

Finance Act 1999

Section 6 - Amendment of Section 10

In section 10 of the Income-tax Act, -

- (a) in clause (5B), the words, brackets, figures and letter " or sub-clause (viii) of clause (6)" shall be omitted;
- (b) in clause (6BB), for the words, figures and letters "after the 31st day of March, 1997", the words, figures and letters "after the 31st day of March, 1997 but before the 1st day of April, 1999" shall be substituted with effect from the 1st day of April, 2000;
- (c) in clause (10AA), in sub-clause (ii), for the words "eight months", the words "ten months" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1998;
- (d) in clause (15), with effect from the 1st day of April, 2000, -
- (i) in sub-clause (iv), the Explanation shall be numbered as Explanation 1 thereof and after Explanation 1, as so numbered, the following Explanation shall be inserted, namely :-
- 'Explanation 2. - For the purposes of this clause, the expression "interest" includes hedging transaction charges on account of currency fluctuation.';
- (ii) after sub-clause (v), the following sub-clause shall be inserted, namely :-
- "(vi) interest on Gold Deposit Bonds issued under the Gold Deposit Scheme, 1999 notified by the Central Government;"
- (e) in clause (15A), for the words, figures and letters "entered before the 1st day of April, 1997", the words, figures and letters ", not being an agreement entered into between the 1st day of April, 1997 and the 31st day of March, 1999, " shall be substituted with effect from the 1st day of April, 2000;
- (f) after clause (17A), the following shall be inserted with effect from the 1st day of April, 2000, namely :-
- '(18) any income by way of -
- (i) pension received by an individual who has been in the service of the Central or State Government and has been awarded "Param Vir Chakra" or "Maha Vir Chakra" or "Vir Chakra" or such other gallantry award as the Central Government may, by notification in the Official Gazette, specify in this behalf;
- (ii) family pension received by any member of the family of an individual referred to in sub-clause (i).

Explanation. - For the purposes of this clause, the expression "family" shall have the meaning assigned to it in the Explanation to clause (5).';

(g) in clause (23C), for the second proviso, the following proviso shall be substituted, namely :-

"Provided further that the Central Government, before notifying the fund or trust or institution, or the prescribed authority, before approving any university or other educational institution or any hospital or other medical institution, under sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via), may call for such documents (including audited annual accounts) or information from the fund or trust or institution or any university or other educational institution or any hospital or other medical institution, as the case may be, as it thinks necessary in order to satisfy itself about the genuineness of the activities of the fund or trust or institution or any university or other educational institution or any hospital or other medical institution, as the case may be, and the Central Government or the prescribed authority, as the case may be, may also make such inquiries as it deems necessary in this behalf :";

(h) in clause (23D), for the words "any income of-", the words, figures and letter "subject to the provisions of Chapter XII-E, any income of-" shall be substituted with effect from the 1st day of April, 2000;

(i) in clause (23F), after the second proviso and before the Explanation, the following proviso shall be inserted with effect from the 1st day of April, 2000, namely :-

"Provided also that nothing contained in this clause shall apply in respect of any investment made after the 31st day of March, 1999."; (j) after clause (23F), the following clause shall be inserted with effect from the 1st day of April, 2000, namely :-

'(23FA) any income by way of dividends, other than dividends referred to in section 115-O, or long-term capital gains of a venture capital fund or a venture capital company from investments made by way of equity shares in a venture capital undertaking :

Provided that such venture capital fund or venture capital company is approved, for the purposes of this clause, by the Central Government on an application made to it in accordance with the rules made in this behalf and which satisfies the prescribed conditions :

Provided further that any approval by the Central Government shall, at any one time, have effect for such assessment year or years, not exceeding three assessment years, as may be specified in the order of approval.

