

Finance Act 1978

Chapter III - Direct Taxes

In section 6 of the Income-tax Act, in clause (1), the following Explanation shall be inserted at the end with effect from the 1st day of April, 1979 :-

Explanation : In the case of an individual, being a citizen of India, who is rendering service outside India and who is or has been in India on leave or vacation in the previous year, the provisions of sub-clauses (b) and (c) shall apply in relation to that year as if for the words "thirty days" and "sixty days", respectively occurring in the said sub-clauses, the words "ninety days" had been substituted..

Section 4 - Amendment of Section 23

In section 23 of the Income-tax Act, in the second proviso to sub-section (1) with effect from the 1st day of April, 1979, -

(a) in clause (b), for the words, figures and letters "completed after the 31st day of March, 1970", the words, figures and letters "completed after the 31st day of March, 1970, but before the 1st day of April, 1978" shall be substituted;

(b) for the words, brackets and letters "so, however, that the income in respect of any residential unit referred to in clause (a) or clause (b) is in no case a loss.", the following shall be substituted, namely :-

"(c) in the case of a building comprising one or more residential units, the erection of which is compleated after the 31st day of March, 1978, for a period of five years from the date of completion of the building, be reduced by a sum equal to the aggregate of -

(i) in respect of any residential unit whose annual value as so determined does not exceed two thousand four hundred rupees, the amount of such annual value;

(ii) in respect of any residential unit whose annual value as so determined exceeds two thousand four hundred rupees, an amount of two thousand four hundred rupees,

So, however, that the income in respect of any residential unit referred to in clause (a) or clause (b) or clause (c) is in no case a loss."

Section 5 - Amendment of Section 32

In section 32 of the Income-tax Act, in sub-section (1), in clause (iv), for the words "twenty per cent.", the words "forty per cent." shall be substituted with effect from the 1st day of April, 1979.

Section 6 - Amendment of Section 35B

In section 35B of the Income-tax Act, -

(a) in sub-section (1), -

(i) in the proviso to clause (a), after the words, figures and letters "after the 28th day of February, 1973", the words, figures and letters "but before the 1st day of April, 1978" shall be inserted;

(ii) in clause (b), -

(1) in sub-clause (i), the words, figures and letters "where such expenditure is incurred before the 1st day of April, 1978" shall be inserted at the end;

(2) in sub-clause (iii), the words, figures and letters, "where such expenditure is incurred before the 1st day of April, 1978" shall be inserted at the end;

(b) after sub-section (1), the following sub-section shall be inserted, namely :-

"(1A) Notwithstanding anything contained in sub-section (1), no deduction under this section shall be allowed in relation to any expenditure incurred after 31st day of March, 1978, unless the following conditions are fulfilled, namely :-

(a) the assessee referred to in that sub-section is engaged in -

(i) the business of export of goods and is either a small-scale exporter or a holder of an Export House Certificate; or

(ii) the business of provision of technical know-how, or the rendering or services in connection with the provision of technical know-how, to persons outside India; and

(b) the expenditure referred to in that sub-section is incurred by the assessee wholly and exclusively for the purposes of the business referred to in sub-clause (i) or, as the case may be, sub-clause (ii) of clause (a).

Explanation : For the purposes of this sub-section, -

(a) "small-scale exporter" means a person who exports goods manufactured or produced in any small-scale industrial undertaking or undertakings owned by him :

Provided that such person does not own any industrial undertaking which is not a small-scale industrial undertaking;

(b) "Export House Certificate" means a valid Export House Certificate issued by Chief Controller of Imports and Exports, Government of India;

(c) "provision of technical know-how" has the meaning assigned to it in sub-section (2) of section 80MM;

(d) "small-scale industrial undertaking" has the meaning assigned to it in clause (2) of the Explanation below sub-section (2) of section 32A."

Section 7 - Insertion of New Section 35CCA

In the Income-tax Act, after section 35CC, the following section shall be inserted with effect from the 1st day of June, 1978, namely :-

35CCA. Expenditure by way of payment to associations and institutions for carrying out rural development programmes. - (1) Where an assessee incurs any expenditure by way of payment of any sum, to an association or institution to which this section applies, to be used for carrying out any programme of rural development approved by the prescribed authority, the assessee shall be allowed a deduction of the amount of such expenditure incurred during the previous year.

(2) This section applies to any association or institution -

(a) which has as its object the undertaking of any programme of rural development; and

(b) which is for the time being approved in this behalf by the prescribed authority :

Provided that the prescribed authority shall not grant such approval for more than three years at a time.

Explanation : For the purposes of this section, "programme of rural development" shall have the meaning assigned to it in the Explanation to sub-section (1) of section 35CC.

(3) Where a deduction under this section is claimed and allowed for any assessment year in respect of any expenditure referred to in sub-section (1), deduction shall not be allowed in respect of such expenditure under section 35C or section 35CC or section 80G or any other provision of this Act for the same or any other assessment year.

Section 8 - Amendment of Section 37

In section 37 of the Income-tax Act, after sub-section (3), the following sub-section shall be inserted with effect from the 1st day of April, 1979, namely :-

(3A) Notwithstanding anything contained in sub-section (1) but without prejudice to the provisions of sub-section (3), where the aggregate expenditure incurred by an assessee on

advertisement, publicity and sales promotion in India exceeds forty thousand rupees, so much of such aggregate expenditure as is equal to an amount calculated as provided hereunder shall not be allowed as a deduction, namely :-

(i) where such aggregate expenditure does not exceed 1/4 per cent. of the turnover or, as the case may be gross receipts of the business or profession	10% of the adjusted expenditure;
(ii) where such aggregate expenditure exceeds 1/4% but does not exceed 1/2 of the turnover or, as the case may be, gross receipts of the business or profession	12 1/2% of the adjusted expenditure;
(iii) where such aggregate expenditure does not exceeds 1/2 per cent. of of the turnover or, as the case may be, gross receipts of the business or profession	15% of the adjusted expenditure.

Explanation : For the purposes of this sub-section, -

(a) "adjusted expenditure" means the aggregate expenditure incurred by the assessee on advertisement, publicity and sales promotion in India as reduced by so much of such expenditure as is not allowed under sub-section (1) and as further reduced by so much of such expenditure as is not allowed under sub-section (3);

(b) "turnover" and "gross receipts" means turnover or gross receipts, as the case may be, as reduced by any discount or rebate allowed by the assessee.

