

## Finance Act, 2010

### Chapter III - Direct Taxes

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In section 2 of the Income-tax Act,--

(a) in clause (15), after the proviso, the following proviso shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2009, namely:--

"Provided further that the first proviso shall not apply if the aggregate value of the receipts from the activities referred to therein is ten lakh rupees or less in the previous year;"

(b) in clause (24), in sub-clause (xv), after the words, brackets and figures "value of property referred to in clause (vii)", the words, brackets, figures and letter "or clause (viiia)" shall be inserted with effect from the 1st day of June, 2010.

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#### Section 4 - Amendment of section 9

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In section 9 of the Income-tax Act, for the Explanation occurring after sub-section (2), the following Explanation shall be substituted and shall be deemed to have been substituted with effect from the 1st day of June, 1976, namely:--

"Explanation,--For the removal of doubts, it is hereby declared that for the purposes of this section, income of a non-resident shall be deemed to accrue or arise in India under clause (v) or clause (vi) or clause (vii) of sub-section (1) and shall be included in the total income of the non-resident, whether or not,--

(i) the non-resident has a residence or place of business or business connection in India; or

(ii) the non-resident has rendered services in India."

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#### Section 5 - Amendment of section 10

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In section 10 of the Income-tax Act, in clause (21), with effect from the 1st day of April, 2011,--

(a) for the words "scientific research association", wherever they occur, the words "research association" shall be substituted;

(b) in the opening portion, after the word, brackets and figures "clause (ii)", the words, brackets and figures "or clause (iii)" shall be inserted;

(c) in the first proviso, in clause (a),--

(A) in sub-clause (i),--

(I) in item (2), for the words "scientific research", the words, "scientific research or research in social science or statistical research" shall be substituted;

(II) in item (3), after the word, brackets and figures "clause (ii)", the words, brackets and figures "or clause (iii)" shall be inserted;

(B) in sub-clause (ii), for the words "scientific research", the words "scientific research or research in social science or statistical research" shall be substituted.

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### **Section 6 - Amendment of section 10AA**

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In section 10AA of the Income-tax Act, in sub-section (7), the following proviso shall be inserted, namely:--

"Provided that the provisions of this sub-section [as amended by section 6 of the Finance (No. 2) Act, 2009(33 of 2009)] shall have effect for the assessment year beginning on the 1st day of April, 2006 and subsequent assessment years."

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### **Section 7 - Amendment of section 12AA**

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In section 12AA of the Income-tax Act, in sub-section (3), after the word, brackets and figure "sub-section (1)", the words, figures, letter and brackets "or has obtained registration at any time under section 12A [as it stood before its amendment by the Finance (No. 2) Act, 1996(33 of 1996)]" shall be inserted with effect from the 1st day of June, 2010.

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### **Section 8 - Amendment of section 32**

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In section 32 of the Income-tax Act, in sub-section (1), in the fifth proviso, for the words, brackets and figures "clause (xiii) and clause (xiv)", the words, brackets, figures and letter "clause (xiii), clause (xiiib) and clause (xiv)" shall be substituted with effect from the 1st day of April, 2011.

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### **Section 9 - Amendment of section 35**

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In section 35 of the Income-tax Act, with effect from the 1st day of April, 2011,--

(i) in sub-section (1),--

(a) for the words "scientific research association", wherever they occur, the words "research association" shall be substituted;

(b) in clause (ii), for the words "one and one-fourth", the words "one and three-fourth" shall be substituted;

(c) in clause (iii),--

(A) for the words "any sum paid to a university", the words "any sum paid to a research association which has as its object the undertaking of research in social science or statistical research or to a university" shall be substituted;

(B) in the proviso, for the words "such university", at both the places where they occur, the words "such association, university" shall be substituted;

(ii) in sub-section (2AA), in clause (a), for the words "one and one-fourth", the words "one and three-fourth" shall be substituted;

(iii) in sub-section (2AB), in clause (1), for the words "one and one-half, the word "two" shall be substituted.

