

**Finance Act, 2003**

**Section 47 - Amendment of Section 88**

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In section 88 of the Income-tax Act, with effect from the 1st day of April, 2004,--

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

(i) after clause (xiva), the following clause shall be inserted, namely:-

"(xivb) as tuition fees (excluding any payment towards any development fees or donation or payment of similar nature), whether at the time of admission or thereafter,-

(a) to any university, college, school or other educational institution situated within India;

(b) for the purpose of full-time education of any of the persons specified in sub-section (4);";

(ii) in clause (xvi), for the Explanation, the following Explanation shall be substituted, namely:--

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

(i) "eligible issue of capital" means an issue made by a public company formed and registered in India or a public financial institution and the entire proceeds of the issue are utilised wholly and exclusively for the purposes of any business referred to in sub-section (4) of section 80-IA;

(ii) "public company" shall have the meaning assigned to it in section 3 of the Companies Act, 1956(1 of 1996);

(iii) "public financial institution" shall have the meaning assigned to it in section 4A of the Companies Act, 1956(1 of 1996);";

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

"(2A) The provisions of sub-section (2) shall apply only to so much of any premium or other payment made on an insurance policy other than a contract for a deferred annuity as is not in excess of twenty per cent. of the actual capital sum assured.

Explanation.--In calculating any such actual capital sum, no account shall be taken--

(i) of the value of any premiums agreed to be returned, or

(ii) of any benefit by way of bonus or otherwise over and above the sum actually assured, which is to be, or, may be, received under the policy by any person.";

(c) in sub-section (4), after clause (c), the following clause shall be inserted, namely:--

"(d) for the purpose of clause (xivb) of that sub-section, in the case of an individual, any two children of such individual.";

(d) in sub-section (5), after the second proviso, the following proviso shall be inserted namely:--

"Provided also that where the aggregate of any sum specified in clause (xivb) of sub-section (2) exceeds an amount of twelve thousand rupees in respect of a child, a deduction under sub-section (1) in respect of such sum shall be allowed with reference to so much of the aggregate as does not exceed an amount of twelve thousand rupees in respect of such child."

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