AS INTRODUCED IN LOK SABHA
ON 27TH FEBRUARY, 1999

Bill No. 22 of 1999

THE FINANCE BILL, 1999

A

BILL

to give effect to the financial proposals of the Central Government for the financial year 1999-2000.

BE it enacted by Parliament in the Fiftieth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

Short title and commencement.

1. (*1*) This Act may be called the Finance Act, 1999.

5 (*2*) Save as otherwise provided in this Act, sections 2 to 99 [except clause (*l*) of section 6] shall be deemed to have come into force on the 1st day of April, 1999.

CHAPTER II

RATES OF INCOME-TAX

Income-tax.

2. (*1*) Subject to the provisions of sub-sections (*2*) and (*3*), for the assessment year commencing on the 1st day of April, 1999, income-tax shall be charged at the rates specified in Part I of the First
10 Schedule.

(2) In the cases to which Paragraph A of Part I of the First Schedule applies, where the assessee has, in the previous year, any net agricultural income exceeding six hundred rupees, in addition to total income, and the total income exceeds fifty thousand rupees, then,–

(*a*) the net agricultural income shall be taken into account, in the manner provided in clause (*b*)
15 [that is to say, as if the net agricultural income were comprised in the total income after the first fifty thousand rupees of the total income but without being liable to tax], only for the purpose of charging income-tax in respect of the total income; and

(*b*) the income-tax chargeable shall be calculated as follows:-

(*i*) the total income and the net agricultural income shall be aggregated and the amount of
20 income-tax shall be determined in respect of the aggregate income at the rates specified in the said Paragraph A, as if such aggregate income were the total income;

(*ii*) the net agricultural income shall be increased by a sum of fifty thousand rupees, and the amount of income-tax shall be determined in respect of the net agricultural income as so increased at the rates specified in the said Paragraph A, as if the net agricultural income as so increased
25 were the total income;

(*iii*) the amount of income-tax determined in accordance with sub-clause (*i*) shall be reduced by the amount of income-tax determined in accordance with sub-clause (*ii*) and the sum so arrived at shall be the income-tax in respect of the total income.

(*3*) In cases to which the provisions of Chapter XII or Chapter XII-A or sub-section (*1A*) of section
43 of 1961. 30 161 or section 164 or section 164A or section 167B of the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act) apply, the tax chargeable shall be determined as provided in that Chapter or that section, and with reference to the rates imposed by sub-section (*1*) or the rates as specified in that Chapter or section, as the case may be.

(*4*) In cases in which tax has to be charged and paid under section 115-O or section 115R of the
35 Income-tax Act, the tax shall be charged and paid at the rate as specified in those sections and shall

be increased–

(*a*) in the case of a person other than a company being resident in India, by a surcharge for purposes of the Union, calculated at the rate of ten per cent. of such tax;

(*b*) in the case of a domestic company, by a surcharge calculated at the rate of ten per cent. of such tax. 5

(*5*) In cases in which tax has to be deducted under sections 193,194, 194A, 194B, 194BB, 194D and 195 of the Income-tax Act at the rates in force, the deduction shall be made at the rates specified in Part II of the First Schedule and shall be increased,–

(*a*) in the cases to which the provisions of sub-item (*a*) of item 1 of that Part apply, by a surcharge for purposes of the Union; and 10

(*b*) in the cases to which the provisions of sub-item (*a*) of item 2 of that Part apply, by a surcharge,

calculated in each case in the manner provided therein.

(*6*) In cases in which tax has to be deducted under sections 194C, 194E, 194EE, 194F, 194G, 194-I, 194J, 194K, 194L, 196A, 196B, 196C and 196D of the Income-tax Act, the deduction shall be made at the rates specified in those sections and in cases in which tax is to be deducted under 15 sections 194C, 194EE, 194F, 194G, 194-I, 194J, 194K and 194L, the tax shall be increased–

(*a*) in the case of a person other than a company being resident in India, by a surcharge for purposes of the Union, calculated at the rate of ten per cent. of such tax;

(*b*) in the case of a domestic company, by a surcharge calculated at the rate of ten per cent. of such tax. 20

(*7*) In cases in which tax has to be collected under section 206C or under the proviso to section 194B of the Income-tax Act, the collection shall be made at the rates specified in that section or at the rates specified in Part II of the First Schedule, as the case may be, and shall be increased–

(*a*) in the case of a person other than a company being resident in India, by a surcharge for purposes of the Union, calculated at the rate of ten per cent. of such tax; 25

(*b*) in the case of a domestic company, by a surcharge calculated at the rate of ten per cent. of such tax.

(*8*) Subject to the provisions of sub-section (*9*), in cases in which income-tax has to be charged under sub-section (*4*) of section 172 or sub-section (*2*) of section 174 or section 175 or sub-section (*2*) of section 176 of the Income-tax Act or deducted under section 192 of the said Act from income 30 chargeable under the head "Salaries" or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed, at the rate or rates in force, such income-tax or, as the case may be, "advance tax" shall be so charged, deducted or computed at the rate or rates specified in Part III of the First Schedule and such tax as reduced by the rebate of income-tax calculated under Chapter VIII-A of the said Act shall be increased,– 35

(*a*) in the cases to which Paragraphs A, B, C and D of that Part apply, by a surcharge for purposes of the Union; and

(*b*) in the cases to which Paragraph E of that Part applies, by a surcharge,

calculated in each case in the manner provided therein:

Provided that in cases to which the provisions of Chapter XII or Chapter XII-A or sub-section (*1A*) 40 of section 161 or section 164 or section 164A or section 167B of the Income-tax Act apply, "advance tax" shall be computed with reference to the rates imposed by this sub-section or the rates as specified in that Chapter or section, as the case may be:

Provided further that the amount of income-tax computed in accordance with the provisions of sections 112 and 113 of the Income-tax Act shall be increased by a surcharge for purposes of the Union or surcharge as provided in Paragraph A, B, C, D or E, as the case may be, of Part III of the First Schedule:

Provided also that in respect of any income chargeable to tax under section 115ACA or section 115B or section 115BB of the Income-tax Act, "advance tax" computed under the first proviso shall be increased by a surcharge for purposes of the Union or a surcharge, as the case may be, calculated 45 at the rate of ten per cent. of such "advance tax".

(*9*) In the cases to which Paragraph A of Part III of the First Schedule applies, where the assessee has, in the previous year or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than the previous year, in such other period, any net agricultural income exceeding six hundred rupees, in addition to total income and the total income 50

exceeds fifty thousand rupees, then, in charging income-tax under sub-section (*2*) of section 174 or section 175 or sub-section (*2*) of section 176 of the said Act or in computing the "advance tax" payable under Chapter XVII-C of the said Act, at the rate or rates in force,–

(*a*) the net agricultural income shall be taken into account, in the manner provided in clause (*b*) [that is to say, as if the net agricultural income were comprised in the total income after the first fifty thousand rupees of the total income but without being liable to tax], only for the purpose of charging or computing such income-tax or, as the case may be, "advance tax" in respect of the total income; and

(*b*) such income-tax or, as the case may be, "advance tax" shall be so charged or computed as follows:–

(*i*) the total income and the net agricultural income shall be aggregated and the amount of income-tax or "advance tax" shall be determined in respect of the aggregate income at the rates specified in the said Paragraph A, as if such aggregate income were the total income;

(*ii*) the net agricultural income shall be increased by a sum of fifty thousand rupees, and the amount of income-tax or "advance tax" shall be determined in respect of the net agricultural income as so increased at the rates specified in the said Paragraph A, as if the net agricultural income were the total income;

(*iii*) the amount of income-tax or "advance tax" determined in accordance with sub-clause (*i*) shall be reduced by the amount of income-tax or, as the case may be,

"advance tax" determined in accordance with sub-clause (*ii*) and the sum so arrived at shall be the income-tax or, as the case may be, "advance tax" in respect of the total income.

Provided that the amount of income-tax or "advance tax" so arrived at, as reduced by the rebate of income-tax calculated under Chapter VIII-A of the said Act, shall–

(*a*) in the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, referred to in Paragraph A of Part III, having a total income exceeding sixty thousand rupees, be increased by a surcharge for purposes of the Union;

(*b*) in the case of every artificial juridical person, referred to in Paragraph A of Part III, be increased by a surcharge for purposes of the Union,

calculated at the rate of ten per cent. of such income-tax or, as the case may be, "advance tax" and the sum so arrived at shall be the income-tax or, as the case may be, "advance tax" in respect of the total income:

Provided further that no surcharge shall be payable by a non-resident.

(*10*) For the purposes of this section and the First Schedule,–

(*a*) "domestic company" means an Indian company, or any other company which, in respect of its income liable to income-tax under the Income-tax Act for the assessment year commencing on the 1st day of April, 1999, has made the prescribed arrangements for the declaration and payment within India of the dividends (including dividends on preference shares) payable out of such income;

(*b*) "insurance commission" means any remuneration or reward, whether by way of commission or otherwise, for soliciting or procuring insurance business (including business relating to the continuance, renewal or revival of policies of insurance);

(*c*) "net agricultural income", in relation to a person, means the total amount of agricultural income,from whatever source derived, of that person computed in accordance with the rules contained in Part IV of the First Schedule;

(*d*) all other words and expressions used in this section or in the First Schedule but not defined in this sub-section and defined in the Income-tax Act shall have the meanings respectively assigned to them in that Act.

CHAPTER III

DIRECT TAXES

Income-tax

Amendment of section 2.

3. In section 2 of the Income-tax Act,–

50 (*a*) in clause (*1B*), in sub-clause (*iii*), for the words "nine-tenths", the words "three-fourths" shall be substituted with effect from the 1st day of April, 2000;

(*b*) in clause (*14*), after sub-clause (*v*), the following sub-clause shall be inserted with effect from the 1st day of April, 2000, namely:–

"(*vi*) Gold Deposit Bonds issued under the Gold Deposit Scheme, 1999 notified by the Central
55 Government;";

(*c*) after clause (*19A*), the following clauses shall be inserted with effect from the 1st day of April, 2000, namely:–

'(*19AA*) "demerger", in relation to companies, means the transfer, pursuant to a scheme of arrangement under sections 391 to 394 of the Companies Act, 1956, by a demerged company of its one or more undertakings to any resulting company in such a manner that– 1 of 1956. 5

(*i*) all the property of the undertaking, being transferred by the demerged company, immediately before the demerger, becomes the property of the resulting company by virtue of the demerger;

(*ii*) all the liabilities relatable to the undertaking, being transferred by the demerged company, immediately before the demerger, become the liabilities of the resulting company by virtue of the demerger; 10

(*iii*) the property and the liabilities of the undertaking or undertakings being transferred by the demerged company are transferred at values appearing in its books of account immediately before the demerger;

(*iv*) the resulting company issues, in consideration of the demerger, its shares to the shareholders of the demerged company on a proportionate basis; 15

(*v*) the shareholders holding not less than three-fourths in value of the shares in the demerged company (other than shares already held therein immediately before the demerger, or by a nominee for, the resulting company or, its subsidiary) become shareholders of the resulting company or companies by virtue of the demerger, 20

otherwise than as a result of the acquisition of the property or assets of the demerged company or any undertaking thereof by the resulting company;

(*vi*) the transfer of the undertaking is on a going concern basis;

(*vii*) the demerger is in accordance with the conditions, if any, notified under sub-section (*5*) of section 72A by the Central Government in this behalf. 25

Explanation 1.–For the purposes of this clause, "undertaking" shall include any part of an undertaking, or a unit or division of an undertaking or a business activity taken as a whole, but does not include individual assets or liabilities or any combination thereof not constituting a business activity.

Explanation 2.–For the purposes of this clause, the liabilities referred to in sub-clause (*ii*), shall include– 30

(*a*) the liabilities which arise out of the activities or operations of the undertaking;

(*b*) the specific loans or borrowings (including debentures) raised, incurred and utilised solely for the activities or operations of the undertaking; and

(*c*) in cases, other than those referred to in clause (*a*) or clause (*b*), so much of the amounts of general or multipurpose borrowings, if any, of the demerged company as stand in the same proportion which the value of the assets transferred in a demerger bears to the total value of the assets of such demerged company immediately before the demerger. 35

Explanation 3.–For determining the value of the property referred to in sub-clause (*iii*), any change in the value of assets consequent to their revaluation shall be ignored. 40

Explanation 4.–For the purposes of this clause, the splitting up or the reconstruction of any authority or a body constituted or established under a Central, State or Provincial Act, or a local authority or a public sector company, into separate authorities or bodies or local authorities or companies, as the case may be, shall be deemed to be a demerger if such split up or reconstruction fulfils the conditions specified in sub-clauses (*i*) to (*vii*) of this clause, to the extent applicable; 45

(*19AAA*) "demerged company" means the company whose undertaking is transferred, pursuant to a demerger, to a resulting company;';

(*d*) in clause (*22*), after sub-clause (*iii*) and before *Explanation* 1, the following sub-clauses shall be inserted with effect from the 1st day of April, 2000, namely:–

"(*iv*) any payment made by a company on purchase of its own shares from a shareholder in accordance with the provisions of section 77A of the Companies Act, 1956; 50 1 of 1956.

(*v*) any distribution of shares pursuant to a demerger by the resulting company to the shareholders of the demerged company (whether or not there is a reduction of capital in the demerged company).";

(*e*) in clause (*30*), after the word "resident", the words, figures and brackets ", and for the purposes 55

of sections 92, 93 and 168, includes a person who is not ordinarily resident within the meaning of clause (*6*) of section 6" shall be inserted;

(*f*) after clause (*41*), the following clause shall be inserted with effect from the 1st day of April, 2000, namely:–

5 '(41A) "resulting company" means one or more companies (including a wholly owned subsidiary thereof) to which the undertaking of the demerged company is transferred in a demerger and, the resulting company in consideration of such transfer of undertaking, issues shares to the shareholders of the demerged company and includes any authority or body or local authority or public sector company or a company established, constituted or formed as a result of demerger;';

10 (*g*) in clause (42A), in *Explanation* 1, after sub-clause (*f*), the following sub-clause shall be inserted with effect from the 1st day of April, 2000, namely:–

"(*g*) in the case of a capital asset, being a share or shares in an Indian company, which becomes the property of the assessee in consideration of a demerger, there shall be included the period for which the share or shares held in the demerged company were held by the 15 assessee;";

(*h*) after clause (42B), the following clause shall be inserted with effect from the 1st day of April, 2000, namely:–

'(42C) "slump sale" means the transfer of one or more undertakings as a result of the sale for a lump sum consideration without values being assigned to the individual assets and liabilities in 20 such sales.

Explanation 1.–For the purposes of this clause, "undertaking" shall have the meaning assigned to it in *Explanation* 1 to clause (19AA).

Explanation 2.–For the removal of doubts, it is hereby declared that the determination of the value of an asset or liability for the sole purpose of payment of stamp duty, registration fees or 25 other similar taxes or fees shall not be regarded as assignment of values to individual assets or liabilities.'.

Substitution of new section for section3.

4. For section 3 of the Income-tax Act, the following section shall be substituted with effect from the 1st day of April, 2000, namely:–

"Previous year" defined.

'3. For the purposes of this Act, "previous year" means the financial year immediately preceding 30 the assessment year:

Provided that, in the case of a business or profession newly set up, or a source of income newly coming into existence, in the said financial year, the previous year shall be the period beginning with the date of setting up of the business or profession or, as the case may be, the date on which the source of income newly comes into existence and ending with the said financial year.'.

Amendment of section 9.

35 **5.** In section 9 of the Income-tax Act, in sub-section (*1*), in clause (*ii*), for the *Explanation,* the following *Explanation* shall be substituted with effect from the 1st day of April, 2000, namely:–

"*Explanation*.-For the removal of doubts, it is hereby declared that the income of the nature referred to in this clause payable for–

(*a*) service rendered in India; and

40 (*b*) the rest period or leave period which is preceded and succeeded by services rendered in India and forms part of the service contract of employment,

shall be regarded as income earned in India.".

Amendment of section 10.

6. In section 10 of the Income-tax Act,–

45 (*a*) in clause (*5B*), the words, brackets, figures and letter " or sub-clause (*viia*) of clause (*6*)" shall be omitted;

(*b*) in clause (*6BB*), for the words, figures and letters "after the 31st day of March, 1997", the words, figures and letters "after the 31st day of March, 1997 but before the 1st day of April, 1999" shall be substituted with effect from the 1st day of April, 2000;

50 (*c*) in clause (*10AA*), in sub-clause (*ii*), for the words "eight months", the words "ten months" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1998;

(*d*) in clause (15), with effect from the 1st day of April, 2000,–

(*i*) in sub-clause (*iv*), the *Explanation* shall be numbered as *Explanation* 1 thereof and after 55 *Explanation* 1, as so numbered, the following *Explanation* shall be inserted, namely:–

'*Explanation* 2.–For the purposes of this clause, the expression "interest" includes hedging transaction charges on account of currency fluctuation.';

(*ii*) after sub-clause (*v*), the following sub-clause shall be inserted, namely:–

"(*vi*) interest on Gold Deposit Bonds issued under the Gold Deposit Scheme, 1999 notified by the Central Government;"; 5

(*e*) in clause (*15A*), for the words, figures and letters "entered before the 1st day of April, 1997", the words, figures and letters ", not being an agreement entered into between the 1st day of April, 1997 and the 31st day of March, 1999," shall be substituted with effect from the 1st day of April, 2000;

(*f*) after clause (*17A*), the following shall be inserted with effect from the 1st day of April, 2000, namely:– 10

'(*18*) any income by way of–

(*i*) pension received by an individual who has been in the service of the Central or State Government and has been awarded "Param Vir Chakra" or "Maha Vir Chakra" or "Vir Chakra" or such other gallantry award as the Central Government may, by notification in the Official Gazette, specify in this behalf; 15

(*ii*) family pension received by any member of the family of an individual referred to in sub-clause (*i*).

Explanation.–For the purposes of this clause, the expression "family" shall have the meaning assigned to it in the *Explanation* to clause (5).'; 20

(*g*) in clause (*23C*), for the second proviso, the following proviso shall be substituted, namely:–

"Provided further that the Central Government, before notifying the fund or trust or institution, or the prescribed authority, before approving any university or other educational institution or any hospital or other medical institution, under sub-clause (*iv*) or sub-clause (*v*) or sub-clause (*vi*) or sub-clause (*via*), may call for such documents (including audited annual accounts) or information from the fund or trust or institution or any university or other educational institution or any hospital or other medical institution, as the case may be, as it thinks necessary in order to satisfy itself about the genuineness of the activities of the fund or trust or institution or any university or other educational institution or any hospital or other medical institution, as the case may be, and the Central Government or the prescribed authority, as the case may be, may also make such inquiries as it deems necessary in this behalf:"; 25 30

(*h*) in clause (*23D*), for the words "any income of–", the words, figures and letter "subject to the provisions of Chapter XII-E, any income of-" shall be substituted with effect from the 1st day of April, 2000;

(*i*) in clause (*23F*), after the second proviso and before the *Explanation*, the following proviso shall be inserted with effect from the 1st day of April, 2000, namely:– 35

"Provided also that nothing contained in this clause shall apply in respect of any investment made after the 31st day of March, 1999.";

(*j*) after clause (*23F*), the following clause shall be inserted with effect from the 1st day of April, 2000, namely:– 40

'(*23FA*) any income by way of dividends, other than dividends referred to in section 115-O, or long-term capital gains of a venture capital fund or a venture capital company from investments made by way of equity shares in a venture capital undertaking:

Provided that such venture capital fund or venture capital company is approved, for the purposes of this clause, by the Central Government on an application made to it in accordance with the rules made in this behalf and which satisfies the prescribed conditions: 45

Provided further that any approval by the Central Government shall, at any one time, have effect for such assessment year or years, not exceeding three assessment years, as may be specified in the order of approval.

Explanation.–For the purposes of this clause,– 50

(*a*) "venture capital fund" means such fund, operating under a trust deed registered under the provisions of the Registration Act, 1908, established to raise monies by the trustees for

16 of 1908.

investments mainly by way of acquiring equity shares of a venture capital undertaking in accordance with the prescribed guidelines;

(*b*) "venture capital company" means such company as has made investments by way of acquiring equity shares of venture capital undertakings in accordance with the prescribed guidelines; and

(*c*) "venture capital undertaking" means such domestic company whose shares are not listed in a recognised stock exchange in India and which is engaged in the–

(*i*) business of–

(*A*) software;

(*B*) information technology;

(*C*) production of basic drugs in the pharmaceutical sector;

(*D*) bio-technology;

(*E*) agriculture and allied sectors; or

(*F*) such other sectors as may be notified by the Central Government in this behalf; or

(*ii*) production or manufacture of any article or substance for which patent has been granted to the National Research Laboratory or any other scientific research institution approved by the Department of Science and Technology;';

(*k*) in clause (*23G*), with effect from the 1st day of April, 2000,–

(*A*) for the words "the business of developing, maintaining and operating", the words, brackets and figures "the business of (*i*) developing, (*ii*) maintaining and operating, or (iii) developing, maintaining and operating" shall be substituted;

(*B*) in the *Explanation*, in clause (*c*),–

(*i*) in sub-clause (*i*), for the word, brackets, figure and letter "sub-section (*4A*)", the words, brackets and figures "sub-clause (*i*) of sub-section (*4*)" shall be substituted;

(*ii*) for sub-clause (*ii*), the following sub-clause shall be substituted, namely:–

"(*ii*) an industrial undertaking which–

(*a*) is set up in any part of India for the generation or generation and distribution of power if it begins to generate power at any time during the period beginning on the 1st day of April, 1993 and ending on the 31st day of March, 2003;

(*b*) starts transmission or distribution by laying a network of new transmission or distribution lines at any time during the period beginning on the 1st day of April, 1999 and ending on the 31st day of March, 2003;";

(*C*) for sub-clause (iv), the following sub-clauses shall be substituted, namely:–

"(*iv*) a project for housing which fulfils the conditions specified in sub-section (*10*) of section 80-IB;

(*v*) an undertaking for developing, developing and operating or maintaining and operating an industrial park notified by the Central Government under clause (*iii*) of sub-section (*4*) of section 80-IA;";

(*l*) after clause (*29*), the following clause shall be inserted, namely:–

'(29A) any income accruing or arising to–

7 of 1942.

(*a*) the Coffee Board constituted under section 4 of the Coffee Act, 1942 in any previous year relevant to any assessment year commencing on or after the 1st day of April, 1962 or the previous year in which such Board was constituted, whichever is later;

24 of 1947.

(*b*) the Rubber Board constituted under sub-section (*1*) of section 4 of the Rubber Board Act, 1947 in any previous year relevant to any assessment year commencing on or after the 1st day of April, 1962 or the previous year in which such Board was constituted, whichever is later;

29 of 1953.

(*c*) the Tea Board established under section 4 of the Tea Act, 1953 in any previous year relevant to any assessment year commencing on or after the 1st day of April, 1962 or the previous year in which such Board was constituted, whichever is later;

(*d*) the Tobacco Board constituted under the Tobacco Board Act, 1975 in any previous year relevant to any assessment year commencing on or after the 1st day of April, 1975 or the previous year in which such Board was constituted, whichever is later;

4 of 1975.

(*e*) the Marine Products Export Development Authority established under section 4 of the Marine Products Export Development Authority Act, 1972 in any previous year relevant to any assessment year commencing on or after the 1st day of April, 1972 or the previous year in which such Authority was constituted, whichever is later;

13 of 1972.

(*f*) the Agricultural and Processed Food Products Export Development Authority established under section 4 of the Agricultural and Processed Food Products Export Development Act, 1985 in any previous year relevant to any assessment year commencing on or after the 1st day of April, 1985 or the previous year in which such Authority was constituted, whichever is later;

2 of 1986.

(*g*) the Spices Board constituted under sub-section (*1*) of section 3 of the Spices Board Act, 1986 in any previous year relevant to any assessment year commencing on or after the 1st day of April, 1986 or the previous year in which such Board was constituted, whichever is later;';

10 of 1986.

(*m*) for clause (*33*), the following clause shall be substituted with effect from the 1st day of April, 2000, namely:–

"(*33*) any income by way of–

(*i*) dividends referred to in section 115-O; or

(*ii*) income received in respect of units from the Unit Trust of India established under the Unit Trust of India Act, 1963; or

52 of 1963.

(*iii*) income received in respect of the units of a mutual fund specified under clause (*23D*);".

Insertion of new section 10C.

7. After section 10B of the Income-tax Act, the following section shall be inserted, namely:–

Special provision in respect of certain industrial undertakings in North-Eastern Region.

'10C. (*1*) Subject to the provisions of this section, any profits and gains derived by an assessee from an industrial undertaking, which has begun or begins to manufacture or produce any article or thing on or after the 1st day of April, 1998 in any Integrated Infrastructure Development Centre or Industrial Growth Centre located in the North-Eastern Region (hereafter in this section referred to as the industrial undertaking) shall not be included in the total income of the assessee.

(*2*) This section applies to any industrial undertaking which fulfils all the following conditions, namely:–

(i) it is not formed by the splitting up, or the reconstruction of, a business already in existence:

Provided that this condition shall not apply in respect of any industrial undertaking which is formed as a result of the re-establishment, reconstruction or revival by the assessee of the business of any such industrial undertaking as is referred to in section 33B, in the circumstances and within the period specified in that section;

(*ii*) it is not formed by the transfer to a new business of machinery or plant previously used for any purpose.

Explanation.–The provisions of *Explanation 1* and *Explanation 2* to sub-section (*3*) of section 80-IA shall apply for the purposes of clause (*ii*) of this sub-section as they apply for the purposes of clause (*ii*) of that sub-section.

(*3*) The profits and gains referred to in sub-section (*1*) shall not be included in the total income of the assessee in respect of ten consecutive assessment years beginning with the assessment year relevant to the previous year in which the industrial undertaking begins to manufacture or produce articles or things.

(*4*) Notwithstanding anything contained in any other provision of this Act, in computing the total income of the assessee of any previous year relevant to any subsequent assessment year,–

(*i*) section 32, section 35 and clause (*ix*) of sub-section (*1*) of section 36 shall apply as if deduction referred to therein and relating to or allowable for any of the relevant assessment years, in relation to any building, machinery, plant or furniture used for the purposes of the business of the industrial undertaking in the previous year relevant to such assessment year or any expenditure incurred for the purposes of such business in such previous year had been given full effect to for that assessment year itself and, accordingly, sub-section (*2*) of section 32, sub-section (*4*) of section 35 or the second proviso to clause (*ix*) of sub-section (*1*) of section 36, as the case may be, shall not apply in relation to any such deduction;

(*ii*) no loss referred to in sub-section (*1*) of section 72 or sub-section (*1*) or sub-section (*3*) of section 74, in so far as such loss relates to the business of the industrial undertaking, shall be carried forward or set off where such loss relates to any of the relevant assessment years;

(*iii*) no deduction shall be allowed under section 80HH or section 80HHA or section 80-I or section 80-IA or section 80-IB or section 80JJA in relation to the profits and gains of the industrial undertakings; and

(*iv*) in computing the depreciation allowance under section 32, the written down value of any asset used for the purposes of the business of the industrial undertaking shall be computed as if the assessee had claimed and been actually allowed the deduction in respect of depreciation for each of the relevant assessment years.

(*5*) The provisions of sub-section (*8*) and sub-section (*10*) of section 80-IA shall, so far as may be, apply in relation to the industrial undertaking referred to in this section as they apply for the purposes of the industrial undertaking referred to in section 80-IA or section 80-IB, as the case may be.

(*6*) Notwithstanding anything contained in the foregoing provisions of this section, where the assessee before the due date for furnishing the return of his income under sub-section (*1*) of section 139, furnishes to the Assessing Officer a declaration in writing that the provisions of this section may not be made applicable to him, the provisions of this section shall not apply to him in any of the relevant assessment years.

Explanation.–For the purposes of this section,–

(*i*) "Integrated Infrastructure Development Centre" means such centres located in the States of the North-Eastern Region, which the Central Government, may, by notification in the Official Gazette, specify for the purposes of this section;

(*ii*) "Industrial Growth Centre" means such centres located in the States of the North-Eastern Region, which the Central Government may, by notification in the Official Gazette, specify for the purposes of this section;

(*iii*) "North-Eastern Region" means the region comprising the States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura;

(*iv*) "relevant assessment years" means the ten consecutive years beginning with the year in which the industrial undertaking begins to manufacture or produce articles or things.'.

Amendment of section 12A.

8. In section 12A of the Income-tax Act, the words "Chief Commissioner or", wherever they occur, shall be omitted with effect from the 1st day of June, 1999.

Amendment of section 12AA.

9. In section 12AA of the Income-tax Act, with effect from the 1st day of June, 1999,–

(*a*) in sub-section (*1*), the words "Chief Commissioner or" shall be omitted;

(*b*) after sub-section (*1*), the following sub-section shall be inserted, namely:–

"(*1A*) All applications, pending before the Chief Commissioner on which no order has been passed under clause (*b*) of sub-section (*1*) before the 1st day of June, 1999, shall stand transferred on that day to the Commissioner and the Commissioner may proceed with such applications under that sub-section from the stage at which they were on that day.".

Amendment of section 17.

10. In section 17 of the Income-tax Act, in clause (*2*), after sub-clause (*iii*), the following sub-clause shall be inserted with effect from the 1st day of April, 2000, namely:–

'(*iiia*) the value of any specified security allotted or transferred, directly or indirectly, by any person free of cost or at concessional rate, to an individual who is or has been in employment of that person:

Provided that in a case where allotment or transfer of specified securities is made in pursuance of an option exercised by an individual, the value of the specified securities shall be taxable in the previous year in which such option is exercised by such individual.

Explanation.–For the purposes of this clause,–

(*a*) "cost" means the amount actually paid for acquiring specified securities and where no money has been paid, the cost shall be taken as *nil*;

42 of 1956.

(*b*) "specified security" means the securities as defined in clause (*h*) of section 2 of the Securities Contracts (Regulation) Act, 1956 and includes employees' stock option and sweat equity shares;

(*c*) "sweat equity shares" means equity shares issued by a company to its employees or directors at a discount or for consideration other than cash for providing know-how or making available rights in the nature of intellectual property rights or value additions, by whatever name called; and

(*d*) "value" means the difference between the fair market value and the cost for acquiring specified securities.'.

Amendment of section 24.

11. In section 24 of the Income-tax Act, in sub-section (*2*), after the proviso, the following proviso shall be inserted with effect from the 1st day of April, 2000, namely:–

'Provided further that where the property is acquired or constructed with capital borrowed on or after the 1st day of April, 1999 and such acquisition or construction is completed before the 1st day of April, 2001, the provisions of the first proviso shall have effect as if for the words "thirty thousand rupees", the words "seventy-five thousand rupees" had been substituted.'. 5

Amendment of section 32.

12. In section 32 of the Income-tax Act, in sub-section (*1*), in clause (*ii*), for the fourth proviso, the following proviso shall be substituted with effect from the 1st day of April, 2000, namely:–

"Provided also that the aggregate deduction, in respect of depreciation of buildings, machinery, plant or furniture, being tangible assets or know-how, patents, copyrights, trademarks, licences, 10 franchises or any other business or commercial rights of similar nature, being intangible assets allowable to the predecessor and the successor in the case of succession referred to in clause (*xiii*) and clause (*xiv*) of section 47 or section 170 or to the amalgamating company and the amalgamated company in the case of amalgamation, or to the demerged company and the resulting company in the case of demerger, as the case may be, shall not exceed in any previous year the deduction 15 calculated at the prescribed rates as if the succession or the amalgamation or the demerger, as the case may be, had not taken place, and such deduction shall be apportioned between the predecessor and the successor, or the amalgamating company and the amalgamated company, or the demerged company and the resulting company, as the case may be, in the ratio of the number of days for which the assets were used by them.". 20

Amendment of section 33ABA.

13. In section 33ABA of the Income-tax Act, in sub-section (*7*), the proviso shall be omitted.

Amendment of section 33AC.

14. In section 33AC of the Income-tax Act, in sub-section (*3*), in clause (*c*), for the words "sold or otherwise transferred", the words "sold or otherwise transferred, other than in any scheme of demerger" shall be substituted with effect from the 1st day of April, 2000.

Amendment of section 35.

15. In section 35 of the Income-tax Act, with effect from the 1st day of April, 2000,– 25

(*a*) in sub-section (*1*),–

(*i*) in clause (*ii*),–

(*A*) for the words "any sum paid", the words "an amount equal to one and one-fourth times of any sum paid" shall be substituted;

(*B*) in the proviso, for the words "prescribed authority", the words "Central Government" 30 shall be substituted;

(*ii*) in clause (*iii*),–

(*A*) for the words "any sum paid", the words "an amount equal to one and one-fourth times of any sum paid" shall be substituted;

(*B*) in the proviso, for the words "prescribed authority", the words "Central Government" 35 shall be substituted;

(*iii*) after clause (*iv*), in the first proviso, second proviso and third proviso, for the words "prescribed authority" , wherever they occur, the words "Central Government" shall be substituted;

(*b*) in sub-section (*2AB*), in clause (*5*), for the figures "2000", the figures "2005" shall be substituted;

(*c*) for sub-section (*3*), the following sub-section shall be substituted, namely:– 40

"(*3*) If any question arises under this section as to whether, and if so, to what extent, any activity constitutes or constituted, or any asset is or was being used for, scientific research, the Board shall refer the question to–

(*a*) the Central Government, when such question relates to any activity under clauses (*ii*) and (*iii*) of sub-section (*1*), and its decision shall be final; 45

(*b*) the prescribed authority, when such question relates to any activity other than the activity specified in clause (*a*), whose decision shall be final.".

Amendment of section 35A.

16. In section 35A of the Income-tax Act, after sub-section (*6*), the following sub-section shall be inserted with effect from the 1st day of April, 2000, namely:–

"(*7*) Where in a scheme of demerger, the demerged company sells or otherwise transfers the 50 rights to the resulting company (being an Indian company),–

(*i*) the provisions of sub-sections (*3*) and (*4*) shall not apply in the case of the demerged company; and

(*ii*) the provisions of this section shall, as far as may be, apply to the resulting company as they would have applied to the demerged company, if the latter had not sold or otherwise transferred the rights.".

Amendment of section 35AB.

17. In section 35AB of the Income-tax Act, after sub-section (*2*), the following sub-section shall be inserted with effect from the 1st day of April, 2000, namely:–

"(*3*) Where there is a transfer of an undertaking under a scheme of amalgamation or demerger and the amalgamating or the demerged company is entitled to a deduction under this section, then, the amalgamated company or the resulting company, as the case may be, shall be entitled to claim deduction under this section in respect of such undertaking to the same extent and in respect of the residual period as it would have been allowable to the amalgamating company or the demerged company, as the case may be, had such amalgamation or demerger not taken place.".

Amendment of section 35ABB.

18. In section 35ABB of the Income-tax Act,–

(*a*) in sub-section (*1*), for the words "for acquiring any right to operate telecommunication services", the words "for acquiring any right to operate telecommunication services either before the commencement of the business to operate telecommunication services or thereafter at any time during any previous year" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1996;

(*b*) in the *Explanation* to sub-section (*1*), for clause (*i*), the following clause shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1996, namely:–

'(*i*) "relevant previous years" means,–

(*A*) in a case where the licence fee is actually paid before the commencement of the business to operate telecommunication services, the previous years beginning with the previous year in which such business commenced;

(*B*) in any other case, the previous years beginning with the previous year in which the licence fee is actually paid,

and the subsequent previous year or years during which the licence, for which the fee is paid, shall be in force;';

(*c*) after sub-section (*6*), the following sub-section shall be inserted with effect from the 1st day of April, 2000, namely:–

"(*7*) Where, in a scheme of demerger, the demerged company sells or otherwise transfers the licence to the resulting company (being an Indian company),–

(*i*) the provisions of sub-sections (*2*), (*3*) and (*4*) shall not apply in the case of the demerged company; and

(*ii*) the provisions of this section shall, as far as may be, apply to the resulting company as they would have applied to the demerged company if the latter had not transferred the licence.";

(*d*) after sub-section (*7*), as so inserted, the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1996, namely:–

"(*8*) Where a deduction for any previous year under sub-section (*1*) is claimed and allowed in respect of any expenditure referred to in that sub-section, no deduction shall be allowed under sub-section (*1*) of section 32 for the same previous year or any subsequent previous year.".

Amendment of section 35D.

19. In section 35D of the Income-tax Act, after sub-section (*5*), the following sub-section shall be inserted with effect from the 1st day of April, 2000, namely:–

"(*5A*) Where the undertaking of an Indian company which is entitled to the deduction under sub-section (*1*) is transferred, before the expiry of the period specified in sub-section (*1*), to another company in a scheme of demerger,-

(*i*) no deduction shall be admissible under sub-section (*1*) in the case of the demerged company for the previous year in which the demerger takes place; and

(*ii*) the provisions of this section shall, as far as may be, apply to the resulting company, as they would have applied to the demerged company, if the demerger had not taken place.".

Insertion of new section 35DD.

20. After section 35D of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2000, namely:–

Amortisation of expenditure in case of amalgamation or demerger.

