

## Finance Act, 1989

### Section 7 - Amendment of Section 32ab

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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"(5AA) Where any amount, standing to the credit of the assessee in the deposit account, is withdrawn during any previous year by the assessee in the circumstance specified in clause (a) or clause (d) of sub-section (5A), the whole of such amount shall be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.