Finance Act 1965

Section 72 - Amendment of Act 63 of 1960

In the Preference Shares (Regulation of Dividends) Act, 1960, -

(i) in section 2, -

(a) in clause (b), for the words, brackets, figures and letters "clause (7A) of section 2 of the Indian Income-tax Act, 1922 (11 of 1922), and includes a company referred to in sub-clause (ii) of clause (5A)", the following shall be substituted, namely :-

"clause (26) of section 2 of the Income-tax Act, 1961 (43 of 1961), and includes a company referred to in sub-clause (ii) of clause (17)";

(b) in clause (c), the words, figures and letters "having been issued and subscribed for before the 1st day of April, 1960" shall be omitted;

(c) in clause (d), for the words and figures "Indian Income-tax Act, 1922 (11 of 1922)", the words and figures "Income-tax Act, 1961 (43 of 1961)" shall be substituted;

(ii) in section 3, -

(a) in sub-section (1) and in sub-section (3), after the words "preference share of a company", the words, figures and letters "issued and subscribed for before the 1st April, 1960" shall be inserted;

(b) in sub-section (2), after the words, figures and letters "after the 31st March, 1959", the words, figures and letters" and before the 1st April, 1960" shall be inserted;

(c) in sub-section (4), after the words "preference share", the words figures and letters "issued and subscribed for before the 1st April, 1960" shall be inserted;

(d) in sub-section (6), -

(i) after the words "in this section", the words, figure and letter "and section 4A" shall be inserted;

(ii) for the words, brackets, figures and letter "sub-section (3D) of section 18 of the Indian Income-tax Act, 1922 (11 of 1922)", the words and figures "section 194 of the Income-tax Act, 1961 (43 of 1961)" shall be substituted;

(iii) in section 4, -

(a) for the words "where any preference share has been issued by a company any portion of the profits and gains of which", the following shall be substituted, namely :-

"Where any preference share of a company has been issued and subscribed for before the 1st April, 1960, and any portion of the profits and gains of the company";

(b) for the words and figures "Indian Income-tax Act, 1922 (11 of 1922)", the words and figures "Income-tax Act, 1961 (43 of 1961)" shall be substituted;

(iv) after section 4, the following section shall be inserted, namely :-

"4A. Deduction of income-tax. - Where the stipulated dividend in respect of a preference share of a company -

(a) is specified to be subject to income-tax and a deduction is made therefrom on account of the income-tax payable by the company, or

(b) is being paid subject to a deduction therefrom on account of the income-tax payable by the company, notwithstanding the absence of any specification that the dividend would be subject to income-tax,

such deduction shall in no case exceed twenty-five per cent. of the stipulated dividend.";

(v) in section 6, for the words "this Act", the words and figures "section 3 or section 4" shall be substituted.