"35DD. (*1*) Where an assessee, being an Indian company, incurs any expenditure, on or after the 1st day of April, 1999, wholly and exclusively for the purposes of amalgamation or demerger of an undertaking, the assessee shall be allowed a deduction of an amount equal to one-fifth of such expenditure for each of the five successive previous years beginning with the previous year in which the amalgamation or demerger takes place.

(*2*) No deduction shall be allowed in respect of the expenditure mentioned in sub-section (*1*) under any other provision of this Act.".

Amendment of section 35E.

21. In section 35E of the Income-tax Act, after sub-section (*7*), the following sub-section shall be inserted with effect from the 1st day of April, 2000, namely:–

"(*7A*) Where the undertaking of an Indian company which is entitled to the deduction under sub-section (*1*) is transferred, before the expiry of the period of ten years specified in sub-section (*1*), to another Indian company in a scheme of demerger,– 5

(*i*) no deduction shall be admissible under sub-section (*1*) in the case of the demerged company for the previous year in which the demerger takes place; and

(*ii*) the provisions of this section shall, as far as may be, apply to the resulting company as they would have applied to the demerged company, if the demerger had not taken place.". 10

Amendment of section 36.

22. In section 36 of the Income-tax Act, in sub-section (*1*), with effect from the 1st day of April, 2000,–

(*a*) clause (*iia*) shall be omitted;

(*b*) in clause (*viia*), in sub-clause (*a*), the following shall be inserted, namely:– 15

'Provided that a scheduled bank or a non-scheduled bank referred to in this sub-clause shall, at its option, be allowed in any of the relevant assessment years, deduction in respect of any provision made by it for any assets classified by the Reserve Bank of India as doubtful assets or loss assets in accordance with the guidelines issued by it in this behalf, for an amount not exceeding five per cent. of the amount of such assets shown in the books of account of the bank on the last day of the previous year. 20

Explanation.–For the purposes of this sub-clause, "relevant assessment years" means the five consecutive assessment years commencing on or after the 1st day of April, 2000 and ending before the 1st day of April, 2005.';

(*c*) in clause (*viii*),– 25

(*i*) the first proviso shall be omitted;

(*ii*) in the second proviso, for the words "Provided further that", the words "Provided that" shall be substituted;

(*d*) after clause (*x*), the following shall be inserted, namely:–

'(*xi*) any expenditure incurred by the assessee, on or after the 1st day of April, 1999 but before the 1st day of April, 2000, wholly and exclusively in respect of a non-Y2K compliant computer system, owned by the assessee and used for the purposes of his business or profession, so as to make such computer system Y2K compliant computer system: 30

Provided that no such deduction shall be allowed in respect of such expenditure under any other provisions of this Act: 35

Provided further that no such deduction shall be admissible unless the assessee furnishes in the prescribed form, along with the return of income, the report of an accountant, as defined in the *Explanation* below sub-section (*2*) of section 288, certifying that the deduction has been correctly claimed in accordance with the provisions of this clause.

Explanation.– For the purposes of this clause,– 40

(*a*) "computer system" means a device or collection of devices including input and output support devices and excluding calculators which are not programmable and capable of being used in conjunction with external files, or more of which contain computer programmes, electronic instructions, input data and output data, that performs functions including, but not limited to, logic, arithmetic, data storage and retrieval, communication and control; 45

(*b*) "Y2K compliant computer system" means a computer system capable of correctly processing, providing or receiving data relating to date within and between the twentieth and twenty-first century.'.

Amendment of section 40A.

23. In section 40A of the Income-tax Act, for sub-section (*7*), the following sub-section shall be substituted with effect from the 1st day of April, 2000, namely:– 50

"(*7*) (*a*) Subject to the provisions of clause (*b*), no deduction shall be allowed in respect of any provision (whether called as such or by any other name) made by the assessee for the payment of gratuity to his employees on their retirement or on termination of their employment for any reason;

(*b*) Nothing in clause (*a*) shall apply in relation to any provision made by the assessee for the purpose of payment of a sum by way of any contribution towards an approved gratuity fund, or for the purpose of payment of any gratuity, that has become payable during the previous year. 55

Explanation.-For the removal of doubts, it is hereby declared that where any provision made by the assessee for the payment of gratuity to his employees on their retirement or termination of their employment for any reason has been allowed as a deduction in computing the income of the assessee for any assessment year, any sum paid out of such provision by way of contribution towards an approved gratuity fund or by way of gratuity to any employee shall not be allowed as a deduction in computing the income of the assessee of the previous year in which the sum is so paid.".

Amendment of section 41.

24. In section 41 of the Income-tax Act, in sub-section (*1*), in *Explanation* 2, after clause (*iii*), the following clause shall be inserted with effect from the 1st day of April, 2000, namely:–

"(*iv*) where there has been a demerger, the resulting company.".

Amendment of section 42.

25. In section 42 of the Income-tax Act, in sub-section (*2*), in clause (*c*), for the proviso, the following proviso shall be substituted with effect from the 1st day of April, 2000, namely:–

"Provided that where in a scheme of amalgamation or demerger, the amalgamating or the demerged company sells or otherwise transfers the business to the amalgamated or the resulting company (being an Indian company), the provisions of this sub-section–

(*i*) shall not apply in the case of the amalgamating or the demerged company; and

(*ii*) shall, as far as may be, apply to the amalgamated or the resulting company as they would have applied to the amalgamating or the demerged company if the latter had not transferred the business or interest in the business.".

Amendment of section 43.

26. In section 43 of the Income-tax Act, with effect from the 1st day of April, 2000,–

(*a*) in clause (*1*),-

(*i*) after *Explanation* 7, the following *Explanation* shall be inserted, namely:–

"*Explanation* 7A.–Where, in a demerger, any capital asset is transferred by the demerged company to the resulting company and the resulting company is an Indian company, the actual cost of the transferred capital asset to the resulting company shall be taken to be the same as it would have been if the demerged company had continued to hold the capital asset for the purpose of its own business:

Provided that such actual cost shall not exceed the written down value of such capital asset in the hands of the demerged company.";

(*ii*) after *Explanation* 10, the following *Explanation* shall be inserted, namely:-

"Explanation 11.–Where an asset which was acquired outside India by an assessee, being a non-resident, is brought by him to India and used for the purposes of his business or profession, the actual cost of the asset to the assessee shall be the actual cost to the assessee, as reduced by an amount equal to the amount of depreciation calculated at the rate in force that would have been allowable had the asset been used in India for the said purposes since the date of its acquisition by the assessee.";

(*b*) in clause (*6*),–

(*i*) in sub-clause (*c*), in item (*i*), after sub-item (*B*), the following sub-item shall be inserted, namely:–

"(*C*) in the case of a slump sale, decrease by the actual cost of the asset falling within that block as reduced–

11 of 1922.

(*a*) by the amount of depreciation actually allowed to him under this Act or under the corresponding provisions of the Indian Income-tax Act, 1922 in respect of any previous year relevant to the assessment year commencing before the 1st day of April, 1988; and

(*b*) by the amount of depreciation that would have been allowable to the assessee for any assessment year commencing on or after the 1st day of April, 1988 as if the asset was the only asset in the relevant block of assets,

so, however, that the amount of such decrease does not exceed the written down value;";

(*ii*) after *Explanation* 2, the following *Explanations* shall be inserted, namely:–

"*Explanation* 2A.–Where in any previous year, any asset forming part of a block of assets is transferred by a demerged company to the resulting company, then, notwithstanding anything contained in clause (*1*), the written down value of the block of assets of the demerged company for the immediately preceding previous year shall be reduced by the book value of the assets transferred to the resulting company pursuant to the demerger.

Explanation 2B.–Where in a previous year, any asset forming part of a block of assets is transferred by a demerged company to the resulting company, then, notwithstanding anything contained in clause (*1*), the written down value of the block of assets in the case of the resulting company shall be the value of the assets as appearing in the books of account of the demerged company immediately before the demerger: 5

Provided that if the value of the assets as appearing in the books of account of the demerged company immediately before the demerger exceeds the written down value of such assets in the hands of the demerged company, the amount representing such excess shall be reduced from the written down value of the assets.".

Amendment of section 43B.

27. In section 43B of the Income-tax Act, in *Explanation* 4, for clause (*aa*), the following clause shall 10 be substituted with effect from the 1st day of April, 2000, namely:–

'(*aa*) "scheduled bank" shall have the meaning assigned to it in the *Explanation* to clause (*iii*) of sub-section (*5*) of section 11;'.

Substitution of new section for section 43D.

28. For section 43D of the Income-tax Act, the following section shall be substituted with effect from the 1st day of April, 2000, namely:– 15

Special provision in case of income of public financial institutions, public companies, etc.

'43D. Notwithstanding anything to the contrary contained in any other provision of this Act,-

(*a*) in the case of a public financial institution or a scheduled bank or a State financial corporation or a State industrial investment corporation, the income by way of interest in relation to such categories of bad or doubtful debts as may be prescribed having regard to the guidelines issued by the Reserve Bank of India in relation to such debts; 20

(*b*) in the case of a public company, the income by way of interest in relation to such categories of bad or doubtful debts as may be prescribed having regard to the guidelines issued by the National Housing Bank in relation to such debts,

shall be chargeable to tax in the previous year in which it is credited by the public financial institution or the scheduled bank or the State financial corporation or the State industrial investment corporation 25 or the public company to its profit and loss account for that year or, as the case may be, in which it is actually received by that institution or bank or corporation or company, whichever is earlier.

Explanation.-For the purposes of this section,–

(*a*) "National Housing Bank" means the National Housing Bank established under section 3 of the National Housing Bank Act, 1987; 30 53 of 1987.

(*b*) "public company" means a company,–

(*i*) which is a public company within the meaning of section 3 of the Companies Act, 1956; 1 of 1956.

(*ii*) whose main object is carrying on the business of providing long-term finance for construction or purchase of houses in India for residential purposes; and

(*iii*) which is registered in accordance with the Housing Finance Companies (NHB) Directions, 35 1989 given under section 30 and section 31 of the National Housing Bank Act, 1987; 53 of 1987.

(*c*) "public financial institution" shall have the meaning assigned to it in section 4A of the Companies Act, 1956; 1 of 1956.

(*d*) "scheduled bank" shall have the meaning assigned to it in clause (*ii*) of the *Explanation* to clause (*viia*) of sub-section (*1*) of section 36; 40

(*e*) "State financial corporation" means a financial corporation established under section 3 or section 3A or an institution notified under section 46 of the State Financial Corporations Act, 1951; 63 of 1951.

(*f*) "State industrial investment corporation" means a Government company within the meaning of section 617 of the Companies Act, 1956, engaged in the business of providing long-term 45 finance for industrial projects.'. 1 of 1956.

Amendment of section 44AD.

29. In section 44AD of the Income-tax Act, after sub-section (*5*), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1998, namely:–

"(*6*) Notwithstanding anything contained in the foregoing provisions of this section, an assessee 50 may claim lower profits and gains than the profits and gains specified in sub-section (*1*), if he keeps and maintains such books of account and other documents as required under sub-section (*2*) of section 44AA and gets his accounts audited and furnishes a report of such audit as required under section 44AB.".

Amendment of section 44AE.

30. In section 44AE of the Income-tax Act, after sub-section (*6*), the following sub-section shall be 55 inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1998,

namely:–

"(*7*) Notwithstanding anything contained in the foregoing provisions of this section, an assessee may claim lower profits and gains than the profits and gains specified in sub-sections (*1*) and (*2*), if he keeps and maintains such books of account and other documents as required under sub-section (*2*) of section 44AA and gets his accounts audited and furnishes a report of such audit as required under section 44AB.".

Amendment of section 44AF.

31. In section 44AF of the Income-tax Act, after sub-section (*4*), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1998, namely:–

"(*5*) Notwithstanding anything contained in the foregoing provisions of this section, an assessee may claim lower profits and gains than the profits and gains specified in sub-section (*1*), if he keeps and maintains such books of account and other documents as required under sub-section (*2*) of section 44AA and gets his accounts audited and furnishes a report of such audit as required under section 44AB.".

Amendment of section 45.

32. In section 45 of the Income-tax Act, after sub-section (*1*), the following sub-section shall be inserted with effect from the 1st day of April, 2000, namely:–

'(*1A*) Notwithstanding anything contained in sub-section (*1*), where any person receives at any time during any previous year any money or other assets under an insurance from an insurer on account of damage to, or destruction of, any capital asset, as a result of–

(*i*) flood, typhoon, hurricane, cyclone, earthquake or other convulsion of nature; or

(*ii*) riot or civil disturbance; or

(*iii*) accidental fire or explosion; or

(*iv*) action by an enemy or action taken in combating an enemy (whether with or without a declaration of war),

then, any profits or gains arising from receipt of such money or other assets shall be chargeable to income-tax under the head "Capital gains" and shall be deemed to be the income of such person of the previous year in which such money or other asset was received and for the purposes of section 48, value of any money or the fair market value of other assets on the date of such receipt shall be deemed to be the full value of the consideration received or accruing as a result of the transfer of such capital asset.

4 of 1938.

Explanation.–For the purposes of this sub-section, the expression "insurer" shall have the meaning assigned to it in clause (*9*) of section 2 of the Insurance Act, 1938.'.

Insertion of new section 46A.

33. After section 46 of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2000, namely:-

Capital gains on purchase by company of its own shares or other specified securities.

'46A. Where a shareholder or a holder of other specified securities receives any consideration from any company for purchase of its own shares or other specified securities held by such shareholder or holder of other specified securities, then, subject to the provisions of section 48, the difference between the cost of acquisition and the value of consideration received by the shareholder or the holder of other specified securities, as the case may be, shall be deemed to be the capital gains arising to such shareholder or the holder of other specified securities, as the case may be, in the year in which such shares or other specified securities were purchased by the company.

1 of 1956.

Explanation.-For the purposes of this section, "specified securities" shall have the meaning assigned to it in *Explanation* to section 77A of the Companies Acts, 1956.'.

Amendment of section 47.

34. In section 47 of the Income-tax Act, after clause (*via*), the following clauses shall be inserted with effect from the 1st day of April, 2000, namely:–

"(*vib*) any transfer, in a demerger, of a capital asset by the demerged company to the resulting company, if the resulting company is an Indian company;

(*vic*) any transfer in a demerger, of a capital asset, being a share or shares held in an Indian company, by the demerged foreign company to the resulting foreign company, if–

(*a*) at least seventy-five per cent. of the shareholders of the demerged foreign company continue to remain shareholders of the resulting foreign company; and

(*b*) such transfer does not attract tax on capital gains in the country, in which the demerged foreign company is incorporated:

1 of 1956.

Provided that the provisions of sections 391 to 394 of the Companies Act, 1956 shall not apply in case of demergers referred to in this clause;

(*vid*) any transfer or issue of shares by the resulting company, in a scheme of demerger to the shareholders of the demerged company if the transfer or issue is made in consideration of demerger of the undertaking;".

Amendment of section 49.

35. In section 49 of the Income-tax Act, after sub-section (*2A*), the following sub-sections shall be inserted with effect from the 1st day of April, 2000, namely:–

'(*2B*) Where the capital gain arises from the transfer of the specified security referred to in sub-clause (*iiia*) of clause (*2*) of section 17, the cost of acquisition of such specified security shall be the fair market value on the date of exercise of option. 5

(*2C*) The cost of acquisition of the shares in the resulting company shall be the amount which bears to the cost of acquisition of shares held by the assessee in the demerged company the same proportion as the net book value of the assets transferred in a demerger bears to the net worth of the demerged company immediately before such demerger.

(*2D*) The cost of acquisition of the original shares held by the shareholder in the demerged company shall be deemed to have been reduced by the amount as so arrived at under sub-section (*2C*). 10

Explanation.–For the purposes of this section, "net worth" shall mean the aggregate of the paid up share capital and general reserves as appearing in the books of account of the demerged company immediately before the demerger.'. 15

Insertion of new section 50B.

36. After section 50A of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2000, namely:-

Special provision for computation of capital gains in case of slump sale.

'50B. (*1*) Any profits or gains arising from the slump sale effected in the previous year shall be chargeable to income-tax as capital gains arising from the transfer of long-term capital assets and shall be deemed to be the income of the previous year in which the transfer took place: 20

Provided that any profits or gains arising from the transfer under the slump sale of any capital asset being one or more undertakings owned and held by an assessee for not more than thirty-six months immediately preceding the date of its transfer shall be deemed to be the capital gains arising from the transfer of short-term capital assets.

(*2*) In relation to capital assets being an undertaking or division transferred by way of such sale, the "net worth" of the undertaking or the division, as the case may be, shall be deemed to be the cost of acquisition and the cost of improvement for the purposes of sections 48 and 49 and no regard shall be given to the provisions contained in the second proviso to section 48. 25

(*3*) Every assessee, in the case of slump sale, shall furnish in the prescribed form along with the return of income, a report of an accountant as defined in the *Explanation* below sub-section (2) of section 288 indicating the computation of the net worth of the undertaking or division, as the case may be, and certifying that the net worth of the undertaking or division, as the case may be, has been correctly arrived at in accordance with the provisions of this section. 30

Explanation.–For the purposes of this section, "net worth" means the net worth as defined in clause (*ga*) of sub-section (*1*) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.'. 35

1 of 1986.

Amendment of section 72.

37. In section 72 of the Income-tax Act, in sub-section (*1*), in clause (*i*), the proviso shall be omitted with effect from the 1st day of April, 2000.

Substitution of new section for section 72A.

38. For section 72A of the Income-tax Act, the following section shall be substituted, with effect from the 1st day of April, 2000, namely:– 40

Provisions relating to carry forward and set off of accumulated loss and unabsorbed depreciation allowance in amalgamation or demerger, etc.

'72A. (*1*) Where there has been an amalgamation of a company owning an industrial undertaking or a ship with another company, then, notwithstanding anything contained in any other provision of this Act, the accumulated loss and the unabsorbed depreciation of the amalgamating company shall be deemed to be the loss or, as the case may be, allowance for depreciation of the amalgamated company for the previous year in which the amalgamation was effected, and other provisions of this Act relating to set-off and carry forward of loss and allowance for depreciation shall apply accordingly. 45

(*2*) Notwithstanding anything contained in sub-section (*1*), the accumulated loss shall not be set off or carried forward and the unabsorbed depreciation shall not be allowed in the assessment of the amalgamated company unless the amalgamated company–

(*i*) holds continuously for a minimum period of five years from the date of amalgamation at least three-fourths in the value of assets of the amalgamating company acquired in a scheme of amalgamation; 50

(*ii*) continues the business of the amalgamating company for a minimum period of five years from the date of amalgamation;

(*iii*) fulfils such other conditions as may be prescribed to ensure the revival of the business of the amalgamating company or to ensure that the amalgamation is for genuine business purpose. 55

(*3*) In a case where any of the conditions laid down in sub-section (*2*) are not complied with, the set off of loss or allowance of depreciation made in any previous year in the hands of the

amalgamated company shall be deemed to be the income of the amalgamated company chargeable to tax for the year in which such conditions are not complied with.

(*4*) Notwithstanding anything contained in any other provisions of this Act, in the case of a demerger, the accumulated loss and the allowance for unabsorbed depreciation of the demerged company shall–

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(*a*) where such loss or unabsorbed depreciation is directly relatable to the undertakings transferred to the resulting company, be allowed to be carried forward and set off in the hands of the resulting company;

(*b*) where such loss or unabsorbed depreciation is not directly relatable to the undertakings transferred to the resulting company, be apportioned between the demerged company and the resulting company in the same proportion in which the assets of the undertakings have been retained by the demerged company and transferred to the resulting company, and be allowed to be carried forward and set off in the hands of the demerged company or the resulting company, as the case may be.

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(*5*) The Central Government may, for the purposes of this Act, by notification in the Official Gazette, specify such conditions as it considers necessary to ensure that the demerger is for genuine business purposes.

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(*6*) Where there has been reorganisation of business, whereby, a firm is succeeded by a company fulfilling the conditions laid down in clause (*xiii*) of section 47 or a proprietary concern is succeeded by a company fulfilling the conditions laid down in clause (*xiv*) of section 47, then, notwithstanding anything contained in any other provision of this Act, the accumulated loss and the unabsorbed depreciation of the predecessor firm or the proprietary concern, as the case may be, shall be deemed to be the loss or allowance for depreciation of the successor company for the purpose of previous year in which business reorganisation was effected and other provisions of this Act relating to set off and carry forward of loss and allowance for depreciation shall apply accordingly:

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Provided that if any of the conditions laid down in the proviso to clause (*xiii*) or the proviso to clause (*xiv*) to section 47 are not complied with, the set-off of loss or allowance of depreciation made in any previous year in the hands of the successor company, shall be deemed to be the income of the company chargeable to tax in the year in which such conditions are not complied with.

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(*7*) For the purposes of this section,–

(*a*) "accumulated loss" means so much of the loss of the predecessor firm or the proprietary concern or the amalgamating company or the demerged company, as the case may be, under the head "Profits and gains of business or profession" (not being a loss sustained in a speculation business) which such predecessor firm or the proprietary concern or amalgamating company or demerged company, would have been entitled to carry forward and set off under the provisions of section 72 if the reorganisation of business or amalgamation or demerger had not taken place;

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(*b*) "unabsorbed depreciation" means so much of the allowance for depreciation of the predecessor firm or the proprietary concern or the amalgamating company or the demerged company, as the case may be, which remains to be allowed and which would have been allowed to the predecessor firm or the proprietary concern or amalgamating company or demerged company, as the case may be, under the provisions of this Act, if the reorganisation of business or amalgamation or demerger had not taken place.'.

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Amendment of section 79.

39. In section 79 of the Income-tax Act, in clause (*a*), after the proviso, the following proviso shall be inserted with effect from the 1st day of April, 2000, namely:–

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"Provided further that nothing contained in this section shall apply to any change in the shareholding of an Indian company which is a subsidiary of a foreign company as a result of amalgamation or demerger of a foreign company subject to the condition that fifty-one per cent. shareholders of the amalgamating or demerged foreign company continue to be the shareholders of the amalgamated or the resulting foreign company.".

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Amendment of section 80D.

40. In section 80D of the Income-tax Act, with effect from the 1st day of April, 2000,–

(*a*) in sub-section (*1*), after clause (*ii*), the following proviso shall be inserted, namely:–

"Provided that where the sum specified in sub-section (*2*) is paid to effect or to keep in force an insurance on the health of the assessee, or his wife or her husband or dependant parents or any member of the family in case the assessee is a Hindu undivided family, and who is a senior citizen, the provisions of this section shall have effect as if for the words "ten thousand rupees", the words "fifteen thousand rupees" had been substituted;";

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(*b*) in sub-section (*2*), the following *Explanation* shall be inserted at the end, namely:–

'*Explanation.*–For the purpose of this section, "senior citizen" shall have the meaning assigned to it in the *Explanation* to section 80DDB.'.

Amendment of section 80DD.

41. In section 80DD of the Income-tax Act, for sub-section (*1*), the following sub-section shall be substituted with effect from the 1st day of April, 2000, namely:–

"(*1*) Where an assessee, who is a resident in India, being an individual or a Hindu undivided family has, during the previous year,– 5

(*a*) incurred any expenditure for the medical treatment (including nursing), training and rehabilitation of a handicapped dependant; or

(*b*) paid or deposited any amount under a scheme framed in this behalf by the Life Insurance Corporation or Unit Trust of India subject to the conditions specified in sub-section (*2*) and 10 approved by the Board in this behalf for the maintenance of handicapped dependant,

the assessee shall, in accordance with and subject to the provisions of this section, be allowed a deduction of a sum of forty thousand rupees in respect of the previous year.".

Amendment of section 80DDB.

42. In section 80DDB of the Income-tax Act, with effect from the 1st day of April, 2000,–

(*a*) for the word "incurred", the words "actually incurred" shall be substituted; 15

(*b*) for the words "fifteen thousand rupees", the words "forty thousand rupees" shall be substituted;

(*c*) after the proviso, the following provisos shall be inserted, namely:–

'Provided further that the deduction under this section shall be reduced by the amount received, if any, under an insurance from an insurer for the medical treatment of the person referred to in clause (*a*) or clause (*b*): 20

Provided also that where the expenditure incurred is in respect of the assessee or his dependant relative or any member of a Hindu undivided family of the assessee and who is a senior citizen, the provisions of this section shall have effect as if for the words "forty thousand rupees", the words "sixty thousand rupees" had been substituted.';

(*d*) for the *Explanation*, the following *Explanation* shall be substituted, namely:– 25

'*Explanation*.-For the purposes of this section,–

(*i*) "dependant" means a person who is not dependant for his support or maintenance on any person other than the assessee;

(*ii*) "insurer" shall have the meaning assigned to it in clause (*9*) of section 2 of the Insurance Act, 1938; 30

4 of 1938.

(*iii*) "senior citizen" means an individual resident in India who is of the age of sixty-five years or more at any time during the relevant previous year.'.

Amendment of section 80G.

43. In section 80G of the Income-tax Act, with effect from the 1st day of April, 2000,–

(*a*) in sub-section (*1*), in clause (*i*), after the words, brackets, figures and letters "or sub-clause (*iiihh*)", the words, brackets, figures and letters "or sub-clause (*iiihi*)" shall be inserted; 35

(*b*) in sub-section (*2*), in clause (*a*), after sub-clause (*iiihh*), the following sub-clause shall be inserted, namely:–

"(*iiihi*) the Fund for Technology Development and Application set up by the Central Government; or";

(*c*) after sub-section (*5A*) and before *Explanation* 1, the following sub-section shall be inserted, 40 namely:–

"(*5B*) Notwithstanding anything contained in clause (*ii*) of sub-section (*5*) and *Explanation* 3, an institution or fund which incurs expenditure, during any previous year, which is of a religious nature for an amount not exceeding five per cent. of its total income in that previous year shall be deemed to be an institution or fund to which the provisions of this section apply.".

Amendment of section 80HHA.

44. In section 80HHA of the Income-tax Act, in the *Explanation,* for clause (*b*), the following 45 clause shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1978, namely:–

"(*b*) an industrial undertaking shall be deemed to be a small-scale industrial undertaking which is, on the last day of the previous year, regarded as a small-scale industrial undertaking under section 11B of the Industries (Development and Regulation) Act, 1951.". 50

65 of 1951.

Amendment of section 80HHB.

45. In section 80HHB of the Income-tax Act, with effect from the 1st day of June, 1999,–

(*a*) in sub-section (*3*),–

(*i*) after clause (*i*), the following clause shall be inserted, namely:–

"(*ia*) the assessee furnishes, along with his return of income, a certificate in the prescribed form from an accountant as defined in the *Explanation* below sub-section (*2*) of section 288, duly signed and verified by such accountant, certifying that the deduction has been correctly claimed in accordance with the provisions of this section;";

(*ii*) in clause (*iii*), for the portion beginning with the words "where the Chief Commissioner" and ending with the words "may allow in this behalf", the words "within such further period as the competent authority may allow in this behalf" shall be substituted;

(*b*) after sub-section (*3*), the following *Explanation* shall be inserted, namely:–

'*Explanation*.–For the purposes of clause (*iii*), the expression "competent authority" means the Reserve Bank of India or such other authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange.'.

Amendment of section 80HHC.

46. In section 80HHC of the Income-tax Act,–

(*a*) in sub-section (*2*), with effect from the 1st day of June, 1999,–

(*i*) in clause (*a*), for the portion beginning with the words "where the Chief Commissioner" and ending with the words "may allow in this behalf", the words "within such further period as the competent authority may allow in this behalf" shall be substituted;

(*ii*) after clause (*a*), the following *Explanation* shall be inserted, namely:–

'*Explanation*.–For the purposes of this clause, the expression "competent authority" means the Reserve Bank of India or such other authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange.';

(*b*) after sub-section (*4A*), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1992, namely:–

"(*4B*) For the purposes of computing the total income under sub-section (*1*) or sub-section (*1A*), any income not charged to tax under this Act shall be excluded.".

Amendment of section 80HHD.

47. In section 80HHD of the Income-tax Act,–

(*a*) in sub-section (*2*), with effect from the 1st day of June, 1999,–

(*i*) for the portion beginning with the words "where the Chief Commissioner" and ending with the words "may allow in this behalf", the words "within such further period as the competent authority may allow in this behalf" shall be substituted;

(*ii*) the *Explanation* shall be numbered as *Explanation 1* thereof and after *Explanation* 1 as so numbered, the following *Explanation* shall be inserted, namely:–

'*Explanation* 2.–For the purposes of this sub-section, the expression "competent authority" means the Reserve Bank of India or such other authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange.';

(*b*) in sub-section (*2A*), for the word "*Explanation*", the word and figure "*Explanation* 1" shall be substituted with effect from the 1st day of June, 1999;

(*c*) in sub-section (*4*), with effect from the 1st day of April, 2000,–

(*i*) after clause (*e*), the following clause shall be inserted, namely:–

"(*f*) subscription to equity shares forming part of any eligible issue of capital made by a public company:';

(*ii*) in the proviso, for the words, brackets and letters "clauses (a) to (*e*)", the words, brackets and letters "clauses (*a*) to (*f*)" shall be substituted;

(*d*) after sub-section (*5*), the following sub-section and *Explanation* shall be inserted with effect from the 1st day of April, 2000, namely:–

"(*5A*) Where any amount credited to the reserve account under clause (*b*) of sub-section (*1*) has been utilised for subscription to any equity shares referred to in clause (*f*) of sub-section (*4*) and either whole or any part of such equity shares are transferred or converted into money by the assessee at any time within a period of three years from the date of their acquisition, the aggregate amount so utilised in respect of such equity shares shall be deemed to be the profits of the previous year in which the equity shares are transferred or converted into money.

Explanation.–A person shall be treated as having acquired any shares on the date on which his name is entered in relation to those shares in the register of members of the public company.";

(*e*) in sub-section (*6*), for the words, brackets and figure "*Explanation* to sub-section (*2*)", the words, brackets and figures "*Explanation* 1 to sub-section (*2*)" shall be substituted with effect from the 1st day of June, 1999;

(*f*) in the *Explanation*, after clause (*d*), the following clause shall be inserted with effect from the 1st day of April, 2000, namely:– 5

'(*e*) "eligible issue of capital" means an issue made by a public company formed and registered in India and the entire proceeds of the issue is utilised wholly and exclusively for the purpose of carrying on the business of–

(*i*) setting up and running of new hotels approved by the prescribed authority; or

(*ii*) providing such new facility for the growth of tourism in India, as the Central Government 10 may, by notification in the Official Gazette, specify.'.

Amendment of section 80HHE.

48. In section 80HHE of the Income-tax Act, in sub-section (2), with effect from the 1st day of June, 1999,–

(*a*) for the portion beginning with the words "where the Commissioner" and ending with the words "may allow in this behalf", the words "within such further period as the competent authority 15 may allow in this behalf" shall be substituted;

(*b*) the *Explanation* shall be numbered as *Explanation* 1 thereof and after *Explanation* 1 as so numbered, the following *Explanation* shall be inserted, namely:–

'*Explanation* 2.–For the purposes of this sub-section , the expression "competent authority" means the Reserve Bank of India or such other authority as is authorised under any law for the 20 time being in force for regulating payments and dealings in foreign exchange.'.

Insertion of new section 80HHF.

49. After section 80HHE, the following section shall be inserted with effect from the 1st day of April, 2000, namely:-

Deduction in respect of profits and gains from export or transfer of film software, etc.

'80HHF. (*1*) Where an assessee, being an Indian company, is engaged in the business of export or transfer by any means out of India, of any film software, television software, music software, 25 television news software, including telecast rights (hereafter in this section referred to as the software or software rights), there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction of the profits derived by the assessee from such business.

(*2*) The deduction specified in sub-section (*1*) shall be allowed only if the consideration in respect 30 of the software or software rights referred to in that sub-section is received in, or brought into, India by the assessee in convertible foreign exchange, within a period of six months from the end of the previous year or within such further period as the competent authority may allow in this behalf.

(*3*) For the purposes of sub-section (*1*), profits derived from the business referred to in that sub-section shall be the amount which bears to the profits of the business, the same proportion as the 35 export turnover bears to the total turnover of the business carried on by the assessee.

(*4*) The deduction under sub-section (*1*) shall not be admissible unless the assessee furnishes in the prescribed form, along with the return of income, the report of an accountant, as defined in the *Explanation* below sub-section (*2*) of section 288, certifying that the deduction has been correctly claimed in accordance with the provisions of this section. 40

(*5*) Where a deduction under this section is claimed and allowed in respect of profits of the business referred to in sub-section (*1*) for any assessment year, no deduction shall be allowed in relation to such profits under any other provision of this Act for the same or any other assessment year.

(*6*) Notwithstanding anything contained in this section, no deduction shall be allowed in respect 45 of the software or software rights referred to in sub-section (*1*), if such business is prohibited by any law for the time being in force.

Explanation.–For the purposes of this section,–

(*a*) "competent authority" means the Reserve Bank of India or such other authority as is authorised under any law for the time being in force for regulating payments and dealings in 50 foreign exchange;

(*b*) "convertible foreign exchange" shall have the meaning assigned to it in clause (*a*) of the *Explanation* to section 80HHC;

(*c*) "export turnover" means the consideration in respect of the software or software rights specified in clauses (*d*), (*e*), (*g*), (*h*) and (*i*), received in, or brought into, India by the assessee in 55 convertible foreign exchange in accordance with sub-section (*2*), but does not include freight,

telecommunication charges or insurance attributable to the delivery of such software outside India or expenses, if any, incurred in foreign exchange in providing the technical services outside India;

(*d*) "film software" means a copy of a cinematograph film made by any process analogous to cinematography on acetate polyester or celluloid film positive, magnetic tape, digital media or other optical or magnetic devices and certified by the Board of film certification constituted by the Central Government under section 3 of the Cinematograph Act, 1952;

37 of 1952.

(*e*) "music software" includes series of sounds or music recorded on magnetic tape, cassette, compact discs and digital media which can be played or reproduced on any appropriate apparatus;

(*f*) "profits of the business" means the profits of the business as computed under the head "Profits and gains of business or profession" as reduced by–

(*A*) ninety per cent. of any receipts by way of brokerage, commission, interest, rent, charges or any other receipt of a similar nature included in such profits; and

(*B*) the profits of any branch, office, warehouse or any other establishment of the assessee situated outside India;

(*g*) "telecast rights" means a licence or contract to exhibit motion pictures or television programmes over a television network either through terrestrial transmission or through a satellite broadcast in a specified territory;

(*h*) "television news software" means a collection of sounds and images, reportage, data and voice of actualities broadcast either through terrestrial transmission, wire or satellite, live or pre-recorded on video cassettes or digital media;

(*i*) "television software" means any programme or series of sounds and images recorded on film or tape or digital media or broadcast through terrestrial transmitter, satellite or any other means of diffusion;

(*j*) "total turnover" shall not include–

(*A*) any sum referred to in clauses (*iiia*), (*iiib*) and (*iiic*) of section 28;

(*B*) any freight, telecommunication charges or insurance attributable to the delivery of the film software, music software, telecast rights, television news software, or television software as defined in clause (*d*), (*e*), (*g*), (*h*) or (*i*), as the case may be, outside India;

(*C*) expenses, if any, incurred in foreign exchange in providing the technical services outside India.'.

Substitution of new sections for section 80-IA.

50. For section 80-IA of the Income-tax Act, the following sections shall be substituted with effect from the 1st day of April, 2000, namely:–

Deductions in respect of profits and gains from industrial undertakings or enterprises engaged in infrastructure development, etc.

'80-IA. (*1*) Where the gross total income of an assessee includes any profits and gains derived from any business of an industrial undertaking or an enterprise referred to in sub-section (*4*) (such business being hereinafter referred to as the eligible business), there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction from such profits and gains of an amount equal to hundred per cent. of profits and gains derived from such business for the first five assessment years commencing at any time during the periods as specified in sub-section (*2*) and thereafter, twenty-five per cent. of the profits and gains for further five assessment years:

Provided that where the assessee is a company, the provisions of this sub-section shall have effect as if for the words "twenty-five per cent." , the words "thirty per cent." had been substituted.

(*2*) The deduction specified in sub-section (*1*) may, at the option of the assessee, be claimed by him for any ten consecutive assessment years out of fifteen years beginning from the year in which the undertaking or the enterprise develops and begins to operate any infrastructure facility or starts providing telecommunication service or develops an industrial park or generates power or commences transmission or distribution of power:

Provided that where the assessee begins operating and maintaining any infrastructure facility referred to in clause (*b*) of *Explanation* to clause (*i*) of sub-section (*4*), the provisions of this sub-section shall have effect as if for the words "fifteen years", the words "twenty years" had been substituted.

(*3*) This section applies to any industrial undertaking which fulfils all the following conditions, namely:–

(*i*) it is not formed by splitting up, or the reconstruction, of a business already in existence:

Provided that this condition shall not apply in respect of an industrial undertaking which is formed as a result of the re-establishment, re-construction or revival by the assessee of the business of any such industrial undertaking as is referred to in section 33B, in the circumstances

and within the period specified in that section;

(*ii*) it is not formed by the transfer to a new business of machinery or plant previously used for any purpose.

