

**Finance Act, 2000**

**Section 5 - Amendment of Section 10**

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In section 10 of the Income-tax Act,-

(a) in clause (10C), with effect from the 1st day of April, 2001,-

(i) for the words "voluntary retirement, in accordance with any scheme or schemes of voluntary retirement, to the extent such amount does not exceed five lakh rupees", occurring after sub-clause (viii), the words "voluntary retirement or termination of his service, in accordance with any scheme or schemes of voluntary retirement or in the case of a public sector company referred to in sub-clause (i), a scheme of voluntary separation, to the extent such amount does not exceed five lakh rupees" shall be substituted;

(ii) in the first proviso, the words, brackets and figures "and such schemes in relation to companies referred to in sub-clause (ii) or co-operative societies referred to in sub-clause (v) are approved by the Chief Commissioner or, as the case may be, Director-General in this behalf" shall be omitted;

(b) in clause (15),-

(i) in sub-clause (iv),-

(A) in item (g), for the words, brackets and figures "being a company approved by the Central Government for the purposes of clause (viii) of sub-section (1) of section 36", the words, brackets and figures "being a company eligible for deduction under clause (viii) of sub-section (1) of section 36" shall be substituted;

(B) after Explanation 1, the following Explanation shall be inserted with effect from the 1st day of April, 2001, namely:-

'Explanation 1A.-For the purposes of this sub-clause, the expression "interest" shall not include interest paid on delayed payment of loan or on default.';

(ii) after sub-clause (vi), the following sub-clause shall be inserted with effect from the 1st day of April, 2001, namely:-

"(vii) interest on bonds-

(a) issued by a local authority; and

(b) specified by the Central Government by notification in the Official Gazette;";

(c) in clause (23), in the third proviso, after item (c), the following item shall be inserted with effect from the 1st day of April, 2001, namely :-

"(a) applies the amount received by way of donations referred to in clause (c) of sub-section (2) of section 80G for purposes of development of infrastructure for games or sports in India or for sponsoring games and sports in India."

(d) after clause (23E), the following clause shall be inserted with effect from the 1st day of April, 2001, namely:-

"(23EA) any income of such Investor Protection Fund set up by recognised stock exchanges in India, either jointly or separately, as the Central Government may, by

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 recognised stock exchange, 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;"

(e) in clause (23FA), after the second proviso, the following proviso shall be inserted with effect from the 1st day of April, 2001, namely,-

"Provided also that nothing contained in this clause shall apply in respect of any investment made after the 31st day of March, 2000.";

(f) after clause (23FA), the following shall be inserted with effect from the 1st day of April, 2001, namely,-

'(23FB) any income of a venture capital company or venture capital fund set up to raise funds for investment in a venture capital undertaking.

Explanation.-For the purposes of this clause,-

(a) "venture capital company" means such company-

(i) which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 (15 of 1992), and regulations made there under;

(ii) which fulfils the conditions as may be specified, with the approval of the Central Government, by the Securities and Exchange Board of India, by notification in the Official Gazette, in this behalf;

(b) "venture capital fund" means such fund-

(i) operating under a trust deed registered under the provisions of the Registration Act, 1908 (16 of 1908);

(ii) which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 (15 of 1992), and regulations made there under;

(iii) which fulfils the conditions as may be specified, with the approval of the Central Government, by the Securities and Exchange Board of India, by notification in the Official Gazette, in this behalf; and

(c) "venture capital undertaking" means a domestic company-

(i) whose shares are not listed in a recognised stock exchange in India;

(ii) which is engaged in the business for providing services, production or manufacture of an article or thing but does not include such activities or sectors which are specified, with the approval of the Central Government, by the Securities and Exchange Board of India, by notification in the Official Gazette, in this behalf;'

(g) in clause (23G), in Explanation 1,-

(i) in clause (a), for the words "in the business of developing, maintaining and operating infrastructure facility;", the following shall be substituted, namely:-

"in the business of-

(i) developing; or

(ii) maintaining and operating; or

(iii) developing, maintaining and operating,

any infrastructure facility;"

(ii) in clause (b), for the words "in the business of developing, maintaining and operating infrastructure facility;", the following shall be substituted, namely:-

"in the business of-

(i) developing; or

(ii) maintaining and operating; or

(iii) developing, maintaining and operating,

any infrastructure facility;"

(iii) in clause (c), in sub-clause (i), for the words "irrigation project, sanitation and sewerage system", the words "irrigation project, water treatment system, solid waste management system, sanitation and sewerage system" shall be substituted with effect from the 1st day of April, 2001;