

**MINISTRY OF FINANCE**

**(Department of Revenue)**

**(CENTRAL BOARD OF DIRECT TAXES)**

**NOTIFICATION**

New Delhi, the 31st August, 2021

**INCOME-TAX**

**G.S.R. 604(E).**—In exercise of the powers conferred by the first proviso to clause (11) of section 10 and the first proviso to clause (12) of section 10 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 (25<sup>th</sup> Amendment) Rules, 2021.

2. In the Income-tax Rules, 1962, after the rule 9C, the following rule shall be inserted, namely: –

**“9D. Calculation of taxable interest relating to contribution in a provident fund or recognised provided fund, exceeding specified limit.-** (1) For the purposes of the first and second provisos to clauses (11) and (12) of section 10, income by way of interest accrued during the previous year which is not exempt from inclusion in the total income of a person under the said clauses (hereinafter in this rule referred to as the taxable interest), shall be computed as the interest accrued during the previous year in the taxable contribution account.

(2) For the purpose of calculation of taxable interest under sub-rule (1), separate accounts within the provident fund account shall be maintained during the previous year 2021-2022 and all subsequent previous years for taxable contribution and non-taxable contribution made by a person.

**Explanation:** For the purposes of this rule,-

(a) Non-taxable contribution account shall be the aggregate of the following, namely:-

- (i) closing balance in the account as on 31<sup>st</sup> day of March 2021;
- (ii) any contribution made by the person in the account during the previous year 2021-2022 and subsequent previous years, which is not included in the taxable contribution account; and
- (iii) interest accrued on sub- clause (i) and sub- clause (ii),

as reduced by the withdrawal, if any, from such account;

(b) Taxable contribution account shall be the aggregate of the following, namely:-

- (i) contribution made by the person in a previous year in the account during the previous year 2021-2022 and subsequent previous years, which is in excess of the threshold limit; and
- (ii) interest accrued on sub- clause (i),

as reduced by the withdrawal, if any, from such account; and

(c) The threshold limit shall mean:

- (i) five lakh rupees, if the second proviso to clause (11) or clause (12) of section 10 is applicable; and
- (ii) two lakh and fifty thousand rupees in other cases.”.

[Notification No. 95/2021/ F. No. 370142/36/2021-TPL]

NEHA SAHAY, Under Secy. (Tax Policy and Legislation Division)

**Note :** The principal rules were published in the Gazette of India, Extraordinary, Part-II, Section-3, Sub-section (ii) *vide* number S.O. 969(E) dated 26<sup>th</sup> March, 1962 and were last amended *vide* notification number G.S.R. 578(E) dated 18<sup>th</sup> August, 2021.