Finance (No. 2) Act, 1998

Chapter III - Direct Taxes

Section 3 - Substitution of new authorities

In the Income-tax Act, save as otherwise expressly provided, and unless the context otherwise requires, the reference to any authority specified in column (1) of the Table below shall be substituted with effect from the 1st day of October, 1998 by reference to the authority or authorities specified in the corresponding entry in column (2) of the said Table and such consequential changes as the rules of grammar may require shall also be made:

TABLE

(1)	**(2)**
1. Assistant Commissioner	Assistant Commissioner or Deputy Commissioner
2. Assistant Director	Assistant Director or Deputy Director
3. Deputy Commissioner	Joint Commissioner
4. Deputy Director	Joint Director

Section 4 - Amendment of section 2

In section 2 of the Income-tax Act,--

(a) in clause (7A), with effect from notice (sic) October 1998--

(i) for the words "Assistant Commissioner or Assistant Director', the words (sic) or Deputy Commissioner or Assistant Director or Deputy Director" shall be substituted;

(ii) for the words "Deputy Commissioner or Deputy Director", the words "Joint Commissioner or Joint Director" shall be substituted;

(b) in clause (9A), after the words "an Assistant Commissioner of Income-tax", the words "or a Deputy Commissioner of Income-tax" shall be inserted with effect from the 1st day of October, 1998;

(c) for clause (11) the following clause shall be substituted with effect from the 1st day of April, 1999, namely:--

(11) "block of assets" means a group of assets falling within a class of assets comprising--

(a) tangible assets, being buildings, machinery, plant or furniture;

(b) intangible assets, being know-how, patents, copyrights, trade marks, licences, franchises or any other business or commercial rights of similar nature.

In respect of which the same percentage of depreciation is prescribed;

(d) in clause (19A), the words "or an Additional Commissioner of Income-tax" shall be omitted with effect from the 1st day of October, 1998;

(e) in clause (19C), the words "or an Additional Commissioner of Income-tax" shall be omitted with effect from the 1st day of October, 1998;

(f) after clause (28B), the following clauses shall be inserted with effect from the 1st day of October, 1998, namely:--

"(28C) "Joint Commissioner" means a person appointed to be a Joint Commissioner of Income-tax or an Additional Commissioner of Income-tax under sub-section (1) of section 117;

(28D) "Joint Director" means a person appointed to be a Joint Director of Income-tax or an Additional Director of Income-tax under sub-section (1) of section 117;

(g) in clause (30), the words, figure and brackets, and for the purposes of sections 92, 93 and 168 includes a person who is not ordinarily resident within the meaning of sub-section (6) of section 6" shall be omitted with effect from the 1st day of April, 1999.

Section 5 - Amendment of section 10

In section 10 of the Income-tax Act, with effect from the 1st day of April, 1999.--

(a) clause (5A) shall be omitted;

(b) in clause (6), item (aa) of sub-clause (i) and sub-clauses (via), (viia), (ix) and (x) shall be omitted.

(c) in clause (15) in sub-clause (iv) in the Explanation, after clause (a) the following clause shall be inserted, namely:--

"(aa) the manufacture of computer software or recording of programme on any disc, tape, perforated media or other information device; or

(d) clause (18A) shall be omitted;

(e) clause (22) and (22A) shall be omitted.

(f) in clause (23C),--

(A) after sub-clause (iiia), the following sub-clauses shall be inserted, namely:--

(iiiab) any university or other educational institution existing solely for educational purposes and not for purposes of profit, and which is wholly or substantially financed by the Government; or

(iiiac) any hospital or other institution for the reception and treatment of persons suffering from illness or mental defectiveness or for the reception and treatment of persons during convalescence or of persons requiring medical attention or rehabilitation, existing solely for philanthropic purposes and not for purposes of profit, and which is wholly or substantially financed by the Government; or

(iiiad) any university or other educational institution existing solely for educational purposes and not for purposes of profit if the aggregate annual receipts of such university or educational institution do not exceed the amount of annual receipts as may be prescribed; or

(iiiae) any hospital or other institution for the reception and treatment of persons suffering from illness or mental defectiveness or for the reception and treatment of persons during convalescence or of persons requiring medical attention or rehabilitation, existing solely for philanthropic purposes and not for purposes of profit, if the aggregate annual receipts of such hospital or institution do not exceed the amount of annual receipts as may be prescribed; or;

(B) after sub-clause (v) the following sub-clauses shall be inserted, namely:--

"(vi) any university or other educational Institution existing solely for educational purposes and not for purposes of profit, other than those mentioned in sub-clause (iiiab) or sub-clause (iiiad) and which may be approved by the prescribed authority; or

(via) any hospital or other institution for the reception and treatment of persons suffering from illness or mental defectiveness or for the reception and treatment of persons during convalescence or of persons requiring medical attention or rehabilitation, existing solely for philanthropic purposes and not for purposes of profit, other than those mentioned in sub-clause (iiiac) or sub-clause (iiiae) and which may be approved by the prescribed authority."

(C) In the first, second, third, fifth and sixth provisos,--

(i) after the word "institution", the following shall be inserted, namely:--

"or any university or other educational Institution or any hospital or other medical institution,"

(ii) after the words, brackets and letter "or sub-clause (v)", the words, brackets and letters "or sub-clause (vi) or sub-clause (via)" shall be inserted;

(D) after the fourth proviso, the following proviso shall be inserted, namely:--

"Provided also that the exemption under sub-clause (vi) or sub-clause (via) shall not be denied in relation to any funds invested or deposited before the 1st day of June, 1998, otherwise than in any one or more of the forms or modes specified in sub-section (5) of section 11 if such funds do not continue to remain so invested or deposited after the 30th day of March, 2001."

(g) in clause (23F),--

(a) the third and fourth provisos shall be omitted;

(b) in the Explanation, for clause (c), the following clauses shall be substituted, namely:--

(c) "venture capital undertaking" means such domestic company whose shares are not listed in a recognised stock exchange in India and which is engaged in the business of generation or generation and distribution of electricity or any other form of power or engaged in the business of providing telecommunication services or in the business of developing, maintaining and operating any infrastructure facility or engaged in the manufacture or production of such articles or things (including computer software) as may be notified by the Central Government in this behalf;

(d) "infrastructure facility" means a road, highway, bridge, airport, port, rail system, a water supply project, irrigation project, sanitation and sewerage system or any other public facility of a similar nature as may be notified by the Board in this behalf in the Official Gazette and which fulfils the conditions specified in sub-section (4A) of section 80-1A;

(h) for clause (23G), the following clause shall be substituted, namely:--

"(23G) any income by way of dividends, other than dividends referred to in section 115-O, interest or long-term capital gains of an infrastructure capital fund or an infrastructure capital company from investments made on or after the 1st day of June, 1998 by way of shares or long-term finance in any enterprise wholly engaged in the business of developing, maintaining and operating any infrastructure facility and which has been approved by the Central Government on an application made by it in accordance with the rules made in this behalf and which satisfies the prescribed conditions.

Explanation.-- For the purposes of this clause,--

(a) "infrastructure capital company" means such company as has made investments by way of acquiring shares or providing long-term finance to an enterprise wholly engaged in the business of developing, maintaining and operating infrastructure facility;

(b) "infrastructure capital fund" means such fund operating under a trust deed registered under the provisions of the Registration Act, 1908 established to raise monies by the trustees for investment by way of acquiring shares or providing long-term finance to an enterprise wholly engaged in the business of developing, maintaining and operating infrastructure facility.

(c) "infrastructure facility" means--

(i) a road, highway, bridge, airport, port, rail system, a water supply project, irrigation project, sanitation and sewerage system or any other public facility of a similar nature as may be notified by the Board in this behalf in the Official Gazette and which fulfils the conditions specified in sub-section (4A) of section 80-IA;

(ii) a project for generation or generation and distribution of electricity or any other form of power where such project starts generating power on or after the 1st day of April 1993;

(iii) a project for providing tele-communication services on or after the 1st day of April, 1995;

(iv) a project for housing which fulfils the conditions specified in sub-section (4F) of section 80-IA;

(d) "long-term finance" shall have the meaning assigned to it in clause (viii) of sub-section (1) of section 36;

(i) in clause (26), after the words, brackets and figures "North Eastern Areas (Reorganisation) Act, 1971"; the words "or in the Ladakh region of the State of Jammu and Kashmir" shall be inserted.

Section 6 - Amendment of section 16

In section 16 of the Income-tax Act, for clause (i), the following clause shall be substituted with effect from the 1st day of April, 1999, namely:--

"(1) in the case of an assessee whose income from salary, before allowing a deduction under this clause,--

(a) does not exceed one lakh rupees, a deduction of a sum equal to thirty-three and one-third per cent of the salary or twenty-five thousand rupees, whichever is less;

(b) exceeds one lakh rupees but does not exceed five lakh rupees, a deduction of a sum of twenty thousand rupees.

Explanation.-- For the purposes of this clause, where salary is due from, or paid or allowed by, more than one employer, the deduction under this clause shall be computed with reference to the aggregate salary due, paid or allowed to the assessee and shall in no case exceed the amount specified under this clause."

Section 7 - Amendment of section 17

In section 17 of the Income-tax Act, in clause (2) in the proviso, in clause (v) for the words "ten thousand rupees", the words "fifteen thousand rupees" shall be substituted with effect from the 1st day of April, 1999.

Section 8 - Amendment of section 24

In section 24 of the income-tax Act, with effect from the 1st day of April, 1999.--

(a) in sub-section (1), in clause (i), for the word one fifth, the word "one fourth" shall be substituted;

(b) in the proviso to sub-section (2), for the word "fifteen", the word "thirty" shall be substituted.

