

Finance (No. 2) Act 1977

Section 21 - Amendment of Section 109

In section 109 of the Income-tax Act, with effect from the 1st day of April, 1978, -

(a) clause (ia) shall be omitted;

(b) in clause (iii), -

(i) in sub-clause (1), for the words "an industrial company or a consultancy service company", the words "a consultancy service company" shall be substituted;

(ii) for sub-clause (3) the following sub-clause shall be substituted, namely :-

"(3) in the case of an Indian company, not being an Indian company referred to in clause (a) of sub-section (4) of section 104 or a consultancy service company, a part of whose gross total income consists of profits and gains attributable to -

(i) the business of construction of ships or of manufacture or processing of goods of mining or of generation or distribution of electricity or any other form of power; or

(ii) the business of provision of technical know-how, or of rendering services in connection with the provision of technical know-how, to other persons -

(a) in relation to that part of its gross total income as is attributable to the business referred to in item (i) of this sub-clause Nil;

(b) in relation to that part of its gross total income as is attributable to the business referred to in item (ii) of this sub-clause 45%;

(c) in relation to the remaining part of its gross total income -

(1) if it is an investment company or a company which satisfies the conditions specified in sub-clause (4)(a) of this clause 90%;

(2) in any other case 60%.

Explanation : The provisions of this Chapter shall apply as if each of the aforesaid parts of the gross total income of the company were the gross total income of the company in relation to that part and as if the amount of dividends actually distributed and the distributable income were also similarly apportioned for the purposes of section 104 and this section;".
