Finance Act, 2003

Section 18 - AMENDMENT OF SECTION 36 In section 36 of the Income tax Act,-in sub-section

1),- (a) in clause (iii) and before the Explanation, the following proviso shall be inserted with effect from the 1st day of April, 2004, namely :- "Provided that any amount of the interest paid, in respect of capital borrowed for acquisition of an asset for extension of existing business or profession (whether capitalised in the books of account or not); for any period beginning from the date on which the capital was borrowed for acquisition of the asset till the date on which such asset was first put to use, shall not be allowed as deduction."; (b) in clause (viia), in sub-clause (a), after the second proviso and before the Explanation, the following provisos shall be inserted with effect from the 1st day of April, 2004, namely:- " Provided also that a scheduled bank or a non-scheduled bank referred to in this sub -clause shall, at its option, be allowed a further deduction in excess of the limits specified in the foregoing provisions, for an amount not exceeding the income derived from redemption of securities in accordance with a scheme framed by the Central Government: Provided also that no deduction shall be allowed under the third proviso unless such income has been disclosed in the return of income under the head "Profits and gains of business or profession"; (c) in clause (x), for the words, brackets, figures and letter "any fund specified under clause (23E) of section 10", the words "any Exchange Risk Administration Fund set-up-by-public financial institutions, either jointly or separately" shall be substituted; (d) after the Explanation below clause (xi), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2002, namely:- "(xii) any expenditure (not being in the nature of capital expenditure) incurred by a corporation or a body corporate, by whatever name called, constituted or established by a Central, State or Provincial Act for the objects and purposes authorised by the Act under which such corporation or body corporate was constituted or established.".