

(d) in clause (b), for the words, brackets and figures “proviso to sub-section (2) of section 211”, the words, brackets and figures “second proviso to sub-section (1) of section 129” shall be substituted;

5 (e) in the first proviso, for the word and figures “section 210”, the word and figures “section 129” shall be substituted;

(ii) after sub-section (2), the following sub-sections shall be inserted, namely:—

10 (2A) For a company whose financial statements are drawn up in compliance to the Indian Accounting Standards specified in Annexure to the Companies (Indian Accounting Standards) Rules, 2015, the book profit as computed in accordance with *Explanation 1* to sub-section (2) shall be further—

(a) increased by all amounts credited to other comprehensive income in the statement of profit and loss under the head “Items that will not be re-classified to profit or loss”;

(b) decreased by all amounts debited to other comprehensive income in the statement of profit and loss under the head “Items that will not be re-classified to profit or loss”;

15 (c) increased by amounts or aggregate of the amounts debited to the statement of profit and loss on distribution of non-cash assets to shareholders in a demerger in accordance with Appendix A of the Indian Accounting Standards 10;

20 (d) decreased by all amounts or aggregate of the amounts credited to the statement of profit and loss on distribution of non-cash assets to shareholders in a demerger in accordance with Appendix A of the Indian Accounting Standards 10:

Provided that nothing contained in clause (a) or clause (b) shall apply to the amount credited or debited to other comprehensive income under the head “Items that will not be re-classified to profit or loss” in respect of—

25 (i) revaluation surplus for assets in accordance with the Indian Accounting Standards 16 and Indian Accounting Standards 38; or

(ii) gains or losses from investments in equity instruments designated at fair value through other comprehensive income in accordance with the Indian Accounting Standards 109:

30 Provided further that the book profit of the previous year in which the asset or investment referred to in the first proviso is retired, disposed, realised or otherwise transferred shall be increased or decreased, as the case may be, by the amount or the aggregate of the amounts referred to in the first proviso for the previous year or any of the preceding previous years and relating to such asset or investment.

35 (2B) In the case of a resulting company, where the property and the liabilities of the undertaking or undertakings being received by it are recorded at values different from values appearing in the books of account of the demerged company immediately before the demerger, any change in such value shall be ignored for the purpose of computation of book profit of the resulting company under this section.

40 (2C) For a company referred to in sub-section (2A), the book profit of the year of convergence and each of the following four previous years, shall be further increased or decreased, as the case may be, by one-fifth of the transition amount:

Provided that the book profit of the previous year in which the asset or investment referred to in sub-clauses (B) to (E) of clause (iii) of the *Explanation* is retired, disposed, realised or otherwise transferred, shall be increased or decreased, as the case may be, by the amount or the aggregate of the amounts referred to in the said sub-clause relating to such asset or investment:

45 Provided further that the book profit of the previous year in which the foreign operation referred to in sub-clause (F) of clause (iii) of the *Explanation* is disposed or otherwise transferred, shall be increased or decreased, as the case may be, by the amount or the aggregate of the amounts referred to in the said sub-clause relating to such foreign operations.

*Explanation.*—For the purposes of this sub-section, the expression—

50 (i) “year of convergence” means the previous year within which the convergence date falls;

(ii) “convergence date” means the first day of the first Indian Accounting Standards reporting period as defined in the Indian Accounting Standards 101;

(iii) “transition amount” means the amount or the aggregate of the amounts adjusted in the

other equity (excluding equity component of compound financial instruments, capital reserve, and securities premium reserve) on the convergence date but not including the following,—

(A) amount or aggregate of the amounts adjusted in the other comprehensive income on the convergence date which shall be subsequently re-classified to the profit or loss;

(B) revaluation surplus for assets in accordance with the Indian Accounting Standards 16 and Indian Accounting Standards 38 adjusted on the convergence date;

(C) gains or losses from investments in equity instruments designated at fair value through other comprehensive income in accordance with the Indian Accounting Standards 109 adjusted on the convergence date;

(D) adjustments relating to items of property, plant and equipment and intangible assets recorded at fair value as deemed cost in accordance with paragraphs D5 and D7 of the Indian Accounting Standards 101 on the convergence date;

(E) adjustments relating to investments in subsidiaries, joint ventures and associates recorded at fair value as deemed cost in accordance with paragraph D15 of the Indian Accounting Standards 101 on the convergence date; and

(F) adjustments relating to cumulative translation differences of a foreign operation in accordance with paragraph D13 of the Indian Accounting Standards 101 on the convergence date.’;

(iii) in *Explanation 1*,—

(a) for the words “net profit”, the word “profit” shall be substituted;

(b) for the words “profit and loss account” wherever they occur, the words “statement of profit and loss” shall be substituted;

(c) in clause (k) for the words “profit or loss account”, the words “statement of profit and loss” shall be substituted;

(iv) in *Explanation 3*,—

(a) for the words, brackets and figures “proviso to sub-section (2) of section 211 of the Companies Act, 1956”, the words, brackets and figures “second proviso to sub-section (1) of section 129 of the Companies Act, 2013” shall be substituted;

(b) for the words “profit and loss account”, the words “statement of profit and loss” shall be substituted;

(c) for the words and figures “Part II and Part III of Schedule VI to the Companies Act, 1956”, the words and figures “Schedule III to the Companies Act, 2013” shall be substituted.

Amendment of section 115JD.

**48.** In section 115JD of the Income-tax Act, with effect from the 1st day of April, 2018,—

(a) in sub-section (2), the following proviso shall be inserted, namely:—

“Provided that where the amount of tax credit in respect of any income-tax paid in any country or specified territory outside India, under section 90 or section 90A or section 91, allowed against the alternate minimum tax payable exceeds the amount of the tax credit admissible against the regular income-tax payable by the assessee, then, while computing the amount of credit under this sub-section, such excess amount shall be ignored.”;

(b) in sub-section (4), for the words “tenth assessment year”, the words “fifteenth assessment year” shall be substituted.

Amendment of section 119.

**49.** In section 119 of the Income-tax Act, in sub-section (2), in clause (a), after the figures “271”, the figures and letters “,271C, 271CA” shall be inserted.

Amendment of section 132.

**50.** In section 132 of the Income-tax Act,—

(i) in sub-section (1), after the fourth proviso, the following *Explanation* shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1962, namely:—

“*Explanation.*—For the removal of doubts, it is hereby declared that the reason to believe, as recorded by the income-tax authority under this sub-section, shall not be disclosed to any person or any authority or the Appellate Tribunal.”;

(ii) in sub-section (1A), the following *Explanation* shall be inserted and shall be deemed to have been inserted with effect from the 1st day of October, 1975, namely:—

“*Explanation.*—For the removal of doubts, it is hereby declared that the reason to suspect, as recorded by the income-tax authority under this sub-section, shall not be disclosed to any person or any authority or the Appellate Tribunal.”;