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Finance Act, 2003

Section 19 - Amendment of Section 40

In section 40 of the Income-tax Act, in clause (a), with effect from the 1st day of April, 2004,--

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

'(i) any interest (not being interest on a loan issued for public subscription before the 1st day of April, 1938), royalty, fees for technical services or other sum chargeable under this Act, which is payable,-

(A) outside India; or

(B) in India to a non-resident, not being a company or to a foreign company,

on which tax has not been deducted or, after deduction, has not been paid before the expiry of the time prescribed under sub-section (1) of section 200 and in accordance with other provisions of Chapter XVII-B:

Provided that where in respect of any such sum, tax has been deducted under Chapter XVII-B or paid in any subsequent year, such sum shall be allowed as a deduction in computing the income of the previous year in which such tax has been paid.

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

(A) "royalty" shall have the same meaning as in Explanation 2 to clause (vi) of sub-section (1) of section 9;

(B) "fees for technical services" shall have the same meaning as in Explanation 2 to clause (vii) of sub-section (1) of section 9;';

(b) for sub-clause (iii), the following sub-clause shall be substituted, namely:--

'(iii) any payment which is chargeable under the head "Salaries", if it is payable--

(A) outside India; or

(B) to a non-resident, and if the tax has not been paid thereon nor deducted therefrom under Chapter XVII-B;'.

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