

**Finance Act 1999**

**Section 10 - Amendment of Section 17**

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In section 17 of the Income-tax Act, in clause (2), after sub-clause (iii), the following sub-clause shall be inserted with effect from the 1st day of April, 2000, namely :-

'(iiia) the value of any specified security allotted or transferred, directly or indirectly, by any person free of cost or at concessional rate, to an individual who is or has been in employment of that person :

Provided that in a case where allotment or transfer of specified securities is made in pursuance of an option exercised by an individual, the value of the specified securities shall be taxable in the previous year in which such option is exercised by such individual.

Explanation. - For the purposes of this clause, -

- (a) "cost" means the amount actually paid for acquiring specified securities and where no money has been paid, the cost shall be taken as nil;
  - (b) "specified security" means the securities as defined in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and includes employees' stock option and sweat equity shares;
  - (c) "sweat equity shares" means equity shares issued by a company to its employees or directors at a discount or for consideration other than cash for providing know-how or making available rights in the nature of intellectual property rights or value additions, by whatever name called; and
  - (d) "value" means the difference between the fair market value and the cost for acquiring specified securities.'.
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