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Title: Further discussion on the motion for consideration of the Finance (No. 2) Bill, 2014 (Discussion Concluded and Bill Passed.).

वित्त मंत्री, कॉर्पोरेट कार्य मंत्री तथा रक्षा मंत्री (श्री अरुण जेटली) : महोदया, बजट की चर्चा के बाद फाइनेंस बिल की चर्चा में 32 माननीय सदस्यों ने भाग लिया है। उन सबने देश की अर्थव्यवस्था के सम्बन्ध में और फाइनेंस बिल के अन्दर जो प्रावधान हैं, उसके सम्बन्ध में अपने विचार रखे हैं। चर्चा की शुरुआत हम सबके वरिष्ठ सदस्योनी श्री वीरप्पा मोइली जी ने की थी, मैं उनका भी विशेष रूप से आभारी हूँ। इस चर्चा में काफी विषय वे थे जो बजट की चर्चा के साथ ओवरलैप करते थे तो जो बातें उस चर्चा में आ चुकी हैं, मैं उनको दोहराने का प्रयास नहीं करूँगा।

महोदया, कल कारगिल युद्ध की 15वीं सालगिरह है और उसका विजय दिवस है। जो लोग इस युद्ध में शहीद हुए थे, आज से ही देश भर में लोगों ने उनको श्रद्धांजलि देनी आरम्भ कर दी है। इसलिए मैं उपयुक्त यह समझता हूँ कि देश की रक्षा और डिफेंस के लिए जो इन प्रावधानों में किया गया है, उसके ऊपर मैं एक बार सदन का ध्यान दिला दूँ। देश के अन्दर स्वाभाविक है कि इतना बड़ा देश है, सरकारी विभाग, सरकार के ऊपर खर्चा, गरीबी उन्मूलन की जितनी योजनाएँ हैं, उनके ऊपर जितना व्यय होता है, उसमें से हमारी एक प्राथमिकता देश की सुरक्षा भी है। देश की सुरक्षा को लेकर एक चिन्ता है कि किसी प्रकार से भी जो हमारे सैनिक हैं, उनकी जो अपेक्षा है रेडियेस की, तैयार रखने की, उसमें किसी प्रकार की कमी न आये। जो इन्टरिम बजट में, वोट ऑन अकाउन्ट में प्रावधान किये गये थे, उसमें मैंने रेग्युलर बजट में इस बार पांच हजार करोड़ रुपया देश की सुरक्षा के सम्बन्ध में और जोड़ा है, इसके साथ-साथ प्रावधान किया है। जो पूर्व सैनिकों के संगठन हैं, जो मौजूदा सर्विसेज हैं, उनसे भी मेरी चर्चा हुई है कि जो एक अपेक्षा सेनाओं की चल रही है कि वन रैंक वन पेंशन हो, इस बार बजट में उसके लिए एक स्पेसिफिक प्रावधान किया गया है। जितने भी योगदान की उसके लिए आवश्यकता होगी, एक बार उसकी चर्चा समाप्त हो जाए और यह जो कैलकुलेशन का फॉर्मूला है, सिद्धांत को हम लोग स्वीकार कर चुके हैं, अब केवल कैलकुलेशन का फॉर्मूला है जिसको लेकर चर्चा हो रही है। 24 अप्रैल को एंटोनी साहब डिफेंस मिनिस्टर थे तो उन्होंने भी इसके लिए एक कमेटी बैठाई थी। जैसे ही उस पर चर्चा पूरी हो जाती है तो उसके संबंध में भी जो खर्चा होना है, उसके लिए प्रावधान यहाँ पर किया गया है।

एक मांग और अपेक्षा रही कि इस देश के अंदर कोई वॉर मैमोरियल नहीं है। पहले विश्वयुद्ध में बहुत बड़ी संख्या में जो भारतीय सैनिक शहीद हुए थे, उनके लिए एक वॉर मैमोरियल बना जिसको हम इंडिया गेट के नाम से जानते हैं। लेकिन 1947 के बाद से लगभग 21000 से ज्यादा सैनिक हैं जो चाहे युद्ध में या चाहे किसी आंतरिक कारण की वजह से देश के लिए शहीद हुए हैं, उनके लिए अभी तक वॉर मैमोरियल नहीं बना। उस वॉर मैमोरियल की भी कमिटीमें हमने इस बार दी है। प्रयास यह है कि उसको स्वीकार करें और उसके लिए कुछ स्थान भी हमने आइडेंटिफाइड किये हैं। एक यह भी अपेक्षा है कि जो बहुत देशों में है लेकिन हमारे देश में कोई वॉर म्यूजियम नहीं है। इसलिए आर्म्ड फोर्सेज ने ही एक जगह आइडेंटिफाइड की है इंडिया गेट के नज़दीक, यह उन्हीं की ज़मीन है प्रिंसेज़ पार्क में, जिसके लिए हमने वॉर म्यूजियम के लिए भी प्रावधान किया है।

Madam, I must say with my utmost affection and regard for Moily sahab that he started on the right note when he initiated the discussion. He advised us to be aggressive on the reform process because he felt that the economy has to pick up once again. Some of the points that he mentioned, he must seriously realise, were issues if not problems which in one sense we have inherited as a part of continuity of government. I am glad he virtually expressed himself against the concept of retrospective taxation. I agree with him that it sends a very negative signal, and it has not helped our economy itself. Therefore, one of my jobs was to find a solution to the problem.

Some Members have expressed apprehension as to why I used a phrase that there is a sovereign right of Parliament. Of course every Parliament in the world has a sovereign right. They have a sovereign right to legislate; they have a sovereign right to legislate even retrospectively. The British Parliament has imposed several taxes which are retrospective. There are legitimate cases in which retrospective taxation has been levied by Indian Parliament. I will give an illustration.

