

*Clause 4* of the Bill seeks to amend section 6 of the Income-tax Act relating to residence in India.

Under the existing provisions contained in clause (3) of the aforesaid section, a company is said to be resident in India in any previous year, if—

(i) it is an Indian company; or

(ii) during that year, the control and management of its affairs is situated wholly in India.

It is proposed to amend clause (3) of the said section so as to provide that a company shall be said to be resident in India, in any previous year, if —

(a) it is an Indian company; or

(b) its place of effective management, in that year, is in India.

It is also proposed to insert an *Explanation* to clarify the expression 'place of effective management' to mean a place where key management and commercial decisions that are necessary for the conduct of business of an entity as a whole are, in substance, made.

This amendment will take effect from 1st April, 2017 and will, accordingly, apply in relation to assessment year 2017-2018 and subsequent years.