

## Finance Act, 1989

### Chapter III - Direct Taxes Income-tax

---

In section 2 of the Income-tax Act [as amended by section 3 of the Direct Tax Laws (Amendment) Act, 1987 (4 of 1988)], in clause (1A), the following Explanation shall be inserted at the end and shall be deemed to have been inserted with effect from the 1st day of April, 1970, namely :-

"Explanation : For the removal of doubts, it is hereby declared that revenue derived from land shall not include and shall be deemed never to have included any income arising from the transfer of any land referred to in item (a) or item (b) of sub-clause (iii) of clause (14) of this section;"

---

#### Section 4 - Amendment Of Section 10

---

In section 10 of the Income-tax Act, -

(a) after clause (14), the following clause shall be inserted, namely :-

'(14A) any income received by a public financial institution as exchange risk premium from any person borrowing foreign currency from such institution, provided the amount of such premium is credited by such institution to a fund specified under clause (23E).

Explanation : For the purposes of this clause, -

(i) the expression "public financial institution" shall have the meaning assigned to it in section 4A of the Companies Act, 1956 (1 of 1956);

(ii) the expression "exchange risk premium" means a premium paid by a person borrowing foreign currency from a public financial institution to cover the risk which may be borne by such institution on account of fluctuations in exchange rate of foreign currencies borrowed by such institution;"

(b) in clause (15), in sub-clause (iv), after item (h), the following item shall be inserted with effect from the 1st day of April, 1990, namely :-

"(i) by Government on deposits made by an employee of the Central Government or a State Government, in accordance with such scheme as the Central Government may, by notification in the Official Gazette, frame in this behalf, out of the moneys due to him on account of his retirement, whether on superannuation or otherwise;"

(c) after clause (23D), the following clause shall be inserted, namely :-

'(23E) any income of such Exchange Risk Administration Fund set up by public financial institutions, either jointly or separately, as the Central Government may, be notification in the Official Gazette, specify in this behalf :

Provided that where any amount standing to the credit of the Fund and not charged to income-tax during any previous year is shared, either wholly or in part, with a public financial institution, the whole of the amount so shared shall be deemed to be the income of the previous year in which such amount is so shared and shall accordingly be chargeable to income-tax.

Explanation : For the purposes of this clause, the expression "public financial institution" shall have the meaning assigned to it in section 4A of the Companies Act, 1956 (1 of 1956);

(d) after clause (26A), the following clause shall be inserted with effect from the 1st day of April, 1990, namely :-

'(26AA) any income of a person by way of winnings from any lottery, the draw of which is held in pursuance of any agreement entered into on or before the 28th day of February, 1989 between the State Government of Sikkim and the organising agents of such lottery, where such person is resident in the State of Sikkim in any previous year.

Explanation : For the purposes of this clause, a person shall be deemed to be resident in the State of Sikkim if he fulfils the requirements of clause (1) or clause (2) or clause (3) or clause (4) of section 6, as the case may be, subject to the modifications that -

(i) references in those clauses to India shall be construed as references to the State of Sikkim; and

(ii) in sub-clause (i) of clause (3), reference to Indian company shall be construed as reference to a company formed and registered under any law for the time being in force in the State of Sikkim and having its registered office in that State in that year;'.

---

#### Section 5 - Amendment Of Section 16

---

In section 16 of the Income-tax Act, with effect from the 1st day of April, 1990, -

(a) in clause (i), -

(i) the proviso shall be omitted;

(ii) for the word and figure "Explanation 1", the word "Explanation" shall be substituted;

(iii) Explanation 2 shall be omitted;

(b) after clause (ii), the following clause shall be inserted, namely :-

"(iii) a deduction of any sum paid by the assessee on account of a tax on employment within the meaning of clause (2) of article 276 of the Constitution, leviable by or under any law."

---

#### **Section 6 - Amendment Of Section 17**

---

In section 17 of the Income-tax Act, in clause (2), in sub-clause (iii), the following Explanation shall be inserted at the end with effect from the 1st day of April, 1990, namely :-

"Explanation : For the removal of doubts, it is hereby declared that the use of any vehicle provided by a company or an employer for journey by the assessee from his residence to his office or other place of work, or from such office or place to his residence, shall not be regarded as a benefit or amenity granted or provided to him free of cost or at concessional rate for the purposes of this sub-clause."

