Finance Act, 2002

Section 4 - AMENDMENT OF SECTION 10 -In Section 10-of the Income Tax Act,

a) clause (3) shall be omitted with effect from the 1st day of April, 2003; (b) in clause (4), in sub-clause (i), the following proviso shall be inserted with effect from the 1 st day of April, 2003, namely:- "Provided that the Central Government shall not specify, for the purposes of this sub-clause, such securities or bonds on or after the 1st day of June, 2002;"; (c) in clause (4-B), for the words "savings certificates issued", the words, figures and letters "savings certificates issued before the 1st day of June, 2002" shall be substituted with effect from the 1st day of April, 2003; (d) clause (5-B) shall be omitted with effect from the 1st day of April, 2003; (e) in clause (6), sub-clause (i) shall be omitted with effect from the 1st day of April, 2003; (f) in clause (6-A), after the words, figures and letters "Government or the Indian concern after the 31st day of March, 1976", the words, figures and letters "but before the 1st day of June, 2002" shall be inserted with effect from the 1st day of April, 2003; (g) in clause (6-B), with effect from the 1st day of April, 2003,- (i) for the words "agreement entered into by the Central Government", the words, figures and letters "agreement entered into before the 1st day of June, 2002 by the Central Government" shall be substituted; (ii) for the words "related agreement approved", the words "related agreement approved before that date" shall be substituted; (h) in clause (10-C), after sub-clause (vii-b), the following sub-clause shall be inserted, namely:- "(vii-c) an institution, having importance throughout India or in any State or States, as the Central Government may, by notification in the Official Gazette, specify in this behalf; or"; (i) after clause (10-C), the following clause shall be inserted with effect from the 1st day of April, 2003, namely:- "(10-CC) in the case of an employee, being an individual deriving income in the nature of a perquisite, not provided for by way of monetary payment, within the meaning of clause (2) ofSection 17-, the tax on such income actually paid by his employer, at the option of the employer, on behalf of such employee, notwithstanding anything contained in Section 200 of the Companies Act, 1956-(1 of 1956);"; (j) clause (14-A) shall be omitted with effect from the 1st day of April, 2003; (k) in clause (15), with effect from the 1st day of April, 2003,- (i) in sub-clause (ii-b), the following proviso shall be inserted, namely:- "Provided that the Central Government shall not specify, for the purposes of this sub -clause, such Capital Investment Bonds on or after the 1st day of June, 2002;"; (ii) in sub-clause (ii-d), after the third proviso and before the Explanation, the following proviso shall be inserted, namely: - "Provided also that the Central Government shall not specify, for the purposes of this sub - clause, such bonds on or after the 1st day of June, 2002."; (l) in clause (20), the following Explanation shall be inserted with effect from the 1st day of April, 2003, namely:- 'Explanation.- For the purposes of this clause, the expression "local authority" means- (i) Panchayat as referred to in clause (d) of Article 243 of the Constitution; or (ii) Municipality as referred to in clause (e) of Article 243-P of the Constitution; or (iii) Municipal Committee and District Board, legally entitled to, or entrusted by the Government with, the control or management of a Municipal or local fund; or (iv) Cantonment Board as defined in Section 3 of the Cantonments Act, 1924-(2 of 1924);'; (m) clause (20-A) shall be omitted with effect from the 1st day of April, 2003; (n) in clause (21), after the third proviso, the following proviso shall be inserted with effect from the 1st day of April, 2003, namely:- "Provided also that where the scientific research association is approved by the Central Government and subsequently that Government is satisfied that- (i) the scientific research association has not applied its income in accordance with the provisions contained in clause (a) of the first proviso; or (ii) the scientific research association has not invested or deposited its funds in accordance with the provisions contained in clause (b) of the first proviso; or (iii) the activities of the scientific research association are not genuine; or (iv) the activities of the scientific research association are not being carried out in accordance with all or any of the conditions subject to which such association was approved, it may, at any time after giving a reasonable opportunity of showing cause against the proposed withdrawal to the concerned association, by order, withdraw the approval and forward a copy of the order withdrawing the approval to such association and to the Assessing Officer;"; (o) in clause (22-B), after the second proviso, the following proviso shall be inserted with effect from the 1st day of April, 2003, namely:- "Provided also that where the news agency has been specified, by notification, by the Central Government and subsequently that Government is satisfied that such news agency has not applied or accumulated or distributed its income in accordance with the provisions contained in the first proviso, it may, at any time after giving a reasonable opportunity of showing cause, rescind the notification and forward a copy of the order rescinding the notification to such agency and to the Assessing Officer;"; (p) clause (23) shall be omitted with effect from the 1st day of April, 2003; (q) in clause (23-A), after the proviso, the following proviso shall be inserted with effect from the 1st day of April, 2003, namely:- "Provided further that where the association or institution has been approved by the Central Government and subsequently that Government is satisfied that- (i) such association or institution has not applied or accumulated its income in accordance with the provisions contained in the first proviso; or (ii) the activities of the association or institution are not being carried out in accordance with all or any of the conditions subject to which such association or institution was approved, it