Explanation. - For the purposes of this clause, -

(a) "venture capital fund" means such fund, operating under a trust deed registered under the provisions of the Registration Act, 1908 (16 of 1908) established to raise monies by the trustees for investments mainly by way of acquiring equity shares of a venture capital undertaking in accordance with the prescribed guidelines;

(b) "venture capital company" means such company as has made investments by way of acquiring equity shares of venture capital undertakings in accordance with the prescribed guidelines; and

(c) "venture capital undertaking" means such domestic company whose shares are not listed in a recognised stock exchange in India and which is engaged in the -

(i) business of -

(A) software;

(B) information technology;

(C) production of basic drugs in the pharmaceutical sector;

(D) bio-technology;

(E) agriculture and allied sectors; or

(F) such other sectors as may be notified by the Central Government in this behalf; or

(ii) production or manufacture of any article or substance for which patent has been granted to the National Research Laboratory or any other scientific research institution approved by the Department of Science and Technology;'

(k) in clause (23G), with effect from the 1st day of April, 2000, -

(A) for the words "the business of developing, maintaining and operating", the words, brackets and figures "the business of (i) developing, (ii) maintaining and operating, or (iii) developing, maintaining and operating" shall be substituted;

(B) in the Explanation, in clause (c), -

(i) in sub-clause (i), for the word, brackets, figure and letter "sub-section (4A)", the words, brackets and figures "sub-clause (i) of sub-section (4)" shall be substituted;

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

"(ii) an industrial undertaking which -

(a) is set up in any part of India for the generation or generation and distribution of power if it begins to generate power at any time during the period beginning on the 1st day of April, 1993 and ending on the 31st day of March, 2003;

(b) starts transmission or distribution by laying a network of new transmission or distribution lines at any time during the period beginning on the 1st day of April, 1999 and ending on the 31st day of March, 2003;";

(C) for sub-clause (iv), the following sub-clauses shall be substituted, namely :-

"(iv) a project for housing which fulfils the conditions specified in sub-section (10) of section 80-IB;

(v) an undertaking for developing, developing and operating or maintaining and operating an industrial park notified by the Central Government under clause (iii) of sub-section (4) of section 80-IA;"; (1) after clause (29), the following clause shall be inserted, namely :-

'(29A) any income accruing or arising to -

(a) the Coffee Board constituted under section 4 of the Coffee Act, 1942 (7 of 1942) in any previous year relevant to any assessment year commencing on or after the 1st day of April, 1962 or the previous year in which such Board was constituted, whichever is later;

(b) the Rubber Board constituted under sub-section (1) of section 4 of the Rubber Board Act, 1947 (24 of 1947) in any previous year relevant to any assessment year commencing on or after the 1st day of April, 1962 or the previous year in which such Board was constituted, whichever is later;

(c) the Tea Board established under section 4 of the Tea Act, 1953 (29 of 1953) in any previous year relevant to any assessment year commencing on or after the 1st day of April, 1962 or the previous year in which such Board was constituted, whichever is later;

(d) the Tobacco Board constituted under the Tobacco Board Act, 1975 (4 of 1975) in any previous year relevant to any assessment year commencing on or after the 1st day of April, 1975 or the previous year in which such Board was constituted, whichever is later;

(e) the Marine Products Export Development Authority established under section 4 of the Marine Products Export Development Authority Act, 1972 (13 of 1972) in any previous year relevant to any assessment year commencing on or after the 1st day of April, 1972 or the previous year in which such Authority was constituted, whichever is later;

(f) the Agricultural and Processed Food Products Export Development Authority established under section 4 of the Agricultural and Processed Food Products Export Development Act, 1985 (2 of 1986) in any previous year relevant to any assessment year commencing on or after the 1st day of April, 1985 or the previous year in which such Authority was constituted, whichever is later;

(g) the Spices Board constituted under sub-section (1) of section 3 of the Spices Board Act, 1986 (10 of 1986) in any previous year relevant to any assessment year commencing on or after the 1st day of April, 1986 or the previous year in which such Board was constituted, whichever is later;';

(m) for clause (33), the following clause shall be substituted with effect from the 1st day of April, 2000, namely :-

"(33) any income by way of -

(i) dividends referred to in section 115-O; or

(ii) income received in respect of units from the Unit Trust of India established under the Unit Trust of India Act, 1963 (52 of 1963); or

(iii) income received in respect of the units of a mutual fund specified under clause (23D);".