---

#### **Section 7 - Amendment Of Section 32AB**

---

In section 32AB of the Income-tax Act, -

(a) in sub-section (1), in clause (ii), the word "eligible" shall be omitted with effect from the 1st day of April, 1991;

(b) in sub-section (2), clause (i) shall be omitted with effect from the 1st day of April, 1991;

(c) in sub-section (3), with effect from the 1st day of April, 1991, -

(i) for the portion beginning with the words "The profits of eligible business or profession" and ending with the words "eligible business or profession are maintained", the following shall be substituted, namely :-

"The profits of business or profession of an assessee for the purposes of sub-section (1) shall";

(ii) in the existing clause (a) as so amended, -

(1) for the words "Sixth Schedule", the words and figures "Schedule VI" shall be substituted;

(2) the word "and" occurring at the end shall be omitted;

(iii) clause (b) shall be omitted;;

(d) in sub-section (4), after clause (d), the following clause shall be inserted with effect from the 1st day of April, 1991, namely :-

"(e) any new machinery or plant to be installed in an industrial undertaking, other than a small-scale industrial undertaking, as defined in section 80HHA, for the purposes of business of construction, manufacture or production of any article or thing specified in the list in the Eleventh Schedule.";

(e) in sub-section (5A), -

(i) for the words "scheme and", the words "scheme or" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1987;

(ii) the following Explanation shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1987, namely :-

"Explanation : For the removal of doubts, it is hereby declared that nothing contained in this sub-section shall affect the operation of the provisions of sub-section (5AA) or sub-section (6) in relation to any withdrawals made from the deposit account either before or after the expiry of a period of five years from the date of deposit.";

(f) after sub-section (5A), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1987, namely :-

"(5AA) Where any amount, standing to the credit of the assessee in the deposit account, is withdrawn during any previous year by the assessee in the circumstance specified in clause (a) or clause (d) of sub-section (5A), the whole of such amount shall be deemed to be the profits and gains of business or profession of that previous year and shall accordingly be chargeable to income-tax as the income of that previous year, as if the business had not closed or, as the case may be, the firm had not been dissolved.";

(g) in sub-section (5B), the word "eligible" shall be omitted with effect from the 1st day of April, 1991;

(h) in sub-section (6), after the words "closure of the account", the brackets, words, letters and figure "[in circumstances other than the circumstances specified in clauses (b), (c) and (e) of sub-section (5A)]" shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1987.

---

### **Section 8 - Amendment Of Section 36**

---

In section 36 of the Income-tax Act, in sub-section (1), after clause (ix) and the provisos thereto, the following clause shall be inserted, namely :-

'(x) any sum paid by a public financial institution by way of contribution towards any fund specified under clause (23E) of section 10.

Explanation : For the purposes of this clause, "public financial institution" shall have the meaning assigned to it in section 4A of the Companies Act, 1956 (1 of 1956).'

---

### **Section 9 - Amendment Of Section 43B**

---

In section 43B of the Income-tax Act [as amended by section 15 of the Direct Tax Laws (Amendment) Act, 1987 (4 of 1988), and section 12 of the Finance Act, 1988 (26 of 1988)], -

(a) for the second proviso, the following proviso shall be substituted, namely :-

"Provided further that no deduction shall, in respect of any sum referred to in clause (b), be allowed unless such sum has actually been paid in cash or by issue of a cheque or draft or by any other mode on or before the due date as defined in the Explanation below clause (va) of sub-section (1) of section 36, and where such payment has been made otherwise than in cash, the sum has been realised within fifteen days from the due date.";

(b) after Explanation 1, the following Explanation shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1984, namely :-

'Explanation 2 : For the purposes of clause (a), as in force at all material times, "any sum payable" means a sum for which the assessee incurred liability in the previous year even though such sum might not have been payable within that year under the relevant law.';

(c) Explanation 2 and Explanation 3 shall be renumbered as Explanation 3 and Explanation 4 respectively.

