

Finance Act, 2003

Section 6 - Amendment of Section 10

In section 10 of the Income-tax Act,--

(a) in clause (6C), for the words "by way of fees", the words "by way of royalty or fees" shall be substituted with effect from the 1st day of April, 2004;

(b) in clause (10C), with effect from the 1st day of April, 2004,--

(i) in the opening portion, for the words "any amount received by an employee of, the words "any amount received or receivable by an employee of shall be substituted;

(ii) for the words "at the time of his voluntary retirement", the words "on his voluntary retirement" shall be substituted;

(c) for clause (10D), the following shall be substituted with effect from the 1st day of April, 2004, namely:--

'(10D) any sum received under a life insurance policy, including the sum allocated by way of bonus on such policy, other than--

(a) any sum received under sub-section (3) of section 80DD or sub-section (3) of section 80DDA; or

(b) any sum received under a Keyman insurance policy; or

(c) any sum received under an insurance policy issued on or after the 1st day of April, 2003 in respect of which the premium payable for any of the years during the term of the policy exceeds twenty per cent. of the actual capital sum assured:

Provided that the provisions of this sub-clause shall not apply to any sum received on the death of a person:

Provided further that for the purpose of calculating the actual capital sum assured under this sub-clause, effect shall be given to the Explanation to sub-section (2A) of section 88.

Explanation.--For the purposes of this clause, "Keyman insurance policy" means a life insurance policy taken by a person on the life of another person who is or was the employee of the first- mentioned person or is or was connected in any manner whatsoever with the business of the first-mentioned person;';

(d) in clause (15), in sub-clause (iv), in item (g), for the words "a loan agreement approved by the Central Government", the words, figures and letters "a loan agreement approved by the Central Government before the 1st day of June, 2003" shall be substituted with effect from the 1st day of April, 2004;

(e) in clause (23BBD), for the words, figures and letters "three previous years relevant to the assessment years beginning on the 1st day of April, 2001 and ending on the 31st day of March,

2004", the words, figures and letters "seven previous years relevant to the assessment years beginning on the 1st day of April, 2001 and ending on the 31st day of March, 2008" shall be substituted with effect from the 1st day of April, 2004;

(f) in clause (23C), in the ninth proviso, for the figures "2003", the figures "2004" shall be substituted and shall be deemed to have been substituted with effect from the 3rd day of February, 2001;

(g) in clause (23D), in the opening portion, for the words "any income of" the words, figures and letter "subject to the provisions of Chapter XII-E, any income of" shall be substituted with effect from the 1st day of April, 2004;

(h) in clause (23EB), for the words "Credit Guarantee Fund Trust for Small Scale Industries", the words "Credit Guarantee Fund Trust for Small Industries" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 2002;

(i) in clause (23FA), for the word "dividends", the words, figures and letter "dividends, other than dividends referred to in section 115-O" shall be substituted with effect from the 1st day of April, 2004;

(j) in clause (23G),--

(i) for the word "dividends", the words, figures and letter "dividends, other than dividends referred to in section 115-O" shall be substituted with effect from the 1st day of April, 2004;

(ii) after the words, brackets, figures and letters "housing project referred to in sub-section (10) of section 80-IB", the words "or a hotel project or a hospital project" shall be inserted with effect from the 1st day of April, 2004;

(iii) in Explanation I,--

(A) in clause (a), for the portion beginning with the words "in the business of and ending with the words "any infrastructure facility", the words "in the business referred to in this clause" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 2002;

(B) in clause (b), for the portion beginning with the words "in the business of and ending with the words "any infrastructure facility", the words "in the business referred to in this clause" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 2002;

(C) after clause (f), the following clauses shall be inserted with effect from the 1st day of April, 2004, namely:--

'(g) "hotel project" means a project for constructing a hotel of not less than three-star category as classified by the Central Government;

(h) "hospital project" means a project for constructing a hospital with at least one hundred beds for patients.';

(k) after clause (26BB), the following shall be inserted with effect from the 1st day of April, 2004, namely:--

'(26BBB) any income of a corporation established by a Central, State or Provincial Act for the welfare and economic upliftment of ex-servicemen being the citizens of India.

Explanation.--For the purposes of this clause, "ex-serviceman" means a person who has served in any rank, whether as combatant or non-combatant, in the armed forces of the Union or armed forces of the Indian States before the commencement of the Constitution (but excluding the Assam Rifles, Defence Security Corps, General Reserve Engineering Force, Lok Sahayak Sena, Jammu and Kashmir Militia and Territorial Army) for a continuous period of not less than six months after attestation and has been released, otherwise than by way of dismissal or discharge on account of misconduct or inefficiency, and in the case of a deceased or incapacitated ex-serviceman includes his wife, children, father, mother, minor brother, widowed daughter and widowed sister, wholly dependant upon such ex-serviceman immediately before his death or incapacitation;';

(l) after clause (32), the following clause shall be inserted, namely:--

"(33) any income arising from the transfer of a capital asset, being a unit of the Unit Scheme, 1964 referred to in Schedule I to the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002(58 of 2002) and where the transfer of such asset takes place on or after the 1st day of April, 2002;";

(m) after clause (33) as so inserted, the following clauses shall be inserted with effect from the 1st day of April, 2004, namely:--

'(34) any income by way of dividends referred to in section 115-O;

(35) any income by way of,--

(a) income received in respect of the units of a Mutual Fund specified under clause (23D);
or

(b) income received in respect of units from the Administrator of the specified undertaking; or

(c) income received in respect of units from the specified company:

Provided that this clause shall not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified company or of a mutual fund, as the case may be.

Explanation.--For the purposes of this clause,--

(a) "Administrator" means the Administrator as referred to in clause (a) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002(58 of 2002);

(b) "specified company" means a company as referred to in clause (h) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002(58 of 2002);

(36) any income arising from the transfer of a long-term capital asset, being an eligible equity share in a company purchased on or after the 1st day of March, 2003 and before the 1st day of March, 2004 and held for a period of twelve months or more.

Explanation.--For the purposes of this clause, "eligible equity share" means,--

(i) any equity share in a company being a constituent of BSE-500 Index of the Stock Exchange, Mumbai as on the 1st day of March, 2003 and the transactions of purchase and sale of such equity share are entered into on a recognised stock exchange in India;

(ii) any equity share in a company allotted through a public issue on or after the 1st day of March, 2003 and listed in a recognised stock exchange in India before the 1st day of March, 2004 and the transaction of sale of such share is entered into on a recognised stock exchange in India.'.