Finance Act, 2003

Section 19 - AMENDMENT OF SECTION 40 In section 40 of the Income tax Act,-in clause

a), with effect from the 1st day of April, 2004,- (a) for sub-clause (i), the following sub-clause shall be substituted, namely: - '(z) any interest (not being interest on a loan issued for public subscription before the 1st day of April, 1938), royalty, fees for technical services or other sum chargeable under this Act, which is payable,- (A) outside India; or (B) in India to a non-resident, not being a company or to a foreign company, on which tax has not been deducted or, after deduction, has not been paid before the expiry of the time prescribed under sub- section (1) of section 200 and in accordance with other provisions of Chapter XVII-B: Provided that where in respect of any such sum, tax has been deducted under Chapter XVII-B or paid in any subsequent year, such sum shall be allowed as a deduction in computing the income of the previous year in which such tax has been paid. Explanation.-For the purposes of this sub-clause,- (A) "royalty" shall have the same meaning as in Explanation 2 to clause (vi) of sub -section (1) of section 9; (B) "fees for technical services" shall have the same meaning as in Explanation 2 to clause (vii) of sub-section (1) of section 9;'; (b) for sub-clause (iii), the following sub-clause shall be substituted, namely:- '(iii) any payment which is chargeable under the head "Salaries", if it is payable- (A) outside India; or (B) to a non-resident, and if the tax has not been paid thereon nor deducted therefrom under Chapter XVII-B;'.

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