Finance Act, 1989

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this section is applicable to an assessee in any previous year (including the relevant previous year), the amount withdrawn from reserves created or provisions made in a previous year relevant to the assessment year commencing on or after the 1st day of April, 1988 shall not be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the book profit of such year has been increased by those reserves or provisions (out of which the said amount was withdrawn) under this Explanation; or".