(3B) Nothing contained in sub-section (3A) shall apply in relation to any expenditure incurred by an assessee on -

(i) advertisement in any small newspaper;

(ii) advertisement in any newspaper for recruitment of personnel;

(iii) the publication in any newspaper of any notice required to be published by or under any law;

(iv) the maintenance of any office for the purposes of advertisement, publicity or sales promotion;

(v) the payment of salary [as defined in clause (1) of section 17] to any employee engaged in advertisement, publicity or sales promotion;

(vi) the holding of, or the participation in, any press conference, sales conference, trade convention, trade fair or exhibition;

(vii) publication and distribution of journals, catalogues or price lists;

(viii) such other items as may be prescribed.

Explanation 1 : For the purposes of clause (i), an advertisement in a newspaper shall be deemed to be an advertisement in a small newspaper, if the average circulation of such newspaper in the year in which such advertisement has been published, is certified by the prescribed authority as not exceeding fifteen thousand copies.

Explanation 2 : "Average circulation", in relation to any newspaper, shall be taken to be the number arrived at by dividing the aggregate of the number of copies of such newspaper circulated during a year by the total number of days on which such newspaper was published in that year.

(3C) For the removal of doubts, it is hereby declared that nothing contained in sub-section (3A) shall apply in relation to expenditure in the nature of entertainment expenditure incurred by an assessee in connection with advertisement, publicity or sales promotion and such expenditure shall be governed by the provisions of sub-section (2A).

(3D) In a case where an assessee has set up an industrial undertaking for the manufacture or production of any articles, nothing in sub-section (3A) shall apply in respect of any expenditure on advertisement, publicity or sales promotion incurred by the assessee for the purposes of the business of such undertaking, in the previous year in which such undertaking begins to manufacture or produce such articles and each of the two previous years immediately succeeding that previous year..

Section 9 - Amendment of Section 52

In section 52 of the Income-tax Act, in sub-section (2), in clause (b) of the proviso, the words "and the adequacy of the full value of the consideration so determined or approved is not questioned by the assessee", shall be omitted and shall be deemed always to have been omitted.

Section 10 - Amendment of Section 54

Section 54 of the Income-tax Act shall be renumbered and shall be deemed to have been renumbered with effect from the 1st day of April, 1974, as sub-section (1) thereof and, -

(a) in sub-section (1) as so renumbered, -

(i) after the words "for the purposes of his own or the parents own residence", the brackets and words "(hereafter in this section referred to as the original asset)" shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1974;

(ii) in clause (i), for the words "is greater than the cost of the new asset", the words and brackets "is greater than the cost of the house property so purchased or constructed

(hereafter in this section referred to as the new asset)" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1974.

(b) after sub-section (1) as so renumbered, the following sub-Section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1974, namely :-

(2) Where the transfer of the original asset is by way of compulsory acquisition under any law and the compensation awarded for such acquisition is enhanced by any court, tribunal or other authority, then -

(a) so much of the capital gain, computed under section 48 by taking the compensation as so enhanced as the full value of the consideration received or accruing as a result of such transfer, as is not excluded under sub-section (1) from being charged to tax under section 45, or

(b) the capital gain attributable to the enhancement of the compensation,

whichever is less (that which is being hereafter in this sub-section referred to as the unadjusted capital gain, shall, if the assessee has within a period of one year before or after the date of receipt of the additional compensation purchased or has within a period of two years after that date constructed, a house property for the purposes of his own residence (hereafter in this sub-section referred to as the relevant asset), be dealt with in the following manner, that is to say, -

(i) if the amount of the unadjusted capital gain is greater than the cost of the relevant asset, the difference between the amount of the unadjusted capital gain and the cost of the relevant asset shall be charged under section 45 as the income of the previous year in which the transfer took place; and for the purpose of computing in respect of the relevant asset any capital gain arising from its transfer within a period of three years of its purchase or construction, as the case may be, the cost shall be nil; or

(ii) if the amount of the unadjusted capital gain is equal to or less than the cost of the relevant asset, the unadjusted capital gain shall not be charged u/s. 45; and for the purpose of computing in respect of the relevant asset any capital gain arising from its transfer within a period of three years of its purchase or construction as the case may be the cost shall be reduced by the amount of the unadjusted capital gain.

Explanation : For the purposes of this sub-section (2) of section 54B and sub-section (2) of section 54D, -

(1) "additional compensation", in relation to the transfer of any capital asset by way of compulsory acquisition under any law, means the difference between the compensation for the acquisition of such asset as enhanced by any court, tribunal or other authority and the compensation which would have been payable if such enhancement had not been made;

(2) the capital gain attributable to the enhancement by any court, tribunal or other authority of the compensation for the compulsory acquisition of any

capital asset shall be -

(a) where the computation of the capital gain u/s. 48 by taking the compensation which would have been payable if such enhancement had not been made as the full value of the consideration received or accruing as a result of the transfer results in a loss or does not result in any profits or gains chargeable to income-tax under the head "Capital gains", the capital gain computed u/s. 48 by taking the compensation as so enhanced as the full value of the consideration received or accruing as a result of the transfer; and

(b) in any other case, the difference between -

(i) the capital gain computed under section 48 by taking the compensation as so enhanced as the full value of the consideration so received or accruing, and

(ii) the capital gain computed under section 48 by taking the compensation which would have been payable if such enhancement had not been made as the full value of the consideration so received or accruing..

Section 11 - Amendment of Section 54B

Section 54B of the Income-tax Act shall be renumbered and shall be deemed to have been renumbered with effect from the 1st day of April, 1974, as sub-section (1) thereof and, -

(a) in sub-section (1) as so renumbered, after the words "used by the assessee or a parent of his for agricultural purposes", the brackets and words "(hereinafter referred to as the original asset)" shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1974;

(b) after sub-section (1) as so renumbered, the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1974, namely :-

"(2) Where the transfer of the original asset is by way of compulsory acquisition under any law and the compensation awarded for such acquisition is enhanced by any court, tribunal or other authority, then,

(a) so much of the capital gain, computed under section 48 by taking compensation as so enhanced as the full value of the consideration received or accruing as a result of such transfer, as is not excluded under sub-section (1) from being charged to tax under section 45, or

(b) the capital gain attributable to the enhancement of the compensation,

whichever is less (that which is less being hereinafter referred to as the unadjusted capital gain), shall if the assessee has within a period of two years after the date of receipt of the additional compensation purchased any land for being used for agricultural purposes (hereinafter referred to as the relevant asset), be dealt with in the following manner that is to say, -

- (i) if the amount of the unadjusted capital gain is greater than the cost of the relevant asset, the difference between the amount of the unadjusted capital gain and the cost of the relevant asset shall be charged under section 45 as the income of the previous year in which the transfer took place; and for the purpose of computing in respect of the relevant asset any capital gain arising from its transfer within a period of three years of its purchase, the cost shall be nil; or
- (ii) if the amount of the unadjusted capital gain is equal to or less than the cost of the relevant asset, the unadjusted capital gain shall not be charged under section 45; and for the purpose of computing in respect of the relevant asset any capital gain arising from its transfer within a period of three years of its purchase, the cost shall be reduced by the amount of the unadjusted capital gain."

