Finance Act, 1997

Section 9 - AMENDMENT OF SECTION 41 -InSection 41 of the Income Tax Act-, with effect from the 1st day of April, 1998

a) after sub-section (4), the following sub-section shall be inserted, namely :- "(4-A) Where a deduction has been allowed in respect of any special reserve created and maintained under clause (viii) of sub-section (1) ofSection 36-, any amount subsequently withdrawn from such special reserve shall be deemed to be the profits and gains of business or profession and accordingly be chargeable to income tax as the income of the previous year in which such amount is withdrawn. Explanation.-Where any amount is withdrawn from the special reserve in a previous year in which the business is no longer in existence, the provisions of this sub-section shall apply as if the business is in existence in that previous year."; (b) in sub-section (5), for the words, brackets and figure "or sub-section (4)", the words, brackets, figures and letter ", sub-section (4) or sub-section (4-A)" shall be substituted.