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Finance (No. 2) Act, 1980

Section 7 - Amendment of Section 35

In section 35 of the Income-tax Act, -

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

(i) for the brackets and figures "(ii), (iii)", the brackets, figures and letter "(ii), (iia), (iii)" shall be substituted with effect from the 1st day of April, 1981;

(ii) for the words "for the same previous year", the words "for the same or any other previous year" shall be substituted and shall be deemed always to have been substituted;

(b) in sub-section (2A), with effect from the 1st day of September, 1980, -

(i) in the opening paragraph, after the words, brackets and figures "clause (ii) of sub-section (1)", the words "or to a public sector company" shall be inserted;

(ii) the following Explanation shall be inserted at the end, namely :-

'Explanation : For the purposes of this sub-section, "public sector company" shall have the same meaning as in clause (b) of the Explanation below sub-section (2B) of section 32A.';

(c) after sub-section (2A), the following sub-section shall be inserted with effect from the 1st day of September, 1980, namely :-

"(2B)(a) Where an assessee has incurred any expenditure (not being in the nature of capital expenditure incurred on the acquisition of any land or building or construction of any building) on scientific research undertaken under a programme approved in this behalf by the prescribed authority having regard to the social, economic and industrial needs of India, he shall, subject to the provisions of this sub-section, be allowed a deduction of a sum equal to one and one-fourth times the amount of the expenditure certified by the prescribed authority to have been so incurred during the previous year.

(b) Where a deduction has been allowed under clause (a) for any previous year in respect of any expenditure, no deduction in respect of such expenditure shall be allowed under clause (i) of sub-section (1) or clause (ia) of sub-section (2) for the same or any other previous year.

(c) Where a deduction is allowed for any previous year under this sub-section in respect of expenditure represented wholly or partly by an asset, no deduction shall be allowed in respect of that asset under clauses (i), (ii), (iia) and (iii) of sub-section (1) or under sub-section (1A) of section 32 for the same or any subsequent previous year.

(d) Any deduction made under this sub-section in respect of any expenditure on scientific research in excess of the expenditure actually incurred shall be deemed to have been wrongly made for the purposes of this Act if the assessee fails to furnish within one year of the period allowed by the prescribed authority for completion of the programme, a certificate of its completion obtained from that authority, and the provisions of sub-section (5B) of section 155 shall apply according.".

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