Section 9 - Amendment of section 32

In section 32 of the Income-tax Act, in sub-section (1),--

(a) for the opening portion beginning with the words "in respect of depreciation of buildings, machinery, plant or furniture owned, wholly or partly," and ending with the words and figures "section 34 be allowed-" the following shall be substituted with effect from the 1st day of April, 1999, namely:--

"In respect of depreciation of--

(i) buildings, machinery, plant or furniture, being tangible assets;

(ii) know-how, patents, copyrights, trade marks, licences, franchises or any other business or commercial rights of similar nature, being intangible assets acquired on or after the 1st day of April, 1998.

owned, wholly or partly, by the assessee and used for the purposes of the business or profession, the following deductions shall be allowed-"

(b) in the fourth proviso, for the words "plant or furniture", the words "plant or furniture, being tangible asset or know-how, patents, copyrights, trade marks, licences, franchises or any other business or commercial rights of similar nature, being intangible assets shall be substituted with effect from the 1st day of April, 1999;

(c) after Explanation 2 the following Explanations shall be inserted with effect from the 1st day of April, 1999, namely:--

'Explanation 3.-- For the purposes of this sub-section, the expression "assets" and "block of assets" shall mean--

(a) tangible assets, being buildings, machinery, plant or furniture;

(b) intangible assets, being know-how, patents, copyrights, trade marks, licences, franchises or any other business or commercial rights of similar nature.

Explanation 4.-- For the purposes of this sub-section, the expression "know-how" means any industrial information or technique likely to assist in the manufacture or processing of goods or in the working of a mine, oil-well or other sources of mineral deposits (including searching for discovery or testing of deposits for the winning of access thereto);

(d) after clause (ii), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1998, namely:--

(iii) in the case of any building, machinery, plant or furniture in respect of which depreciation is claimed and allowed under clause (i) and which is sold, discarded, demolished or destroyed in the previous year (other than the previous year in which it is first brought into use), the amount by which the moneys payable in respect of such building, machinery plant or furniture, together with the amount of scrap value, if any, fall short of the written down value thereof;

Provided that such deficiency is actually written off in the books of the assessee.

Explanation.-- For the purposes of this clause,--

(1) "moneys payable" in respect of any building, machinery, plant or furniture includes--

(a) any insurance, salvage or compensation moneys payable in respect thereof;

(b) where the building, machinery, plant or furniture is sold, the price for which it is sold.

so, however, that where the actual cost of a motor car is, in accordance with the proviso to clause (1) of section 43, taken to be twenty-five thousand rupees, the moneys payable in respect of such motor car shall be taken to be a sum which bears to the amount for which the motor car is sold or, as the case may be, the amount of any insurance, salvage or compensation moneys payable in respect thereof (including the amount of scrap value, if any) the same proportion as the amount of twenty-five thousand rupees bears to the actual cost of the motor car to the assessee as it would have been computed before applying the said proviso;

(2) "sold" includes a transfer by way of exchange or a compulsory acquisition under any law for the time being in force but does not include a transfer, in a scheme of amalgamation, of any asset by the amalgamating company to the amalgamated company where the amalgamated company is an Indian company;

(e) in the fourth proviso, after the words "referred to in", the words, brackets and figures "clause (xiii) and clause (xiv) of section 47 or" shall be inserted with effect from the 1st day of April, 1999.

Section 10 - Insertion of new section 33ABA

After section 33AB of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 1999, namely:--

'33ABA. Site Restoration Fund.--(1) Where an assessee is carrying on business consisting of the prospecting, for or extraction or production of, petroleum or natural gas or both in India and in relation to which the Central Government has entered into an agreement with such assessee for such business, has before the end of the previous year--

(a) deposited with the State Bank of India any amount or amounts in an account (hereafter in this section referred to as the special account) maintained by the assessee with that Bank in accordance with, and for the purposes specified in, a scheme (hereafter in this section referred to as the scheme) approved in this behalf by the Government of India in the Ministry of Petroleum and Natural Gas; or

(b) deposited any amount in an account (hereafter in this section referred to as the Site Restoration Account) opened by the assessee in accordance with, and for the purposes specified in, a scheme framed by the Ministry referred to in clause (a) (hereafter in this section referred to as the deposit scheme).

the assessee shall, subject to the provisions of this section, be allowed a deduction (such deduction being allowed before the loss, if any, brought forward from earlier years is set off under section 72) of--

(i) a sum equal to the amount or the aggregate of the amounts so deposited; or

(ii) a sum equal to twenty per cent, of the profits of such business (computed under the head "Profits and gains of business or profession" before making any deduction under this section).

whichever is less:

Provided that where such assessee is a firm, or any association of persons or any body of individuals, the deduction under this section shall not be allowed in the computation of the income of any partner or, as the case may be, any member of such firm, association of persons or body of individuals;

Provided further that where any deduction, in respect of any amount deposited in the special account, or in the Site Restoration Account, has been allowed under this sub-section in any previous year, no deduction shall be allowed in respect of such amount in any other previous year:

Provided also that any amount credited in the special account or the Site Restoration Account by way of interest shall be deemed to be a deposit.

(2) The deduction under sub-section (1) shall not be admissible unless the accounts of such business of the assessee for the previous year relevant to the assessment year for which the deduction is claimed have been audited by an accountant as defined in the Explanation below sub-section (2) of section 288 and the assessee furnishes, along with his return of income, the report of such audit in the prescribed from duly signed and verified by such accountant;

Provided that in a case where the assessee is required by or under any other law to get his accounts audited, it shall be sufficient compliance with the provisions of this sub-section if such assessee gets the accounts of such business audited under such law and furnishes the report of the audit as required under such other law and a further report in the form prescribed under this sub-section.

(3) Any amount standing to the credit of the assessee in the special account or the Site Restoration Account shall not be allowed to be withdrawn except for the purposes specified in the scheme or, as the case may be, in the deposit scheme.

(4) Notwithstanding anything contained in sub-section (3) no deduction under sub-section (1) shall be allowed in respect of any amount utilised for the purchase of--

(a) any machinery or plant to be installed in any officer premises or residential accommodation, including any accommodation in the nature of a guest house;

(b) any office appliances (not being computers);

(c) any machinery or plant, the whole of the actual cost of which is allowed as a deduction (whether by way of depreciation or otherwise) in computing the income chargeable under the head "Profits and gains of business or profession" of any one previous year;

(d) any new machinery or plant to be installed in an industrial undertaking for the purposes of business of construction, manufacture or production of any article or thing specified in the list in the Eleventh Schedule.

(5) Where any amount standing to the credit of the assessee in the special account or in the Site Restoration Account is withdrawn on closure of the account during any previous year by the assessee, the amount so withdrawn from the account, as reduced by the amount, if any payable to the Central Government by way of profit or production share as provided in the agreement referred to in section 42, shall be deemed to be the profits and gains of business or profession of that previous year and shall accordingly be chargeable to income-tax as the income of that previous year.

Explanation.-- Where any amount is withdrawn on closure of the account in a previous year in which the business carried on by the assessee is no longer in existence, the provisions of this sub-section shall apply as if the business is in existence in that previous year;

(6) Where any amount standing to the credit of the assessee in the special account or in the Site Restoration Account is utilised by the assessee for the purposes of any expenditure in connection with such business in accordance with the scheme or the deposit scheme, such expenditure shall not be allowed in computing the income chargeable under the head "Profits and gains of business or profession".

(7) Where any amount, standing to the credit of the assessee in the special account or in the Site Restoration Account, which is released during any previous year by the State Bank of India or which is withdrawn by the assessee from the Site Restoration Account for being utilised by the assessee for the purposes of such business in accordance with the scheme or the deposit scheme is not so utilised, either wholly or in part, within that previous year, the whole of such amount or, as the case may be, part thereof which is not so utilised shall be deemed to be profits and gains of business and accordingly chargeable to income-tax as the income of that previous year;

Provided that this sub-section shall not apply in case where such amount is released during any previous year at the closure of the account in the circumstances specified in clauses (b), (c) and (e) of sub-section (3).

(8) Where any asset acquired in accordance with the scheme or the deposit scheme is sold or otherwise transferred in any previous year by the assessee to any person at any time before the expiry of eight years from the end of the previous year in which it was acquired, such part of the cost of such asset as is relatable to the deduction allowed under sub-section (1) shall be deemed to be the profits and gains of business or profession of the previous year in which the asset is sold or otherwise transferred and shall accordingly be chargeable to Income-tax as the income of that previous year;

Provided that nothing in this sub-section shall apply--

(i) where the asset is sold or otherwise transferred by the assessee to Government, a local authority, a corporation established by or under a Central, State of Provincial Act or a Government company as defined in section 617 of the Companies Act, 1956; or

(ii) where the sale or transfer of the asset is made in connection with the succession of a firm by a company in the business or profession carried on by the firm as a result of which the firm sells or otherwise transfers to the company any asset and the scheme or the deposit scheme continues to apply to the company in the manner applicable to the firm.

Explanation.-- The provisions of clause (ii) of the proviso shall apply only where--

(i) all the properties of the firm relating to the business or profession immediately before the succession become the properties of the company;

(ii) all the liabilities of the firm relating to the business or profession immediately before the succession become the liabilities of the company; and

(iii) all the shareholders of the company were partners of the firm immediately before the succession.

(9) The Central Government may, if it considers necessary or expedient so to do, by notification in the Official Gazette, direct that the deduction allowable under this section shall not be allowed after such date as may be specified therein.

