

Finance Act, 1985

Section 7 - Insertion of New Section 33ab

After section 33A of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 1986, namely :-

'33AB. Tea development account. - (1) Where an assessee, carrying on business of growing and manufacturing tea in India, has, during the previous year, deposited with the National Bank any amount or amounts in an account (hereafter in this section referred to as the special account) maintained by the assessee with that Bank in accordance with a scheme (hereafter in this section referred to as the scheme) approved in this behalf by the Tea Board, the assessee shall, subject to the provisions of this section, be allowed a deduction of -

(a) a sum equal to the amount or the aggregate of the amounts so deposited during the previous year, or

(b) a sum equal to twenty per cent. of the profits of such business (computed under the head "Profits and gains of business or profession" before making any deduction under this section),

whichever is less.

Explanation : In this section, -

(a) "National Bank" means the National Bank for Agriculture and Rural Development established under section 3 of the National Bank for Agricultural and Rural Development Act, 1981 (61 of 1981);

(b) "Tea Board" means the Tea Board established under section 4 of the Tea Act, 1953 (29 of 1953).

(2) Where the amount or the aggregate of the amounts deposited by the assessee in the special account during the previous year exceeds the sum allowable as deduction under sub-section (1), the excess shall be treated, for the purposes of that sub-section, as a deposit made by the assessee in the next following previous year.

(3) Where any amount standing to the credit of the assessee in the special account is utilised by the assessee for the purposes of the business referred to in sub-section (1) in accordance with the scheme, -

(a) for acquiring any asset being building, machinery, plant or furniture the actual cost of such asset as determined under clause (1) of section 43 shall, for the purposes of this Act, be reduced by the amount so utilised;

(b) for incurring any expenditure for the purposes of such business, such expenditure shall be reduced by the amount so utilised and the resultant sum, if any, shall be taken into account for the purposes of this Act.

(4) Where any amount, standing to the credit of the assessee in the special account, which is released during any previous year by the National Bank for being utilised by the assessee for the

purposes of the business referred to in sub-section (1) in accordance with the scheme is not so utilised, either wholly or in part, within that previous year, the whole of such amount or, as the case may be, part thereof which is not so utilised shall be deemed to be profits and gains of business and accordingly chargeable to income-tax as the income of that previous year.

(5) The provisions of this section shall apply in relation to the assessment year commencing on the 1st day of April, 1986, and the four assessment years next following that assessment year.'.