

*Clause 5* of the Bill seeks to amend section 9 of the Income-tax Act relating to income deemed to accrue or arise in India.

It is proposed to insert a new clause (*e*) in the *Explanation 1* to clause (*i*) of sub-section (*1*) of the said section so as to provide that in the case of a foreign company engaged in the business of mining of diamonds, no income shall be deemed to accrue or arise in India through or from the activities which are confined to the display of uncut and unsorted diamond in any special zone notified by the Central Government in the Official Gazette in this behalf.

This amendment will take effect retrospectively from 1st April, 2016 and will, accordingly, apply in relation to assessment year 2016-2017 and subsequent years.