Explanation.-- For the purpose of this section,--

(a) "State Bank of India" means the State Bank of India constituted under the State Bank of India Act, 1955;

(b) the expression "amount standing to the credit of the assessee in the special account or the Site Restoration Account" includes interest accrued to such accounts;

Section 11 - Amendment of section 35

In section 35 of the Income-tax Act, in sub-section (2AB), after clause (4), the following clause shall be inserted namely:--

"(5) No deduction shall be allowed in respect of the expenditure referred to in clause (1) which is incurred after the 31st day of March, 2000".

Section 12 - Amendment of section 35A

In section 35A of the Income-tax Act, in sub-section (1) after the words, figures and letters "after the 28th day of February, 1966", the words, figures and letters "but before the 1st day of April, 1998" shall be inserted with effect from the 1st day of April, 1999.

Section 13 - Amendment of section 35AB

In section 35AB of the Income-tax Act, in sub-section (1) for the words "in any previous year", the words, "letters and figures in any previous year relevant to the assessment year commencing on or before the 1st day of April, 1998" shall be substituted with effect from the 1st day of April, 1999.

Section 14 - Amendment of section 35D

In section 35D of the Income-tax Act, with effect from the 1st day of April, 1999,--

(a) In sub-section (1), the following proviso shall be inserted, namely:--

'Provided that where an assessee incurs after the 31st day of March, 1998, any expenditure specified in sub-section (2) the provisions of this sub-section shall have effect as if for the words "an amount equal to one-tenth of such expenditure for each of the ten successive previous years", the words "an amount equal to one-fifth of such expenditure for each of the five successive previous years" had been substituted';

(b) In sub-section (3) before the Explanation the following proviso shall be inserted, namely:--

'Provided that where the aggregate amount of expenditure referred to in sub-section (2) is incurred after the 31st day of March, 1998, the provisions of this sub-section shall have effect as if for the words "two and one-half per cent.", the words "five per cent" had been substituted;

Section 15 - Amendment of section 37

In section 37 of the Income-tax Act, after sub-section (1) the following Explanation shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1962 namely:--

"Explanation.-- For the removal of doubts, it is hereby declared that any expenditure incurred by an assessee for any purpose which is an offence or which is prohibited by law shall not be deemed to have been incurred for the purpose of business or profession and no deduction or allowance shall be made in respect of such expenditure."

Section 16 - Amendment of section 41

In section 41 of the Income-tax Act, after sub-section (1) the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1998, namely:--

"(2) Where any building, machinery, plant or furniture,--

(a) which is owned by the assessee;

(b) in respect of which depreciation is claimed under clause (i) of sub-section (1) of section 32; and

(c) which was or has been used for the purposes of business,

Is sold, discarded, demolished or destroyed and the moneys payable in respect of such building, machinery, land or furniture, as the case may be, together with the amount of scrap value, if any, exceeds the written down value, so much of the excess as does not exceed the difference between the actual cost and the written down value shall be chargeable to income-tax as income of the business of the previous year in which the moneys payable for the building, machinery, plant or furniture became due.

Section 17 - Amendment of section 42

Section 42 of the Income-tax Act shall be re-numbered as sub-section (1) thereof and after sub-section (1) as so re-numbered, the following shall be inserted with effect from the 1st day of April 1999, namely:--

"(2) Where the business of the assessee consisting of the prospecting for or extraction or production of petroleum and natural gas is transferred wholly or partly or any interest in such business is transferred in accordance with the agreement referred to in sub-section (1) subject to the provisions of the said agreement and where the proceeds of the transfer so far as they consist of capital sums:--

(a) are less than the expenditure incurred remaining unallowed, a deduction equal to such expenditure remaining unallowed as reduced by the proceeds of transfer, shall be allowed in respect of the previous year in which such business or interest, as the case may be, is transferred;

(b) exceed the amount of the expenditure incurred remaining unallowed, so much of the excess as does not exceed the difference between the expenditure incurred in connection with the business or to obtain interest therein and the amount of such expenditure remaining unallowed, shall be chargeable to income-tax as profits and gains of the business in the previous year in the which the business or interest therein, whether wholly or partly, had been transferred:

Provided that in a case where the provisions of this clause do not apply, the deduction to be allowed for expenditure incurred remaining unallowed shall be arrived at by subtracting the proceeds of transfer (so far as they consist of capital sums) from the expenditure remaining unallowed.

Explanation.-- Where the business or interest in such business is transferred in a previous year in which such business carried on by the assessee is no longer in existence, the provisions of this clause shall apply as if the business is in existence in that previous year;

(c) are not less than the amount of the expenditure incurred remaining unallowed, no deduction for such expenditure shall be allowed in respect of the previous year in which the business or interest in such business is transferred or in respect of any subsequent year or years;

Provided that in a scheme of amalgamation, the amalgamating company, sells or otherwise transfers the business to the amalgamated company (being an Indian company), the provisions of this sub-section--

(i) shall not apply in the case of the amalgamating company: and

(ii) shall, as far as may be, apply to the amalgamated company as they would have applied to the amalgamating company if the latter had not transferred the business or interest in the business.

Section 18 - Amendment of section 43

In section 43 of the Income-tax Act, in clause (1),--

(a) after Explanation 8, the following Explanation shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1994, namely:--

"Explanation 9.-- For the removal of doubts, it is hereby declared that where an asset is or has been acquired on or after the 1st day of March, 1994 by an assessee, the actual cost of asset shall be reduced by the amount of duty of excise or the additional duty leviable under section 3 of the Customs Tariff Act, 1975 in respect of which a claim of credit has been made and allowed under the Central Excise Rules, 1944."

(b) after Explanation 9, the following Explanation shall be inserted with effect from the 1st day of April, 1999, namely:--

"Explanation 10.-- Where a portion of the cost of an asset acquired by the assessee has been met directly or indirectly by the Central Government or a State Government or any authority established under any law or by any other person, in the form of a subsidy or grant or reimbursement (by whatever name called), then, so much of the cost as is relatable to such subsidy or grant or reimbursement shall not be included in the actual cost of the asset to the assessee.

Provided that where such subsidy or grant or reimbursement is of such nature that it cannot be directly relatable to the asset acquired, so much of the amount which bears to the total subsidy or reimbursement or grant the same proportion as such asset bears to all the assets in respect of or with reference to which the subsidy or grant reimbursement is so received, shall not be included in the actual cost of the asset to the assessee."

Section 19 - Amendment of section 43B

In section 43B of the Income-tax Act, after clause (e) in the proviso, after the words, brackets and letter "or clause (d)", the words, brackets and letter "or clause (e)" shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1997.

Section 20 - Amendment of section 44AA

In section 44AA of the Income-tax Act, in sub-section (2) with effect from the 1st day of April, 1999.--

(a) for the words "forty thousand", at both the places where they occur, the words "one lakh twenty thousand" shall be substituted.

(b) for the words "five hundred thousand", at both the places where they occur, the words "ten lakh" shall be substituted.

Section 21 - Amendment of section 47

In section 47 of the Income-tax Act.--

(a) in clause (xi), for the figures, letters and words "31st day of December, 1997", the figures, letters and words "31st day of December, 1998" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1998.

(b) after clause (xii), the following clauses shall be inserted with effect from the 1st day of April, 1999, namely,--

(xiii) where a firm is succeeded by a company in the business carried on by it as a result of which the firm sells or otherwise transfers any capital asset or intangible asset to the company:

Provided that--

(a) all the assets and liabilities of the firm relating to the business immediately before the succession become the assets and liabilities of the company;

(b) all the partners of the firm immediately before the succession become the shareholders of the company in the same proportion in which their capital accounts stood in the books of the firm on the date of succession;

(c) the partners of the firm do not receive any consideration or benefit, directly or indirectly, in any form or manner, other than by way of allotment of shares the company; and

(d) the aggregate of the shareholding in the company of the partners of the firm is not less than fifty per cent of the total voting power in the company and their shareholding continues to be as such for a period of five years from the date of the succession;

(xiv) where a sole proprietary concern is succeeded by a company in the business carried on by it as a result of which the sole proprietary concern sells or otherwise transfers any capital asset or intangible asset to the company:

Provided that--

(a) all the assets and liabilities of the sole proprietary concern relating to the business immediately before the succession become the assets and liabilities of the company;

(b) the shareholding of the sole proprietor in the company is not less than fifty per cent of the total voting power in the company and his shareholding continues to remain as such for a period of five years from the date of the succession; and

(c) the sole proprietor does not receive any consideration or benefit, directly or indirectly, in any form or manner, other than by way of allotment of shares in the company;

(xv) any transfer in a scheme for lending of any securities under an agreement or arrangement, which the assessee has entered into with the borrower of such securities and which is subject to the guidelines issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, in this regard."

Section 22 - Amendment of section 47A

In section 47A of the Income-tax Act, after sub-section (2) the following sub-section shall be inserted with effect from the 1st day of April, 1999, namely:--

(3) Where any of the conditions laid down in the proviso to clause (xiii) or the proviso to clause (xiv) of section 47 are not complied with, the amount of profits or gains arising from the transfer of such capital asset or intangible asset not charged under section 45 by virtue of conditions laid down in the proviso to clause (xiii) or the proviso to clause (xiv) of section 47 shall be deemed to be the profits and gains-chargeable to tax of the successor company for the previous year in which the requirements of the proviso of the proviso to clause (xiii) or the proviso to clause (xiv), as the case may be, are not complied with."

Section 23 - Insertion of new section 50A

After section 50 of the Income-tax Act, the following section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1998, namely:--

"50A. Special provision for cost of acquisition in case of depreciable asset.-- Where the capital asset is an asset in respect of which a deduction on account of depreciation under clause (i) of sub-section (1) of section 32 has been obtained by the assessee in any previous year, the provisions of sections 48 and 49 shall apply subject to the modification that the written down value, as defined in clause (6) of section 43, of the asset, as adjusted, shall be taken as the cost of acquisition of the asset."

