

Finance Act, 1985

Section 31 - Insertion of New Section 180a

After section 180 of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 1986, namely :-

'180A. Consideration for know-how. - Where the time taken by an individual, who is resident in India, for developing any know-how is more than twelve months, he may elect that the gross amount of any lump sum consideration received or receivable by him during the previous year for allowing use of such know-how shall be treated for the purposes of charging income-tax for that year and for each of the two immediately preceding previous years as if one-third thereof were included in his income chargeable to tax for each of those years respectively and if he so elects, notwithstanding anything contained in any other provision of this Act, -

(a) such gross amount shall be so treated, and

(b) the assessments for each of the two preceding previous years shall, if made, be accordingly rectified under section 154, the period of four years specified in sub-section (7) of that section being reckoned from the end of the financial year in which the assessment relating to the previous year in which the amount was received or receivable by such individual is made.

Explanation : For the purposes of this section, the expression "know-how" has the meaning assigned to it in section 35AB.'
