

Finance Act 1972

Section 16 - Amendment of Section 80c

In section 80C of the Income-tax Act, with effect from the 1st day of April, 1973, -

(a) in sub-section (2), -

(i) in clause (a), in sub-clauses (iii) and (iv), the word "or" shall be inserted at the end and after sub-clause (iv) as so amended, the following sub-clause shall be inserted, namely :-

"(v) as a contribution for participation in the Unit-linked Insurance Plan, 1971 (hereafter in this section referred to as the Unit-linked Insurance Plan) made under section 19(1)(cc) of the Unit Trust of India Act, 1963 (52 of 1963);";

(ii) in sub-clause (i) of clause (g), in item (3), the word "or" shall be inserted at the end and after item (3) as so amended, the following item shall be inserted, namely :-

"(4) as a contribution for participation by any one member of such association or body in the Unit-linked Insurance Plan;";

(b) after sub-section (4), the following sub-section shall be inserted, namely :-

"(5) if the assessee participating in the Unit-linked Insurance Plan, or in the case of an assessee being an association of persons or a body of individuals referred to in clause (g) of sub-section (2), the members thereof participating in the Plan, terminates his participation in the Plan (by notice to that effect or where he ceases to participate by reason of failure to pay any contribution, by not reviving his participation) before contribution in respect of such participation have been paid for five years, then -

(a) no deduction shall be allowed to the assessee under this section in respect of the contribution, if any, paid in the previous year in which the participation is so terminated; and

(b) the deductions allowed in respect of the contributions paid in the previous years preceding the previous year referred to in clause (a) shall be deemed to be the income of the assessee of that previous year and shall be chargeable to tax accordingly.

Explanation : For the purposes of this sub-section, the deduction allowed under this section in respect of the contribution paid in any previous year shall be the amount by which the deduction allowed under this section for that year exceeds the deduction which would have

been allowed for that year if no such contribution had been paid during that year."
