

Sixteenth Lok Sabha

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Title: Introduction and Passing of the Finance Bill, 2018.

THE MINISTER OF FINANCE AND MINISTER OF CORPORATE AFFAIRS (SHRI ARUN JAITLEY): I beg to move\*:

“That the Bill to give effect to the financial proposals of the Central Government for the financial year 2018-19 be taken into consideration.”

HON. SPEAKER: The question is:

“That the Bill to give effect to the financial proposals of the Central Government for the financial year 2018-19 be taken into consideration.”

*The motion was adopted.*

*... (Interruptions)*

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

The question is:

“That Clause 2 stands part of the Bill”.

*The motion was adopted.*

*Clause 2 was added to the Bill.*

**Clause 3**

**Amendment of Section 2**

*Amendments made:*

Page 6, for line 41 and 42, substitute-

“(ii) in clause (42A),-

(A) in *Explanation 1*, in clause (i), after sub-clause (b), the following sub-clause shall be inserted, namely:-.

(1)

(Shri Arun Jaitley)

Page 6, after line 44, insert-

‘(B) in *Explanation 4* for, the words, brackets and figures “the *Explanation* to clause (38) of section 10”, the words, brackets, letters and figures “clause (a) of the *Explanation* to section 112A” shall be substituted.’

(2)

(Shri Arun Jaitley)

HON. SPEAKER: The question is:

“That clause 3, as amended, stands part of the Bill.”

*The motion was adopted.*

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

... (*Interruptions*)

#### **Clause 4**

#### **Amendment of Section 9**

*Amendment made:*

Page 7, for lines 17 to 19, substitute-

“Provided that the transactions or activities shall constitute significant economic presence in India, whether or not,-

(i) the agreement for such transactions or activities is entered in India; or

- (ii) the non-resident has a residence or place of business in India; or
- (iii) the non-resident renders services in India.”. (3)

(Shri Arun Jaitley)

HON. SPEAKER: The question is:

“That clause 4, as amended, stands part of the Bill.”

*The motion was adopted.*

*Clause 4, as amended, was added to the Bill.*

*Clauses 5 to 11 were added to the Bill.*

... (*Interruptions*)

### **Clause 12**

### **Amendment of Section 43**

*Amendment made:*

Page 8, for lines 27 and 28, substitute-

’12. In section 43 of the Income-tax Act, with effect from the 1<sup>st</sup> day of April, 2019, -

(i) in clause(1), after *Explanation 1*, the following *Explanation* shall be inserted, namely:-

“*Explanation 1A*.-Where a capital asset referred to in clause (via) of section 28 is used for the purposes of business or profession, the actual cost of such asset to the assessee shall

be the fair market value which has been taken into account for the purposes of the said clause.”;

(ii) in clause (5), after the proviso and before *Explanation 1*, the following proviso shall be inserted, namely:-’ (4)

(Shri Arun Jaitley)

HON. SPEAKER: The question is:

“That clause 12, as amended, stands part of the Bill.”

*The motion was adopted.*

*Clause 12, as amended, was added to the Bill.*

*Clauses 13 to 17 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.5 to the Finance Bill, 2018 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.5 to the Finance Bill, 2018 and that this amendment may be allowed to be moved."

*The motion was adopted.*

**New Clause 17A**

**Amendment of Section 48**

*Amendment made:*

Page 10, *after line 8, insert*—

**"17A.** In section 48 of the Income-tax Act, after the second proviso, the following proviso shall be inserted, namely:-

"Provided also that nothing contained in the first and second provisos shall apply to the capital gains arising from the transfer of a long-term capital asset being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust referred to in section 112A:'. (5)

(Shri Arun Jaitley)

HON. SPEAKER: The question is:

"That new clause 17A be added to the Bill."

*The motion was adopted.*

*New clause 17A was added to the Bill.*

*Clauses 18 and 19 were added to the Bill.*

*... (Interruptions)*

**Clause 20**

**Amendment of Section 54 EC**

*Amendment made:*

Page 10, after line 22, *insert*—

“(aa) in sub-section (2), before the *Explanation*, the following proviso shall be inserted, namely:-

‘Provided that in the case of long-term specified asset referred to in sub-clause (ii) of clause (ba) of the *Explanation* occurring after sub-section (3), this sub-section shall have effect as if for the words “three years”, the words “five years” had been substituted.’.”

(6)

(Shri Arun Jaitley)

HON. SPEAKER: The question is:

“That clause 20, as amended, stands part of the Bill.”

*The motion was adopted.*

*Clause 20, as amended, 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.7 to the Finance Bill, 2018 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.7 to the Finance Bill, 2018 and that this amendment may be allowed to be moved.”

