Finance Act, 2007

Section 10 - In section 10 of the Income-tax Act,

SECTION 6: Amendment of a) after clause (10BB), the following shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2005, namely- '(10BC) any amount received or receivable from the Central Government or a State Government or a local authority by an individual or his legal heir by way of compensation on account of any disaster, except the amount received or receivable to the extent such individual or his legal heir has been allowed a deduction under this Act on account of any loss or damage caused by such disaster. Explanation.--For the purposes of this clause, the expression "disaster" shall have the meaning assigned to it under clause (d) of section 2 of the Disaster Management Act, 2005(53 of 2005);'; (b) in clause (15),-- (A) in sub-clause (iv), in item (fa), for the Explanation, the following Explanation shall be substituted, namely- 'Explanation.--For the purposes of this item, the expression "scheduled bank" means the State Bank of India constituted under the State Bank of India Act, 1955(23 of 1955), a subsidiary bank as defined in the State Bank of India (Subsidiary Banks) Act, 1959(38 of 1959), a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970(5 of 1970), or under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980(40 of 1980), or any other bank being a bank included in the Second Schedule to the Reserve Bank of India Act, 1934(2 of 1934), but does not include a co-operative bank;'; (B) for sub-clause (vii), the following shall be substituted with effect from the 1st day of April, 2008, namely- '(vii) interest on bonds-- (a) issued by a local authority or by a State Pooled Finance Entity; and (b) specified by the Central Government by notification in the Official Gazette. Explanation.--For the purposes of this sub-clause, the expression "State Pooled Finance Entity" shall mean such entity which is set up in accordance with the guidelines for the Pooled Finance Development Scheme notified by the Central Government in the Ministry of Urban Development;'; (c) in clause (23BBD), for the words, figures and letters "seven previous years relevant to the assessment years beginning on the 1st day of April, 2001 and ending on the 31st day of March, 2008", the words, figures and letters "ten previous years relevant to the assessment years beginning on the 1st day of April, 2001 and ending on the 31st day of March, 2011" shall be substituted with effect from the 1st day of April, 2008; (d) after clause (23BBF), the following clause shall be inserted with effect from the 1st day of April, 2008, namely- "(23BBG) any income of the Central Electricity Regulatory Commission constituted under sub-section (1) of section 76 of the Electricity Act, 2003(36 of 2003);"; (e) in clause (23C) with effect from the 1st day of June, 2007,-- (A) in sub-clause (iv), for the words "which may be notified by the Central Government in the Official Gazette", the words "which may be approved by the prescribed authority" shall be substituted; (B) in sub-clause (v), for the words "which may be notified by the Central Government in the Official Gazette", the words "which may be approved by the prescribed authority" shall be substituted; (C) for the second proviso, the following proviso shall be substituted, namely- "Provided further that the prescribed authority, before approving any fund or trust or institution or any university or other educational institution or any hospital or other medical institution, under sub-clause (iv) or sub-clause (v) or sub-clause (vi) or subclause (via), may call for such documents (including audited annual accounts) or information from the fund or trust or institution or any university or other educational institution or any hospital or other medical institution, as the case may be, as it thinks necessary in order to satisfy itself about the genuineness of the activities of such fund or trust or institution or any university or other educational institution or any hospital or other medical institution, as the case may be, and the prescribed authority may also make such inquiries as it deems necessary in this behalf:"; (D) in the ninth proviso, for the words, brackets, figures and letter "every notification under sub-clause (iv) or sub-clause (v) shall be issued or approval under sub-clause (vi) or sub-clause (via)", the words, brackets, figures and letter "every notification under sub-clause (iv) or sub-clause (v) shall be issued or approval under sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via)" shall be substituted; (E) in the thirteenth proviso, after the words "Central Government", the words "or is approved by the prescribed authority, as the case may be," shall be inserted;

(F) after the fifteenth proviso, the following proviso shall be inserted, namely- "Provided also that all pending applications, on which no notification has been issued under sub-clause (iv) or sub-clause (v) before the 1st day of June, 2007, shall stand transferred on that day to the prescribed authority and the prescribed authority may proceed with such applications under those sub-clauses from the stage at which they were on that day;"; (f) after clause (23EB), the following shall be inserted with effect from the 1st day of April, 2008, namely- '(23EC) any income, by way of contributions received from commodity exchanges and the members thereof, of such Investor Protection Fund set up by commodity exchanges in India, either jointly or separately, as the Central Government may, by notification in the Official Gazette, specify in this behalf: Provided that where any amount standing to the credit of the said Fund and not charged to income-tax during any previous year is shared, either wholly or in part, with a commodity exchange, the whole of the amount so shared shall be deemed to be the income of the previous year in which such amount is so shared and shall accordingly be chargeable to income-tax. Explanation.--For the purposes of this clause, "commodity exchange" shall mean a "registered association" as defined in clause (jj) of section 2 of the Forward Contracts (Regulation) Act, 1952(74 of 1952);'; (g) in clause (23FB), with effect from the 1st day of April, 2008 -- (i) for the words "set up to raise funds for investment", the words "from investment" shall be substituted; (ii) in Explanation 1, for clause (c), the following clause shall be substituted, namely- (c) "venture capital undertaking" means such domestic company whose shares are not listed in a recognised stock exchange in India and which is engaged in the-- (i) business of-- (A) nanotechnology; (B) information technology relating to hardware and software development; (C) seed research and development; (D) bio-technology; (E) research and development of new chemical entities in the pharmaceutical sector; (F) production of bio-fuels; (G) building and operating composite hotel-cum-convention centre with seating capacity of more than three thousand; or "(H) developing or operating and maintaining or developing, operating and maintaining any infrastructure facility as defined in the Explanation to clause (i) of sub-section (4) of section 80-IA; or". (ii) dairy or poultry industry;'.