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## **Section 10 - Amendment of section 35AD**

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In section 35AD of the Income-tax Act,--

(a) in sub-section (2), in clause (iii), in sub-clause (c), for the words "one-third of its total pipeline capacity", the words, brackets and figures "such proportion of its total pipeline capacity as specified by regulations made by the Petroleum and Natural Gas Regulatory Board established under sub-section (1) of section 3 of the Petroleum and Natural Gas Regulatory Board Act, 2006(19 of 2006)" shall be substituted;

(b) for sub-section (3), the following sub-section shall be substituted with effect from the 1st day of April, 2011, namely:--

'(3) Where a deduction under this section is claimed and allowed in respect of the specified business for any assessment year, no deduction shall be allowed under the provisions of Chapter VI-A under the heading "C.--Deductions in respect of certain incomes" in relation to such specified business for the same or any other assessment year.');

(c) in sub-section (5), with effect from the 1st day of April, 2011,--

(i) in clause (a), the word "and", occurring at the end, shall be omitted;

(ii) after clause (a), the following clauses shall be inserted, namely:--

"(aa) on or after the 1st day of April, 2010, where the specified business is in the nature of building and operating a new hotel of two-star or above category as classified by the Central Government;

(ab) on or after the 1st day of April, 2010, where the specified business is in the nature of building and operating a new hospital with at least one hundred beds for patients;

(ac) on or after the 1st day of April, 2010, where the specified business is in the nature of developing and building a housing project under a scheme for slum

redevelopment or rehabilitation framed by the Central Government or a State Government, as the case may be, and which is notified by the Board in this behalf in accordance with guidelines as may be prescribed; and";

(iii) in clause (b), for the word, brackets and letter "clause (a)", the words, brackets and letters "clause (a) and clause (aa), clause (ab) and clause (ac)" shall be substituted;

(d) in sub-section (8), in clause (c), after sub-clause (iii), the following sub-clause shall be inserted with effect from the 1st day of April, 2011, namely:--

"(iv) building and operating, anywhere in India, a new hotel of two-star or above category as classified by the Central Government;

(v) building and operating, anywhere in India, a new hospital with at least one hundred beds for patients;

(vi) developing and building a housing project under a scheme for slum redevelopment or rehabilitation framed by the Central Government or a State Government, as the case may be, and notified by the Board in this behalf in accordance with the guidelines as may be prescribed;".

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### **Section 11 - Amendment of section 35DDA**

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In section 35DDA of the Income-tax Act, with effect from the 1st day of April, 2011,--

(a) after sub-section (4), the following sub-section shall be inserted, namely:--

"(4A) Where there has been reorganisation of business, whereby a private company or unlisted public company is succeeded by a limited liability partnership fulfilling the conditions laid down in the proviso to clause (xiiiib) of section 47, the provisions of this section shall, as far as may be, apply to the successor limited liability partnership, as they would have applied to the said company, if reorganisation of business had not taken place.";

(b) in sub-section (5), for the words, brackets and figures "sub-section (3) and in the case of a firm or proprietary concern referred to in sub-section (4)", the words, brackets, figures and letter "sub-section (3), in the case of a firm or proprietary concern referred to in sub-section (4) and in the case of a company referred to in sub-section (4A)" shall be substituted.

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### **Section 12 - Amendment of section 40**

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In section 40 of the Income-tax Act, in clause (a), in sub-clause (ia),--

(a) for the portion beginning with the words "has not been paid,--" and ending with the words "the last day of the previous year", the words, brackets and figures "has not been paid on or before the due date specified in sub-section (1) of section 139" shall be substituted;

(b) for the proviso, the following proviso shall be substituted, namely:--

"Provided that where in respect of any such sum, tax has been deducted in any subsequent year, or has been deducted during the previous year but paid after the due date specified in sub-section (1) of section 139, such sum shall be allowed as a deduction in computing the income of the previous year in which such tax has been paid."

