

## Finance Act 1978

### Section 19 - Amendment of Section 155

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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 sub-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".

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