may, at any time after giving a reasonable opportunity of showing cause against the proposed withdrawal to the concerned association or institution, by order, withdraw the approval and forward a copy of the order withdrawing the approval to such association or institution and to the Assessing Officer;"; (r) in clause (23-B), after the second proviso and before the Explanation, the following proviso shall be inserted with effect from the 1st day of April, 2003, namely:- "Provided also that where the institution has been approved by the Khadi and Village Industries Commission and subsequently that Commission is satisfied that- (i) the institution has not applied or accumulated its income in accordance with the provisions contained in the first proviso; or (ii) the activities of the institution are not being carried out in accordance with all or any of the conditions subject to which such institution was approved, it may, at any time after giving a reasonable opportunity of showing cause against the proposed withdrawal to the concerned institution, by order, withdraw the approval and forward a copy of the order withdrawing the approval to such institution and to the Assessing Officer;"; (s) in clause (23-C),- (i) in the third proviso, for clause (a), the following clause shall be substituted with effect from the 1st day of April, 2003, namely:- "(a) applies its income, or accumulates it for application, wholly and exclusively to the objects for which it is established and in a case where more than fifteen per cent of its income is accumulated on or after the 1st day of April, 2002, the period of the accumulation of the amount exceeding fifteen per cent of its income shall in no case exceed five years; and"; (ii) in the ninth proviso, with effect from the 3rd day of February, 2001,- (a) after the words, brackets, letters and figures "in terms of clause (d) of sub-section (2) ofSection 80-G-", the words, brackets, figures and letter "in respect of which accounts of income and expenditure have not been rendered to the authority prescribed under clause (v) of subsection (5-C) of that section, in the manner specified in that clause, or" shall be inserted and shall be deemed to have been inserted; (b) for the words, figures and letters "or before the 31st day of March, 2002", the words, figures and letters "or before the 31st day of March, 2003" shall be substituted and shall be deemed to have been substituted; (iii) the tenth proviso shall be omitted; (iv) after the tenth proviso, the following provisos shall be inserted with effect from the 1st day of April, 2003, namely:- "Provided also that where the fund or trust or institution or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (;'v) or sub - clause (v) or sub - clause (vi) or sub-clause (vi-a) does not apply its income during the year of receipt and accumulates it, any payment or credit out of such accumulation to any trust or institution registered underSection 12-AA-or to any fund or trust or institution or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (vi-a) shall not be treated as application of income to the objects for which such fund or trust or institution or university or educational institution or hospital or other medical institution, as the case may be, is established : Provided also that where the fund or institution referred to in sub- clause (iv) or trust or institution referred to in subclause (v) is notified by the Central Government or any university or other educational institution referred to in sub-clause (vi) or any hospital or other medical institution referred to in sub-clause (vi -a), is approved by the prescribed authority and subsequently that Government or the prescribed authority is satisfied that- (i) such fund or institution or trust or any university or other educational institution or any hospital or other medical institution has not - (A) applied its income in accordance with the provisions contained in clause (a) of the third proviso; or (B) invested or deposited its funds in accordance with the provisions contained in clause (b) of the third proviso; or (ii) the activities of such fund or institution or trust or any university or other educational institution or any hospital or other medical institution- (A) are not genuine; or (B) are not being carried out in accordance with all or any of the conditions subject to which it was notified or approved, it may, at any time after giving a reasonable opportunity of showing cause against the proposed action to the concerned fund or institution or trust or any university or other educational institution or any hospital or other medical institution, rescind the notification or by order withdraw the approval, as the case may be, and forward a copy of the order rescinding the notification or withdrawing the approval to such fund or institution or trust or any university or other educational institution or any hospital or other medical institution and to the Assessing Officer;"; (t) in clause (23-D), in the opening portion, the words, figures and letter "subject to the provisions of Chapter XII-E," shall be omitted with effect from the 1st day of April, 2003; (u) clause (23-E) shall be omitted with effect from the 1st day of April, 2003; (v) after clause (23-EA), the following clause shall be inserted, namely:- "(23 -EB) any income of the Credit Guarantee Fund, Trust for Small Scale Industries, being a trust created by the Government of India and the Small Industries Development Bank of India established under sub-section (1) ofSection 3 of the Small Industries Development Bank of India Act, 1989-(39 of 1989), for five previous years relevant to the assessment years beginning on the 1st day of April, 2002 and ending on the 31st day of March, 2007;"; (w) in clause (23-FA), the words, figures and letter "other than dividends referred to in Section 115-O-," shall be omitted with effect from the 1st day of April, 2003; (x) in clause (23-G), the words, figures and letter "other than dividends referred to in Section 115 -O-," shall be omitted with effect from the 1st day of April, 2003; (y) clauses (29) and (33) shall be omitted with effect from the 1st day of April, 2003.