

## Finance Act, 1982

### Chapter III - Direct Taxes

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In section 6 of the Income-tax Act, in clause (1), with effect from the 1st day of April, 1983, -

- (i) sub-clause (b) shall be omitted;
- (ii) for the Explanation, the following Explanation shall be substituted, namely :-

'Explanation : In the case of an individual, being a citizen of India, -

(a) who leaves India in any previous year for the purposes of employment outside India, the provisions of sub-clause (c) shall apply in relation to that year as if for the words "sixty days", occurring therein, the words "one hundred and eighty-two days" had been substituted;

(b) who, being outside India, comes on a visit to India in any previous year, the provisions of sub-clause (c) shall apply in relation to that year as if for the words "sixty days", occurring therein, the words "ninety days" had been substituted.'

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### Section 4 - Amendment Of Section 10

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In section 10 of the Income-tax Act, -

- (a) for clause (4A), the following clause shall be substituted, namely :-

'(4A) in the case of a person resident outside India, any income from interest on moneys standing to his credit in a Non-resident (External) Account in any bank in India in accordance with the Foreign Exchange Regulation Act, 1973 (46 of 1973), and any rules made thereunder.

Explanation : In this clause, "person resident outside India" shall have the meaning assigned to it in clause (q) of section 2 of the Foreign Exchange Regulation Act, 1973 (46 of 1973);;

- (b) after clause (4A), the following clause shall be inserted with effect from the 1st day of April, 1983, namely :-

'(4B) in the case of an individual, being a citizen of India or a person of Indian origin, who is a non-resident, any income from interest on such savings certificates issued by the Central Government as that Government may, by notification in the Official Gazette, specify in this behalf :

Provided that the individual has subscribed to such certificates in convertible foreign exchange remitted from a country outside India in accordance with the provisions of the Foreign Exchange Regulation Act, 1973 (46 of 1973), and any rules made thereunder.

Explanation : For the purposes of this clause, -

- (a) a person shall be deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, was born in undivided India;

(b) "convertible foreign exchange" means foreign exchange which is for the time being treated by the Reserve Bank of India as convertible foreign exchange for the purposes of the Foreign Exchange Regulation Act, 1973 (46 of 1973), and any rules made thereunder;";

(c) after clause (10A), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1978, namely :-

'(10AA)(i) any payment received by an employee of the Central Government or a State Government as the cash equivalent of the leave salary in respect of the period of earned leave at his credit at the time of his retirement on superannuation or otherwise;

(ii) any payment of the nature referred to in sub-clause (i) received by an employee, other than an employee of the Central Government or a State Government, in respect of so much of the period of earned leave at his credit at the time of his retirement on superannuation or otherwise as does not exceed six months calculated on the basis of the average salary drawn by the employee during the period of ten months immediately preceding his retirement on superannuation or otherwise, or thirty thousand rupees, whichever is less :

Provided that where any such payments are received by an employee from more than one employer in the same previous year, the aggregate amount exempt from income-tax under this sub-clause shall not exceed thirty thousand rupees :

Provided further that where any such payment or payments was or were received in any one or more earlier previous years also and the whole or any part of the amount of such payment or payments was or were not included in the total income of the assessee of such previous year or years, the amount exempt from income-tax under this sub-clause shall not exceed thirty thousand rupees, as reduced by the amount or, as the case may be, the aggregate amount not included in the total income of any such previous year or years :

Provided also that the Central Government may, having regard to the maximum amount which may for the time being be exempt under sub-clause (i), increase, by notification in the Official Gazette, the limit of thirty thousand rupees, for all the three purposes for which it has been mentioned in the foregoing provisions of this sub-clause, up to such maximum amount :

Provided also that in relation to an employee retiring on superannuation or otherwise before the 1st day of January, 1982, the proviso immediately preceding this proviso shall not apply and the remaining provisions of this sub-clause shall have effect as if for the words "thirty thousand rupees", at the three places where they occur, the words "twenty-five thousand five hundred rupees" had been substituted.

Explanation : For the purposes of sub-clause (ii), -

(i) the entitlement to earned leave of an employee shall not exceed thirty days for every year of actual service rendered by him as an employee of the employer from whose service he has retired;

(ii) "salary" shall have the meaning assigned to it in clause (h) of rule 2 of Part A of the Fourth Schedule;";

(d) in clause (15), after sub-clause (iia), the following sub-clause shall be inserted with effect from the 1st day of April, 1983, namely :-

"(iib) Interest on such Capital Investment Bonds as the Central Government may, by notification in the Official Gazette, specify in this behalf;".

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In section 13 of the Income-tax Act, -

(a) in sub-section (1), in clause (d), -

(i) for the figures, letters and words "1st day of April, 1982", the figures, letters and words "1st day of April, 1983", shall be substituted;

(ii) for the figures, letters and words "1st day of April, 1981", the figures, letters and words, "1st day of April, 1982", shall be substituted;

(b) in sub-section (5), -

(i) in clause (a), after sub-clause (i), the following sub-clause shall be inserted, namely :-

'(ia) investment in immovable property.