Section 12 - Amendment of Section 54D

Section 54D of the Income-tax Act shall be renumbered and shall be deemed to have been renumbered with effect from the 1st day of April, 1974, as sub-section (1) thereof and, -

- (a) in sub-section (1) as so renumbered, after the words "for the purposes of the business of the said undertaking", the brackets and words "(hereafter in this section referred to as the original asset)" shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1974;
- (b) after sub-section (1) as so renumbered, the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1974, namely -

"(2) Where the compensation awarded for the compulsory acquisition of the original asset is enhanced by any court, tribunal or other authority, then,

- (a) so much of the capital gain, computed under section 48 by taking the compensation as so enhanced as the full value of the consideration received or accruing as a result of such transfer, as is not excluded under sub-section (1) from being charged to tax under section 45, or
- (b) the capital gain attributable to the enhancement of the compensation,

whichever is less (that which is less being hereafter in this sub-section referred to as the unadjusted capital gain), shall, if the assessee has within a period of three years after the date of receipt of the additional compensation purchased any land or building or any right in any land or building or constructed any building for the purposes of shifting or re-establishing the undertaking referred to in sub-section (1) or setting up another industrial undertaking (such land, building or right being hereafter in this sub-section referred to as the relevant asset), be dealt with in the following manner,

that is to say, -

- (i) if the amount of the unadjusted capital gain is greater than the cost of the relevant asset, the difference between the amount of the unadjusted capital gain and the cost of the relevant asset shall be charged under section 45 as the income of the previous year in which the transfer took place; and for the purpose of computing in respect of the relevant asset any capital gain arising from its transfer within a period of three years of its purchase or construction, as the case may be, the cost shall be nil; or
- (ii) if the amount of the unadjusted capital gain is equal to or less than the cost of the relevant asset, the unadjusted capital gain shall not be charged under section 45; and for the purpose of computing in respect of the relevant asset any capital gain arising from its transfer within a period of three years of its purchase or construction, as the case may be, the cost shall be reduced by the amount of the unadjusted capital gain."

Section 13 - Amendment of Section 54E

In section 54E [as directed to be inserted by section 13 of the Finance (No. 2) Act, 1977 (29 of 1977)] of the Income-tax Act, -

(a) in sub-section (1),

(i) in Explanation 1, -

(1) in the opening portion, after the words "For the purposes of this sub-section", the words, brackets and figure "and sub-section (3)" shall be inserted;

(2) in clause (v), the words, figures and letters ", where the investment in such shares is made before the 1st day of March, 1978" shall be inserted at the end;

(3) after clause (v), the following clause shall be inserted, namely :-

"(va) equity shares forming part of any eligible issue of capital where the investment in such shares is made after the 28th day of February, 1978;"

(ii) Explanation 2 shall be renumbered as Explanation 4 and before the Explanation as so renumbered, the following Explanations shall be inserted, namely :-

Explanation 2 : "Eligible issue of capital" shall have the meaning assigned to it in sub-section (3) of section 80CC.

Explanation 3 : An assessee shall not be deemed to have invested the full value of the consideration or any part thereof in any equity shares referred to in clause (va) of Explanation 1, unless the assessee has subscribed to or purchased the shares in the manner specified in sub-section (4) of section 80CC.;

(b) after sub-section (1), the following sub-section shall be inserted, namely :-

"(1A) Where the assessee deposits after 27th day of April; 1978, the full value of the consideration or any part thereof received or accruing as a result of the transfer of the original asset in any new asset, being a deposit referred to in clause (vi) of Explanation 1 below sub-section (1), the cost of such new asset shall not be taken into account for the purposes of that sub-section unless the following conditions are fulfilled, namely :-

(a) the assessee furnishes, along with the deposit, a declaration in writing, to the bank or the co-operative society referred to in the said clause (vi) with which such deposit is made, the effect that the assessee will not take any loan or advance on the security of such deposit during a period of three years from the date on which the deposit is made;

(b) the assessee furnishes, along with the return of income for the assessment year relevant to the previous year in which the transfer of the original asset was effected or within such further time as may be allowed by the Income-tax Officer, a copy of the declaration referred to in clause (a) duly attested by an officer not below the rank of sub-agent or manager of such bank or an officer of corresponding rank of such co-operative society,

(1B) Where on the fulfilment of the conditions specified in sub-section (1A), the cost of the new asset referred to in that sub-section is taken into account for the purposes of sub-section (1), the assessee shall, within a period of ninety days from the expiry of the period of three years reckoned from the date of such deposit, furnish to the Income-tax Officer a certificate from the officer referred to in clause (b) of sub-section (1A) to the effect that the assessee has not taken any loan or advance on the security of such deposit during the said period of three years.";

(c) in sub-section (2), the following Explanation shall be inserted at the end, namely :-

"Explanation : Where the assessee deposits after the 27th day of April, 1978, the full value of the consideration or any part thereof received or accruing as a result of the transfer of the original asset in any new asset, being a deposit referred to in clause (vi) of Explanation 1 below sub-section (1), and such assessee takes any loan or advance on the security of such deposit, he shall be deemed to have converted (otherwise than by transfer) such deposit into money on the date on which such loan or, advance is taken.";

(d) after sub-section (2), the following sub-sections shall be inserted, namely :-

(3) Where the transfer of the original asset is by way of compulsory acquisition under any law or where the full value of the consideration for the transfer of the capital asset is determined or approved by the Central Government or the Reserve Bank of India, and the compensation awarded for such acquisition or, as the case may be, the full value of the consideration so determined or approved is enhanced by any court, tribunal or other authority, then, so much of the capital gain, computed under section

