

Finance (No. 2) Act, 2004

Section 5 - Amendment of Section 10

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

(a) in clause (4), in sub-clause (ii), after the proviso, the following proviso shall be inserted with effect from the 1st day of April, 2006, namely:--

"Provided further that nothing contained in this sub-clause shall apply to any income by way of interest paid or credited on or after the 1st day of April, 2005 to the Non-Resident (External) Account of such individual;"

(b) in clause (6BB), for the words, figures and letters "an agreement entered after the 31st day of March, 1997 but before the 1st day of April, 1999 and approved by the Central Government in this behalf, the words, figures and letters "an agreement entered into after the 31st day of March, 1997 but before the 1st day of April, 1999, or entered into after the 31st day of March, 2005 and approved by the Central Government in this behalf shall be substituted with effect from the 1st day of April, 2006;

(c) in clause (15),--

(A) after sub-clause (iiib), the following sub-clause shall be inserted with effect from the 1st day of April, 2005, namely:--

"(iiic) Interest payable to the European Investment Bank, on a loan granted by it in pursuance of the framework-agreement for financial cooperation entered into on the 25th day of November, 1993 by the Central Government with that Bank;"

(B) in sub-clause (iv), in item (fa), after the words "by a scheduled bank", the words, figures and letters "before the 1st day of April, 2005" shall be inserted with effect from the 1st day of April, 2006;

(d) in clause (15A), before the Explanation, the following proviso shall be inserted with effect from the 1st day of April, 2006, namely:--

"Provided that nothing contained in this clause shall apply to any such agreement entered into on or after the 1st day of April, 2005.";

(e) after clause (18), the following clause shall be inserted with effect from the 1st day of April, 2005, namely:--

"(19) family pension received by the widow or children or nominated heirs, as the case may be, of a member of the armed forces (including paramilitary forces) of the Union, where the death of such member has occurred in the course of operational duties, in such circumstances and subject to such conditions, as may be prescribed;"

(f) in clause (23FB), with effect from the 1st day of October, 2004,--

(i) in Explanation 1, for clause (c), the following clause shall be substituted, namely:--

'(c) "venture capital undertaking" means a venture capital undertaking referred to in the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 199 made under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette by the Board for the purposes of this clause;"

(ii) Explanation 2 shall be omitted;

(g) in clause (23G), before Explanation 1, the following proviso shall be inserted with effect from the 1st day of April, 2005, namely:--

"Provided that the income, by way of dividends, other than dividends referred to in section 115-O, interest or long-term capital gains of an infrastructure capital company, shall be taken into account in computing the book profit and income-tax payable under section 115JB.";

(h) after clause (36), the following shall be inserted with effect from the 1st day of April, 2005, namely:--

'(37) in the case of an assessee, being an individual or a Hindu undivided family, any income chargeable under the head "Capital gains" arising from the transfer of agricultural land, where--

(i) such land is situate in any area referred to in item (a) or item (b) of sub-clause (iii) of clause (14) of section 2;

(ii) such land, during the period of two years immediately preceding the date of transfer, was being used for agricultural purposes by such Hindu undivided family or individual or a parent of his;

(iii) such transfer is by way of compulsory acquisition under any law, or a transfer the consideration for which is determined or approved by the Central Government or the Reserve Bank of India;

(iv) such income has arisen from the compensation or consideration for such transfer received by such assessee on or after the 1st day of April, 2004.

Explanation.--For the purposes of this clause, the expression "compensation or consideration" includes the compensation or consideration enhanced or further enhanced by any court, tribunal or other authority;

(38) any income arising from the transfer of a long-term capital asset, being an equity share in a company or a unit of an equity oriented fund where--

(a) the transaction of sale of such equity share or unit is entered into on or after the date on which Chapter VII of the Finance (No. 2) Act, 2004 comes into force; and

(b) such transaction is chargeable to securities transaction tax under that Chapter.

Explanation.--for the purposes of this clause, "equity oriented fund" means a fund-

(i) where the investible funds are invested by way of equity shares in domestic companies to the extent of more than fifty per cent. of the total proceeds of such fund; and

(ii) which has been set up under a scheme of a Mutual Fund specified under clause (23D):

Provided that the percentage of equity share holding of the fund shall be computed with reference to the, annual average of the monthly averages of the opening and closing figures.'.