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# AMENDMENT TO RULE 11UAC

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1. Section 56(2)(x) of the Income-tax Act, 1961 (IT Act) provides that where any person receives any property (including shares of a company) for a consideration less than its fair market value (FMV) (computed as per the prescribed method), the differential amount (i.e., FMV minus consideration) would be taxable in the hands of the recipient.
2. Further, clause (xi) of the proviso to section 56(2)(x) of the IT Act provides for a prescribed class of persons to whom the section would not apply.
3. Rule 11UAC (4) of the Income-tax Rules, 1962 (IT Rules) provides that section 56(2)(x) of the IT Act shall not apply to "any movable property, being equity shares, of a public sector company, received by a person from the Central Government or any State Government under strategic disinvestment".
4. The Central Board of Direct Taxes (CBDT) has issued a notification to amend Rule 11UAC (4) of the IT Rules on 31st May 2023.
5. The summarised amendment of the said notification is hereunder:
  - 5.1 The amended Rule provides that section 56(2)(x) of the Act shall not apply to "any movable property, being equity shares, of a public sector company or a company, received by a person from a public sector company or the Central Government or any State Government under strategic disinvestment."
  - 5.2 The amended Rule shall be applicable retrospectively from the start of Fiscal Year 2022-23 and onwards.

*Notification shall be downloaded from the below link:*

*<https://incometaxindia.gov.in/communications/notification/notification-35-2023.pdf>*