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Finance Act, 1999

Section 34 - AMENDMENT OF SECTION 47 -InSection 47 of the Income Tax Act-, after clause

vi-a), the following clauses shall be inserted with effect from the 1st day of April, 2000, namely: - "(vi-b) any transfer, in a demerger, of a capital asset by the demerged company to the resulting company, if the resulting company is an Indian company; (vi-c) any transfer in a demerger, of a capital asset, being a share or shares held in an Indian company, by the demerged foreign company to the resulting foreign company, if- (a) at least seventy-five per cent of the shareholders of the demerged foreign company continue to remain shareholders of the resulting foreign company; and (b) such transfer does not attract tax on capital gains in the country, in which the demerged foreign company is incorporated : Provided that the provisions ofSection 391-S.394 of the Companies Act, 1956-(1 of 1956) shall not apply in case of demergers referred to in this clause; (vi-d) any transfer or issue of shares by the resulting company, in a scheme of demerger to the shareholders of the demerged company if the transfer or issue is made in consideration of demerger of the undertaking;"