Finance Act 2001

Section 5 - Amendment of Section 10

In section 10 of the Income-tax Act,-

(a) in clause (10C),-

(i) after sub-clause (vii), the following sub-clause shallbe inserted, namely :-

"(viia) any State Government; or" ;

(ii) after sub-clause (viia) as so inserted, thefollowing sub-clause shall be inserted with effect from the lst day of April,2002, namely :-

"(viib) the Central Government; or" ;

(b) in clause (15), with effect from the 1st day of April,2002,-

(i) in sub-clause (iv),-

(A) for item (a), the following item shall be substituted,namely :-

"(a) by Government or alocal authority on moneys borrowed by it before the 1st day of June, 2001 from,or debts owed by it before the 1st day of June, 2001 to, sources outside India;" ;

(B) in item (b), for the words "a loan agreemententered into with any such financial institution", the words, figures andletters "a loan agreement entered into before the 1st day of June, 2001with any such financial institution" shall be substituted ;

(C) in item (c), for the words "moneys borrowed ordebt incurred by it", the words, figures and letters "moneys borrowedor debt incurred by it before the 1st day of June, 2001" shall besubstituted ;

(D) in items (d) and (e), for the words "any moneysborrowed by it from sources outside India", the words, figures and letters"any moneys borrowed by it from sources outside India before the 1st dayof June, 2001" shall be substituted ;

(E) in item (f), for the words "a loan agreementapproved by the Central Government", the words, figures and letters"a loan agreement approved by the Central Government before the 1st day ofJune, 2001" shall be substituted ;

(ii) for Explanation 1A to sub-clause (iv), thefollowing Explanation shall be substituted, namely :-

'Explanation1A.-For the purposes of this sub-clause, theexpression "interest" shall not include interest paid on delayedpayment of loan or on default if it is in excess of two per cent. per annumover the rate of interest payable in terms of such loan.' ;

(c) in clause (23AAB), with effect from the 1st day ofApril, 2002,-

(i) in the opening portion, for the words "under apension scheme", the words "or any other insurer under a pensionscheme" shall be substituted ;

(ii) in sub-clause (ii), after the words "theController of Insurance", the words, brackets and figures "or theInsurance Regulatory and Development Authority established under sub-section(1) of section 3 of the Insurance Regulatory and Development Authority Act,1999 (41 of 1999), as the case may be" shall be inserted ;

(d) after clause (23BBC), the following clause shall be inserted,namely :-

'(23BBD) any income of the Secretariat of the AsianOrganisation of the Supreme Audit Institutions registered as"ASOSAI-SECRETARIAT" under the Societies Registration Act, 1860 (21of 1860), for three previous years relevant to the assessment years beginningon the 1st day of April, 2001 and ending on the 31st day of March, 2004;

(23BBE) any income of the Insurance Regulatory andDevelopment Authority established under sub-section (1) of section 3 of theInsurance Regulatory and Development Authority Act, 1999 (41 of 1999)';

(e) in clause (23C), -

(a) in the third proviso,-

(i) in clause (a), after the words "the objects forwhich it is established", the words, figures and letters "and in acase where more that twenty-five per cent of its income is accumulated on orafter the 1st day of April, 2001, the period of the accumulation of the amountexceeding twenty-five percent of its income shall in no case exceed fiveyears" shall be inserted with effect from the 1st day of April, 2002;

(ii) in clause (b),-

(A) after sub-clause (i), thefollowing sub-clause shall be inserted, namely :-

"(ia) any asset, being equity shares of a publiccompany, held by any university or other educational institution or anyhospital or other medical institution where such assets form part of the corpusof any university or other educational institution or any hospital or othermedical Institution as on the 1st day of June,1998 ;" ;

(B) in sub-clause (iii), afterthe word, brackets and figure "sub clause (i)" , the words, brackets,figure and letter "and sub-clause (ia)" shall be inserted ;

(b) after the eighth proviso, the following provisoshall be inserted, namely :-

"Provided also that where the total receipts of thefund or institution referred to in sub-clause (iv) or of any trust orinstitution referred to in sub-clause (v) or of any University or othereducational institution referred to in sub-clause (vi) or of any hospital orother institution referred to in sub-clause (via) exceed one crore rupees in anypreceding year, the fund or trust or institution or university or othereducational institution or hospital or other institution, as the case may be,shall-

(i) publish its accounts in a local newspaper; and

(ii) furnish along with the application prescribed in the firstproviso to this clause, the copy of the local newspaper in which such accountshave been published ;" ;

(f) in clause (23FB),-

(a) the Explanation shall be numbered as Explanation 1 thereof,and in Explanation 1 as so numbered, in clause (b), for sub-clause (i), thefollowing sub-clause shall be substituted, namely :-

"(i) operating under a trust deed registered under theprovisions of the Registration Act, 1908 (16 of 1908), or operating as aventure capital scheme made by the Unit Trust of India established under theUnit Trust of India Act, 1963 (52 of 1963) ;" ;

(b) after Explanation 1 as so numbered, the followingExplanation shall be inserted, namely :-

"Explanation 2.-For the removal of doubts, it ishereby declared that the income of a venture capital company or venture capitalfund shall continue to be exempt if the shares of the venture capitalundertaking, in which the venture capital company or venture capital fund hasmade the initial investment, are subsequently listed in a recognised stockexchange in India ;" ;

(g) in clause (23G), with effect from the 1st day of April,2002,-

(a) after the words "an infrastructure capital fund or aninfrastructure capital company" 1 the words "or a co-operativebank" shall be inserted

(b) for the words, brackets and figures "any enterprisewholly engaged in the business of (i) developing, (ii) maintaining andoperating or (iii) developing, maintaining and operating any infrastructurefacility, the words, brackets, figures and letters "any enterprise orundertaking wholly engaged in the business referred to in sub-section (4) ofsection 80-IA" or housing project referred to in sub-section (10) ofsection 80-IB" shall be substituted;

(c) in Explanation 1,-

(i) clause (c) shall be omitted ;

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

'(e) "co-operative bank" shall have the meaningassigned to it in clause (dd) of section 2 of the Deposit Insurance and CreditGuarantee Corporation Act, 1961 (47 of 1961) ;

(f) "interest" includes any fee or commissionreceived by a financial institution for giving any guarantee to, or providingcredit rating in respect of, an enterprise which has been approved by theCentral Government for the purposes of this clause.' ;

(h) in clause (33), after sub-clause (iii), the followingproviso shall be inserted and shall be deemed to have been inserted with effectfrom the 1st day of April, 2000, namely :-

"Provided that this clause shall not apply to anyincome arising from transfer of units of the Unit Trust of India or a mutualfund, as a case may be."