Finance Act 1969

Section 9 - Insertion of New Section 80mm

After section 80M of the Income-tax Act the following section shall be inserted with effect from the 1st day of April, 1970 namely :-

80MM. Deduction in the case of an Indian company in respect of royalties, etc. received from any concern in India. - (1) Where the gross total income of an assessee being an Indian company includes any income by, way of royalty, commission fees or any other payment (not being income chargeable under the head "Capital gains") received by it from any person carrying on a business in India in consideration for -

(i) the provision of technical know-how which is likely to assist in the manufacture or processing of goods or materials, or in the installation or erection of machinery or plant for such manufacture or processing, or in the working of a mine, oil well or other source of mineral deposits, or in the search for, or discovery or testing of, mineral deposits or the winning of access to them, or in carrying on any operation relating to agriculture, animal husbandry, dairy or poultry farming, forestry or fishing, or

(ii) rendering services in connection with the provision of such technical know-how,

under an agreement entered into by the assessee with such person on or after the 1st day of April, 1969, and for which approval of the Central Government in this behalf is applied for before the 1st day of October of the relevant assessment year, there shall be allowed a deduction from such income of an amount equal to forty per cent. thereof, in computing the total income of the assessee.

(2) For the purposes of this section "provision of technical know-how means, -

(i) the transfer of all or any rights (including the granting of a licence) in respect of a patent, invention, model, design, secret formula or process or similar property;

(ii) the imparting of any information concerning the working of, or the use of, a patent, invention, model, design, secret formula or process or similar property;

(iii) the use of any patent, invention, model, design, secret formula or process or similar property;

(iv) the imparting of any information concerning industrial, commercial or scientific knowledge, experience or skill.

(3) The provisions of sub-section (1) shall not apply in relation to any income in respect of which the assessee is entitled to the deduction specified in section 80-O..