48 by taking the compensation or consideration as so enhanced as the full value of the consideration received or accruing as a result of such transfer, as is attributable to the enhancement of the compensation or consideration (hereafter in this sub-section referred to as the unadjusted capital gain) shall, if the assessee has, within a period of six months after the date of receipt of the additional compensation or, as the case may be, the additional consideration, inverted or deposited the whole or any part of such additional compensation or consideration in any specified asset (hereafter in this section referred to as the relevant asset), be dealt with in the following manner, that is to say, -

(a) if the cost of the relevant asset is not less than the additional compensation or consideration, the whole of the unadjusted capital gain shall not be charged under section 45;

(b) if the cost of the relevant asset is less than the additional compensation or consideration, so much of the unadjusted capital gain as bears to the whole of the unadjusted capital gain the same proportion as the cost of acquisition of the relevant asset bears to the additional compensation or consideration shall not be charged under section 45.

Explanation : For the purposes of this sub-section, -

(i) "additional compensation" shall have the meaning assigned to it in clause (1) of the Explanation to sub-section (2) of section 54;

(ii) "additional consideration", in relation to the transfer of any capital asset the consideration for which was determined or approved by the Central Government or the Reserve Bank of India, means the difference between the amount of consideration for such transfer as enhanced by any court, tribunal or other authority and the amount of consideration which would have been payable if such enhancement had not been made;

(iii) "cost", in relation to any relevant asset, being a deposit referred to in clause (vi) of Explanation 1 below sub-section (1), means the amount of such deposit;

(iv) the capital gain attributable to the enhancement by any court, tribunal or other authority of the compensation for the compulsory acquisition of any capital asset or of the consideration for the transfer of any capital asset as determined or approved by the Central Government or the Reserve Bank of India shall be deemed to be so much of the capital gain arising from the transfer of the capital asset as bears to the whole of the capital gain as computed u/s. 48 by taking the compensation or consideration as so enhanced as the full value of the

consideration received or accruing as a result of the transfer, the same proportion as the amount of additional compensation or consideration bears to the compensation or consideration as so enhanced.

(4) Where the relevant asset is transferred, or converted (otherwise than by transfer) into money, within a period of three years from the date of its acquisition, the amount of capital gain arising from the transfer of the original asset not charged u/s. 45 on the basis of the cost of such relevant asset as provided in clause (a) or, as the case may be, clause (b), of sub-section (3) shall be deemed to be income chargeable under the head "Capital gains" relating to capital assets other than short-term capital assets of the previous year in which the relevant asset is transferred or converted (otherwise than by transfer) into money.

Explanation : Where the assessee deposits after the 27th day of April, 1978, the whole or any part of the additional compensation or, as the case may be, the additional consideration referred to in sub-section (3) in any relevant asset, being a deposit referred to in clause (vi) of Explanation 1 below sub-section (1), and such assessee takes any loan or advance on the security of such deposit, he shall be deemed to have converted (otherwise than by transfer) such deposit into money on the date on which such loan or advance is taken.

(5) Where the assessee deposits the whole or any part of the additional compensation or, as the case may be, the additional consideration referred to in sub-section (3) in any relevant asset, being a deposit referred to in clause (vi) of Explanation 1 below sub-section (1), the provisions of sub-section (1A) and (1B) shall apply in relation to such deposit as they apply in relation to the deposit referred to in the said sub-sections.

(6) Where the cost of the equity shares referred to in clause (va) of Explanation 1 below sub-section (1) is taken into account for the purposes of clause (a) or clause (b) of sub-section (1) or clause (a) or clause (b) of sub-section (3), a deduction with reference to such cost shall not be allowed under section 80CC.

Section 14 - Amendment of Section 72A

In section 72A [as directed to be inserted by section 15 of the Finance (No. 2) Act, 1977 (29 of 1977)] of the Income-tax Act, after sub-section (2) and before the Explanation, the following sub-section shall be inserted, namely :-

"(3) Where a company owning an industrial undertaking or a ship proposes to amalgamate with any other company and such other company submits the proposed scheme of amalgamation to the specified authority and that authority is satisfied, after examining the scheme and taking into account all relevant facts, that the conditions referred to in sub-section (1) would be fulfilled if such amalgamation is effected in accordance with such scheme or, as the case may be, in accordance with such scheme as modified in such manner as that authority may specify, it shall intimate such other company that, after the amalgamation is effected in

accordance with such scheme or, as the case may be, such scheme as so modified, it would make (unless there is any material charge in the relevant facts) a recommendation to the Central Government under sub-section (1)".

Section 15 - Amendment of Section 80A

In section 80A of the Income-tax Act, sub-section (4) shall be omitted with effect from the 1st day of April, 1979.

Section 16 - Amendment of Section 80C

In section 80C of the Income-tax Act, with effect from the 1st day of April, 1979, -

(a) for sub-section (1), the following sub-section shall be substituted, namely :-

"(1) In computing the total income of an assessee, there shall be deducted, in accordance with and subject to the provisions of this section, an amount calculated, with reference to the aggregate of the sums specified in sub-section (2), at the following rates, namely :-

(a) where such aggregate does not exceed Rs. 5,000	The whole of such aggregate;
(b) where such aggregate exceeds Rs. 5,000 but not exceeds Rs. 10,000	Rs. 5,000 plus 50 per cent. of the amount by which such aggregate exceeds Rs. 5,000;
(c) where such aggregate exceeds Rs. 10,000	Rs. 7,500 plus 40 per cent. of the amount by which such aggregate exceeds Rs. 10,000."

(b) in sub-section (4), in clauses (ii) and (iv), for the words "twenty thousand rupees", the words "thirty thousand rupees" shall be substituted.

Section 17 - Insertion of New Section 80CC

In the Income-tax Act, after section 80C, the following section shall be inserted namely :-

80CC. Deduction in respect of investment in certain new shares. - (1) Where an assessee, being -

(a) an individual, or

(b) a Hindu undivided family, or

(c) an association of persons or a body of individuals consisting only of husband and wife governed by the system of community of property in force in

the Union territories of Dadra and Nagar Haveli and Goa, Daman and Diu,

has acquired in the previous year (being a previous year relevant to the assessment year commencing on the 1st day of April, 1979, or any subsequent assessment year), out of his income chargeable to tax, equity shares forming part of any eligible issue of capital, he shall, in accordance with and subject to the provisions of section, be allowed a deduction in the computation of his total income of an amount equal to fifty per cent. of the cost of such shares to him.