*The motion was adopted.*

#### **New Clause 20A    Amendment of section 55**

*Amendment made:*

Page 10, after line 34, *insert-*

**"20 A,** In section 55 of the Income-tax Act, in sub- section (2), after clause (ab), the following clause shall be inserted, namely:—

'(ac) subject to the provisions of sub-clauses (i) and (ii) of clause (b), in relation to a long-term capital asset, being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust referred to in section 112A, acquired before the 1st day of February, 2018, shall be higher of—

(i) the cost of acquisition of such asset; and

(ii) lower of—

(A) the fair market value of such asset; and

(B) the full value of consideration received or accruing as a result of the transfer of the capital asset.

Explanation.—For the purposes of this clause,—

(a) "fair market value" means,—

(i) in a case where the capital asset is listed on any recognised stock exchange as on the 31st day of January, 2018, the highest price of the capital asset quoted on such exchange on the said date:

Provided that where there is no trading in such asset on such exchange on the 31st day of January, 2018, the highest price of such asset on such exchange on a date immediately preceding the 31st day of January, 2018 when such asset was traded on such exchange shall be the fair market value;

(ii) in a case where the capital asset is a unit which is not listed on a recognised stock exchange as on the 31st day of January, 2018, the net asset value of such unit as on the said date;

(iii) in a case where the capital asset is an equity share in a company which is—

(A) not listed on a recognised stock exchange as on the 31st day of January, 2018 but listed on such exchange on the date of transfer;

(B) listed on a recognised stock exchange on the date of transfer and which became the property of the assessee in consideration of share which is not listed on such exchange as on the 31st day of January, 2018 by way of transaction not regarded as transfer under section 47,

an amount which bears to the cost of acquisition the same proportion as Cost Inflation Index for the financial year 2017-2018 bears to the Cost Inflation Index for the first year in which the asset was held by the assessee or for the year beginning on the first day of April, 2001, whichever is later;

(b) "Cost Inflation Index" shall have the meaning assigned to it in clause (v) of the Explanation to section 48;

(c) "recognised stock exchange" shall have the meaning assigned to it in clause (ii) of Explanation 1 to clause (5) of section 43.'

".

(7)

(Arun Jaitley)

HON. SPEAKER: The question is:

“That new clause 20A be added to the Bill.”

*The motion was adopted.*

*New clause 20A was added to the Bill.*

*Clauses 21 to 25 were added to the Bill.*

... (*Interruptions*)

**Clause 26**

**Amendment of Section 80-IAC**

*Amendment made:*

*Page 12, for lines 13 to 15, substitute—*

‘(ii) in sub-clause (b), for the words, figures and letters “in any of the previous years beginning on or after the 1<sup>st</sup> day of April, 2016 and ending on the 31<sup>st</sup> day of March, 2021”, the words, brackets and figure “in the previous year relevant to the assessment year for which deduction under sub-section (1) is claimed” shall be substituted.’

(8)

(Shri Arun Jaitley)

HON. SPEAKER: The question is:

“That clause 26, as amended, stands part of the Bill.”

*The motion was adopted.*

*Clause 26, as amended, was added to the Bill.*

*Clauses 27 to 30 were added to the Bill.*

... (*Interruptions*)

**Clause 31**

**Insertion of new Section 112 A**

*Amendments made:*

Page 13, for lines 42 and 43, substitute—

“(ii) the amount of income-tax payable on the total income as reduced by the amount of long-term capital gains referred to in sub-section (1) as if the total income so reduced were the total income of the assessee.”.

(9)

(Shri Arun Jaitley)

Page 14, omit lines 7 to 16.

(10)

(Shri Arun Jaitley)

Page 14, omit lines 37 to 45.

(11)

(Shri Arun Jaitley)

HON. SPEAKER: The question is:

“That clause 31, as amended, stands part of the Bill.”

*The motion was adopted.*

*Clause 31, as amended, was added to the Bill.*

*Clauses 32 to 41 were added to the Bill.*

... (*Interruptions*)

**Clause 42**

**Amendment of Section 139A**

*Amendments made:*

Page 16, for line 35, substitute—

“42. In section 139A of the Income-tax Act,—

(A) in sub-section (1),—”.

(12)

(Shri Arun Jaitley)

Page 16, line 38, for “not being an individual”, substitute “being a resident, other than an individual”.

(13)

(Shri Arun Jaitley)

Page 17, after line 2, insert—

‘(B) in the *Explanation* occurring after sub-section (8), in clause (c) the words “and issued in the form of a laminated card” shall be omitted.’.

(14)

(Shri Arun Jaitley)

HON. SPEAKER: The question is:

“That clause 42, as amended, stands part of the Bill.”

