

F. No. /370142/2/2021-TPL
Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes
(Tax Policy and Legislation Division)

New Delhi, 15th January, 2021

Amount of remuneration prescribed under section 9A(3)(m) of the Income-tax Act, 1961

Finance (No 2) Act, 2019, *inter alia*, amended clause (m) of sub-section (3) of section 9A of the Income-tax Act, 1961 (the Act) w.e.f. 01.04.2019 to provide for payment of remuneration by an eligible investment fund to an eligible fund manager in respect of fund management activity undertaken by him on its behalf to be not less than the amount calculated in such manner as may be prescribed.

2. Accordingly, rule 10V of the Income-tax Rules, 1962 (the Rules) has been amended, w.e.f. 01.04.2019, *vide* Notification No 29/2020 dated 27.05.2020 by way of, *inter alia*, insertion of sub-rules (12) and (13) therein. Sub-rule (12) provides for the amount of remuneration to be paid by the fund to a fund manager. 2nd proviso of the said sub-rule provides that the fund may seek Board's approval in case where the amount of remuneration is lower than the amount so prescribed.

3. In this regard, representations have been received expressing inability to comply with the provisions of sub-rule 12 of rule 10V of the Rules regarding the amount of remuneration to be paid by the fund to a fund manager for the financial year 2019-20 as the said Notification No 29/2020 was notified after the financial year got over and the financial year 2020-21 had already commenced.

4. In order to avoid genuine hardship in such cases, the Board, in exercise of powers conferred under section 119 of the Act, has decided to provide that for the financial years 2019-20 and 2020-21 in cases where the remuneration paid to the fund manager is lower than the amount of remuneration prescribed under sub-rule (12) of rule 10V of the Rules, but is at arm's length, it shall be sufficient compliance to clause (m) of sub-section (3) of section 9A of the Act.

5. It is stated that the remuneration to be paid to the fund manager, for the financial year 2021-22, shall be in accordance with sub-rule (12) of rule 10V of the Rules and the application for lower remuneration in terms of 2nd proviso for this year, if any, may be filed not later than 1st February, 2021.


(Vipul Agarwal)

Director (Tax Policy and Division)-1

Copy to the:

1. PS/ OSD to FM/ PS/OSD to MoS(F).
2. PS to the Finance Secretary.
3. Chairman and Members, CBDT.

4. Joint Secretaries/ CsIT/ Directors/ Deputy Secretaries/ Under Secretaries, CBDT.
5. C&AG of India (30 copies).
6. JS & Legal Adviser, Ministry of Law & Justice. New Delhi.
7. Institute of Chartered Accountants of India.
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