Explanation 1.–For the purposes of clause (*ii*), any machinery or plant which was used outside India by any person other than the assessee shall not be regarded as machinery or plant previously used for any purpose, if the following conditions are fulfilled, namely:– 5

(*a*) such machinery or plant was not, at any time previous to the date of the installation by the assessee, used in India;

(*b*) such machinery or plant is imported into India from any country outside India; and 10

(*c*) no deduction on account of depreciation in respect of such machinery or plant has been allowed or is allowable under the provisions of this Act in computing the total income of any person for any period prior to the date of the installation of machinery or plant by the assessee.

Explanation 2.–Where in the case of an industrial undertaking, any machinery or plant or any part thereof previously used for any purpose is transferred to a new business and the total value of the machinery or plant or part so transferred does not exceed twenty per cent. of the total value of the machinery or plant used in the business, then, for the purposes of clause (*ii*) of this sub-section, the condition specified therein shall be deemed to have been complied with. 15

(*4*) This section applies to–

(*i*) any enterprise carrying on the business of (*i*) developing, (*ii*) maintaining and operating or (*iii*) developing, maintaining and operating any infrastructure facility which fulfils all the following conditions, namely:– 20

(*a*) it is owned by a company registered in India or by a consortium of such companies;

(*b*) it has entered into an agreement with the Central Government or a State Government or a local authority or any other statutory body for (*i*) developing, (*ii*) maintaining and operating or (*iii*) developing, maintaining and operating a new infrastructure facility subject to the condition that such infrastructure facility shall be transferred to the Central Government, State Government, local authority or such other statutory body, as the case may be, within the period stipulated in the agreement; 25

(*c*) it has started or starts operating and maintaining the infrastructure facility on or after the 1st day of April, 1995: 30

Provided that where an infrastructure facility is transferred on or after the 1st day of April, 1999 by an enterprise which developed such infrastructure facility (hereafter referred to in this section as the transferor enterprise) to another enterprise (hereafter in this section referred to as the transferee enterprise) for the purpose of operating and maintaining the infrastructure facility on its behalf in accordance with the agreement with the Central Government, State Government, local authority or statutory body, the provisions of this section shall apply to the transferee enterprise as if it were the enterprise to which this clause applies and the deduction from profits and gains would be available to such transferee enterprise for the unexpired period during which the transferor enterprise would have been entitled to the deduction, if the transfer had not taken place. 35 40

Explanation.–For the purposes of this clause, “infrastructure facility” means,–

(*a*) a road, bridge, airport, port, inland waterways and inland ports, rail system or any other public facility of a similar nature as may be notified by the Board in this behalf in the Official Gazette;

(*b*) a highway project including housing or other activities being an integral part of the highway project; and 45

(*c*) a water supply project, irrigation project, sanitation and sewerage system.;

(*ii*) any undertaking which has started or starts providing telecommunication services whether basic or cellular, including radio paging, domestic satellite service or network of trunking and electronic data interchange services at any time on or after the 1st day of April, 1995 but before the 31st day of March, 2000. 50

Explanation.–For the purposes of this clause, “domestic satellite” means a satellite owned and operated by an Indian company for providing telecommunication service.

(*iii*) any undertaking which develops, develops and operates or maintains and operates an industrial park notified by the Central Government in accordance with the scheme framed and notified by that Government for the period beginning on the 1st day of April, 1997 and ending on the 31st day of March, 2002: 55

Provided that in a case where an undertaking develops an industrial park on or after the 1st day of April, 1999 and transfers the operation and maintenance of such industrial park to another undertaking (hereafter in this section referred to as the transferee undertaking) the deduction under sub-section (*1*), shall be allowed to such transferee undertaking for the remaining period in the ten consecutive assessment years in a manner as if the operation and maintenance were not so transferred to the transferee undertaking;

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(*iv*) an industrial undertaking which,–

(*a*) is set up in any part of India for the generation or generation and distribution of power if it begins to generate power at any time during the period beginning on the 1st day of April, 1993 and ending on the 31st day of March, 2003;

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(*b*) starts transmission or distribution by laying a network of new transmission or distribution lines at any time during the period beginning on the 1st day of April, 1999 and ending on the 31st day of March, 2003:

Provided that the deduction under this section to an industrial undertaking under sub-clause (*b*) shall be allowed only in relation to the profits derived from laying of such network of new lines for transmission or distribution.

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(*5*) Notwithstanding anything contained in any other provision of this Act, the profits and gains of an eligible business to which the provisions of sub-section (*1*) apply shall, for the purposes of determining the quantum of deduction under that sub-section for the assessment year immediately succeeding the initial assessment year or any subsequent assessment year, be computed as if such eligible business were the only source of income of the assessee during the previous year relevant to the initial assessment year and to every subsequent assessment year up to and including the assessment year for which the determination is to be made.

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(*6*) Notwithstanding anything contained in sub-section (*4*), where housing or other activities are an integral part of the highway project and the profits of which are computed on such basis and manner as may be prescribed, such profit shall not be liable to tax where the profit has been transferred to a special reserve account and the same is actually utilised for the highway project excluding housing and other activities before the expiry of three years following the year in which such amount was transferred to the reserve account; and the amount remaining unutilised shall be chargeable to tax as income of the year in which such transfer to reserve account took place.

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(*7*) Where the assessee is a person other than a company or a co-operative society, the deduction under sub-section (*1*) from profits and gains derived from an industrial undertaking shall not be admissible unless the accounts of the industrial undertaking for the previous year relevant to the assessment year for which the deduction is claimed have been audited by an accountant, as defined in the *Explanation* below sub-section (*2*) of section 288, and the assessee furnishes, along with his return of income, the report of such audit in the prescribed form duly signed and verified by such accountant.

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(*8*) Where any goods held for the purposes of the eligible business are transferred to any other business carried on by the assessee, or where any goods held for the purposes of any other business carried on by the assessee are transferred to the eligible business and, in either case, the consideration, if any, for such transfer as recorded in the accounts of the eligible business does not correspond to the market value of such goods as on the date of the transfer, then, for the purposes of the deduction under this section, the profits and gains of such eligible business shall be computed as if the transfer, in either case, had been made at the market value of such goods as on that date:

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Provided that where, in the opinion of the Assessing Officer, the computation of the profits and gains of the eligible business in the manner hereinbefore specified presents exceptional difficulties, the Assessing Officer may compute such profits and gains on such reasonable basis as he may deem fit.

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Explanation.–For the purposes of this sub-section, “market value”, in relation to any goods, means the price that such goods would ordinarily fetch on sale in the open market.

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(*9*) Where any amount of profits and gains of an industrial undertaking or of an enterprise in the case of an assessee is claimed and allowed under this section for any assessment year, deduction to the extent of such profits and gains shall not be allowed under any other provisions of this Chapter under the heading “C.–Deductions in respect of certain incomes”, and shall in no case exceed the profits and gains of such eligible business of industrial undertaking or enterprise, as the case may be.

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(*10*) Where it appears to the Assessing Officer that, owing to the close connection between the assessee carrying on the eligible business to which this section applies and any other person, or for any other reason, the course of business between them is so arranged that the business transacted between them produces to the assessee more than the ordinary profits which might be expected to arise in such eligible business, the Assessing Officer shall, in computing the profits and gains of

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such eligible business for the purposes of the deduction under this section, take the amount of profits as may be reasonably deemed to have been derived therefrom.

(*11*) The Central Government may, after making such inquiry as it may think fit, direct, by notification in the Official Gazette, that the exemption conferred by this section shall not apply to any class of industrial undertaking or enterprise with effect from such date as it may specify in the notification. 5

(*12*) Where any undertaking of an Indian company which is entitled to the deduction under this section is transferred, before the expiry of the period specified in this section, to another Indian company in a scheme of amalgamation or demerger–

(*a*) no deduction shall be admissible under this section to the amalgamating or the demerged company for the previous year in which the amalgamation or the demerger takes place; and 10

(*b*) the provisions of this section shall, as far as may be, apply to the amalgamated or the resulting company as they would have applied to the amalgamating or the demerged company if the amalgamation or demerger had not taken place.

Deduction in respect of profits and gains from certain industrial undertakings other than infrastructure development undertakings.

80-IB. (*1*) Where the gross total income of an assessee includes any profits and gains derived from any business referred to in sub-sections (*3*) to (*11*) (such business being hereinafter referred 15 to as the eligible business), there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction from such profits and gains of an amount equal to such percentage and for such number of assessment years as specified in this section.

(*2*) This section applies to any industrial undertaking which fulfils all the following conditions, 20 namely:–

(*i*) it is not formed by splitting up, or the reconstruction, of a business already in existence:

Provided that this condition shall not apply in respect of an industrial undertaking which is formed as a result of the re-establishment, reconstruction or revival by the assessee of the business of any such industrial undertaking as is referred to in section 33B, in the circumstances 25 and within the period specified in that section;

(*ii*) it is not formed by the transfer to a new business of machinery or plant previously used for any purpose;

(*iii*) it manufactures or produces any article or thing, not being any article or thing specified in the list in the Eleventh Schedule, or operates one or more cold storage plant or plants, in any 30 part of India:

Provided that the condition in this clause shall, in relation to a small scale industrial undertaking or an industrial undertaking referred to in sub-section (*4*) shall apply as if the words "not being any article or thing specified in the list in the Eleventh Schedule" had been omitted.

Explanation 1.–For the purposes of clause (*ii*), any machinery or plant which was used outside 35 India by any person other than the assessee shall not be regarded as machinery or plant previously used for any purpose, if the following conditions are fulfilled, namely:–

(*a*) such machinery or plant was not, at any time previous to the date of the installation by the assessee, used in India;

(*b*) such machinery or plant is imported into India from any country outside India; and 40

(*c*) no deduction on account of depreciation in respect of such machinery or plant has been allowed or is allowable under the provisions of this Act in computing the total income of any person for any period prior to the date of the installation of the machinery or plant by the assessee.

Explanation 2.–Where in the case of an industrial undertaking, any machinery or plant or any 45 part thereof previously used for any purpose is transferred to a new business and the total value of the machinery or plant or part so transferred does not exceed twenty per cent. of the total value of the machinery or plant used in the business, then, for the purposes of clause (*ii*) of this sub-section, the condition specified therein shall be deemed to have been complied with;

(*iv*) in a case where the industrial undertaking manufactures or produces articles or things, 50 the undertaking employs ten or more workers in a manufacturing process carried on with the aid of power, or employs twenty or more workers in a manufacturing process carried on without the aid of power.

(*3*) The amount of deduction in the case of an industrial undertaking shall be twenty-five per cent. (or thirty per cent. where the assessee is a company), of the profits and gains derived from 55 such industrial undertaking for a period of ten consecutive assessment years (or twelve consecutive

assessment years where the assessee is a co-operative society) beginning with the initial assessment year subject to the fulfilment of the following conditions, namely:–

(*i*) it begins to manufacture or produce, articles or things or to operate such plant or plants at any time during the period beginning from the 1st day of April, 1991 and ending on the 31st day of March, 1995 or such further period as the Central Government may, by notification in the Official Gazette, specify with reference to any particular undertaking;

(*ii*) where it is an industrial undertaking being a small scale industrial undertaking, it begins to manufacture or produce articles or things or to operate its cold storage plant [not specified in sub-section (*4*) or sub-section (*5*)] at any time during the period beginning on the 1st day of April, 1995 and ending on the 31st day of March, 2000.

(4) The amount of deduction in the case of an industrial undertaking in an industrially backward State specified in the Eighth Schedule shall be hundred per cent. of the profits and gains derived from such industrial undertaking for five assessment years beginning with the initial assessment year and thereafter twenty-five per cent. (or thirty per cent. where the assessee is a company) of the profits and gains derived from such industrial undertaking:

Provided that the total period of deduction does not exceed ten consecutive assessment years (or twelve consecutive assessment years where the assessee is a co-operative society) subject to fulfilment of the condition that it begins to manufacture or produce articles or things or to operate its cold storage plant or plants during the period beginning on the 1st day of April, 1993 and ending on the 31st day of March, 2000:

Provided further that in the case of such industries in the North-Eastern Region, as may be notified by the Central Government, the amount of deduction shall be hundred per cent. of profits and gains for a period of ten assessment years, and the total period of deduction shall in such a case not exceed ten assessment years.

(*5*) The amount of deduction in the case of an industrial undertaking located in such industrially backward districts as the Central Government may, having regard to the prescribed guidelines, by notification in the Official Gazette, specify in this behalf as industrially backward district of category 'A' or an industrially backward district of category 'B' shall be,–

(*i*) hundred per cent. of the profits and gains derived from an industrial undertaking located in a backward district of category 'A' for five assessment years beginning with the initial assessment year and thereafter, twenty-five per cent. (or thirty per cent. where the assessee is a company) of the profits and gains of an industrial undertaking:

Provided that the total period of deduction shall not exceed ten consecutive assessment years or where the assessee is a co-operative society, twelve consecutive assessment years:

Provided further that the industrial undertaking begins to manufacture or produce articles or things or to operate its cold storage plant or plants at any time during the period beginning on the 1st day of October, 1994 and ending on the 31st day of March, 2000;

(*ii*) hundred per cent. of the profits and gains derived from an industrial undertaking located in a backward district of category 'B' for three assessment years beginning with the initial assessment year and thereafter, twenty-five per cent. (or thirty per cent. where the assessee is a company) of the profits and gains of an industrial undertaking:

Provided that the total period of deduction does not exceed eight consecutive assessment years (or where the assessee is a co-operative society, twelve consecutive assessment years).

Provided further that the industrial undertaking begins to manufacture or produce articles or things or to operate its cold storage plant or plants at any time during the period beginning on the 1st day of October, 1994 and ending on the 31st day of March, 2000.

(*6*) The amount of deduction in the case of the business of a ship shall be thirty per cent. of the profits and gains derived from such ship for a period of ten consecutive assessment years including the initial assessment year provided that the ship–

(*i*) is owned by an Indian company and is wholly used for the purposes of the business carried on by it;

(*ii*) was not, previous to the date of its acquisition by the Indian company, owned or used in Indian territorial waters by a person resident in India; and

(*iii*) is brought into use by the Indian company at any time during the period beginning on the 1st day of April, 1991 and ending on the 31st day of March, 1995.

(*7*) The amount of deduction in the case of any hotel shall be–

(*a*) fifty per cent. of the profits and gains derived from the business of such hotel for a period of ten consecutive years beginning from the initial assessment year as is located in a hilly area or a rural area or a place of pilgrimage or such other place as the Central Government may, having regard to the need for development of infrastructure for tourism in any place and other relevant considerations, specify by notification in the Official Gazette and such hotel starts

functioning at any time during the period beginning on the 1st day of April, 1990 and ending on the 31st day of March, 1994 or beginning on the 1st day of April, 1997 and ending on the 31st day of March, 2001:

Provided that nothing contained in this clause shall apply to a hotel located at a place within the municipal jurisdiction (whether known as a municipality, municipal corporation, notified area committee or a cantonment board or by any other name) of Calcutta, Chennai, Delhi or Mumbai, which has started or starts functioning on or after the 1st day of April, 1997 and before the 31st day of March, 2001: 5

Provided further that the said hotel is approved by the prescribed authority for the purpose of this clause in accordance with the rules made under this Act and where the said hotel is approved by the prescribed authority before the 31st day of March, 1992, shall be deemed to have been approved by the prescribed authority for the purpose of this section in relation to the assessment year commencing on the 1st day of April, 1991; 10

(*b*) thirty per cent. of the profits and gains derived from the business of such hotel as is located in any place other than those mentioned in sub-clause (*a*) for a period of ten consecutive years beginning from the initial assessment year if such hotel has started or starts functioning at any time during the period beginning on the 1st day of April, 1991 and ending on the 31st day of March, 1995 or beginning on the 1st day of April, 1997 and ending on the 31st day of March, 2001: 15

Provided that nothing contained in this clause shall apply to a hotel located at a place within the municipal jurisdiction (whether known as a municipality, municipal corporation, notified area committee, town area committee or a cantonment board or by any other name) of Calcutta, Chennai, Delhi or Mumbai, which has started or starts functioning on or after the 1st day of April, 1997 and before the 31st day of March, 2001; 20

(*c*) the deduction under clause (*a*) or clause (*b*) shall be available only if– 25

(*i*) the business of the hotel is not formed by the splitting up, or the reconstruction, of a business already in existence or by the transfer to a new business of a building previously used as a hotel or of any machinery or plant previously used for any purpose;

(*ii*) the business of the hotel is owned and carried on by a company registered in India with a paid-up capital of not less than five hundred thousand rupees; 30

(*iii*) the hotel is for the time being approved by the prescribed authority:

Provided that any hotel approved by the prescribed authority before the 1st day of April,1999 shall be deemed to have been approved under this sub-section.

(*8*) The amount of deduction in the case of any company carrying on scientific research and development shall be hundred per cent. of the profits and gains of such business for a period of five assessment years beginning from the initial assessment year if such company– 35

(*a*) is registered in India;

(*b*) has the main object of scientific and industrial research and development;

(*c*) is for the time being approved by the prescribed authority at any time before the 1st day of April, 1999. 40

(*9*) The amount of deduction to an undertaking which begins commercial production or refining of mineral oil shall be hundred per cent. of the profits for a period of seven consecutive assessment years including the initial assessment year:

Provided that where the undertaking is located in North-Eastern Region, it has begun or begins commercial production of mineral oil before the 1st day of April, 1997 and where it is located in any part of India, it begins commercial production of mineral oil on or after the 1st day of April, 1997: 45

Provided further that where the undertaking is engaged in refining of mineral oil, it begins refining on or after the 1st day of October, 1998.

(*10*) The amount of profits in case of an undertaking developing and building housing projects approved by a local authority, shall be hundred per cent. of the profits derived in any previous year relevant to any assessment year from such housing project if,– 50

(*a*) such undertaking has commenced or commences development and construction of the housing project on or after the 1st day of October, 1998 and completes the same before the 31st day of March, 2001;

(*b*) the project is on the size of a plot of land which has a minimum area of one acre; and 55

(*c*) the residential unit has a maximum built-up area of one thousand square feet where such residential unit is situated within the cities of Delhi or Mumbai or within twenty-five kilometres

from the municipal limits of these cities and one thousand and five hundred square feet at any other place.

(*11*) Notwithstanding anything contained in clause (*iii*) of sub-section (*2*) and sub-sections (*3*), (4) and (*5*), the amount of deduction in a case of industrial undertaking deriving profit from the business of setting up and operating a cold chain facility for agricultural produce, shall be hundred per cent. of the profits and gains derived from such industrial undertaking for five assessment years beginning with the initial assessment year and thereafter, twenty-five per cent. (or thirty per cent. where the assessee is a company) of the profits and gains derived from the operation of such facility in a manner that the total period of deduction does not exceed ten consecutive assessment years (or twelve consecutive assessment years where the assessee is a co-operative society) and subject to fulfilment of the condition that it begins to operate such facility on or after the 1st day of April, 1999 but before the 31st day of March, 2003.

(*12*) Where any undertaking of an Indian company which is entitled to the deduction under this section is transferred, before the expiry of the period specified in this section, to another Indian company in a scheme of amalgamation or demerger–

(*a*) no deduction shall be admissible under this section to the amalgamating or the demerged company for the previous year in which the amalgamation or the demerger takes place; and

(*b*) the provisions of this section shall, as far as may be, apply to the amalgamated or the resulting company as they would have applied to the amalgamating or the demerged company if the amalgamation or demerger had not taken place.

(*13*) The provisions contained in sub-section (*5*) and sub-sections (*7*) to (*12*) of section 80-IA shall, so far as may be, apply to the eligible business under this section.

(*14*) For the purposes of this section,–

(*a*) "cold chain facility" means a chain of facilities for storage or transportation of agricultural produce under scientifically controlled conditions including refrigeration and other facilities necessary for the preservation of such produce;

(*b*) "hilly area" means any area located at a height of one thousand metres or more above the sea level;

(*c*) "initial assessment year"–

(*i*) in the case of an industrial undertaking or cold storage plant or ship or hotel, means the assessment year relevant to the previous year in which the industrial undertaking begins to manufacture or produce articles or things, or to operate its cold storage plant or plants or the cold chain facility or the ship is first brought into use or the business of the hotel starts functioning;

(*ii*) in the case of a company carrying on scientific and industrial research and development, means the assessment year relevant to the previous year in which the company is approved by the prescribed authority for the purposes of sub-section (*8*);

(*iii*) in the case of an undertaking engaged in the business of commercial production or refining of mineral oil referred to in sub-section (*9*), means the assessment year relevant to the previous year in which the undertaking commences the commercial production or refining of mineral oil;

(*d*) "North-Eastern Region" means the region comprising the States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura;

(*e*) "place of pilgrimage" means a place where any temple, mosque, gurdwara, church or other place of public worship of renown throughout any State or States is situated;

(*f*) "rural area" means any area other than–

(*i*) an area which is comprised within the jurisdiction of a municipality (whether known as a municipality, municipal corporation, notified area committee, town area committee or by any other name) or a cantonment board and which has a population of not less than ten thousand according to the preceding census of which relevant figures have been published before the first day of the previous year; or

(*ii*) an area within such distance not being more than fifteen kilometres from the local limits of any municipality or cantonment board referred to in sub-clause (*i*), as the Central Government may, having regard to the stage of development of such area including the extent of, and scope for, urbanisation of such area and other relevant considerations specify in this behalf by notification in the Official Gazette;

(*g*) "small-scale industrial undertaking" means an industrial undertaking which is, as on the last day of the previous year, regarded as a small-scale industrial undertaking under section 11B of the Industries (Development and Regulation) Act, 1951.'.

65 of 1951.

Amendment of section 80JJA.

51. In section 80JJA of the Income-tax Act, with effect from the 1st day of April, 2000,–

(*a*) for the words ", producing bio-gas,", the words "or producing bio-fertilizers, bio-pesticides or other biological agents or for producing bio-gas or" shall be substituted;

(*b*) for the words "a deduction from such profits and gains of an amount equal to the whole of such income, or five lakh rupees, whichever is less", the words "a deduction of an amount equal to the whole of such profits and gains for a period of five consecutive assessment years beginning with the assessment year relevant to the previous year in which such business commences" shall be substituted. 5

Amendment of section 80L.

52. In section 80L of the Income-tax Act, in sub-section (*1*), with effect from the 1st day of April, 2000,– 10

(*a*) clauses (*v*) and (*va*) shall be omitted;

(*b*) in clause (*x*), the proviso shall be omitted;

(*c*) in the proviso, the words, brackets, figures and letter "clause (*v*) or clause (*va*)" shall be omitted.

Amendment of section 80-O.

53. In section 80-O of the Income-tax Act, with effect from the 1st day of June, 1999,–

(*a*) in the proviso, for the portion beginning with the words "where the Chief Commissioner" and ending with the words "may allow in this behalf", the words "within such further period as the competent authority may allow in this behalf" shall be substituted; 15

(*b*) after the proviso, the following proviso shall be inserted, namely:–

"Provided further that no deduction under this section shall be allowed unless the assessee furnishes a certificate, in the prescribed form, along with the return of income, certifying that the deduction has been correctly claimed in accordance with the provisions of this section."; 20

(*c*) in the *Explanation*, after clause (*iii*), the following clause shall be inserted, namely:–

'(*iv*) "competent authority" means the Reserve Bank of India or such other authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange.'. 25

Amendment of section 80R.

54. In section 80R of the Income-tax Act, with effect from the 1st day of June, 1999,–

(*a*) for the portion beginning with the words "where the Chief Commissioner" and ending with the words "may allow in this behalf", the words "within such further period as the competent authority may allow in this behalf" shall be substituted;

(*b*) the following *Explanation* shall be inserted at the end, namely:– 30

'*Explanation*.–For the purposes of this section, the expression "competent authority" means the Reserve Bank of India or such other authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange:'.

Amendment of section 80RR.

55. In section 80RR of the Income-tax Act, with effect from the 1st day of June, 1999,–

(*a*) for the portion beginning with the words "where the Chief Commissioner" and ending with the words "may allow in this behalf", the words "within such further period as the competent authority may allow in this behalf" shall be substituted; 35

(*b*) at the end, the following *Explanation* shall be inserted, namely:–

'*Explanation*.–For the purposes of this section, the expression "competent authority" means the Reserve Bank of India or such other authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange.'. 40

Amendment of section 80RRA.

56. In section 80RRA of the Income-tax Act, with effect from the 1st day of June, 1999,–

(*a*) in sub-section (*1*), for the portion beginning with the words "where the Chief Commissioner" and ending with the words "may allow in this behalf", the words "within such further period as the competent authority may allow in this behalf" shall be substituted; 45

(*b*) after sub-section (*2*), in the *Explanation*, after clause (*c*), the following clause shall be inserted, namely:–

'(*d*) "competent authority" means the Reserve Bank of India or such other authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange.'. 50

57. In section 112 of the Income-tax Act, in sub-section (*1*), the following shall be inserted at the end with effect from the 1st day of April, 2000, namely:–

Amendment of section 112.

'Provided that where the tax payable in respect of any income arising from the transfer of a long-term capital asset, being listed securities, exceeds ten per cent. of the amount of capital gains before giving effect to the provisions of the second proviso to section 48, then, such excess shall be ignored for the purpose of computing the tax payable by the assessee.

Explanation.-For the purposes of this sub-section, "listed securities" means the securities–

32 of 1956.

(*a*) as defined in clause (*h*) of section 2 of the Securities Contracts (Regulation) Act, 1956; and

(*b*) listed in any recognised stock exchange in India.'.

58. In section 115AC of the Income-tax Act, after sub-section (*4*), the following sub-section shall be inserted with effect from the 1st day of April, 2000, namely:–

Amendment of section 115AC.

"(*5*) Where the assessee acquired shares or bonds in an amalgamated or resulting company by virtue of his holding shares or bonds in the amalgamating or demerged company, as the case may be, in accordance with the provisions of sub-section (*1*), the provisions of the said sub-section shall apply to such shares or bonds.".

59. After section 115AC of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2000, namely:–

Insertion of new section 115ACA.

Tax on income from Global Depository Receipts purchased in foreign currency or capital gains arising from their transfer.

'115ACA. (*1*) Where the total income of an assessee, being an individual, who is a resident and an employee of an Indian company engaged in information technology software and information technology services (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 information technology software and information technology services, 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 per cent.;

(*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*).

(*2*) Where the gross total income of the resident employee–

(*a*) consists only of 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*) of sub-section (*1*), no deduction shall be allowed to him under any other provision of this Act;

(*b*) includes any income referred to in clause (*a*) or clause (*b*) of sub-section (*1*), the gross total income shall be reduced by the amount of such income and the deduction under any provision of this Act shall be allowed as if the gross total income as so reduced were the gross total income of the assessee.

(*3*) Nothing contained in the first and second provisos to section 48 shall apply for the computation of long-term capital gains arising out of the transfer of long-term capital asset, being Global Depository Receipts referred to in clause (*b*) of sub-section (*1*).

Explanation. For the purposes of this section,–

(*a*) "Global Depository Receipts" means any instrument in the form of a depository receipt or certificate (by whatever name called) created by the Overseas Depository Bank outside India and issued to non-resident investors against the issue of ordinary shares or foreign currency convertible bonds of issuing company;

(*b*) "information technology service" means any service which results from the use of any information technology software over a system of information technology products for realising value addition;

(*c*) “information technology software” means any representation of instructions, data, sound or image, including source code and object code, recorded in a machine readable form and capable of being manipulated or providing inter-activity to a user, by means of an automatic data processing machine falling under heading information technology products but does not include non-information technology products; 5

(*d*) “Overseas Depository Bank” means a bank authorised by the issuing company to issue Global Depository Receipts against issue of Foreign Currency Convertible Bonds or ordinary shares of the issuing company.’.

Amendment of section 115AD.

60. In section 115AD of the Income-tax Act, in sub-section (*1*), in clause (*a*), after the word “income”, the words, figures and letter “other than income by way of dividends referred to in section 115-O” shall be inserted. 10

Insertion of new Chapter XII-E.

61. After Chapter XII-D of the Income-tax Act, the following Chapter shall be inserted with effect from the 1st day of June, 1999, namely:–

‘CHAPTER XII-E

SPECIAL PROVISIONS RELATING TO TAX ON DISTRIBUTED INCOME 15

Tax on distributed income to unit holders.

115R. (*1*) Notwithstanding anything contained in any other provisions of this Act and section 32 of the Unit Trust of India Act, 1963, any amount of income distributed by the Unit Trust of India to its unit holders shall be chargeable to tax and the Unit Trust of India shall be liable to pay additional income-tax on such distributed income at the rate of ten per cent.:

52 of 1963.

Provided that nothing contained in this sub-section shall apply in respect of any income distributed to a unit holder of open-ended equity oriented funds in respect of any distribution made from such fund for a period of three years commencing from the 1st day of April, 1999. 20

(*2*) Notwithstanding anything contained in any other provisions of this Act, any amount of income distributed by a Mutual Fund to its unit holders shall be chargeable to tax and such Mutual Fund shall be liable to pay additional income-tax at the rate of ten per cent.: 25

Provided that nothing contained in this sub-section shall apply in respect of any income distributed to a unit holder of open-ended equity oriented funds in respect of any distribution made from such fund for a period of three years commencing from the 1st day of April, 1999.

(*3*) The person responsible for making payment of the income distributed by the Unit Trust of India or a Mutual Fund and the Unit Trust of India or the Mutual Fund, as the case may be, shall be liable 30 to pay tax to the credit of the Central Government within fourteen days from the date of distribution or payment of such income, whichever is earlier.

(*4*) No deduction under any other provision of this Act shall be allowed to the Unit Trust of India or to a Mutual Fund in respect of the income which has been charged to tax under sub-section (1) or sub-section (*2*). 35

Interest payable for non-payment of tax.

115S. Where the person responsible for making payment of the income distributed by the Unit Trust of India or a Mutual Fund and the Unit Trust of India or the Mutual Fund, as the case may be, fails to pay the whole or any part of the tax referred to in sub-section (*1*) or sub-section (*2*) of section 115R, within the time allowed under sub-section (*3*) of that section, he or it shall be liable to pay simple interest at the rate of two per cent. every month or part thereof on the amount of such tax for 40 the period beginning on the date immediately after the last date on which such tax was payable and ending with the date on which the tax is actually paid.

Unit Trust of India or mutual fund to be assessee in default.

115T. If any person responsible for making payment of the income distributed by the Unit Trust of India or a Mutual Fund and the Unit Trust of India or the Mutual Fund, as the case may be, does not pay tax, as is referred to in sub-section (*1*) or sub-section (*2*) of section 115R, then, he or it shall be 45 deemed to be an assessee in default in respect of the amount of tax payable by him or it and all the provisions of this Act for the collection and recovery of income-tax shall apply.

Explanation.-For the purposes of this Chapter,–

(*a*) “Mutual Fund” means a Mutual Fund specified under clause (*23D*) of section 10;

(*b*) “open-ended equity oriented fund” means– 50

(*i*) the Unit Scheme, 1964 made by the Unit Trust of India; and

(*ii*) such fund where the investible funds are invested by way of equity shares in domestic companies to the extent of more than fifty per cent. of the total proceeds of such fund:

Provided that the percentage of equity share holding of the fund shall be computed with reference to the annual average of the monthly averages of the opening and closing figures; 55

(*c*) "Unit Trust of India" means the Unit Trust of India established under the Unit Trust of India Act, 1963.'.

52 of 1963.

Amendment of section 139.

62. In section 139 of the Income-tax Act, with effect from the 1st day of June, 1999,–

(*a*) in sub-section (*1*), in the first proviso, in clause (*ii*), for the words "motor vehicle", the words "motor vehicle other than a two-wheeled motor vehicle, whether having any detachable side car having extra wheel attached to such two-wheeled motor vehicle or not " shall be substituted;

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(*b*) in sub-section (*6*), for the words "and value and belonging to him", the words ", value and belonging to him, his bank account and credit card held by him" shall be substituted.

Amendment of section 140A.

63. In section 140A of the Income-tax Act, with effect from the 1st day of June, 1999,–

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(*a*) in sub-section (*1*), for the words and figures "or, as the case may be, section 148", the words, figures and letters "or section 148 or, as the case may be, section 158BC" shall be substituted;

(*b*) in sub-section (*2*),–

(*i*) after the word and figures "section 144", the words, figures and letters "or an assessment under section 158BC" shall be inserted;

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(*ii*) after the words "regular assessment", the words "or assessment, as the case may be" shall be inserted.

Amendment of section 143.

64. In section 143 of the Income-tax Act, with effect from the 1st day of June, 1999,–

(*a*) for sub-section (*1*), the following sub-section shall be substituted, namely:–

"(*1*) Where a return has been made under section 139, or in response to a notice under sub-section (*1*) of section 142,–

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(*i*) if any tax or interest is found due on the basis of such return, after adjustment of any tax deducted at source, any advance tax paid, any tax paid on self assessment and any amount paid otherwise by way of tax or interest, then, without prejudice to the provisions of sub-section (*2*), an intimation shall be sent to the assessee specifying the sum so payable, and such intimation shall be deemed to be a notice of demand issued under section 156 and all the provisions of this Act shall apply accordingly; and

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(*ii*) if any refund is due on the basis of such return, it shall be granted to the assessee and an intimation to this effect shall be sent to the assessee:

Provided that except as otherwise provided in this sub-section, the acknowledgment of the return shall be deemed to be intimation under this sub-section where either no sum is payable by the assessee or no refund is due to him:

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Provided further that no intimation under this sub-section shall be sent after the expiry of two years from the end of the assessment year in which the income was first assessable.";

(*b*) sub-section (*1A*) shall be omitted;

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(*c*) sub-section (*1B*) shall be omitted;

(*d*) sub-section (*5*) shall be omitted;

(*e*) the *Explanation* occurring at the end shall be omitted.

Amendment of section 154.

65. In section 154 of the Income-tax Act, in sub-section (*1*), for clause (*b*), the following clause shall be substituted with effect from the 1st day of June, 1999, namely:–

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"(*b*) amend any intimation or deemed intimation under sub-section (*1*) of section 143.".

Amendment of section 155.

66. In section 155 of the Income-tax Act, after sub-section (*12*), the following sub-section shall be inserted with effect from the 1st day of June, 1999, namely:–

"(*13*) Where in the assessment for any year, the deduction under section 80HHB or section 80HHC or section 80HHD or section 80HHE or section 80-O or section 80R or section 80RR or section 80RRA has not been allowed on the ground that such income has not been received in convertible foreign exchange in India, or having been received in convertible foreign exchange outside India, or having been converted into convertible foreign exchange outside India, has not been brought into India, by or on behalf of the assessee with the approval of the Reserve Bank of India or such other authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange and subsequently such income or part thereof has been or is received in, or brought into, India in the manner aforesaid, the Assessing Officer shall amend the order of assessment so as to allow deduction under section 80HHB or section 80HHC or section 80HHD or section 80HHE or section 80-O or section 80R or section 80RR or section 80RRA, as the case may be, in respect of such income or part thereof as is so received in, or brought into, India; and the

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provisions of section 154 shall, so far as may be, apply thereto, and the period of four years shall be reckoned from the end of the previous year in which such income is so received in, or brought into India.".

Amendment of section 180.

67. In section 180 of the Income-tax Act, before the *Explanation*, the following proviso shall be inserted with effect from the 1st day of April, 2000, namely:– 5

"Provided that nothing contained in this section shall apply in relation to the previous year relevant to the assessment year commencing on or after the 1st day of April, 2000.".

Amendment of section 180A.

68. In section 180A of the Income-tax Act, for the words "during the previous year", the words, figures and letters "during the previous year relevant to the assessment year commencing on the 1st day of April, 2000 or earlier assessment years" shall be substituted with effect from the 1st day of April, 10 2000.

Amendment of section 194A.

69. In section 194A of the Income-tax Act, in sub-section (*3*), with effect from the 1st day of April, 2000,–

(*a*) in clause (*i*), in the proviso, in clause (*c*), the words, brackets and figures "and which is for the time being approved by the Central Government for the purpose of clause (*viii*) of sub-section (*1*) of 15 section 36" shall be omitted;

(*b*) clause (*ii*) shall be omitted.

Amendment of section 194B.

70. In section 194B of the Income-tax Act, with effect from the 1st day of April, 2000,–

(*a*) the first proviso shall be omitted;

(*b*) in the second proviso, for the words "Provided further that", the words "Provided that" shall be 20 substituted.

Amendment of section 194BB.

71. In section 194BB of the Income-tax Act, the proviso shall be omitted with effect from the 1st day of April, 2000.

Omission of section 194H.

72. Section 194H of the Income-tax Act shall be omitted with effect from the 1st day of April, 2000.

Amendment of section 194K.

73. In section 194K of the Income-tax Act, in sub-section (*1*), the following proviso shall be inserted 25 with effect from the 1st day of June, 1999, namely:–

"Provided that no deduction shall be made under this sub-section from any such income credited or paid on or after the 1st day of June, 1999.".

Insertion of new section 194L

74. After section 194K of the Income-tax Act, the following section shall be inserted with effect from the 1st day of June, 1999, namely:– 30

Payment of compensation on acquisition of capital asset.