---

### **Section 10 - Insertion Of New Section 44BBB**

---

After section 44BBA of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 1990, namely :-

'44BBB. Special provision for computing profits and gains of foreign companies engaged in the business of civil construction, etc., in certain turnkey power projects. - Notwithstanding anything to the contrary contained in sections 28 to 44AA, in the case of an assessee, being a foreign company, engaged in the business of civil construction or the business of erection of plant or machinery or testing or commissioning thereof, in connection with a turnkey power project approved by the Central Government in this behalf and financed under any international aid programme, a sum equal to ten per cent. of the amount paid or payable (whether in or out of India) to the said assessee or to any person on his behalf on account of such civil construction, erection, testing or commissioning shall be deemed to be the profits and gains of such business chargeable to tax under the head "Profits and gains of business or profession"

---

### **Section 11 - Amendment Of Section 48**

---

In section 48 of the Income-tax Act, in sub-section (2), with effect from the 1st day of April, 1990, -

(i) in clause (b), -

(a) after sub-clause (i), the following sub-clause shall be inserted, namely :-

"(ia) in respect of long-term capital gain so arrived at relating to equity shares of venture capital undertakings, -

(A) in the case of a company, other than venture capital company, thirty per cent. of the amount of such gain in excess of ten thousand rupees;

(B) in the case of venture capital company, sixty per cent. of the amount of such gain in excess of ten thousand rupees;

(C) in any other case, sixty per cent. of the amount of such gain in excess of ten thousand rupees;"

(b) in sub-clause (ii), in the opening portion, for the words "other capital assets", the words, brackets, figures and letter "capital assets [other than capital assets referred to in sub-clause (i) and (ia)]" shall be substituted;

(ii) the following Explanation shall be inserted at the end, namely :-

'Explanation : For the purposes of this section, -

(a) "venture capital company" means such company as is engaged in providing finance to venture capital undertakings mainly by way of acquiring equity shares of such undertakings or, if the circumstances so require, by way of advancing loans to such undertakings, and is approved by the Central Government in this behalf;

(b) "venture capital undertaking" means such company as the prescribed authority may, having regard to the following factors, approve for the purposes of sub-clause (ia) of clause (b) of sub-section (2), namely :-

(1) the total investment in the company does not exceed ten crore rupees or such other higher amount as may be prescribed;

(2) the company does not have adequate financial resources to undertake projects for which it is otherwise professionally or technically equipped; and

(3) the company seeks to employ any technology which will result in significant improvement over the existing technology in India in any field and the investment in such technology involves high risk

---

#### **Section 12 - Amendment Of Section 54E**

---

In section 54E of the Income-tax Act, in sub-section (1), in Explanation 1, after clause (d), the following clause shall be inserted with effect from the 1st day of April, 1990, namely :-

"(e) in a case where the original asset is transferred after the 31st day of March, 1989, any of the assets specified in clauses (c) and (d) and such debentures or bonds issued by the National Housing Bank established under section 3 of the National Housing Bank Act, 1987 (53 of 1987), as the Central Government may, by notification in the Official Gazette, specify in this behalf."

---

#### **Section 13 - Amendment Of Section 57**

---

In section 57 of the Income-tax Act, after clause (ii), the following clause shall be inserted, with effect from the 1st day of April, 1990, namely :-

'(iia) in the case of income in the nature of family pension, a deduction of a sum equal to thirty-three and one-third per cent. of such income or twelve thousand rupees, whichever is less.

Explanation : For the purposes of this clause, "family pension" means a regular monthly amount payable by the employer to a person belonging to the family of an employee in the event of his death;'

---

#### **Section 14 - Amendment Of Section 80C**

---

In section 80C of the Income-tax Act, in sub-section (2), in clause (h), with effect from the 1st day of April, 1990, -

(a) after sub-clause (i), the following sub-clause shall be inserted, namely :-

"(ia) as subscription to any such deposit scheme of the National Housing Bank established under section 3 of the National Housing Bank Act, 1987 (53 of 1987) as the Central Government may, by notification in the Official Gazette, specify in this behalf;"

(b) in sub-clause (ii), in item (c), after sub-item (3), the following sub-item shall be inserted, namely :-

"(3A) the National Housing Bank, or".

