

Finance Act 1999

Section 61 - Insertion of New Chapter Xii-e

After Chapter XII-D of the Income-tax Act, the following Chapter shall be inserted with effect from the 1st day of June, 1999, namely :-

CHAPTER XII-E

Special Provisions Relating To Tax On Distributed Income

115R. Tax on distributed income to unit holders. (1) Notwithstanding anything contained in any other provisions of this Act and section 32 of the Unit Trust of India Act, 1963 (52 of 1963), any amount of income distributed by the Unit Trust of India to its unit holders shall be chargeable to tax and the Unit Trust of India shall be liable to pay additional income-tax on such distributed income at the rate of ten per cent. :

Provided that nothing contained in this sub-section shall apply in respect of any income distributed to a unit holder of open-ended equity oriented funds in respect of any distribution made from such fund for a period of three years commencing from the 1st day of April, 1999.

(2) Notwithstanding anything contained in any other provisions of this Act, any amount of income distributed by a Mutual Fund to its unit holders shall be chargeable to tax and such Mutual Fund shall be liable to pay additional income-tax at the rate of ten per cent. : Provided that nothing contained in this sub-section shall apply in respect of any income distributed to a unit holder of open-ended equity oriented funds in respect of any distribution made from such fund for a period of three years commencing from the 1st day of April, 1999.

(3) The person responsible for making payment of the income distributed by the Unit Trust of India or a Mutual Fund and the Unit Trust of India or the Mutual Fund, as the case may be, shall be liable to pay tax to the credit of the Central Government within fourteen days from the date of distribution or payment of such income, whichever is earlier.

(4) No deduction under any other provision of this Act shall be allowed to the Unit Trust of India or to a Mutual Fund in respect of the income which has been charged to tax under sub-section (1) or sub-section (2).

115S. Interest Payable For Non-Payment Of Tax.- Where the person responsible for making payment of the income distributed by the Unit Trust of India or a Mutual Fund and the Unit Trust of India or the Mutual Fund, as the case may be, fails to pay the whole or any part of the tax referred to in sub-section (1) or sub-section (2) of section 115R, within the time allowed under sub-section (3) of that section, he or it shall be liable to pay simple interest at the rate of two per cent. every month or part thereof on the amount of such tax for the period beginning on the date immediately after the last date on which such tax was payable and ending with the date on which the tax is actually paid.

115T. Unit Trust Of India Or Mutual Fund To Be Assessee In Default.- any person responsible for making payment of the income distributed by the Unit Trust of India or a Mutual Fund and the Unit Trust of India or the Mutual Fund, as the case may be, does not pay tax, as is referred to in sub-section (1) or sub-section (2) of section 115R, then, he or it shall be deemed to be an assessee in default in respect of the amount of tax payable by him or it and all the provisions of this Act for the collection and recovery of income-tax shall apply.

Explanation. -For the purposes of this Chapter, -

(a) "Mutual Fund" means a Mutual Fund specified under clause (23D) of section 10;

(b) "open-ended equity oriented fund" means -

(i) the Unit Scheme, 1964 made by the Unit Trust of India; and

(ii) such fund where the investible funds are invested by way of equity shares in domestic companies to the extent of more than fifty per cent. of the total proceeds of such fund :

Provided that the percentage of equity share holding of the fund shall be computed with reference to the annual average of the monthly averages of the opening and closing figures;

(c) "Unit Trust of India" means the Unit Trust of India established under the Unit Trust of India Act, 1963 (52 of 1963).'