Section 24 - Amendment of section 54H

In section 54H of the Income-tax Act, after the figures and letter

"54D", the figures and letters "54EA, 54EB" shall be inserted with effect from the 1st day of April, 1999.

Section 25 - Amendment of section 69C

In section 69C of the Income-tax Act, the following proviso shall be inserted at the end with effect from the 1st day of April, 1999, namely:--

"Provided that, notwithstanding anything contained in any other provision of this Act, such unexplained expenditure which is deemed to be the income of the assessee shall not be allowed as a deduction under any head of income."

Section 26 - Insertion of new section 71B

After section 71A of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 1999, namely:--

71B. Carry forward and set-off of loss from house property.-- Where for any assessment year the net result of computation under the head "Income from house property" is a loss to the assessee and such loss cannot be or is not wholly set-off against income from any other head of income in accordance with the provisions of section 71 so much of the loss as has not been so set-off or where he has no income from any other head of income in accordance with the provisions of section 71 so much of the loss as has not been so set-off or where he has no income under any other head, the whole loss shall, subject to the other provisions of this Chapter, be carried forward to the following assessment year and--

(i) be set-off against the income from house property assessable for that assessment year; and

(ii) the loss, if any, which has not been set-off wholly, the amount of loss not so set-off,

shall be carried forward to the following assessment year, not being more than eight assessment years immediately succeeding the assessment year for which the loss was first computed;

Section 27 - Amendment of section 72A

In section 72A of the Income-tax Act, after sub-section (3) and before the Explanation, the following shall be inserted with effect from the 1st day of April, 1999, namely:--

'(4) Where there has been reorganisation of business, whereby, a firm is succeeded by a company fulfilling the conditions laid down in clause (xiii) of section 47 or a proprietary concern is succeeded by a company fulfilling the conditions laid down in clause (xiv) of section 47, then, notwithstanding anything contained in any other provisions of this Act, the accumulated loss and the unabsorbed depreciation of the predecessor firm or the proprietary concern, as the case may be, shall be deemed to be the loss or allowance for depreciation of the successor company for the previous year in which business reorganisation was effected and other provisions of this Act relating to set off and carry forward of loss and allowance for depreciation shall apply accordingly;

Provided that if any of the conditions laid down in the proviso to clause (xiii) or the proviso to clause

(xiv) to section 47 are not complied with, the set-off of loss or allowance of depreciation made in any previous year in the hands of the successor company, shall be deemed to be the income of the company chargeable to tax in the year in which such conditions are not complied with.

(5) For the purpose of sub-section (4),--

(a) "accumulated loss" means so much of the loss of the predecessor firm or the proprietary concern, as the case may be, under the head "Profits and gains of business or profession" (not being a loss sustained in a speculation business) which such predecessor firm or the proprietary concern would have been entitled to carry forward and set off under the provisions of section 72 if the reorganisation of business had not taken place;

(b) "unabsorbed depreciation" means so much of the allowance for depreciation of the predecessor; firm or the proprietary concern, as the case may be, which remains to be allowed and which would have been allowed to the predecessor firm or the proprietary concern, as the case may be, under the provisions of this Act, if the reorganisation of business had not taken place.'

Section 28 - Substitution of new section for sections 80-DD and 80-DDA

For sections 80DD and 80DDA of the Income tax Act, the following section shall be substituted with effect from the 1st day of April, 1999, namely:--

'80-DD. Deduction in respect of maintenance including medical treatment of handicapped dependant.-- (1) In computing the total income of an assessee who is resident of India, being an individual of Hindu undivided family, there shall be deducted, in accordance with and subject to the provisions of this section, the amount--

(a) of expenditure incurred by way of medical treatment (including nursing), training and rehabilitation of a handicapped dependant; or

(b) paid or deposited under any scheme framed in this behalf by the Life Insurance Corporation or Unit Trust of India subject to the conditions specified in sub-section (2) and approved by the Board in this behalf for the maintenance of handicapped dependant,

out of his income chargeable to tax;

Provided that no such amount shall exceed forty thousand rupees in the aggregate under clause (a) or clause (b) or both.

(2) The deduction under clause (b) or sub-section (1) shall be allowed only if the following conditions are fulfilled, namely:--

(a) the scheme referred to in clause (b) of sub-section (1) provides for payment of annuity or lump sum amount for the benefit of a handicapped dependant in the event of the death of the individual or the member of the Hindu undivided family in whose name subscription to the scheme has been made;

(b) the assessee nominates either the handicapped dependant or any other person or a trust to receive the payment on his behalf, for the benefit of the handicapped dependant.

(3) If the handicapped dependant predeceases the individual or the member of the Hindu undivided family referred to in sub-section (2) an amount equal to the amount paid or deposited under clause (b) of sub-section (1) shall be deemed to be the income of the assessee of the previous year in which such amount is received by the assessee and shall accordingly be chargeable to tax as the income of that previous year.

(4) In this section,--

(a) "Government hospital" includes a departmental dispensary whether full-time or part-time established and run by a Department of the Government for the medical attendance and treatment of a class or classes of Government servants and members of their families, a hospital maintained by a local authority and any other hospital maintained by a local authority and any other hospital with which arrangements have been made by the Government for the treatment of Government servants;

(b) "handicapped dependant" means a person who--

(i) is a relative of the individual or, as the case may be, is a member of the Hindu undivided family and is not dependant on any person other than such individual or Hindu undivided family for his support or maintenance; and

(ii) is suffering from a permanent physical disability (including blindness) or is subject to mental retardation, being a permanent physical disability or mental retardation specified in the rules made by the Board for the purposes of this section, which is certified by a physician, a surgeon, an oculist or a psychiatrist, as the case may be, working in a Government hospital, and which has the effect of reducing considerably such person's capacity for normal work or engaging in a gainful employment or occupation;

(c) "Life Insurance Corporation" shall have the same meaning as in clause (iii) of sub-section (8) of section 88;

(d) "Unit Trust of India" means the Unit Trust of India established under the Unit Trust of India Act, 1963.

Section 29 - Amendment of section 80-G

In section 80G of the Income-tax Act, with effect from the 1st day of April, 1999, namely:--

(a) in sub-section (1), in clause (i) after the word, brackets, figures and letters "sub-clause (iiihf)", the words, brackets, figures and letters "or sub-clause (iiihg) or sub-clause (iiihh)" shall be inserted;

(b) in sub-section (2) in clause (a) after sub-clause (iiihf), the following sub-clauses shall be inserted, namely:--

"(iiihg) the National Sports Fund to be set up by the Central Government; or

(iiihh) the National Cultural Fund set up by the Central Government; or;

(c) In sub-section (5) in clause (1), the words, brackets, figures and letter" or clause (22) or clause (22A)" shall be omitted.

Section 30 - Insertion of new section 80-GG

After section 80-G of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 1998, namely:--

80-GG. Deduction in respect of rent paid.-- In computing the total income of an assessee, not being an assessee having any income falling within clause (13A) of section 10 there shall be deducted any expenditure incurred by him in excess of ten per cent of his total income towards payment of rent (by whatever name called) in respect of any furnished or unfurnished accommodation occupied by him for the purposes of his own residence, to the extent to which such excess expenditure does not exceed two thousand rupees per month or twenty-five per cent of his total income for the year, whichever is less, and subject to such other conditions or limitations as may be prescribed, having regard to the area or place in which such accommodation is situated and other relevant considerations:

Provided that nothing in this section shall apply to an assessee in any case where any residential accommodation is--

(i) owned by the assessee or by his spouse or minor child or, where such assessee is a member of a Hindu undivided family, by such family, at the place where he ordinarily resides or performs duties or his office or employment or carries on his business or profession; or

(ii) owned by the assessee at any other place, being accommodation in the occupation of the assessee, the value of which is to be determined under sub-clause (i) of clause (a) or as the case may be, clause (b) of sub-section (2) of section 23.

Explanation.-- In this section, the expressions ten per cent of his total income and "twenty-five per cent of his total income" shall mean ten per cent or twenty-five per cent., as the case may be, of the assessee's total income before allowing deduction for any expenditure under this section;

Section 31 - Insertion of new section 80-HHBA

After section 80-HHB of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 1999, namely:--

"80-HHBA. Deduction in respect of profits and gains from housing projects in certain cases.-- (1) Where the gross total income of an assessee being an Indian company or a person (other than a company) who is a resident in India includes any profits and gains derived from the execution of a housing project awarded to the assessee on the basis of global tender and such project is aided by the World Bank, there shall, in accordance with and subject to the provisions of this section, be allowed in computing the total income of the assessee, a deduction from such profits and gains of an amount equal to fifty per cent thereof.

(2) The deductions under this section shall be allowed only if the following conditions are fulfilled, namely:--

(i) the assessee maintains separate accounts in respect of the profits and gains derived from the business of the execution of the housing project undertaken by him and, where the assessee is a person other than an Indian company or a co-operative society, such accounts have been audited by an accountant as defined in the Explanation below sub-section (2) of section 288 and the assessee furnishes along with his return of income the report of such audit in the prescribed form duly signed and verified by such accountant;

(ii) an amount equal to fifty per cent, of the profits and gains referred to in sub-section (1) is debited to the profits and loss account of the previous year in respect of which the deduction under this section is to be allowed and credited to a reserve account (to be called the Housing Projects Reserve Account) to be utilized by the assessee during a period of five years next following for the purposes of his business other than for distribution by way of dividends or profit.

