

Finance Act, 1983

Section 5 - Amendment of Section 10

In section 10 of the Income-tax Act, -

(a) after clause (6), the following clause shall be inserted with effect from the 1st day of April, 1984, namely :-

'(6A) where in the case of a foreign company deriving income by way of royalty or fees for technical services received Government or an Indian concern in pursuance of an agreement made by the foreign company with Government or the Indian concern after 31st day of March, 1976 and approved by the Central Government the tax on such income is payable, under the terms of such agreement, Government or the Indian concern to the Central Government, the tax so paid.

Explanation : For the purposes of this clause, -

(a) "fees for technical services" shall have the same meaning as in Explanation 2 to clause (vii) of sub-section (1) of section 9;

(b) "foreign company" shall have the same meaning as in section 80B;

(c) "royalty" shall have the same meaning as in Explanation 2 to clause (vi) of sub-section (1) of section 9;';

(b) in clause (10), -

(i) for the words "thirty thousand rupees", at the three place where they occur, the words "thirty-six thousand rupees" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1982;

(ii) after the proviso and before the Explanation, the following proviso shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1982, namely :-

'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-six thousand rupees, for all the three purposes for which it has been mentioned in the foregoing provisions of this clause, up to such maximum amount :

Provided also that in relation to cases in which the event (that is to say, retirement of the employee or his becoming incapacitated or termination of his employment or his death, as the case may be) on which gratuity is received had taken place before the 31st day of January, 1982, the proviso immediately preceding this proviso shall not apply and the remaining provisions of this clause shall have effect as if for the words "thirty-six thousand rupees", at the three places where they occur, the words "thirty thousand rupees" had been substituted.';

(c) in clause (15), -

(i) in sub-clause (iib) [directed to be inserted by clause (d) of section 4 of the Finance Act, 1982 (14 of 1982)], for the words "inserted on such Capital Investment Bonds", the words "in the case of an individual or a Hindu undivided family, interest on such Capital Investment Bonds" shall be substituted;

(ii) in sub-clause (iv), -

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

"(a) by Government or a local authority on moneys borrowed by it from, or debts owed by it to, sources outside India;"

(2) in item (c), -

(A) after the words "raw materials", the words "or components" shall be inserted;

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

'Explanation : For the purposes of this item, "purchase of capital plant and machinery" includes the purchase of such capital plant and machinery under a hire-purchase agreement or a lease agreement with an option to purchase such plant and machinery;'

(3) in item (d), after the words and figures "Industrial Development Bank of India Act, 1964 (18 of 1964)", the words and figures "or the Export-Import Bank of India established under the Export-Import Bank of India Act, 1981 (28 of 1981)" shall be inserted;

(4) after item (f) and before the Explanation, the following item shall be inserted, namely :-

"(g) by a public company formed and registered in India with the main object of carrying on the business of providing long-term finance for construction or purchase of houses in India for residential purposes, being a company approved by the Central Government for the purposes of clause (viii) of sub-section (1) of section 36, on any moneys borrowed by it in foreign currency from sources outside India under a loan agreement approved by the Central Government, to the extent to which such interest does not exceed the amount of interest calculated at the rate approved by the Central Government in this behalf, having regard to the terms of the loan and its repayment.";

(5) in the Explanation, for the words "this item", the words, brackets and letters "items (f) and (g)" shall be substituted;

(d) in clause (21), the following proviso shall be inserted at the end with effect from the 1st day of April, 1984, namely :-

"Provided that nothing contained in this clause shall apply if for any period during the previous year -

(i) any sums by way of contributions received by the association are invested or deposited after the 28th day of February, 1983 otherwise than in any one or more of the forms or modes specified in sub-section (5) of section 11; or

(ii) any funds of the association invested or deposited before the 1st day of March, 1983 otherwise than in any one or more of the forms or modes specified in sub-section (5) of section 11 continue to remain so invested or deposited after the 30th day of November, 1983; or

(iii) any shares in a company (not being a Government company as defined in section 617 of the Companies Act, 1956 (1 of 1956) or a corporation established by or under a Central, State or Provincial Act) are held by the association after the 30th day of November, 1983;";

(e) in clause (26A), -

(i) for the figures, letters and words "1st day of April, 1983", the figures, letters and words "1st day of April, 1986" shall be substituted;

(ii) the Explanation shall be numbered and shall be deemed to have been numbered with effect from the 1st day of April, 1980 as Explanation 1 and after Explanation 1 as so numbered, the following Explanation shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1980, namely :-

"Explanation 2 : In this clause, references to the district of Ladakh shall be construed as references to the areas comprised in the said district on the 30th day of June, 1979;".