"194L. Any person responsible for paying to a resident any sum being in the nature of compensation or the enhanced compensation or the consideration or the enhanced consideration on account of compulsory acquisition, under any law for the time being in force, of any capital asset shall, at the time of payment of such sum in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct an amount equal to ten per cent. of such sum as income-tax on income comprised 35 therein:

Provided that no deduction shall be made under this section where the amount of such payment or, as the case may be, the aggregate amount of such payments to a resident during the financial year does not exceed one hundred thousand rupees.".

Amendment of section 196A.

75. In section 196A of the Income-tax Act, in sub-section (*1*), the following proviso shall be inserted 40 with effect from the 1st day of June, 1999, namely:–

"Provided that no deduction shall be made under this sub-section from any such income credited or paid on or after the 1st day of June, 1999.".

Amendment of section 197.

76. In section 197 of the Income-tax Act, in sub-section (*1*), after the figures and letter "194K", the figures and letter ", 194L" shall be inserted with effect from the 1st day of June, 1999. 45

Amendment of section 197A.

77. In section 197A of the Income-tax Act, with effect from the 1st day of June, 1999,–

(*a*) in sub-section (*1*), the words and figures "section 193 or", at both the places where they occur, shall be omitted;

(*b*) in sub-section (*1A*),–

(*i*) for the word, figures and letter "section 194A", at both the places where they occur, the 50 words, figures and letter "section 193 or section 194A" shall be substituted;

(*ii*) for the words "either of", the words "any of" shall be substituted.

78. In sections 198, 199, 200, 202, 203, 203A, 204 and 205 of the Income-tax Act, after the word, figures and letter "section 194K,", the word, figures and letter "section 194L," shall be inserted with effect from the 1st day of June, 1999.

Amendment of sections 198 to 200, 202 to 203A, 204 and 205.

79. In section 201 of the Income-tax Act, in sub-section (*1A*), for the word "fifteen", the word "eighteen" shall be substituted with effect from the 1st day of June, 1999.

Amendment of section 201.

80. In section 206C of the Income-tax Act, with effect from the 1st day of June, 1999,–

Amendment of section 206C.

(*a*) after sub-section (*5A*), the following sub-sections shall be inserted, namely:–

"(*5B*) Notwithstanding anything contained in any other law for the time being in force, a return filed on a floppy, diskette, magnetic cartridge tape, CD-ROM or any other computer readable media as may be specified by the Board (hereinafter referred to as the computer media) shall be deemed to be a return for the purposes of sub-section (*5A*) and the rules made thereunder and shall be admissible in any proceedings thereunder, without further proof of production of the original, as evidence of any contents of the original or of any fact stated therein.

(*5C*) A return filed under sub-section (*5B*) shall fulfil the following conditions, namely:–

(*a*) while receiving returns on computer media, necessary checks by scanning the documents filed on computer media will be carried out and the media will be duly authenticated by the Assessing Officer; and

(*b*) the Assessing Officer shall also take due care to preserve the computer media by duplicating, transferring, mastering or storage without loss of data.";

(*b*) after sub-section (*8*) and before the *Explanation*, the following sub-sections shall be inserted, namely:–

"(*9*) Where the Assessing Officer is satisfied that the total income of the buyer justifies the collection of the tax at any lower rate than the relevant rate specified in sub-section (*1*), the Assessing Officer shall, on an application made by the buyer in this behalf, give to him a certificate for collection of tax at such lower rate than the relevant rate specified in sub-section (*1*).

(*10*) Where a certificate under sub-section (*9*) is given, the person responsible for collecting the tax shall, until such certificate is cancelled by the Assessing Officer, collect the tax at the rates specified in such certificate.

(*11*) The Board may, having regard to the convenience of assessees and the interests of revenue, by notification in the Official Gazette, make rules specifying the cases in which, and the circumstances under which, an application may be made for the grant of a certificate under sub-section (*9*) and the conditions subject to which such certificate may be granted and providing for all other matters connected therewith.".

81. In section 234A of the Income-tax Act, in sub-sections (*1*) and (*3*), for the words "two per cent.", the words "one and one-half per cent." shall be substituted with effect from the 1st day of June, 1999.

Amendment of section 234A.

82. In section 234B of the Income-tax Act, in sub-sections (*1*) and (*3*), for the words "two per cent.", the words "one and one-half per cent." shall be substituted with effect from the 1st day of June, 1999.

Amendment of section 234B.

83. In section 249 of the Income-tax Act, in sub-section (*1*), after clause (*iii*), the following clause shall be inserted with effect from the 1st day of June, 1999, namely:–

Amendment of section 249.

"(*iv*) where the subject matter of an appeal is not covered under clauses (*i*), (*ii*) and (*iii*), two hundred fifty rupees.".

84. In section 250 of the Income-tax Act, after sub-section (*6*), the following sub-section shall be inserted with effect from the 1st day of June, 1999, namely:–

Amendment of section 250.

"(*6A*) In every appeal, the Commissioner (Appeals), where it is possible, may hear and decide such appeal within a period of one year from the end of the financial year in which such appeal is filed before him under sub-section (*1*) of section 246A.".

85. In section 253 of the Income-tax Act, with effect from the 1st day of June, 1999,–

Amendment of section 253.

(*a*) in sub-section (*1*), in clause (*c*), for the words and figures "an order passed by a Commissioner under section 263", the words, figures and letters "an order passed by a Commissioner under section 12AA or under section 263" shall be substituted;

(*b*) in sub-section (*6*), after clause (*c*), the following clause shall be inserted, namely:–

"(*d*) where the subject matter of an appeal relates to any matter, other than those specified in clauses (*a*), (*b*) and (*c*), five hundred rupees.".

86. In section 254 of the Income-tax Act, with effect from the 1st day of June, 1999,–

Amendment of section 254.

(*a*) after sub-section (*2*), the following sub-sections shall be inserted, namely:–

"(*2A*) In every appeal, the Appellate Tribunal, where it is possible, may hear and decide such appeal within a period of four years from the end of the financial year in which such appeal is filed under sub-section (*1*) of section 253.

(*2B*) The cost of any appeal to the Appellate Tribunal shall be at the discretion of that Tribunal."; 5

(*b*) in sub-section (*4*), for the word and figures "section 256", the words, figures and letter "section 256 or section 260A" shall be substituted.

Amendment of section 260A.

87. In section 260A of the Income-tax Act, with effect from the 1st day of June, 1999,–

(*a*) in sub-section (2),–

(*i*) for the opening words "An appeal under this sub-section shall be–", the words "The Chief 10 Commissioner or the Commissioner or an assessee aggrieved by any order passed by the Appellate Tribunal may file an appeal to the High Court and such appeal under this sub-section shall be–" shall be substituted;

(*ii*) in clause (*a*), for the words "communicated to the appellant", the words "received by the assessee or the Chief Commissioner or Commissioner" shall be substituted; 15

(*iii*) clause (*b*) shall be omitted;

(*b*) after sub-section (*6*), the following sub-section shall be inserted, namely:–

"(*7*) Save as otherwise provided in this Act, the provisions of the Code of Civil Procedure, 1908, relating to appeals to the High Court shall, as far as may be, apply in the case of appeals under this section.". 20

5 of 1908.

Amendment of section 272A.

88. In section 272A of the Income-tax Act, in sub-section (*2*), for the words "which shall not be less than one hundred rupees, but which may extend to two hundred rupees,", the words "of one hundred rupees" shall be substituted with effect from the 1st day of June, 1999.

Omission of Tenth Schedule.

89. The Tenth Schedule of the Income-tax Act shall be omitted with effect from the 1st day of April, 2000. 25

Consequential amendments.

90. The following amendments (being consequential in nature) shall be made in the Income-tax Act with effect from the 1st day of April, 2000, namely:–

(*a*) in section 10A, in sub-section (*4*), in clause (*iii*), after the word, figures and letters "section 80-IA", the words, figures and letters "or section 80-IB" shall be inserted;

(*b*) in section 10B, in sub-section (*4*), in clause (*iii*), after the word, figures and letters "section 30 80-IA", the words, figures and letters "or section 80-IB" shall be inserted;

(*c*) in section 80A, in sub-section (*3*), after the word, figures and letters "section 80-IA", the words, figures and letters "or section 80-IB" shall be inserted;

(*d*) in section 88, in sub-section (*2*), in clause (*xvi*), in the *Explanation*, in clause (*ii*), for the words, figures, brackets and letters "clause (*ca*) of sub-section (*12*) of section 80-IA", the words, brackets, 35 figures and letters "the *Explanation* to sub-section (*4*) of section 80-IA" shall be substituted;

(*e*) in section 115JA,–

(*i*) in sub-section (*2*), in the *Explanation*,–

(*A*) in clause (v),–

(*I*) for the words, brackets, letters and figures "sub-clause (*b*) or sub-clause (*c*) of clause 40 (*iv*) of sub-section (*2*) of section 80-IA", the words, brackets, figures and letters "sub-section (*4*) and sub-section (*5*) of section 80-IB" shall be substituted;

(*II*) for the words, brackets, figures and letters "profits and gains under sub-section (5) of section 80-IA", the words, brackets, figures and letters "profits and gains under sub-section (4) or sub-section (*5*) of section 80-IB" shall be substituted; 45

(*B*) in clause (*vi*), for the words, brackets, figures and letters "under sub-section (*12*) of section 80-IA and subject to fulfilling the conditions laid down in sub-section (*4A*) of section 80-IA", the words, brackets, figures and letters "as defined in the *Explanation* to sub-section (*4*) of section 80-IA and subject to fulfilling the conditions laid down in that sub-section" shall be substituted.

Wealth-tax

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Amendment of section 2.

91. In section 2 of the Wealth-tax Act, 1957 (hereinafter referred to as the Wealth-tax Act), in clause (*ea*), the *Explanation* shall be numbered as *Explanation* 1 thereof and after *Explanation* 1 as so numbered, the following *Explanation* shall be inserted with effect from the 1st day of April, 2000, namely:–

27 of 1957.

'*Explanation* 2.–For the removal of doubts, it is hereby declared that "jewellery" does not include

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the Gold Deposit Bonds issued under the Gold Deposit Scheme, 1999 notified by the Central Government.'.

Amendment of section 16.

92. In section 16 of the Wealth-tax Act, with effect from the 1st day of June, 1999,–

(*a*) for sub-section (*1*), the following sub-section shall be substituted, namely:–

5 "(*1*) Where a return has been made under section 14 or section 15 or in response to a notice under clause (*i*) of sub-section (*4*),–

(*i*) if any tax or interest is found due on the basis of such return, after adjustment of any amount paid by way of tax or interest, then, without prejudice to the provisions of sub-section (*2*), an intimation shall be sent to the assessee specifying the sum so payable, and such 10 intimation shall be deemed to be a notice of demand issued under section 30 and all the provisions of this Act shall apply accordingly; and

(*ii*) if any refund is due on the basis of such return, it shall be granted to the assessee and an intimation to this effect shall be sent to the assessee:

Provided that except as otherwise provided in this sub-section, the acknowledgement of the 15 return shall be deemed to be intimation under this sub-section where either no sum is payable by the assessee or no refund is due to him:

Provided further that no intimation under this sub-section shall be sent after the expiry of two years from the end of the assessment year in which the net wealth was first assessable.";

(*b*) sub-section (*1A*) shall be omitted;

20 (*c*) sub-section (*1B*) shall be omitted;

(*d*) sub-section (*7*) shall be omitted;

(*e*) the *Explanation* occurring at the end shall be omitted.

Amendment of section 23A.

93. In section 23A of the Wealth-tax Act, after sub-section (*8*), the following sub-section shall be inserted with effect from the 1st day of June, 1999, namely:–

25 "(*8A*) In every appeal, the Commissioner (Appeals), where it is possible, may hear and decide such appeal within a period of one year from the end of the financial year in which such appeal is filed under sub-section (*1*).".

Amendment of section 24.

94. In section 24 of the Wealth-tax Act, with effect from the 1st day of June, 1999,–

(*a*) in sub-section (*4*), the following proviso shall be inserted at the end, namely:–

30 "Provided that in the case of an appeal not relatable to net wealth as computed by the Assessing Officer, the appeal shall be accompanied by a fee of five hundred rupees.";

(*b*) after sub-section (*5*), the following sub-sections shall be inserted, namely:–

"(*5A*) In every appeal, the Appellate Tribunal, where it is possible, may hear and decide such appeal within a period of four years from the end of the financial year in which such appeal is filed 35 under sub-section (*1*);

(*5B*) The cost of any appeal to the Appellate Tribunal shall be at the discretion of that Tribunal.";

(*c*) in sub-section (*10*), after the word and figures "section 27", the words, figures and letter "or section 27A" shall be inserted.

Amendment of section 27.

95. In section 27 of the Wealth-tax Act, in sub-section (*1*), after the words "notice of an order", the 40 words, figures and letters "passed before the 1st day of June, 1999" shall be inserted with effect from the 1st day of June, 1999.

Amendment of section 27A.

96. In section 27A of the Wealth-tax Act, with effect from the 1st day of June, 1999,–

(*a*) in sub-section (*3*), the words ", and, where the appeal is made by the assessee, shall be accompanied by a fee of five thousand rupees" shall be omitted;

45 (*b*) after sub-section (*7*), the following sub-section shall be inserted, namely:-

5 of 1908.

"(*8*) The provisions of the Code of Civil Procedure, 1908 relating to appeals to High Court shall, so far as may be, apply in the case of appeals under this section.".

Amendment of section 35.

97. In section 35 of the Wealth-tax Act, in sub-section (*1*), for clause (*aa*), the following clause shall be substituted with effect from the 1st day of June, 1999, namely:-

50 "(*aa*) a wealth-tax authority may amend any intimation or deemed intimation under sub-section (*1*) of section 16;".

Amendment of section 4.

98. In the Expenditure-tax Act, 1987 (hereinafter referred to as the Expenditure-tax Act), in section 4, in clause (*a*), with effect from the 1st day of April, 2000,– 35 of 1987.

(*a*) in the first proviso, for the words, brackets, figures and letters "clause (*ii*) of sub-section (*5*) of section 80-IA", the words, brackets letters and figures "clause (*a*) of sub-section (*7*) of section 80-IB" shall be substituted; 5

(*b*) in the second proviso, for the words, letters, brackets and figures "clause (iia) of sub-section (*5*) of section 80-IA", the words, brackets, figures and letters "clause (*a*) of sub-section (*7*) of section 80-IB" shall be substituted.

Amendment of section 22.

99. In section 22 of the Expenditure-tax Act, after sub-section (*4*), the following sub-section shall be inserted with effect from the 1st day of June, 1999, namely:– 10

"(*4A*) In every appeal, the Commissioner (Appeals), where it is possible, may hear and determine such appeal within a period of one year from the end of the financial year in which such appeal is filed under sub-section (*1*).".

CHAPTER IV 15

INDIRECT TAXES

Customs

Substitution of new authorities.

100. In the Customs Act, 1962 (hereinafter referred to as the Customs Act), save as otherwise expressly provided, and unless the context otherwise requires, the reference to any authority specified in column 1 of the Table below shall be substituted by reference to the authority or authorities specified 20 in the corresponding entry in column 2 of the said Table and such consequential changes as the rules of grammar may require shall also be made:

52 of 1962.

TABLE

	1	2
1.	Assistant Commissioner of Customs	Assistant Commissioner of Customs or Deputy Commissioner of Customs
2.	Deputy Commissioner of Customs	Joint Commissioner of Customs

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Amendment of section 3.

101. In section 3 of the Customs Act, after clause (*c*), the following clause shall be inserted, namely:–

"(*cc*) Joint Commissioners of Customs;". 30

Amendment of section 25.

102. In section 25 of the Customs Act, for sub-section (*2*), the following sub-section shall be substituted, namely:–

"(*2*) If the Central Government is satisfied that it is necessary in the public interest so to do, it may, by special order in each case, exempt from payment of duty, for reasons to be stated in such order, any goods, of strategic or secret nature, or for charitable purpose, on which duty is leviable.". 35

Insertion of new Chapter VB.

103. After Chapter VA of the Customs Act, the following Chapter shall be inserted, namely:–

'CHAPTER VB

ADVANCE RULINGS

Definitions.

28E. In this Chapter, unless the context otherwise requires,–

(*a*) "activity" means import or export;

(*b*) "advance ruling" means the determination, by the Authority, of a question of law or fact specified in the application regarding the liability to pay duty in relation to an activity which is proposed to be undertaken, by the applicant;

(*c*) "applicant" means a non-resident setting up a joint venture in India in collaboration with a non-resident or resident, or a resident setting up a joint venture in India in collaboration with a non-resident, making application;

(*d*) "application" means an application made to the Authority under sub-section (*1*) of section 28H;

(*e*) "Authority" means the Authority for Advance Rulings constituted under section 28F;

(*f*) "Chairperson" means the Chairperson of the Authority;

(*g*) "Member" means a Member of the Authority and includes the Chairperson; and

(*h*) "non-resident" shall have the meaning assigned to it in clause (30) of section 2 of the Income-tax Act, 1961.

43 of 1961.

Authority for advance rulings.

28F. (*1*) **The Central Government shall, by notification in the Official Gazette, constitute an Authority for giving advance rulings, to be called as "the Authority for Advance Rulings".**

5 (*2*) The Authority shall consist of the following Members appointed by the Central Government, namely:–

(*a*) a Chairperson, who is a retired Judge of the Supreme Court;

(*b*) an officer of the Indian Customs and Central Excise Service who is qualified to be a Member of the Board;

10 (*c*) an officer of the Indian Legal Service who is, or is qualified to be, an Additional Secretary to the Government of India.

(*3*) **The salaries and allowances payable to, and the terms and conditions of service of, the Members shall be such as the Central Government may by rules determine.**

(*4*) The Central Government shall provide the Authority with such officers and staff as may be 15 necessary for the efficient exercise of the powers of the Authority under this Act.

(*5*) The office of the Authority shall be located in Delhi.

Vacancies, etc., not to invalidate proceedings.

28G. No proceeding before, or pronouncement of advance ruling by, the Authority under this Chapter shall be questioned or shall be invalid on the ground merely of the existence of any vacancy or defect in the constitution of the Authority.

Application for advance ruling.

20 28H. (*1*) An applicant desirous of obtaining an advance ruling under this Chapter may make an application in such form and in such manner as may be prescribed, stating the question on which the advance ruling is sought.

(*2*) The question on which the advance ruling is sought shall be in respect of,–

51 of 1975.

(*a*) classification of goods under the Customs Tariff Act, 1975;

25 (*b*) applicability of a notification issued under sub-section (*1*) of section 25, having a bearing on the rate of duty;

(*c*) the principles to be adopted for the purposes of determination of value of the goods under the provisions of this Act.

(*3*) The application shall be made in quadruplicate and be accompanied by a fee of two thousand 30 five hundred rupees.

(*4*) An applicant may withdraw his application within thirty days from the date of the application.

Procedure on receipt of application.

28-I. (*1*) On receipt of an application, the Authority shall cause a copy thereof to be forwarded to the Commissioner of Customs and, if necessary, call upon him to furnish the relevant records:

Provided that where any records have been called for by the Authority in any case, such records 35 shall, as soon as possible, be returned to the Commissioner of Customs.

(*2*) The Authority may, after examining the application and the records called for, by order, either allow or reject the application:

Provided that the Authority shall not allow the application except in the case of a resident applicant where the question raised in the application is,-

40 (*a*) already pending in the applicant's case before any officer of customs, the Appellate Tribunal or any Court;

(*b*) the same as in a matter already decided by the Appellate Tribunal or any Court:

Provided further that no application shall be rejected under this sub-section unless an opportunity has been given to the applicant of being heard:

45 Provided also that where the application is rejected, reasons for such rejection shall be given in the order.

(*3*) A copy of every order made under sub-section (*2*) shall be sent to the applicant and to the Commissioner of Customs.

(*4*) Where an application is allowed under sub-section (*2*), the Authority shall, after examining 50 such further material as may be placed before it by the applicant or obtained by the Authority, pronounce its advance ruling on the question specified in the application.

(*5*) On a request received from the applicant, the Authority shall, before pronouncing its advance ruling, provide an opportunity to the applicant of being heard, either in person or through a duly authorised representative.

Explanation.–For the purposes of this sub-section, "authorised representative" shall have the meaning assigned to it in sub-section (*2*) of section 146A. 5

(*6*) The Authority shall pronounce its advance ruling in writing within ninety days of the receipt of application.

(*7*) A copy of the advance ruling pronounced by the Authority, duly signed by the Members and certified in the prescribed manner shall be sent to the applicant and to the Commissioner of Customs, as soon as may be, after such pronouncement. 10

Applicability of advance ruling.

28J. (*1*) The advance ruling pronounced by the Authority under section 28-I shall be binding only–

(*a*) on the applicant who had sought it;

(*b*) in respect of any matter referred to in sub-section (*2*) of section 28H;

(*c*) on the Commissioner of Customs, and the customs authorities subordinate to him, in respect of the applicant. 15

(*2*) The advance ruling referred to in sub-section (*1*) shall be binding as aforesaid unless there is a change in law or facts on the basis of which the advance ruling has been pronounced.

Advance ruling to be void in certain circumstances.

28K. (*1*) Where the Authority finds, on a representation made to it by the Commissioner of Customs or otherwise, that an advance ruling pronounced by it under sub-section (*6*) of section 28-I has been obtained by the applicant by fraud or misrepresentation of facts, it may, by order, declare such ruling 20 to be void *ab initio* and thereupon all the provisions of this Act shall apply (after excluding the period beginning with the date of such advance ruling and ending with the date of order under this sub-section) to the applicant as if such advance ruling had never been made.

(*2*) A copy of the order made under sub-section (*1*) shall be sent to the applicant and the Commissioner of Customs. 25

Powers of Authority.

28L. (*1*) The Authority shall, for the purpose of exercising its powers regarding discovery and inspection, enforcing the attendance of any person and examining him on oath, issuing commissions and compelling production of books of account and other records, have all the powers of a civil court under the Code of Civil Procedure, 1908. 5 of 1908.

(*2*) The Authority shall be deemed to be a civil court for the purposes of section 195, but not for 30 the purposes of Chapter XXVI of the Code of Criminal Procedure, 1973, and every proceeding 2 of 1974. before the Authority shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228, and for the purpose of section 196, of the Indian Penal Code. 45 of 1860.

Procedure of Authority.

28M. The Authority shall, subject to the provisions of this Chapter, have power to regulate its own procedure in all matters arising out of the exercise of its powers under this Act.'. 35

Amendment of section 30.

104. In section 30 of the Customs Act, for sub-section (*1*), the following sub-section shall be substituted, namely:–

"(*1*) The person-in-charge of a vessel or an aircraft carrying imported goods shall, deliver to the proper officer, an import manifest, and in the case of a vehicle, an import report, within twenty-four hours after arrival thereof at a customs station in the case of a vessel and twelve hours after arrival 40 in the case of an aircraft or a vehicle, in the prescribed form:

Provided that,–

(*a*) in the case of a vessel or an aircraft, any such manifest may be delivered to the proper officer before the arrival of the vessel or aircraft;

(*b*) if the proper officer is satisfied that there was sufficient cause for not delivering the import 45 manifest or import report or any part thereof within the time specified in this sub-section, he may accept it at any time thereafter.".

Amendment of section 47.

105. In section 47 of the Customs Act, in sub-section (*2*), for the words "within seven days", the words "within two days, excluding holidays," shall be substituted.

Amendment of section 54.

106. In section 54 of the Customs Act, in sub-section (*1*), the following proviso shall be inserted, 50 namely:–

"Provided that where the goods are being transhipped under an international treaty or bilateral agreement between the Government of India and Government of a foreign country, a declaration for transhipment instead of a bill of transhipment shall be presented to the proper officer in the prescribed form.". 55

107. In section 61 of the Customs Act, in sub-section (*2*), for the opening paragraph, the following shall be substituted, namely:–

Amendment of section 61.

" Where any warehoused goods–

(*i*) specified in sub-clause (*a*) of sub-section (*1*), remain in a warehouse beyond the period specified in that sub-section by reason of extension of the aforesaid period or otherwise, interest at such rate as is specified in section 47 shall be payable, on the amount of duty payable at the time of clearance of the goods in accordance with the provisions of section 15 on the warehoused goods, for the period from the expiry of the said warehousing period till the date of payment of duty on the warehoused goods;

(*ii*) specified in sub-clause (*b*) of sub-section (*1*), remain in a warehouse beyond a period of six months, interest shall be payable at such rate or rates not exceeding the rate specified in section 47, as may be fixed by the Board, on the amount of duty payable at the time of clearance of the goods in accordance with the provisions of section 15 on the warehoused goods, for the period from the expiry of the said six months till the date of payment of duty on the warehoused goods:".

108. In section 111 of the Customs Act, in clause (*m*), for the words "in respect thereof;", the words "in respect thereof, or in the case of goods under transhipment, with the declaration for transhipment referred to in the proviso to sub-section (*1*) of section 54;" shall be substituted.

Amendment of section 111.

109. In section 117 of the Customs Act, for the words "one thousand rupees", the words "ten thousand rupees" shall be substituted.

Amendment of section 117.

110. In section 129DD of the Customs Act,–

Amendment of section 129DD.

(*a*) in sub-section (*1*), before the *Explanation,* the following proviso shall be inserted, namely:-

"Provided that the Central Government may in its discretion, refuse to admit an application in respect of an order where the amount of duty or fine or penalty, determined by such order does not exceed five thousand rupees.";

(*b*) after sub-section (*1*), the following sub-section shall be inserted, namely:–

"(*1A*) The Commissioner of Customs may, if he is of the opinion that an order passed by the Commissioner (Appeals) under section 128A is not legal or proper, direct the proper officer to make an application on his behalf to the Central Government for revision of such order.";

(*c*) for sub-section (*3*), the following sub-section shall be substituted, namely:–

"(*3*) An application under sub-section (*1*) shall be in such form and shall be verified in such manner as may be specified by rules made in this behalf and shall be accompanied by a fee of,–

(*a*) two hundred rupees, where the amount of duty and interest demanded, fine or penalty levied by an officer of customs in the case to which the application relates is one lakh rupees or less;

(*b*) one thousand rupees, where the amount of duty and interest demanded, fine or penalty levied by an officer of customs in the case to which the application relates is more than one lakh rupees:

Provided that no such fee shall be payable in the case of an application referred to in sub-section (*1A*).".

111. In section 130 of the Customs Act, in sub-section (*1*), after the words, figures and letter "an order under section 129B", the words, figures and letters "passed before the 1st day of July, 1999" shall be inserted.

Amendment of section 130.

112. For section 130A of the Customs Act, the following section shall be substituted, namely:–

Substitution of new section for section 130A.

Application to High Court.

"130A. (*1*) The Commissioner of Customs or the other party may, within one hundred and eighty days of the date upon which he is served with notice of an order under section 129B passed on or after the 1st day of July, 1999 (not being an order relating, among other things, to the determination of any question having a relation to the rate of duty of customs or to the value of goods for purposes of assessment), by application in the prescribed form, accompanied, where the application is made by the other party, by a fee of two hundred rupees, apply to the High Court to direct the Appellate Tribunal to refer to the High Court any question of law arising from such order of the Tribunal.

(*2*) The Commissioner of Customs or the other party applying to the High Court under sub-section (*1*) shall clearly state the question of law which he seeks to be referred to the High Court and shall also specify the paragraph in the order of the Appellate Tribunal relevant to the question sought to be referred.

(*3*) On receipt of notice that an application has been made under sub-section (*1*), the person against whom such application has been made, may, notwithstanding that he may not have filed

such application, file, within forty-five days of the receipt of the notice, a memorandum of cross-objections verified in the prescribed manner against any part of the order in relation to which an application for reference has been made and such memorandum shall be disposed of by the High Court as if it were an applicaiton presented within the time specified in sub-section (*1*).

(*4*) If, on an application made under sub-section (*1*), the High Court directs the Appellate Tribunal to refer the question of law raised in the application, the Appellate Tribunal shall, within one hundred and twenty days of the receipt of such direction, draw up a statement of the case and refer it to the High Court.". 5

Amendment of section 130C.

113. In section 130C of the Customs Act, in sub-section (*1*), for the words and figures "under section 130", the words, figures and letter "under section 130 or section 130A" shall be substituted. 10

Amendment of section 130E.

114. In section 130E of the Customs Act, for the words and figures "under section 130", the words, figures and letter "under section 130 or section 130A" shall be substituted.

Amendment of section 157.

115. In section 157 of the Customs Act, in sub-section (*2*), in clause (*a*), for the words "bill of transhipment", the words "bill of transhipment, declaration for transhipment" shall be substituted.

Additional duty of customs (high speed diesel oil).

116. (*1*) In the case of goods specified in the Second Schedule, being goods imported into India, there shall be levied and collected as an additional duty of customs an amount calculated at the rate set forth in the said Schedule. 15

(*2*) The additional duty of customs referred to in sub-section (*1*), shall be in addition to any other duties of customs chargeable on such goods under the Customs Act, or any other law for the time being in force. 20

(*3*) The provisions of the Customs Act, and the rules and regulations made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the additional duty of customs leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of customs on such goods under that Act or those rules and regulations, as the case may be. 25

Amendment of Act 51 of 1975.

117. The Customs Tariff Act, 1975 (hereinafter referred to as the Customs Tariff Act), shall be amended in the manner specified in the Third Schedule.

Surcharge of customs.

118. (*1*) In the case of goods mentioned in the First Schedule to the Customs Tariff Act, or in that Schedule, as amended from time to time, there shall be levied and collected as surcharge of customs, an amount, equal to ten per cent. of the duty chargeable on such goods calculated at the rate specified in the said First Schedule, read with any notification for the time being in force, issued by the Central Government in relation to the duty so chargeable. 30

(*2*) Sub-section (*1*) shall cease to have effect after the 31st day of March, 2000, and upon such cesser, section 6 of the General Clauses Act, 1897 shall apply as if the said sub-section had been repealed by a Central Act. 35

10 of 1897.

(*3*) The surcharge of customs referred to in sub-section (*1*) shall be in addition to any duties of customs chargeable on such goods under the Customs Act or any other law for the time being in force.

(*4*) The provisions of the Customs Act and the rules and regulations made thereunder including those relating to refunds, drawbacks and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of surcharge of customs leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of customs on such goods under that Act or those rules and regulations, as the case may be. 40

Excise

Substitution of new authorities.

119. In the Central Excise Act, 1944 (hereinafter referred to as the Central Excise Act),–

1 of 1944.

(*a*) save as otherwise expressly provided , and unless the context otherwise requires, the reference to any authority specified in column 1 of the Table below shall be substituted by reference to the authority or authorities specified in the corresponding entry in column 2 of the said Table and such consequential changes as the rules of grammar may require shall also be made:

45

TABLE

	1	2
1.	Assistant Commissioner of Central Excise	Assistant Commissioner of Central Excise or Deputy Commissioner of Central Excise
2.	Deputy Commissioner of Central Excise	Joint Commissioner of Central Excise

50

(*b*) for the words "the Schedule", wherever they occur (other than in sub-clause (*ii*) of clause (*f*) of section 2), the words "the First Schedule and the Second Schedule" shall be substituted;

55

(*c*) references to the expressions "duty", "duties", "duty of excise" and "duties of excise" shall, save as otherwise expressly provided in this Act and unless the context otherwise requires, be construed to include a reference to the special duty of excise specified in the Second Schedule to the Central Excise Tariff Act, 1985.

5 of 1986.

5 **120.** In section 2 of the Central Excise Act, –

Amendment of section 2.

(*i*) in clause (*b*), after the words "Additional Commissioner of Central Excise", the words "Joint Commissioner of Central Excise," shall be inserted;

(*ii*) in clause (*f*), in sub-clause (*ii*), for the words "the Schedule", the words "the First Schedule" shall be substituted.

10 **121.** In section 3 of the Central Excise Act, in sub-section (*1*), for the opening paragraph, the following shall be substituted, namely:–

Amendment of section 3.

"There shall be levied and collected in such manner as may be prescribed,–

(*a*) a duty of excise on all excisable goods which are produced or manufactured in India as, and at the rates, set forth in the First Schedule to the Central Excise Tariff Act, 1985;

5 of 1986.

15 (*b*) a special duty of excise, in addition to the duty of excise specified in clause (*a*) above, on excisable goods specified in the Second Schedule to the Central Excise Tariff Act, 1985 which are produced or manufactured in India, as, and at the rates, set forth in the said Second Schedule:".

5 of 1986.

122. In section 4A of the Central Excise Act, after sub-section (*3*) and before *Explanation* 1, the following sub-section shall be inserted, namely:–

Amendment of section 4A.

20 "(*4*) If any manufacturer removes from the place of manufacture any excisable goods specified under sub-section (*1*) without declaring the retail sale price of such goods on the packages, or declares a retail sale price which does not constitute the sole consideration for such sale, or tampers with, obliterates or alters any such declaration made on the packages after removal, such goods shall be liable to confiscation.".

25 **123.** In section 5A of the Central Excise Act, for sub-section (*2*), the following sub-section shall be substituted, namely:–

Amendment of section 5A.

"(*2*) If the Central Government is satisfied that it is necessary in the public interest so to do, it may, by special order in each case, exempt from payment of duty, for reasons to be stated in such order, any excisable goods of strategic or secret nature, or for charitable purpose, on which duty is leviable.".

30 **124.** After Chapter III of the Central Excise Act, the following Chapter shall be inserted, namely:–

Insertion of new Chapter IIIA.

'CHAPTER IIIA

ADVANCE RULINGS

Definitions.

23A. In this Chapter, unless the context otherwise requires,–

(*a*) "activity" means production or manufacture of goods;

35 (*b*) "advance ruling" means the determination, by the authority of a question of law or fact specified in the application regarding the liability to pay duty in relation to an activity proposed to be undertaken, by the applicant;

(*c*) "applicant" means a non-resident setting up a joint venture in India in collaboration with a non-resident or resident, or a resident setting up a joint venture in India in collaboration with a non-40 resident, making application;

(*d*) "application" means an application made to the Authority under sub-section (*1*) of section 23C;

52 of 1962.

(*e*) "Authority" means the Authority for Advance Rulings constituted under section 28F of the Customs Act, 1962;

43 of 1961.

45 (*f*)"non-resident" shall have the meaning assigned to it in clause (*30*) of section 2 of the Income-tax Act, 1961.

Vacancies etc., not to invalidate proceedings.

23B. No proceeding before, or pronouncement of advance ruling by, the Authority under this Chapter shall be questioned or shall be invalid on the ground merely of the existence of any vacancy or defect in the constitution of the Authority.

Application for advance ruling.

50 23C. (*1*) An applicant desirous of obtaining an advance ruling under this Chapter may make an application in such form and in such manner as may be prescribed, stating the question on which the advance ruling is sought.

(*2*) The question on which the advance ruling is sought shall be in respect of,–

(*a*) classification of any goods under the Central Excise Tariff Act, 1985; 5 of 1986.

(*b*) applicability of a notification issued under sub-section (*1*) of section 5A having a bearing on the rate of duty;

(*c*) the principles to be adopted for the purposes of determination of value of the goods under the provisions of this Act. 5

(*3*) The application shall be made in quadruplicate and be accompanied by a fee of two thousand five hundred rupees.

(*4*) An applicant may withdraw an application within thirty days from the date of the application.

Procedure on receipt of application.

23D. (*1*) On receipt of an application, the Authority shall cause a copy thereof to be forwarded to the Commissioner of Central Excise and, if necessary, call upon him to furnish the relevant records: 10

Provided that where any records have been called for by the Authority in any case, such records shall, as soon as possible, be returned to the Commissioner of Central Excise.

(*2*) The Authority may, after examining the application and the records called for, by order, either allow or reject the application:

Provided that the Authority shall not allow the application except in the case of a resident applicant 15 where the question raised in the application is,–

(*a*) already pending in the applicant's case before any Central Excise Officer, the Appellate Tribunal or any Court;

(*b*) the same as in a matter already decided by the Appellate Tribunal or any Court:

Provided further that no application shall be rejected under this sub-section unless an opportunity 20 has been given to the applicant of being heard:

Provided also that where the application is rejected, reasons for such rejection shall be given in the order.

(*3*) A copy of every order made under sub-section (*2*) shall be sent to the applicant and to the Commissioner of Central Excise. 25

(*4*) Where an application is allowed under sub-section (*2*), the Authority shall, after examining such further material as may be placed before it by the applicant or obtained by the Authority, pronounce its advance ruling on the question specified in the application.

(*5*) On a request received from the applicant, the Authority shall, before pronouncing its advance ruling, provide an opportunity to the applicant of being heard, either in person or through a duly 30 authorised representative.

Explanation.– For the purposes of this sub-section, "authorised representative" shall have the meaning assigned to it in sub-section (*2*) of section 35Q.

(*6*) The Authority shall pronounce its advance ruling in writing within ninety days of the receipt of application. 35

(*7*) A copy of the advance ruling pronounced by the Authority, duly signed by the Members and certified in the prescribed manner shall be sent to the applicant and to the Commissioner of Central Excise, as soon as may be, after such pronouncement.