Provided that where the amount credited by the assessee to the Housing Projects Reserve Account in pursuance of clause (ii) is less than fifty per cent of the profits and gains referred in sub-section (1) the deduction under this section shall be limited to the amount so credited in pursuance of clause (ii).

(3) If at any time before the expiry of five years from the end of the previous year in which the deduction under sub-section (1) is allowed, the assessee utilises the amount credited to the Housing Projects Reserve Account for distribution by way of dividends or profit or for any other purpose which is not a purpose of the business of the assessee, the deduction originally allowed under sub-section (1) shall be deemed to have been wrongly allowed and the Assessing Officer may, notwithstanding anything contained in this Act, recompute the total income of the assessee for the relevant previous year and make necessary amendment and the provision of section 154 shall, so far as may be, apply thereto, the period of four years specified in sub-section (7) of that section being reckoned from the end of the previous year in which the money was so utilised.

(4) Notwithstanding anything contained in any other provision of this Chapter under heading "C".-- Deduction in respect of certain incomes," no part of the Income payable to the assessee for the execution of a housing project under sub-section (1) shall qualify for deduction for any assessment year under any other provision.

Explanation.-- For the purposes of this section,--

(a) "housing project" means a project for--

(i) the construction of any building, road, bridge or other structure in any part of India;

(ii) the execution of such other work (of whatever nature) as may be prescribed;

(b) "World Bank" means the International Bank for Reconstruction and Development Bank referred to in the International Monetary Fund and Bank Act, 1945;

Section 32 - Amendment of section 80-HHD

In section 80-HHD of the Income-tax Act, after sub-section (6) and before the Explanation, the following sub-section shall be inserted with effect from the 1st day of April, 1999, namely:--

(7) Where a deduction under sub-section (1) is claimed and allowed in respect of profits derived from the business of a hotel, such part of profits shall not qualify to the extent for deduction for

any assessment year under any other provisions of this Chapter under the heading "C.--Deductions in respect of certain incomes," and shall in no case exceed the profits and gains of such hotel.'

Section 33 - Amendment of section 80-HHE

In section 80-HHE of the Income-tax Act, with effect from the 1st day of April, 1999,--

(a) after sub-section (f) the following shall be inserted namely:--

"Provided that if the assessee being a company, engaged in the export out of India of computer software, issue a certificate referred to in clause (b) of sub-section (4A) that in respect of the amount of the export specified therein, the deduction under this sub-section is to be allowed to a supporting software developer, then, the amount of deduction in the case of an assessee shall be reduced by such amount which bears to the total profits derived by the assessee from the export, the same proportion as the amount of the export turnover specified in such certificate bears to the total export turnover of the assessee.

(1A) where the assessee, being a supporting software developer, has during the previous year, developed and sold computer software to an exporting company in respect of which the said company has issued a certificate under the proviso to sub-section (1) there shall, in accordance with and subject to the provisions of this section, be allowed in computing the total income of the assessee a deduction of the profits derived by the assessee from the developing and selling of computer software to the exporting company in respect of which the certificate has been issued by the said company."

(b) after sub-section (3) the following sub-section shall be inserted, namely:--

"(3A) For the purposes of sub-section (1A), profits derived by a supporting software developer shall be,--

(i) in a case where the business carried on by the supporting software developer consists exclusively of developing and selling of computer software to one or more exporting companies solely engaged in exports, the profits, of such business.

(ii) in a case where the business carried on by a supporting software developer does not consist exclusively of developing and selling of computer software to one or more exporting companies, the amount which bears to the profits of the business, the same proportion as the turnover in respect of sale to the respective exporting company bears to the total turnover of the business carried on by the assessee."

(c) after sub-section (4) the following sub-section shall be inserted, namely:--

"(4A) The deduction under sub-section (1A) shall not be admissible unless the supporting software developer furnishes in the prescribed form along with his return of income,--

(i) the report of an accountant, as defined in the Explanation below sub-section (2) of section 288 certifying that the deduction has been correctly claimed on the basis of the profits of the supporting software developer in respect of sale of computer software to the exporting company; and

(ii) a certificate from the exporting company containing such particulars as may be prescribed and verified in the manner prescribed that in respect of the export turnover mentioned in the certificate, the exporting company has not claimed deduction under this section;

Provided that the certificate specified in clause (b) shall be duly certified by the auditor auditing the accounts of the exporting assessee under the provisions of this Act or under any other law."

(d) in the Explanation below sub-section (5),--

(i) in clause (b), after the words "any such programme", the words "or any customised electronic data" shall be inserted;

(ii) after clause (c) the following clause shall be inserted, namely;--

(ca) "exporting company" means a company referred to in sub-section (1) making actual export of computer software:

(iii) after clause (e), the following clause shall be inserted, namely:--

'(ca) "supporting software developer" means as Indian company or a person (other than a company) resident in India, developing and selling computer software to an exporting company for the purposes of export.'

Section 34 - Amendment of Section 80-IA

In section 80-IA of the Income-tax Act,--

(a) in sub-section (1) with effect from the 1st day of April, 1999.--

(i) after the words "basic or cellular", the words "including radiopaging, domestic satellite service or network of trunking and electronic data interchange services or construction and development of housing projects" shall be inserted;

(ii) after the words "commercial production", the words "or refining" shall be inserted;

(b) in sub-section (2),--

(i) in clause (iii) in the proviso, for the words, figures and letters "ending on the 31st day of March, 1998", the words, figures and letters "ending on the 31st day of March, 2000" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1998;

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

(A) for the words, figures and letters "ending on the 31st day of March, 1998", the words, figures and letters "ending on the 31st day of March, 2000" shall be substituted and shall be deemed to have bee substituted with effect from the 1st day of April, 1998;

(B) in the proviso, for the figures "2000", the figures "2003" shall be substituted with effect from the1st day of April, 1999;

(iii) in sub-clause (c), for the words, figures and letters "ending on the 31st day of March, 1999", the words, figures and letters "ending on the 31st day of March, 2000" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1998;

(c) in sub-section (4B), in clause (ii), for he figures "1998", the figures "1999" shall be substituted;

(d) in sub-section (4C), after the words "basic or cellular", the words "including radiopaging, domestic satellite service or network of trunking and electronic data interchange services" shall be inserted with effect from the 1st day of April, 1999;

(e) (i) in sub-section (4E), after the words "commercial production," the words "or refining" shall be inserted.

(ii) in sub-section (4E), the following proviso shall be inserted, with effect from the 1st day of April, 1999, namely:--

"Provided that the provisions of this section shall apply in case of refining of mineral oil where the undertaking begins refining on or after the 1st day of October, 1998";

(f) after sub-section (4E), the following sub-section shall be inserted with affect from the 1st day of April, 1999, namely:--

"(4F) This section applies to an undertaking, engaged in developing and building housing projects approved by a local authority subject to the condition that the size of the plot of land has a minimum area of one acre, and the residential unit has a built up area not exceeding one thousand square feet;

Provided that the undertaking commences development and construction of the housing project on or after the 1st day of October, 1998 and completes the same before the 31st day of March, 2001."

(g) in sub-section (5), after clause (v) the following clause shall be inserted with effect from the 1st day of April, 1999, namely:--

"(vi) in the case of a housing project referred to in sub-section (4F), hundred per cent of profits and gains derived from such business";

(h) in sub-section (6),--

(i) in clause (vi), after the words "basic or cellular", the words "including radiopaging and domestic satellite service" shall be inserted with effect from the 1st day of April, 1999;

(ii) in clause (viii) after the words "commercial production", the words "or refining" shall be inserted with effect from the 1st day of April, 1999;

(i) after sub-section (9) the following sub-section shall be inserted with effect from the 1st day of April, 1999, namely:--

(9A) Where any amount of profits and gains of an industrial undertaking or of a hotel in the case of an assessee is claimed and allowed under this section for any assessment year, deduction to the extent of such profits and gains shall not be allowed under any other provisions of the Chapter under the heading "C- Deduction in respect of certain incomes", and shall in no case exceed the profits and gains of the undertaking or hotel, as the case may be;

(i) in sub-section (12),--

(i) clause (a) shall be re-lettered as clause (aa) and before clause (aa) as so re-lettered, the following clause shall be inserted with effect from the 1st day of April, 1999, namely:--

'(a) "domestic satellite" means a satellite owned and operated by an Indian company for providing telecommunication service;

(ii) in clause (c), with effect from the 1st day of April, '1999,--

(A) in sub-clause (4) after the words "basic or cellular", the words "including radiopaging and domestic satellite service" shall be inserted;

(B) in sub-clause (b), after the words "commercial production", the word "or refining" shall be inserted;

(iii) in clause (ca), in sub-clause (i), after the word "port", the words "inland waterways and inland ports," shall be inserted with effect from the 1st day of April, 1999.

Section 35 - Insertion of new section 80JJA

After section 80JJ of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 1999, namely:--

"80JJA. Deduction in respect of profits and gains from business of collecting and processing of bio-degradable waste.--Where the gross total income of an assessee includes any profits and gains derived from the business of collecting and processing or treating of bio-degradable waste for generating power, producing bio-gas, making pellets or briquettes for fuel or organic manure, there shall be allowed, in computing the total income of the assessee, a deduction from such profits and gains of an amount equal to the whole of such income, or five lakh rupees, whichever is less."

Section 36 - Insertion of new section 80JJA

After section 80JJA of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 1999, namely:--

"80JJAA. Deduction in respect of employment of new workman.--(1) Where the gross total income of an assessee, being an Indian company, includes any profits and gains derived from any industrial undertaking engaged in the manufacture or production or article or thing, there shall, subject to the condition specified in sub-section (2) be allowed a deduction of an amount equal to thirty per cent of additional wages paid to the new regular workmen employed by the assessee in the previous year for three assessment years including the assessment year relevant to the previous year in which such employment is proved.

