

Finance Act 2001

Section 53 - Amendment of Section 115aca

53. In section 115ACA of the Income-tax Act, for sub-section (1), the following sub-section shall be substituted, namely :-

'(1) Where the total income of an assessee, being an individual, who is a resident and an employee of an Indian company engaged in specified knowledge based industry or service, or an employee of its subsidiary engaged in specified knowledge based industry or service (hereafter in this section referred to as the resident employee), includes-

(a) income by way of dividends, other than dividends referred to in section 115-O, on Global Depository Receipts of an Indian company engaged in specified knowledge based industry or service, issued in accordance with such Employees' Stock Option Scheme as the Central Government may, by notification in the Official Gazette, specify in this behalf and purchased by him in foreign currency; or

(b) income by way of long-term capital gains arising from the transfer of Global Depository Receipts referred to in clause (a),

the income-tax payable shall be the aggregate of-

(i) the amount of income-tax calculated on the income by way of dividends, other than dividends referred to in section 115-O, in respect of Global Depository Receipts referred to in clause (a), if any, included in the total income, at the rate of ten percent. ;

(ii) the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (b), if any, at the rate of ten per cent. ; and

(iii) the amount of income-tax with which the resident employee would have been chargeable had his total income been reduced by the amount of income referred to in clauses (a) and (b).

Explanation.-For the purposes of this sub-section,-

(a) "specified knowledge based industry or service" means-

(i) information technology software ;

(ii) information technology service ;

(iii) entertainment service ;

(iv) pharmaceutical industry ;

(v) bio-technology industry ; and

(vi) any other industry or service, as may be specified by the Central Government, by notification in the Official Gazette ;

(b) "subsidiary" shall have the meaning assigned to it in section 4 of the Companies Act, 1956 (1 of 1956) and includes subsidiary incorporated outside India.'. .