Explanation : "Immovable property" does not include any machinery or plant even though attached to, or permanently fastened to anything attached to, the earth;'

(ii) in clause (c), after the word, brackets and figure "sub-clause (i)", the words, brackets, figure and letter "sub-clause (ia)," shall be inserted.

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### **Section 6 - Amendment Of Section 16**

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In section 16 of the Income-tax Act, in clause (i), for the words "twenty per cent.", the words "twenty-five per cent." shall be substituted with effect from the 1st day of April, 1983.

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### **Section 7 - Amendment Of Section 23**

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In section 23 of the Income-tax Act, with effect from the 1st day of April, 1983, -

(a) in sub-section (1), in the second proviso, -

(i) in clause (c), for the words, figures and letters "completed after the 31st day of March, 1978", the words, figures and letters "completed after the 31st day of March, 1978, but before the 1st day of April, 1982" shall be substituted;

(ii) for the words, brackets and letters "so, however, that the income in respect of any residential unit referred to in clause (a) or clause (b) or clause (c) is in no case a loss.", the following shall be substituted, namely :-

"(d) in the case of a building comprising one or more residential units, the erection of which is completed after the 31st day of March, 1982, for a period of five years from the date of completion of the building, be reduced by a sum equal to the aggregate of -

(i) in respect of any residential unit whose annual value as so determined does not exceed three thousand six hundred rupees, the amount of such annual value;

(ii) in respect of any residential unit whose annual value as so determined exceeds three thousand six hundred rupees, an amount of three thousand six hundred rupees,

so, however, that the income in respect of any residential unit referred to in clause (a) or clause (b) or clause (c) or clause (d) is in no case a loss.";

(b) in sub-section (2), in clause (i), for the words "one thousand and eight hundred rupees", the words "three thousand six hundred rupees" shall be substituted.

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### **Section 8 - Amendment Of Section 32a**

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In section 32A of the Income-tax Act, in sub-section (2B), for the words, figures and letters "but before the 1st day of April, 1982", the words, figures and letters "but before the 1st day of April, 1987" shall be substituted.

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### **Section 9 - Insertion Of New Section 35ccb**

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In the Income-tax Act, after section 35CCA, the following section shall be inserted with effect from the 1st day of June, 1982, namely :-

"35CCB. Expenditure by way of payment to associations and institutions for carrying out programmes of conservation of natural resources. -

(1) Where an assessee incurs any expenditure by way of payment of any sum to an association or institution, which has as its object the undertaking of any programme of conservation of natural resources, to be used for carrying out any programme of conservation of natural resources approved by the prescribed authority, the assessee shall, subject to the provisions of sub-section (2), be allowed a deduction of the amount of such expenditure incurred during the previous year.

(2) The deduction under sub-section (1), shall not be allowed with respect to expenditure by way of payment of any sum to any association or institution, unless such association or institution is for the time being approved in this behalf by the prescribed authority :

Provided that the prescribed authority shall not grant such approval for more than three years at a time.

(3) Where a deduction under this section is claimed and allowed for any assessment year in respect of any expenditure referred to in sub-section (1), deduction shall not be allowed in respect of such expenditure under any other provision of this Act for the same or any other assessment year."

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### **Section 10 - Amendment Of Section 36**

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In section 36 of the Income-tax Act, in sub-section (1), with effect from the 1st day of April, 1983, -

(a) in clause (viia), -

(i) in the opening portion, for the words "scheduled bank", the words "scheduled bank or a non-scheduled bank" shall be substituted;

(ii) in the Explanation, -

(1) clause (i) shall be renumbered as clause (ia) and before clause (ia) as so renumbered, the following clause shall be inserted, namely :-

'(i) "non-scheduled bank" means a banking company as defined in clause (c) of section 5 of the Banking Regulation Act, 1949 (10 of 1949), which is not a scheduled bank;'

(2) in clause (ia) as so renumbered, for the words "scheduled bank", the words "scheduled bank or a on-scheduled bank" shall be substituted;

(b) after clause (viii), the following clause shall be inserted, namely :-

'(viiiia) in respect of any special reserve created by a scheduled bank (other than a bank incorporated by or under the laws of a country outside India) which is engaged in banking operations outside India, an amount not exceeding forty per cent. of the total income (computed before making any deduction under Chapter VI-A) carried to such reserve account :

Provided that, having regard to its capital structure, the extent of its banking operations outside India, its need for resources for such operations outside India and other relevant factors, the bank is, for the time being, approved by the Central Government for the purposes of this clause.

