

Finance Act, 1982

Section 22 - Insertion of New Section 89a

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.'