Assuming there is a tax collected over a period of 40 years and the tribunal comes to a finding that there is some technical flaw in this, are we going to refund 40 years of taxation already collected? Therefore, we retrospectively legislate to legitimise what has already been collected. That is a sovereign right. So, I cannot be faulted for saying that Parliament has a sovereign right. But I have said, as a policy the present Government will not use that right to create new liabilities. That is an assurance we wanted to give to investors within the country and investors outside so that we are able to assure people of a stable tax regime.

Moily sahab is right when he says extra aggression sends a wrong signal in the matter of tax collection. Therefore, the phrase 'tax terrorism' which critics of his government had been using is a phrase he used himself.

I have taken several steps. I will just illustrate some of them in order to put an end to this whole environment. I was surprised when I found that Moily Saheb himself was a little critical of GAR because it was sending a fright signal amongst tax payers. I must confess, I have not yet gone into the whole issue because we were busy with the Budget exercise but I now intend spending sometime and then the Government will take a final view as to what we are to do with the proposal which is already pending.

He mentioned the problem of stagflation. It is actually a contradiction in terms. If you have stagnation, that is normally a sign of recession because there is no economic activity. In inflation, the money supply is increased. So, there is a lot of activity otherwise. But there are rare cases and that is why this term 'stagflation' was coined to indicate that you have a slowdown in the economy and inflation at the same time; and therefore it was referred to as stagflation. I think, it will be too extreme to say that we had reached that situation. Our growth had slowed down but that there was stagnation may be perhaps an overstatement. It is this slowdown which we really need to fight today.

My entire effort has been, through the various proposals in the Finance Bill, that we must be able to generate more economic activity, more industrial and manufacturing activity and put more money in the hands of the average citizen so that his spending also increases and this larger economic activity will then lead to an enhancement of the growth rate itself. Inflation cannot only be tackled by hiking the interest rates. When you have larger economic activity, you tackle the supply side also. You make more goods, more products, more commodities, and more agricultural items available in the market. That is one way of fighting inflation. Therefore, the whole approach of the Budget and the roadmap which we have in mind is intended to be in that direction.

I wish to join issue though I personally do not feel that the movement in the stock exchange or the capital market is the only indication of how well the economy is doing. Moily Saheb says that the capital markets have received our proposals very badly. If that were so, the capital markets would not have reached the record height in their figures. I still do not treat it as any test or measure or an approval of the Budget itself. The capital markets have their own logic and they proceed on their own logic but your assessment that they have fallen is factually not borne out because they have reached a record height.

हमारे साथी निश्चिन्त दूरे जी जब बोले तो शायद बहुत अच्छा बोले, लेकिन बोलते-बोलते उन्होंने कह दिया कि मेरे जीवन में तो काला धन इस देश में वापस नहीं आने वाला है। हम सब उनकी दीर्घायु की कामना करते हैं। लेकिन उनको बहुत लम्बी अवधि तक इसकी प्रतीक्षा नहीं करनी पड़ेगी। अध्यक्ष जी एक समय था कि जब लोग कई कारणों से विदेशों में काला धन रखते थे, टैक्स

हेक्स में रखते थे और टैक्स हेक्स की कल्पना यह थी कि वहां कोई पून नहीं पूछे जाते, वहां आपको एक सीवेसी मिल जाती है, किसी ट्रस्ट के नाम से वह एकाउंट होता है। उन टैक्स हेक्स की अर्थव्यवस्था इसी प्रकार के साधनों के आधार पर चलती थी। वे कोई जानकारी नहीं देते थे। There were firewalls erected around the system और यह असंभव था कि उन टीवारों को तोड़ कर कोई जानकारी ले ले। उसके बाद एक अगली स्टेज आती कि जब इन टैक्स हेक्स में से कई ने कहा कि अगर यह अपराध का पैसा है, 'if it is profits of crime'. And this is on the principle of dual criminality – a crime in both the jurisdictions – that is in the tax haven and in the requesting country, then they will start cooperating. लेकिन केवल टैक्स इवेजन्स की वजह से आया है या करेन्सी वॉयलेशन की वजह से आया है तो वे सहयोग नहीं करते थे। आज विश्व में इस विषय पर बहुत दबाव है क्योंकि पूरे विश्व में बहुत बड़ी संख्या में लोग हैं जो इस प्रकार की मनी लाउंड्रिंग के खिलाफ हैं। अब जानकारियां मिलनी आरंभ हुई हैं, समझौते भी हुए हैं। यूपीए सरकार ने भी एक समझौता किया था लेकिन उसमें स्विट्ज़रलैंड की कंडीशन थी कि आपको जो हम नाम देंगे, वे आप किसी को नहीं बताएंगे और वे भविष्य के लिए होंगे, पुराने वाले नहीं होंगे।

हम लोगों को दो साधनों से कुछ जानकारियां मिली हैं। मैंने पिछले सप्ताह भी अपने उत्तर में कहा था कि एक जानकारी मिली जो इसी प्रकार का एक टैक्स हेक्स था लिंवेस्टाइन, जिन्होंने कुछ नामों की जानकारी दी है। दूसरे नाम वे थे जिनमें स्विट्ज़रलैंड के एक बैंक में कुछ भारतीय लोगों के खाते थे। वहां से किसी ने वह पूरी जानकारी, जो केवल भारत की नहीं थी दुनिया के कई देशों की थी, निकाल कर फ्रांस को दे दिये। फ्रेंच गवर्नमेंट ने एक समझौते के तहत उसे भारत को दे दिये। उसके संबंध में भी हम लोग कार्रवाई कर रहे हैं। जून के माह में 22 तारीख को यह खबर छपी थी कि भारतीयों की एक सूची स्विट्ज़रलैंड देने को तैयार है तो हमने 23 तारीख को ही उन्हें पत्र लिखा कि हम लोग चाहेंगे कि अन्य जानकारी आप हमें दीजिए। बाद में उनका जो जवाब आया, उनके जवाब से लगा कि वह जो पीटीआई के हवाले से खबर छपी थी, वह शायद सही नहीं थी और उन्होंने कहा कि भारतीयों की कोई अलग सूची हमारे पास नहीं है।

