

TAXATION OF ULIP

Topic - 46

***Amendment for
Nov. 22 Exams***

Sec. 2(14) : Capital Asset Meaning:

"Capital asset" means—

any unit linked insurance policy to which exemption under section 10(10D) does not apply on account of the applicability of the fourth and fifth provisos there of,

Sec 10(10D) : Exemption on maturity of Life Insurance Policy

Any sum received under a LIP, including the sum allocated by way of bonus is Exempt from Tax.

Following sums are taxable:

- (i) received under a Keyman insurance policy.
- (ii) received where premium paid is more than prescribed limit (20%,10%,15%) given under 80C section. (If it is received on death then its exempt)

Fourth & Fifth proviso:

- Provided that exemption u/s 10(10D) shall not apply with respect to any ULIP, issued on or after 1st Feb,2021, if the amount of premium payable for any of the PY during the term of such policy exceeds ₹2,50,000.
- Provided also that if the premium is payable, by a person, for more than one ULIP's, issued on or after 1st Feb,2021, the exemption u/s 10(10D) shall apply only with respect to those ULIP's, where the aggregate amount of premium does not exceed ₹2,50,000, in any of the PY during the term of any of those policies.
- Note : Exemption is available if sum received from ULIP's on the death of person.

Example 1:

ULIP	A
Date of issue	01.04.2011
Annual premium (₹)	5,00,000
Sum assured (₹)	50,00,000
Consideration received as on 01.11.2021 on maturity	60,00,000

Solution : The sum received on maturity will be exempt u/s 10(10D) as the policy has been issued before 01.02.2021 and accordingly not covered by above provisos.

Example 2:

ULIP	A
Date of issue	01.04.2021
Annual premium (₹)	5,00,000
Sum assured(₹)	50,00,000
Consideration received as on 01.11.2031 on maturity	60,00,000

Solution : The consideration received will not be exempt u/s 10(10D) as per the provisions of fourth proviso since the annual premium payable on the policy exceeded ₹2,50,000.

Example 3:

ULIP	A	B
Date of issue	01.04.2021	01.04.2021
Annual premium (₹)	2,00,000	3,00,000
Sum assured (₹)	20,00,000	30,00,000
Consideration received as on 01.11.2031 on maturity	22,00,000	35,00,000

Solution : The consideration received under ULIP "B" will not be exempt u/s 10(10D) as per the provisions of fifth proviso, since aggregate of the annual premium payable for ULIP "A" and ULIP "B" exceeds ₹2,50,000 during the term of these policies. However, the consideration received under ULIP "A" shall be exempt u/s 10(10D) since its annual premium does not exceed ₹2,50,000 in any of the PY's during the term of the policy.

Example 4:

ULIP	A	B	C
Date of issue	1.04.2021	01.04.2021	01.04.2021
Annual premium (Rs)	1,00,000	1,50,000	3,00,000
Sum assured (Rs)	10,00,000	15,00,000	30,00,000
Consideration received as on 01.11.2031 on maturity	12,00,000	18,00,000	34,00,000

Solution: The consideration received under ULIP "C" will not be exempt u/s 10(10D) as per the provisions of fifth proviso since aggregate of the annual premium payable for ULIP "A", ULIP "B" and ULIP "C" exceeds ₹2,50,000 during the term of these policies.

However, the consideration received under ULIPs "A" and "B" shall be exempt, since aggregate of annual premium payable for these two policies does not exceed ₹2,50,000 for any PY during the term of these two policies.

Example 5 :

ULIP	X	A	B	C
Date of issue	01.04.2020	01.04.2021	01.04.2021	01.04.2021
Annual premium (₹)	2,50,000	1,00,000	1,50,000	3,00,000
Sum assured (₹)	25,00,000	10,00,000	15,00,000	30,00,000
Consideration received 01.11.2030 on maturity as on	30,00,000			
Consideration received 01.11.2031 on maturity as on		12,00,000	18,00,000	34,00,000

Solution : The consideration under ULIP "X" will be exempt u/s 10(10D) as the policy has been issued before 01.02.2021 and it is not covered by recently introduced provisions.

The consideration received under ULIP "C" will not be exempt as per the provisions of fifth proviso since aggregate of the annual premium payable for ULIP "A", ULIP "B" and ULIP "C" exceeds ₹2,50,000 during the term of these policies.