---

#### **Section 15 - Amendment Of Section 80CC**

---

In section 80CC of the Income-tax Act, with effect from the 1st day of April, 1990, -

(i) in sub-section (1), for the words and figures "section 10 if such fund subscribes", the words and figures "section 10 or units issued under any scheme of the Unit Trust of India established under section 3 of the Unit Trust of India Act, 1963 (52 of 1963), if the amount of subscription to any units, issued by the Mutual Fund or, as the case may be, the Unit Trust of India under such scheme, is subscribed" shall be substituted;

(ii) in sub-section (3), in clause (a), -

(a) in sub-clause (ii), in the proviso, the word "or" shall be inserted at the end;

(b) after sub-clause (ii), as so amended, the following sub-clause shall be inserted, namely :-

"(ia) a hospital; or".

---

### **Section 16 - Insertion Of New Section 80JJ**

---

After section 80J of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 1990, namely :-

"80JJ. Deduction in respect of profits and gains from business of poultry farming. - Where the gross total income of an assessee includes any profits and gains derived from business of poultry farming, there shall be allowed, in computing the total income of the assessee, a deduction from such profits and gains of an amount equal to thirty-three and one-third per cent. thereof."

---

### **Section 17 - Amendment Of Section 80U**

---

In section 80U of the Income-tax Act, with effect from the 1st day of April, 1990, -

(a) in sub-section (1), -

(i) in clause (ii), the word "or" shall be inserted at the end;

(ii) after clause (ii), the following clause shall be inserted, namely :-

"(iii) is subject to mental retardation to the extent specified in the rules made in this behalf by the Board, and which has the effect of reducing substantially his capacity to engage in a gainful employment or occupation,";

(iii) in the proviso, -

(1) in clause (a), the word "and" occurring at the end shall be omitted;

(2) in clause (b), the word "and" shall be inserted at the end;

(3) after clause (b), the following clause shall be inserted, namely :-

"(c) in a case referred to in clause (iii), a certificate as to the mental retardation from a psychiatrist working in a Government hospital.";

(b) for sub-section (2), the following sub-section shall be substituted, namely :-

"(2) The Board shall, in making any rules for specifying any disability or mental retardation for the purposes of clause (ii) or clause (iii), as the case may be, of sub-section (1), have regard to the nature of such disability or mental retardation and the effect which such disability or mental retardation is likely to have on the capacity of a person subject thereto, or suffering therefrom, to engage in a gainful employment or occupation."

---

### **Section 18 - Amendment Of Section 115B**

---

In section 115B of the Income-tax Act, [as amended by section 31 of the Finance Act, 1988 (26 of 1988)], in sub-section (2), with effect from the 1st day of April, 1990, -

(a) for the words, figures and letters "the previous year relevant to the assessment year commencing on the 1st day of April, 1989", the words, figures and letters "the previous years relevant to the assessment years commencing on the 1st day of April, 1989 and the 1st day of April, 1990" shall be substituted;

(b) in the proviso, for the words "previous year", the words "previous years" shall be substituted.

---

### **Section 19 - Amendment Of Section 115J**

---

In section 115J of the Income-tax Act, -

(i) after sub-section (1) and before the Explanation, the following sub-section shall be inserted, namely :-

"(1A) Every assessee, being a company, shall, for the purposes of this section, prepare its profit and loss account for the relevant previous year in accordance with the provisions of Parts II and III of Schedule VI to the Companies Act, 1956 (1 of 1956).";

(ii) in the Explanation, -

(a) in the opening portion, for the words and figures "prepared in accordance with the provisions of Parts II and III of the Sixth Schedule to the Companies Act, 1956 (1 of 1956)", the words, brackets, figure and letter "prepared under sub-section (1A)" shall be substituted;

(b) in clause (i), for the words "profit and loss account; or", the following shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1988, namely :-

"profit and loss account :

Provided that, where this section is applicable to an assessee in any previous year (including the relevant previous year), the amount withdrawn from reserves created or provisions made in a previous year relevant to the assessment year commencing on or after the 1st day of April, 1988 shall not be reduced from the book profit unless the book profit of such year has been increased by those reserves or provisions (out of which the said amount was withdrawn) under this Explanation; or".