Explanation : Where in any previous year the assessee has acquired any shares referred to in this sub-section and has, within a period of six months from the end of that previous year paid the whole or a part of the amount, if any, remaining unpaid on such shares, the amount so paid shall be deemed to have been paid by the assessee towards the cost of such shares in that previous year.

(2) Where the aggregate cost to the assessee of the shares referred to in sub-section (1) which are acquired by him in the previous year exceeds ten thousand rupees, the deduction under that sub-section shall be allowed only with reference to such of those shares (being shares the aggregate cost whereof to the assessee does not exceed ten thousand rupees) as are specified by him in this behalf.

(3) For the purposes of this section, "eligible issue of capital" means an issue of equity shares which satisfies the following conditions, namely :-

(a) the issue is made by a public company formed and registered in India with the main object of carrying on the business of -

(i) construction, manufacture or production of any article or thing, not being an article or thing specified in the list in the Eleventh Schedule;
or

(ii) providing long-term finance for construction or purchase of houses in India for residential purposes :

Provided that in the case of a public company formed and registered in India with the main object of carrying on the business referred to in sub-clause (ii), such company is approved by the Central Government for the purposes of this section.

(b) the issue is an issue of capital made by the company for the first time;

(c) the shares forming part of the issue are offered for subscription to the public;

(d) such other conditions as may be prescribed :

Provided that in the case of a company which had originally been incorporated as a private company but has become a public company under the provisions of the Companies Act, 1956 (1 of 1956), an issue

of equity shares made by it for the first time after it has become a public company shall not be regarded as an eligible issue of capital, if -

(i) such company had declared, distributed or paid any dividend when it was a private company; or

(ii) any of the shares forming part of such issue is offered for subscription at a premium.

Explanation 1 : If any question arises as to whether any issue of equity shares would constitute an eligible issue of capital for the purposes of this section, the question shall be referred to the Central Government whose decision thereon shall be final.

Explanation 2 : In this sub-section and sub-section (4), "public company" shall have the meaning assigned to it in section 3 of the Companies Act, 1956 (1 of 1956).

(4) The deduction under sub-section (1) shall not be allowed unless the assessee has -

(i) subscribed to the shares in pursuance of an offer for subscription to the public made by the public company or in pursuance of a reservation or an option in his favour by reason of his being a promoter of the company; or

(ii) purchased the shares from a person who is specified as an under-writer in respect of the issue of such shares in pursuance of clause 11 of Part I of Schedule II of the Companies Act, 1956 (1 of 1956), and who has acquired such shares by virtue of his obligation as such underwriter.

(5) If any equity shares, with reference to the cost of which a deduction is allowed under sub-section (1), are sold or otherwise transferred by the assessee to any person at any time within a period of five years from the date of their acquisition, an amount equal to fifty per cent. of the cost to the assessee of the shares so sold or otherwise transferred shall be deemed to be the income of the assessee of the previous year in which the shares are so sold or transferred and shall be chargeable to tax accordingly.

Explanation : A person shall be treated as having acquired any shares on the date on which his name is entered in relation to those shares in the register of members of the company.

(6) Where a deduction is claimed and allowed under sub-section (1) with reference to the cost of any equity shares, the cost of such shares shall not be taken into account for the purposes of section 54E..

In section 80P of the Income-tax Act, in sub-section (2), for clause (b), the following clause shall be substituted with effect from the 1st day of April, 1979, namely :-

"(b) in the case of a co-operative society, being a primary society engaged in supplying milk raised by its members to -

(i) a federal milk co-operative society; or

(ii) the Government or a local authority; or

(iii) a Government company as defined in section 617 of the Companies Act, 1956 (1 of 1956), or a corporation established by or under a Central, State or Provincial Act (being a company or corporation engaged in supplying milk to the public),

the whole of the amount of profits and gains of such business;"

Section 19 - Amendment of Section 155

In section 155 of the Income-tax Act, -

(a) after sub-section (7), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1974, namely :-

"(7A) Where in the assessment for any year, the capital gain arising from the transfer of a capital asset, being a transfer by way of compulsory acquisition under any law, or a transfer the consideration for which was determined or approved by the Central Government or the Reserve Bank of India, is computed under section 48 and the compensation for such acquisition or the consideration for such transfer is enhanced or further enhanced by any court, tribunal or other authority, the computation or, as the case may be, computations made earlier shall be deemed to have been wrongly made and the Income-tax Officer shall, notwithstanding anything contained in this Act, recompute in accordance with section 48 the capital gain arising from such transfer by taking the compensation or the consideration as enhanced or further enhanced, as the case may be, to be the full value of the consideration received or accruing as a result of such transfer and shall make the necessary amendment; and the provisions of section 154 shall, so far as may be, apply thereto, the period of four years specified in sub-section (7) of that section being reckoned from the end of the previous year in which the additional compensation or consideration was received by the assessee.";

(b) in sub-section (8), for the words and figures "under the provisions of section 54", the words, brackets and figures "under the provisions of sub-section (1) of section 54" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1974;

(c) after sub-section (8), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1974, namely :-

"(8A) Where in the assessment for any year, a capital gain arising from the transfer by way of compulsory acquisition under any law of any such capital asset as is referred to in section 54 is charged to tax and if the compensation for such acquisition is enhanced or further enhanced, as the case may be, by any court, tribunal or other authority, and the assessee purchases, within a period of one year after the date of receipt of the additional compensation, or constructs, within a period of two years after that date, a house property for the purposes of his own residence, the Income-tax Officer shall amend the order of assessment so as to exclude the amount of capital gain not chargeable to tax under the provisions of sub-section (2) of section 54; and the provisions of section 154 shall, so far as may be, apply thereto, the period of four years specified in sub-section (7) of that section being reckoned from the end of the previous year in which the additional compensation was received by the assessee.";

(d) in sub-section (9), for the words, figures and letter "under the provisions of section 54B", the words, brackets, figures and letter "under the provisions of sub-section (1) of section 54B" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1974;

(e) after sub-section (9), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1974, namely :-