However, the consideration received under ULIPs "A" and "B" shall be exempt, since aggregate of annual premium payable for these two policies does not exceed ₹ 2,50,000 for any PY during the term of these two policies.

Example 6 :

ULIP	X	A	B	C
Date of issue	01.04.2021	01.04.2022	01.04.2022	01.04.2022
Annual premium (₹)	2,00,000	1,00,000	1,50,000	3,00,000
Sum assured (₹)	20,00,000	10,00,000	15,00,000	30,00,000
Consideration received as on 01.11.2031 on maturity	25,00,000			
Consideration received as on 001.11.2032 on maturity		12,00,000	18,00,000	34,00,000

Solution : The consideration under ULIP "X" will be exempt for the PY 2031-32 since the annual premium does not exceed ₹ 2,50,000.

The consideration received under ULIPs "A", "B" and "C" will not be exempt as per the provisions of fifth proviso since aggregate of the annual premium payable for these three ULIPs and ULIP "X" exceeds ₹ 2,50,000 for the PY's 2022-23 to 2031-32 which fall under the tenure of these policies. The consideration under ULIP "A" will also not be eligible for exemption as the aggregate of annual premium of ULIPs "X" and "A" exceeds ₹ 2,50,000.

Example 7 :

ULIP	X	A	B	C
Date of issue	01.04.2021	01.04.2022	01.04.2022	01.04.2022
Annual premium (₹)	1,00,000	1,00,000	1,50,000	3,00,000
Sum assured (₹)	10,00,000	10,00,000	15,00,000	30,00,000
Consideration received on maturity as on 01.11.2031	12,00,000			
Consideration received as on 01.11.2032 on maturity		12,00,000	18,00,000	34,00,000

Solution: The consideration under ULIP "X" will be exempt for the PY 2031-32 since the annual premium does not exceed ₹ 2,50,000.

The consideration received under ULIP "B" only will be exempt during the PY 2032-33 while consideration received under ULIPs "A" and "C" will be taxable as per the provisions of fifth proviso.

The exemption is restricted to consideration under ULIP "B" since aggregate of the annual premium payable for the ULIPs "X" and "B" together did not exceed ₹ 2,50,000 for any of the previous years during the term of ULIP "B".

Here instead of ULIP "B", we could have taken ULIP "A" as the aggregate of annual premium payable for ULIPs "X" and "A" is also less than ₹ 2,50,000 during the term of these ULIPs. However, since including ULIP "B" instead of ULIP "A" is more beneficial to the assessee, ULIP "B" has been considered for exemption.

Example 8 :

ULIP	X	A	B	C
Date of issue	01.04.2021	01.04.2022	01.04.2022	01.04.2022
Annual premium (₹)	1,00,000	1,00,000	1,50,000	3,00,000
Sum assured (₹)	10,00,000	10,00,000	15,00,000	30,00,000
Consideration received on maturity as on 01.05.2031	12,00,000			
Consideration received as on 01.05.2032 on maturity		12,00,000	18,00,000	34,00,000

Assume exemption not claimed at the time of maturity of policy X.

Solution: The consideration under ULIP "X" was not claimed to be exempt by the assessee. The consideration received under ULIPs "A" and "B" will be exempt. However, since aggregate of the annual premium payable for the ULIPs "A" and "B" together did not exceed Rs 2,50,000 for any of the previous years during the term of any of these ULIPs "A" or "B" and ULIP "X" was not claimed to be exempt the consideration received under ULIP "C" will be taxable as per the provisions of fifth proviso.

Example 9:

The assessee did not receive any consideration under any other eligible ULIPs in earlier previous years preceding the PY 2032-33 other than under ULIPs "X" and "Y".

ULIP	X	Y	A	B	C
Date of issue	01.04.2021	01.04.2021	01.04.2022	01.04.2022	01.04.2022
Annual premium (₹)	1,00,000	1,00,000	1,00,000	1,50,000	3,00,000
Sum assured (₹)	10,00,000	10,00,000	10,00,000	15,00,000	30,00,000
Consideration received surrender as on 01.07.2025	6,00,000				
Consideration received on maturity as on 01.11.2031		12,00,000			
Consideration received as on 01.11.2032 on maturity			12,00,000	18,00,000	34,00,000

Sol : The surrender value of ULIP "X" and consideration received under ULIP "Y" on maturity will be exempt since the annual premium does not exceed ₹2,50,000 during the term of these policies.

