

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

NOTIFICATION

New Delhi, the 18th January, 2022

G.S.R. 24(E).—In exercise of the powers conferred by sub-section (1B) of section 45, 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 (2nd Amendment) Rules, 2022.

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

2. In the Income-tax Rules, 1962, after rule 8AC, the following rule shall be inserted, namely:—“8AD **Computation of capital gains for the purposes of sub-section (1B) of section 45-(1)** Where any person receives at any time during any previous year any amount under a specified unit linked insurance policy, including the amount allocated by way of bonus on such policy, then, —

(i) where the amount is received for the first time under the specified unit linked insurance policy during the previous year, the capital gains arising from receipt of such amount by such person during the previous year in which such amount is received shall be calculated in accordance with the formula:—

A-B

where, -

A= the amount received for the first time under a specified unit linked insurance policy during the previous year, including the amount allocated by way of bonus on such policy; and

B = the aggregate of the premium paid during the term of the specified unit linked insurance policy till the date of receipt of the amount as referred to in ‘A’;

(ii) where the amount is received under the specified unit linked insurance policy during the previous year, at any time after the receipt of the amount as referred to in clause (i), the capital gains arising from receipt of such amount by such person during the previous year in which such amount is received shall be calculated in accordance to the formula,—

C-D

where, -

C= the amount received under a specified unit linked insurance policy during the previous year, at any time after the receipt of the amount as referred to in clause (i), including the amount allocated by way of bonus on such policy excluding the amount that has already been considered for calculation of taxable amount under this sub- rule during the earlier previous year or years; and

D = the aggregate of the premium paid during the term of the specified unit linked insurance policy till the date of receipt of the amount as referred to in ‘C’ as reduced by the premium that has already been considered for calculation of taxable amount under this sub-rule during the earlier previous year or years.

(2) The capital gains as computed under clause (i) or clause (ii) of sub-rule (1) shall be deemed to be the capital gains arising from the transfer of a unit of an equity oriented fund set up under a scheme of an insurance company comprising unit linked insurance policies.

Explanation: For the purposes of this rule, the expression “specified unit linked insurance policy” shall mean any unit linked insurance policy referred to in sub-clause (c) of clause (14) of section 2 of the Act.”.

[Notification No. 8/2022/F. No. 370142/61/2021-TPL]

NEHA SAHAY, 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. 15(E), dated 14th January, 2022