

Finance Act, 1983

Section 32 - Insertion of New Chapter Vii-b

In the Income-tax Act, after Chapter VI-A, the following Chapter shall be inserted with effect from the 1st day of April, 1984, namely :-

"CHAPTER VI-B

Restriction On Certain Deductions In The Case Of Companies

80VVA. Restriction on certain deductions in the case of companies. -

(1) Notwithstanding anything contained in any other provision of this Act, where In The case of an assessee being a company, the amount or, as the case may be, the aggregate amount which, but for the provisions of this section, would have been admissible as deduction for any assessment year under any one or more of the provisions of this Act specified in sub-section (2) exceeds seventy per cent. of the amount of total income as computed had no deduction been allowed under any of the said provisions (such total income being hereinafter referred to as the preincentive total income), the amount or, as the case may be, the aggregate amount to be allowed as deduction for that year in respect of any one or more of the said provisions shall be restricted, in the manner specified in sub-section (3), to seventy per cent. of the preincentive total income.

(2) The provisions referred to in sub-section (1) shall be the following namely :-

(i) clause (iii) of sub-section (1) of section 35;

(ii) clause (ia) of sub-section (2) section 35;

(iii) sub-section (2A) of section 35, to the extent to which the deduction under the said sub-section exceeds the sum paid by the assessee;

(iv) sub-section (2B) of section 35, to the extent to which the deduction under the said sub-section exceeds the expenditure incurred by the assessee;

(v) section 35C;

(vi) section 35CC;

(vii) section 35CCA;

(viii) section 35CCB;

(ix) clause (ii) of sub-section (2) of section 33;

(x) clause (ii) of sub-section (2) of section 33A;

(xi) sub-section (1), or, as the case may be, sub-section (1), read with clause (i) of sub-section (2), of section 33A;

(xii) clause (ii) of sub-section (3) of section 32A;

(xiii) sub-section (1), or, as the case may be, sub-section (1), read with clause (i) of sub-section (3), of section 32A;

(xiv) section 80G;

(xv) clause (b) of sub-section (2) of section 80GGA;

(xvi) clause (c) of sub-section (2) of section 80GGA;

(xvii) section 80HH;

(xviii) section 80HHA;

(xix) section 80HHB;

(xx) section 80HHC;

(xxi) section 80-I;

(xxii) section 80J;

(xxiii) section 80JJ;

(xxiv) section 80K;

(xxv) section 80M;

(xxvi) section 80N;

(xxvii) section 80-O; and

(xxviii) section 80QQ.

(3) The deduction under the provisions specified in sub-section (2) shall, for the purposes or restricting under sub-section (1), the amount or, as the case may be, the aggregate amount of deduction, under those provisions, be allowed in the order in which the said provisions have been specified in sub-section (2), and accordingly -

(a) deduction shall first be allowed under the provision specified in clause (i) of sub-section (2); and

(b) if no deduction is allowable under the provision specified in the said clause (i) or the deduction allowable under that provision is less than seventy per cent. of the pre-incentive total income, deduction shall next be allowed under the provision specified in clause (ii) of sub-section (2); and

(c) if no deduction is allowable under the provision specified in the said clause (ii), or the deduction under that provision together with the deduction allowed under the provision referred to in the said clause (i), is less than seventy per cent. of the pre-incentive total income, deduction shall next be allowed under the provision specified in clause (iii) of sub-section (2) and so on until the aggregate deduction so allowed is equal to seventy per cent. of the pre-incentive total income.

(4) To the extent to which full deduction cannot be allowed in the assessment year in respect of any provision specified in sub-section (2), by virtue only of the restriction under sub-section (1) (and not by virtue of anything contained in any other section), the amount remaining unallowed shall be added to the amount, if any, to be allowed to the assessee under the said provision for the next following assessment year and be deemed to be part of the deduction admissible to the assessee under the said provision for that year or, if no such deduction is admissible to the assessee for that year, be deemed to be the deduction admissible to the assessee for that year, and so on for succeeding assessment years."