The consideration received under ULIPs "A", "B" and "C" will be taxable as per the provisions of fifth proviso since aggregate of the annual premium payable for the ULIPs "X" and "Y" for the PY's 2021-22 to 2025-26 was ₹ 2,00,000. If the annual premium of ULIP "A" or "B" or "C" is added then the aggregate of the premium will exceed ₹2,50,000 for the PY's 2022-23 to 2025-26.

As per the provisions of fifth proviso, in case of multiple ULIPs, the aggregate of the premium payable for all the policies which are claimed to be exempt under clause (10D) shall not exceed ₹2,50,000 for any PY during the term of any of the policies.

Example 10 : If in Example 9, the assessee does not claim exemption with respect to the surrender value of ULIP "X", then the consideration received under ULIP "Y" will be exempt for the previous year 2031-32 and the consideration received under ULIP "B" will be exempt for the previous year 2032-33 under clause (10D). The exemption is restricted to ULIP "B" since the aggregate of the annual premium payable for the ULIPs "Y" and "B" together did not exceed ₹2,50,000 for any of the previous years during the term of ULIP "Y" or "B" and the assessee did not claim ULIP "X" as exempt. ULIP "B" is preferred in place of ULIP "A" as it is more beneficial to the assessee.

Sec. 45(1B): Capital Gain on ULIP's

Where any person receives, at any time during any PY, any amount, under a ULIP issued on or after 1.2.2021, to which exemption u/s 10(10D) does not apply on account of fourth and fifth proviso thereof, then, any profits or gains arising from receipt of such amount by such person shall be chargeable to income-tax under the head "Capital gains" and shall be deemed to be the income of the such person for the PY in which such amount was received. The income taxable shall be calculated in such manner as may be prescribed.

Rule 8AD: Computation of Capital Gain

1. Where the amount is received for the first time under the ULIP during the PY, the capital gains shall be calculated in accordance with the formula:- A-B

where, -

A = the amount received for the first time during the PY, including the amount allocated by way of bonus on such policy; and

TB = the aggregate of the premium paid during the term of the ULIP till the date of receipt of the amount as referred to in "A";

2. where the amount is received under the ULIP during the previous year, at any time after the receipt of the amount as referred to in clause (1), the capital gains shall be calculated in accordance to the formula,— C-D

where, -

C = the amount received under ULIP during the PY, at any time after the receipt of the amount as referred to in clause (1), including the amount allocated by way of bonus on such policy excluding the amount that has already been considered for calculation of taxable amount under this sub- rule during the earlier PY or years; and

D = the aggregate of the premium paid during the term of the ULIP till the date of receipt of the amount as referred to in "C" as reduced by the premium that has already been considered for calculation of taxable amount during the earlier PY or years.

Note: The capital gains as computed shall be deemed to be the capital gains arising from the transfer of a unit of an equity oriented fund and taxable according to section 112A.

Example:

Mr. BB invested ₹ 3,00,000 per year in ULIP of ICICI from 01/04/21 for 10 years. Policy value is ₹40,00,000. Mr. BB received ₹37,00,000 on 17/07/26 from such policy. On 31/3/31 he again received ₹28,00,000 from such policy. Compute capital Gain.

Solution: Part-1

Computation of Capital Gain

PY 26-27 AY 27-28

	₹
Full Value of Consideration	37,00,000
Less: Cost of Acquisition (3,00,000 x 6 instalment's)	18,00,000
LTCG taxable u/s 112A	19,00,000

Part-2

Computation of Capital Gain

PY 30-31 AY 31-32

	₹
Full Value of Consideration	28,00,000
Less: Cost of Acquisition (3,00,000 x 4 instalment's)	12,00,000
LTCG taxable u/s 112A	16,00,000

