

Finance Act, 1999

Section 7 - INSERTION OF NEW SECTION 10-C After Section 10B of the Income Tax Act-, the following section shall be inserted, namely

1) Subject to the provisions of this section, any profits and gains derived by an assessee from an industrial undertaking, which has begun or begins to manufacture or produce any article or thing on or after the 1st day of April, 1998 in any Integrated Infrastructure Development Centre or Industrial Growth Centre located in the North-Eastern Region (hereinafter in this section referred to as the industrial undertaking) shall not be included in the total income of the assessee. (2) This section applies to any industrial undertaking which fulfils all the following conditions, namely :- (i) it is not formed by the splitting up, or the reconstruction of, a business already in existence: Provided that this condition shall not apply in respect of any industrial undertaking which is formed as a result of the re - establishment, reconstruction or revival by the assessee of the business of any such industrial undertaking as is referred to in Section 33B-, in the circumstances and within the period specified in that section; (ii) it is not formed by the transfer to a new business of machinery or plant previously used for any purpose. Explanation.-The provisions of Explanation I and Explanation 2 to sub-section (3) of Section 80IA shall apply for the purposes of clause (ii) of this sub -section as they apply for the purposes of clause (ii) of that sub -section. (3) The profits and gains referred to in sub-section (1) shall not be included in the total income of the assessee in respect of ten consecutive assessment years beginning with the assessment year relevant to the previous year in which the industrial undertaking begins to manufacture or produce articles or things, (4) Notwithstanding anything contained in any other provision of this Act, in computing the total income of the assessee of any previous year relevant to any subsequent assessment year,- (i) Section 32-, Section 35- and clause (ix) of sub-section (1) of Section 36- shall apply as if deduction referred to therein and relating to or allowable for any of the relevant assessment years, in relation to any building, machinery, plant or furniture used for the purposes of the business of the industrial undertaking in the previous year relevant to such assessment year or any expenditure incurred for the purposes of such business in such previous year had been given full effect to for that assessment year itself and, accordingly, sub-section (2) of Section 32-, sub -section (4) of Section 35- or the second proviso to clause (ix) of sub-section (1) of Section 36-, as the case may be, shall not apply in relation to any such deduction; (ii) no loss referred to in sub-section (1) of Section 72- or sub-section (1) or sub- section (3) of Section 74-, in so far as such loss relates to the business of the industrial undertaking, shall be carried forward or set-off where such loss relates to any of the relevant assessment year; (iii) no deduction shall be allowed under Section 80H- or Section 80HHA- or Section 80I- or Section 80Ia or Section 80IB- or Section 80JJA- in relation to the profits and gains of the industrial undertakings; and (iv) in computing the depreciation allowance under Section 32 -, the written-down value of any asset used for the purposes of the business of the industrial undertaking shall be computed as if the assessee had claimed and been actually allowed the deduction in respect of depreciation for each of the relevant assessment years. (5) The provisions of sub-section (8) and sub-section (10) of Section 80IA - shall, so far as may be, apply in relation to the industrial undertaking referred to in this section as they apply for the purposes of the industrial undertaking referred to in Section 80IA- or Section 80IB-, as the case may be. (6) Notwithstanding anything contained in the foregoing provisions of this section, where the assessee before the due date for furnishing the return of his income under sub- section (1) of Section 139-, furnishes to the Assessing Officer a declaration in writing that the provisions of this section may not be made applicable to him, the provisions of this section shall not apply to him in any of the relevant assessment years. Explanation.-For the purposes of this section,- (i) "Integrated Infrastructure Development Centre" means such centres located in the States of the North-Eastern Region, which the Central Government may, by notification in the Official Gazette, specify for the purposes of this section; (ii) "Industrial Growth Centre" means such centres located in the States of the North -Eastern Region, which the Central Government may, by notification in the Official Gazette, specify for the purposes of this section; (iii) "North-Eastern Region" means the region comprising the States of Arunachal Pradesh,

Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura; (iv) "relevant assessment years" means the ten consecutive years beginning with the year in which the industrial undertaking begins to manufacture or produce articles or things.'

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