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### **Section 13 - Amendment of section 43**

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In section 43 of the Income-tax Act, with effect from the 1st day of April, 2011 ,--

(a) in clause (1), in Explanation 13, in clause (b), in sub-clause (iii), for the brackets, figures and word "(xiii) and (xiv)" the brackets, figures, letter and word "(xiii), (xiiib) and (xiv)" shall be substituted;

(b) in clause (6), after Explanation 2B, the following Explanation shall be inserted, namely:--

"Explanation 2C.--Where in any previous year, any block of assets is transferred by a private company or unlisted public company to a limited liability partnership and the conditions specified in the proviso to clause (xiiib) of section 47 are satisfied, then, notwithstanding anything contained in clause (1), the actual cost of the block of assets in the case of the limited liability partnership shall be the written down value of the block of assets as in the case of the said company on the date of conversion of the company into the limited liability partnership."

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### **Section 14 - Amendment of section 44AB**

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In section 44AB of the Income-tax Act, with effect from the 1st day of April, 2011,--

(a) in clause (a), for the words "forty lakh rupees", the words "sixty lakh rupees" shall be substituted;

(b) in clause (b), for the words "ten lakh rupees", the words "fifteen lakh rupees" shall be substituted.

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### **Section 15 - Amendment of section 44AD**

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In section 44AD of the Income-tax Act [as amended by section 20 of the Finance (No. 2) Act, 2009(33 of 2009)], in the Explanation, in clause (b), in sub-clause (ii), for the words "forty lakh rupees", the words "sixty lakh rupees" shall be substituted with effect from the 1st day of April, 2011.

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### **Section 16 - Amendment of section 44BB**

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In section 44BB of the Income-tax Act, in the proviso to sub-section (1), after the words, figures and letter "section 44D or", the words, figures and letters "section 44DA or" shall be inserted with effect

from the 1st day of April, 2011.

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### **Section 17 - Amendment of section 44DA**

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In section 44DA of the Income-tax Act, in sub-section (1), after the proviso, the following proviso shall be inserted with effect from the 1st day of April, 2011, namely:--

"Provided further that the provisions of section 44BB shall not apply in respect of the income referred to in this section."

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### **Section 18 - Amendment of section 47**

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In section 47 of the Income-tax Act, after clause (xiiia), the following shall be inserted with effect from the 1st day of April, 2011, namely:--

'(xiiib) any transfer of a capital asset or intangible asset by a private company or unlisted public company (hereafter in this clause referred to as the company) to a limited liability partnership or any transfer of a share or shares held in the company by a shareholder as a result of conversion of the company into a limited liability partnership in accordance with the provisions of section 56 or section 57 of the Limited Liability Partnership Act, 2008(6 of 2009):

Provided that--

- (a) all the assets and liabilities of the company immediately before the conversion become the assets and liabilities of the limited liability partnership;
- (b) all the shareholders of the company immediately before the conversion become the partners of the limited liability partnership and their capital contribution and profit sharing ratio in the limited liability partnership are in the same proportion as their shareholding in the company on the date of conversion;
- (c) the shareholders of the company do not receive any consideration or benefit, directly or indirectly, in any form or manner, other than by way of share in profit and capital contribution in the limited liability partnership;
- (d) the aggregate of the profit sharing ratio of the shareholders of the company in the limited liability partnership shall not be less than fifty per cent. at any time during the period of five years from the date of conversion;
- (e) the total sales, turnover or gross receipts in the business of the company in any of the three previous years preceding the previous year in which the conversion takes place does not exceed sixty lakh rupees; and
- (f) no amount is paid, either directly or indirectly, to any partner out of balance of accumulated profit standing in the accounts of the company on the date of

conversion for a period of three years from the date of conversion.

Explanation.--For the purposes of this clause, the expressions "private company" and "unlisted public company" shall have the meanings respectively assigned to them in the Limited Liability Partnership Act, 2008(6 of 2009);'.