हमारे पास जितनी भी जानकारी मिल रही है, उस पर हमारी सरकार ने पहला कदम उठाया कि एस.आई.टी. का गठन कर दिया, जो तीन साल पहले सुप्रीम कोर्ट ने आदेश दिया था। यूपीए सरकार का यह मत था और यह दरखास्त भी उन्होंने सुप्रीम कोर्ट को दी थी कि यह कोर्ट के अधिकार क्षेत्र में नहीं आता, यह सरकार करेगी। हमारी सरकार ने इस विषय पर सबसे पहले चर्चा की और हमें लगा कि काला धन देश से बाहर पड़ा है। यह किनका है और कितना है, यह विवाद का विषय हो सकता है या जानकारी का विषय हो सकता है। पर, इसमें यह अधिकार सुप्रीम कोर्ट का है या हमारा है, इस ज्यूरिस्टिडिक्शनल बैटल में पड़ने की आवश्यकता नहीं है। अगर कोर्ट भी इसमें कुछ आदेश देना चाहता है और उनकी एस.आई.टी. कदम उठाना चाहती है तो सरकार इस में पूरा सहयोग करेगी और जितनी भी जानकारी हमारे पास आ रही है, हम सुप्रीम कोर्ट को उसकी जानकारी दे रहे हैं।

जी.एस.टी. के संबंध में कहा गया कि इसको लाना चाहिए। अधिकतर सदस्य इस के पक्ष में थे। सभी राज्यों की अपेक्षा है कि जो सी.एस.टी. कॉम्पेनशंस का वायदा किया गया था, वह दिया जाए। उसके लिए साधनों की व्यवस्था कहां से होगी, मैं इसका प्रयास कर रहा हूँ और मेरी राज्यों के साथ दो बैठकें हो चुकी हैं। हम लोग प्रयास करेंगे कि शीघ्र-से-शीघ्र इस वर्ष के अन्दर ही, कम से कम उसके संबंध में जो कानून बनना है, हम लोग बना दें। जिन सदस्यों ने यह कहा है और मोडली साहब ने इसे बड़ी स्पष्टता से कहा है और मैं उन से सहमत हूँ कि जी.एस.टी. आने से इस देश की जी.डी.पी. के ऊपर अच्छा असर पड़ेगा। वह बढ़ेगी और इस से पूरे देश को लाभ होगा, राज्यों को भी होगा और केन्द्र को भी होगा।

Madam, a question is repeatedly raised particularly by some of my friends in the Left Parties. This question used to be raised against the UPA Government also. Along with the Budget documents, there is a booklet which says 'Taxes foregone'. That runs into something like Rs.5 lakh crore plus. The charge which is normally made against the Governments is, why do we not collect these taxes?

These will be enough to meet a lot of demand. I personally do not know who decided to publish this booklet because these are not taxes which are due and recoverable.

SHRI BHARTRUHARI MAHTAB (CUTTACK): It started with spectrum distribution.

SHRI ARUN JAITLEY: It started in 2005-06. Let me just explain so that this issue is not raised again and again. We give rebate to senior citizens and that is tax foregone. Under Section 80 C, whoever deposits in bank or Provident Fund, we give rebate. These are taxes foregone. We give rebate on interest on loan for purchase of a property. That is tax foregone. In several products you have exemption notifications because we want to bring the rates down in order to encourage the economy. Therefore, from 2005 the practice was to add to transparency but this should not be confused as taxes due and not charged. These are taxes which are actually not due. In order to give relief either to a set of assesseees or to industry, we are not levying high taxes.

PROF. SAUGATA ROY (DUM DUM): Individual exemption is given to corporates....(Interruptions)

SHRI ARUN JAITLEY: First of all let us be very clear as to what is tax foregone and let us not mislead each other as to what is tax foregone. Your charge is that corporates get a relief.

SHRI MALLIKARJUN KHARGE (GULBARGA): By notification.

SHRI ARUN JAITLEY: The law permits it. Your Government did it. Every Government has done it.

PROF. SAUGATA ROY : Rs.5,00,000 crore is a big amount.

SHRI ARUN JAITLEY: It is a big amount but let us be very clear. It is an area where you and I can differ because I have repeatedly said so, ours is not a high tax Government. A high tax Government will not encourage business and industrial activity in India. A high tax Government will never be able to create jobs. A high tax Government will never be able to create a low cost manufacturing situation because ultimately what do consumers want to buy. You said in the morning today that you went to the State Bank as you wanted to buy a car. You want to buy a care. You do not want to buy taxes. Consumers buy products. They do not buy taxes....(Interruptions) Please allow me to speak.

