forward and set off of accumulated loss and unabsorbed depreciation allowance in scheme of amalgamation in certain cases including amalgamation involving banking companies are provided under section 72AA of the Act. The Finance Bill, 2023 proposes to amend section 72AA to broaden the scope of this section to include cases where there has been amalgamation of one or more banking company with—

- i. any other banking institution under a scheme sanctioned and brought into force by the Central Government under sub-section (7) of section 45 of the Banking Regulation Act, 1949; or
- ii. any other banking institution or a company subsequent to a strategic disinvestment, wherein the amalgamation is carried out within a period of five years from the end of the previous year during which such strategic disinvestment is carried out.

The Finance Bill, 2023 has also proposed that “strategic disinvestment” under section 72AA shall have the meaning assigned to it in clause (iii) of the Explanation to clause (d) of sub-section (1) of section 72A, which is proposed to be amended to mean the following:—

“strategic disinvestment” means sale of shareholding by the Central Government or any State Government or a public sector company, in a public sector company or in a company, which results in—

- i. reduction of its shareholding to below fifty-one per cent.; and
- ii. transfer of control to the buyer:

It is provided that the condition of reduction of shareholding to below fifty-one per cent. shall apply only in a case where shareholding of the Central Government or the State Government or the public sector company was above fifty-one per cent before such sale of shareholding:

It is further proposed that the requirement of transfer of control to the buyer may be carried out by the Central Government or the State Government or the public sector company or any two of them or all of them.

(d) Yes, Sir. The Finance Bill, 2023 proposes to provide EEE status to Agniveer Corpus Fund. The payment received from the Agniveer Corpus Fund by the Agniveers enrolled in Agnipath Scheme, 2022 is proposed to be exempt from income tax. Deduction in the computation of total income is proposed to be allowed to the Agniveer on the contribution made by him or the Central Government to his Seva Nidhi account. The Finance Bill, 2023 was introduced on 1st February, 2023 in Lok Sabha for consideration and passage.