Explanation : For the purposes of this clause, "scheduled bank" has the same meaning as in clause (ii) of the Explanation to clause (viiia);'

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## **Section 11 - Amendment Of Section 54**

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In section 54 of the Income-tax Act, with effect from the 1st day of April, 1983, -

(a) in sub-section (1), -

(i) for the portion beginning with the words "Where a capital gain arises from the transfer of a capital asset" and ending with the words "a house property for the purposes of his own residence, then", the following shall be substituted, namely :-

'Where, in the case of an assessee being an individual the capital gain arises from the transfer of a long-term capital asset to which the provisions of section 53 are not applicable, being buildings or lands appurtenant thereto, and being a residential house, the income of which is chargeable under the head "Income from house property" (hereafter in this section referred to as the original asset), and the assessee has within a period of one year before or after the date on which the transfer took place purchased, or has within a period of three years after that date constructed, a residential house, then';

(ii) in clause (i), for the words "the house property", the words "the residential house" shall be substituted;

(iii) the following Explanation shall be inserted at the end, namely :-

'Explanation : For the purposes of this sub-section, "long-term capital asset" means a capital asset which is not a short-term capital asset.';

(b) in sub-section (2), for the words "or has within a period of two years after that date constructed, a house property for the purposes of his own residence", the words "or has within a period of three years after that date constructed, a residential house" shall be substituted.

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## **Section 12 - Insertion Of New Section 54f**

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In the Income-tax Act, after section 54E, the following section shall be inserted with effect from the 1st day of April, 1983, namely :-

'54F. Capital gain on transfer of certain capital assets not to be charged in case of investment in residential house. -

(1) Where, in the case of an assessee being an individual, the capital gain arises from the transfer of any long-term capital asset, not being a residential house (hereafter in this section referred to as the original asset), and the assessee has, within a period of one year before or after the date on which the transfer took place purchased, or has within a period of three years after that date constructed, a residential house (hereafter in this section referred to as the new asset), the capital gain shall be dealt with in accordance with the following provisions of this section, that is to say, -

(a) if the cost of the new asset is not less than the net consideration in respect of the original asset, the whole of such capital gain shall not be charged under section 45;

(b) if the cost of the new asset is less than the net consideration in respect of the original asset, so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of the new asset bears to the net consideration, shall not be charged under section 45 :

Provided that nothing contained in this sub-section shall apply where the assessee owns on the date of the transfer of the original asset, or purchases, within the period of one year after such date, or constructs, within the period of three years after such date, any residential house, the income from which is chargeable under the head "Income from house property", other than the new asset.

Explanation : For the purposes of this section, -

(i) "long-term capital asset" means a capital asset which is not a short-term capital asset;

(ii) "net consideration", in relation to the transfer of a capital asset, means the full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

(2) Where the assessee purchases, within the period of one year after the date of the transfer of the original asset, or constructs, within the period of three years after such date, any residential house, the income from which is chargeable under the head "Income from house property", other than the new asset, the amount of capital gain arising from the transfer of the original asset not charged under section 45 on the basis of the cost of such new asset as provided in clause (a), or, as the case may be, clause (b), of sub-section (1), shall be deemed to be income chargeable under the head "Capital gains" relating to long-term capital assets of the previous year in which such residential house is purchased or constructed.

(3) Where the new asset is transferred within a period of three years from the date of its purchase or, as the case may be, its construction, the amount of capital gain arising from the transfer of the original asset not charged under section 45 on the basis of the cost of such new asset as provided in clause (a) or, as the case may be, clause (b), of sub-section (1) shall be deemed to be income chargeable under the head "Capital gains" relating to long-term capital assets of the previous year in which such new asset is transferred.'

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### Section 13 - Amendment Of Section 80c

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In section 80C of the Income-tax Act, with effect from the 1st day of April, 1983, -

(a) for sub-section (1), the following sub-section shall be substituted, namely :-

"(1) In computing the total income of an assessee, there shall be deducted, in accordance with and subject to the provisions of this section, an amount calculated, with reference to the aggregate of the sums specified in sub-section (2), at the following rates, namely :-

(a)	where such aggregate does	The whole of such aggregate;
	not exceed Rs. 6,000	

(b)	where such aggregate exceeds	Rs. 6,000 plus 50 per cent. of
	Rs. 6,000 but does not	the amount by which such
	exceed Rs. 12,000	aggregate exceeds Rs. 6,000;
(c)	where such aggregate exceeds	Rs. 9,000 plus 40 per cent. of
	Rs. 12,000	the amount by which such
		aggregate exceeds Rs. 12,000.";

(b) in sub-section (2), after clause (g), the following clause shall be inserted, namely :-

"(h) where the assessee is an individual or a Hindu undivided family or an association of persons or a body of individuals consisting only of husband and wife governed by the system of community of property in force in the Union territories of Dadra and Nagar Haveli and Goa, Daman and Diu, any sums paid in the previous year by the assessee out of his or its income chargeable to tax, as subscription to any such security of the Central Government as that Government may, by notification in the Official Gazette, specify in this behalf.";