So, if consumers start buying taxes, if you load every product with very high level of taxes, your products will become non-competitive in the market. Hence, there is this grievance that you have made as to why our people are buying products from China and elsewhere. This is because they have mastered the art of low cost manufacturing. One of the factors in low cost manufacturing is lower rates of interest and lower rates of taxes and that is why their industry has moved ahead. ...(Interruptions) We can disagree. We need not unnecessarily disturb each other

SHRI MOHAMMAD SALIM (RAIGANJ): Who has stopped you from reducing it?... (Interruptions)

SHRI ARUN JAITLEY: Let me give you an example. The manufacturing sector in the last one year was flat and in the other year was negative. The previous Government in February decided to actually, by notification, reduce the level of taxation on automobiles, capital goods and consumer durables. Less cars were being sold in India. Less consumer durables were being sold in India because the economy was not doing well. I saw the effect of that. They did it for only three months. I have extended it till the end of the year. They started in February and the UPA Government's decision was to end it by 30th June. I have extended it to the end of the year. The effect of it was, we suddenly saw, of all these products the market was back. The manufacturing had increased. The sale had increased. Now are we to make these products costlier, sluggish and non-

competitive against foreign products or are we to make sure that Indian products are also able to sell in the market?

We are interested in creating a situation where the sentiments in regard to the Indian economy, which had been disturbed in the eyes of investors in comparison to the global economy is revived. The effect is that we revived that sentiment back. Therefore, in order to revive the sentiments back, you need to take certain steps. I had said it in response to the Budget Speech that there is no contradiction in being pro-poor and pro-business at the same time. Unless you are able to generate revenues, how will you service the poor people in the country? How will you have poverty alleviation schemes in the country? Therefore, the Indian economy is doing well and that is how we will be able to take care of the least privileged – 30 per cent people – as far as India is concerned.

Madam, with regard to the Finance Bill, the approach of the Government has been that we try and resolve disputes; we try and end arbitrariness; and we try and give as much relief to the vulnerable as is possible. Therefore, a set of relieves have been given as far as individual taxpayer is concerned. The exemption limit of Rs.2 lakh have been raised to Rs.2.5 lakh. There is a lot of tax sacrifice involved. For senior citizens, it becomes Rs.3 lakh.

The saving rate in India had come down. In just one year from 33 per cent saving, it came down to 30 per cent. The savings are not savings you put in the pocket. Savings are those which individual people who save money, they put it in banks; they put it in various instruments and savings become national investment. The economy and the infrastructure are all built out of these savings and savings are coming down which means the economy will do badly. So, I had to encourage savings. Therefore, I encouraged the savings exemption from Rs.1 lakh to Rs.1.5 lakh. There are crores of taxpayers investing Rs.50000 crore more in savings because they will get tax rebate. So, every taxpayer in India now has the facility to get a rebate and this saving will in turn become an investment which will go into our financial institutions.

Real estate is a major driver of economy in India. To encourage real estate, the exemption limit with regard to the deduction which is allowed in regard to interest on loans which are to be re-paid, from Rs.1.5 lakh, we have made it to Rs.2 lakh a year. Rupees two lakh a year actually means that the interest deduction that you will get on your income tax is Rs.17,000 to Rs.18,000 a month and if inflation moderates and the Reserve Bank brings down the interest rates, eventually, we would want to go back to a situation where -- which I had said last time also in this House -- taking an apartment on rent for a middle class person or a lower middle class person will become costlier but buying it will become cheaper. That is how, you will not only encourage cement, steel, create jobs but encourage a whole sector itself.

We used the fiscal policy and the Finance Bill to give a fillip to manufacturing sector. Our manufacturing had become flat or negative. देश में बिजली की पैदावार नहीं होगी तो अर्थव्यवस्था कैसे चलेगी। So, I have extended the sunset clause. Today, if you invest in the power sector, you get tax rebates. Those who invest in industry used to get a tax rebate in terms of investment allowance if they invested up to Rs.100 crore. Now not many people can invest Rs.100 crore. To give a fillip to mid-level business people, the MSMEs, I have brought that limit down to Rs.25 crore. You invest Rs.25 crore, you get a tax rebate. Except for some products like cigarettes, pan masala and soft drinks, as a pattern, I have brought down the customs and excise duties in most products which are being manufactured. It is a misnomer - let me repeat - that this is a rebate to the corporates. When it brings down the cost of these products, it encourages Indian industry and becomes a rebate to the consumers. The consumers will get these products cheaper because, if the corporates still decide to sell them at a costly price, they will outmarket themselves. Somebody else will factor in the rebate and the consumers will get the rebate.

To portfolio investments, there were some rebates which were available. Our tax structure was not suitable and a large number of managers used to locate themselves in Singapore. So, I have brought those rebates so that that entire investment can come back to India and they can relocate themselves.

I have mentioned that, with regard to future, I have provided a cushioning against retrospective tax and this was also a question raised by Shri Ananth Kumar Hegde in the morning. I have gone ahead that the judicial process may sort out the past and, for the future, we will not allow this problem to take place in India. To simplify the tax structure, there is an advance ruling mechanism for domestic investors. आज कोई विदेशी या कोई एन.आर.आई. इस देश में पूंजी लगाता है तो वह पहले ही वहां जा सकता है और पता लगाए कि मुझे पहले बता दीजिए कि कितना टैक्स लगेगा? I have extended this for simplifying the tax structure to domestic investors. A huge number of investors, both domestic and international, and thousands of crores are locked in litigation and transfer pricing. I have simplified the whole issue by detailed guidelines which have been brought into the Finance Bill itself.

In order to settle tax disputes, so that lakhs of crores of rupees are not blocked, I have expanded the whole concept and the functioning of the Settlement Commission. I have given statutory recognition to a consultation mechanism and those can be followed up by guidelines issued by the CBDT.

Now, there are a large number of issues which the hon. Members have raised. I will certainly, for future planning, keep most of those issues in mind with regard to taxation planning. But, even after announcing the Budget proposals, a number of issues have been raised in this House by hon. Members and in the representations that we have received. With an open mind, we will examine each one of them.