---

### Section 20 - Amendment Of Section 153

---

In section 153 of the Income-tax Act [as amended by section 59 of the Direct Tax Laws (Amendment) Act, 1987 (4 of 1988), for sub-section (1), the following sub-section shall be substituted, namely :-

"(1) No order of assessment shall be made under section 143 or section 144 at any time after the expiry of -

(a) two years from the end of the assessment year in which the income was first assessable; or

(b) one year from the end of the financial year in which a return or a revised return relating to the assessment year commencing on the 1st day of April, 1988, or any earlier assessment year, is filed under sub-section (4) or sub-section (5) of section 139,

whichever is later."

---

### Section 21 - Amendment Of Section 192

---

In section 192 of the Income-tax Act, with effect from the 1st day of June, 1989, -

(a) in sub-section (2A), for the words "public sector undertaking", the words "company, co-operative society, local authority, University, institution, association or body" shall be substituted;

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

'Explanation : For the purposes of this sub-section, "University" means a University established or incorporated by or under a Central, State or Provincial Act, and includes an institution declared under section 3 of the University Grants Commission Act, 1956 (3 of 1956) to be a University for the purposes of that Act.'

---

### Section 22 - Amendment Of Section 193

---

In section 193 of the Income-tax Act, with effect from the 1st day of June, 1989, -

(a) in the opening portion, for the words "at the time of payment", the words "at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier" shall be substituted;

(b) in the proviso, in clause (v), in sub-clause (b), for the words "one thousand rupees", the words "two thousand and five hundred rupees" shall be substituted;

(c) after the proviso, the following Explanation shall be inserted, namely :-

'Explanation : For the purposes of this section, where any income by way of interest on securities is credited to any account, whether called "Interest payable account" or "Suspense account" or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be credit of such income to the

account of the payee and the provisions of this section shall apply accordingly.'

---

### **Section 23 - Amendment Of Section 263**

---

In section 263 of the Income-tax Act, in sub-section (1), in the Explanation, -

(i) in clause (a), after the words "an order passed", the words, figures and letters "on or before or after the 1st day of June, 1988," shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1988;

(ii) in clause (b), for the word "includes", the words "shall include and shall be deemed always to have included" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of June, 1988;

(iii) in clause (c), -

(a) after the words "of any appeal", the words, figures and letters "filed on or before or after the 1st day of June, 1988" shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1988;

(b) after the words "shall extend", the words "and shall be deemed always to have extended" shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1988.

---

### **Section 24 - Amendment Of Section 285B**

---

In section 285B of the Income-tax Act, the words "as employee or otherwise" shall be omitted with effect from the 1st day of June, 1989.

---

### **Section 25 - Consequential Amendments**

---

The following amendments (being amendments of a consequential nature) shall be made in the Income-tax Act, with effect from the 1st day of April, 1990, namely :-

(a) in section 80A, in sub-section (3), after the figures and letter "80J", the words, figures and letters "or section 80JJ" shall be inserted;

(b) in section 80P, in sub-section (3), -

(i) after the words, figures and letter "or section 80J", the words, figures and letters "or section 80JJ" shall be inserted;

(ii) for the words, figures and letter "and section 80J", the words, figures and letters "section 80J and section 80JJ" shall be substituted.

---

### **Section 26 - Application Of The Income-Tax Act To The State Of Sikkim**

---

Notwithstanding anything contained in the notification of the Government of India in the Ministry of Home Affairs, No. SO 1028(E), dated the 7th November, 1988, and the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. SO 148(E), dated the 23rd February, 1989 in so far as it relates to the commencement of the Income-tax Act, 1961 (43 of 1961) in the State of Sikkim, the provisions of the Income-tax Act, 1961, shall come into force in the State of Sikkim with effect from the previous year relevant to the assessment year commencing on the 1st day of April, 1990, and any law corresponding to the Income-tax Act, 1961 which, immediately before such commencement, was in force in the State of Sikkim shall be deemed never to have ceased to have effect in relation to the previous year beginning with the 1st day of April, 1988 and ending with the 31st day of March, 1989, and shall continue to be in force for the purposes of the levy, assessment and collection of income-tax or for the purpose of imposing any penalty or for any other purpose whatsoever connected with, or incidental to, any of the purposes aforesaid, under such law.

