

Finance Act, 2007

Section 32 - Insertion of new section 80-IE: After section 80-ID as so inserted in the Income-tax Act, the following section shall

1) Where the gross total income of an assessee includes any profits and gains derived by an undertaking, to which this section applies, from any business referred to in sub-section (2), there shall be allowed, in computing the total income of the assessee, a deduction of an amount equal to hundred per cent. of the profits and gains derived from such business for ten consecutive assessment years commencing with the initial assessment year. (2) This section applies to any undertaking which has, during the period beginning on the 1st day of April, 2007 and ending before the 1st day of April, 2017, begun or begins, in any of the North-Eastern States,-- (i) to manufacture or produce any eligible article or thing; (ii) to undertake substantial expansion to manufacture or produce any eligible article or thing; (iii) to carry on any eligible business. (3) This section applies to any undertaking which fulfils all the following conditions, namely- (i) it is not formed by splitting up, or the reconstruction, of a business already in existence: Provided that this condition shall not apply in respect of an undertaking which is formed as a result of the re-establishment, reconstruction or revival by the assessee of the business of any such undertaking as referred to in section 33B, in the circumstances and within the period specified in the said section; (ii) it is not formed by the transfer to a new business of machinery or plant previously used for any purpose. Explanation.--The provisions of Explanations 1 and 2 to sub-section (3) of section 80-IA shall apply for the purposes of clause (ii) of this sub-section as they apply for the purposes of clause (ii) of that sub-section. (4) Notwithstanding anything contained in any other provision of this Act, in computing the total income of the assessee, no deduction shall be allowed under any other section contained in Chapter VIA or in section 10A or section 10AA or section 10B or section 10BA, in relation to the profits and gains of the undertaking. (5) Notwithstanding anything contained in this Act, no deduction shall be allowed to any undertaking under this section, where the total period of deduction inclusive of the period of deduction under this section, or under section 80-IC or under the second proviso to sub-section (4) of section 80-IB or under section 10C, as the case may be, exceeds ten assessment years. (6) The provisions contained in sub-section (5) and sub-section (7) to (12) of section 80-1A shall, so far as may be, apply to the eligible undertaking under this section. (7) For the purposes of this section,-- (i) "initial assessment year" means the assessment year relevant to the previous year in which the undertaking begins to manufacture or produce articles or things, or completes substantial expansion; (ii) "North-Eastern States" means the States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura; (iii) "substantial expansion" means increase in the investment in the plant and machinery by at least twenty-five per cent of the book value of plant and machinery (before taking depreciation in any year), as on the first day of the previous year in which the substantial expansion is undertaken; (iv) "eligible article or thing" means the article or thing other than the following- (a) goods falling under Chapter 24 of the First Schedule to the Central Excise Tariff Act, 1985(5 of 1986), which pertains to tobacco and manufactured tobacco substitutes; (b) pan masala as covered under Chapter 21 of the First Schedule to the Central Excise Tariff Act, 1985(5 of 1986); (c) plastic carry bags of less than 20 microns as specified by the Ministry of Environment and Forests vide notification number S.O. 705(E), dated the 2nd September, 1999 and S.O. 698(E), dated the 17th June, 2003; and (d) goods falling under Chapter 27 of the First Schedule to the Central Excise Tariff Act, 1985(5 of 1986), produced by petroleum oil or gas refineries; (v) "eligible business" means the business of,-- (a) hotel (not below two star category); (b) adventure and leisure sports including ropeways; (c) providing medical and health services in the nature of nursing home with a minimum capacity of twenty-five beds; (d) running an old-age home; (e) operating vocational training institute for hotel management, catering and food craft, entrepreneurship development, nursing and paramedical, civil aviation related training, fashion designing and industrial training; (f) running information technology related training centre; (g) manufacturing of information technology hardware; and (h) bio-technology.'.