"(9A) Where in the assessment for any year, a capital gain arising from the transfer by way of compulsory acquisition under any law of any such capital asset as is referred to in section 54B is charged to tax and if the compensation for such acquisition is enhanced or further enhanced, as the case may be, by any court, tribunal or other authority, and within a period of two years after the receipt of the additional compensation, the assessee purchases any land for being used for agricultural purposes, the Income-tax Officer shall amend the order of the assessment so as to exclude the amount of capital gain not chargeable to tax under the provisions of sub-section (2) of section 54B; and the provisions of section 154 shall, so far as may be, apply thereto, the period of four years specified in sub-section (7) of that section being reckoned from the end of the previous year in which the additional compensation was received by the assessee.";

(f) in sub-section (10), for the words, figures and letter "under the provisions of section 54D", the words, brackets, figures and letter "under the provisions of sub-section (1) of section 54D" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1974;

(g) sub-section (10) shall be renumbered and shall be deemed to have been renumbered w.e.f. the 1st day of April, 1974, as clause (a) of that sub-section and after clause (a) as so renumbered, the following clause shall be inserted and shall be deemed to have been inserted with effect from that date, namely :-

"(b) Where in the assessment for any year, a capital gain arising from the transfer by way of compulsory acquisition of any such capital asset as is referred to in section 54D is charged to tax and if the compensation for such acquisition is enhanced or further enhanced, as the case may be, by any court, tribunal or other authority, and within a period of three years after the date of receipt of the additional compensation, the assessee purchases any land or building or any right in any land or building or constructs any building for the purpose of shifting or re-establishing the undertaking referred to in sub-section (1) of that section or setting up any other industrial undertaking, the Income-tax Officer shall amend the order of assessment so as to exclude the amount of capital gain not chargeable to tax under the provisions of sub-section (2) of sec. 54D; and the provisions of sec. 154 shall, so far as may be, apply thereto, the period of four years specified in sub-section (7) of the section being reckoned from the end of the previous year in which the additional compensation was received by the assessee."

(h) in sub-section (10A) [as directed to be inserted by section 23 of the Finance (No. 2) Act, 1977 (29 of 1977)], for the words, figures and letter "under the provisions of section 54E" the words, brackets, figures and letter "under the provisions of sub-section (1) of section 54E" shall be substituted;

(i) after the said sub-section (10A), the following sub-section shall be inserted, namely :-

"(10B) Where in the assessment for any year, a capital gain arising from the transfer, being a transfer by way of compulsory acquisition or a transfer the consideration for which was determined or approved by the Central Government or the Reserve Bank of India, of any capital asset, not being a short-term capital asset, is charged to tax and if the compensation or, as the case may be, consideration for such transfer is enhanced or further enhanced, as the case may be, by any court, tribunal or other authority, and within a period of six months after the receipt of the additional compensation or consideration, the assessee invests or deposits the whole or any part of the additional compensation in any specified asset referred to in Explanation 1 of sub-section (1) of section 54E, the Income-tax Officer shall amend the order of assessment so as to exclude the amount of capital gain not chargeable to tax under the provisions of sub-section (3) of section 54E; and the provisions of section 154 shall, so far as may be, apply thereto, the period of four years specified in sub-section (7) of that section being reckoned from the end of the previous year in which the additional compensation or consideration was received by the assessee.";

(j) the following Explanation shall be inserted at the end and shall be deemed to have been so inserted w.e.f. the 1st day of April, 1974, namely :-

"Explanation : For the purposes of this section, -

(a) "additional compensation" shall have the meaning assigned to it in clause (1) of the Explanation to sub-section (2) of section 54;

(b) "additional consideration", in relation to the transfer of any capital asset the consideration for which was determined or approved by the Central Government or the Reserve Bank of India, means the difference between the amount of consideration for such transfer as enhanced by any court, tribunal or other authority and the amount of consideration which would have been payable if such enhancement had not been made".

Section 20 - Amendment of Section 193

In section 193 of the Income-tax Act, in the proviso, after clause (ia), the following clause shall be inserted, namely :-

"(ib) any interest payable on National Development Bonds; or".

Section 21 - Insertion of New Section 194BB

After section 194B of the Income-tax Act, the following section shall be inserted, namely :-

"194BB. Winnings from horse race. - Any person, being a bookmaker or a person to whom a licence has been granted by the Government under any law for the time being in force for horse racing in any race course or for arranging for wagering or betting in any race course, who is responsible for paying to any person any income by way of winnings from any horse race in an amount exceeding two thousand five hundred rupees shall, at the time of payment thereof, deduct income-tax thereon at the rates in force :

Provided that no deduction shall be made under this section from any payment made before the 1st day of June, 1978".

Section 22 - Amendment of Section 208

In section 208 of the Income-tax Act, in sub-section (1), in clause (b), for the words, brackets and figures "sub-section (3) of section 212", the word, figures and letter "section 209A" shall be substituted with effect from the 1st day of June, 1978.

Section 23 - Amendment of Section 209

In section 209 of the Income-tax Act, with effect from the 1st day of April, 1978, -

(a) in sub-section (1), for clause (c), the following clause shall be substituted namely :-

"(c) in cases where an estimate (including a revised estimate) is sent by the assessee under section 209A or section 212, the total income so estimated shall, for the purposes of calculation of tax under this section be substituted for the total income referred to in clause (a)";

(b) in sub-section (2), -

(i) in clause (a), in the opening portion, after the words "in cases", the words, brackets, figures and letter "where the assessee sends a statement under sub-section (1) of section 209A or" shall be inserted;

(ii) in clause (b), for the words, brackets, figures and letter "in cases where an estimate is sent by the assessee under sub-section (1) or sub-section (2) or sub-section (3) or sub-section (3A) of section 212", the words, brackets, figures and letter "in cases where an estimate (including a revised estimate) is sent by the assessee under section 209A or section 212" shall be substituted.

Section 24 - Insertion of New Section 209A

In the Income-tax Act, after section 209, the following section shall be inserted with effect from the 1st day of June, 1978, namely :-

209A. Computation and payment of advance tax by assessee. -(1) Every person shall, in each financial year, before the date on which the first instalment, or where he has not previously been assessed by way of regular assessment under this Act, before the date on which the last instalment of advance tax is due in his case under sub-section (1) of section 211, if his current income is likely to exceed the amount specified in sub-section (2) of section 208, send to the Income-tax Officer -

(a) where he has been previously assessed by way of regular assessment under this Act, a statement of advance tax payable by him computed in the manner laid down in clause (a) or, as the case may be, sub-clause (i) of clause (d) of sub-section 1 of section 209, or

(b) where he has not previously been assessed by way of regular assessment under this Act, an estimate of -

(i) the current income, and

(ii) the advance tax payable by him on the current income calculated in the manner laid down in section 209,

and shall pay such amount of advance tax as accords with the statement or, as the case may be, estimate in equal instalments on the dates applicable in his case under section 211.