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### **Section 19 - Amendment of section 47A**

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In section 47A of the Income-tax Act, after sub-section (3), the following sub-section shall be inserted with effect from the 1st day of April, 2011, namely:--

"(4) Where any of the conditions laid down in the proviso to clause (xiiib) of section 47 are not complied with, the amount of profits or gains arising from the transfer of such capital asset or intangible assets or share or shares not charged under section 45 by virtue of conditions laid down in the said proviso shall be deemed to be the profits and gains chargeable to tax of the successor limited liability partnership or the shareholder of the predecessor company, as the case may be, for the previous year in which the requirements of the said proviso are not complied with."

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### **Section 20 - Amendment of section 49**

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In section 49 of the Income-tax Act,--

(a) in sub-section (1), in clause (iii), in sub-clause (e), for the words, brackets, figures and letters "clause (vicb) of section 47", the words, brackets, figures and letters "clause (vicb) or clause (xiiib) of section 47" shall be substituted with effect from the 1st day of April, 2011;

(b) after sub-section (2AA), the following sub-section shall be inserted with effect from the 1st day of April, 2011, namely:--

"(2AAA) Where the capital asset being rights of a partner referred to in section 42 of the Limited Liability Partnership Act, 2008(6 of 2009) became the property of the assessee on conversion as referred to in clause (xiiib) of section 47, the cost of acquisition of the asset shall be deemed to be the cost of acquisition to him of the share or shares in the company immediately before its conversion.";

(c) in sub-section (4), after the word, brackets and figures "clause (vii)", at both the places where they occur, the words, brackets, figures and letter "or clause (viiia)" shall be inserted with effect from the 1st day of June, 2010.

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### **Section 21 - Amendment of section 56**

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In section 56 of the Income-tax Act, in sub-section (2),--

(a) in clause (vii),--

(i) for sub-clause (b), the following sub-clause shall be substituted and shall be deemed to have been substituted with effect from the 1st day of October, 2009, namely:--

"(b) any immovable property, without consideration, the stamp duty value of which exceeds fifty thousand rupees, the stamp duty value of such property;"

(ii) in the Explanation, in clause (d),--

(A) in the opening portion, for the word "means--", the words "means the following capital asset of the assessee, namely:--" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of October, 2009;

(B) in sub-clause (vii), the word "or" shall be omitted with effect from the 1st day of June, 2010;

(C) in sub-clause (viii), the word "or" shall be inserted at the end with effect from the 1st day of June, 2010;

(D) after sub-clause (viii), the following sub-clause shall be inserted with effect from the 1st day of June, 2010, namely:--

"(ix) bullion;"

(b) after clause (vii), the following shall be inserted with effect from the 1st day of June, 2010, namely:--

'(viiia) where a firm or a company not being a company in which the public are substantially interested, receives, in any previous year, from any person or persons, on or after the 1st day of June, 2010, any property, being shares of a company not being a company in which the public are substantially interested,--

(i) without consideration, the aggregate fair market value of which exceeds fifty thousand rupees, the whole of the aggregate fair market value of such property;

(ii) for a consideration which is less than the aggregate fair market value of the property by an amount exceeding fifty thousand rupees, the aggregate fair market value of such property as exceeds such consideration:

Provided that this clause shall not apply to any such property received by way of a transaction not regarded as transfer under clause (via) or clause (vic) or clause (vicb) or clause (vid) or clause (vii) of section 47.

Explanation.--For the purposes of this clause, "fair market value" of a property, being shares of a company not being a company in which the public are substantially interested, shall have the meaning assigned to it in the Explanation to clause (vii);'

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## Section 22 - Amendment of section 72A

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In section 72 A of the Income-tax Act, with effect from the 1st day of April, 2011,--

(a) after sub-section (6), the following shall be inserted, namely:--

"(6A) Where there has been reorganisation of business whereby a private company or unlisted public company is succeeded by a limited liability partnership fulfilling the conditions laid down in the proviso to clause (xiiib) of section 47, then, notwithstanding anything contained in any other provision of this Act, the accumulated loss and the unabsorbed depreciation of the predecessor company, shall be deemed to be the loss or allowance for depreciation of the successor limited liability partnership for the purpose of the previous year in which business reorganisation was effected and other provisions of this Act relating to set off and carry forward of loss and allowance for depreciation shall apply accordingly:

Provided that if any of the conditions laid down in the proviso to clause (xiiib) of section 47 are not complied with, the set off of loss or allowance of depreciation made in any previous year in the hands of the successor limited liability partnership, shall be deemed to be the income of the limited liability partnership chargeable to tax in the year in which such conditions are not complied with.";

(b) in sub-section (7), for clauses (a) and (b), the following clauses shall, respectively, be substituted, namely:--

'(a) "accumulated loss" means so much of the loss of the predecessor firm or the proprietary concern or the private company or unlisted public company before conversion into limited liability partnership or the amalgamating company or the demerged company, as the case may be, under the head "Profits and gains of business or profession" (not being a loss sustained in a speculation business) which such predecessor firm or the proprietary concern or the company or amalgamating company or demerged company, would have been entitled to carry forward and set off under the provisions of section 72 if the reorganisation of business or conversion or amalgamation or demerger had not taken place;

(b) "unabsorbed depreciation" means so much of the allowance for depreciation of the predecessor firm or the proprietary concern or the private company or unlisted public company before conversion into limited liability partnership or the amalgamating company or the demerged company, as the case may be, which remains to be allowed and which would have been allowed to the predecessor firm or the proprietary concern or the company or amalgamating company or demerged company, as the case may be, under the provisions of this Act, if the reorganisation of business or conversion or amalgamation or demerger had not taken place;'

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## Section 23 - Amendment of section 80A

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In section 80A of the Income-tax Act, after sub-section (6) and the Explanation thereto, the following sub-section shall be inserted with effect from the 1st day of April, 2011, namely:--

'(7) Where a deduction under any provision of this Chapter under the heading "C.--Deductions in respect of certain incomes" is claimed and allowed in respect of profits of any of the specified business referred to in clause (c) of sub-section (8) of section 35AD for any assessment year, no deduction shall be allowed under the provisions of section 35AD in relation to such specified business for the same or any other assessment year.'

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#### **Section 24 - Insertion of new section 80CCF**

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After section 80CCE of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2011, namely:--

**"80CCF. Deduction in respect of subscription to long-term infrastructure bonds.--**In computing the total income of an assessee, being an individual or a Hindu undivided family, there shall be deducted, the whole of the amount, to the extent such amount does not exceed twenty thousand rupees, paid or deposited, during the previous year relevant to the assessment year beginning on the 1st day of April, 2011, as subscription to long-term infrastructure bonds as may, for the purposes of this section, be notified by the Central Government."

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#### **Section 25 - Amendment of section 80D**

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In section 80D of the Income-tax Act, in sub-section (2), in clause (a), after the words "his family", the words "or any contribution made to the Central Government Health Scheme" shall be inserted with effect from the 1st day of April, 2011.

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#### **Section 26 - Amendment of section 80GGA**

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In section 80GGA of the Income-tax Act, in sub-section (2), with effect from the 1st day of April, 2011 --

(a) in clause (a), for the words "scientific research association", the words "research association" shall be substituted;

(b) in clause (aa),--

(A) for the words "to a University", the words "to a research association which has as its object the undertaking of research in social science or statistical research or to a University" shall be substituted;

(B) in the proviso, for the words "such University", the words "such association, University" shall be substituted;

(C) in the Explanation, for the words "scientific research association", the words "research association" shall be substituted.

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**Section 27 - Amendment of section 80-IB**

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In section 80-IB of the Income-tax Act, in sub-section (10),--

(i) in clause (a),--

(a) in sub-clause (ii), after the words, figures and letters "the 1st day of April, 2004", the words, figures and letters "but not later than the 31st day of March, 2005" shall be inserted;

(b) after sub-clause (ii), the following sub-clause shall be inserted, namely:--

"(iii) in a case where a housing project has been approved by the local authority on or after the 1st day of April, 2005, within five years from the end of the financial year in which the housing project is approved by the local authority.";

(ii) in clause (d),--

(a) for the words "five per cent.", the words "three per cent," shall be substituted;

(b) for the words "two thousand square feet, whichever is less", the words "five thousand square feet, whichever is higher" shall be substituted.

