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Finance Act 1999

Section 19 - Amendment of Section 35d

In section 35D of the Income-tax Act, after sub-section (5), the following sub-section shall be inserted with effect from the 1st day of April, 2000, namely :-

"(5A) Where the undertaking of an Indian company which is entitled to the deduction under sub-section (1) is transferred, before the expiry of the period specified in sub-section (1), to another company in a scheme of demerger, -

(i) no deduction shall be admissible under sub-section (1) in the case of the demerged company for the previous year in which the demerger takes place; and

(ii) the provisions of this section shall, as far as may be, apply to the resulting company, as they would have applied to the demerged company, if the demerger had not taken place."