(2) Where an assessee who is required to send a statement under clause (a) of sub-section (1) estimates at any time before the date on which the first instalment of advance tax is due in his case under sub-section (1) of section 211 that, by reason of his current income being likely to be less than the income on which advance tax is payable by him under sub-section (1) or for any other reason, the amount of advance tax computed in the manner laid down in section 209 on the current income would be less than the amount of advance tax payable by him under sub-section (1), he may send to the Income-tax Officer, in lieu of such statement, an estimate of -

(i) the current income, and

(ii) the advance tax payable by him on the current income calculated in the manner laid down in section 209.

and shall pay such amount of advance tax as accords with his estimate in equal instalments on the dates applicable in his case under section 211.

(3) Where an assessee who has sent a statement under clause (a) of sub-section (1) estimates at any time before the last instalment of advance tax is due in his case that, by reason of his current income being likely to be less than the income on which advance tax is payable by him under sub-section (1) or for any other reason, the amount of advance tax computed in the manner laid down in section 209 on the current income would be less than the amount of advance tax payable by him under sub-section (1), he may, at his option, send to the Income-tax Officer an estimate of -

(1) the current income, and

(ii) the advance tax payable by him on the current income calculated in the manner laid down in section 209.

and shall pay such amount of advance tax as accords with his estimate in equal instalments on such of the dates applicable in his case under section 211 as have not expired, or in one sum if only the last of such dates has not expired.

(4) In the case of any assessee who is liable to pay advance tax under sub-section (1) or sub-section (2) or, as the case may be, sub-section (3), if, by reason of the current income being likely to be greater than the income on which the advance tax so payable by him has been computed or for any other reason, the amount of advance tax computed in the manner laid down in section 209 on the current income (which shall be estimated by the assessee) exceeds the amount of advance tax so payable by him by more than $33\frac{1}{3}$ per cent. of the latter amount, he shall, at any time before the date on which the last instalment of advance tax is payable by him, send to the Income-tax Officer an estimate of -

(i) the current income, and

(ii) the advance tax payable by him on the current income calculated in the manner laid down in section 209.

and shall pay such amount of advance tax as accords with his estimate on such of the dates applicable in his case under section 211 as have not expired, by instalments which may be revised according to sub-section (5) :

Provided that in a case where the Commissioner is satisfied that, having regard to the nature of the business carried on by the assessee and the date of expiry of the previous year in respect of such business, it will be difficult for the assessee to furnish the estimate required to be

furnished by him in accordance with the provisions of this sub-section before the date on which the last instalment of advance tax is due in his case, he may, if the assessee pays the advance tax which he is liable to pay under sub-section (1) or sub-section (2) or, as the case may be, sub-section (3) before such date, extend the date for furnishing such estimate up to a period of thirty days immediately following the last date of the previous year in respect of that business and, where the date is so extended, the assessee shall pay, on or before the date as so extended, the amount by which the advance tax already paid by him falls short of the advance tax payable in accordance with his estimate.

(5) The assessee may send a revised estimate of the advance tax payable by him before any one of the dates specified in section 211 and adjust any excess or deficiency in respect of any instalment already paid in a subsequent instalment or in subsequent instalments.

(6) Every statement or estimate under this section shall be sent in the prescribed and form verified in the prescribed manner.

Explanation : For the purposes of this section and section 212, "current income", in relation to the advance tax payable by an assessee during any financial year, means the total income of the assessee [exclusive of capital gains and income referred to in sub-clause (ix) of clause (24) of section 2, if any] of the period which would be the previous year for the assessment year immediately following that financial year..

Section 25 - Amendment of Section 211

In section 211 of the Income-tax Act, in sub-section (1), with effect from the 1st day of June, 1978, -

(a) in the opening portion, for the words and figures "Subject to the provisions of this section and of section 212", the words, figures and letter "Subject to the provisions of this section and of section 209A and 212" shall be substituted;

(b) for the Explanation, the following Explanation shall be substituted, namely :-

Explanation : In this sub-section, "total income" means, -

(a) in a case where the advance tax is paid by the assessee in accordance with the statement sent by him under sub-section (1) of section 209A or in accordance with an order of the Income-tax Officer under section 210, the total income with reference to which the advance tax payable has been calculated in such statement or order;

(b) in a case where the advance tax is paid in accordance with an estimate (including a revised estimate) made by the assessee under section 209A or section 212, the total income with reference to which the advance tax is so estimated,

as reduced, in either case, by the amount of capital gain and income referred to in sub-clause (ix) of clause (24) of section 2, if any, included therein..

Section 26 - Amendment of Section 212

In section 212 of the Income-tax Act, with effect from the 1st day of June, 1978, -

(a) in sub-section (1), for the words, brackets and figures "by reason of his total income [exclusive of capital gains and income referred to in sub-clause (ix) of clause (24) of section 2, if any] of the period which would be the previous year for the immediately following assessment year (such total income being, hereafter in this Section referred to as current income)", the words "by reason of his current income" shall be substituted;

(b) sub-section(3) shall be omitted.

Section 27 - Amendment of Section 215

In section 215 of the Income-tax Act, in sub-section (1), for the words and figures "advance tax u/s. 212 on the basis of his estimate," the words, figures, letter and brackets "advance tax under section 209A or section 212 on the basis of his own estimate (including revised estimate)" shall be substituted with effect from the 1st day of June, 1978.

Section 28 - Amendment of Section 216

In section 216 of the Income-tax Act, in clause (a), for the words, brackets, figures and letter "under sub-section (1) or sub-section (2) or sub-section (3) or sub-section (3A) of section 212", the words, figures and letter "under section 209A or section 212" shall be substituted with effect from the 1st day of June, 1978.

