

Circular No. 19/2021

Guidelines under clause (23FE) of section 10 of the Income-tax Act, 1961

Dated – 26th October, 2021

In order to remove the difficulties mentioned in as guidelines, it is hereby clarified that eligibility of exemption under clause (23FE) of section LO of the Act shall be as follows:

- (a) if the loans and borrowings have been taken by the specified fund or any of its group concern, specifically for the purposes of making investment by the specified fund in India, such fund shall not be eligible for exemption under clause (23FE) of section 10 of the Act; and
- (b) if the loans and borrowings have been taken by the specified fund or any of its group concern, not specifically for the purposes of making investment in India, it shall not be presumed that the investment in India has been made out of such loans and borrowings and such specified fund shall be eligible for exemption under clause 23(FE) of section 10 of the Act, subject to the fulfilment of all other conditions under the said clause, provided that the source of the investment in India is not from such loans and borrowings.

For more details, please follow:

<https://incometaxindia.gov.in/communications/circular/circular-19-2021.pdf>