---

### **Section 27 - Amendment Of Section 5**

---

In section 5 of the Wealth-tax Act, 1957 (27 of 1957) (hereinafter referred to as the Wealth-tax Act), -

(a) in sub-section (1), -

(i) after clause (xxvb), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1988, namely :-

"(xxvc) the right or interest of the assessee in any annuity plan of the Life Insurance Corporation referred to in clause (ii) of sub-section (1) of section 80CCA of the Income-tax Act;"

(ii) after clause (xxviib), the following clauses shall be inserted with effect from the 1st day of April, 1990, namely :-

"(xxviic) any deposits made in accordance with the scheme referred to in item (i) of sub-clause (iv) of clause (15) of section 10 of the Income-tax Act, by any employee of the Central Government or a State Government;

(xxviid) any deposits made with the National Housing Bank established under section 3 of the National Housing Bank Act, 1987 (53 of 1987);;

(b) in sub-section (1A), after the brackets, figures and letter "(xxviib)", the brackets, figures and letter "(xxviid)," shall be inserted with effect from the 1st day of April, 1990.

---

#### **Section 28 - Amendment Of Section 17A**

---

In section 17A of the Wealth-tax Act [as amended by section 140 of the Direct Tax Laws (Amendment) Act, 1987 (4 of 1988)], in sub-section (1), for the proviso, the following proviso shall be substituted, namely :-

"Provided that, -

(a) where the net wealth was first assessable in the assessment year commencing on the 1st day of April, 1987, or any earlier assessment year, such assessment may be made on or before the 31st day of March, 1991;

(b) where the net wealth was first assessable in the assessment year commencing on the 1st day of April, 1988, such assessment may be made on or before the 31st day of March, 1992."

---

#### **Section 29 - Amendment Of Section 21AA**

---

In section 21AA of the Wealth-tax Act, in sub-section (1), after the words "or co-operative society", the words and figures "or society registered under the Societies Registration Act, 1860 (21 of 1860) or under any law corresponding to that Act in force in any part of India" shall be inserted.

---

#### **Section 30 - Amendment Of Section 25**

---

In section 25 of the Wealth-tax Act, in sub-section (2), in the Explanation, -

(i) in clause (a), after the words "an order passed", the words, figures and letters "on or before or after the 1st day of June, 1988", shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1988;

(ii) in clause (b), for the word "includes", the words "shall include and shall be deemed always to have included" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of June, 1988;

(iii) in clause (c), -

(a) after the words "of any appeal", the words, figures and letters "filed on or before or after the 1st day of June, 1988" shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1988;

(b) after the words "shall extend", the words "and shall be deemed always to have extended" shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1988.

---

#### **Section 31 - Amendment Of Section 16A**

---

In section 16A of the Gift-tax Act, 1958 (18 of 1958) (hereinafter referred to as the Gift-tax Act) [as amended by section 172 of the Direct Tax Laws (Amendment) Act, 1987 (4 of 1988)], in sub-section (1), -

(a) for the words "one year", the words "two years" shall be substituted;

(b) for the proviso, the following proviso shall be substituted, namely :-

"Provided that, -

(a) where the gifts were first assessable in the assessment year commencing on the 1st day of April, 1987, or any earlier assessment year, such assessment may be made on or before the 31st day of March, 1991;

(b) where the gifts were first assessable in the assessment year commencing on the 1st day of April, 1988, such assessment may be made on or before the 31st day of March, 1992.

---

#### **Section 32 - Amendment Of Section 24**

---

In section 24 of the Gift-tax Act, in sub-section (2), in the Explanation, -

(i) in clause (a), after the words "an order passed", the words, figures and letters "on or before or after the 1st day of June, 1988," shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1988;

(ii) in clause (b), for the word "includes", the words, "shall include and shall be deemed always to have included" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of June, 1988;

(iii) in clause (c), -

(a) after the words "of any appeal", the words, figures and letters "filed on or before or after the 1st day of June, 1988" shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1988;

(b) after the words "shall extend", the words "and shall be deemed always to have extended" shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1988.

---

### **Section 33 - Amendment Of Act 35 Of 1987**

---

#### **EXPENDITURE-TAX**

In section 4 of the Expenditure-tax Act, 1987, for the words "ten per cent.", the words "twenty per cent." shall be substituted with effect from the 1st day of June, 1989.

---

---

---