(c) in sub-section (4), in clause (ii), clause (iii) and clause (iv) for the words "thirty thousand rupees", the words "forty thousand rupees" shall be substituted;

(d) after sub-section (5) and the Explanation thereto, the following sub-section and Explanations shall be inserted, namely :-

"(6) If the assessee, being -

(a) an individual, has effected or kept in force an insurance on the life of the assessee or on the life of the wife or husband or any child of the assessee; or

(b) a Hindu undivided family, has effected or kept in force an insurance on the life of any member of the family; or

(c) an association of persons or a body of individuals referred to in clause (g) of sub-section (2), has effected or kept in force an insurance on the life of any member of such association or body, or on the life of any child of any of the members of such association or body,

terminates the contract of insurance (by notice to that effect or where the contract ceases to be in force by reason of failure to pay any premiums, by not reviving the contract of insurance) before premiums have been paid for two years, then -

(i) no deduction shall be allowed to the assessee under this section in respect of the premiums, if any, paid in the previous year in which the policy is so terminated; and

(ii) the deduction allowed in respect of the premiums paid in the previous year or years preceding the previous year referred to in clause (i) shall be deemed to be the income of the assessee of such previous year or years and shall be chargeable to tax accordingly.

Explanation 1 : For the purposes of this sub-section, the deduction allowed under this section in respect of the premiums paid in any previous year shall be the amount by which the deduction allowed under this section for that year exceeds the deduction which would have been allowed for that year if no such premiums had been paid during that year.

Explanation 2 : In a case where an assessee terminates his participation the Unit-linked Insurance Plan in any previous year and also terminates a contract of insurance in that year, the deduction allowed under this section in respect of the contribution or premiums paid in any previous year shall, for the purposes of the Explanation to sub-section (5) and Explanation 1, be the amount by which the deduction allowed under this section for that year exceeds the deduction which would have been allowed for that year if no such contribution or premiums had been paid during that year."

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#### **Section 14 - Amendment Of Section 80cc**

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In section 80CC of the Income-tax Act, in sub-section (2), for the words "ten thousand rupees", at both the places where they occur, the words "twenty thousand rupees" shall be substituted with effect from the 1st day of April, 1983.

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#### **Section 15 - Amendment Of Section 80g**

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In section 80G of the Income-tax Act, in sub-section (2), in clause (a), after sub-clause (iiia), the following sub-clause shall be inserted with effect from the 1st day of April, 1983, namely :-

"(iiib) the National Children's Fund; or".

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#### **Section 16 - Amendment Of Section 80gg**

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In section 80GG of the Income-tax Act, in the opening portion, for the words "three hundred rupees", the words "four hundred rupees" shall be substituted with effect from the 1st day of April, 1983.

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#### **Section 17 - Amendment Of Section 80gga**

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In section 80GGA of the Income-tax Act, in sub-section (2), after clause (b), the following clause shall be inserted with effect from the 1st day of June, 1982, namely :-

"(c) any sum paid by the assessee in the previous year to an association or institution, which has as its object the undertaking of any programme of conservation of natural resources, to be used for carrying out any programme of conservation of natural resources approved for the purposes of section 35CCB :

Provided that the association or institution is for the time being approved for the purposes of sub-section (2) of section 35CCB."

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#### **Section 18 - Insertion Of New Section 80hbb**

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In the Income-tax Act, after section 80HHA, the following section shall be inserted with effect from the 1st day of April, 1983, namely :-

'80HHB. Deduction in respect of profits and gains from projects outside India. -

(1) Where the gross total income of an assessee being an Indian company or a person (other than a company) who is resident in India includes any profits and gains derived from the business of -

(a) the execution of a foreign project undertaken by the assessee in pursuance of a contract entered into by him, or

(b) the execution of any work undertaken by him and forming part of a foreign project undertaken by any other person in pursuance of a contract entered into by such other person,

with the Government of a foreign State or any statutory or other public authority or agency in a foreign State, or a foreign enterprise, there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction from such profits and gains of an amount equal to twenty-five per cent. thereof :

Provided that the consideration for the execution of such project or, as the case may be, of such work is payable in convertible foreign exchange.

(2) For the purposes of this section, -

(a) "convertible foreign exchange" means foreign exchange which is for the time being treated by the Reserve Bank of India as convertible foreign exchange for the purposes of the Foreign Exchange Regulation Act, 1973 (46 of 1973), and any rules made thereunder;

(b) "foreign project" means a project for -

(i) the construction of any building, road, dam, bridge or other structure outside India;

(ii) the assembly or installation of any machinery or plant outside India;

(iii) the execution of such other work (of whatever nature) as may be prescribed.