#	Rule 12AB: Following person are also mandatorily required to file return
	(a) if his total sales, turnover or gross receipts, as the case may be, in the business exceeds ₹60,00,000 during the PY; or
	(b) if his total gross receipts in profession exceeds ₹10,00,000 during the PY; or
	(c) if the aggregate of TDS and TCS during the PY, in the case of the person, is ₹25,000 or more (in case of senior citizen ₹ 50,000); or
	(d) the deposit in one or more savings bank account of the person, in aggregate, is ₹50,00,000 or more during the PY:
#	Dispute Resolution Committee (DRC) (Rule 44DAA to 44DAC)
1.	Constitution of Dispute Resolution Committee
	(i) The CG shall constitute a DRC for every region of PCCIT for dispute resolution.
	(ii) Each DRC shall consist of 3 members, as under: -
	(a) 2 members shall be retired officers from the IRS (Income-tax), who have held the post of CIT or any equivalent or higher post for 5 years or more; and
	(b) 1 serving officer not below the rank of CIT or PCIT as specified by the CBDT.
	(iii) The members shall be appointed by the CG for a period of 3 years.
	(iv) The CG may fix a sum to be paid as fee to a member, who is retired officer, on a per case basis, along with a sitting fee, so decided by the CBDT.
	(v) The decision of the DRC shall be by majority.
	(vi) The CG may, by recording reasons in writing and after giving an opportunity of being heard, remove any member from the DRC.
2.	Application for resolution of dispute before the Dispute Resolution Committee
	(i) An application to the DRC shall be made in Form No. 34BC by the person, who opts for dispute resolution u/s 245MA of the Act in respect of dispute arising from any variation in the specified order in his case and who fulfills the specified conditions.
	(ii) Every application in connection with resolution of dispute shall be accompanied by a fee of ₹1,000.
3.	Power to reduce or waive penalty imposable or grant immunity from prosecution or both under the Act

- (i) The DRC shall, upon receipt of intimation as per the e-Dispute Resolution Scheme, 2022, and subject to such conditions as it may think fit to impose for the reasons to be recorded in writing, grant to the person who made the application for dispute resolution u/s 245MA of the Act, waiver of penalty imposable or immunity from prosecution or both, in respect of the order which is the subject matter of resolution, if it is satisfied that such person has,--
- (a) paid the tax due on the returned income in full if available; and
 - (b) co-operated with the Dispute Resolution Committee in the proceedings before it.
- (ii) Notwithstanding anything contained in sub-rule (I), no immunity shall be granted by the DRC in a case where the proceedings for the prosecution for an offence have been initiated before the date of receipt of the application.
- (iii) An immunity granted to a person under sub-rule (1) shall stand withdrawn, if such person fails to comply with any of the conditions subject to which the immunity was granted and thereupon the provisions of the Act shall apply as if such immunity or waiver had never been granted.

Guidelines for Section 194-O, 194Q and 206C(1H)

1. It is clarified that the provisions of section 194-O shall not apply in relation to e auction activities carried out by e-auctioneers if all the facts listed at (a) to (f) are satisfied. This clarification shall not apply if any of these facts are not satisfied. Further, it is clarified that the buyer and seller would still be liable to deduct/ collect tax as per the provisions of section 194Q and 206C (1H) of the Act, as the case may be:-
- (a) The e-auctioneer conducts e-auction services for its clients in its electronic portal and is responsible for the price discovery only which is reported to the client.
 - (b) The price so discovered through e-auction process is not necessarily the price at which the transaction takes place and it is up to the discretion of the client to accept the price or to directly negotiate with the counter-party.
 - (c) The transaction of purchase/sale takes place directly between the buyer and the seller party outside the electronic portal maintained by the e-auctioneer and price discovery only acts as the starting point for negotiation and conclusion of purchase/sale.
 - (d) The e-auctioneer is not responsible for facilitating the purchase and sale of

goods for which e-auction was conducted on its electronic portal except to the extent of price discovery.

(e) Payments for the transactions are carried Out directly between the buyer and the seller outside the electronic portal and the e-auctioneer does not have any information about the quantum and the schedule of payment which is decided mutually by the client and the counterparty.

(f) For payment made to e-auctioneer for providing e-auction services, the client deducts tax under the relevant provisions of the Act other than section 194-0 of the Act.

2. It is clarified that in case of purchase of goods which are not covered within the purview of GST, when tax is deducted at the time of credit of amount in the account of seller and in terms of the agreement or contract between the buyer and the seller, the component of VAT/Sales tax/Excise duty/CST, as the case may be, has been indicated separately in the invoice, then the tax is to be deducted u/s 194Q on the amount credited without including such VAT/Excise duty/Sales tax/CST, as the case may be. However, if the tax is deducted on payment basis, if it is earlier than the credit. the tax is to be deducted on the whole amount as it will not be possible to identify the payment with VAT/Excise duty/Sales tax/CST component to be invoiced in the future, Furthermore, in case of purchase returns, the clarification as provided for GST shall also apply to purchase return relating to non GST products liable to VAT/excise duty/sales tax/CST etc.