*The motion was adopted.*

*Clause 42, as amended, was added to the Bill.*

*Clauses 43 and 44 were added to the Bill.*

... (*Interruptions*)

**and 145B for Section 145A**

*Amendments made:*

Page 18, for lines 6 and 7, substitute—

“Provided that the inventory being securities held by a scheduled bank or public financial institution shall be valued in accordance with the income computation and disclosure standards notified under sub-section (2) of section 145 after taking into account the extant guidelines issued by the Reserve Bank of India in this regard:

Provided further that the comparison of actual cost and net realisable value of securities shall be made category-wise.”.

(15)

(Shri Arun Jaitley)

Page 18, for lines 11 and 12, substitute—

‘Explanation 2.—For the purposes of this section,—

(a) “public financial institution” shall have the meaning assigned to it in clause (72) of section 2 of the Companies Act, 2013;

(b) “recognised stock exchange” shall have the meaning assigned to it in clause (ii) of *Explanation 1* to clause (5) of section 43;

(c) “scheduled bank” shall have the meaning assigned to it in clause (ii) of the *Explanation* to clause (viiA) of sub-section (1) of section 36.’.

(16)

(Shri Arun Jaitley)

... (*Interruptions*)

HON. SPEAKER: The question is:

“That clause 45, as amended, stands part of the Bill.”

*The motion was adopted.*

*Clause 45, as amended, was added to the Bill.*

*Clauses 46 to 52 were added to the Bill.*

... (*Interruptions*)

**Clause 53**

**Amendment of Section 286**

*Amendments made:*

Page 19, lines 19 and 20, for “within the period specified in that sub-section, *substitute* “within the period as may be prescribed”.

(17)

(Shri Arun Jaitley)

Page 19, line 39, for “sub-sections (2) and (4)”,

*substitute* “sub-section (2)”.

(18)

(Shri Arun Jaitley)

... (*Interruptions*)

HON. SPEAKER: The question is:

“That clause 53, as amended, stands part of the Bill.”

*The motion was adopted.*

*Clause 53, as amended, was added to the Bill.*

*Clauses 54 to 108 were added to the Bill.*

*Clauses 109 to 129 were added to the Bill.*

... (*Interruptions*)

**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. 19 to the Finance Bill, 2018 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. 19 to the Finance Bill, 2018 and that this amendment may be allowed to be moved.”

*The motion was adopted.*

**New Clause 129A**

**Insertion of new Section 14A.**

**Protection against attachment**

*Amendment made:*

Page 35, after line 21, *insert*—

‘129A. After section 14 of the principal Act, the following shall be inserted, namely:—

“14A. The amount standing to the credit of any depositor in the Public Provident Fund Scheme shall not be liable to attachment under any decree or order of any court in respect of any debt or liability incurred by the depositor.”.

(19)

(Shri Arun Jaitley)

... (*Interruptions*)

HON. SPEAKER: The question is:

“That new clause 129A be added to the Bill.”

*The motion was adopted.*

*New clause 129A was added to the Bill.*

*Clauses 130 to 148 were added to the Bill.*

... (*Interruptions*)

**Clause 149      Insertion of new section 23 GA**

*Amendment made:*

Page 39, lines 5 and 6, *omit* “in a manner not”.

(20)

(Shri Arun Jaitley)

... (*Interruptions*)

HON. SPEAKER: The question is:

“That clause 149, as amended, stands part of the Bill.”

*The motion was adopted.*

*Clause 149, as amended, was added to the Bill.*

*Clauses 150 to 189 were added to the Bill.*

... (*Interruptions*)

## Clause 190 Amendment of Section 19A

*Amendment made:*

*Page 43, line 51, omit "he".* (21)

(*Shri Arun Jaitley*)

HON. SPEAKER: The question is:

“That clause 190, as amended, stands part of the Bill.”

*The motion was adopted.*

*Clause 190, as amended, was added to the Bill.*

*Clauses 191 to 209 were added to the Bill.*

... (*Interruptions*)

## Clause 210

## **Amendment of Section 4**

SHRI JAYADEV GALLA (GUNTUR): I beg to move:

*Page 50, after line 1 insert,--*

*“(aa) take appropriate measures to limit the fiscal deficit of the State of Andhra Pradesh up to five per cent of the gross domestic product of the State by the 31<sup>st</sup> March, 2021;”*

(27)

HON. SPEAKER: I shall now put Amendment No. 27 to Clause 210 moved by Shri Jayadev Galla to the vote of the House.

*The amendment was put and negatived.*

*... (Interruptions)*

HON. SPEAKER: The question is:

*“That clause 210 stands part of the Bill”*

*The motion was adopted.*

*Clause 210 was added to the Bill.*

*Clauses 211 to 218 were added to the Bill.*

*Schedule 1 to Schedule 6 were added to the Bill.*

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

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.*

... (*Interruptions*)