

Finance (No. 2) Act 1977

Section 9 - Amendment of Section 32a

In section 32A of the Income-tax Act, with effect from the 1st day of April, 1978, -

(a) in sub-section (2), -

(i) in clause (b), for sub-clauses (ii) and (iii), the following sub-clauses shall be substituted, namely :-

"(ii) in a small-scale industrial undertaking for the purposes of business of manufacture or production of any article or thing; or

(iii) in any other industrial undertaking for the purposes of business of construction, manufacture or production of any article or thing, not being an article or thing specified in the list in the Eleventh Schedule."

(ii) in the Explanation, for the words, brackets and figure "this sub-section and sub-section (4)", the words, brackets, figures and letter "this sub-section and sub-sections (2B) and (4)" shall be substituted;

(b) after sub-section (2), the following sub-sections shall be inserted, namely :

(2A) The deduction under sub-section (1) shall not be denied in respect of any machinery or plant installed and used mainly for the purposes of business of construction, manufacture or production of any article or thing not being an article or thing specified in the list in the Eleventh Schedule, by reason only that such machinery or plant is also used for the purposes of business of construction, manufacture or production of any article or thing specified in the said list.

(2B) Where any new machinery or plant is installed after the 30th day of June, 1977, but before the 1st day of April, 1982, for the purposes of business or manufacture or production of any article or thing and such article or thing -

(a) is manufactured or produced by using any technology (including any process) or other know-how developed in, or

(b) is an article or thing invented in,

a laboratory owned or financed by the Government, or a laboratory owned by a public sector company or a University or by an institution recognised in this behalf by the prescribed authority,

the provisions of sub-section (1) shall have effect in relation to such machinery or plant as if for the words "twenty-five per cent.", the words "thirty-five per cent." had been substituted, if the following conditions are fulfilled, namely :-

- (i) the right to use such technology (including any process) or other know-how or to manufacture or produce such article or thing has been acquired from the owner of such laboratory or any person deriving title from such owner;
- (ii) the assessee furnishes, along with his return of income for the assessment year for which the deduction is claimed, a certificate from the prescribed authority to the effect that such article or thing is manufactured or produced by using such technology (including any process) or other know-how developed in such laboratory or is an article or thing invented in such laboratory; and
- (iii) the machinery or plant is not used for the purpose of business of manufacture or production of any article or thing specified in the list in the Eleventh Schedule.

Explanation : For the purposes of this sub-section, -

- (a) "laboratory financed by the Government" means a laboratory owned by any body (including a society registered under the Societies Registration Act, 1860) (21 of 1860) and financed wholly or mainly by the Government;
- (b) "public sector company" means any corporation established by or under any Central, State or Provincial Act or a Government company as defined in section 617 of the Companies Act, 1956 (1 of 1956);
- (c) "University" means a University established or incorporated by or under a Central, State or Provincial Act and includes an institution declared under section 3 of the University Grants Commission Act, 1956 (3 of 1956) to be a University for the purposes of that Act.;

(c) after sub-section (8), the following sub-section shall be inserted, namely :-

"(8A) The Central Government, if it considers necessary or expedient so to do, may, by notification in the Official Gazette, omit any article or thing from the list of articles or things specified in the Eleventh Schedule."