(3) The deduction under this section shall be allowed only if the following conditions are fulfilled, namely :-

(i) the assessee maintains separate accounts in respect of the profits and gains derived from the business of the execution of the foreign project, or, as the case may be, of the work forming part of the foreign project undertaken by him and, where the assessee is a person other than an Indian company or a co-operative society, such accounts have been audited by an accountant as defined in the Explanation below sub-section (2) of section 288 and the assessee furnishes, along with his return of income, the report of such audit in the prescribed form duly signed and verified by such accountant;

(ii) an amount equal to twenty-five per cent. of the profits and gains referred to in sub-section (1) is debited to the profits and loss account of the previous year in respect of which the deduction under this section is to be allowed and credited to a reserve account (to be called the "Foreign Projects Reserve Account") to be utilised by the assessee during a period of five years next following for the purposes of his business other than for distribution by way of dividends or profits;

(iii) an amount equal to twenty-five per cent. of the profits and gains referred to in sub-section (1) is brought by the assessee in convertible foreign exchange into India, in accordance with the provisions of the Foreign Exchange Regulation Act, 1973 (46 of 1973), and any rules made thereunder, within a period of six months from the end of the previous year referred to in clause (ii) or, where the Commissioner is satisfied (for reasons to be recorded in writing) that the assessee is, for reasons beyond his control, unable to do so within the said period of six months, within such further period as the Commissioner may allow in this behalf :

Provided that where the amount credited by the assessee to the Foreign Projects Reserve Account in pursuance of clause (ii) or the amount brought into India by the assessee in pursuance of clause (iii) or each of the said amounts is less than twenty-five per cent. of the profits and gains referred to in sub-section (1), the deduction under that sub-section shall be limited to the amount so credited in pursuance of clause (ii) or the amount so brought into India in pursuance of clause (iii), whichever is less.

(4) If at any time before the expiry of five years from the end of the previous year in which the deduction under sub-section (1) is allowed, the assessee utilises the amount credited to the Foreign Projects Reserve Account for distribution by way of dividends or profits or for any

other purposes which is not a purposes of the business of the assessee, the deduction originally allowed under sub-section (1) shall be deemed to have been wrongly allowed, and the Income-tax Officer may, notwithstanding anything contained in this Act, re-compute the total income of the assessee for the relevant previous year and make the necessary amendment; and the provisions of section 154 shall, so far as may be, apply thereto, the period of four years specified in sub-section (7) of that section being reckoned from the end of the previous year in which the money was so utilised.

(5) Notwithstanding anything contained in any other provisions of this Chapter under the heading "C - Deductions in respect of certain incomes"; no part of the consideration or of the income comprised in the consideration payable to the assessee for the execution of a foreign project referred to in clause (a) of sub-section (1) or of any work referred to in clause (b) of that sub-section shall qualify for deduction for any assessment year under any such other provision.'

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### **Section 19 - Amendment Of Section 80l**

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In section 80L of the Income-tax Act, in sub-section (1), for the portion beginning with the words "a deduction as specified hereunder" and ending with the words "in any other case, three thousand rupees", the following shall be substituted with effect from the 1st day of April, 1983, namely :-

"a deduction as specified hereunder, namely :-

(1) in a case where the amount of such income does not exceed in the aggregate four thousand rupees, the whole of such amount; and

(2) in any other case, four thousand rupees :

Provided that where the gross total income of the assessee includes any income by way of interest on any security referred to in clause (i) or interest on any deposits referred to in clause (vi) (being deposits for a period of one year or more), there shall be allowed in computing the total income of the assessee a further deduction of an amount equal to so much of the income by way of such interest as has not been allowed by way of deduction under the foregoing provisions of this sub-section; so, however, that the amount of such further deduction shall not exceed two thousand rupees."

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### **Section 20 - Amendment Of Section 80m**

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In section 80M of the Income-tax Act, in sub-section (1), in clause (a), for the figures and word "27, 29 and 33", the figures and word "27, 28, 29, 30 and 33" shall be substituted with effect from the 1st day of April, 1983.

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### **Section 21 - Amendment Of Section 80t**

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In section 80T of the Income-tax Act, for clause (b), the following clause shall be substituted with effect from the 1st day of April, 1983, namely :-

"(b) in any other case, five thousand rupees as increased by a sum calculated -

(A) at such of the rates specified in column (2) in the Twelfth Schedule as is applicable, with reference to the amount by which the long-term capital gains relating to capital assets, being buildings or lands or any rights in buildings or lands, exceed five thousand rupees;

(B) at such of the rates specified in column (3) in the Twelfth Schedule as is applicable, with reference to the amount by which the long-term capital gains relating to any other capital assets exceed five thousand rupees :

Provided that where the long-term capital gains relate to -

- (i) buildings or lands or any rights in buildings or lands;
- (ii) gold, bullion or jewellery; and
- (iii) any other capital asset,

or to any two of the categories of capital assets mentioned in the foregoing clauses of this proviso (the assets falling under each clause being treated as a separate category), the deduction of five thousand rupees referred to in this clause shall be allowed in the following order, namely :-

