



## CBDT Notification - Prescribing rules and forms for furnishing of statement regarding income distribution by securitisation trust

### Background

The Finance Act, 2016 introduced a special taxation regime in respect of income of the securitisation trusts and the investors of such trusts. As per Section 115TCA of the Income-tax Act, 1961 (the Act) any income accruing or arising to, or received by, a person, being an investor of a securitisation trust, out of the investment made in securitisation trust, shall be chargeable to income-tax in the same manner as if it were the income accruing or arising to or received by, such person, had the investments by the securitisation trust been made directly by him.

It also provides that the person responsible for crediting or making payment of the income on behalf of securitisation trust and the securitisation trust shall furnish, within such period, as may be prescribed to the person who is liable to tax in respect of such income and to the prescribed income-tax authority a statement in such form and verified in such manner, giving details of the nature of the income paid or credited during the previous year and such other relevant details, as may be prescribed.

### CBDT Notification

Recently, the Central Board of Direct Taxes (CBDT) has issued a notification<sup>1</sup> prescribing rules and forms in respect of income distributed to investors by securitisation trust under Section 115TCA of the Act. The Rules prescribe that statement of payment/credit of securitisation income is to be furnished electronically using a digital signature to the PrCIT/CIT in Form No. 64E (duly verified by an accountant) by 30 November of the financial year following the previous year during which such income is distributed.

<sup>1</sup> CBDT Notification No. 107/2016, dated 28 November 2016

Further, Rules also provide that the statement of income distributed shall also be furnished to the investor in Form No. 64F by 30 June of the financial year following the previous year during which such income is distributed. The statement of income distributed shall be furnished by the securitisation trust to an investor in Form 64F, duly verified by the person distributing the income on behalf of the securitisation trust in the manner indicated therein.

The rules shall be deemed to have come into force from 1 June 2016.

The new Form 64E prescribes the following details:

- Name and address of the trustees/directors/partners of the securitisation trust.
- Status of securitisation trust including registration number and date of registration.
- Details of income of securitisation trust including total income, income from house property, income from business or profession, capital gains, other sources.
- Details of the person being an investor by whom the income is received or in whose name it has been credited containing the following details:
  - Name, address, PAN of the investor
  - Total amount paid or credited/deemed to be credited

- Income under the head 'business or profession', house property, long-term capital gains (break-up showing exempt and other capital gain), short-term capital gains (break-up showing taxability under Section 111A of the Act and other capital gain), other sources.
  - Further, the accountant shall verify the details of particular of income earned and income paid/credited to the investor.
- The new Form 64F prescribes the following details:
- Name, address, PAN of the investor.
  - Name, address and PAN of securitisation trust.
  - Details of income paid or credited by securitisation trust to the investor during the previous year containing the following:
    - Amount paid or credited/deemed to be credited
    - Date of payment or credit/deemed to be credited
    - Break-up of the amount paid/credited under house property, business or profession, long-term capital gain (including exempt and other gain), short-term capital gain, other sources.



## Our comments

In order to rationalise the tax regime for securitisation trust and its investors, and to provide tax pass through treatment, a special regime for securitisation trusts and its investors has been introduced in the Act. CBDT has now prescribed rules and forms for filing of a statement of income distributed by a securitisation trust. These rules will provide clear guidance to the securitisation trust and its investors to comply with procedural aspects of this special regime.

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#### Ahmedabad

Commerce House V, 9th Floor,  
902 & 903, Near Vodafone House,  
Corporate Road,  
Prahlad Nagar,  
Ahmedabad – 380 051  
Tel: +91 79 4040 2200  
Fax: +91 79 4040 2244

#### Bengaluru

Maruthi Info-Tech Centre  
11-12/1, Inner Ring Road  
Koramangala, Bangalore 560 071  
Tel: +91 80 3980 6000  
Fax: +91 80 3980 6999

#### Chandigarh

SCO 22-23 (1st Floor)  
Sector 8C, Madhya Marg  
Chandigarh 160 009  
Tel: +91 172 393 5777/781  
Fax: +91 172 393 5780

#### Chennai

No.10, Mahatma Gandhi Road  
Nungambakkam  
Chennai 600 034  
Tel: +91 44 3914 5000  
Fax: +91 44 3914 5999

#### Delhi

Building No.10, 8th Floor  
DLF Cyber City, Phase II  
Gurgaon, Haryana 122 002  
Tel: +91 124 307 4000  
Fax: +91 124 254 9101

#### Hyderabad

8-2-618/2  
Reliance Humsafar, 4th Floor  
Road No.11, Banjara Hills  
Hyderabad 500 034  
Tel: +91 40 3046 5000  
Fax: +91 40 3046 5299

#### Kochi

Syama Business Center  
3rd Floor, NH By Pass Road,  
Vytilla, Kochi – 682019  
Tel: +91 484 302 7000  
Fax: +91 484 302 7001

#### Kolkata

Unit No. 603 – 604,  
6th Floor, Tower – 1,  
Godrej Waterside,  
Sector – V, Salt Lake,  
Kolkata 700 091  
Tel: +91 33 44034000  
Fax: +91 33 44034199

#### Mumbai

Lodha Excelus, Apollo Mills  
N. M. Joshi Marg  
Mahalaxmi, Mumbai 400 011  
Tel: +91 22 3989 6000  
Fax: +91 22 3983 6000

#### Noida

6th Floor, Tower A  
Advant Navis Business Park  
Plot No. 07, Sector 142  
Noida Express Way  
Noida 201 305  
Tel: +91 0120 386 8000  
Fax: +91 0120 386 8999

#### Pune

703, Godrej Castlemaine  
Bund Garden  
Pune 411 001  
Tel: +91 20 3050 4000  
Fax: +91 20 3050 4010

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