Finance (No. 2) Act, 1998

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.