

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

**NOTIFICATION**

New Delhi, the 21st November, 2016

**INCOME-TAX**

**S.O. 3498(E).**—In exercise of the powers conferred by section 295 read with section 9A 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. These rules may be called the Income-tax ( 32<sup>nd</sup> Amendment) Rules, 2016.
2. In the Income-tax Rules, 1962, in rule 10V,-
  - (i) in sub-rule (1), in clause (c), after the words “has been entered into”, the words “or is established or incorporated or registered in a country or a specified territory notified by the Central Government in this behalf” shall be inserted with effect from the date of their publication in the Official Gazette;
  - (ii) after sub-rule (10), the following sub-rules shall be inserted, and shall be deemed to have been inserted with effect from the 15<sup>th</sup> day of March, 2016, namely:-

“(11) For the purposes of clause (a) of sub-section (4) of section 9A, a fund manager shall not be considered to be a connected person of the fund merely for the reason that the fund manager is undertaking fund management activity of the said fund.

(12) For the purposes of clause (d) of sub-section (4) of section 9A, any remuneration paid to the fund manager, by the fund, which is in the nature of fixed charge and not dependent on the income or profits derived by the fund from the fund management activity undertaken by the fund manager shall not be included in the profits referred to in the said clause, if the conditions specified in clause (m) of sub-section (3) of section 9A are satisfied and such fixed charge has been agreed by the fund manager in writing at the beginning of the relevant fund management activity .”.

[Notification No. 106 /2016/ F. No. 142/15/2015-TPL]

NIRAJ KUMAR, Under Secy. (Tax Policy & Legislation)

**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 was last amended by notification number G.S.R.1073(E), dated 16<sup>th</sup> November, 2016.