(2) No deduction under sub-section (1) shall be allowed--

(a) if the industrial undertaking is formed by splitting up or reconstruction of an existing undertaking or amalgamation with another industrial undertaking;

(b) unless the assessee furnishes along with the return of income the report of the accountant, as defined in the Explanation below sub-section (2) of section 288 giving such particulars in the report as may be prescribed.

Explanation.--For the purposes of this section, the expressions,--

(i) "additional wages" means the wages paid to the new regular workman in excess of one hundred workmen employed during the previous year:

Provided that in the case of an existing undertaking, the additional wages shall be nil if the increase in the number of regular workmen employed during the year is less than ten per cent. of existing number of workmen employed in such undertaking as on the last day of the preceding year;

(ii) "regular workman", does not include--

(a) a casual workman; or

(b) a workman employed through contract labour; or

(c) any other workman employed for a period of less than three hundred days during the previous year;

(iii) "workman" shall have the meaning assigned to it in clause (s) of section 2 of the Industrial Disputes Act, 1947.

Section 37 - Amendment of section 80P

In section 80P of the Income-tax Act, in sub-section (2) in clause (c), with effect from the 1st day of April, 1999.--

(a) in sub-clause (i) for the words "forty thousand rupees", the words "one hundred thousand rupees" shall be sustained;

(b) in sub-clause (ii), for the words "twenty thousand rupees", the words "fifty thousand rupees" shall be substituted.

Section 38 - Amendment of section 115AD

In section 115AD of the Income-tax Act, in sub-section (1) for clause (a) the following clause shall be substituted with effect from the 1st day of April, 1999, namely:--

"(a) Income received in respect of securities (other than units referred to in section 115AB); or".

Section 39 - Amendment of section 116

In section 116 of the Income-tax Act, after clause (cc), the following clause shall be inserted with effect from the 1st day of October, 1998, namely:--

"(cca)", Joint Directors of Income-tax or Joint Commissioners of Income-tax."

Section 40 - Amendment of section 139

In section 139 of the Income-tax Act, in sub-section (1) with effect from the 1st day of August, 1998,-

(a) in the proviso--

(i) for the word "two" the word "one" shall be substituted;

(ii) after clause (iv), the following shall be inserted, namely:

'(v) is the holder of the credit card, not being an "add-on" card, issued by any bank or institution; or

(vi) is a member of a club where entrance fee charged is twenty-five thousand rupees or more;

Provided further that the Central Government may, by notification in the Official Gazette, specify the class or classes of persons to whom the provisions of the first proviso shall not apply;

(b) after Explanation 3, the following Explanation shall be inserted, namely:--

'Explanation 4.--For the purposes of this sub-section, the expression "travel to any foreign country" does not include travel to the neighbouring countries or to such places of pilgrimage as the Board may specify in this behalf by notification in the Official Gazette.'

Section 41 - Amendment of section 139A

In section 139A of the Income-tax Act, with effect from the 1st day of August, 1998,--

(a) in sub-section (1), in clause (ii) for the words "fifty thousand rupees," the words "five lakh rupees" shall be substituted;

(b) in sub-section (5), in clause (c) after the proviso, the following proviso shall be inserted, namely:--

"Provided further that a person shall quote General Index Register Number till such time Permanent Account Number is allotted to such person";

(c) in sub-section (6), after the words "the Permanent Account Number" the words "or the General Index Register Number" shall be inserted;

(d) in sub-section (8),--

(i) in clause (b), after the words "the Permanent Account Number", the words "or the General Index Register Number" shall be inserted;

(ii) after clause (c), the following clauses shall be inserted, namely:--

"(d) class or classes of persons to whom the provisions of this section shall not apply;

(e) the form and the manner in which the person who has not been allotted a Permanent Account Number or who does not have General Index Register Number shall make his declaration.

(f) the manner in which the Permanent Account Number or the General Index Register Number shall be quoted in respect of the categories of transactions referred to in clause (c);

(g) the time and the manner in which the transaction referred to in clause (c) shall be limited to the prescribed authority;"

In the Explanation at the end, after clause (c), the following clause shall be inserted namely,--

(d) General Index Register Number means a number given by an Assessing Officer to an assessee in the General Index Register maintained by him and containing the designation and particulars of the ward or circle or range of the Assessing Officer.'

Section 42 - Amendment of section 143

In section 143 of the Income-tax Act, in sub-section (3) for the words "determine the sum payable by him", the words "determine the sum payable by him or refund of any amount due to him" shall be substituted with effect from the 1st day of October, 1998.

Section 43 - Insertion of new section 145A

After section 145 of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 1999, namely:--

'145A. Method of accounting in certain cases.--Notwithstanding anything to the contrary contained in section 145 the valuation of purchase and sale of goods and inventory for the purpose of determining the income chargeable under the head "Profits and gains of business or profession" shall be--

(a) in accordance with the method of accounting regularly employed by the assessee; and

(b) further adjusted to include the amount of any tax, duty, cess or fee (by whatever name called) actually paid or incurred by the assessee to bring the goods to the place of its location and condition as on the date of valuation.

Explanation.--For the purposes of this section, any tax, duty, cess or fee (by whatever name called) under any law for the time being in force, shall include all such payment notwithstanding any right arising as a consequence to such payment.'

Section 44 - Amendment of section 158BA

In section 158BA of the Income-tax Act, after sub-section (2) the following Explanation shall be inserted and shall be deemed to have been inserted with effect from the 1st day of July, 1995, namely:--

"Explanation.--For the removal of doubts, it is hereby declared that--

(a) the assessment made under this Chapter shall be in addition to the regular assessment in respect of each previous year included in the block period;

(b) the total undisclosed income relating to the block period shall not include the income assessed in any regular assessment as income of such block period;

(c) the Income assessed in this Chapter shall not be included in the regular assessment of any previous year included in the block period."

Section 45 - Amendment of section 158BB

In section 158BB of the Income-tax Act, in sub-section (1) in the Explanation, in clause (b), after the words "by whatever name called", the words " to any partner not being a working partner" shall be inserted with effect from the 1st day of April, 1999.

Section 46 - Amendment of section 158BE

In section 158BE of the Income-tax Act, after sub-section (2), the existing Explanation shall be renumbered as Explanation 1 and after Explanation 1 as so renumbered, the following Explanation shall be inserted and shall be deemed to have been inserted with effect from the 1st day of July, 1995, namely:--

"Explanation 2.-For the removal of doubts, it is hereby declared that the authorisation referred to in sub-section (1) shall be deemed to have been executed,--

(a) in the case of search, on the conclusion of search as recorded in the last panchanama drawn in relation to any person in whose case the warrant of authorisation has been issued;

(b) in the case of requisition under section 132A on the actual receipt of the books of account or other documents or assets by the Authorised Officer."

Section 47 - Amendment of section 192

In Section 192 of the Income-tax Act, for sub-section (2B), the following sub-section shall be substituted with effect from the 1st day of August, 1998, namely:--

'(2B) where as assessee who receives any income chargeable under the head "Salaries" has, in addition, any income chargeable under any other head of income (not being a loss under any such head other than the loss under the head "income from house property") for the same financial year, he may send to the person responsible for making the payment referred to in sub-section (1) the particulars of--

(a) such other income and of any tax deducted thereon under any other provision of this Chapter;

(b) the loss, if any, under the head "income from house property",

In such from and verified in such manner as may be prescribed, and thereupon the person responsible as aforesaid shall take--

(i) such other income and tax, if any, deducted thereon; and

(ii) the loss, if any, under the head "income from house property",

also into account for the purposes of making the deduction under sub-section (1):

Provided that this sub-section shall not in any case have the effect of reducing the tax deductible except where the loss under the head "income from house property" has been taken into account, from income under the head "Salaries" below the amount that would be so deductible if the other income and the tax deducted thereon had not been taken into account.'

Section 48 - Amendment of Chapter XIX-B

In Chapter XIX-B of the Income-tax Act, with effect from the 1st day of October, 1998.--

(a) In section 245N,--

(i) for clause (a) the following clause shall be substituted, namely:--

(a) "advance ruling" means--

(i) a determination by the Authority in relation to a transaction which has been undertaken or is proposed to be undertaken by a non-resident applicant and such determination shall include the determination of any question of law or of fact specified in the application;

(ii) a decision by the Authority in relation to an assessment which is pending before any of the income-tax authority or the Tribunal in case of an applicant who is resident in Indian and such decision shall include the decision on question of law or fact arising out of the orders of assessment in respect of which an application has been made by a resident applicant;

(ii) for clause (b) the following clause shall be substituted, namely.--

(b) "applicant" means any person who--

(i) is a non-resident; or

(ii) is a resident falling within any such class or category of persons as the Central Government may, by notification in the Official Gazette, specify in this behalf;

(iii) makes an application under sub-section (1) of section 245-O.

(b) in section 245R, in sub-section (2), in the first proviso, after the words "allow the application", the words "except in the case of a resident applicant" shell be inserted;

(c) after section 245R the following section shall be inserted, namely:--

"245RR. Appellate authority not to proceed in certain cases.-- No Income-tax authority or the Appellate Tribunal shall proceed to decide any issue in respect to which an application has been made by an applicant, being a resident, under sub-section (1) of section 245R."

