Finance (No. 2) Act, 2004

Section 25 - Amendment of Section 94

In section 94 of the Income-tax Act, with effect from the 1st day of April, 2005,--

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

"(b) such person sells or transfers--

(i) such securities within a period of three months after such date; or (ii) such unit within a period of nine months after such date;";

(b) after sub-section (7), the following sub-section shall be inserted, namely:--

"(8) Where--

(a) any person buys or acquires any units within a period of three months prior to the record date;

(b) such person is allotted additional units without any payment on the basis of holding of such units on such date;

(c) such person sells or transfers all or any of the units referred to in clause (a) within a period of nine months after such date, while continuing to hold all or any of the additional units referred to in clause (b),

then, the loss, if any, arising to him on account of such purchase and sale of all or any of such units shall be ignored for the purposes of computing his income chargeable to tax and notwithstanding anything contained in any other provision of this Act, the amount of loss so ignored shall be deemed to be the cost of purchase or acquisition of such additional units referred to in clause (b) as are held by him on the date of such sale or transfer.";

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

'(aa) "record date" means such date as may be fixed by--

(i) a company for the purposes of entitlement of the holder of the securities to receive dividend; or

(ii) a Mutual Fund or the Administrator of the specified undertaking or the specified company as referred to in the Explanation to clause (35) of section 10, for the purposes of entitlement of the holder of the units to receive income, or additional unit without any consideration, as the case maybe;'.