Mutual facility was a facility which we had really given for retail investors. A bulk of it was being used by corporates and it was being used for arbitrage. Therefore, I had put the concessional rate of taxation that was available in the Budget proposals to an end with effect from 1st April, 2014. A number of Members in the House also raised this question. Shri Scindia, in the debate on the Budget, had first raised this question that on the one hand, we say that we are against retrospective taxation and does it itself, or even for a period of three months, become retrospective in character? I have reconsidered it and I propose to move a Government amendment today in the Finance Bill itself that the new tax regime will not be applicable to transactions of sale of units which have taken place between 1st April and 10th July this year itself. If you have sold them during this period, this will not apply.

The second official amendment to the Finance Bill that I propose today is with regard to the Settlement Commission. I am proposing to expand the scope of approaching the Settlement Commission for settlement of tax disputes and also including cases where proceedings have been initiated for reassessment, otherwise known as reopened cases, and proceedings which are pending for making a fresh assessment in pursuance of an order of a Tribunal or a Commissioner for setting aside or cancelling the assessment itself.

Now, for advance ruling, I propose an amendment because you may require more benches. So, that is to provide for additional benches. With regard to transfer pricing that I have suggested, I propose an official amendment in that regard itself. The further amendment that I propose is related to late filing of returns. For late filing of returns, there is a provision which has become onerous for a huge penalty, which is per day and there was no power of waiver itself. So, if somebody says that it is filed after years, then per-day penalty used to become exorbitant. So, some discretion is being given to the CBDT in regard to that penalty where cases of late filing of returns are involved. The penalty as such will remain.

With regard to subordinate legislation, I propose to make two changes, one of which I had announced in the Budget itself. To encourage the wind energy programme, there is an accelerated depreciation. There was a confusion whether we have extended it or not. Members wanted it to be extended. I am, therefore, continuing with that accelerated depreciation.

The last amendment relates to transfer pricing in the domestic transactions itself. Now, these further changes will further simplify and smoothen the tax structure of this country and help us in raising the revenue because this year itself we need a higher revenue to meet the fiscal deficit targets.

With these few observations, I commend the Finance Bill to the House for its acceptance.

HON. SPEAKER: The House shall now take up the motion for consideration of

the Bill.

The question is:

"That the Bill to give effect to the financial proposals of the Central Government for the financial year 2014-2015, be taken into consideration. "

The motion was adopted.

MADAM SPEAKER: The House shall now take up clause-by-clause consideration of the Bill.

Clause 2 Income Tax

The question is:

"That clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

Clause 3 Amendment of Section 2

Amendment made:

Page 6, *after* line 48, *insert--*. (1)

'(AA) after the proviso, but before *Explanation 1*, the following proviso shall be inserted with effect from the 1st day of April, 2015, namely:--

"Provided further that in case of a share of company (not being a share listed in a recognized stock exchange) or a unit of a Mutual Fund specified under clause (23D) of section 10, which is transferred during the period beginning on the 1st day of April, 2014 and ending on the 10th day of July, 2014, the provisions of this clause shall have effect as if for the words "thirty-six months", the words "twelve months" had been substituted.".'. (3)

(Shri Arun Jaitley)

MADAM SPEAKER: The question is:

"That clause 3, as amended, stand part of the Bill."

The motion was adopted.

Clause 3, as amended, was added to the Bill.

Clauses 4 to 31 were added to the Bill.

Motion Re: Suspension of Rule 80 (i)

SHRI ARUN JAITLEY: I beg to move:

"That this House do suspend clause (i) of rule 80 of the Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to the Government amendment No. 6 to the Finance Bill, 2014 and that this amendment may be allowed to be moved."

HON. SPEAKER: The question is:

"That this House do suspend clause (i) of rule 80 of Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to the Government amendment No. 6 to the Finance Bill, 2014 and that this amendment may be allowed to be moved."

The motion was adopted.

New Clause 31A Amendment of Section 92C

Page 12, *after* line 7, *insert* –

'**31A.** In section 92C of the Income-tax Act, in sub-section (2),
after the second proviso, but before the *Explanation*, the following
proviso shall be inserted with effect from the 1st day of April, 2015,
namely:--

"Provided also that where more than one price is determined by the most appropriate method, the arm's length price in relation to an international transaction or specified domestic transaction undertaken on or after the 1st day of April, 2014, shall be computed in such manner as may be prescribed and accordingly the first and second proviso shall not apply." (6)

(Shri Arun Jaitley)

HON. SPEAKER: The question is:

"That New clause 31A stand part of the Bill."

The motion was adopted.

New clause 31A was added to the Bill.

Clauses 32 and 33 were added to the Bill.

Clause 34 Amendment of Section 112

Amendment made:

Page 12, *for* line 28, *substitute* " "

'(b) after the proviso occurring after clause (d), the following proviso shall be inserted, namely:--

"Provided further that where the tax payable in respect of any income arising from the transfer of a long-term capital asset, being a unit of a Mutual Fund specified under clause (23D) of section 10, during the period beginning on the 1st day of April, 2014 and ending on the 10th day of July, 2014, exceeds ten per cent of the amount of capital gains, before giving effect to the provisions of the second proviso to section 48, then, such excess shall be ignored for the purpose of computing the tax payable by the assessee.";

(c) in the Explanation, clause (b) shall be omitted.'. (7)

(Shri Arun Jaitley)

HON. SPEAKER: The question is:

"That clause 34, as amended, stand part of the Bill."

The motion was adopted.

Clause 34, as amended, was added to the Bill.

Clauses 35 to 44 were added to the Bill.

Motion Re: Suspension of Rule 80 (i)

SHRI ARUN JAITLEY: I beg to move:

"That this House do suspend clause (i) of rule 80 of Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to the Government amendment No.8 to the Finance (No.2) Bill, 2014 and that this amendment may be allowed to be moved."