Applicability of advance ruling.

23E. (*1*) The advance ruling pronounced by the Authority under section 23D shall be binding only– 40

(*a*) on the applicant who had sought it;

(*b*) in respect of any matter referred to in sub-section (*2*) of section 23C;

(*c*) on the Commissioner of Central Excise, and the Central Excise authorities subordinate to him, in respect of the applicant.

(*2*) The advance ruling referred to in sub-section (*1*) shall be binding as aforesaid unless there is 45 a change in law or facts on the basis of which the advance ruling has been pronounced.

Advance ruling to be void in certain circumstances.

23F. (*1*) Where the Authority finds, on a represenation made to it by the Commisioner of Central Excise or otherwise, that an advance ruling pronounced by it under sub-section (6) of section 28-I has been obtained by the applicant by fraud or misrepresentation of facts, it may, by order, declare such ruling to be void *ab initio* and thereupon all the provisions of this Act shall apply (after excluding 50 the period beginning with the date of such advance ruling and ending with the date of order under this sub-section) to the applicant as if such advance ruling had never been made.

(*2*) A copy of the order made under sub-section (*1*) shall be sent to the applicant and the Commissioner of Central Excise.

Powers of Authority.

23G. (*1*) The Authority shall, for the purpose of exercising its powers regarding discovery and inspection, enforcing the attendance of any person and examining him on oath, issuing commissions and compelling production of books of account and other records, have all the powers of a civil court under the Code of Civil Procedure, 1908.

5 of 1908.

(*2*) The Authority shall be deemed to be a civil court for the purposes of section 195, but not for the purposes of Chapter XXVI of the Code of Criminal Procedure, 1973, and every proceeding before the Authority shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228, and for the purpose of section 196, of the Indian Penal Code.

2 of 1974.

45 of 1860.

Procedure of Authority.

23H. The Authority shall, subject to the provisions of this Chapter, have power to regulate its own procedure in all matters arising out of the exercise of its powers under this Act.'.

Amendment of section 33.

125. In section 33 of the Central Excise Act, in the opening paragraph, for the words "Where by the rules made under this Act", the words " Where under this Act or by the rules made thereunder" shall be substituted.

Amendment of section 35EE.

126. In section 35EE of the Central Excise Act,–

(*a*) in sub-section (*1*), before the *Explanation,* the following proviso shall be inserted, namely:-

" Provided that the Central Government may in its discretion, refuse to admit an application in respect of an order where the amount of duty or fine or penalty, determined by such order does not exceed five thousand rupees.";

(*b*) after sub-section (*1*), the following sub-section shall be inserted, namely:–

"(*1A*) The Commissioner of Central Excise may, if he is of the opinion that an order passed by the Commissioner (Appeals) under section 35A is not legal or proper, direct the proper officer to make an application on his behalf to the Central Government for revision of such order.";

(*c*) for sub-section (*3*), the following sub-section shall be substituted, namely:–

"(*3*) An application under sub-section (*1*) shall be in such form and shall be verified in such manner as may be specified by rules made in this behalf and shall be accompanied by a fee of,–

(*a*) two hundred rupees, where the amount of duty and interest demanded, fine or penalty levied by any Central Excise Officer in the case to which the application relates is one lakh rupees or less;

(*b*) one thousand rupees, where the amount of duty and interest demanded, fine or penalty levied by any Central Excise Officer in the case to which the application relates is more than one lakh rupees:

Provided that no such fee shall be payable in the case of an application referred to in sub-section (*1A*).".

Amendment of section 35G.

127. In section 35G of the Central Excise Act, in sub-section (*1*), after the words, figures and letter "an order under section 35C", the words, figures and letters "passed before the 1st day of July, 1999" shall be inserted.

Substitution of new section for section 35H.

128. For section 35H of the Central Excise Act, the following section shall be substituted, namely:–

Application to High Court.

"35H. (*1*) The Commissioner of Central Excise or the other party may, within one hundred and eighty days of the date upon which he is served with notice of an order under section 35C passed on or after the 1st day of July, 1999 (not being an order relating, among other things, to the determination of any question having a relation to the rate of duty of excise or to the value of goods for purposes of assessment), by application in the prescribed form, accompanied, where the application is made by the other party, by a fee of two hundred rupees, apply to the High Court to direct the Appellate Tribunal to refer to the High Court any question of law arising from such order of the Tribunal.

(*2*) The Commissioner of Central Excise or the other party applying to the High Court under sub-section (*1*) shall clearly state the question of law which he seeks to be referred to the High Court and shall also specify the paragraph in the order of the Appellate Tribunal relevant to the question sought to be referred.

(*3*) On receipt of notice that an application has been made under sub-section (*1*), the person against whom such application has been made, may, notwithstanding that he may not have filed such application, file, within forty-five days of the receipt of the notice, a memorandum of cross-objections verified in the prescribed manner against any part of the order in relation to which an application for reference has been made and such memorandum shall be disposed of by the High Court as if it were an applicaiton presented within the time specified in sub-section (*1*).

(*4*) If, on an application made under sub-section (*1*), the High Court directs the Appellate Tribunal to refer the question of law raised in the application, the Appellate Tribunal shall, within one hundred and twenty days of the receipt of such direction, draw up a statement of the case and refer it to the High Court.".

Amendment of section 35J.

129. In section 35J of the Central Excise Act, in sub-section (*1*), for the words, figures and letter "under section 35G,", the words, figures and letters "under section 35G or section 35H," shall be substituted. 5

Amendment of section 35L.

130. In section 35L of the Central Excise Act, for the words, figures and letter "under section 35G", the words, figures and letters "under section 35G or section 35H" shall be substituted.

Amendment of section 37.

131. In section 37 of the Central Excise Act, in sub-section (*2*),– 10

(*a*) after clause (*ib*), the following clause shall be inserted, namely:–

"(*ibb*) provide for charging or payment of interest on the differential amount of duty which becomes payable or refundable upon finalisation of all or any class of provisional assessments;";

(*b*) after sub-clause (*xxvii*), the following sub-clause shall be inserted and shall be deemed to have been inserted with effect from the 16th day of March,1995, namely: – 15

"(*xxviii*) provide for the lapsing of credit of duty lying unutilised with the manufacturer of specified excisable goods on an appointed date and also for not allowing such credit to be utilised for payment of any kind of duty on any excisable goods on and from such date.".

Validation of certain rules.

132. (*1*) In the Central Excise Rules,1944, made by the Central Government in exercise of the powers conferred under section 37 of the Central Excise Act, in rule 57F,– 20

(*a*) sub-rule (*4A*), as inserted by the Central Excise (Fourth Amendment) Rules, 1995, shall be deemed to have and to have always had effect from the 16th day of March, 1995;

(*b*) sub-rule (*17*), as inserted by the Central Excise (Amendment) Rules, 1997, shall be deemed to have and to have always had effect from the 1st day of March, 1997;

(*c*) clauses (*c*) and (d) of sub-rule (*17*), as inserted by the Central Excise (Seventh Amendment) Rules, 1997, shall be deemed to have and to have always had effect from the 1st day of August, 1997; 25

(*d*) clause (e) of sub-rule (*17*), as inserted by the Central Excise (Eleventh Amendment) Rules, 1997, shall be deemed to have and to have always had effect from the 1st day of October, 1997.

(*2*) Any action taken or anything done or purported to have been taken or done at any time during the period commencing from the 16th day of March, 1995 and ending with the day the Finance Act, 1999 receives the assent of the President (hereinafter referred to as the said period) under the Central Excise Act or any rules made thereunder in relation to the lapsing of credit of duty lying unutilised with the manufacturer of specified excisable goods and also for not allowing such credit to be utilised for payment of any kind of duty on any excisable goods shall be deemed to be, and to always have been, for all purposes, as validly and effectively taken or done as if the amendments made by sub-section (*1*) had been in force at all material times and, accordingly, notwithstanding anything contained in any judgment, decree or order of any court, tribunal or other authority,– 30 35

(*a*) the lapsing of credit of duty lying unutilised with the manufacturer of specified excisable goods and also for not allowing such credit to be utilised for payment of any kind of duty on any excisable goods, during the said period shall be deemed to always have been, as validly lapsed, as if the amendments made by sub-section (*1*) had been in force at all material times; 40

(*b*) no suit or other proceedings shall be maintained or continued in any court for allowing the credit of, and no enforcement shall be made by any court of any decree or order allowing the credit of duty which has been lapsed and not allowed to be utilised and which would have been validly lapsed and not allowed to be utilised if the amendments made by sub-section (1) had been in force at all material times; 45

(*c*) recovery shall be made of all the credit of duty, which have not been lapsed or, as the case may be, which have been taken or utilised but which would have been lapsed, or as the case may be, would not have been allowed to be taken or utilised, if the amendments made by sub-section (1) had been in force at all material times, within a period of thirty days from the day, the Finance Act, 1999 receives the assent of the President and in the event of non-payment of such credit of duties within this period, in addition to the amount of credit of such duties recoverable, interest at the rate of thirty six per cent. per annum shall be payable, from the date immediately after the expiry of the said period of thirty days till the date of payment. 50 55

Explanation .–For the removal of doubts, it is hereby declared that no act or omission on the part of any person shall be punishable as an offence which would not have been so punishable if this section had not come into force.

133. (*1*) In the case of goods specified in the Second Schedule, being goods manufactured in India, there shall be levied and collected as an additional duty of excise an amount calculated at the rate set forth in the said Schedule.

Additional duty of excise (high speed diesel oil).

(*2*) The additional duty of excise referred to in sub-section (*1*), shall be in addition to any other duties of excise chargeable on such goods under the Central Excise Act, or any other law for the time being in force.

(*3*) The provisions of the Central Excise Act and the rules made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the additional duty of excise leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of excise on such goods under that Act or those rules, as the case may be.

(*4*) The additional duty of excise leviable under sub-section (*1*), shall be for the purposes of the Union and the proceeds thereof shall not be distributed among the States.

134. (*1*) In the Central Excise Tariff Act, 1985 (hereinafter referred to as the Central Excise Tariff Act),–

Amendment of Act 5 of 1986.

(*a*) in sections 2 and 3, for the words "the Schedule", wherever they occur, the words "the First Schedule and the Second Schedule" shall be substituted;

(*b*) the Schedule shall be re-numbered as the First Schedule and,–

(*i*) in the First Schedule as so re-numbered,–

(*A*) for the heading "THE SCHEDULE–EXCISE TARIFF", the heading "THE FIRST SCHEDULE" shall be substituted;

(*B*) for the word "Schedule" wherever it occurs, the words "First Schedule" shall be substituted;

(*ii*) the First Schedule as so re-numbered shall be further amended in the manner specified in the Fourth Schedule;

(*iii*) after the First Schedule as so re-numbered, the Schedule specified in the Fifth Schedule shall be inserted.

(*2*) Any reference to the Schedule to the Central Excise Tariff Act in any Central Act, or rules and regulations made or the notifications issued thereunder shall, save as otherwise expressly provided and unless the context otherwise requires, be construed as a reference to the First Schedule and the Second Schedule to the Central Excise Tariff Act.

135. The Additional Duties of Excise (Goods of Special Importance) Act, 1957 (hereinafter referred to as the Additional Duties of Excise Act) shall be amended in the manner specified in the Sixth Schedule.

Amendment of Act 58 of 1957.

CHAPTER V

35 Miscellaneous

136. In the Indian Post Office Act, 1898, with effect from such date as the Central Government may, by notification in the Official Gazette, appoint, for the First Schedule, the following Schedule shall be substituted, namely:–

Amendment of Act 6 of 1898.

"THE FIRST SCHEDULE

40 (*See* section 7)

INLAND POSTAGE RATES

Letters

For a weight not exceeding twenty grams	Rs. 3.00
For every twenty grams, or fraction thereof, exceeding twenty grams	Rs. 3.00.

45

Letter-cards

For a letter-card	Rs. 2.00.

Post cards

Post cards (not being post cards containing printed communication or competition post cards)

50

Single	25 paisa
Reply	50 paisa.

Printed post cards

Post cards containing printed communication (not being competition post cards)

55

For a post card	Rs. 2.00.

Explanation.– A post card shall be deemed to contain a printed communication, if any matter (except the name and address of, and other particulars relating to, the sender and the place and date of despatch) is recorded by printing or by cyclostyling or by any other mechanical process, not being typewriting, on any part of the post card except the right hand half of the address-side thereof.

Competition post cards 5

For a post card	Rs. 4.00.

Explanation.– A post card shall be deemed to be a competition post card if it is used in response to any competition organised on or through television, radio, newspaper, magazine or any other media.

Book pattern and sample packets

For the first fifty grams or fraction thereof	Rs. 2.00	10
For every additional fifty grams, or fraction thereof, in excess of fifty grams	Rs. 3.00.

Registered newspapers

For a weight not exceeding fifty grams	15 paisa
For a weight exceeding fifty grams but not exceeding one hundred grams	25 paisa	15
For every additional one hundred grams, or fraction thereof, exceeding one hundred grams	10 paisa

In the case of more than one copy of the same issue of a registered newspaper being carried in the same packet– 20

For a weight not exceeding one hundred grams	25 paisa
For every additional one hundred grams, or fraction thereof, exceeding one hundred grams	10 paisa:

Provided that such packet shall not be delivered at any addressee's residence but shall be given to a recognised agent at the Post Office. 25

Parcels

For a weight not exceeding five hundred grams	Rs.12.00
For every five hundred grams, or fraction thereof, exceeding five hundred grams.	Rs.15.00.".

Amendment of section 8A of Act 2 of 1899.

137. In the Indian Stamp Act, 1899, in section 8A, after clause (*e*), the following clause shall be inserted, namely:– 30

"(*f*) transfer of beneficial ownership of debentures, such debentures being debentures of a company formed and registered under the Companies Act, 1956 or a body corporate established by a Central Act, dealt with by a depository, shall not be liable to duty under article 27 of Schedule 1 of this Act." 1 of 1956.

Amendment of Act 32 of 1994.

138. In the Finance Act, 1994,– 35

(*a*) in section 71, in sub-section (*1*), after the words and figures "under section 70", the words "after obtaining a written permission from the Commissioner of Central Excise," shall be inserted;

(*b*) in section 73, the following *Explanation* shall be inserted at the end, namely:–

"*Explanation*.– Where the service of the notice is stayed by an order of a court, the period of such stay shall be excluded in computing the aforesaid period of five years or six months, as the case may be."; 40

(*c*) in section 77, for the words "pay, by way of penalty, a sum which shall not be less than one hundred rupees but which may extend to two hundred rupees for every week or part thereof during which such failure continues", the words "be liable to a penalty which may extend to an amount not exceeding two thousand rupees" shall be substituted. 45

Amendment of section 76 Act 21 of 1998

139. In section 76 of the Finance (No.2) Act, 1998, in sub-section (*1*), after the word and figures "sections 23", the figures and letter" 23A," shall be inserted with effect from the 1st day of June, 1999.

Declaration under the Provisional Collection of Taxes Act, 1931

It is hereby declared that it is expedient in the public interest that the provisions of clauses 116, 117, 118, 119(b), 119(c), 120(ii), 121, 133, 134 and 135 of this Bill shall have immediate effect under the Provisional Collection of Taxes Act, 1931. 50 16 of 1931.

THE FIRST SCHEDULE

(See section 2*)*

PART I

INCOME-TAX

Paragraph A

In the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies,-

Rates of income-tax

(1)	where the total income does not exceed Rs. 50,000	*Nil;*
(2)	where the total income exceeds Rs. 50,000 but does not exceed Rs. 60,000	10 per cent. of the amount by which the total income exceeds Rs. 50,000;
(3)	where the total income exceeds Rs. 60,000 but does not exceed Rs.1,50,000	Rs. 1,000 *plus* 20 per cent. of the amount by which the total income exceeds Rs. 60,000;
(4)	where the total income exceeds Rs. 1,50,000	Rs. 19,000 *plus* 30 per cent. of the amount by which the total income exceeds Rs.1,50,000.

Paragraph B

In the case of every co-operative society,—

Rates of income-tax

(1)	where the total income does not exceed Rs. 10,000	10 per cent. of the total income;
(2)	where the total income exceeds Rs.10,000 but does not exceed Rs. 20,000	Rs. 1,000 *plus* 20 per cent. of the amount by which the total income exceeds Rs.10,000;
(3)	where the total income exceeds Rs. 20,000	Rs. 3,000 *plus* 35 per cent. of the amount by which the total income exceeds Rs. 20,000.

Paragraph C

In the case of every firm,—

Rate of income-tax

On the whole of the total income — 35 per cent.

Paragraph D

In the case of every local authority,—

Rate of income-tax

On the whole of the total income — 30 per cent.

Paragraph E

In the case of a company,—

Rates of income-tax

I. In the case of a domestic company — 35 per cent. of the total income;

II. In the case of a company other than a domestic company,—

(*i*) on so much of the total income as consists of,—

(*a*) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976, or

(*b*) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976,

and where such agreement has, in either case, been approved by the Central Government — 50 per cent.;

(*ii*) on the balance, if any, of the total income — 48 per cent.

PART II

RATES FOR DEDUCTION OF TAX AT SOURCE IN CERTAIN CASES

In every case in which under the provisions of sections 193, 194, 194A, 194B, 194BB, 194D and 195 of the Income-tax Act, tax is to be deducted at the rates in force, deduction shall be made from the income subject to the deduction at the following rates:—

	Rate of income-tax
1. In the case of a person other than a company—	
(*a*) where the person is resident in India—	
(*i*) on income by way of interest other than "Interest on securities"	10 per cent.;
(*ii*) on income by way of winnings from lotteries and crossword puzzles	40 per cent.;
(*iii*) on income by way of winnings from horse races	40 per cent.;
(*iv*) on income by way of insurance commission	10 per cent.;
(*v*) on income by way of interest payable on—	10 per cent.;
(*A*) any debentures or securities other than a security of the Central or State Government for money issued by or on behalf of any local authority or a corporation established by a Central, State or Provincial Act	
(*B*) any debentures issued by a company where such debentures are listed on a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and any rules made thereunder	
(*vi*) on any other income	20 per cent.;
(*b*) where the person is not resident in India—	
(*i*) in the case of a non-resident Indian—	
(*A*) on any investment income	20 per cent.;
(*B*) on income by way of long-term capital gains referred to in section 115E	10 per cent.;
(*C*) on other income by way of long-term capital gains	20 per cent.;
(*D*) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency	20 per cent.;
(*E*) on income by way of winnings from lotteries and crossword puzzles	40 per cent.;
(*F*) on income by way of winnings from horse races	40 per cent.;
(*G*) on the whole of the other income	30 per cent.
(*ii*) in the case of any other person—	
(*A*) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency	20 per cent.;
(*B*) on income by way of winnings from lotteries and crossword puzzles	40 per cent.;
(*C*) on income by way of winnings from horse races	40 per cent.;
(*D*) on income by way of long-term capital gains	20 per cent.;
(*E*) on the whole of the other income	30 per cent.;
2. In the case of a company—	
(*a*) where the company is a domestic company—	
(*i*) on income by way of interest other than "Interest on securities"	20 per cent.;
(*ii*) on income by way of winnings from lotteries and crossword puzzles	40 per cent.;
(*iii*) on income by way of winnings from horse races	40 per cent.;
(*iv*) on any other income	20 per cent.;
(*b*) where the company is not a domestic company—	
(*i*) on income by way of winnings from lotteries and crossword puzzles	40 per cent.;
(*ii*) on income by way of winnings from horse races	40 per cent.;
(*iii*) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency	20 per cent.;
(*iv*) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1976, where such royalty is in consideration for the	

transfer of all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the first proviso to sub-section (*1A*) of section 115A of the Income-tax Act, to the Indian concern, or in respect of any computer software referred to in the second proviso to sub-section (1A) of section 115A of the Income-tax Act, to a person resident in India—

(*A*) where the agreement is made before the 1st day of June, 1997	30 per cent.;
(*B*) where the agreement is made on or after the 1st day of June, 1997	20 per cent.;

(*v*) on income by way of royalty [not being royalty of the nature referred to in sub-item (b)(iv)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy—

(*A*) where the agreement is made after the 31st day of March, 1961 but before the 1st day of April, 1976	50 per cent.;
(*B*) where the agreement is made after the 31st day of March, 1976 but before the 1st day of June, 1997	30 per cent.;
(*C*) where the agreement is made on or after the 1st day of June, 1997	20 per cent.;

(*vi*) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy—

(*A*) where the agreement is made after the 29th day of February, 1964 but before the 1st day of April, 1976	50 per cent.;
(*B*) where the agreement is made after the 31st day of March, 1976 but before the 1st day of June, 1997	30 per cent.;
(*C*) where the agreement is made on or after the 1st day of June, 1997	20 per cent.;
(*vii*) on income by way of long-term capital gains	20 per cent.;
(*viii*) on any other income	48 per cent.

Explanation.-For the purpose of item 1(*b*)(*i*) of this Part, "investment income" and "non-resident Indian" shall have the meanings assigned to them in Chapter XII-A of the Income-tax Act.

Surcharge on income-tax

The amount of income-tax deducted in accordance with the provisions of—

(*a*) sub-item (*a*) of item 1 of this Part shall be increased by a surcharge for the purposes of the Union; and

(*b*) sub-item (*a*) of item 2 of this Part shall be increased by a surcharge,

calculated at the rate of ten per cent. of such income-tax.

PART III

RATES FOR CHARGING INCOME-TAX IN CERTAIN CASES, DEDUCTING INCOME-TAX FROM INCOME CHARGEABLE UNDER THE HEAD "SALARIES" AND COMPUTING "ADVANCE TAX"

In cases in which income-tax has to be charged under sub-section (*4*) of section 172 of the Income-tax Act or sub-section (*2*) of section 174 or section 175 or sub-section (*2*) of section 176 of the said Act or deducted under section 192 of the said Act from income chargeable under the head "Salaries" or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed at the rate or rates in force, such income-tax or, as the case may be, "advance tax" [not being "advance tax" in respect of any income chargeable to tax under Chapter XII or Chapter XII-A or sub-section (*1A*) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act at the rates as specified in that Chapter or section or surcharge on such "advance tax" in respect of any income chargeable to tax under section 115AC or section 115B or section 115BB], shall be charged, deducted or computed at the following rate or rates:—

Paragraph A

In the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies,—

Rates of income-tax

(1)	where the total income does not exceed Rs. 50,000	*Nil*;
(2)	where the total income exceeds Rs. 50,000 but does not exceed Rs. 60,000	10 per cent. of the amount by which the total income exceeds Rs. 50,000;
(3)	where the total income exceeds Rs. 60,000 but does not exceed Rs. 1,50,000	Rs. 1,000 *plus* 20 per cent. of the amount by which the total income exceeds Rs. 60,000;
(4)	where the total income exceeds Rs. 1,50,000	Rs. 19,000 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 1,50,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph or section 112 or section 113 shall,—

(i) in the case of every individual or Hindu undivided family or association of persons or body of individuals having a total income exceeding sixty thousand rupees, be reduced by the amount of rebate of income-tax calculated under Chapter VIII-A, and the income-tax as so reduced,

(ii) in the case of every person, other than those mentioned in item (i),

be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax:

Provided that no such surcharge shall be payable by a non-resident:

Provided further that in case of persons mentioned in item (i) above having a total income exceeding sixty thousand rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of sixty thousand rupees by more than the amount of income that exceeds sixty thousand rupees.

Paragraph B

In the case of every co-operative society,—

Rates of income-tax

(1)	where the total income does not exceed Rs. 10,000	10 per cent. of the total income;
(2)	where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000	Rs. 1,000 *plus* 20 per cent. of the amount by which the total income exceeds Rs. 10,000;
(3)	where the total income exceeds Rs. 20,000	Rs. 3,000 *plus* 35 per cent. of the amount by which the total income exceeds Rs. 20,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or in section 112 or section 113, shall, in the case of every co-operative society, be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Paragraph C

In the case of every firm,—

Rate of income-tax

On the whole of the total income	35 per cent.

Surcharge on income-tax

The amount of income-tax computed at the rate hereinbefore specified or in section 112 or section 113, shall, in the case of every firm, be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax:

Provided that no such surcharge shall be payable by a non-resident.

Paragraph D

In the case of every local authority,—

Rate of income-tax

On the whole of the total income	30 per cent.

Surcharge on income-tax

The amount of income-tax computed at the rate hereinbefore specified, or in section 112 or section 113, shall, in the case of every local authority, be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Paragraph E

In the case of a company,—

Rates of income-tax

I. In the case of a domestic company	35 per cent. of the total income;
II. In the case of a company other than a domestic company—	
(*i*) on so much of the total income as consists of,— (*a*) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976, or (*b*) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976, and where such agreement has, in either case, been approved by the Central Government	50 per cent.;
(*ii*) on the balance, if any, of the total income	48 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of item I of this Paragraph, or in section 112 or section 113 shall, in the case of every domestic company be increased by a surcharge calculated at the rate of ten per cent. of such income-tax.

PART IV

[*See* section 2(*10*)(*c*)]

RULES FOR COMPUTATION OF NET AGRICULTURAL INCOME

Rule 1.—Agricultural income of the nature referred to in sub-clause (a) of clause (1A) of section 2 of the Income-tax Act shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from other sources" and the provisions of sections 57 to 59 of that Act shall, so far as may be, apply accordingly:

Provided that sub-section (2) of section 58 shall apply subject to the modification that the reference to section 40A therein shall be construed as not including a reference to sub-sections (3) and (4) of section 40A.

Rule 2.—Agricultural income of the nature referred to in sub-clause (b) or sub-clause (c) of clause (1A) of section 2 of the Income-tax Act [other than income derived from any building required as a dwelling house by the receiver of the rent or revenue of the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c)] shall be computed as if it were income chargeable to income-tax under that Act under the head "Profits and gains of business or profession" and the provisions of sections 30, 31, 32, 36, 37, 38, 40, 40A [other than sub-sections (3) and (4) thereof], 41, 43, 43A, 43B and 43C of the Income-tax Act shall, so far as may be, apply accordingly.

Rule 3.—Agricultural income of the nature referred to in sub-clause (c) of clause (1A) of section 2 of the Income-tax Act, being income derived from any building required as a dwelling-house by the receiver of the rent or revenue or the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c) shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from house property" and the provisions of sections 23 to 27 of that Act shall, so far as may be, apply accordingly.

Rule 4.—Notwithstanding anything contained in any other provisions of these rules, in a case where the assessee derives income from sale of tea grown and manufactured by him in India, such income shall be computed in accordance with rule 8 of the Income-tax Rules, 1962, and sixty per cent. of such income shall be regarded as the agricultural income of the assessee.

Rule 5.—Where the assessee is a member of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) which in the previous year has either no income chargeable to tax under the Income-tax Act or has total income not exceeding the maximum amount not chargeable to tax in the case of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) but has any agricultural income, then, the agricultural income or loss of the association or body shall be computed in accordance with these rules and the share of the assessee in the agricultural income or loss so computed shall be regarded as the agricultural income or loss of the assessee.

Rule 6.—Where the result of the computation for the previous year in respect of any source of agricultural income is a loss, such loss shall be set off against the income of the assessee, if any, for that previous year from any other source of agricultural income:

Provided that where the assessee is a member of an association of persons or a body of individuals and the share of the assessee in the agricultural income of the association or body, as the case may be, is a loss, such loss shall not be set off against any income of the assessee from any other source of agricultural income.

Rule 7.—Any sum payable by the assessee on account of any tax levied by the State Government on the agricultural income shall be deducted in computing the agricultural income.

Rule 8.—(1) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1999, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 1991 or the 1st day of April, 1992 or the 1st day of April, 1993 or the 1st day of April, 1994 or the 1st day of April, 1995 or the 1st day of April, 1996 or the 1st day of April, 1997 or the 1st day of April, 1998, is a loss, then, for the purposes of sub-section (2) of section 2 of this Act,—

(i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1991, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1992 or the 1st day of April, 1993 or the 1st day of April, 1994 or the 1st day of April, 1995 or the 1st day of April, 1996 or the 1st day of April, 1997 or the 1st day of April, 1998,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1992, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1993 or the 1st day of April, 1994 or the 1st day of April, 1995 or the 1st day of April, 1996 or the 1st day of April, 1997 or the 1st day of April, 1998,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1993, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1994 or the 1st day of April, 1995 or the 1st day of April, 1996 or the 1st day of April, 1997 or the 1st day of April, 1998,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1994, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1995 or the 1st day of April, 1996 or the 1st day of April, 1997 or the 1st day of April, 1998,

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1995, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1996 or the 1st day of April, 1997 or the 1st day of April, 1998,

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1996, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1997 or the 1st day of April, 1998, 5

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1997, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1998,

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1998, 10

shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 1999.

(2) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 2000 or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than that previous year, in such other period, any agricultural income and the net result of the computation of the agricultural income of the 15 assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 1992 or the 1st day of April, 1993 or the 1st day of April, 1994 or the 1st day of April, 1995 or the 1st day of April, 1996 or the 1st day of April, 1997 or the 1st day of April, 1998 or the 1st day of April, 1999, is a loss, then, for the purposes of sub-section (9) of section 2 of this Act,—

(i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1992, to 20 the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1993 or the 1st day of April, 1994 or the 1st day of April, 1995 or the 1st day of April, 1996 or the 1st day of April, 1997 or the 1st day of April, 1998 or the 1st day of April, 1999,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1993, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment 25 year commencing on the 1st day of April, 1994 or the 1st day of April, 1995 or the 1st day of April, 1996 or the 1st day of April, 1997 or the 1st day of April, 1998 or the 1st day of April, 1999,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1994, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1995 or the 1st day of April, 1996 or the 1st day of April, 1997 or the 1st day of April, 30 1998 or the 1st day of April, 1999,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1995, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1996 or the 1st day of April, 1997 or the 1st day of April, 1998 or the 1st day of April, 1999, 35

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1996, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1997 or the 1st day of April, 1998 or the 1st day of April, 1999,

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1997, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment 40 year commencing on the 1st day of April, 1998 or the 1st day of April, 1999,

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1998, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1999,

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1999, 45

shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 2000.

(3) Where any person deriving any agricultural income from any source has been succeeded in such capacity by another person, otherwise than by inheritance, nothing in sub-rule (1) or sub-rule (2) shall entitle any person, other than the person incurring the loss, to have it set off under sub-rule (1) or, as the case may be, sub-rule (2). 50

(4) Notwithstanding anything contained in this rule, no loss which has not been determined by the Assessing Officer under the provisions of these rules or the rules contained in Part IV of the First Schedule to the Finance (No. 2) Act, 1991 (49 of 1991), or of the First Schedule to the Finance Act, 1992 (18 of 1992), or of the First Schedule to the Finance Act, 1993 (38 of 1993), or of the First Schedule to the Finance Act, 1994 (32 of 1994), or of the First Schedule to the Finance Act, 1995 (22 of 1995), or of the First Schedule to the Finance (No. 2) Act, 1996 (33 of 1996) or of the First Schedule to the Finance Act, 1997 (26 of 1997) or of the First 55 Schedule to the Finance (No.2) Act, 1998 (21 of 1998), shall be set off under sub-rule (1) or, as the case may be, sub-rule (2).

Rule 9.—Where the net result of the computation made in accordance with these rules is a loss, the loss so computed shall be ignored and the net agricultural income shall be deemed to be *nil*.

Rule 10.—The provisions of the Income-tax Act relating to procedure for assessment (including the provisions of section 288A relating to rounding off of income) shall, with the necessary modifications, apply in relation to the computation of the net agricultural 60 income of the assessee as they apply in relation to the assessment of the total income.

Rule 11.—For the purposes of computing the net agricultural income of the assessee, the Assessing Officer shall have the same powers as he has under the Income-tax Act for the purposes of assessment of the total income.

