

Finance Act, 1983

Section 24 - Insertion of New Section 80hhc

In the Income-tax Act, after section 80HHB [directed to be inserted by section 18 of the Finance Act, 1982 (14 of 1982)], the following section shall be inserted, namely :-

'80HHC. Deduction in respect of export turnover. -

(1) Where the assessee, being an Indian company or a person (other than a company) who is resident in India, exports out of India during the previous year relevant to an assessment year any goods or merchandise to which this section applies, there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of assessee, the following deductions, namely :-

(a) a deduction of an amount equal to one per cent. of the export turnover of such goods or merchandise during the previous year; and

(b) a deduction of an amount equal to five per cent. of the amount by which the export turnover of such goods or merchandise during the previous year exceeds the export turnover of such goods or merchandise during the immediately preceding previous year.

(2) (a) This section applies to all goods or merchandise [other than those specified in clause (b)] if the sale proceeds of such goods or merchandise exported out of India are receivable by the assessee in convertible foreign exchange.

(b) The goods or merchandise referred to in clause (a) are the following, namely :-

(i) agricultural primary commodities, not being product of plantations;

(ii) mineral oil;

(iii) minerals and ores; and

(iv) such other goods or merchandise as the Central Government may, by notification in the Official Gazette, specify in this behalf.

(3) No deduction under clause (b) of sub-section (1) shall be allowed unless the assessee had, during the immediately preceding previous year, exported out of India goods or merchandise to which this section applies.

Explanation : 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) "export turnover" means the sale proceeds of any goods or merchandise 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).'