Section 29 - Amendment of Section 217

In section 217 of the Income-tax Act, with effect from the 1st day of June, 1978, -

(a) in sub-section (1), -

(i) for the portion beginning with the words "the Income-tax Officer finds that any such person" and ending with the words "twelve per cent. per annum", the following shall be substituted, namely :-

"the Income-tax Officer finds -

(a) that any such person as is referred to in clause (a) of sub-section (1) of section 209A has not sent the statement referred to in that clause or the estimate in lieu of such statement referred to in sub-section (2) of that section; or

(b) that any such person as is referred to in clause (b) of sub-section (1) of section 209A has not sent the estimate referred to in that clause,

simple interest at the rate of twelve per cent. per annum";

(ii) for the words "the said sub-section", the words, brackets and figures "the said sub-section (1) or sub-section (2)" shall be substituted;

(b) in sub-section (1A), -

(i) after the words "the Income-tax Officer find that", the words, brackets, figures and letter "any person who is required to send an estimate under sub-section (4) of section 209A or" shall be inserted;

(ii) for the words "the said sub-section" the words, brackets, figures and letter "the said sub-section (4) or, as the case may be, sub-section (3A)" shall be substituted.

Section 30 - Substitution of new section for Section 218

For section 218 of the Income-tax Act, the following section shall be substituted with effect from the 1st day of June, 1978, namely :-

"218. When assessee deemed to be in default. - (1) If any assessee has sent, -

(a) under sub-section (1) of section 209A, a statement, or

(b) under sub-section 209A or section 212, an estimate or a revised estimate,

of the advance tax payable by him, but does not pay any instalment in accordance therewith on the date or dates specified in section 211, he shall be deemed to be an assessee in default in respect of such instalment or instalments.

(2) If any assessee does not pay on the specified date any instalment of advance tax that he is required to pay under section 210 and does not, before the date on which any such instalment as is not paid becomes due, send under sub-section (1) or sub-section (2) of section 212, an estimate or a revised estimate of the advance tax payable by him, he shall be deemed to be an assessee in default in respect of such instalment or instalments.

(3) Notwithstanding anything contained in sub-section (1) or sub-section (2), an assessee shall not be deemed to be in default in respect of any amount of which the payment is deferred under section 213, until after the date communicated by him to the Income-tax Officer under that section."

Section 31 - Amendment of Section 273

In the Income-tax Act, with effect from the 1st day of June, 1978, section 273 shall be renumbered as sub-section (2) thereof and -

(1) before sub-section (2) as so renumbered, the following sub-section shall be inserted, namely :-

"(1) If the Income-tax Officer, in the course of any proceedings in connection with the regular assessment for any assessment year, is satisfied that any assessee -

(a) has furnished under clause (a) of sub-section (1) of section 209A a statement of the advance tax payable by him which he knew or had reason to believe to be untrue, or

(b) has without reasonable cause failed to furnish a statement of the advance tax payable by him in accordance with the provisions of clause (a) sub-section (1) of section 209A,

he may direct that such person shall, in addition to the amount of tax, if any, payable by him, pay by way of penalty, a sum -

(i) which, in the case referred to in clause (a), shall not be less than ten per cent. but shall not exceed one and a half times the amount by which the tax actually paid during the financial year immediately preceding the assessment year under the provisions of Chapter XVII-C falls short of -

(1) seventy-five per cent. of the assessed tax as defined in sub-section (5) of section 215, or

(2) the amount which would have been payable by way of advance tax if the assessee had furnished a correct and complete statement in accordance with the provisions of clause (a) of sub-section (1) of section 209A,

whichever is less;

(ii) which, in the case referred to in clause (b), shall not be less than ten per cent. but shall not exceed one and a half times of seventy-five per cent. of the assessed tax as defined in sub-section (5) of section 215.";

(2) in sub-section (2) as so renumbered, -

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

"(a) has furnished under sub-section (1) or sub-section (2) or sub-section (3) or sub-section (5) of section 209A, or under sub-section (1) or sub-section (2) of section 212, an estimate of the advance tax payable by him which he knew or had reason to believe to be untrue, or";

(b) in clause (aa), after the words "has furnished", the words, brackets, figures and letter "under sub-section (4) of section 209A or" shall be inserted;

(c) in clause (b), for the words, brackets and figures "sub-section (3) of section 212", the words, brackets, letters and figures "clause (b) of sub-section (1) of 209A" shall be

substituted :

(d) in clause (c), for the words, brackets, figures and letter "sub-section (3A) of section 212", the words, brackets, figures and letters "sub-section (4) of section 209A or sub-section (3A) of section 212" shall be substituted;

(e) for sub-clause (2) of clause (i), the following sub-clause shall be substituted, namely :-

"(2) where a statement under clause (a) of sub-section (1) of section 209A was furnished by the assessee or where a notice under section 210 was issued to the assessee, the amount payable under such statement or, as the case may be, such notice,";

(f) for clause (iii), following clause shall be substituted, namely :-

"(iii) which, in the case referred to in clause (c), shall not be less than ten per cent. but shall not exceed one and a half times the amount by which -

(a) where the assessee has sent a statement under clause (a), or an estimate under clause (b), of sub-section (1) of section 209A, or an estimate in lieu of a statement under sub-section (2) of that section, the tax payable in accordance with such statement or estimate; or

(b) where the assessee was required to pay advance tax in accordance with the notice issued to him under section 210, the tax payable under such notice,

falls short of seventy-five per cent. of the assessed tax as defined in sub-section (5) of section 215.";

(g) in the Explanation, for the words brackets, figures and letter "proviso to sub-section (3A) of section 212", the words, brackets, figures and letters "proviso to sub-section (4) of section 209A or, as the case may be, proviso to sub-section (3A) of section 212" shall be substituted.

Section 32 - Consequential Amendments to certain sections

The following amendments (being amendments of a consequential nature) shall be made in the Income-tax Act, namely :-

(a) in sub-clause (ii) of clause (37A) of section 2 and in clause (a) of sub-section (1) of section 197, for the figures and letter "194B,", the figures and letters "194B, 194BB," shall be substituted;

(b) in sections 198, 199, 200, 202, 203, 204, and 205, for the word, figures and letter "section 194B,", the words, figures and letters "section 194B, section 194BB," shall be substituted.

Section 33 - Amendment of Act 45 of 1974

In the Interest-tax Act, 1974, in sub-section (2) of section 6, for the words, figures and letters "before the 1st day of August, 1974", the words, figures and letters "before the 1st day of August, 1974, or after the 28th day of February, 1978" shall be substituted with effect from the 1st day of April, 1979.