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**Section 28 - Amendment of section 80-ID**

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In section 80-ID of the Income-tax Act, in sub-section (2), with effect from the 1st day of April, 2011,--

(a) in clause (i), for the words, figures and letters "the 31st day of March, 2010", the words, figures and letters "the 31st day of July, 2010" shall be substituted;

(b) in clause (ii), for the words, figures and letters "the 31st day of March, 2010", the words, figures and letters "the 31st day of July, 2010" shall be substituted.

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**Section 29 - Amendment of section 115JAA**

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In section 115JAA of the Income-tax Act, after sub-section (6), the following shall be inserted with effect from the 1st day of April, 2011, namely:--

'(7) In case of conversion of a private company or unlisted public company into a limited liability partnership under the Limited Liability Partnership Act, 2008(6 of 2009), the provisions of this section shall not apply to the successor limited liability partnership.

Explanation.--For the purposes of this section, the expressions "private company" and "unlisted public company" shall have the meanings respectively assigned to them in

**Section 30 - Amendment of section 115JB**

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In section 115JB of the Income-tax Act, in sub-section (1), with effect from the 1st day of April, 2011,--

(a) for the words, figures and letters "the 1st day of April, 2010", the words, figures and letters "the 1st day of April, 2011" shall be substituted;

(b) for the words "fifteen per cent." at both the places where they occur, the words "eighteen per cent." shall be substituted.

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**Section 31 - Amendment of section 115WE**

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In section 115WE of the Income-tax Act, in sub-section (1B), for the words, figures and letters "after the 31st day of March, 2010", the words, figures and letters "after the 31st day of March, 2011" shall be substituted.

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**Section 32 - Amendment of section 139**

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In section 139 of the Income-tax Act, in sub-section (4C), for the words "scientific research association" at both the places where they occur, the words "research association" shall be substituted with effect from the 1st day of April, 2011.

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**Section 33 - Amendment of section 142A**

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In section 142A of the Income-tax Act, in sub-section (1), for the words, figures and letter "section 69B is required to be made", the words, figures, letter and brackets "section 69B or fair market value of any property referred to in sub-section (2) of section 56 is required to be made" shall be substituted with effect from the 1st day of July, 2010.

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**Section 34 - Amendment of section 143**

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In section 143 of the Income-tax Act,--

(a) in sub-section (1B), for the words, figures and letters "after the 31st day of March, 2010", the words, figures and letters "after the 31st day of March, 2011" shall be substituted;

(b) in sub-section (3), in the first proviso, for the words "scientific research association", wherever they occur, the words "research association" shall be substituted with effect from the 1st day of April, 2011.

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**Section 35 - Amendment of section 194B**

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In section 194B of the Income-tax Act, for the words "five thousand rupees", the words "ten thousand rupees" shall be substituted with effect from the 1st day of July, 2010.

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#### **Section 36 - Amendment of section 194BB**

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In section 194BB of the Income-tax Act, for the words "two thousand five hundred rupees", the words "five thousand rupees" shall be substituted with effect from the 1st day of July, 2010.

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#### **Section 37 - Amendment of section 194C**

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In section 194C of the Income-tax Act, in sub-section (5), with effect from the 1st day of July, 2010 --

(a) for the words "twenty thousand rupees", the words "thirty thousand rupees" shall be substituted;

(b) in the proviso, for the words "fifty thousand rupees", the words "seventy-five thousand rupees" shall be substituted.

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#### **Section 38 - Amendment of section 194D**

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In section 194D of the Income-tax Act, in the second proviso, for the words "five thousand rupees", the words "twenty thousand rupees" shall be substituted with effect from the 1st day of July, 2010.

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#### **Section 39 - Amendment of section 194H**

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In section 194H of the Income-tax Act, in the first proviso, for the words "two thousand five hundred rupees", the words "five thousand rupees" shall be substituted with effect from the 1st day of July, 2010.