Section 49 - Insertion of new section 246A

After section 246 of the Income-tax Act, the following section shall be inserted with effect from the 1st day of October, 1998, namely:--

"246A. Appealable orders before Commissioner (Appeals).--(1) Any assessee aggrieved by any of the following orders (whether made before or after the appointed day) may appeal to the Commissioner (Appeals) against--

(a) an order against the assessee where the assessee denied his liability to be assessed under this Act or an intimation under sub-section (1) or sub-section (1B) of section 143, where the assessee objects to the making of adjustments, or any order of assessment under sub-section (3) of section 143 or section 144 to the income assessed, or to the amount of tax determined, or to the amount of loss computed, or to the status under which he is assessed;

(b) an order of assessment, re-assessment or re-computation under section 147 or section 150;

(c) an order made under section 154 or section 155 having the effect of enhancing the assessment or reducing a refund or an order refusing to allow the claim made by the assessee under either of the said sections;

(d) an order made under section 163 treating the assessee as the agent of a non-resident;

(e) an order made under sub-section (2) or sub-section (3) of section 170;

(f) an order made under section 171;

(g) an order made under clause (b) of sub-section (1) or under sub-section (2) or sub-section (3) or sub-section (5) of section 185 in respect of an assessment for the assessment year commencing on or before the 1st day of April, 1992;

(h) an order cancelling the registration of a firm under sub-section (1) or under sub-section (2) of section 186 in respect of any assessment for the assessment year commencing on or before the 1st day of April, 1992 or any earlier assessment year;

(i) an order made under section 237;

(j) an order imposing a penalty under--

(A) section 221; or

(B) section 271, section 271, section 271F, section 272AA or section 272BB.

(C) section 272, section 272B or section 273 as they stood immediately before the 1st day of April, 1989, in respect of an assessment for the assessment year commencing on the 1st day of April, 1988, or any earlier assessment year.

(k) an order of assessment made by an Assessing Officer under clause (c) of section 158BC, in respect of search initiated under section 132 or books of account, other documents or any assets requisitioned under section 132A on or after the 1st day of January, 1997;

(l) an order imposing a penalty under sub-section (2) of section 158NNFA;

(m) an order imposing a penalty under section 271B or section 271BB.

(n) an order made by a Deputy Commissioner imposing a penalty under section 271C, section 271D or section 271E;

(o) an order made by a Deputy Commissioner or a Deputy Director imposing a penalty under section 272A;

(p) an order made by a Deputy Commissioner imposing a penalty under section 272AA;

(q) an order imposing a penalty under Chapter XXI;

(r) an order made by an Assessing Officer other than a Deputy Commissioner under the provisions of this Act in the case of such person or class of persons, as the Board may, having regard to the nature of the cases, the complexities involved and other relevant consideration direct.

Explanation.--For the purposes of this sub-section, where on or after the 1st day of October, 1998 the post of Deputy Commissioner has been redesignated as Joint Commissioner and the post of Deputy Director has been redesignated as Joint Director, the references in this sub-section for "Deputy Commissioner" and "Deputy Director" shall be substituted by "Joint Commissioner" and "Joint Director" respectively.

(2) Notwithstanding anything contained in sub-section (1) of section 246, every appeal under this Act which is pending immediately before the appointed day, before the Deputy Commissioner (Appeals) and any matter arising out or connected with such appeals and which is so pending shall stand transferred on that date to the Commissioner (Appeals) and the Commissioner (Appeals) may proceed wit such appeal or matter from the stage at which it was on that day;

Provided that the appellant may demand that before proceeding further with the appeal or matter, the previous proceeding or any part thereof be reopened or that he be re-heard.

Explanation.--For the purposes of this section, "appointed day" means the day appointed by the Central Government by notification in the Official Gazette.'

Section 50 - Amendment of Section 249

In section 249 of the Income-tax Act, with effect from the 1st day of October, 1998.--

(a) In sub-section (1), after the words "verified in the prescribed manner", the following words, brackets, letters and figures shall be inserted, namely:--

"and shall, in case of an appeal made to the Commissioner (Appeals) on or after the 1st day of October, 1998, irrespective of the date of initiation of the assessment proceedings relating thereto be accompanied by a fee of,--

(i) where the total income of the assessee as computed by the Assessing Officer in the case to which the appeal relates is one hundred thousand rupees or less, two hundred fifty rupees;

(ii) where the total income of the assessee, computed as aforesaid, in the case to which the appeal relates is more than one hundred thousand rupees but not more than two hundred thousand rupees, five hundred rupees;

(iii) where the total income of the assessee, computed as aforesaid, in the case to which the appeal relates is more than two hundred thousand rupees, one thousand rupees";

(b) in sub-section (3) and in the proviso to sub-section (4), the words and brackets "Deputy Commissioner (Appeals) or, as the case may be, the" shall be omitted.

Section 51 - Amendment of section 252

In section 252 of the Income-tax Act,--

(a) in sub-section (2),--

(i) for the words "Central legal Service", the words "Indian Legal Service" shall be substituted;

(ii) for the word and figure "Grade I", the word and figures "Grade II" shall be substituted;

(b) in sub-section (2A), for the words "Commissioner of Income-tax", the words." Additional Commissioner of Income-tax" shall be substituted.

Section 52 - Amendment of section 253

In section 253 of the Income-tax Act, with effect from the 1st day of October, 1998.--

(a) in sub-section (1), in clause (a), after the words and brackets "Deputy Commissioner (Appeals)", the words, figures and letters "before the 1st day of October, 1998" shall be inserted;

(b) in sub-section (2), in clause (a), after the words and brackets "Deputy Commissioner (Appeals)", the words, figures and letters "before the 1st day of October, 1998" shall be inserted;

(c) for sub-section (6), the following sub-sections shall be substituted, namely:--

"(6) An appeal to the Appellate Tribunal shall be in the prescribed from and shall be verified in the prescribed manner and shall, in the case of an appeal made, on or after the 1st day of October, 1998, irrespective of the date of initiation of the assessment proceedings relating thereto, the accompanied by a fee of,--

(a) where the total income of the assessee as computed by the Assessing Officer, in the case to which the appeal relates, is one hundred thousand rupees or less, five hundred rupees,

(b) where the total income of the assessee, computed as aforesaid, in the case to which the appeal relates is more than one hundred thousand rupees but not more than two hundred thousand rupees, one thousand five hundred rupees,

(c) where the total income of the assessee, computed as aforesaid, in the case to which the appeal relates is more than two hundred thousand rupees, one per cent of the assessed income, subject to a maximum of ten thousand rupees:

Provided that no such fee shall be payable in the case of an appeal referred to in sub-section (2) or a memorandum of cross-objections referred to in sub-section (4).

(7) An application for stay of demand shall be accompanied by a fee of five hundred rupees".

Section 53 - Amendment of section 254

In section 254 of the Income-tax Act, in sub-section (2), after the first proviso, the following proviso shall be inserted with effect from the 1st day of October, 1998, namely:--

"Provided further that any application filed by the assessee in this sub-section on or after the 1st day of October, 1998, shall be accompanied by a fee of fifty rupees".

Section 54 - Amendment of section 255

In section 255 of the Income-tax Act, in sub-section (3), for the words "does not exceed one hundred thousand rupees", the words "does not exceed five hundred thousand rupees" shall be substituted with effect from the 1st day of October, 1998.

Section 55 - Amendment of section 256

In section 256 of the Income-tax Act, in sub-section (1), for the words and figures "an order under section 254", the words, letters and figures "an order passed before the 1st day of October, 1998, under section 254" shall be substituted wit effect from the 1st day of October, 1998.

Section 56 - Amendment of section 257

In section 257 of the Income-tax Act, for the words and figures

"an application made under section 256", the words, letter and figures "an application made against an order made under section 254 before the 1st day of October, 1998, under section 256" shall be substituted with effect from the 1st day of October, 1998.

Section 57 - Amendment of section 260

In section 260 of the Income-tax Act, after sub-section (1), the following sub-section shall be inserted with effect from the 1st day of October, 1998, namely:--

(1A) Where the High Court delivers a judgment in an appeal filed before it under section 260A, effect shall be given to the order passed on the appeal by the Assessing Officer on the basis of a certified copy of the judgment."

Section 58 - Insertion of new sub-heading and sections in Chapter XX

In Chapter XX of the Income-tax Act, after the sub-heading 'C', the following sub-heading and sections shall be inserted with effect from the 1st day of October, 1998, namely:--

"CC. Appeals to High Court

260A. Appeal to High Court.--(1) An appeal shall lie to the High Court from every order passed in appeal by the Appellate Tribunal, if the High Court is satisfied that the case involves a substantial question of law.

(2) An appeal under this section shall be--

(a) filed within one hundred and twenty days from the date on which the order appealed against is communicated to the appellant;

(b) accompanied by a fee of ten thousand rupees where such appeal is filed by an assessee;

(c) in the form of a memorandum of appeal precisely stating therein the substantial question of law involved.

(3) Where the High Court is satisfied that a substantial question of law is involved in any case, it shall formulate that question.

(4) The appeal shall be heard only on the question so formulated, and the respondents, shall, at the hearing of the appeal, be allowed to argue that the case does not involve such question:

Provided that nothing in this sub-section shall be deemed to take away or abridge the power of the Court to hear, for reasons to be recorded, the appeal on any other substantial question of law not formulated by it, if it is satisfied that the case involves such question.

(5) The High Court shall decide the question of law so formulated and deliver such judgment thereon containing the grounds on which such decision in founded and may award such cost as it deems fit.

(6) The High Court may determine any issue which--

(a) has not been determined by the Appellate Tribunal; or

(b) has been wrongly determined by the appellate Tribunal, by reason of a decision on such question of law as is referred to in sub-section (1).

260B. Case before High Court to be heard by not less than two Judges.--(1) when an appeal has been filed before the High Court under Section 260A, it shall be heard by a bench of not less than two Judges of the High Court, and shall be decided in accordance with the opinion of such Judges or of the majority, if any, of such Judges.

