Finance Act 1974

Section 6 - Amendment of Section 74a

In section 74A of the Income-tax Act, with effect from the 1st day of April, 1975, -

(a) in sub-section (1), for the words "except against income, if any, from the same source", the words "against income, if any, from any other source under that head or against income under any other head" shall be substituted;

(b) after sub-section (2), the following sub-section shall be inserted, namely :-

(3) Where for any assessment year, in the case of an assessee, being the owner of horses maintained by him for running in horse races (such horses being hereafter in this sub-section referred to as race horses), the net result of the computation in respect of the source specified in clause (c) of sub-section (2) is a loss, then, so much of the amount of such loss as does not exceed the amount of loss incurred by the assessee in the activity of owning and maintaining race horses shall, subject to the other provisions of this Chapter, be carried forward to the following assessment year and -

(a) it shall be set off against the income, if any, from the source specified in clause (c) of sub-section (2) assessable for that assessment year :

Provided that the activity of owning and maintaining race horses is carried on by him in the previous year relevant for that assessment year; and

(b) if the loss cannot be wholly so set off, the amount of loss not so set off shall be carried forward to the following assessment year and so on; so, however, that no portion of the loss shall be carried forward for more than four assessment years immediately succeeding the assessment year for which the loss was first computed.

Explanation : For the purposes of this sub-section -

(a) "amount of loss incurred by the assessee in the activity of owning and maintaining race horses" means - (i) in a case where the assessee has no income by way of stake money, the amount of expenditure (not being in the nature of capital expenditure) laid out or expended by him wholly and exclusively for the purposes of maintaining the race horses;

(ii) in a case where the assessee has income by way of stake money, the amount by which such income falls short of the amount of expenditure (not being in the nature of capital expenditure) laid out or expended by the assessee wholly and exclusively for the purposes of maintaining race horses;

(b) "horse race" means a horse race upon which wagering or betting may be lawfully made;

(c) "income by way of stake money" means the gross amount of prize money received on a race horse or race horse by the owner thereof on account of the horse or horses or any one or more of the horses winning or being placed second or in any lower position in horse races..