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#### **Section 40 - Amendment of section 194-I**

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In section 194-I of the Income-tax Act, in the first proviso, for the words "one hundred and twenty thousand rupees", the words "one hundred eighty thousand rupees" shall be substituted with effect from the 1st day of July, 2010.

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#### **Section 41 - Amendment of section 194J**

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In section 194J of the Income-tax Act, in the first proviso to sub-section (1), in clause (B), for the words "twenty thousand rupees", wherever they occur, the words "thirty thousand rupees" shall be substituted with effect from the 1st day of July, 2010.

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#### **Section 42 - Amendment of section 201**

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In section 201 of the Income-tax Act, for sub-section (1A), the following sub-section shall be substituted with effect from the 1st day of July, 2010, namely:--

"(1A) Without prejudice to the provisions of sub-section (1), if any such person, principal officer or company as is referred to in that sub-section does not deduct the whole or any part of the tax or after deducting fails to pay the tax as required by or under this Act, he or it shall be liable to pay simple interest,--

(i) at one per cent. for every month or part of a month on the amount of such tax from the date on which such tax was deductible to the date on which such tax is deducted; and

(ii) at one and one-half per cent. for every month or part of a month on the amount of such tax from the date on which such tax was deducted to the date on which such tax is actually paid,

and such interest shall be paid before furnishing the statement in accordance with the provisions of sub-section (3) of section 200."

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### **Section 43 - Amendment of section 203**

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In section 203 of the Income-tax Act, sub-section (3) shall be omitted.

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### **Section 44 - Amendment of section 206C**

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In section 206C of the Income-tax Act, in sub-section (5),--

(a) the first proviso shall be omitted;

(b) in the second proviso, for the words "Provided further", the word "Provided" shall be substituted.

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### **Section 45 - Amendment of section 245A**

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In section 245 A of the Income-tax Act, in clause (b), with effect from the 1st day of June, 2010, --

(i) in the proviso, clauses (ii) and (iii) shall be omitted;

(ii) in the Explanation,--

(a) clause (ii) shall be omitted;

(b) after clause (iii), the following clause shall be inserted, namely:--

"(iiia) a proceeding for assessment or reassessment for any of the assessment years, referred to in clause (b) of sub-section (1) of section 153A in case of a person referred to in section 153A or section 153C, shall be deemed to have commenced on the date of issue of notice initiating such proceeding and concluded on the date on which the assessment is made;"

(c) in clause (iv), for the words, brackets and figures "clause (ii) or clause (iii) or clause (iv) of the proviso", the words, brackets, figures and letter "clause (iv) of the proviso or clause (iiia) of the Explanation" shall be substituted.

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#### **Section 46 - Amendment of section 245C**

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In section 245C of the Income-tax Act, in sub-section (1), for the proviso, the following proviso shall be substituted with effect from the 1st day of June, 2010, namely:--

"Provided that no such application shall be made unless,--

(i) in a case where proceedings for assessment or reassessment for any of the assessment years referred to in clause (b) of sub-section (1) of section 153A or clause (b) of sub-section (1) of section 153B in case of a person referred to in section 153A or section 153C have been initiated, the additional amount of income-tax payable on the income disclosed in the application exceeds fifty lakh rupees,

(ii) in any other case, the additional amount of income-tax payable on the income disclosed in the application exceeds ten lakh rupees,

and such tax and the interest thereon, which would have been paid under the provisions of this Act had the income disclosed in the application been declared in the return of income before the Assessing Officer on the date of application, has been paid on or before the date of making the application and the proof of such payment is attached with the application."

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#### **Section 47 - Amendment of section 245D**

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In section 245D of the Income-tax Act, in sub-section (4A),--

(a) in clause (ii), after the words, figures and letters "the 1st day of June, 2007", the words, figures and letters "but before the 1st day of June, 2010" shall be inserted;

(b) after clause (ii), the following clause shall be inserted with effect from the 1st day of June, 2010, namely:--

"(iii) in respect of an application made on or after the 1st day of June, 2010, within eighteen months from the end of the month in which the application was made."