HON. SPEAKER: The question is:

"That this House do suspend clause (i) of rule 80 of Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to the Government amendment No.8*to the Finance (No.2) Bill, 2014 and that this amendment may be allowed to be moved."

The motion was adopted.

New Clause 44A Amendment of Section 119

Amendment made:

Page 14, *after* line 8, *insert--*

"**44A.** In section 119 of the Income-tax Act, in sub-section (2), in clause (a), after the figures and letter "234C", the figures and letter "234E" shall be inserted with effect from the 1st day of October, 2014.'" (8)

(Shri Arun Jaitley)

HON. SPEAKER: The question is:

"That new clause 44A be added to the Bill."

The motion was adopted.

New clause 44A was added to the Bill.

Clauses 45 to 62 were added to the Bill.

Motion Re: Suspension of Rule 80 (i)

SHRI ARUN JAITLEY: I beg to move:

"That this House do suspend clause (i) of rule 80 of Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to the Government amendment No.9 to the Finance (No.2) Bill, 2014 and that this amendment may be allowed to be moved."

HON. SPEAKER: The question is:

"That this House do suspend clause (i) of rule 80 of Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to the Government amendment No.9 to the Finance (No.2) Bill, 2014 and that this amendment may be allowed to be moved."

The motion was adopted.

Amendment made:

New Clause 62A Amendment of Section 245A

Page 17, *after* line 30, *insert*--

"**62A.** In section 245A of the Income-tax Act, in clause (b), with effect from the 1st day of October, 2014,--

(A) the proviso shall be omitted;

(B) in the Explanation,--

(a) in clause (i), for the words, brackets and figure "referred to in clause (i) of the proviso", the words and figures "under section 147" shall be substituted;

(b) for clause (iii), the following clause shall be substituted, namely:--

"(iii) a proceeding for making fresh assessment in pursuance of an order under section 254 or section 263 or section 264, setting aside or cancelling an assessment shall be deemed to have been commenced from the date on which such order, setting aside or cancelling an assessment was passed;"

(c) in clause (iv), for the words, brackets, figures and letter "clause (i) or clause (iv) of the proviso or clause (iiia) of the Explanation", the words, brackets, figures and letter "clause (i) or clause (iii) or clause (iiia)" shall be substituted.'" (9)

(Shri Arun Jaitley)

HON. SPEAKER: The question is:

"That new clause 62A be added to the Bill."

The motion was adopted.

New clause 62A was added to the Bill.

Motion Re: Suspension of Rule 80 (i)

SHRI ARUN JAITLEY: I beg to move:

"That this House do suspend clause (i) of rule 80 of Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to the Government amendment No.10 to the Finance (No.2) Bill, 2014 and that this amendment may be allowed to be moved."

HON. SPEAKER: The question is:

"That this House do suspend clause (i) of rule 80 of Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to the Government amendment No.10 to the Finance (No.2) Bill, 2014 and that this amendment may be allowed to be moved."

The motion was adopted.

New Clause 62B Amendment of Section 245N

Amendment made:

"Page 17, *after* line 30, *insert*--

'**62B.** In section 245N of the Income-tax Act, with effect from the 1st day of October, 2014,--

(A) in clause (a),--

(I) in sub-clause (ii), at the end, the word "or" shall be inserted;

(II) after sub-clause (ii) and before long line, the following sub-clause shall be inserted, namely:-

"(iia) a determination by the Authority in relation to the tax liability of a resident applicant, arising out of a transaction which has been undertaken or is proposed to be undertaken by such applicant;"

(B) in clause (b), after sub-clause (ii), the following sub-clause shall be inserted, namely:--
(iia) is a resident referred to in sub-clause (iia) of clause (a) falling within any such class or category or persons as the Central Government, may, by notification in the Official Gazette, specify; or";

(C) for clause (f), the following clauses shall be substituted, namely:--

(f) "Member" means a Member of the Authority and includes the chairman and Vice-chairman;

(g) "Vice-chairman" means the Vice-chairman of the Authority.'.' " (10)

(Shri Arun Jaitley)

HON. SPEAKER: The question is:

"That new clause 62B be added to the Bill."

The motion was adopted.

New clause 62B was added to the Bill.

Motion Re: Suspension of Rule 80 (i)

SHRI ARUN JAITLEY: I beg to move:

"That this House do suspend clause (i) of rule 80 of Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to the Government amendment No.11 to the Finance (No.2) Bill, 2014 and that this amendment may be allowed to be moved."

HON. SPEAKER: The question is:

"That this House do suspend clause (i) of rule 80 of Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to the Government amendment No.11 to the Finance (No.2) Bill, 2014 and that this amendment may be allowed to be moved."

The motion was adopted.

New Clause 62C Amendment of section 245-O.

Amendment made:

Page 17, after line 30, insertâ€”

'**62C.** In section 245-O of the Income-tax Act, for sub-sections

(2), (3), (4) and (5), the following sub-sections shall be substituted

with effect from the 1st day of October, 2014, namely:â€”

"(2) The Authority shall consist of a Chairman and such number of Vice-chairmen, revenue Members and law Members as the Central Government may, by notification, appoint.

(3) A person shall be qualified for appointment asâ€”

(a) Chairman, who has been a Judge of the Supreme Court;

(b) Vice-chairman, who has been Judge of a High Court;

(c) a revenue Member from the Indian Revenue Service, who is a Principal Chief Commissioner or Principal Director, General or Chief Commissioner or Director General;

(d) a law Member from the Indian Legal Service, who is an Additional Secretary to the Government of India.

(4) The terms and conditions of service and the salaries and allowances payable to the Members shall be such as may be prescribed.

(5) The Central Government shall provide to the Authority with such officers and employees, as may be necessary, for the efficient discharge of the functions of the Authority under this Act.