(1) the deduction shall first be allowed against long-term capital gains relating to the assets mentioned in clause (i);

(2) next, where the amount of the long-term capital gains relating to the assets mentioned in clause (i) is less than five thousand rupees, a deduction equal to the amount of the difference between five thousand rupees and such capital gains shall be allowed against the long-term capital gains relating to the assets mentioned in clause (ii); and

(3) thereafter, the balance, if any, of the said five thousand rupees shall be allowed as a deduction against the long-term capital gains relating to the assets mentioned in clause (iii),

and the provisions of sub-clause (A) and sub-clause (B) of this clause shall apply as if the references to five thousand rupees therein were references to the amount of deduction allowed in accordance with clauses (1), (2) and (3) of this proviso :

Provided further that the aggregate amount of deduction under this section in relation to assets mentioned in clause (ii) of the preceding proviso shall, in no case, exceed fifty thousand rupees."

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## Section 22 - Insertion Of New Section 89a

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In Chapter VIII of the Income-tax Act, after section 89, the following section shall be inserted with effect from the 1st day of June, 1982, namely :-

'89A. Tax relief in relation to export turnover. -

(1) Where the export turnover of an assessee, being -

- (a) an Indian company, or
- (b) a person (other than a company) who is resident in India,

during any previous year relevant to an assessment year in relation to which this section applies, exceeds by more than ten per cent. his export turnover during the corresponding base year, the assessee shall be entitled to a deduction from the amount of income-tax otherwise payable for that assessment year of an amount calculated at the rate specified under sub-section (3) on the amount of such excess.

Explanation : For the purposes of this sub-section, -

(a) "corresponding base year" in relation to any previous year, means the previous year immediately preceding that previous year;

(b) "export turnover" means the sale proceeds of any goods or merchandise specified under sub-section (3) exported out of India, but does not include freight or insurance attributable to the transport of the goods or merchandise beyond the customs station as defined in the Customs Act, 1962 (52 of 1962).

(2) This section applies in relation to the assessment year commencing on the 1st day of April, 1983, and the four assessment years next following that year.

(3) The goods or merchandise referred to in the Explanation to sub-section (1) (including the destination of their export) and the rate at which the amount of deduction under that sub-section shall be calculated, shall be such as may be specified by the Central Government in this behalf by notification in the Official Gazette.

(4) In specifying under sub-section (3) any goods or merchandise (including the destination of their export) and the rate at which the amount of deduction under sub-section (1) is to be calculated, the Central Government shall have regard to the following factors, namely :-

- (a) the cost of manufacture or production of such goods or merchandise and prices of similar goods or merchandise in the foreign markets;
- (b) the need to develop foreign markets for such goods or merchandise;
- (c) the need to earn foreign exchange;
- (d) any other relevant factor.

(5) The deduction under sub-section (1) for any assessment year shall not exceed ten per cent. of the amount of income-tax otherwise payable by the assessee for that assessment year on the amount of profits and gains derived from the export of such goods or merchandise out of India.

Explanation : For the purposes of this sub-section, the amount of income-tax otherwise payable by the assessee for an assessment year on the profits and gains derived from the export of such goods or merchandise out of India shall be -

(a) in a case where the total income for that assessment year consists only of such profits and gains, the amount of income-tax chargeable (without any deduction under this section) on the total income;

(b) in a case where the total income for that assessment year includes any other income, the amount which bears to the income-tax chargeable (without any deduction under this section) on the total income the same proportion as the amount of such profits and gains bears to the total income.

(6) For the purposes of sub-section (5), the amount of profits and gains derived from the export of any goods or merchandise out of India shall be computed in accordance with the rules made by the Board in this behalf.'

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## **Section 23 - Amendment Of Section 155**

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In section 155 of the Income-tax Act, with effect from the 1st day of April, 1983, -

(a) in sub-section (8), for the words "within two years from that date constructs, a house property for the purpose of his own residence", the words "within three years from that date constructs a residential house" shall be substituted;

(b) in sub-section (8A), for the words "within a period of two years after that date, a house property for the purposes of his own residence", the words "within a period of three years after that date, a residential house" shall be substituted;

(c) after sub-section (10B), the following sub-section shall be inserted, namely :-

"(10C) Where in the assessment for any year a capital gain arising from the transfer of any such capital asset as is referred to in section 54F is charged to tax and within a period of one

year after the date of the transfer the assessee purchases, or within three years from that date constructs, a residential house, the Income-tax Officer shall amend the order of assessment so as to exclude the amount of the capital gain not chargeable to tax under the provisions of sub-section (1) of section 54F, and the provisions of section 154 shall, so far as may be, apply thereto, the period of four years specified in sub-section (7) of that section being reckoned from the date of the assessment."

