

Finance Act, 2011, (Central)

Section 17 - Insertion of New Section 115bbd

After section 115BBC of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2012, namely:--

'115BBD. Tax on certain dividends received from foreign companies.--(1) Where the total income of an assessee, being an Indian company, for the previous year relevant to the assessment year beginning on the 1st day of April, 2012 includes any income by way of dividends declared, distributed or paid by a specified foreign company, the income-tax payable shall be the aggregate of--

(a) the amount of income-tax calculated on the income by way of such dividends, at the rate of fifteen per cent.; and

(b) the amount of income-tax with which the assessee would have been chargeable had its total income been reduced by the aforesaid income by way of dividends.

(2) Notwithstanding anything contained in this Act, no deduction in respect of any expenditure or allowance shall be allowed to the assessee under any provision of this Act in computing its income by way of dividends referred to in sub-section (1).

(3) In this section,--

(i) "dividends" shall have the same meaning as is given to "dividend" in clause (22) of section 2 but shall not include sub-clause (e) thereof;

(ii) "specified" foreign company" means a foreign company in which the Indian company holds twenty-six per cent, or more in nominal value of the equity share capital of the company.'.