

MINISTRY OF FINANCE
(Department Of Revenue)
(CENTRAL BOARD OF DIRECT TAXES)

NOTIFICATION

New Delhi, the 16th August, 2023

G.S.R. 604(E).—In exercise of the powers conferred by clause (xiii) of sub-section (2) of section 56, 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 (Sixteenth Amendment), Rules, 2023.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Income-tax Rules, 1962, after rule 11UAC, the following rules shall be inserted, namely:—

“11UACA Computation of income chargeable to tax under clause (xiii) of sub-section (2) of section 56. - For the purpose of clause (xiii) of sub-section (2) of section 56, where any person receives at any time during any previous year any sum under a life insurance policy, then, the income chargeable to tax under the said clause during the previous year in which such sum is received shall be computed in the following manner, namely:—

(i) where the sum is received for the first time under the life insurance policy during the previous year (hereinafter referred to as first previous year), the income chargeable to tax in the first previous year shall be computed in accordance with the formula,—

A-B

where, -

A = the sum or aggregate of sum received under the life insurance policy during the first previous year; and

B = the aggregate of the premium paid during the term of the life insurance policy till the date of receipt of the sum in the first previous year that has not been claimed as deduction under any other provision of the Act;

(ii) where the sum is received under the life insurance policy during the previous year subsequent to the first previous year (hereinafter referred to as subsequent previous year), the income chargeable to tax in the subsequent previous year shall be computed in accordance to the formula,—

C-D

where, -

C = the sum or aggregate of sum received under the life insurance policy during the subsequent previous year; and

D = the aggregate of the premium paid during the term of the life insurance policy till the date of receipt of the sum in the subsequent previous year not being premium which –

(a) has been claimed as deduction under any other provision of the Act; or

(b) is included in amount ‘B’ or amount ‘D’ of this rule in any of the previous year or years

Explanation .— For the removal of doubts, it is clarified that the sum received under a life insurance policy would mean any amount, by whatever name called, received under such policy which is not to be excluded from the total income of the previous year in accordance with the provisions of clause (10D) of section 10, other than the sum—

(a) received under a unit linked insurance policy; or

(b) being the income referred to in clause (iv) of sub-section (2) of section 56.”.

[Notification No. 61/2023/ F.No.370142/28/2023-TPL]

SOURABH JAIN, Under Secy.

Note : The principal rules were published in the Gazette of India, Extraordinary, Part-II, Section 3, Sub-section (ii) vide notification number S.O. 969(E), dated the 26th March, 1962 and was last amended vide notification number G.S.R. 595 (E) dated 9th August, 2023.