

Finance Act, 1983

Section 20 - Amendment of Section 54e

In section 54E of the Income-tax Act, -

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

(i) after clause (b) and before Explanation 1, the following proviso shall be inserted, namely :-

"Provided that in a case where the original asset is transferred after the 28th day of February, 1983, the provisions of this sub-section shall not apply unless the assessee has invested or deposited the whole or as the case may be any part of the net consideration in the new asset by initially subscribing to such new asset.";

(ii) in Explanation 1, -

(A) in clause (b), after the words, figures and letters "after the 28th day of February, 1979", the words, figures and letters "but before the 1st day of March, 1983" shall be inserted;

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

"(c) in a case where the original asset is transferred after the 28th day of February, 1983, any of the following assets, namely :-

(i) securities of the Central Government which that Government may, by notification in the Official Gazette, specify in this behalf;

(ii) special series of units of Unit Trust of India established under the Unit Trust of India Act, 1963 (52 of 1963), which the Central Government may, by notification in the Official Gazette, specify in this behalf;

(iii) such National Rural Development Bonds as have been notified under clause (b) of Explanation 1 or as may be notified in this behalf under this clause by the Central Government;

(iv) such debentures issued by the Housing and Urban Development Corporation Limited (a Government company as defined in section 617 of the Companies Act, 1956 (1 of 1956), as the Central Government may, by notification in the Official Gazette, specify in this behalf.";

(b) in sub-section (2), the Explanation shall be numbered as Explanation 1 and after Explanation 1 as so numbered, to following Explanation shall be inserted, namely :-

"Explanation 2 : In a case where the original asset is transferred after the 28th day of February, 1983 and the assessee invests the whole or any part of the net consideration in respect of the original asset in any new asset and such assessee takes any loan or advance on the security of such new asset, he shall be deemed to have converted (otherwise than by transfer) such new asset on the date on which such loan or advance is taken.";

(c) in sub-section (3), in the Explanation, in clause (iiia), after sub-clause (b), the following sub-clause shall be inserted, namely :-

"(c) in relation to any additional compensation or additional consideration received after the 28th day of February, 1983, in any of the assets referred to in clause (c) of Explanation 1 below sub-section (1) by way of initial subscription thereto;"