(2) Where there is no such majority, the Judges shall state the point of law upon which they differ and the case shall then be heard upon that point only by one or more of the other Judges of the High Court and such point shall be decided according to the opinion of the majority of the Judges who have heard the case including those who first heard it".

Section 59 - Amendment of section 261

In section 261 of the Income-tax Act, for the words and figures "delivered on a reference made under section 256", the words, figures and letters "delivered on a reference made under section 256 against an order made under section 254 before the 1st day of October, 1998 or an appeal made to High Court n respect of an order passed under section 254 on or after that date" shall be substituted with effect from the 1st day of October, 1998.

Section 60 - Amendment of section 264

In section 264 of the Income-tax Act, after sub-section (5), the following sub-sections shall be inserted with effect from the 1st day of October, 1998, namely:--

"(6) On every application by an assessee for revision under this sub-section, made on or after the 1st day of October, 1998, an order shall be passed within one year from the end of the financial year in which such application is made by the assessee for revision.

Explanation.--In computing the period of limitation for the purposes of this sub-section, the time taken in giving an opportunity to the assessee to be re-heard under the proviso to section 129 and any period during which any proceeding under this section is stayed by an order or injunction of any Court shall be excluded.

(7) Notwithstanding anything contained in sub-section (6), an order in revision under sub-section (6) may be passed at any time in consequence of or to give effect to any finding or direction contained in an order of the Appellate Tribunal, the High Court or the Supreme Court".

Section 61 - Substitution of new section for section 271F

For section 271F of the Income-tax Act, the following section shall be substituted wit effect from the 1st day of April, 1999, namely:--

"271F. Penalty for failure to furnish return of income.--If a person who is required to furnish a return of his income, as required under sub-section (1) of section 139, fails to furnish such return before the end of the relevant assessment year, he shall be liable to pay, by way of penalty, a sum of one thousand rupees:

Provided that a person who is required to furnish a return of his income, as required by the proviso to sub-section (1) of section 139, fails to furnish such return on or before the due date, he shall be liable to pay, by way of penalty, a sum of five hundred rupees".

Section 62 - Amendment of section 272A

In section 272A of the Income-Act, in sub-section (2), in the proviso, after the words "in relation to", the words, figures and letter "a declaration mentioned in section 197A, a certificate as required by section 203 and" shall be inserted with effect from the 1st day of April, 1999.

Section 63 - Amendment of section 285B

In section 285B of the Income-tax Act, for the words "five thousand rupees", the words "twenty-five thousand rupees" shall be substituted with effect from the 1st day of April, 1999.

Section 64 - Amendment of First Schedule

In the First Schedule to the Income-tax Act, in rule 5, in clause

(a), for the words "any expenditure or allowance", the words "any expenditure or allowance including any amount debited to the profit and loss account either by way of a provision for any tax dividend, reserve or any other provision as may be prescribed" shall be substituted and shall be deemed to have been substituted wit effect from the 1st day of April, 1989.

Section 65 - Consequential amendments

The following amendments (being consequential in nature) shall be made in the Income-tax Act, namely:--

(a) in section 119, 154, 177, 189, 267, 271, 271A, 275 and 295, the words and brackets "Deputy Commissioner (Appeals) or the", wherever they occur, shall be omitted with effect from the 1st day of October, 1998;

(b) in sections 248, 250, 251 and 287, the words and brackets "Deputy Commissioner (Appeals) or, as the case may be, the" shall be omitted with effect from the 1st day of October, 1998.

Section 66 - Section 66

[Amendments incorporated in Principal Act hence not printed here.]

Section 67 - Section 67

[Amendments incorporated in Principal Act hence not printed here.]

Section 68 - Section 68

[Amendments incorporated in Principal Act hence not printed here.]

Section 69 - Section 69

[Amendments incorporated in Principal Act hence not printed here.]

Section 70 - Section 70

[Amendments incorporated in Principal Act hence not printed here.]

Section 71 - Section 71

[Amendments incorporated in Principal Act hence not printed here.]

Section 72 - Section 72

[Amendments incorporated in Principal Act hence not printed here.]

Section 73 - Section 73

[Amendments incorporated in Principal Act hence not printed here.]

Section 74 - Section 74

[Amendments incorporated in Principal Act hence not printed here.]

Section 75 to 76 - Gift-Tax

Section 75 - Amendment of section 3

In the Gift-tax Act, 1958 (hereinafter referred to as the Gift-tax Act), in section 3, after sub-section (2), the following sub-section shall be inserted with effect from the 1st day of October, 1998, namely:--

"(3) Notwithstanding anything contained in sub-section (2), the provisions of this Act shall cease to apply and shall have no effect whatsoever in respect of any gift made on or after the 1st day of October, 1998."

Section 76 - Application of the provisions of the Wealth-tax Act

(1) The Provisions of 1 [sections 23, 23 A, 24 and 25 of the Wealth-tax Act], shall apply with necessary modification as if the said provisions were referred to in the Gift-tax Act instead of the Wealth-tax Act.

(2) The Wealth-tax authorities as substituted by section 66 of the Finance (No. 2) Act, 1998 shall be deemed to be the Gift-tax authorities for the purposes of the Gift-tax Act.

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1. Substituted for the words "sections 23, * [23A], 24, 25, 28 and 29 of the Wealth-tax Act as amended and section 27A as inserted, by the Finance (No. 2) Act, 1998" by by the National Tax Tribunal Act, 2005.

*Inserted by the Finance Act, 1999.

Section 77 to 80 - Interest-Tax

Section 77 - Amendment of section 3

In section 3 of the Interest-tax Act, 1974 (hereinafter referred to as the Interest-tax Act), in sub-section (3), with effect from the 1st day of October, 1998.--

(a) after the words "Deputy Commissioner", the words "or Deputy Commissioner" shall be inserted;

(b) for the words "Deputy Commissioner", the words "Joint Commissioner" shall be substituted.

Section 78 - Amendment of section 15

In section 15 of the Interest-tax Act, for sub-section (2), the following sub-section shall be substituted with effect from the 1st day of october, 1998, namely:--

"(2) Ever appeal filed on or after the 1st day of October, 1998 shall be in the prescribed form and shall be verified in the prescribed manner and shall be accompanied by a fee of two hundred and fifty rupees."

Section 79 - Amendment of section 16

In section 16 of the Interest-tax Act, in sub-section (6), for the words "two hundred rupees", occurring at the end, the words, figures and letters "one thousand rupees in the case of an appeal filed on or after the 1st day of October, 1998, shall be substituted.

Section 80 - Amendment of section 20

In section 20 of the Interest-tax Act, after sub-section (5), the following sub-sections shall be inserted wit effect from the 1st day of October, 1998, namely:--

"(6) On every application by an assessee for revision under this sub-section, made on or after the 1st day of October, 1998, an order shall be passed within one year from the end of the financial year in which such application is made by the assessee for revision.

Explanation.--In computing the period of limitation for the purposes of this sub-section, the time taken in giving an opportunity to the assessee to be re-heard under the proviso to section 21 and any period during which any proceeding under this section is stayed by an order or injunction of any court shall be excluded.

(7) Notwithstanding anything contained in sub-section (6), an order in revision under sub-section (6) may be passed at any time in consequence of or to give effect any finding or direction contained in an order of the Appellate Tribunal, the High Court of the Supreme Court".

Section 81 to 85 - Expenditure-Tax

Section 81 - Amendment of section 3

In the Expenditure-tax Act, 1987 (hereinafter referred to as the Expenditure-tax Act), in section 3, in sub-section (1), for the words "one thousand two hundred rupees", the words "two thousand rupees" shall be substituted with effect form the 1st day of October, 1998.

Section 82 - Amendment of section 6

In section 6 of the Expenditure-tax Act, with effect from the 1st day of October, 1998.--

(a) in sub-section (1), after the words "Additional Commissioner of Income-tax", the words "Joint Director of Income-tax, Joint Commissioner of Income-tax" shall be inserted;

(b) in sub-section (3), for the words "Deputy Commissioner", the words "Joint Commissioner" shall be substituted.

Section 83 - Amendment of section 21

In section 21 of the Expenditure-tax Act, after sub-section (5), the following sub-sections shall he inserted with effect from the 1st day of October, 1998, namely :--

"(6) On every application by an assessee for revision under this sub-section, made on or after the 1st day of October, 1998, an order shall be passed within one year from the end of the financial year in which such application is made by the assessee for revision.

Explanation.--In computing the period of limitation for the purposes of this sub-section, the time taken in giving an opportunity to the assessee to be re-heard under the proviso to section 24 and any period during which any proceeding under this section is stayed by an order or injunction of any Court shall be excluded.

(7) Notwithstanding anything contained in sub-section (6), an order in revision under that sub-section may be passed at any time in consequence of or to give effect to any finding or direction contained in an order of the Appellate Tribunal, the High Court or the Supreme Court."

Section 84 - Amendment of section 22

In section 22 of the Expenditure-tax Act, for sub-section (2), the following sub-section shall be substituted with effect from the 1st day of October, 1998, namely :--

"(2) Every appeal shall be in the prescribed form and shall be verified in the prescribed manner and in respect of appeals filed on or after the 1st day of October, 1998, shall be accompanied by a fee of two hundred and fifty rupees."

Section 85 - Amendment of section 23

In section 23 of the Expenditure-tax Act, in sub-section (6), for the words occurring at the end "a fee of two hundred rupees", the words, figures and letters "a fee of one thousand rupees in the case of appeals filed on or after the 1st day of October, 1998" shall be substituted with effect from the 1st day of October, 1998.