

Finance Act 2001

Section 6 - Amendment of Section 10a

In section 10A of the Income-tax Act,

(a) in sub-section (1),-

(i) in the second proviso, for the words "undertaking was first set up", the words "undertaking began to manufacture or produce such articles or things or computer software" shall be substituted ;

(ii) the third proviso shall be omitted with effect from the 1st day of April, 2002 ;

(b) for sub-section (4), the following sub-section shall be substituted, namely :-

"(4) For the purposes of sub-section (1), the profits derived from export of articles or things or computer software shall be the amount which bears to the profits of the business of the undertaking, the same proportion as the export turnover in respect of such articles or things or computer software bears to the total turnover of the business carried on by the undertaking." ;

(c) after sub-section (9),-

(i) below Explanation 1, the following proviso shall be inserted, namely:-

"Provided that nothing contained in this Explanation shall apply to any change in the shareholding of the company as a result of -

(a) its becoming a company in which the public are substantially interested; or

(b) disinvestment of its equity shares by any venture capital company or venture capital fund."

(ii) in Explanation 2, in clause (iv), for the words "in respect of export", the words "in respect of export by the undertaking" shall be substituted ;

(iii) after Explanation 2, the following Explanation shall be inserted at the end, namely :-

"Explanation 3.-For the removal of doubts, it is hereby declared that the profits and gains derived from on site development of computer software (including services for development of software) outside India shall be deemed to be the profits and gains derived from the export of computer software outside India."