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### **Section 24 - Amendment Of Section 193**

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In section 193 of the Income-tax Act, in the proviso, after clause (iii), the following clause shall be inserted with effect from the 1st day of June, 1982, namely :-

"(iiia) any interest payable on such securities of the Central Government or a State Government, to such class of persons, and subject to such conditions, as the Central Government may, by notification in the Official Gazette, specify in this behalf;"

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### **Section 25 - Amendment Of Section 194**

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In section 194C of the Income-tax Act, in sub-section (3), in clause (i), for the words "five thousand rupees", the words "ten thousand rupees" shall be substituted with effect from the 1st day of June, 1982.

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### **Section 26 - Insertion Of New Section 197a**

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In the Income-tax Act, after section 197, the following section shall be inserted with effect from the 1st day of June, 1982, namely :-

"197A. No deduction to be made in certain cases. -

(1) Notwithstanding anything contained in section 193 or section 194 or section 194A, no deduction of tax shall be made under any of the said sections in the case of an individual, who is resident in India, if such individual furnishes to the person responsible for paying any income of the nature referred to in section 193 or section 194 or, as the case may be, section 194A, a declaration in writing in duplicate in the prescribed form and verified in the prescribed manner to the effect that his estimated total income of the previous year in which such income is to be included in computing his total income will be less than the minimum liable to income-tax.

(2) The person responsible for paying any income of the nature referred to in sub-section (1) shall deliver or cause to be delivered to the Commissioner one copy of the declaration referred to in sub-section (1) on or before the seventh day of the month next following the month in which the declaration is furnished to him."

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### **Section 27 - Amendment Of Section 245b**

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In section 245B of the Income-tax Act, after sub-section (2) the following sub-section shall be inserted, namely :-

"(2A) Notwithstanding anything contained in sub-section (2) when the post of one of the other members of the Settlement Commission is vacant for any reason, the Chairman and the other member of the Settlement Commission may function as, and exercise and discharge the powers and functions of, the Settlement Commission under this Chapter :

Provided that if in any case the Chairman and members so functioning differ on any point or points, they shall state the point or points on which they differ and refer the same, as soon as may be after the said vacancy is filled, to the member appointed to file the vacancy for hearing on such point or points and such point or points shall be decided according to his opinion."

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### **Section 28 - Amendment Of Section 245d**

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In section 245D of the Income-tax Act, in sub-section (5), for the words "The materials brought on record", the words, brackets, figures and letters "Subject to the provisions of sub-section (2A) of section 245B, the materials brought on record" shall be substituted.

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### **Section 29 - Amendment Of Section 272a**

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In section 272A of the Income-tax Act, with effect from the 1st day of June, 1982, -

(a) in sub-section (2), after clause (b), the following clause shall be inserted, namely :-

"(ba) to deliver or cause to be delivered in due time a copy of the declaration mentioned in section 197A; or";

(b) in sub-section (3), -

(i) in clause (a), the words "and" occurring at the end shall be omitted;

(ii) after clause (a), the following clause shall be inserted, namely :-

"(aa) in a case falling under (ba) of sub-section (2), by the Commissioner; and".

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### **Section 30 - Amendment Of Section 279**

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In section 279 of the Income-tax Act, in sub-section (1), after the word, figures and letter "section 276A,", the word, figures and letters "section 276AA," shall be inserted.

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### **Section 31 - Insertion Of New Twelfth Schedule**

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In the Income-tax Act, after the Eleventh Schedule, the following Schedule shall be inserted with effect from the 1st day of April, 1983, namely :-

#### **"THE TWELFTH SCHEDULE**

**[See section 80T(b)]**

The deduction in respect of long-term capital gains referred to in section 80T shall be allowed on the basis indicated hereunder, namely :-

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Rate as percentage of the amount  
with reference to which the  
deduction is to be calculated

under section 80T

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(1)	(2)	(3)
-----	-----	-----

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Where the capital gains relate to buildings or any other lands or any assets rights therein

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Where the capital asset has been held by the assessee for -  
more than three years but not more than five years; 25% 40%  
more than five years but not more than ten years; 28% 45%  
more than ten years but not more than fifteen years; 33% 50%  
more than fifteen years but not more than twenty years; 37% 55%  
more than twenty years. 40% 60%

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### Section 32 - Consequential Amendments To Certain Sections

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The following amendments (being amendments of a consequential nature) shall be made in the Income-tax Act with effect from the 1st day of April, 1983, namely :-

- (i) in sub-section (1) of section 45, for the figures, letters and word "54D and 54E", the figures, letters and word "54D, 54E and 54F" shall be substituted;

(ii) in sub-section (3) of section 80A, after the words, figures and letters "or section 80HHA", the words, figures and letters "or section 80HHB" shall be inserted;

(iii) in sub-section (3) of section 80P, -

(a) after the words, figures and letters "or section 80HHA", the words, figures and letters "or section 80HHB" shall be inserted;

(b) after the word, figures and letters "section 80HHA,", the word, figures and letters "section 80HHB," shall be inserted;

(iv) in sub-section (1A) of section 139, in clause (c), for the words "three thousand rupees", the words "the maximum amount allowable as deduction in his case under that section" shall be substituted.