THE SECOND SCHEDULE

[*See* sections 116(*1*) and 133(*1*)]

Item No.	Description of goods	Rate of duty
(1)	(2)	(3)
1	High speed diesel oil	Rupee one per litre

5

THE THIRD SCHEDULE
(*See* section 117)

In the First Schedule to the Customs Tariff Act,–

(1) in Chapter 2, for the entry in column (4) occurring against all the sub-heading Nos., the entry "15%" shall be substituted;

(2) in Chapter 3, for the entry in column (4) occurring against all the sub-heading Nos., the entry "15%" shall be substituted; 5

(3) in Chapter 4, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 0402.10 and 0402.21), the entry "35%" shall be substituted;

(4) in Chapter 5,–

(i) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading No. 0507.10), the entry "15%" shall be substituted; 10

(ii) in sub-heading No. 0507.10, for the entries in column (4) and column (5), the entries "15%" and "15%" shall respectively be substituted;

(5) in Chapter 6,–

(i) in sub-heading Nos. 0601.10, 0601.20, 0602.10, 0602.20, 0602.30, 0602.40 and 0602.90, for the entry in column (4) occurring against each of them, the entry "5%" shall be substituted; 15

(ii) in sub-heading Nos. 0603.10, 0603.90, 0604.10, 0604.91 and 0604.99, for the entry in column (4) occurring against each of them, the entry "15%" shall be substituted;

(6) in Chapter 7, for the entries in column (4) and column (5) occurring against all the sub-heading Nos. (except sub-heading Nos. 0713.10, 0713.20, 0713.31, 0713.32, 0713.33, 0713.39, 0713.40, 0713.50 and 0713.90), the entries "15%" and "15%" shall respectively be substituted; 20

(7) in Chapter 8,–

(i) in sub-heading No. 0804.10, for the entries in column (4) and column (5), the entries "35%" and "25%" shall respectively be substituted;

(ii) in sub-heading Nos. 0806.10 and 0809.40, for the entries in column (4) and column (5) occurring against each of them, the entries "25%" and "15%" shall respectively be substituted; 25

(iii) in sub-heading No. 0810.90, for the entries in column (4) and column (5), the entries "15%" and "15%" shall respectively be substituted;

(8) in Chapter 9,–

(i) in sub-heading Nos. 0901.11, 0901.12, 0901.21, 0901.22 and 0901.90, for the entries in column (4) and column (5) occurring against each of them, the entries "15%" and "15% less 13 paise per kg." shall respectively be substituted; 30

(ii) in sub-heading Nos. 0902.10, 0902.20, 0902.30 and 0902.40, for the entries in column (4) and column (5) occurring against each of them, the entries "15%" and "15% less 26 paise per kg." shall respectively be substituted;

(iii) in sub-heading No. 0903.00, for the entries in column (4) and column (5), the entries "35%" and "35% less 26 paise per kg." shall respectively be substituted;

(iv) in sub-heading Nos. 0904.11 and 0904.12, for the entries in column (4) and column (5) occurring against each of them, the entries "35%" and "27.5%" shall respectively be substituted; 35

(v) in sub-heading Nos. 0904.20 and 0905.00, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(vi) in sub-heading Nos. 0906.10, 0906.20, 0907.00 and 0908.10, for the entries in column (4) and column (5) occurring against each of them, the entries "35%" and "27.5%" shall respectively be substituted; 40

(vii) in sub-heading No. 0908.20, for the entry in column (4), the entry "35%" shall be substituted;

(viii) in sub-heading No. 0908.30, for the entries in column (4) and column (5), the entries "35%" and "27.5%" shall respectively be substituted;

(ix) in sub-heading Nos. 0909.10, 0909.20, 0909.30, 0909.40, 0909.50, 0910.10, 0910.20, 0910.30, 0910.40, 0910.50, 0910.91 and 0910.99, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted; 45

(9) in Chapter 11, for the entry in column (4) occurring against all the sub-heading Nos., the entry "35%" shall be substituted;

(10) in Chapter 12,–

(i) in sub-heading Nos. 1209.11, 1209.19, 1209.21, 1209.22, 1209.23, 1209.24, 1209.25, 1209.26, 1209.29 and 1209.30, for the entry in column (4) occurring against each of them, the entry "15%" shall be substituted;

(ii) in sub-heading Nos. 1209.91 and 1209.99, for the entry in column (4) occurring against each of them, the entry "5%" shall be substituted; 50

(iii) in sub-heading No. 1211.90, for the entry in column (4), the entry "15%" shall be substituted;

(11) in Chapter 13, in sub-heading Nos. 1302.19 and 1302.20, for the entry in column (4) occurring against each of them, the entry "15%" shall be substituted;

(12) in Chapter 14, for the entry in column (4) occurring against all the sub-heading Nos., the entry "15%" shall be substituted;

5 *(13)* in Chapter 15,–

(i) in sub-heading No. 1501.00, for the entry in column (4), the entry "35%" shall be substituted;

(ii) in sub-heading No. 1502.00, for the entry in column (4), the entry "15%" shall be substituted;

(iii) in sub-heading Nos. 1503.00, 1504.10, 1504.20 and 1504.30, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

10 *(iv)* in sub-heading Nos. 1505.10 and 1505.90, for the entry in column (4) occurring against each of them, the entry "15%" shall be substituted;

(v) in sub-heading No. 1506.00, for the entry in column (4), the entry "35%" shall be substituted;

(vi) in sub-heading Nos. 1507.10, 1507.90, 1508.10, 1508.90, 1509.10, 1509.90, 1510.00, 1511.10, 1511.90, 1512.11, 1512.19, 1512.21, 1512.29, 1513.21, 1513.29, 1514.10, 1514.90, 1515.11, 1515.19, 1515.21, 1515.29, 1515.30, 1515.40, 15 1515.50, 1515.60 and 1515.90, for the entries in column (4) and column (5) occurring against each of them, the entries "35%" and "25%" shall respectively be substituted;

(vii) in sub-heading Nos. 1516.10, 1516.20, 1517.10, 1517.90, 1518.00, 1520.00, 1521.10, 1521.90 and 1522.00, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(14) in Chapter 17,–

20 *(i)* in sub-heading Nos. 1702.11 and 1702.19, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(ii) in sub-heading Nos. 1703.10 and 1703.90, for the entry in column (4) occurring against each of them, the entry "15%" shall be substituted;

(15) in Chapter 18, in sub-heading No. 1801.00, for the entry in column (4), the entry "35%" shall be substituted;

25 *(16)* in Chapter 19, in sub-heading No. 1901.10, for the entry in column (4), the entry "15%" shall be substituted;

(17) in Chapter 21, in sub-heading No. 2106.90, for the entry in column (4), the entry "180%" shall be substituted;

(18) in Chapter 22,–

(i) in sub-heading No. 2207.10, for the entry in column (4), the entry "230%" shall be substituted;

(ii) in sub-heading No. 2207.20, for the entry in column (4), the entry "15%" shall be substituted;

30 *(iii)* in sub-heading Nos. 2208.20, 2208.30, 2208.40, 2208.50, 2208.60, 2208.70 and 2208.90, for the entry in column (4) occurring against each of them, the entry "230%" shall be substituted;

(19) in Chapter 23, in sub-heading No. 2301.20, for the entry in column (4), the entry "5%" shall be substituted;

(20) in Chapter 25,–

(i) in sub-heading Nos. 2504.10 and 2504.90, for the entries in column (4) and column (5) occurring against each of them, 35 the entries "35%" and "25%" shall respectively be substituted;

(ii) in sub-heading Nos. 2510.10 and 2510.20, for the entry in column (4) occurring against each of them, the entry "5%" shall be substituted;

(21) in Chapter 26, in sub-heading Nos. 2620.11, 2620.19 and 2620.30, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

40 *(22)* in Chapter 27,–

(i) in sub-heading Nos. 2701.11, 2701.12, 2701.19, 2701.20, 2702.10, 2702.20, 2703.00 and 2704.00, for the entry in column (4) occurring against each of them, the entry "15%" shall be substituted;

(ii) in sub-heading Nos. 2705.00, 2706.00, 2707.10, 2707.20 and 2707.30, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

45 *(iii)* in sub-heading No. 2707.40, for the entry in column (4), the entry "25%" shall be substituted;

(iv) in sub-heading Nos. 2707.50, 2707.91, 2707.99, 2708.10 and 2708.20, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(23) in Chapter 28,–

(i) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 2801.20, 2814.10, 50 2814.20, 2823.00 and 2845.10), the entry "35%" shall be substituted;

(ii) in sub-heading Nos. 2801.20, for the entry in column (4), the entry "15%" shall be substituted;

(iii) in sub-heading Nos. 2814.10 and 2814.20, for the entry in column (4) occurring against each of them, the entry "5%" shall be substituted;

(iv) in sub-heading Nos. 2845.10, for the entry in column (4), the entry "15%" shall be substituted;

(24) in Chapter 29,–

(i) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 2901.10, 2901.21, 2901.22, 2901.23, 2901.24, 2901.29, 2902.11, 2902.19, 2902.20, 2902.30, 2902.41, 2902.42, 2902.43, 2902.44, 2902.50, 2902.60, 2902.70, 2902.90, 2903.15, 2903.21, 2905.11, 2905.31, 2907.11, 2910.30, 2915.21, 2917.12, 2917.36, 2917.37, 2918.12, 2918.14, 2926.10, 2933.21, 2933.71, 2936.10, 2936.21, 2936.22, 2936.23, 2936.24, 2936.25, 2936.26, 2936.27, 2936.28, 2936.29, 2936.90, 2937.10, 2937.21, 2937.22, 2937.29, 2937.91, 2937.92, 2937.99, 2939.41, 2939.42, 2939.49, 2939.50, 2941.10, 2941.20, 2941.30, 2941.40, 2941.50 and 2941.90), the entry "35%" shall be substituted; 5 10

(ii) in sub-heading Nos. 2901.10, 2901.21, 2901.22, 2901.23, 2901.24, 2901.29, 2902.11, 2902.19, 2902.20, 2902.30, 2902.41 and 2902.42, for the entry in column (4) occurring against each of them, the entry "15%" shall be substituted;

(iii) in sub-heading No. 2902.43, for the entry in column (4), the entry "5%" shall be substituted;

(iv) in sub-heading Nos. 2902.44, 2902.50, 2902.60, 2902.70, 2902.90, 2903.15 and 2903.21, for the entry in column (4) occurring against each of them, the entry "15%" shall be substituted; 15

(v) in sub-heading Nos. 2905.11 and 2910.30, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(vi) in sub-heading No. 2926.10, for the entry in column (4), the entry "15%" shall be substituted;

(vii) in sub-heading Nos. 2936.10, 2936.21, 2936.22, 2936.23, 2936.24, 2936.25, 2936.26, 2936.27, 2936.28, 2936.29 and 2936.90, for the entries in column (4) and column (5) occurring against each of them, the entries "35%" and "29%" shall respectively be substituted; 20

(viii) in sub-heading Nos. 2937.10, 2937.21, 2937.22, 2937.29, 2937.91, 2937.92, 2937.99, 2939.41, 2939.42, 2939.49 and 2939.50, for the entries in column (4) and column (5) occurring against each of them, the entries "35%" and "25%" shall respectively be substituted;

(ix) in sub-heading Nos. 2941.10, 2941.20, 2941.30, 2941.40, 2941.50 and 2941.90, for the entries in column (4) and column (5) occurring against each of them, the entries "35%" and "29%" shall respectively be substituted; 25

(25) in Chapter 30,–

(i) for the entries in column (4) and colum (5) occurring against all the sub-heading Nos. (except sub-heading Nos. 3005.10, 3005.90, 3006.10, 3006.20, 3006.30, 3006.40, 3006.50 and 3006.60), the entries "35%" and "25%" shall respectively be substituted; 30

(ii) in sub-heading Nos. 3005.10, 3005.90, 3006.10, 3006.20, 3006.30, 3006.40 and 3006.50, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(26) in Chapter 31,–

(i) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 3102.21, 3102.50, 3104.30, 3105.20, 3105.30, 3105.40, 3105.51, 3105.59, 3105.60 and 3105.90), the entry "35%" shall be substituted; 35

(ii) in sub-heading Nos. 3102.21, 3105.20, 3105.51, 3105.59, 3105.60 and 3105.90, for the entries in column (4) occurring against each of them, the entry "5%" shall be substituted;

(27) in Chapter 32,–

(i) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 3201.10, 3201.20, 3201.90, 3206.11 and 3206.19), the entry "35%" shall be substituted; 40

(ii) in sub-heading Nos. 3201.10 and 3201.20, for the entry in column (4) occurring against each of them, the entry "15%" shall be substituted;

(iii) in sub-heading No. 3201.90, for the entries in column (4) and column (5), the entries "15%" and "5%" shall respectively be substituted;

(28) in Chapter 33, in sub-heading No. 3302.10, for the entry in column (4), the entry "180%" shall be substituted; 45

(29) in Chapter 35, for the entry in column (4) occurring against all the sub-heading Nos., the entry "35%" shall be substituted;

(30) in Chapter 36, for the entry in column (4) occurring against all the sub-heading Nos., the entry "35%" shall be substituted;

(31) in Chapter 37,–

(i) in sub-heading Nos. 3701.20 and 3702.20, for the entry in column (4) occurring against each of them, the entry "15%" shall be substituted; 50

(ii) in sub-heading Nos. 3707.10 and 3707.90, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(32) in Chapter 38,–

(i) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 3801.10, 3802.10, 3812.10, 3815.11, 3815.12, 3815.19, 3815.90, 3817.10 and 3818.00), the entry "35%" shall be substituted; 55

(ii) in sub-heading Nos. 3801.10, 3802.10 and 3812.10, for the entries in column (4) and column (5) occurring against each of them, the entries "35%" and "25%" shall respectively be substituted;

(iii) in sub-heading No. 3817.10, for the entry in column (4), the entry "25%" shall be substituted;

(iv) in sub-heading No. 3818.00, for the entry in column (4), the entry "15%" shall be substituted;

5 *(33)* in Chapter 39, for the entry in column (4) occurring against all the sub-heading Nos., the entry "35%" shall be substituted;

(34) in Chapter 40, in sub-heading Nos. 4001.10, 4001.21, 4001.22 and 4001.29, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(35) in Chapter 41, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 4101.10, 4101.21, 4101.22, 4101.29, 4101.30, 4101.40, 4102.10, 4102.21, 4102.29, 4103.10, 4103.20 and 4103.90), the entry "25%" 10 shall be substituted;

(36) in Chapter 43, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 4301.30, 4302.13, 4303.10, 4303.90 and 4304.00), the entry "15%" shall be substituted;

(37) in Chapter 44,–

(i) in sub-heading Nos. 4401.10, 4401.21, 4401.22, 4401.30, 4402.00, 4403.10, 4403.20, 4403.41, 4403.49, 4403.91, 15 4403.92 and 4403.99, for the entry in column (4) occurring against each of them, the entry "5%" shall be substituted;

(ii) in sub-heading Nos. 4408.10, 4408.31, 4408.39, 4408.90, 4409.10, 4409.20, 4412.13, 4412.14, 4412.19, 4412.22, 4412.23, 4412.29, 4412.92, 4412.93, 4412.99, 4413.00, 4414.00, 4415.10, 4415.20, 4416.00, 4417.00, 4418.10, 4418.20, 4418.30, 4418.40, 4418.50, 4418.90, 4419.00, 4420.10, 4420.90, 4421.10 and 4421.90, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

20 *(38)* in Chapter 45, for the entry in column (4) occurring against all the sub-heading Nos., the entry "35%" shall be substituted;

(39) in Chapter 47, in sub-heading No. 4702.00, for the entry in column (4), the entry "5%" shall be substituted;

(40) in Chapter 48,–

(i) in sub-heading No. 4801.00, for the entry in column (4), the entry "15%" shall be substituted;

(ii) in sub-heading Nos. 4802.10, 4802.20, 4802.30, 4802.40, 4802.51, 4802.52, 4802.53, 4802.60, 4803.00, 4804.11, 25 4804.19, 4804.21, 4804.29, 4804.31, 4804.39, 4804.41, 4804.42, 4804.49, 4804.51, 4804.52, 4804.59, 4805.10, 4805.21, 4805.22, 4805.23, 4805.29, 4805.30, 4805.40, 4805.50, 4805.60, 4805.70, 4805.80, 4806.10, 4806.20, 4806.30, 4806.40, 4807.10, 4807.90, 4808.10, 4808.20, 4808.30, 4808.90, 4809.10, 4809.20, 4809.90, 4810.11, 4810.12, 4810.21, 4810.29, 4810.31, 4810.32, 4810.39, 4810.91, 4810.99, 4811.10, 4811.21, 4811.29, 4811.31, 4811.39, 4811.40, 4811.90 and 4823.20, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

30 *(41)* in Chapter 49, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 4902.10, 4902.90, 4904.00, 4905.10, 4905.91, 4905.99 and 4906.00), the entry "25%" shall be substituted;

(42) in Chapter 50, for the entry in column (4) occurring against all the sub-heading Nos., the entry "35%" shall be substituted;

(43) in Chapter 51,–

(i) in sub-heading Nos. 5101.11, 5101.19, 5101.21, 5101.29, 5101.30, 5102.10, 5102.20, 5103.10, 5103.20, 5103.30 and 35 5104.00, for the entry in column (4) occurring against each of them, the entry "15%" shall be substituted;

(ii) in sub-heading Nos. 5105.10, 5105.21, 5105.29, 5105.30 and 5105.40, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(44) in Chapter 52, in sub-heading No. 5201.00, for the entry in column (4), the entry "5%" shall be substituted;

(45) in Chapter 53, in sub-heading Nos. 5301.10, 5301.21, 5301.29, 5301.30, 5302.10, 5302.90, 5303.10, 5303.90, 5304.10, 40 5304.90, 5305.11, 5305.19, 5305.21, 5305.29, 5305.91 and 5305.99, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(46) in Chapter 54, in sub-heading Nos. 5402.10, 5402.20, 5402.31, 5402.32, 5402.33, 5402.39, 5402.41, 5402.42, 5402.43, 5402.49, 5402.51, 5402.52, 5402.59, 5402.61, 5402.62, 5402.69, 5403.10, 5403.20, 5403.31, 5403.32, 5403.33, 5403.39, 5403.41, 5403.42 and 5403.49, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

45 *(47)* in Chapter 55, in sub-heading Nos. 5501.10, 5501.20, 5501.30, 5501.90, 5502.00, 5503.10, 5503.20, 5503.30, 5503.40, 5503.90, 5504.10, 5504.90, 5505.10, 5505.20, 5506.10, 5506.20, 5506.30, 5506.90 and 5507.00, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(48) in Chapter 68, in sub-heading Nos. 6806.10, 6806.20 and 6806.90, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

50 *(49)* in Chapter 69, in sub-heading Nos. 6902.10, 6902.20, 6902.90, 6903.10, 6903.20 and 6903.90, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(50) in Chapter 72,–

(i) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 7202.11, 7202.19, 7202.21, 7202.29, 7202.30, 7202.41, 7202.49, 7202.50, 7202.60, 7202.70, 7202.80, 7202.91, 7202.92, 7202.93 and 7202.99), 55 the entry "35%" shall be substituted;

(ii) in sub-heading Nos. 7202.11, 7202.19, 7202.21, 7202.29, 7202.30, 7202.41, 7202.49, 7202.50, 7202.60, 7202.70, 7202.80, 7202.91, 7202.92, 7202.93 and 7202.99, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(51) in Chapter 73, for the entry in column (4) occurring against all the sub-heading Nos., the entry "35%" shall be substituted;

(52) in Chapter 74, in sub-heading Nos. 7401.10, 7401.20, 7402.00, 7403.11, 7403.12, 7403.13, 7403.19, 7403.21, 7403.22, 7403.23, 7403.29 and 7404.00, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted; 5

(53) in Chapter 75, for the entry in column (4) occurring against all the sub-heading Nos., the entry "15%" shall be substituted;

(54) in Chapter 76, for the entry in column (4) occurring against all the sub-heading Nos., the entry "25%" shall be substituted;

(55) in Chapter 78, for the entry in column (4) occurring against all the sub-heading Nos., the entry "35%" shall be substituted;

(56) in Chapter 79, for the entry in column (4) occurring against all the sub-heading Nos., the entry "35%" shall be substituted; 10

(57) in Chapter 80, for the entry in column (4) occurring against all the sub-heading Nos., the entry "25%" shall be substituted;

(58) in Chapter 81,–

(i) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 8104.11 and 8104.19), the entry "35%" shall be substituted;

(ii) in sub-heading Nos. 8104.11 and 8104.19, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted; 15

(59) in Chapter 84,–

(i) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 8407.21, 8407.31, 8407.32, 8407.33, 8407.34, 8408.20, 8409.91, 8409.99, 8414.30, 8414.80, 8414.90, 8415.10, 8415.20, 8415.81, 8415.82, 8415.83, 8415.90, 8418.21, 8418.22, 8418.29, 8418.91, 8418.99, 8422.11, 8422.19, 8422.90, 8423.10, 8448.19, 8450.11, 8450.12, 8450.19, 8450.20, 8450.90, 8451.10, 8451.90, 8452.10, 8452.30, 8452.40, 8452.90, 8469.12, 8469.20, 8469.30, 8471.10, 8471.30, 8471.41, 8471.49, 8471.50, 8471.60, 8471.70, 8471.80, 8471.90, 8472.10, 8472.20, 8472.30, 8472.90, 8473.10, 8473.30, 8473.40, 8473.50, 8479.50, 8479.60, 8479.89, 8482.10, 8482.20, 8482.30, 8482.40, 8482.50, 8482.80, 8482.91, 8482.99, 8483.20, 8485.10 and 8485.90), the entry "25%" shall be substituted; 20

(ii) in sub-heading Nos. 8407.31, 8407.32, 8407.33, 8407.34, 8408.20, 8409.91, 8409.99, 8414.30, 8414.80, 8414.90, 8450.20, 8451.10, 8451.90, 8452.30 and 8452.40, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted; 25

(iii) in sub-heading No. 8471.70, for the entry in column (4), the entry "5%" shall be substituted;

(iv) in sub-heading No. 8473.50, for the entry in column (4), the entry "20%" shall be substituted;

(v) in sub-heading Nos. 8479.50, 8479.60 and 8479.89, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted; 30

(vi) in sub-heading Nos. 8482.10, 8482.20, 8482.30, 8482.40, 8482.50, 8482.80, 8482.91, 8482.99 and 8483.20, for the entry in column (4) occurring against each of them, the entry "15% plus Rs. 150 per kg." shall be substituted;

(vii) in sub-heading Nos. 8485.10 and 8485.90, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

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(60) in Chapter 85,–

(i) in sub-heading Nos. 8501.10, 8501.20, 8501.31, 8501.32, 8501.33, 8501.34, 8501.40, 8501.51, 8501.52, 8501.53, 8501.61, 8501.62, 8501.63, 8501.64, 8502.11, 8502.12, 8502.13, 8502.20, 8502.31, 8502.39, 8502.40, 8503.00, 8504.10, 8504.21, 8504.22, 8504.23, 8504.31, 8504.32, 8504.33, 8504.34, 8504.40, 8504.50, 8504.90, 8505.11, 8505.19, 8505.20, 8505.30, 8505.90, 8508.10, 8508.20, 8508.80, 8508.90, 8514.10, 8514.20, 8514.30, 8514.40, 8514.90, 8515.11, 8515.19, 8515.21, 8515.29, 8515.31, 8515.39, 8515.80, 8515.90 and 8516.90, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted; 40

(ii) in sub-heading Nos. 8517.11, 8517.19, 8517.21 and 8517.22, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(iii) in sub-heading Nos. 8517.30 and 8517.50, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted; 45

(iv) in sub-heading No. 8517.80, for the entry in column (4), the entry "35%" shall be substituted;

(v) in sub-heading Nos. 8518.90 and 8520.20, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(vi) in sub-heading No. 8522.10, for the entry in column (4), the entry "35%" shall be substituted;

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(vii) in sub-heading Nos. 8523.11, 8523.12, 8523.13, 8523.20, 8523.90, 8524.31, 8524.40, 8524.91, 8525.10 and 8525.20, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(viii) in sub-heading No. 8527.90, for the entry in column (4), the entry "35%" shall be substituted;

(ix) in sub-heading Nos. 8529.10, 8529.90, 8530.10, 8530.80, 8530.90 and 8531.20, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(x) in sub-heading No. 8532.21, for the entry in column (4), the entry "15%" shall be substituted;

(xi) in sub-heading Nos. 8532.22 and 8532.23, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(xii) in sub-heading No. 8532.24, for the entry in column (4), the entry "15%" shall be substituted;

(xiii) in sub-heading Nos. 8532.25, 8532.29 and 8532.30, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(xiv) in sub-heading Nos. 8532.90, 8533.10, 8533.21, 8533.29, 8533.31, 8533.39, 8533.40 and 8534.00, for the entry in column (4) occurring against each of them, the entry "15%" shall be substituted;

(xv) in sub-heading Nos. 8536.10, 8536.20, 8536.30, 8536.41, 8536.49, 8536.50, 8536.61, 8536.69, 8536.90 and 8537.10, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(xvi) in sub-heading No. 8537.20, for the entry in column (4), the entry "25%" shall be substituted;

(xvii) in sub-heading Nos. 8538.10, 8538.90 and 8540.11, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(xviii) in sub-heading Nos. 8540.12 and 8540.20, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(xix) in sub-heading No. 8540.40, for the entry in column (4), the entry "5%" shall be substituted;

(xx) in sub-heading Nos. 8540.50, 8540.60, 8540.71, 8540.72, 8540.79, 8540.81 and 8540.89, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(xxi) in sub-heading No. 8540.91, for the entry in column (4), the entry "35%" shall be substituted;

(xxii) in sub-heading No. 8540.99, for the entry in column (4), the entry "25%" shall be substituted;

(xxiii) in sub-heading Nos. 8541.10, 8541.21, 8541.29, 8541.30, 8541.40, 8541.50 and 8541.60, for the entry in column (4) occurring against each of them, the entry "15%" shall be substituted;

(xxiv) in sub-heading Nos. 8542.12, 8542.13, 8542.14, 8542.19, 8542.30, 8542.40, 8542.50 and 8542.90, for the entry in column (4) occurring against each of them, the entry "5%" shall be substituted;

(xxv) in sub-heading Nos. 8543.11, 8543.19, 8543.20 and 8543.30, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(xxvi) in sub-heading No. 8543.40, for the entry in column (4), the entry "35%" shall be substituted;

(xxvii) in sub-heading No. 8543.81, for the entry in column (4), the entry "25%" shall be substituted;

(xxviii) in sub-heading No. 8543.89, for the entry in column (4), the entry "35%" shall be substituted;

(xxix) in sub-heading Nos. 8543.90, 8544.70, 8545.11, 8545.19, 8545.20, 8545.90, 8546.10, 8546.20, 8546.90, 8547.10, 8547.20 and 8547.90, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(xxx) in sub-heading Nos. 8548.10 and 8548.90, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(61) in Chapter 90, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 9001.10, 9001.20, 9001.30, 9001.40, 9001.50, 9001.90, 9002.11, 9002.19, 9002.20, 9002.90, 9003.11, 9003.19, 9003.90, 9004.10, 9004.90, 9005.10, 9005.80, 9005.90, 9006.10, 9006.20, 9006.30, 9006.40, 9006.51, 9006.52, 9006.53, 9006.59, 9006.61, 9006.62, 9006.69, 9007.11, 9007.19, 9007.20, 9008.10, 9008.20, 9008.30, 9008.40, 9009.11, 9009.12, 9009.21, 9009.22, 9009.30, 9010.10, 9010.41, 9010.42, 9010.49, 9010.50, 9010.60, 9022.19, 9022.29, 9022.30, 9022.90, 9026.20, 9026.80, 9026.90, 9027.20, 9027.30, 9027.50 and 9027.80), the entry "25%" shall be substituted;

(62) in Chapter 91,–

(i) in sub-heading Nos. 9108.11, 9108.12, 9108.19, 9108.20, 9108.91, 9108.99, 9110.11, 9110.12, 9110.19 and 9110.90, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(ii) in sub-heading Nos. 9111.20, 9111.80, 9112.10, 9112.80, 9112.90, 9113.20 and 9113.90, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(63) in Chapter 92, for the entry in column (4) occurring against all the sub-heading Nos., the entry "35%" shall be substituted;

(64) in Chapter 98,–

(i) in sub-heading No. 9801.00, for the entry in column (4), the entry "25%" shall be substituted;

(ii) in sub-heading Nos. 9802.00 and 9804.10, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(65) in Chapter 99, heading No. 99.02 and the entries relating thereto shall be omitted;

THE THIRD SCHEDULE
(*See* section 117)

In the First Schedule to the Customs Tariff Act,–

(1) in Chapter 2, for the entry in column (4) occurring against all the sub-heading Nos., the entry "15%" shall be substituted;

(2) in Chapter 3, for the entry in column (4) occurring against all the sub-heading Nos., the entry "15%" shall be substituted;

(3) in Chapter 4, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 0402.10 and 0402.21), the entry "35%" shall be substituted;

(4) in Chapter 5,–

(i) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading No. 0507.10), the entry "15%" shall be substituted;

(ii) in sub-heading No. 0507.10, for the entries in column (4) and column (5), the entries "15%" and "15%" shall respectively be substituted;

(5) in Chapter 6,–

(i) in sub-heading Nos. 0601.10, 0601.20, 0602.10, 0602.20, 0602.30, 0602.40 and 0602.90, for the entry in column (4) occurring against each of them, the entry "5%" shall be substituted;

(ii) in sub-heading Nos. 0603.10, 0603.90, 0604.10, 0604.91 and 0604.99, for the entry in column (4) occurring against each of them, the entry "15%" shall be substituted;

(6) in Chapter 7, for the entries in column (4) and column (5) occurring against all the sub-heading Nos. (except sub-heading Nos. 0713.10, 0713.20, 0713.31, 0713.32, 0713.33, 0713.39, 0713.40, 0713.50 and 0713.90), the entries "15%" and "15%" shall respectively be substituted;

(7) in Chapter 8,–

(i) in sub-heading No. 0804.10, for the entries in column (4) and column (5), the entries "35%" and "25%" shall respectively be substituted;

(ii) in sub-heading Nos. 0806.10 and 0809.40, for the entries in column (4) and column (5) occurring against each of them, the entries "25%" and "15%" shall respectively be substituted;

(iii) in sub-heading No. 0810.90, for the entries in column (4) and column (5), the entries "15%" and "15%" shall respectively be substituted;

(8) in Chapter 9,–

(i) in sub-heading Nos. 0901.11, 0901.12, 0901.21, 0901.22 and 0901.90, for the entries in column (4) and column (5) occurring against each of them, the entries "15%" and "15% less 13 paise per kg." shall respectively be substituted;

(ii) in sub-heading Nos. 0902.10, 0902.20, 0902.30 and 0902.40, for the entries in column (4) and column (5) occurring against each of them, the entries "15%" and "15% less 26 paise per kg." shall respectively be substituted;

(iii) in sub-heading No. 0903.00, for the entries in column (4) and column (5), the entries "35%" and "35% less 26 paise per kg." shall respectively be substituted;

(iv) in sub-heading Nos. 0904.11 and 0904.12, for the entries in column (4) and column (5) occurring against each of them, the entries "35%" and "27.5%" shall respectively be substituted;

(v) in sub-heading Nos. 0904.20 and 0905.00, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(vi) in sub-heading Nos. 0906.10, 0906.20, 0907.00 and 0908.10, for the entries in column (4) and column (5) occurring against each of them, the entries "35%" and "27.5%" shall respectively be substituted;

(vii) in sub-heading No. 0908.20, for the entry in column (4), the entry "35%" shall be substituted;

(viii) in sub-heading No. 0908.30, for the entries in column (4) and column (5), the entries "35%" and "27.5%" shall respectively be substituted;

(ix) in sub-heading Nos. 0909.10, 0909.20, 0909.30, 0909.40, 0909.50, 0910.10, 0910.20, 0910.30, 0910.40, 0910.50, 0910.91 and 0910.99, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(9) in Chapter 11, for the entry in column (4) occurring against all the sub-heading Nos., the entry "35%" shall be substituted;

(10) in Chapter 12,–

(i) in sub-heading Nos. 1209.11, 1209.19, 1209.21, 1209.22, 1209.23, 1209.24, 1209.25, 1209.26, 1209.29 and 1209.30, for the entry in column (4) occurring against each of them, the entry "15%" shall be substituted;

(ii) in sub-heading Nos. 1209.91 and 1209.99, for the entry in column (4) occurring against each of them, the entry "5%" shall be substituted;

(iii) in sub-heading No. 1211.90, for the entry in column (4), the entry "15%" shall be substituted;

(11) in Chapter 13, in sub-heading Nos. 1302.19 and 1302.20, for the entry in column (4) occurring against each of them, the entry "15%" shall be substituted;

(12) in Chapter 14, for the entry in column (4) occurring against all the sub-heading Nos., the entry "15%" shall be substituted;

5 *(13)* in Chapter 15,–

(i) in sub-heading No. 1501.00, for the entry in column (4), the entry "35%" shall be substituted;

(ii) in sub-heading No. 1502.00, for the entry in column (4), the entry "15%" shall be substituted;

(iii) in sub-heading Nos. 1503.00, 1504.10, 1504.20 and 1504.30, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

10 *(iv)* in sub-heading Nos. 1505.10 and 1505.90, for the entry in column (4) occurring against each of them, the entry "15%" shall be substituted;

(v) in sub-heading No. 1506.00, for the entry in column (4), the entry "35%" shall be substituted;

(vi) in sub-heading Nos. 1507.10, 1507.90, 1508.10, 1508.90, 1509.10, 1509.90, 1510.00, 1511.10, 1511.90, 1512.11, 1512.19, 1512.21, 1512.29, 1513.21, 1513.29, 1514.10, 1514.90, 1515.11, 1515.19, 1515.21, 1515.29, 1515.30, 1515.40, 15 1515.50, 1515.60 and 1515.90, for the entries in column (4) and column (5) occurring against each of them, the entries "35%" and "25%" shall respectively be substituted;

(vii) in sub-heading Nos. 1516.10, 1516.20, 1517.10, 1517.90, 1518.00, 1520.00, 1521.10, 1521.90 and 1522.00, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(14) in Chapter 17,–

20 *(i)* in sub-heading Nos. 1702.11 and 1702.19, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(ii) in sub-heading Nos. 1703.10 and 1703.90, for the entry in column (4) occurring against each of them, the entry "15%" shall be substituted;

(15) in Chapter 18, in sub-heading No. 1801.00, for the entry in column (4), the entry "35%" shall be substituted;

25 *(16)* in Chapter 19, in sub-heading No. 1901.10, for the entry in column (4), the entry "15%" shall be substituted;

(17) in Chapter 21, in sub-heading No. 2106.90, for the entry in column (4), the entry "180%" shall be substituted;

(18) in Chapter 22,–

(i) in sub-heading No. 2207.10, for the entry in column (4), the entry "230%" shall be substituted;

(ii) in sub-heading No. 2207.20, for the entry in column (4), the entry "15%" shall be substituted;

30 *(iii)* in sub-heading Nos. 2208.20, 2208.30, 2208.40, 2208.50, 2208.60, 2208.70 and 2208.90, for the entry in column (4) occurring against each of them, the entry "230%" shall be substituted;

(19) in Chapter 23, in sub-heading No. 2301.20, for the entry in column (4), the entry "5%" shall be substituted;

(20) in Chapter 25,–

(i) in sub-heading Nos. 2504.10 and 2504.90, for the entries in column (4) and column (5) occurring against each of them, 35 the entries "35%" and "25%" shall respectively be substituted;

(ii) in sub-heading Nos. 2510.10 and 2510.20, for the entry in column (4) occurring against each of them, the entry "5%" shall be substituted;

(21) in Chapter 26, in sub-heading Nos. 2620.11, 2620.19 and 2620.30, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

40 *(22)* in Chapter 27,–

(i) in sub-heading Nos. 2701.11, 2701.12, 2701.19, 2701.20, 2702.10, 2702.20, 2703.00 and 2704.00, for the entry in column (4) occurring against each of them, the entry "15%" shall be substituted;

(ii) in sub-heading Nos. 2705.00, 2706.00, 2707.10, 2707.20 and 2707.30, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

45 *(iii)* in sub-heading No. 2707.40, for the entry in column (4), the entry "25%" shall be substituted;

(iv) in sub-heading Nos. 2707.50, 2707.91, 2707.99, 2708.10 and 2708.20, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(23) in Chapter 28,–

(i) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 2801.20, 2814.10, 50 2814.20, 2823.00 and 2845.10), the entry "35%" shall be substituted;

(ii) in sub-heading Nos. 2801.20, for the entry in column (4), the entry "15%" shall be substituted;

(iii) in sub-heading Nos. 2814.10 and 2814.20, for the entry in column (4) occurring against each of them, the entry "5%" shall be substituted;

(iv) in sub-heading Nos. 2845.10, for the entry in column (4), the entry "15%" shall be substituted;

(24) in Chapter 29,–

(i) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 2901.10, 2901.21, 2901.22, 2901.23, 2901.24, 2901.29, 2902.11, 2902.19, 2902.20, 2902.30, 2902.41, 2902.42, 2902.43, 2902.44, 2902.50, 2902.60, 2902.70, 2902.90, 2903.15, 2903.21, 2905.11, 2905.31, 2907.11, 2910.30, 2915.21, 2917.12, 2917.36, 2917.37, 2918.12, 2918.14, 2926.10, 2933.21, 2933.71, 2936.10, 2936.21, 2936.22, 2936.23, 2936.24, 2936.25, 2936.26, 2936.27, 2936.28, 2936.29, 2936.90, 2937.10, 2937.21, 2937.22, 2937.29, 2937.91, 2937.92, 2937.99, 2939.41, 2939.42, 2939.49, 2939.50, 2941.10, 2941.20, 2941.30, 2941.40, 2941.50 and 2941.90), the entry "35%" shall be substituted;

(ii) in sub-heading Nos. 2901.10, 2901.21, 2901.22, 2901.23, 2901.24, 2901.29, 2902.11, 2902.19, 2902.20, 2902.30, 2902.41 and 2902.42, for the entry in column (4) occurring against each of them, the entry "15%" shall be substituted;

(iii) in sub-heading No. 2902.43, for the entry in column (4), the entry "5%" shall be substituted;

(iv) in sub-heading Nos. 2902.44, 2902.50, 2902.60, 2902.70, 2902.90, 2903.15 and 2903.21, for the entry in column (4) occurring against each of them, the entry "15%" shall be substituted;

(v) in sub-heading Nos. 2905.11 and 2910.30, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(vi) in sub-heading No. 2926.10, for the entry in column (4), the entry "15%" shall be substituted;

(vii) in sub-heading Nos. 2936.10, 2936.21, 2936.22, 2936.23, 2936.24, 2936.25, 2936.26, 2936.27, 2936.28, 2936.29 and 2936.90, for the entries in column (4) and column (5) occurring against each of them, the entries "35%" and "29%" shall respectively be substituted;

(viii) in sub-heading Nos. 2937.10, 2937.21, 2937.22, 2937.29, 2937.91, 2937.92, 2937.99, 2939.41, 2939.42, 2939.49 and 2939.50, for the entries in column (4) and column (5) occurring against each of them, the entries "35%" and "25%" shall respectively be substituted;

(ix) in sub-heading Nos. 2941.10, 2941.20, 2941.30, 2941.40, 2941.50 and 2941.90, for the entries in column (4) and column (5) occurring against each of them, the entries "35%" and "29%" shall respectively be substituted;

(25) in Chapter 30,–

(i) for the entries in column (4) and colum (5) occurring against all the sub-heading Nos. (except sub-heading Nos. 3005.10, 3005.90, 3006.10, 3006.20, 3006.30, 3006.40, 3006.50 and 3006.60), the entries "35%" and "25%" shall respectively be substituted;

(ii) in sub-heading Nos. 3005.10, 3005.90, 3006.10, 3006.20, 3006.30, 3006.40 and 3006.50, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(26) in Chapter 31,–

(i) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 3102.21, 3102.50, 3104.30, 3105.20, 3105.30, 3105.40, 3105.51, 3105.59, 3105.60 and 3105.90), the entry "35%" shall be substituted;

(ii) in sub-heading Nos. 3102.21, 3105.20, 3105.51, 3105.59, 3105.60 and 3105.90, for the entries in column (4) occurring against each of them, the entry "5%" shall be substituted;

(27) in Chapter 32,–

(i) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 3201.10, 3201.20, 3201.90, 3206.11 and 3206.19), the entry "35%" shall be substituted;

(ii) in sub-heading Nos. 3201.10 and 3201.20, for the entry in column (4) occurring against each of them, the entry "15%" shall be substituted;

(iii) in sub-heading No. 3201.90, for the entries in column (4) and column (5), the entries "15%" and "5%" shall respectively be substituted;

(28) in Chapter 33, in sub-heading No. 3302.10, for the entry in column (4), the entry "180%" shall be substituted;

(29) in Chapter 35, for the entry in column (4) occurring against all the sub-heading Nos., the entry "35%" shall be substituted;

(30) in Chapter 36, for the entry in column (4) occurring against all the sub-heading Nos., the entry "35%" shall be substituted;

(31) in Chapter 37,–

(i) in sub-heading Nos. 3701.20 and 3702.20, for the entry in column (4) occurring against each of them, the entry "15%" shall be substituted;

(ii) in sub-heading Nos. 3707.10 and 3707.90, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(32) in Chapter 38,–

(i) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 3801.10, 3802.10, 3812.10, 3815.11, 3815.12, 3815.19, 3815.90, 3817.10 and 3818.00), the entry "35%" shall be substituted;

(ii) in sub-heading Nos. 3801.10, 3802.10 and 3812.10, for the entries in column (4) and column (5) occurring against each of them, the entries "35%" and "25%" shall respectively be substituted;

(iii) in sub-heading No. 3817.10, for the entry in column (4), the entry "25%" shall be substituted;

(iv) in sub-heading No. 3818.00, for the entry in column (4), the entry "15%" shall be substituted;

5 *(33)* in Chapter 39, for the entry in column (4) occurring against all the sub-heading Nos., the entry "35%" shall be substituted;