3. It is seen that the provisions of section 194Q of the Act does not apply in respect to those transactions where tax is collectible u/s 206C [except (1H)] of the Act. Since by virtue of section 206C(1A) [goods used for manufacture or power generation], the tax is not required to be collected for goods covered u/s 206C(1), it is hereby clarified that in such cases, the provisions of section 194Q of the Act will apply and the buyer shall be liable to deduct tax under the said section if the conditions specified therein are fulfilled.

4. It is clarified that for the purposes of section 194Q, Central Government or State Government shall not be considered as 'seller' and no tax is to be deducted by the

buyer, in cases where any Department of Central or State Government are seller of goods. It is further clarified that any other person, such as a Public sector Undertaking or corporation established under Central or State Act or any other suchbody, authority or entity, shall be required to comply with the provisions of section 194Q and tax shall be deducted accordingly.

5. Central Government hereby notifies that the provisions of section 206C(1G) shall not apply to an individual who is not a resident in India in terms of section 6(1) and 6(1A) of the Act, and who is visiting India.

Circular No. 7/22 : Clarification with respect to relaxation of provisions of rule 114AAA prescribing the manner of making PAN inoperative

1. Rule 114AAA of the Income-tax Rules provides that if PAN of a person has become inoperative, he will not be able to furnish, intimate or quote his PAN and shall be liable to all the consequences under the Act for such failure. This will have a number of implication :such as:-

- (i) The person shall not be able to file return using the inoperative PAN
 - (ii) Pending returns will not be processed
 - (iii) Pending refunds cannot be issued to inoperative PANs
 - (iv) Pending proceedings as in the case of defective returns cannot be completed once the PAN is inoperative
 - (v) Tax will be required to be deducted at a higher rate as PAN becomes inoperative
- In addition to the above, the tax payer might face difficulty at various other fora like banks and other financial portals, as PAN is one of the important KYC criterion for all kinds of financial transactions.

2. Hence, in order to have smooth application of section 234H and existing rule 114AAA, it is clarified that the impact of rule 114AAA i.e. where a person whose PAN has become inoperative, is required to furnish, intimate or quote his permanent account number under the Act, it shall be deemed that he has not furnished, intimated or quoted the PAN, as the case may be, and he shall be liable for all the consequences for not furnishing intimating or quoting the PAN, shall come into effect from 1st April, 2023 and the period

beginning from 1st April, 2022 and ending with 31st March, 2023, shall be the period during which the said rule shall not have its negative consequences. However, the tax payer shall be liable to pay a fee at the time of making PAN operative.

Section 89A: Relief from taxation in income from retirement benefit account maintained in a notified country

Where a specified person has income accrued in a specified account, such income shall be taxed in such manner and in such year as may be prescribed.

Explanation. — For the purposes of this section,—

- (a) "notified country" means Canada, United Kingdom of Great Britain and Northern Ireland and USA;
- (b) "specified account" means an account maintained in a notified country by the specified person in respect of his retirement benefits and the income from such account is not taxable on accrual basis but is taxed by such country at the time of withdrawal or redemption;
- (c) "specified person" means a person resident in India who opened a specified account in a notified country while being non-resident in India and resident in that country.

Rule 21AAA: Taxation of income from retirement benefit account maintained in a notified country

(1) Where a specified person has income accrued in a specified account or accounts, during a PY relevant to any AY beginning on or after the 01/04/22, such income shall, at the option of the specified person, be included in his total income of the PY relevant to the AY in which income from the said specified account or accounts is taxed at the time of withdrawal or redemption, as the case may be, in the notified country.

(2) Where the option has been exercised by a specified person under sub-rule (1), the total income of the specified person for the PY in which income is taxable under sub rule (1) shall not include the income which,—

- (a) has already been included in the total income of such specified person in any of the earlier PY's during which such income accrued and tax thereon has been paid in accordance with the provisions of the Act; or

(b) was not taxable in India, in the previous year during which such income accrued, on account of,—

(i) such specified person being a non-resident, or not ordinarily resident, during that PY; or

(ii) application of the DTAA, if any,

and the foreign tax paid on such income, if any, shall be ignored for the purposes of computation of the FTC under rule 128.

(3) The option under sub-rule (1) shall be exercised by the specified person in respect of all the specified accounts maintained by the specified person.