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#### **Section 48 - Amendment of section 256**

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In section 256 of the Income-tax Act, after sub-section (2), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1981. namely:--

"(2A) The High Court may admit an application after the expiry of the period of six months referred to in sub-section (2), if it is satisfied that there was sufficient cause for not filing the same within that period."

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#### **Section 49 - Amendment of section 260A**

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In section 260A of the Income-tax Act, after sub-section (2), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of October, 1998, namely:--

"(2A) The High Court may admit an appeal after the expiry of the period of one hundred and twenty days referred to in clause (a) of sub-section (2), if it is satisfied that there was sufficient cause for not filing the same within that period."

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#### **Section 50 - Amendment of section 271B**

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In section 271B of the Income-tax Act, for the words "one hundred thousand rupees", the words "one hundred fifty thousand rupees" shall be substituted with effect from the 1st day of April, 2011.

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#### **Section 51 - Amendment of section 282B**

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In section 282B of the Income-tax Act [as inserted by section 78 of the Finance (No. 2) Act, 2009(33 of 2009)], with effect from the 1st day of October, 2010,--

(a) in sub-section (1), for the words "income-tax authority shall", the words, figures and letters "income-tax authority shall, on or after the 1st day of July, 2011," shall be substituted;

(b) in sub-section (3), for the words "received by", the words, figures and letters "received, on or after the 1st day of July, 2011, by" shall be substituted.

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#### **Section 52 - Amendment of First Schedule**

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In the First Schedule to the Income-tax Act, in rule 5, for clause (b) [as inserted by clause (ii) of section 80 of the Finance (No. 2) Act, 2009(33 of 2009)], the following clause shall be substituted with effect from the 1st day of April, 2011, namely:--

"(b) (i) any gain or loss on realisation of investments shall be added or deducted, as the case may be, if such gain or loss is not credited or debited to the profit and loss account;

(ii) any provision for diminution in the value of investment debited to the profit and loss" account, shall be added back;"

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#### **Section 53 - Amendment of section 22A**

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In section 22A of the Wealth-tax Act, 1957(27 of 1957) (hereinafter referred to as the Wealth tax Act), in clause (b), with effect from the 1st day of June, 2010,--

(i) in the proviso, clause (iii) shall be omitted;

(ii) in the Explanation,--

(a) for clause (iii), the following clause shall be substituted, namely:--

"(iii) a proceeding for assessment or reassessment for any of the assessment years, in consequence of a search initiated under section 37A or requisition made under section 37B, shall be deemed to have commenced on the date of issue of notice initiating such proceedings and concluded on the date on which the assessment is made;"

(b) in clause (iv), for the words, brackets and figures "or clause (iii) of the proviso", the words, brackets and figures "of the proviso or clause (iii) of the Explanation" shall be substituted.

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#### **Section 54 - Amendment of section 22D**

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In section 22D of the Wealth-tax Act, in sub-section (4A),--

(a) in clause (ii), after the words, figures and letters "the 1st day of June, 2007", the words, figures and letters "but before the 1st day of June, 2010" shall be inserted;

(b) after clause (ii), the following clause shall be inserted with effect from the 1st day of June, 2010, namely:--

"(iii) in respect of an application made on or after the 1st day of June, 2010, within eighteen months from the end of the month in which the application was made.".

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#### **Section 55 - Amendment of section 27**

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In section 27 of the Wealth-tax Act, after sub-section (3A), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1981, namely:--

"(3B) The High Court may admit an application after the expiry of the period of ninety days referred to in sub-section (3), if it is satisfied that there was sufficient cause for not filing the same within that period.".

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#### **Section 56 - Amendment of section 27A**

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In section 27A of the Wealth-tax Act, after sub-section (1), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of October, 1998, namely:--

"(1A) The High Court may admit an appeal after the expiry of the period of one hundred and twenty days referred to in sub-section (1), if it is satisfied that there was sufficient cause for not filing the same within that period.".