

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II,  
SECTION 3, SUB-SECTION (ii)]

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE  
CENTRAL BOARD OF DIRECT TAXES

NOTIFICATION

New Delhi, the 02<sup>nd</sup> June, 2016

**S.O. 1949(E)**- In exercise of the powers conferred by section 295 read with sub-section (2) of section 14A of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby makes the following rules further to amend the Income-tax Rules, 1962, namely:-

1. (1) These rules may be called the Income-tax (14<sup>th</sup> Amendment) Rules, 2016.  
(2) They shall come into force on the date of their publication in the Official Gazette.
2. In the Income-tax Rules 1962, in rule 8D,-
  - (I) for sub-rule (2), the following sub-rule shall be substituted, namely:-

“(2) The expenditure in relation to income which does not form part of the total income shall be the aggregate of following amounts, namely: –

    - (i) the amount of expenditure directly relating to income which does not form part of total income; and
    - (ii) an amount equal to one per cent of the annual average of the monthly averages of the opening and closing balances of the value of investment, income from which does not or shall not form part of total income:

Provided that the amount referred to in clause (i) and clause (ii) shall not exceed the total expenditure claimed by the assessee.”;
  - (II) sub-rule (3) shall be omitted.

---

[Notification No. 43/2016] [F.No. 370142/7/2016-TPL]

(Dr. T.S. Mapwal)  
Under Secretary to Government of India

Note:- The principal rules were published vide Notification S.O. 969 (E), dated 26<sup>th</sup> March, 1962 and last amended by Income-tax (13<sup>th</sup> Amendment) Rules, 2016 vide Notification S.O.1923(E), dated 31.05.2016.