(34) in Chapter 40, in sub-heading Nos. 4001.10, 4001.21, 4001.22 and 4001.29, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(35) in Chapter 41, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 4101.10, 4101.21, 4101.22, 4101.29, 4101.30, 4101.40, 4102.10, 4102.21, 4102.29, 4103.10, 4103.20 and 4103.90), the entry "25%"
10 shall be substituted;

(36) in Chapter 43, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 4301.30, 4302.13, 4303.10, 4303.90 and 4304.00), the entry "15%" shall be substituted;

(37) in Chapter 44,–

(i) in sub-heading Nos. 4401.10, 4401.21, 4401.22, 4401.30, 4402.00, 4403.10, 4403.20, 4403.41, 4403.49, 4403.91,
15 4403.92 and 4403.99, for the entry in column (4) occurring against each of them, the entry "5%" shall be substituted;

(ii) in sub-heading Nos. 4408.10, 4408.31, 4408.39, 4408.90, 4409.10, 4409.20, 4412.13, 4412.14, 4412.19, 4412.22, 4412.23, 4412.29, 4412.92, 4412.93, 4412.99, 4413.00, 4414.00, 4415.10, 4415.20, 4416.00, 4417.00, 4418.10, 4418.20, 4418.30, 4418.40, 4418.50, 4418.90, 4419.00, 4420.10, 4420.90, 4421.10 and 4421.90, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

20 *(38)* in Chapter 45, for the entry in column (4) occurring against all the sub-heading Nos., the entry "35%" shall be substituted;

(39) in Chapter 47, in sub-heading No. 4702.00, for the entry in column (4), the entry "5%" shall be substituted;

(40) in Chapter 48,–

(i) in sub-heading No. 4801.00, for the entry in column (4), the entry "15%" shall be substituted;

(ii) in sub-heading Nos. 4802.10, 4802.20, 4802.30, 4802.40, 4802.51, 4802.52, 4802.53, 4802.60, 4803.00, 4804.11,
25 4804.19, 4804.21, 4804.29, 4804.31, 4804.39, 4804.41, 4804.42, 4804.49, 4804.51, 4804.52, 4804.59, 4805.10, 4805.21, 4805.22, 4805.23, 4805.29, 4805.30, 4805.40, 4805.50, 4805.60, 4805.70, 4805.80, 4806.10, 4806.20, 4806.30, 4806.40, 4807.10, 4807.90, 4808.10, 4808.20, 4808.30, 4808.90, 4809.10, 4809.20, 4809.90, 4810.11, 4810.12, 4810.21, 4810.29, 4810.31, 4810.32, 4810.39, 4810.91, 4810.99, 4811.10, 4811.21, 4811.29, 4811.31, 4811.39, 4811.40, 4811.90 and 4823.20, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

30 *(41)* in Chapter 49, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 4902.10, 4902.90, 4904.00, 4905.10, 4905.91, 4905.99 and 4906.00), the entry "25%" shall be substituted;

(42) in Chapter 50, for the entry in column (4) occurring against all the sub-heading Nos., the entry "35%" shall be substituted;

(43) in Chapter 51,–

(i) in sub-heading Nos. 5101.11, 5101.19, 5101.21, 5101.29, 5101.30, 5102.10, 5102.20, 5103.10, 5103.20, 5103.30 and
35 5104.00, for the entry in column (4) occurring against each of them, the entry "15%" shall be substituted;

(ii) in sub-heading Nos. 5105.10, 5105.21, 5105.29, 5105.30 and 5105.40, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(44) in Chapter 52, in sub-heading No. 5201.00, for the entry in column (4), the entry "5%" shall be substituted;

(45) in Chapter 53, in sub-heading Nos. 5301.10, 5301.21, 5301.29, 5301.30, 5302.10, 5302.90, 5303.10, 5303.90, 5304.10,
40 5304.90, 5305.11, 5305.19, 5305.21, 5305.29, 5305.91 and 5305.99, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(46) in Chapter 54, in sub-heading Nos. 5402.10, 5402.20, 5402.31, 5402.32, 5402.33, 5402.39, 5402.41, 5402.42, 5402.43, 5402.49, 5402.51, 5402.52, 5402.59, 5402.61, 5402.62, 5402.69, 5403.10, 5403.20, 5403.31, 5403.32, 5403.33, 5403.39, 5403.41, 5403.42 and 5403.49, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

45 *(47)* in Chapter 55, in sub-heading Nos. 5501.10, 5501.20, 5501.30, 5501.90, 5502.00, 5503.10, 5503.20, 5503.30, 5503.40, 5503.90, 5504.10, 5504.90, 5505.10, 5505.20, 5506.10, 5506.20, 5506.30, 5506.90 and 5507.00, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(48) in Chapter 68, in sub-heading Nos. 6806.10, 6806.20 and 6806.90, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

50 *(49)* in Chapter 69, in sub-heading Nos. 6902.10, 6902.20, 6902.90, 6903.10, 6903.20 and 6903.90, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(50) in Chapter 72,–

(i) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 7202.11, 7202.19, 7202.21, 7202.29, 7202.30, 7202.41, 7202.49, 7202.50, 7202.60, 7202.70, 7202.80, 7202.91, 7202.92, 7202.93 and 7202.99),
55 the entry "35%" shall be substituted;

(ii) in sub-heading Nos. 7202.11, 7202.19, 7202.21, 7202.29, 7202.30, 7202.41, 7202.49, 7202.50, 7202.60, 7202.70, 7202.80, 7202.91, 7202.92, 7202.93 and 7202.99, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(51) in Chapter 73, for the entry in column (4) occurring against all the sub-heading Nos., the entry "35%" shall be substituted;

(52) in Chapter 74, in sub-heading Nos. 7401.10, 7401.20, 7402.00, 7403.11, 7403.12, 7403.13, 7403.19, 7403.21, 7403.22, 7403.23, 7403.29 and 7404.00, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted; 5

(53) in Chapter 75, for the entry in column (4) occurring against all the sub-heading Nos., the entry "15%" shall be substituted;

(54) in Chapter 76, for the entry in column (4) occurring against all the sub-heading Nos., the entry "25%" shall be substituted;

(55) in Chapter 78, for the entry in column (4) occurring against all the sub-heading Nos., the entry "35%" shall be substituted;

(56) in Chapter 79, for the entry in column (4) occurring against all the sub-heading Nos., the entry "35%" shall be substituted; 10

(57) in Chapter 80, for the entry in column (4) occurring against all the sub-heading Nos., the entry "25%" shall be substituted;

(58) in Chapter 81,–

(i) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 8104.11 and 8104.19), the entry "35%" shall be substituted;

(ii) in sub-heading Nos. 8104.11 and 8104.19, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted; 15

(59) in Chapter 84,–

(i) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 8407.21, 8407.31, 8407.32, 8407.33, 8407.34, 8408.20, 8409.91, 8409.99, 8414.30, 8414.80, 8414.90, 8415.10, 8415.20, 8415.81, 8415.82, 8415.83, 8415.90, 8418.21, 8418.22, 8418.29, 8418.91, 8418.99, 8422.11, 8422.19, 8422.90, 8423.10, 8448.19, 8450.11, 8450.12, 8450.19, 8450.20, 8450.90, 8451.10, 8451.90, 8452.10, 8452.30, 8452.40, 8452.90, 8469.12, 8469.20, 8469.30, 8471.10, 8471.30, 8471.41, 8471.49, 8471.50, 8471.60, 8471.70, 8471.80, 8471.90, 8472.10, 8472.20, 8472.30, 8472.90, 8473.10, 8473.30, 8473.40, 8473.50, 8479.50, 8479.60, 8479.89, 8482.10, 8482.20, 8482.30, 8482.40, 8482.50, 8482.80, 8482.91, 8482.99, 8483.20, 8485.10 and 8485.90), the entry "25%" shall be substituted; 20

(ii) in sub-heading Nos. 8407.31, 8407.32, 8407.33, 8407.34, 8408.20, 8409.91, 8409.99, 8414.30, 8414.80, 8414.90, 8450.20, 8451.10, 8451.90, 8452.30 and 8452.40, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted; 25

(iii) in sub-heading No. 8471.70, for the entry in column (4), the entry "5%" shall be substituted;

(iv) in sub-heading No. 8473.50, for the entry in column (4), the entry "20%" shall be substituted;

(v) in sub-heading Nos. 8479.50, 8479.60 and 8479.89, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted; 30

(vi) in sub-heading Nos. 8482.10, 8482.20, 8482.30, 8482.40, 8482.50, 8482.80, 8482.91, 8482.99 and 8483.20, for the entry in column (4) occurring against each of them, the entry "15% plus Rs. 150 per kg." shall be substituted;

(vii) in sub-heading Nos. 8485.10 and 8485.90, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted; 35

(60) in Chapter 85,–

(i) in sub-heading Nos. 8501.10, 8501.20, 8501.31, 8501.32, 8501.33, 8501.34, 8501.40, 8501.51, 8501.52, 8501.53, 8501.61, 8501.62, 8501.63, 8501.64, 8502.11, 8502.12, 8502.13, 8502.20, 8502.31, 8502.39, 8502.40, 8503.00, 8504.10, 8504.21, 8504.22, 8504.23, 8504.31, 8504.32, 8504.33, 8504.34, 8504.40, 8504.50, 8504.90, 8505.11, 8505.19, 8505.20, 8505.30, 8505.90, 8508.10, 8508.20, 8508.80, 8508.90, 8514.10, 8514.20, 8514.30, 8514.40, 8514.90, 8515.11, 8515.19, 8515.21, 8515.29, 8515.31, 8515.39, 8515.80, 8515.90 and 8516.90, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted; 40

(ii) in sub-heading Nos. 8517.11, 8517.19, 8517.21 and 8517.22, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(iii) in sub-heading Nos. 8517.30 and 8517.50, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted; 45

(iv) in sub-heading No. 8517.80, for the entry in column (4), the entry "35%" shall be substituted;

(v) in sub-heading Nos. 8518.90 and 8520.20, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(vi) in sub-heading No. 8522.10, for the entry in column (4), the entry "35%" shall be substituted; 50

(vii) in sub-heading Nos. 8523.11, 8523.12, 8523.13, 8523.20, 8523.90, 8524.31, 8524.40, 8524.91, 8525.10 and 8525.20, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(viii) in sub-heading No. 8527.90, for the entry in column (4), the entry "35%" shall be substituted;

(ix) in sub-heading Nos. 8529.10, 8529.90, 8530.10, 8530.80, 8530.90 and 8531.20, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(x) in sub-heading No. 8532.21, for the entry in column (4), the entry "15%" shall be substituted;

(xi) in sub-heading Nos. 8532.22 and 8532.23, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(xii) in sub-heading No. 8532.24, for the entry in column (4), the entry "15%" shall be substituted;

(xiii) in sub-heading Nos. 8532.25, 8532.29 and 8532.30, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(xiv) in sub-heading Nos. 8532.90, 8533.10, 8533.21, 8533.29, 8533.31, 8533.39, 8533.40 and 8534.00, for the entry in column (4) occurring against each of them, the entry "15%" shall be substituted;

(xv) in sub-heading Nos. 8536.10, 8536.20, 8536.30, 8536.41, 8536.49, 8536.50, 8536.61, 8536.69, 8536.90 and 8537.10, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(xvi) in sub-heading No. 8537.20, for the entry in column (4), the entry "25%" shall be substituted;

(xvii) in sub-heading Nos. 8538.10, 8538.90 and 8540.11, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(xviii) in sub-heading Nos. 8540.12 and 8540.20, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(xix) in sub-heading No. 8540.40, for the entry in column (4), the entry "5%" shall be substituted;

(xx) in sub-heading Nos. 8540.50, 8540.60, 8540.71, 8540.72, 8540.79, 8540.81 and 8540.89, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(xxi) in sub-heading No. 8540.91, for the entry in column (4), the entry "35%" shall be substituted;

(xxii) in sub-heading No. 8540.99, for the entry in column (4), the entry "25%" shall be substituted;

(xxiii) in sub-heading Nos. 8541.10, 8541.21, 8541.29, 8541.30, 8541.40, 8541.50 and 8541.60, for the entry in column (4) occurring against each of them, the entry "15%" shall be substituted;

(xxiv) in sub-heading Nos. 8542.12, 8542.13, 8542.14, 8542.19, 8542.30, 8542.40, 8542.50 and 8542.90, for the entry in column (4) occurring against each of them, the entry "5%" shall be substituted;

(xxv) in sub-heading Nos. 8543.11, 8543.19, 8543.20 and 8543.30, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(xxvi) in sub-heading No. 8543.40, for the entry in column (4), the entry "35%" shall be substituted;

(xxvii) in sub-heading No. 8543.81, for the entry in column (4), the entry "25%" shall be substituted;

(xxviii) in sub-heading No. 8543.89, for the entry in column (4), the entry "35%" shall be substituted;

(xxix) in sub-heading Nos. 8543.90, 8544.70, 8545.11, 8545.19, 8545.20, 8545.90, 8546.10, 8546.20, 8546.90, 8547.10, 8547.20 and 8547.90, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(xxx) in sub-heading Nos. 8548.10 and 8548.90, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(61) in Chapter 90, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 9001.10, 9001.20, 9001.30, 9001.40, 9001.50, 9001.90, 9002.11, 9002.19, 9002.20, 9002.90, 9003.11, 9003.19, 9003.90, 9004.10, 9004.90, 9005.10, 9005.80, 9005.90, 9006.10, 9006.20, 9006.30, 9006.40, 9006.51, 9006.52, 9006.53, 9006.59, 9006.61, 9006.62, 9006.69, 9007.11, 9007.19, 9007.20, 9008.10, 9008.20, 9008.30, 9008.40, 9009.11, 9009.12, 9009.21, 9009.22, 9009.30, 9010.10, 9010.41, 9010.42, 9010.49, 9010.50, 9010.60, 9022.19, 9022.29, 9022.30, 9022.90, 9026.20, 9026.80, 9026.90, 9027.20, 9027.30, 9027.50 and 9027.80), the entry "25%" shall be substituted;

(62) in Chapter 91,–

(i) in sub-heading Nos. 9108.11, 9108.12, 9108.19, 9108.20, 9108.91, 9108.99, 9110.11, 9110.12, 9110.19 and 9110.90, for the entry in column (4) occurring against each of them, the entry "25%" shall be substituted;

(ii) in sub-heading Nos. 9111.20, 9111.80, 9112.10, 9112.80, 9112.90, 9113.20 and 9113.90, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(63) in Chapter 92, for the entry in column (4) occurring against all the sub-heading Nos., the entry "35%" shall be substituted;

(64) in Chapter 98,–

(i) in sub-heading No. 9801.00, for the entry in column (4), the entry "25%" shall be substituted;

(ii) in sub-heading Nos. 9802.00 and 9804.10, for the entry in column (4) occurring against each of them, the entry "35%" shall be substituted;

(65) in Chapter 99, heading No. 99.02 and the entries relating thereto shall be omitted;

THE FOURTH SCHEDULE

[See section 134(1)(b)(ii)]

PART I

In the Schedule to the Central Excise Tariff Act,-

(1) in Chapter 4,-

(i) in sub-heading No. 0401.13, for the entry in column (4), the entry "Nil" shall be substituted;

(ii) in sub-heading No. 0401.14, for the entry in column (4), the entry "16%" shall be substituted;

(iii) in sub-heading Nos. 0402.11, 0403.11 and 0404.11, for the entry in column (4) occurring against each of them, the entry "Nil" shall be substituted;

(2) in Chapter 9,-

(i) NOTES 2 and 4 shall be omitted;

(ii) in sub-heading No. 0903.10, for the entry in column (4), the entry "Nil" shall be substituted;

(3) in Chapter 11, in sub-heading No. 1102.00, for the entry in column (4), the entry "16%" shall be substituted;

(4) in Chapter 15, in sub-heading Nos. 1506.00, 1507.00 and 1508.10, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(5) in Chapter 17, in sub-heading Nos. 1701.90 and 1704.10, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(6) in Chapter 18, in sub-heading Nos. 1801.00, 1802.00, 1803.00 and 1804.00, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(7) in Chapter 19, in sub-heading Nos. 1901.19, 1901.91, 1901.92, 1902.19, 1904.10 and 1905.31, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(8) in Chapter 21, -

(i) in sub-heading Nos. 2101.10, 2101.20, 2102.10, 2102.90 and 2105.00, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(ii) in sub-heading No. 2106.00, for the entry in column (4), the entry "24%" shall be substituted;

(iii) in sub-heading No. 2107.00, for the entry in column (4), the entry "16%" shall be substituted;

(iv) in sub-heading No. 2108.10, for the entry in column (4), the entry "24%" shall be substituted;

(v) in sub-heading Nos. 2108.20 and 2108.99, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(9) in Chapter 22,-

(i) in sub-heading No. 2201.19, for the entry in column (4), the entry "16%" shall be substituted;

(ii) in sub-heading No. 2201.20, for the entry in column (4), the entry "24%" shall be substituted;

(iii) in sub-heading No. 2202.19, for the entry in column (4), the entry "16%" shall be substituted;

(iv) in sub-heading No. 2202.20, for the entry in column (4), the entry "24%" shall be substituted;

(v) in sub-heading Nos. 2202.99, 2203.00 and 2204.10, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(10) in Chapter 24, -

(i) in sub-heading No. 2401.90, for the entry in column (4), the entry "24%" shall be substituted;

(ii) in sub-heading No. 2403.11, for the entry in column (4), the entry "Rs.75 per thousand" shall be substituted;

(iii) in sub-heading Nos. 2404.40, 2404.50 and 2404.99, for the entry in column (4) occurring against each of them, the entry "24%" shall be substituted.

(11) in Chapter 25, in sub-heading Nos. 2502.21, 2502.30, 2502.40, 2502.50 and 2502.90, for the entry in column (4) occurring against each of them, the entry "24%" shall be substituted;

(12) in Chapter 27, -

(i) in sub-heading Nos. 2707.10, 2707.20, 2707.30, 2707.40, 2707.50, 2707.60 and 2707.90, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(ii) in sub-heading Nos. 2708.11, 2708.19 and 2708.20, for the entry in column (4) occurring against each of them, the entry "8%" shall be substituted;

(iii) in sub-heading Nos. 2710.11, 2710.12 and 2710.13, for the entry in column (4) occurring against each of them, the entry "24%" shall be substituted;

(iv) in sub-heading Nos. 2710.14 and 2710.15, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(v) in sub-heading No. 2710.19, for the entry in column (4), the entry "24%"shall be substituted;

(vi) in sub-heading No. 2710.90, for the entry in column (4), the entry "16%" shall be substituted;

5 *(vii)* in sub-heading Nos. 2711.11, 2711.12, 2711.19 and 2711.29, for the entry in column (4) occurring against each of them, the entry "8%" shall be substituted;

(viii) in sub-heading Nos. 2712.10, 2712.20, 2712.90, 2713.11, 2713.12, 2713.20, 2713.30, 2714.10, 2714.90, 2715.10 and 2715.90, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(13) in Chapter 28, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 2804.11, 10 2804.12, 2804.21,2804.31, 2804.32, 2804.33, 2805.11, 2811.21, 2814.10, 2833.10, 2833.20, 2844.10, 2844.20, 2845.10, 2845.20, 2847.11, 2851.11, 2851.21 and 2851.30), the entry "16%" shall be substituted;

(14) in Chapter 29, for the entry in column (4) occurring against all the sub-heading Nos., the entry "16%" shall be substituted;

(15) In Chapter 30, in sub-heading Nos. 3001.00, 3003.10, 3004.90, 3005.20 and 3005.90, for the entry in column (4) 15 occurring against each of them, the entry "16%" shall be substituted;

(16) in Chapter 31, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading No. 3101.00), , the entry "16%" shall be substituted;

(17) in Chapter 32,-

(i) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 3201.00 and 3215.10), 20 the entry "16%" shall be substituted;

(ii) in sub-heading No. 3201.00 , for the entry in column (4), the entry "8%" shall be substituted;

(iii) in sub-heading No. 3215.10 , for the entry in column (4), the entry "Nil" shall be substituted;

(18) in Chapter 33,-

(i) in sub-heading Nos. 3301.00, 3302.10 and 3302.90, for the entry in column (4) occurring against each of them, the 25 entry "16%" shall be substituted;

(ii) in sub-heading No. 3304.00, for the entry in column (4), the entry "24 %" shall be substituted;

(iii) in sub-heading Nos. 3305.10 and 3305.91, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(iv) in sub-heading No. 3305.99, for the entry in column (4), the entry "24%" shall be substituted;

30 *(v)* in sub-heading No. 3306.90, for the entry in column (4), the entry "16%" shall be substituted;

(vi) in heading 33.07, for the entry in column (3), the following entry shall be substituted, namely:-

"PRE-SHAVE, SHAVING OR AFTER-SHAVE PREPARATIONS (NOT CONTAINING SUBSTANCES SPECIFIED IN NOTE 1(d) TO THIS CHAPTER), PERSONAL DEODORANTS, BATH PREPARATIONS, DEPILATORIES AND OTHER PERFUMERY, COSMETICS OR TOILET PREPARATIONS, NOT ELSEWHERE SPECIFIED OR INCLUDED; PREPARED 35 ROOM DEODORIZERS, WHETHER OR NOT PERFUMED OR HAVING DISINFECTANT PROPERTIES";

(vii) in sub-heading Nos. 3307.10 and 3307.20, for the entry in column (4) occurring against each of them, the entry "24%" shall be substituted;

(viii) in sub-heading No. 3307.31, for the entry in column (4), the entry "16%" shall be substituted;

(ix)) in sub-heading No. 3307.39, for the entry in column (4), the entry "24%" shall be substituted;

40 *(x)* in sub-heading No. 3307.49, for the entry in column (4), the entry "16%" shall be substituted;

(xi) in sub-heading Nos. 3307.50 and 3307.90, for the entry in column (4) occurring against each of them, the entry "24%" shall be substituted;

(19) in Chapter 34,-

(i) in sub-heading No. 3401.12, in column (3), the words "for heating" shall be omitted;

45 *(ii)* in sub-heading Nos. 3401.19, 3401.20, 3401.30, 3402.90, 3403.10, 3403.90, 3404.00, 3405.10, 3405.20, 3405.30, 3405.40, 3405.90, 3406.90 and 3407.00, for the entry in column (4) occurring against each of them, the entry '16%" shall be substituted;

(20) in Chapter 35, for the entry in column (4) occurring against all the sub-heading Nos., the entry "16%" shall be substituted;

(21) in Chapter 36, for the entry in column (4) occurring against all the sub-heading Nos.(except sub-heading No. 3605.00), 50 the entry "16%" shall be substituted;

(22) in Chapter 37, in sub-heading Nos. 3701.10, 3701.20, 3701.90, 3702.10, 3702.20, 3702.90, 3703.10, 3703.20, 3704.10, 3704.20, 3704.90 and 3707.00, for the entry in column (4), occurring against each of them, the entry "16%' shall be substituted;

(23) in Chapter 38, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 3805.19, 3806.19, 3808.10, 3808.20, 3823.00 and 3824.20), the entry "16%" shall be substituted;

55 *(24)* In Chapter 39,-

(i) in sub-heading Nos. 3901.10, 3901.20, 3901.30, 3901.90, 3902.10, 3902.20, 3902.30, 3902.90 and 3903.10, for the entry in column (4) occurring against each of them, the entry "24%" shall be substituted;

(ii) in sub-heading Nos. 3903.20 and 3903.30, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(iii) in sub-heading Nos. 3903.90, 3904.10, 3904.21, 3904.22, 3904.30, 3904.40, 3904.50, 3904.61, 3904.69 and 3904.90 for the entry in column (4) occurring against each of them, the entry "24%" shall be substituted;

(iv) in sub-heading Nos. 3905.10, 3905.20, 3905.90, 3906.10, 3906.20, 3906.90, 3907.10, 3907.20, 3907.30, 3907.40, 3907.50, 3907.60, 3907.70, 3907.80, 3907.91, 3907.99, 3908.10, 3908.90, 3909.10, 3909.20, 3909.30, 3909.40, 3909.51. 3909.52, 3909.59, 3909.60. 3910.00, 3911.10, 3911.20, 3911.90, 3912.11, 3912.12, 3912.20, 3912.31, 3912.39, 3912.90, 3913.10, 3913.20, 3913.30, 3913.90 and 3914.00, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted; 5

(v) in sub-heading Nos. 3915.10, 3915.20, 3915.30, 3915.90, 3916.90, 3917.00, 3918.10, 3918.90, 3919.00, 3920.11, 3920.12, 3920.13, 3920.14, 3920.15, 3920.16, 3920.17, 3920.18, 3920.19, 3920.21, 3920.22, 3920.23, 3920.24, 3920.25, 3920.26, 3920.27, 3920.28, 3920.29, 3920.31, 3920.32, 3920.33, 3920.34, 3920.35, 3920.36, 3920.37, 3920.38, 3920.39, 3921.11, 3921.19, 3921.90, 3922.10, 3922.20 and 3922.90, for the entry in column (4) occurring against each of them, the entry "24%" shall be substituted; 10

(vi) in sub-heading No. 3923.10, for the entry in column (4), the entry "16%" shall be substituted; 15

(vii) in sub-heading No. 3923.90, for the entry in column (4), the entry "24%" shall be substituted;

(viii) in sub-heading No. 3924.10, for the entry in column (4), the entry "16%" shall be substituted;

(ix) in sub-heading Nos. 3924.90, 3925.10, 3925.20, 3925.30, 3925.91, 3925.99, 3926.10 and 3926.90, for the entry in column (4) occurring against each of them, the entry "24%" shall be substituted;

(25) in Chapter 40, - 20

(i) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos.4001.00, 4005.10, 4005.20, 4006.10, 4008.11, 4008.19, 4008.21, 4008.22, 4010.10, 4010.90, 4011.10, 4011.90, 4012.11, 4012.19, 4012.90, 4013.10, 4013.90, 4014.10 and 4016.11), the entry "16%" shall be substituted;

(ii) in sub-heading Nos. 4006.10, 4008.19, 4008.22, 4010.10, 4010.90, 4011.90, 4012.11, 4012.19, 4012.90, 4013.90 and 4016.11, for the entry in column (4) occurring against each of them, the entry "24%" shall be substituted; 25

(26) in Chapter 42, in sub-heading Nos. 4201.10 and 4201.90, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(27) in Chapter 43, in sub-heading No. 4301.00, for the entry in column (4), the entry "24%" shall be substituted;

(28) in Chapter 44, in sub-heading Nos. 4402.00, 4404.90, 4405.90, 4408.10, 4408.20, 4408.30, 4408.40, 4408.90, 4409.00 and 4410.11, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted; 30

(29) in Chapter 45, in sub-heading No. 4501.00, for the entry in column (4), the entry "16%" shall be substituted;

(30) in Chapter 47, in sub-heading No. 4702.90, for the entry in column (4), the entry "16%" shall be substituted;

(31) in Chapter 48, -

(i) after note 10, the following note shall be inserted, namely:-

'10A. In relation to the thermal paper falling under this Chapter, the process of slitting or cutting or both of these processes shall amount to "manufacture".'; 35

(ii) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 4801.00, 4802.10, 4802.20, 4802.30, 4804.10, 4804.20, 4811.31, 4817.00, 4818.10, 4819.11, 4819.12, 4820.00, 4821.00, 4823.10, 4823.20, 4823.30 and 4823.40), the entry "16%" shall be substituted;

(iii) in sub-heading No. 4811.31, for the entry in column (4), the entry "24%" shall be substituted; 40

(iv) in sub-heading No. 4818.10, for the entry in column (4), the entry "8%" shall be substituted;

(v) in sub-heading No. 4823.40, for the entry in column (4), the entry "24%" shall be substituted;

(32) in Chapter 49, in sub-heading No. 4901.10, for the entry in column (4), the entry "16%" shall be substituted;

(33) in Chapter 50, in sub-heading No. 5004.19, for the entry in column (4), the entry "16%" shall be substituted;

(34) in Chapter 51, in sub-heading Nos. 5108.00, 5109.00, 5110.10, 5110.21, 5110.22, 5110.23, 5110.29, 5111.10, 5111.21, 5111.22, 5111.23, 5111.29, 5112.10, 5112.21, 5112.22, 5112.23 and 5112.29, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted; 45

(35) in Chapter 52,-

(i) in sub-heading No. 5204.10, for the entry in column (4), the entry "8%" shall be substituted;

(ii) in sub-heading Nos. 5204.90, 5205.11, 5205.19, 5206.11 and 5206.12, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted; 50

(iii) in sub-heading Nos. 5207.10, 5207.21, 5207.22, 5207.23, 5207.29, 5208.10, 5208.21, 5208.22, 5208.23, 5208.29, 5209.10, 5209.21, 5209.22, 5209.23 and 5209.29, for the entry in column (4) occurring against each of them, the entry "8%" shall be substituted;

(36) in Chapter 53, in sub-heading Nos. 5302.10, 5302.90, 5304.10, 5304.90, 5305.11, 5305.19, 5305.21, 5305.29, 5305.91, 5305.99, 5306.11, 5306.19, 5308.11, 5308.12, 5308.13, 5308.14, 5308.19, 5311.10, 5311.21, 5311.22, 5311.23 and 5311.29, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted; 55

(37) in Chapter 54,-

(i) in NOTE 3, for the words “cabling or any other process”, the words “cabling, air-mingling, air texturing or any other process” shall be substituted;

(ii) in sub-heading Nos. 5401.10 and 5401.20, for the entry in column (4) occurring against each of them, the entry “16%” shall be substituted;

(iii) in sub-heading Nos. 5402.10, 5402.20, 5402.31 and 5402.32, for the entry in column (4) occurring against each of them, the entry “24%” shall be substituted;

(iv) in sub-heading No. 5402.39, for the entry in column (4), the entry “16%” shall be substituted;

(v) in sub-heading Nos. 5402.41, 5402.42 and 5402.43, for the entry in column (4) occurring against each of them, the entry “24%” shall be substituted;

(vi) in sub-heading No. 5402.49, for the entry in column (4), the entry “16%” shall be substituted;

(vii) in sub-heading Nos. 5402.51 and 5402.52, for the entry in column (4) occurring against each of them, the entry “24%” shall be substituted;

(viii) in sub-heading No. 5402.59, for the entry in column (4), the entry “16%” shall be substituted;

(ix) in sub-heading Nos. 5402.61 and 5402.62, for the entry in column (4) occurring against each of them, the entry “24%” shall be substituted;

(x) in sub-heading Nos. 5402.69, 5403.10, 5403.20, 5403.31, 5403.32, 5403.33, 5403.39, 5403.41, 5403.42, 5403.49, 5404.10, 5404.90 and 5405.00, for the entry in column (4) occurring against each of them, the entry “16%” shall be substituted;

(xi) in sub-heading Nos. 5406.10, 5406.21, 5406.22, 5406.23, 5406.29, 5407.10, 5407.21, 5407.22, 5407.23 and 5407.29, for the entry in column (4) occurring against each of them, the entry “8%” shall be substituted;

(38) in Chapter 55,-

(i) in NOTE 2, for the words “cabling or any other process”, the words “cabling, air-mingling, air texturing or any other process” shall be substituted;

(ii) in sub-heading Nos. 5501.10, 5501.20, 5501.30, 5501.90, 5502.00, 5503.10, 5503.20, 5503.30, 5503.40, 5503.90, 5504.10 and 5504.90, for the entry in column (4) occurring against each of them, the entry “16%” shall be substituted;

(iii) in sub-heading No. 5505.10, for the entry in column (4), the entry “24%” shall be substituted;

(iv) in sub-heading Nos. 5505.20, 5506.10, 5506.20, 5506.30, 5506.90, 5507.00, 5508.10, 5508.20, 5509.11, 5509.19,5509.21, 5509.22, 5509.31, 5509.32, 5509.41, 5509.42, 5509.50, 5509.60, 5509.90, 5510.11, 5510.12 and 5510.90, for the entry in column (4) occurring against each of them, the entry “16%” shall be substituted;

(v) in sub-heading Nos.5511.10, 5511.21, 5511.22, 5511.23, 5511.29, 5512.10, 5512.21, 5512.22, 5512.23, 5512.29, 5513.10, 5513.21, 5513.22, 5513.23, 5513.29, 5514.10, 5514.21, 5514.22, 5514.23 and 5514.29, for the entry in column (4) occurring against each of them, the entry “8%” shall be substituted;

(39) in Chapter 56, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 5607.10 and 5608.11), the entry “16%” shall be substituted;

(40) in Chapter 57, in sub-heading Nos. 5702.19 and 5703.90, for the entry in column (4) occurring against each of them, the entry “24%” shall be substituted;

(41) in Chapter 58,-

(i) in sub-heading Nos. 5801.11and 5801.12, for the entry in column (4) occurring against each of them, the entry “16%” shall be substituted;

(ii) in sub-heading Nos. 5801.21, 5801.22, 5801.31 and 5801.32, for the entry in column (4) occurring against each of them, the entry “8%” shall be substituted;

(iii) in sub-heading Nos. 5801.91 and 5801.92, for the entry in column (4) occurring against each of them, the entry “16%” shall be substituted;

(iv) in sub-heading Nos. 5802.21, 5802.22, 5802.31 and 5802.32, for the entry in column (4) occurring against each of them, the entry “8%” shall be substituted;

(v) in sub-heading Nos. 5802.41, 5802.42, 5802.51, 5802.52, 5804.11, 5804.12, 5804.19, 5806.10 and 5806.20, for the entry in column (4) occurring against each of them, the entry “16%” shall be substituted;

(vi) in sub-heading Nos. 5806.31 and 5806.32, for the entry in column (4) occurring against each of

them, the entry “8%” shall be substituted;

(vii) in sub-heading Nos. 5806.39, 5806.40, 5808.90, 5809.00 and 5810.00, for the entry in column (4) occurring against each of them, the entry “16%” shall be substituted;

(42) in Chapter 59,-

(i) in sub-heading Nos.5902.10, 5902.20, 5902.90, 5903.10, 5903.20 and 5903.90, for the entry in column (4) occurring against each of them, the entry “16%” shall be substituted;

(ii) in sub-heading Nos.5904.10, 5904.91, 5904.92 and 5905.00, for the entry in column (4) occurring against each of them, the entry “24%” shall be substituted;

(iii) in sub-heading Nos.5906.99, 5907.11, 5907.12 and 5907.19, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(iv) in sub-heading No. 5907.90, for the entry in column (4), the entry "24%" shall be substituted;

(v) in sub-heading Nos.5908.00 and 5909.00, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted; 5

(vi) in sub-heading No. 5910.00, for the entry in column (4), the entry "24%" shall be substituted;

(vii) in sub-heading Nos.5911.10, 5911.20, 5911.30, 5911.40 and 5911.90, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(43) in Chapter 60,-

(i) in sub-heading Nos.6001.11 and 6001.12, for the entry in column (4) occurring against each of them, the entry "8%" shall be substituted; 10

(ii) in sub-heading No. 6001.19, for the entry in column (4), the entry "16%" shall be substituted;

(iii) in sub-heading Nos.6001.21 and 6001.22, for the entry in column (4) occurring against each of them, the entry "8%" shall be substituted;

(iv) in sub-heading No.6001.29, for the entry in column (4), the entry "16%" shall be substituted; 15

(v) in sub-heading Nos.6001.91 and 6001.92, for the entry in column (4) occurring against each of them, the entry "8%" shall be substituted;

(vi) in sub-heading Nos.6001.99, 6002.10 and 6002.20, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(vii) in sub-heading No.6002.30, for the entry in column (4), the entry "8%" shall be substituted; 20

(viii) in sub-heading No.6002.41, for the entry in column (4), the entry "16%" shall be substituted;

(ix) in sub-heading Nos.6002.42 and 6002.43, for the entry in column (4) occurring against each of them, the entry "8%" shall be substituted;

(x) in sub-heading Nos.6002.49 and 6002.91, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted; 25

(xi) in sub-heading Nos.6002.92 and 6002.93, for the entry in column (4) occurring against each of them, the entry "8%" shall be substituted;

(xii) in sub-heading No.6002.99, for the entry in column (4), the entry "16%" shall be substituted;

(44) in Chapter 63, in sub-heading Nos. 6305.31 and 6305.39, for the entry in column (4) occurring against each of them, the entry "24%" shall be substituted; 30

(45) in Chapter 64, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 6401.12, 6401.13 and 6401.92), the entry "16%" shall be substituted;

(46) in Chapter 65, for the entry in column (4) occurring against all the sub-heading Nos., the entry "16%" shall be substituted;

(47) in Chapter 67, in sub-heading Nos. 6701.00 and 6702.00, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted; 35

(48) in Chapter 68, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 6807.10 and 6807.20), the entry "16%" shall be substituted;

(49) in Chapter 69, -

(i) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 6901.10, 6901.20 and 6906.10), the entry "16%" shall be substituted; 40

(ii) in sub-heading No. 6906.10, for the entry in column (4), the entry "24%" shall be substituted;

(50) in Chapter 70, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 7010.11, 7010.12, 7010.21, 7011.10, 7012.10, 7013.10 and 7015.00), the entry "16%" shall be substituted;