(6) The powers and functions of the Authority may be discharged by its Benches as may be constituted by the Chairman from amongst the Members thereof.

(7) A Bench shall consist of the Chairman or the Vice-Chairman and one revenue Member and one law Member.

(8) The Authority shall be located in the National Capital Territory of Delhi and its Benches shall be located at such places as the Central Government may, by notification specify."'. (11)

(Shr Arun Jaitley)

HON. SPEAKER: The question is:

"That new Clause 62C be added to the Bill."

The motion was adopted.

New clause 62C was added to the Bill.

Clauses 63 to 71 were added to the Bill.

Motion Re: Suspension of Rule 80 (i)

SHRI ARUN JAITLEY: I beg to move:

"That this House do suspend clause (i) of rule 80 of Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to the Government amendment No.12 to the Finance (No.2) Bill, 2014 and that this amendment may be allowed to be moved."

HON. SPEAKER: The question is:

"That this House do suspend clause (i) of rule 80 of Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to the Government amendment No.12 to the Finance (No.2) Bill, 2014 and that this amendment may be allowed to be

moved."

The motion was adopted.

New Clause 71A Amendment of Section 27 of 1957.

Amendments made:

Page 19, *after* line 51, the following shall be *inserted*, namely:â€”

"Wealth-tax

'71A. In section 22A of the Wealth-tax Act, in clause (b), with effect from the 1st day of October, 2014,â€”

(A) the proviso shall be omitted;

(B) in the *Explanation*,â€”

(a) in clause (i), for the words, brackets and figures "clause (i) of the proviso shall, in case where a notice under section 17", the words and figures "section 17 shall, in case where a notice under the said section" shall be substituted;

(b) for clause (ii), the following clause shall be substituted, namely:â€”

"(ii) a proceeding for making fresh assessment in pursuance of an order under section 23A or section 24 or section 25, setting aside or cancelling an assessment shall be deemed to have been commenced from the date on which such order, setting aside or cancelling an assessment was passed;"

(c) in clause (iv), for the words, brackets and figures "clause (i) or clause (ii) of the proviso or clause (iii) of the *Explanation*", the words, brackets and figures "clause (i) or clause (ii) or clause (iii)" shall be substituted.'. (12)

(Shr Arun Jaitley)

HON. SPEAKER: The question is:

"That new Clause 71A be added to the Bill."

The motion was adopted.

New clause 71A was added to the Bill.

Clauses 72 to 79 were added to the Bill.

Clause 80 Amendment of Section 129A

Amendment made:

Page 21, after line 19, insert—

"(iii) in sub-section (7), in clause (a), the words "for grant of stay or" shall be omitted". (13)

(Shr Arun Jaitley)

HON. SPEAKER: The question is:

"That Clause 80, as amended, stand part of the Bill."

The motion was adopted.

Clause 80, as amended, was added to the Bill.

Clauses 81 and 82 were added to the Bill.

Clause 83 Substitution of new section for Section 129E.

Deposit of certain percentage of duty demanded or

penalty imposed before filing appeal

Amendment made:

Page 21, line 30, for "duty demanded or penalty imposed or both", substitute—

"duty, in case where duty or duty and penalty are in dispute, or penalty, where such penalty is in dispute". (14)

(Shr Arun Jaitley)

Page 21, lines 33 and 34, for "duty demanded or penalty imposed or both", substitute—

"duty, in case where duty or duty and penalty are in dispute, or penalty, where such penalty is in dispute". (15)

Page 21, lines 36 and 37, for "duty demanded or penalty imposed or both", substitute—

"duty, in case where duty or duty and penalty are in dispute, or penalty, where such penalty is in dispute". (16)

(Shri Arun Jaitley)

HON. SPEAKER: The question is:

"That clause 83, as amended, stand part of the Bill."

The motion was adopted.

Clause 83, as amended, was added to the Bill.

13.00 hrs.

Motion Re: Suspension of Rule 80 (i)

SHRI ARUN JAITLEY: Madam, I beg to move:

"That this House do suspend clause (i) of rule 80 of Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to the Government amendment No. 17 to the Finance (No. 2) Bill, 2014 and that this amendment may be allowed to be moved."

HON. SPEAKER: The question is:

"That this House do suspend clause (i) of rule 80 of Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to the Government amendment No. 17 to the Finance (No. 2) Bill, 2014 and that this amendment may be allowed to be moved."

The motion was adopted.

**New Clause 83A Substitution of new section
for Section 129EE.**

Amendment made:

Page 21, after line 42, insert—

'**83A.** In the Customs Act, for section 129EE, the following section shall be substituted, namely:—

"**129EE.** Where an amount deposited by the appellant under section 129E is required to be refunded consequent upon the order of the appellate authority, there shall be paid to the appellant interest at such rate, not below five per cent, and not exceeding thirty-six per cent, per annum as is for the time being fixed by the Central Government, by notification in the Official Gazette, on such amount from the date of payment of the amount till, the date of refund of such amount:

Provided that the amount deposited under section 129E, prior to the commencement of the Finance (No. 2) Act, 2014, shall continue to be governed by the provisions of section 129EE as it stood before the commencement of the said Act."'. (17)

(Shri Arun Jaitley)

HON. SPEAKER: The question is:

"That New Clause 83A be added to the Bill."

The motion was adopted.

New Clause 83A was added to the Bill.

Clauses 84 to 94 were added to the Bill.

Clause 95 Amendment of Section 35B

Amendment made:

Page 24, *after* line 15, *insert*"

"(c) in sub-section (7), in clause (a), the words "for grant of stay or" shall be omitted". (18)

(Shri Arun Jaitley)

HON. SPEAKER: The question is:

"That clause 95, as amended, stand part of the Bill.

