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Finance Act, 2002

Section 14 - AMENDMENT OF SECTION 32 -In Section 32-of the Income Tax Act, in sub- section

1), with effect from the 1st day of April, 2003,- (a) in clause (ii), - (i) in the second proviso, for the words, brackets and figures "or clause (ii)", at both the places where they occur, the words, brackets, figures and letter "or clause (ii) or clause (ii-a)" shall be substituted; (ii) in Explanation 2 below the fifth proviso, for the words "For the purposes of this clause", the words "For the purposes of this sub-section" shall be substituted; (b) after clause (ii), the following shall be inserted, namely:- '(ii-a) in the case of any new machinery or plant (other than ships and aircraft), which has been acquired and installed after the 31st day of March, 2002, by an assessee engaged in the business of manufacture or production of any article or thing, a further sum equal to fifteen per cent of the actual cost of such machinery or plant shall be allowed as deduction under clause (ii): Provided that such further deduction of fifteen per cent shall be allowed to- (A) a new industrial undertaking during any previous year in which such undertaking begins to manufacture or produce any article or thing on or after the 1 st day of April, 2002; or (B) any industrial undertaking existing before the 1st day of April, 2002, during any previous year in which it achieves the substantial expansion by way of increase in installed capacity by not less than twenty-five per cent: Provided further that no deduction shall be allowed in respect of- (a) any machinery or plant which, before its installation by the assessee, was used either within or outside India by any other person; or (b) any machinery or plant installed in any office premises or any residential accommodation, including accommodation in the nature of a guest house; or (c) any office appliances or road transport vehicles; or (d) any machinery or plant, the whole of the actual cost of which is allowed as a deduction (whether by way of depreciation or otherwise) in computing the income chargeable under the head "Profits and gains of business or profession" of any one previous year : Provided also that no deduction shall be allowed under clause (A) or, as the case may be, clause (B), of the first proviso unless the assessee furnishes the details of machinery or plant and increase in the installed capacity of production in such form, as may be prescribed, along with the return of income, and the report of an accountant, as defined in the Explanation below sub-section (2) ofSection 288-certifying that the deduction has been correctly claimed in accordance with the provisions of this clause. Explanation.-For the purposes of this clause,- (1) "new industrial undertaking" means an undertaking which is not formed,- (a) by the splitting up, or the reconstruction, of a business already in existence; or (b) by the transfer to a new business of machinery or plant previously used for any purpose; (2) "installed capacity" means the capacity of production as existing on the 31st day of March, 2002.'.

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