

Finance Act, 1989

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