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### **Section 33 - Amendment Of Section 2**

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In the Wealth-tax Act, 1957 (27 of 1957) (hereinafter referred to as the Wealth-tax Act), in section 2, in clause (e), in sub-clause (2), with effect from the 1st day of April, 1983, -

(a) in the first proviso, for the words "or any subsequent assessment year", the words, figures and letters "and the assessment year commencing on the 1st day of April, 1982" shall be substituted;

(b) in the second proviso, for the words "Provided further that" the words "Provided also that" shall be substituted, and before the second proviso as so amended, the following proviso shall be inserted, namely :-

"Provided further that in relation to the assessment year commencing on the 1st day of April, 1983, or any subsequent assessment year, this sub-clause shall have effect subject to the modification that for item (i) thereof, the following item shall be substituted, namely :-

"(i)(a) agricultural land and growing crops (including fruits on trees), grass or standing trees on such land;

(b) one building or one group of buildings owned or occupied by a cultivator of, or receiver of rent or revenue out of, agricultural land :

Provided that such building or group of buildings is on or in the immediate vicinity of the land and is a building which the cultivator or the receiver of rent or revenue by reason of his connection with the land requires as store-house or for keeping livestock;

(c) animals;" :'.  

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### **Section 34 - Amendment Of Section 5**

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In section 5 of the Wealth-tax Act, with effect from the 1st day of April, 1983, -

(a) in sub-section (1), -

(i) clauses (iva) and (ivb) shall be omitted;

(ii) in clauses (viii), in the second proviso, for the words "thirty thousand rupees", the words "seventy-five thousand rupees" shall be substituted;

(iii) clauses (viiiia) and (viiiib) shall be omitted;

(iv) in clause (x), for the words "twenty thousand rupees", the words "fifty thousand rupees" shall be substituted;

(v) after clause (xvib), the following clauses shall be inserted, namely :-

'(xvic) in the case of an individual, being a citizen of India or a person of Indian origin, who is not resident in India during the year ending on the valuation date, any such saving certificates issued by the Central Government as that Government may, by notification in the Official Gazette, specify in this behalf :

Provided that the individuals has subscribed to such certificates in convertible foreign exchange remitted from a country outside India in accordance with the provisions of the Foreign Exchange Regulation Act, 1973 (46 of 1973), and any rules made thereunder.

Explanation : For the purposes of this clause, -

(a) a person shall be deemed to be of Indian origin if he or either of his parents or any of his grand-parents was born in undivided India;

(b) an individual shall be deemed to be not resident in India during the year ending on the valuation date if in respect of that year the individual is not resident in India within the meaning of the Income-tax Act;

(c) "convertible foreign exchange" means foreign exchange which is for the time being treated by the Reserve Bank of India as convertible foreign exchange for the purposes of the Foreign Regulation Act, 1973 (46 of 1973), and any rules made thereunder;

(xvid) such Capital Investment Bonds as the Central Government may, by notification in the Official Gazette, specify in this behalf;'

(b) in sub-section (1A), -

(i) for the words, brackets, figures and letter "in clauses (iva), (xv)", the words, brackets and figures "in clause (xv)" shall be substituted;

(ii) for the words "one hundred and fifty thousand rupees", at both the places where they occur, the words "one hundred and sixty-five thousand rupees" shall be substituted;

(c) in sub-section (3), -

(i) in the opening portion, for the words, brackets and figures "in clauses (xv), (xvi)", the words, brackets, figures and letter "in clauses (xv), (xvi), (xvid)" shall be substituted;

(ii) in clause (a), the word "and" occurring at the end shall be omitted;

(iii) after clause (a) as so amended, the following clause shall be inserted, namely :-

"(aa) in the case of Capital Investment Bonds referred to in clause (xvid) of sub-section (1), from the date on which the Bonds were subscribed to by the assessee, or for a period of at least six months ending with the relevant valuation date, whichever is shorter; and";

(iv) in the Explanation, after the word, brackets and letter "clause (a)", the words, brackets and letters "or clause (aa)" shall be inserted.

In section 6 of the Wealth-tax Act, after Explanation 1, the following Explanation shall be inserted, namely :-

"Explanation 1A : Where in the case of an individual the value of an asset in India is represented by any debt owing to him, being any moneys to his credit in a Non-resident (External) Account, the interest payable on which is not to be including in his total income under clause (4A) of section 10 of the Income-tax Act, the provisions of this section shall, in relation to such asset, apply subject to the modification that the reference in this section to an individual not resident in India shall be construed as a reference to a person resident outside India as defined in clause (q) of section 2 of the Foreign Exchange Regulation Act, 1973 (46 of 1973).".

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**Section 36 - Amendment Of Section 22b**

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