Finance Act, 1997

Section 5 - AMENDMENT OF SECTION 35 -InSection 35 of the Income Tax Act-, after sub-section

2-AA), the following sub-section shall be inserted with effect from the 1st day of April, 1998, namely :- "(2-AB) (1) Where a company engaged in the business of manufacture or production of any drugs, pharmaceuticals, electronic equipments, computers, telecommunication equipments, chemicals or any other article or thing notified by the Board incurs any expenditure on scientific research (not being expenditure in the nature of cost of any land or building) on in-house research and development facility as approved by the prescribed authority, then, there shall be allowed a deduction of a sum equal to one and one-fourth times of the expenditure so incurred. (2) No deduction shall be allowed in respect of the expenditure mentioned in claused) under any other provision of this Act. (3) No company shall be entitled for deduction under clause (1) unless it enters into an agreement with the prescribed authority for cooperation in such research and development facility and for audit of the accounts maintained for that facility. (4) The prescribed authority shall submit its report in relation to the approval of the said facility to the Director-General in such form and within such time as may be prescribed.".