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Finance Act, 2012, (Central)

Section 3 - Amendment of Section 2

In section 2 of the Income-tax Act,--

(i) in clause (14), at the end, the following Explanation shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1962, namely:--

'Explanation.--For the removal of doubts, it is hereby clarified that "property" includes and shall be deemed to have always included any rights in or in relation to an Indian company, including rights of management or control or any other rights whatsoever;'

(ii) in clause (16), after the words, "Commissioner of Income-tax", the words "or a Director of Income-tax" shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1988;

(iii) in clause (19AA), in sub-clause (iv), for the words "proportionate basis", the words "proportionate basis except where the resulting company itself is a shareholder of the demerged company" shall be substituted with effect from the 1st day of April, 2013;

(iiia) in clause (24), after sub-clause (xv), the following sub-clause shall be inserted with effect from the 1st day of April, 2013, namely:--

"(xvi) any consideration received for issue of shares as exceeds the fair market value of the shares referred to in clause (viib) of sub-section (2) of section 56;]

(iv) in clause (47), the Explanation shall be numbered as Explanation 1 thereof and after Explanation 1 as so numbered, the following Explanation shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1962, namely:--

'Explanation 2.--For the removal of doubts, it is hereby clarified that "transfer" includes and shall be deemed to have always included disposing of or parting with an asset or any interest therein, or creating any interest in any asset in any manner whatsoever, directly or indirectly, absolutely or conditionally, voluntarily or involuntarily, by way of an agreement (whether entered into in India or outside India) or otherwise, notwithstanding that such transfer of rights has been characterised as being effected or dependent upon or flowing from the transfer of a share or shares of a company registered or incorporated outside India;'