(4) In a case where the specified person becomes a NR during any relevant previous year, then-

(i) the option exercised under sub-rule (1) shall be deemed to have never been exercised with effect from the relevant PY; and

(ii) the income which has accrued in the specified account or accounts during the period, beginning with the PY in respect of which the option under sub-rule (1) was exercised and ending with the PY immediately preceding the relevant PY, shall be taxable during the PY immediately preceding the relevant PY and tax shall be paid on or before the due date for furnishing the return of income for the relevant PY.

(5) The option to be exercised by the specified person, for any PY, shall be in Form No. 10-EE and it shall be furnished electronically under digital signature or electronic verification code on or before the due date u/s 139(1).

(6) Subject to the provisions of sub-rule (4), the option once exercised for a specified account or accounts in respect of a PY, shall apply to all subsequent PY's and cannot be subsequently withdrawn for the PY for which the option was exercised or any PY subsequent to that PY.

Rule 21AJA: Computation of exempt income of specified fund, attributable to the investment division of an offshore banking unit, for the purposes of section 10(4D) -

$$A + B + C + D$$

where, -

A = any income accrued or arisen to, or received by the eligible investment division as a result of transfer of a capital asset referred to in section 47(viiab) held by it, on a recognised stock exchange located in any IFSC and where the consideration for such transaction is paid or payable in convertible foreign exchange;

B = any income accrued or arisen to, or received by the eligible investment division as a result of transfer of securities held by it (other than shares in a company resident in India);

C = any income accrued or arisen to, or received by the eligible investment division from securities held by it and issued by a NR (not being a PE of a NR in India) and where such income otherwise does not accrue or arise in India;

D = any income accrued or arisen to, or received by the eligible investment division from a securitisation trust which is chargeable under the head "PGBP".

Explanation : Any expenditure incurred for the purposes of making or earning income referred to in items A or B or C or D shall not be allowed as deduction from income from any other activity or source under any provision of the Act, irrespective of the fact that such expenditure has not been allowed as deduction against income referred to in items A or B or C or D, as the case may be.

Rule 21AJAA: Determination of income of a specified fund attributable to the investment division of an OBU u/s 115AD(1B)

$$A + B + C + D + E + F$$

where, -

A = income by way of LTCG, accrued or arisen to, or received by the eligible investment division, as a result of transfer of a security referred to in section 112A of the Act and held by such investment division;

B = income by way of LTCG, accrued or arisen to, or received by the eligible investment division as a result of transfer of a security, other than that referred to in section

112A of the Act, and held by such investment division;

C = income by way of STCG, accrued or arisen to, or received by the eligible investment division as a result of transfer of security referred to in section 111A of the Act and held by such investment division;

D = income by way of STCG, accrued or arisen to, or received by the eligible investment division as a result of transfer of a security, other than that referred to in section 111A of the Act, and held by such investment division;

E = income from securities, being in the nature of interest referred to in section 194LD of the Act, held by the eligible investment division;

F = income from securities, held by the eligible investment division, not included in item E above.

Explanation: Any expenditure incurred for the purposes of making or earning an income referred to in items A or B or C or D or E or F shall not be allowed as a deduction from income from any other activity or source, irrespective of the fact that such expenditure has been not allowed as a deduction against income referred to in items A or B or C or D or E or F, as the case may be.

Rule 2DD: Computation of exempt income of specified fund for the purposes of section 10(23FF)

(1) Income of the nature of capital gains, arising or received by a specified fund, which is attributable to units held by NR (not being a PE of a NR in India) in such specified fund shall be computed as under:-

(i) where the specified fund files Form No. 10-II, the Income exempt = $[A \times B / C]$, where,-
A = income of the nature of capital gains, arising or received by a specified fund, which is on account of transfer of shares of a company resident in India, by the specified fund and where such shares were received by the specified fund, being resultant fund, in relocation from the original fund, or from its wholly owned special purpose vehicle, and where such capital gains would not be chargeable to tax if the relocation had not taken place;

B = aggregate of daily "assets under management" of the specified fund which are held by NR unit holders (not being the PE of a NR in India), from the date of acquisition

of the share of a company resident in India by the specified fund to the date of transfer of such share.

C = aggregate of daily total "AUM" of the specified fund, from the date of acquisition of the share of a company resident in India by the specified fund to the date of transfer of such share.

(ii) where no Form No.10-II is filed by the specified fund, the exempt income shall be NIL.