The motion was adopted.

Clause 95, as amended, was added to the Bill.

Clauses 96 and 97 were added to the Bill.

Clause 98 Substitution of new section for Section 35F

Amendments made:

Page 24, line 26, *for* "duty demanded or penalty imposed or both",
substitute"

"duty, in case where duty or duty and penalty are in dispute, or penalty, where such penalty is in dispute". (19)

Page 24, lines 29 and 30, *for* "duty demanded or penalty imposed or both", *substitute*"

"duty, in case where duty or duty and penalty are in dispute, or penalty, where such penalty is in dispute". (20)

Page 24, lines 32 and 33, *for* "duty demanded or penalty imposed or both", *substitute*"

"duty, in case where duty or duty and penalty are in dispute, or penalty, where such penalty is in dispute". (21)

(Shri Arun Jaitley)

HON. SPEAKER: The question is:

"That clause 98, as amended, stand part of the Bill."

The motion was adopted.

Clause 98, as amended, was added to the Bill.

Motion Re: Suspension of Rule 80 (i)

SHRI ARUN JAITLEY: Madam, I beg to move:

"That this House do suspend clause (i) of rule 80 of Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to the Government amendment No. 22 to the Finance (No. 2) Bill, 2014 and that this amendment may be allowed to be moved."

HON. SPEAKER: The question is:

"That this House do suspend clause (i) of rule 80 of Rules of Procedure and Conduct of Business in Lok Sabha in so far as it requires that an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates, in its application to the Government amendment No. 22 to the Finance (No. 2) Bill, 2014 and that this amendment may be allowed to be moved."

The motion was adopted.

**New Clause 98A Substitution of new section
for Section 35FF.**

Amendment made:

Page 24, *after* line 43, *insert*"

'**98A.** In the Central Excise Act, for section 35FF, the following section shall be substituted, namely:"

"**35FF.** Where an amount deposited by the appellant under section 35F is required to be refunded consequent upon the order of the appellate authority, there shall be paid to the appellant interest at such rate, not below five per cent. and not exceeding thirty-six per cent. per annum as is for the time being fixed by the Central Government, by notification in the Official Gazette, on such amount from the date of payment of the amount till, the date of refund of such amount:
Provided that the amount deposited under section 35F, prior to the commencement of the Finance (No. 2) Act, 2014, shall continue to be governed by the provisions of section 35FF as it stood before the commencement of the said Act."'. (22)

(Shri Arun Jaitley)

HON. SPEAKER: The question is:

"That New Clause 98A be added to the Bill."

The motion was adopted.

New Clause 98A was added to the Bill.

Clauses 99 to 112 were added to the Bill.

First Schedule

HON. SPEAKER: There are amendment nos. 1, 2, 3, 4, 31, 32 and 33 to be moved by Prof. Saugata Roy to the First Schedule. Are you moving your amendments?

PROF. SAUGATA ROY (DUM DUM): Madam Speaker, I am not moving amendment nos. 1, 2, 3, 4 and 31, but I am moving only amendment nos. 32 and 33. I beg to move:

Page 35, *for* lines 2 to 4, *substitute*"

"(1) where the total income does not Nil;
exceed Rs. 3,00,000

(2) where the total income exceeds 10 per cent. of the amount
Rs. 3,00,000 but does not exceed by which the total income
Rs. 5,00,000 exceeds Rs. 3,00,000;"

(32)

Page 35, for lines 12 to 14, substituteâ€”

"(1) where the total income does not Nil;
exceed Rs. 3,50,000

(2) where the total income exceeds 10 per cent. of the amount
Rs. 3,50,000 but does not exceed by which the total income
Rs. 5,00,000 exceeds Rs. 3,50,000;"

(33)

These amendments relate to raising of the exemption limit to Rs. 3,00,000, and raising of the exemption limit for senior citizens to Rs. 3,50,000. The Minister has proposed no amendments to the First Schedule. It would be my request to him to accept these amendments and raise the exemption limit in the interest of the middle class taxpayers so that more money comes into the pockets of middle class people, the neo-middle class...(Interruptions)

I have, therefore, moved Amendment Nos. 32 and 33. I would request you to take Amendment No.32 and Amendment No. 33 separately.

HON. SPEAKER: I will take them separately. It is okay.

I shall now put Amendment No. 32 moved by Prof. Saugata Roy to the vote of the House.

The amendment was put and negatived.

HON. SPEAKER: I shall now put Amendment No. 33 moved by Prof. Saugata Roy to the vote of the House.

The amendment was put and negatived.

HON. SPEAKER: The question is:

"That First Schedule to Ninth Schedule stand part of the Bill."

The motion was adopted.

First Schedule to Ninth Schedule were added to the Bill.

Clause 1, the Enacting Formula and the Long Title were added to the Bill.

HON. SPEAKER: The Minister may move that the Bill be passed.

SHRI ARUN JAITLEY: I beg to move:

"That the Bill, as amended, be passed."

HON. SPEAKER: The question is:

"That the Bill, as amended, be passed."

The motion was adopted.

HON. SPEAKER: Hon. Members, eight new clauses and some sub-clauses have been inserted in the Finance (No.2) Bill, 2014 that we have just passed. I, therefore, direct that wherever required the subsequent clauses and sub-clauses may be renumbered accordingly.

HON. SPEAKER: The House stands adjourned to meet again at 2.15 p.m.

The Lok Sabha then adjourned for Lunch till Fifteen Minutes

past Fourteen of the Clock.

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**The Lok Sabha reassembled after lunch at Sixteen Minutes past
Fourteen of the Clock**

(Dr. M. Thambidurai *in the Chair*)