

Finance Act, 1995

Section 4 - Amendment of Section 10

In section 10 of the Income-tax Act, -

(1) in clause (10D), after the words "such policy", the words, brackets, figures and letters "other than any sum received under sub-section (3) of section 80DDA" shall be inserted with effect from the 1st day of April, 1996;

(2) in clause (14), with effect from the 1st day of July, 1995, -

(a) in sub-clause (i), for the words "as the Central Government may, by notification in the Official Gazette, specify", the words "as may be prescribed" shall be substituted;

(b) in sub-clause (ii), for the words "as the Central Government may, by notification in the Official Gazette, specify, to the extent specified in the notification", the words "as may be prescribed and to the extent as may be prescribed" shall be substituted;

(3) in clause (15), for sub-clause (v), the following sub-clause shall be substituted, namely :-

'(v) interest on -

(a) securities held by the Welfare Commissioner, Bhopal Gas Victims, Bhopal, in the Reserve Bank's SGL Account No. SL/DH048;

(b) deposits for the benefit of the victims of the Bhopal gas leak disaster held in such account, with the Reserve Bank of India or with a public sector bank, as the Central Government may, by notification in the Official Gazette, specify, whether prospectively or retrospectively, but in no case earlier than the 1st day of April, 1994, in this behalf.

Explanation : For the purposes of this sub-clause, the expression "public sector bank" shall have the meaning assigned to it in the Explanation to clause (23D);;

(4) for clause (15A), the following clause shall be substituted with effect from the 1st day of April, 1996, namely :-

'(15A) any payment made, by an Indian company engaged in the business of operation of aircraft, to acquire an aircraft or an aircraft engine (other than a payment for providing spares, facilities or services in connection with the operation of leased aircraft) on lease from the Government of a foreign State or a foreign enterprise under an agreement approved by the Central Government in this behalf.

Explanation : For the purposes of this clause, the expression "foreign enterprise" means a person who is a non-resident;;

(5) after clause (23AA), the following clause shall be inserted, with effect from the 1st day of April, 1996, namely :-

"(23AAA) any income received by any person on behalf of a fund established, for such purposes as may be notified by the Board in the Official Gazette, for the welfare of employees or their dependants and of which fund such employees are members if such fund fulfils the following conditions, namely :-

(a) the fund -

(i) applies its income, or accumulates it for application, wholly and exclusively to the objects for which it is established; and

(ii) invests its funds and contributions and other sums received by it in the forms or modes specified in sub-section (5) of section 11;

(b) the fund is approved by the Commissioner in accordance with rules made in this behalf :

Provided that any such approval shall at any one time have effect for such assessment year or years not exceeding three assessment years as may be specified in the order of approval;;

(6) in clause (23D), for the portion beginning with the words "any income of such Mutual Fund" and ending with the words "specify in this behalf", the following shall be substituted with effect from the 1st day of July, 1995, namely :-

"any income of -

(i) a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992 (15 of 1992), or regulations made thereunder;

(ii) such other Mutual Fund set up by a public sector bank or a public financial institution or authorised by the Reserve Bank of India and subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf";

(7) after clause (23E), the following clause shall be inserted with effect from the 1st day of April, 1996, namely :-

"(23F) any income by way of dividends or long-term capital gains of a venture capital fund or a venture capital company from investments made by way of equity shares in a venture capital undertaking :

Provided that such venture capital fund or venture capital company is approved for the purposes of this clause by the prescribed authority in accordance with the rules made in this behalf and satisfies the prescribed conditions :

Provided further that any approval by the prescribed authority shall, at any one time, have effect for such assessment year or years, not exceeding three assessment years, as may be specified in the order of approval :

Provided also that if the aforesaid equity shares are transferred (other than in the event of the said shares being listed in a recognised stock exchange in India) by a venture capital fund or a venture capital company to any person at any time within a period of three years from the date of their acquisition, the aggregate amount of income by way of dividends on such equity shares which has not been included in the total income of the previous year or years preceding the previous year in which such transfer has taken place shall be deemed to be the income of the venture capital fund or of the venture capital company of the previous year in which such transfer has taken place :

Provided also that the exemption shall not be allowed in respect of the long-term capital gains, if any, arising on such transfer of equity shares as is mentioned in the third proviso.

Explanation : For the purposes of this clause, -

(a) "venture capital fund" means such fund, operating under a trust deed registered under the provisions of the Registration Act, 1908 (16 of 1908), established to raise monies by the trustees for investments mainly by way of acquiring equity shares of a venture capital undertaking in accordance with the prescribed guidelines;

(b) "venture capital company" means such company as has made investments by way of acquiring equity shares of venture capital undertakings in accordance with the prescribed guidelines; and

(c) "venture capital undertaking" means such domestic company whose shares are not listed in a recognised stock exchange in India and which is engaged in the manufacture or production of such articles or things (including computer software) as may be notified by the Central Government in this behalf.";

(8) after clause (25), the following clause shall be inserted and shall be deemed always to have been inserted with effect from the 1st day of April, 1962, namely :-

"(25A) any income of the Employees' State Insurance Fund set up under the provisions of the Employees' State Insurance Act, 1948 (34 of 1948);";

(9) after clause (26B), the following clause shall be inserted, namely :-

'(26BB) any income of a corporation established by the Central Government or any State Government for promoting the interests of the members of a minority community.

Explanation : For the purposes of this clause, "minority community" means a community notified as such by the Central Government in the Official Gazette in this behalf;'.
