

**Finance Act, 2000**

**Section 35 - Amendment of Section 80hhd**

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In section 80HHD of the Income-tax Act, in sub-section (1), for the portion beginning with the words "in computing the total income of the assessee, a deduction of a sum equal to the aggregate of-" and ending with the words, brackets and figure "manner laid down in sub-section (4)", the following shall be substituted with effect from the 1st day of April, 2001, namely:-

"in computing the total income of the assessee-

- (a) for an assessment year beginning on the 1st day of April, 2001, a deduction of a sum equal to the aggregate of-
  - (i) forty per cent. of the profits derived by him from services provided to foreign tourists; and
  - (ii) so much of the amount not exceeding forty per cent. of the profits referred to in sub-clause (i) as is debited to the profit and loss account of the previous year in respect of which the deduction is to be allowed and credited to a reserve account to be utilised for the purposes of the business of the assessee in the manner laid down in sub-section (4);
- (b) for an assessment year beginning on the 1st day of April, 2002, a deduction of a sum equal to the aggregate of-
  - (i) thirty per cent. of the profits derived by him from services provided to foreign tourists; and
  - (ii) so much of the amount not exceeding thirty per cent. of the profits referred to in sub-clause (i) as is debited to the profit and loss account of the previous year in respect of which the deduction is to be allowed and credited to a reserve account to be utilised for the purposes of the business of the assessee in the manner laid down in sub-section (4);
- (c) for an assessment year beginning on the 1st day of April, 2003, a deduction of a sum equal to the aggregate of-
  - (i) twenty per cent. of the profits derived by him from services provided to foreign tourists; and
  - (ii) so much of the amount not exceeding twenty per cent. of the profits referred to in sub-clause (i) as is debited to the profit and loss account of the previous year in respect of which the deduction is to be allowed and credited to a reserve account to be utilised for the purposes of the business of the assessee in the manner laid down in sub-section (4);
- (d) for an assessment year beginning on the 1st day of April, 2004, a deduction of a sum equal to the aggregate of-
  - (i) ten per cent. of the profits derived by him from services provided to foreign tourists; and
  - (ii) so much of the amount not exceeding ten per cent. of the profits referred to in sub-clause (i) as is debited to the profit and loss account of the previous year in respect of which the deduction is to be allowed and credited to a reserve account to be utilised for the purposes of the business of the assessee in the manner laid down in sub-section (4),

and no deduction shall be allowed in respect of the assessment year beginning on the 1st day of April, 2005 and any subsequent assessment year".

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