

Finance Act 2005

Section 14 - Amendment of Section 43

In section 43 of the Income-tax Act, in clause (5), with effect from the 1st day of April, 2006,--

(A) in the proviso,-

(i) in clause (c), the word "or" shall be inserted at the end;

(ii) after clause (c), as so amended, the following clause shall be inserted, namely:-

"(d) an eligible transaction in respect of trading in derivatives referred to in clause (aa) of section 2 of the Securities Contracts (Regulation) Act, 1956(42 of 1956) carried out in a recognised stock exchange;"

(B) after the proviso, the following Explanation shall be inserted, namely:-

'Explanation.-For the purposes of this clause, the expressions--

(i) "eligible transaction" means any transaction,-

(A) carried out electronically on screen-based systems through a stock broker or sub-broker or such other intermediary registered under section 12 of the Securities and Exchange Board of India Act, 1992(15 of 1992) in accordance with the provisions of the Securities Contracts (Regulation) Act, 1956(42 of 1956) or the Securities and Exchange Board of India Act, 1992 or the Depositories Act, 1996(22 of 1996) and the rules, regulations or bye-laws made or directions issued under those Acts or by banks or mutual funds on a recognised stock exchange; and

(B) which is supported by a time stamped contract note issued by such stock broker or sub-broker or such other intermediary to every client indicating in the contract note the unique client identity number allotted under any Act referred to in sub-clause (A) and permanent account number allotted under this Act;

(ii) "recognised stock exchange" means a recognised stock exchange as referred to in clause (f) of section 2 of the Securities Contracts (Regulation) Act, 1956(42 of 1956) and which fulfils such conditions as may be prescribed and notified by the Central Government for this purpose.'