(51) in Chapter 71, in sub-heading Nos. 7101.39, 7101.40, 7101.70, 7101.80 and 7101.90, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted; 45

(52) in Chapter 72, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 7204.21, 7219.30, 7220.30 and 7222.50), the entry "16%" shall be substituted;

(53) in Chapter 73, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 7308.50, 7319.10, 7323.10 and 7326.21), the entry "16%" shall be substituted;

(54) in Chapter 74, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 7404.10, 7408.12, 7408.22 and 7418.10), the entry "16%" shall be substituted; 50

(55) In Chapter 75, for the entry in column (4) occurring against all the sub-heading Nos., the entry "16%" shall be substituted;

(56) in Chapter 76, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 7602.10 and 7615.20), the entry "16%" shall be substituted;

(57) in Chapter 78, for the entry in column (4) occurring against all the sub-heading Nos., the entry "16%" shall be substituted; 55

(58) in Chapter 79, for the entry in column (4) occurring against all the sub-heading Nos., the entry "16%" shall be substituted;

(59) in Chapter 80, for the entry in column (4) occurring against all the sub-heading Nos., the entry "16%" shall be substituted;

(60) in Chapter 81, for the entry in column (4) occurring against all the sub-heading Nos., the entry "16%" shall be substituted;

(61) in Chapter 82, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading No. 8215.00), 5 the entry "16%" shall be substituted;

(62) in Chapter 83, for the entry in column (4) occurring against all the sub-heading Nos., the entry "16%" shall be substituted;

(63) in Chapter 84,-

(i) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 8401.10, 8413.11, 8413.12, 8413.13, 8413.14, 8413.20, 8413.91, 8414.10, 8414.20, 8414.30, 8414.91, 8414.92, 8415.00, 8418.90, 8424.10, 10 8424.91, 8432.00, 8433.00, 8434.10, 8434.90, 8436.00, 8437.00, 8442.10, 8442.20, 8452.11, 8452.19, 8452.20, 8452.30, 8452.90, 8469.10, 8476.91, 8479.11, 8481.10 8481.20, 8481.91, 8481.92 and 8483.10), the entry "16%" shall be substituted;

(ii) in sub-heading Nos. 8414.30, 8414.92, 8415.00, 8418.90, 8476.91, 8481.10 and 8481.91, for the entry in column (4) occurring against each of them, the entry "24 %" shall be substituted;

(64) in Chapter 85,-

15 *(i)* for "NOTE 7" inserted vide Finance (No. 2) Act, 1998 (21 of 1998), "NOTE 7A" shall be substituted;

(ii) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 8502.10, 8524.20, 8524.32, 8527.10, 8528.10, 8528.21, 8528.22, 8528.23, 8528.24, 8528.90, 8536.10 and 8539.10), the entry "16%" shall be substituted;

(iii) in sub-heading No. 8536.10, for the entry in column (4), the entry "24%" shall be substituted;

20 *(65)* in Chapter 86, for the entry in column (4) occurring against all the sub-heading Nos., the entry "16 %" shall be substituted;

(66) in Chapter 87,-

(i) in sub-heading No. 8701.90, for the entry in column (4), the entry "16 %" shall be substituted;

(ii) in sub-heading No. 8702.10, for the entry in column (4), the entry "24 %" shall be substituted;

(iii) in sub-heading Nos. 8702.90 and 8703.10, for the entry in column (4) occurring against each of them, the entry "16%" 25 shall be substituted;

(iv) in sub-heading No. 8703.90, for the entry in column (4), the entry "24%" shall be substituted;

(v) in sub-heading Nos. 8704.10, 8704.20 and 8704.30, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(vi) in sub-heading No. 8704.90, for the entry in column (4), the entry "24%" shall be substituted;

30 *(vii)* in sub-heading Nos. 8705.00 and 8706.19, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(viii) in sub-heading No. 8706.21, for the entry in column (4), the entry "24%" shall be substituted;

(ix) in sub-heading Nos. 8706.29 and 8706.31, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

35 *(x)* in sub-heading No. 8706.39, for the entry in column (4), the entry "24%" shall be substituted;

(xi) in sub-heading Nos. 8706.41 and 8706.42, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(xii) in sub-heading No. 8706.49, for the entry in column (4), the entry "24%" shall be substituted;

(xiii) in sub-heading Nos. 8706.50, 8707.00, 8708.00, 8709.00, 8710.00 and 8711.10, for the entry in column (4) occurring 40 against each of them, the entry "16%" shall be substituted;

(xiv) in sub-heading No. 8711.20, for the entry in column (4), the entry "24%" shall be substituted;

(xv) in sub-heading No. 8711.30, for the entry in column (4), the entry "16%" shall be substituted;

(xvi) in sub-heading No. 8711.90, for the entry in column (4), the entry "24%" shall be substituted;

(xvii) in sub-heading Nos. 8714.00, 8715.00 and 8716.00, for the entry in column (4) occurring against each of them, the 45 entry "16%" shall be substituted;

(67) in Chapter 89,-

(i) in sub-heading Nos. 8903.00 and 8907.00, for the entry in column (4) occurring against each of them, the entry "24 %" shall be substituted;

(ii) in sub-heading No. 8908.00, for the entry in column (4), the entry "16 %" shall be substituted;

50 *(68)* in Chapter 90,-

(i) for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading Nos. 9001.10, 9003.11, 9003.19, 9004.90, 9017.10, 9018.00, 9019.00, 9020.00, 9021.10, 9021.20, 9021.90, 9022.10, 9032.11 and 9032.91) the entry "16 %" shall be substituted;

(ii) in sub-heading Nos. 9032.11 and 9032.91, for the entry in column (4), occurring against each of them, the entry "24 %" 55 shall be substituted;

(69) in Chapter 91, in sub-heading Nos. 9101.90 and 9102.90, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(70) in Chapter 93, for the entry in column (4) occurring against all the sub-heading Nos. (except sub-heading No. 9301.00), the entry "24%" shall be substituted;

(71) in Chapter 94,- 5

(i) in sub-heading Nos. 9401.00, 9402.10, 9402.90 and 9403.00, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(ii) in sub-heading No. 9404.00, for the entry in column (4), the entry "24%" shall be substituted;

(iii) in sub-heading No. 9405.90, for the entry in column (4), the entry "16%" shall be substituted;

(72) in Chapter 95, in sub-heading Nos. 9504.90, 9505.00, 9506.00, 9507.00 and 9508.00, for the entry in column (4) occurring against each of them, the entry '16%" shall be substituted; 10

(73) in Chapter 96,-

(i) in sub-heading Nos. 9601.00, 9602.00 and 9604.00, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted;

(ii) in sub-heading No. 9605.10, for the entry in column (4), the entry "24%" shall be substituted; 15

(iii) in sub-heading Nos. 9605.90, 9606.90, 9608.00, 9611.00, 9612.00, 9613.10, 9613.90, 9614.00, 9616.00, 9617.00 and 9618.00, for the entry in column (4) occurring against each of them, the entry "16%" shall be substituted.

PART II

Heading No.	Sub-heading No.	Description of Goods	Rate of duty
(1)	(2)	(3)	(4)

20

In the Schedule to the Central Excise Tariff Act, -

(1) in Chapter 9, for heading 09.02 and the entries relating thereto, the following shall be substituted, namely:-

" 09.02	0902.00	TEA, INCLUDING TEA WASTE	Rs. 2 per kilogram";

(2) in Chapter 33, for heading No. 33.03 and the entries relating thereto, the following shall be substituted, namely:- 25

"33.03	3303.00	PERFUMES AND TOILET WATERS, NOT CONTAINING THE SUBSTANCES SPECIFIED IN NOTE 1(d) TO THIS CHAPTER	16%";

(3) in Chapter 85, for heading No. 85.28 and the entries relating thereto, the following shall be substituted, namely:-

"85.28	8528.00	TELEVISION RECEIVERS (INCLUDING VIDEO MONITORS AND VIDEO PROJECTORS), WHETHER OR NOT INCORPORATING RADIO BROADCAST RECEIVERS OR SOUND OR VIDEO RECORDING OR REPRODUCING APPARATUS	16% or Rs. 34,000 per set, whichever is higher";

30

THE FIFTH SCHEDULE

[See section 134(1) (b) (iii)]

'THE SECOND SCHEDULE

(*See* section 2)

NOTES

5 1. In this Schedule, "heading" , "sub-heading" and "Chapter" means respectively a heading , sub-heading and Chapter in the First Schedule to the Central Excise Tariff Act, 1985.

2. The rules for the interpretation of the First Schedule to the Central Excise Tariff Act, 1985, the Section and Chapter Notes and the General Explanatory Notes of the First Schedule shall apply to the interpretation of this Schedule.

Heading No.	Sub-heading No.	Description of Goods	Rate of special duty of excise
(1)	(2)	(3)	(4)
21.06	2106.00	PAN MASALA	16%
21.08	2108.10	- Preparations for lemonades or other beverages intended for use in the manufacture of aerated water	16%
22.01	2201.20	- Aerated waters	16%
22.02	2202.20	- Aerated waters	16%
24.01	2401.90	- Other	16%
24.04	2404.40	- Chewing tobacco and preparations containing chewing tobacco	16%
	2404.50	- Snuff of tobacco and preparations containing snuff of tobacco in any proportion	16%
	2404.99	-- Other	16%
27.10	2710.11	-- Special boiling point spirits (other than Benzene, Toluol) with nominal boiling point range 55 – 115^0 C	8%
	2710.12	-- Special boiling point spirits (other than Benzene, Benzol, Toluene and Toluol) with nominal boiling point range 63 – 70^0 C	8%
	2710.13	-- Other special boiling point spirits (other than Benzene, Benzol, Toluene and Toluol)	8%
	2710.19	-- Other	8%
33.04	3304.00	BEAUTY OR MAKE-UP PREPARATIONS AND PREPARATIONS FOR THE CARE OF THE SKIN (OTHER THAN MEDICAMENTS) , INCLUDING SUNSCREEN AND SUNTAN PREPARATIONS; MANICURE OR PEDICURE PREPARATIONS	6%
33.05	3305.99	-- Other	6%
33.07	3307.10	- Pre-shave, shaving or after shave preparations	6%
	3307.20	- Personal deodorants and anti-perspirants	6%
	3307.39	-- Other	6%
	3307.90	- Other	6%
40.11	4011.90	- Other	6%
40.12	4012.11	-- Of a kind used in two-wheeled and three-wheeled motor vehicles	6%
	4012.19	-- Other	6%
	4012.90	- Other	6%
40.13	4013.90	- Other	6%
54.02	5402.20	- High tenacity yarn of polyesters	6%
		- Textured yarn:	
	5402.32	-- Of polyesters	6%
		- Other yarn, single, untwisted:	

Heading No.	Sub-heading No.	Description of Goods	Rate of duty
(1)	(2)	(3)	(4)
	5402.42	-- Of polyesters, partially oriented	6%
	5402.43	-- Of polyesters, other	6%
		- Other yarn, single, twisted :	
	5402.52	-- Of polyesters	6%
		- Other yarn, multiple(folded) or cabled:	
	5402.62	-- Of polyesters	6%
55.05	5505.10	- Of synthetic fibres	6%
84.14	8414.30	- Gas compressors of a kind used in refrigerating and air-conditioning appliances and machinery	6%
	8414.92	-- Of goods covered by sub-heading No. 8414.30	6%
84.15	8415.00	AIR-CONDITIONING MACHINES, COMPRISING A MOTOR- DRIVEN FAN AND ELEMENTS FOR CHANGING THE TEMPERATURE AND HUMIDITY, INCLUDING THOSE MACHINES IN WHICH THE HUMIDITY CANNOT BE SEPARATELY REGULATED	6%
84.18	8418.90	- Parts	6%
84.76	8476.91	-- Parts of machines of sub-heading No. 8476.11	6%
84.81	8481.10	- Expansion valves and Solenoid valves for refrigerating and air-conditioning appliances and machinery	6%
	8481.91	-- Of goods covered by sub-heading No. 8481.10	6%
85.36	8536.10	- Overload protection or thermal relays, starting relay controls, for refrigerating and air-conditioning appliances and machinery	6%
87.02	8702.10	- Motor vehicles principally designed for the transport of more than six persons, but not more than twelve persons, excluding the driver	6%
87.03	8703.90	- Other	16%
87.04	8704.90	- Other	16%
87.06	8706.21	-- For the vehicles of sub-heading No. 8702.10	6%
	8706.39	-- For the vehicles of sub-heading No. 8703.90	16%
	8706.49	-- For the vehicles of sub-heading Nos. 8704.30 or 8704.90	16%
90.32	9032.11	-- Thermostats and pressure switches for refrigerating and air-conditioning appliances and machinery	6%
	9032.91	-- Of goods covered by sub-heading No. 9032.11	6%
96.05	9605.10	- For personal toilet	6%.'.

5 10 15 20 25 30 35

THE SIXTH SCHEDULE

(See section 135)

In the First Schedule to the Additional Duties of Excise (Goods of Special Importance) Act, in sub-heading No. 2403.11, for the entry in column (4), the entry “Rs 35 per thousand” shall be substituted.

Notes on clauses

Income-tax

Clause 2, read with the First Schedule to the Bill, seeks to specify the rates at which income-tax is to be levied on income chargeable to tax for the assessment year 1999-2000. Further, it lays down the rates at which tax is to be deducted at source during the financial year 1999-2000 from income subject to such deduction under the Income-tax Act; and the rates at which "advance tax" is to be paid, tax is to be deducted at source from income chargeable under the head "Salaries" and tax is to be calculated and charged in special cases for the financial year 1999-2000.

Rates of income-tax for the assessment year 1999-2000

Part I of the First Schedule to the Bill specifies the rates of income-tax liable to tax for the assessment year 1999-2000. These rates are the same as those specified in Part III of the First Schedule to the Finance (No.2) Act, 1998, for the purposes of deduction of tax at source from "Salaries", computation of "advance tax" and charging of income-tax in special cases during the financial year 1998-99.

Rates for deduction of tax at source during the financial year 1999-2000 from income other than "Salaries"

Part II of the First Schedule to the Bill specifies the rates at which income-tax is to be deducted at source during the financial year 1999-2000 from incomes other than "Salaries". These rates are broadly the same as those specified in Part II of the First Schedule to the Finance (No.2) Act, 1998, for the purposes of deduction of income-tax at source during the financial year 1998-99. The amount of tax so deducted shall be increased,-

(i) in the case where the payment is made to a person other than a company, resident in India, by a surcharge calculated at the rate of ten per cent. for purposes of the Union,

(ii) in the case of a domestic company, by a surcharge calculated at the rate of ten per cent of such income-tax.

Rates for deduction of tax at source from "Salaries", computation of "advance tax" and charging of income-tax in special cases during the financial year 1999-2000

Part III of the First Schedule to the Bill specifies the rates at which income-tax is to be deducted at source from "Salaries" and also the rates at which "advance tax" is to be paid and income-tax is to be calculated or charged in special cases for the financial year 1999-2000.

Paragraph A of this Part specifies the rates of income-tax in the case of every individual or Hindu undivided family or every association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of Part III applies. No change is proposed in the rate structure.

Paragraph B of this Part specifies the rates of income-tax in the case of every co-operative society. In such cases, the rates of tax will continue to be the same as those specified for the assessment year 1999-2000.

Paragraph C of this Part specifies the rate of income-tax in the case of every firm. In such cases, the rate of tax will continue to be the same as that specified for the assessment year 1999-2000.

Paragraph D of this Part specifies the rate of income-tax in the case of every local authority. In such cases, the rate of tax will continue to be the same as that specified for the assessment year 1999-2000.

Paragraph E of this Part specifies the rates of income-tax in the case of companies. In such cases, the rate of tax will continue to be the same as that specified for the assessment year 1999-2000.

In the case of every person, being an individual, Hindu undivided family, association of persons or body of individuals being resident of India whose income exceeds sixty thousand rupees and where income-tax is to be deducted at source or "advance tax" is payable in accordance with the provisions of this Part such amount of income-tax after allowing rebate under Chapter VIII-A, is proposed to be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

In the case of every co-operative society, firm, or local authority where income-tax is to be computed in accordance with the provisions of this Part, such amount of income-tax is proposed to be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

In the case of every domestic company, the amount of income-tax computed in accordance with the provisions of this Part shall be increased by a surcharge calculated at the rate of ten per cent. of such income-tax.

Clause 3 seeks to amend section 2 of the Income-tax Act relating to definitions.

Sub-clause (a) seeks to amend the existing provisions contained in clause (1B) of section (2) which define amalgamation in relation to companies and provide for the manner in which the amalgamation will take place. It further provides that in a case of amalgamation, shareholders holding not less than nine-tenths in value of the shares in the amalgamating company shall become shareholders of the amalgamated company.

It is proposed to provide that instead of shareholders holding nine-tenths in value of shares, shareholders holding three-fourths in value of the shares shall be required to become shareholders of the amalgamated company.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Sub-clause (b) seeks to insert a new sub-clause (vi) in clause (14) so as to exclude from the definition of 'capital asset', the Gold Deposit Bonds issued under the Gold Deposit Scheme, 1999 notified by the Central Government.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Sub-clause (c) seeks to insert a new clause (19AA) to define demerger. The demerger, in relation to the companies, shall mean transfer, pursuant to a scheme of arrangement under sections 391 to 394 of the Companies Act, 1956, by a demerged company of its one or more undertakings to the resulting company in the following manner:—

(i) all the property of the undertaking, being transfered by the demerged company, becomes the property of the resulting company;

(ii) all the liabilities relatable to the undertakings being transferred by the demerged company, become the liabilities of the resulting company;

(iii) the property and liabilities of the undertakings, being demerged, are transferred at book value;

(iv) the resulting company issues shares to the shareholders of the demerged company on a proportionate basis as a consideration for demerger;

(v) the shareholders holding not less than three-fourths in value of the shares in the demerged company, other than the shares already held therein, become shareholders of the resulting company;

(vi) the transfer of the undertaking is on a going concern basis;

(vii) the demerger is in accordance with the conditions, if any, notified under sub-section (5) of section 72A.

It is also proposed to insert a new clause (19AAA) to define the expression "demerged company" as being a company whose undertaking is transferred, pursuant to a demerger, to a resulting company.

These amendments will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Sub-clause (d) seeks to insert a new sub-clause (iv) in clause (22) of section 2 so as to provide that dividend does not include any payment made by a company on purchase of its own shares in accordance with the provisions contained in section 77A of the Companies Act, 1956.

It is also proposed to insert a new sub-clause (v) to provide that dividend does not include any distribution of shares pursuant to a demerger by the resulting company to the shareholders of the demerged company whether or not there is a reduction of capital in the demerged company.

These amendments will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Sub-clause (e) seeks to amend clause (30) of section 2 so as to include in the definition of "non-resident", a person who is not ordinarily resident in India within the meaning of clause (6) of section 6 for the purposes of sections 92, 93 and 168.

This amendment will take effect from 1st April, 1999 and will, accordingly, apply in relation to the assessment year 1999-2000 and subsequent years.

Sub-clause (f) seeks to insert a new clause (41A) to define the expression "resulting company" to mean one or more companies to which the undertaking of the demerged company is transferred in a demerger and as a consideration whereof, the resulting company issues shares to the shareholders of the demerged company. It further provides that the resulting company shall include any authority or body or local authority or public sector company or a company established, constituted or formed as a result of demerger.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

The existing provisions contained in clause (42A) define short term capital assets and also the conditions applicable in determining the period for which any capital asset shall be held by the assessee. *Sub-clause* (g) proposes to provide that the period of holding of shares in the demerged company shall be included in the total period of holding of shares in the resulting company by the assessee.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Sub-clause (h) seeks to insert a new clause (42C) to define the expression "slump sale". Slump sale means transfer of one or more undertakings for a lump-sum consideration without assigning values for individual assets and liabilities. *Explanation* 1 to the said clause defines the expression "undertakings". *Explanation* 2 clarifies that determination of the value of an asset for the sole purpose of payment of stamp duty, registration fees or other similar taxes shall not be regarded as assignment of values to individual assets or liabilities.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Clause 4 seeks to substitute section 3 of the Income-tax Act relating to definition of "previous year".

It is proposed to substitute section 3 so as to omit sub-sections (2) and (3) in that section which are transitory provisions for limited period specified in those sub-sections.

This amendment will take effect from 1st April, 2000.

Clause 5 seeks to amend section 9 relating to income deemed to accrue or arise in India.

Under the existing provisions contained in clause (ii) of sub-section (1), the income, which falls under the head "Salaries" if it is earned in India, is deemed to accrue or arise in India. The *Explanation* in this clause clarifies that salary payable for services rendered in India shall be regarded as income earned in India.

It is proposed to amend the *Explanation* to clarify that any income under the head "Salaries" payable for rest periods or leave periods which is preceded and succeeded by services rendered in India and forms part of the service contract of employment shall be regarded as income earned in India.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Clause 6 seeks to amend section 10 of the Income-tax Act relating to incomes not included in total income.

Sub-clause (a) seeks to omit reference to sub-clause (viia) of clause (6) of section 10 in clause (5B). This amendment is consequential to the omission of sub-clause (viia) of clause (6) of section 10 by the Finance (No. 2) Act, 1998.

This amendment will take effect from 1st April, 1999 and will, accordingly, apply in relation to the assessment year 1999-2000 and subsequent years.

Sub-clause (b) seeks to amend clause (6BB). Under the existing provisions of clause (6BB), income-tax exemption is provided in respect of tax paid by an Indian company engaged in the business of operation of an aircraft, on income derived by the Government of a foreign State or a foreign enterprise as a consideration of acquiring an aircraft or aircraft engine under an agreement entered into after 31st March, 1997 and approved by the Central Government. The proposed amendment seeks to make available the above exemption for the agreement entered into by an Indian company between 1st April, 1997 and 31st March, 1999. This amendment is consequential to the amendment proposed *vide* sub-clause (e) of clause 6 of the Bill.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Sub-clause (c) seeks to amend clause (10AA). Under the existing provisions contained in sub-clause (ii) of this clause, any payment received by an employee other than an employee of the Central Government or a State Government in respect of the period of earned leave at his credit at the time of retirement, whether on superannuation or otherwise, as does not exceed eight months shall not be included in his income subject to the conditions specified in the said sub-clause. The proposed amendment seeks to enhance the period of earned leave from eight months to ten months for which if any payment by way of cash equivalent of the leave salary is received by an employee, such payment shall not be included in his income.

This amendment will take effect retrospectively from 1st April, 1998 and will, accordingly, apply in relation to the assessment year 1998-99 and subsequent years.

Sub-clause (d) seeks to insert a new *Explanation* in sub-clause (iv) of clause (15) to define the expression "interest" so that benefit of exemption from withholding of tax under this sub-clause is also extended to hedging transaction charges on account of currency fluctuation.

It is also proposed to insert a new sub-clause (vi) in clause (15) so as to provide that the interest on Gold Deposit Bonds issued under the Gold Deposit Scheme, 1999 notified by the Central Government shall not be included in computing the total income.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Sub-clause (e) seeks to amend clause (15A). Under the existing provisions of this clause, income-tax exemption is provided on any payment made by an Indian company engaged in the business of operation of aircraft, to acquire an aircraft or an aircraft engine on lease from the Government of a foreign State or a foreign enterprise under an agreement entered into before 1st April, 1997 and approved by the Central Government in this behalf. The proposed amendment seeks to allow the aforesaid exemption, provided the agreement is entered into by an Indian company to acquire an aircraft, or an aircraft engine on lease on or after 1st April, 1999 and such agreement is approved by the Central Government.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Sub-clause (f) seeks to insert a new clause (18) so as to exempt any income by way of pension received by an individual who has been awarded "Param Vir Chakra" or "Maha Vir Chakra" or "Vir Chakra" or such other gallantry award as the Central Government may, by notification in the Official Gazette, specify in this behalf.

In case of the death of the awardee, any income by way of family pension received by any member of the family of the individual, shall also be exempt under this clause. The expression "family" shall have the meaning assigned to it in the *Explanation* to clause (5) of the said section.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Sub-clause (g) seeks to substitute the second proviso of clause (23C). This amendment is of consequential nature.

Under the existing proviso the Central Government before notifying a fund, trust or institution, may call for any documents or information and may hold any inquiry so as to determine the genuineness of such fund, trust or institution before it is being notified under sub-clauses (iv) and (v) of clause (23C). It is proposed to empower the prescribed authority to call for documents or information or to hold such enquiries as it deems fit before the university or other educational institution or a hospital or other medical institution is approved by such prescribed authority under sub-clauses (vi) and (via) of clause (23C).

This amendment will take effect from 1st April, 1999 and will, accordingly, apply in relation to the assessment year 1999-2000 and subsequent years.

Sub-clause (h) seeks to amend clause (23D) so as to provide that exemption in respect of income of a Mutual Fund shall be subject to the provisions of Chapter XII-E, which is proposed to be inserted *vide* clause 61 of the Bill.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Sub-clause (i) seeks to amend the provisions relating to income by way of dividends or long-term capital gains of a venture capital fund or a venture capital company not to be included in the total income.

It is proposed to insert a third proviso in clause (23F) of section 10 so as to provide that the provisions of the said clause shall not apply to any investment made after 31st March, 1999.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply to the assessment year pertaining to 1999-2000 and earlier years.

Sub-clause (j) seeks to insert a new clause (23FA), so as to provide income-tax exemption on any income by way of dividends, other than dividends referred to in section 115-O, or long-term capital gains of a venture capital fund or a venture capital company from investments made by way of equity shares in venture capital undertaking. In order to obtain the income-tax exemption, the venture capital fund or the venture capital company will require the approval of the Central Government in accordance with the rules made in this behalf and also satisfy the prescribed conditions. The approval of the Central Government will, at any one time, have effect for such assessment year or years, not exceeding three assessment years, as may be prescribed in the order of approval.

The expression "venture capital fund" is being defined to mean a fund, operating under a trust deed registered under the provisions of the Registration Act, 1908 established to raise monies by the trustees for the investments mainly by way of acquiring equity shares of a venture capital undertaking in accordance with the prescribed guidelines. The expression "venture capital company" means such company as has made investments by way of acquiring equity shares of venture capital undertakings in accordance with the prescribed guidelines. The expression "venture capital undertaking" is being defined to mean a domestic company whose shares are not listed in a recognised stock exchange in India and which is engaged in the business of (i) software; (ii) information technology; (iii) production of basic drugs in the pharmaceutical sector; (iv) bio-technology; (v) agriculture and allied sectors; (vi) such other sectors as may be notified by the Central Government in this behalf; or (vii) production or manufacture of any article or substance for which patent has been granted to the National Research Laboratory or any other scientific research institution approved by the Department of Science and Technology.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Sub-clause (k) seeks to amend clause (23G), so as to provide that any income referred to in that clause arising from the business of (i) developing, (ii) maintaining and operating, (iii) developing, maintaining and operating will be exempt. It is also proposed to amend sub-clauses (i) and (ii) of clause (c) of the *Explanation* relating to the definition of "infrastructure facility" and power projects. These amendments are consequential to the substitution of section 80-IA by two new sections 80-IA and 80-IB *vide* clause 50 of the Bill.

It is also proposed to substitute sub-clause (iv) of clause (c) in the *Explanation* with two new sub-clauses (iv) and (v), so as to clarify that a project for housing which fulfils the conditions specified in sub-section (10) of section 80-IB and an undertaking or a project for developing, developing and operating or maintaining and operating an industrial park notified by the Central Government under clause (iii) of sub-section (4) of section 80-IA shall fall within the definition of "infrastructure facility".

These amendments will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Sub-clause (l) seeks to insert a new clause (29A) to provide for income-tax exemption on any income of certain Boards and Authorities specified in the said clause. The proposed exemption shall be available to the Boards and the Authorities from the dates specified in the aforesaid clause.

This amendment will take effect from the date of Presidential assent to the Bill.

Sub-clause (m) seeks to substitute clause (33), so as to exempt any income of a unit holder received from the Unit Trust of India or from a mutual fund specified under clause (23D) of this section.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Clause 7 seeks to insert a new section 10C in the Income-tax Act relating to special provision in respect of certain industrial undertakings in North-Eastern Region.

Sub-section (1) of the proposed section provides that any profits and gains derived by an assessee from an industrial undertaking which has begun or begins to manufacture or produce any article or thing on or after 1st April, 1998 in any Integrated Infrastructure Development Centre or Industrial Growth Centre located in the North-Eastern Region will not be included in the total income of the assessee.

Sub-section (2) provides that the section will apply to an industrial undertaking which fulfils certain conditions, namely, which has not been formed by the splitting up, or the reconstruction of, a business already in existence and it is not formed by the transfer to a new business of machinery or plant previously used for any purpose.

Sub-section (3) provides that the benefit of the section will be available to the assessee in respect of ten consecutive assessment years in which the undertaking begins to manufacture or produce articles or things.

Sub-section (4) provides that, notwithstanding anything contained in any other provision of the Income-tax Act, in computing the total income of the assessee of the previous year relevant to any subsequent assessment year, the unabsorbed depreciation allowance will not be taken into consideration. Similarly, unabsorbed business losses or loss under the head "Capital gains" relating to the relevant assessment years will not be taken into account. Where the assessee was entitled to a deduction in the relevant assessment year in respect of the profits and gains from the newly established industrial undertakings in backward areas or small-scale industrial undertakings in rural areas or the tax holiday under section 80-IA, no deduction will be admissible in the assessment years subsequent to the relevant assessment years.

Sub-section (5) seeks to apply the provisions of sub-section (8) and sub-section (10) of section 80-IA relating to tax holiday, to the industrial undertakings referred to in sub-section (1).

Sub-section (6) provides that where the assessee before the due date for furnishing the return of his income under sub-section (1) of section 139 furnishes to the Assessing Officer a declaration in writing that the provisions of this section may not be made applicable to him, the provisions of this section shall not apply to him for any of the relevant assessment years.

Explanation to section 10C defines the following expressions for the purposes of that section:

(i) The expression "Integrated Infrastructure Development Centre" means such centres located in the States of the North-Eastern Region, which the Central Government, may, by notification in the Official Gazette, specify for the purposes of this section.

(ii) The expression "Industrial Growth Centre" means such centres located in the States of the North-Eastern Region, which the Central Government may, by notification in the Official Gazette, specify for the purposes of this section.

(iii) The expression "North-Eastern Region" means the States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura.

(iv) The expression "relevant assessment years" means the ten consecutive years beginning with the year in which the industrial undertaking begins to manufacture or produce articles or things.

This amendment will take effect from 1st April, 1999 and will, accordingly, apply in relation to the assessment year 1999-2000 and subsequent years.

Clause 8 seeks to amend section 12A of the Income-tax Act relating to conditions as to registration of trusts, etc.

Under the existing provisions contained in section 12A, an application for registration of the trust or institution has to be made in the prescribed form and manner to the Chief Commissioner or Commissioner.

The proposed amendment seeks to provide that on and from 1st June, 1999, an application for registration of the trust or institution has to be made only to the Commissioner.

This amendment will take effect from 1st June, 1999.

Clause 9 seeks to amend section 12AA of the Income-tax Act relating to procedure for registration of trusts, etc.

Under the existing provisions contained in sections 12A and 12AA, the application for registration of a trust or an institution has to be made in the prescribed form and manner to the Chief Commissioner or the Commissioner and the order under section 12AA is passed by the Chief Commissioner or the Commissioner.

Sub-clause (a) proposes to amend sub-section (1) of section 12AA so as to provide that an order on an application for registration of a trust or institution is to be made by the Commissioner only and not by the Chief Commissioner. This amendment is consequential to the amendment proposed *vide* clause 8 of the Bill.

Sub-clause (b) of this clause seeks to insert a new sub-section (1A) in section 12AA of the Income-tax Act so as to provide that all applications pending before the Chief Commissioner on which no order has been made by him before 1st June, 1999 shall stand transferred from 1st June, 1999 to the Commissioner and the Commissioner may proceed with such application under sub-section (1) from the stage at which it was on that day.

These amendments will take effect from 1st June, 1999.

Clause 10 seeks to amend section 17 of the Income-tax Act relating to the definition of "salary", "perquisite" and "profits in lieu of salary".

It is proposed to insert a new sub-clause (iiia) in clause (2) of the said section. The proposed amendment seeks to include in the definition of perquisites the value of any specified security allotted or transferred, directly or indirectly, by any person free of cost or at concessional rate to an individual who is or has been in employment of that person in the year of exercise of option of such shares.

Explanation to the proposed sub-clause (iiia) defines the expression "cost", "specified security", "sweat equity shares" and "value" used in that sub-clause.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent assessment years.

Clause 11 seeks to amend section 24 of the Income-tax Act relating to deductions from income from house property.

The proposed amendment seeks to insert a new proviso in sub-section (2) relating to deduction in respect of interest on borrowed capital in case of self-occupied property under the head "income from house property".

It is proposed to enhance the present limit of deduction of thirty thousand rupees to seventy-five thousand rupees where the house property for self-occupation has been acquired or constructed with capital borrowed on or after 1st April, 1999 and the acquisition or construction of the house property is made before 1st April, 2001.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Clause 12 seeks to amend section 32 of the Income-tax Act relating to depreciation.

The existing provisions provide that the aggregate depreciation allowable to the predecessor and successor business entities in case of succession or amalgamation shall not exceed in any previous year the deduction allowable at prescribed rates as if the succession or amalgamation had not taken place and such deduction shall be apportioned between the two entities in the ratio of the number of days for which the assets were used by them.

It is proposed to provide for a similar provision in the case of demerged company and the resulting company.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Clause 13 seeks to amend section 33ABA of the Income-tax Act relating to Site Restoration Fund.

It is proposed to omit the proviso in sub-section (7) of the said section. The proposed amendment is of consequential nature.

This amendment will take effect from 1st April, 1999 and will, accordingly, apply in relation to the assessment year 1999-2000 and subsequent years.

Clause 14 seeks to amend section 33AC of the Income-tax Act relating to deduction from profits and gains of a shipping business.

Under the existing provisions, a shipping company formed and registered in India is allowed a deduction of fifty per cent. of profits from shipping business to be credited to a reserve account. The reserve account is to be utilised in the prescribed manner. It is further provided that there will be write-back of reserve as profits if the ship acquired out of the reserve is transferred within eight years.

It is proposed to provide that the transfer of a ship pursuant to a demerger shall not constitute transfer for the above purpose.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Clause 15 seeks to amend section 35 of the Income-tax Act relating to expenditure on scientific research.

The proposed amendment seeks to allow a weighted deduction of one and one-fourth times of any sum paid to a scientifc research association or to a university, college or other institution for the purposes of clause (ii) and clause (iii) of sub-section (1) of the said section. It is also proposed to vest the authority for approval, for the purposes of the above clauses, in the Central Government.

It is further proposed to amend sub-section (2AB) of the said section to provide that the weighted deduction as specified in the said sub-section shall be allowed in respect of the expenditure incurred up to 31st March, 2005.

Under the existing provisions of sub-section (3), if any question arises whether any activity constitutes, or any asset is being used for, scientifc research, it is referred by the Board to the prescribed authority whose decision is final. It is proposed to provide that when the question relates to any activity under clauses (ii) and (iii) of sub-section (1), it shall be referred by the Board to the Central Government, and the decision of the Central Government shall be final. It is also proposed to provide that where such question relates to any activity other than those specified in clauses (ii) and (iii) of sub-section (1), the same shall be referred by the Board to the prescribed authority, and the decision of that authority thereon shall be final.

These amendments will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Clause 16 seeks to amend section 35A of the Income-tax Act relating to deduction of expenditure on acquisition of patent rights or copyrights.

Under the existing provisions if the rights specified in the said section either come to an end or such rights are sold and the proceeds of the sale are less than the cost of acquisition thereof remaining unallowed, the amount equivalent to such cost remaining unallowed as reduced by the proceeds of sale, as the case may be, shall be allowed as a deduction in the year in which the rights come to an end or are sold. If the proceeds of sale exceed the cost of acquisition remaining unallowed so much excess as does not exceed the difference between cost of acquisition and amount of cost remaining allowed shall be chargeable to tax.

It is proposed that the said provision shall not be applicable to the demerged company transferring such rights to a resulting company in a case of demerger but to the resulting company as if demerger had not taken place.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Clause 17 seeks to amend section 35AB of the Income-tax Act relating to allowance of expenditure on know-how.

Under the existing provisions, any lump-sum consideration paid for acquiring know-how is allowed in six years commencing from the previous year in which the expenditure is incurred, at the rate of one-sixth of the amount.

It is proposed to insert a new sub-section (3) to provide that in the case of transfer of business under the scheme of amalgamation or demerger, the amalgamated company or the resulting company, as the case may be, shall be entitled to claim deduction under this sub-section for the residual period as if the business or the undertaking had continued.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Clause 18 seeks to amend section 35ABB of the Income-tax Act relating to expenditure for obtaining licence to operate telecommunication services.

Sub-clause (a) proposes to amend sub-section (1) of section 35ABB so as to provide that any capital expenditure incurred for acquiring any right to operate telecommunication services before the actual commencement of the business shall also be eligible for deduction under sub-section (1).

Sub-clause (b) seeks to amend clause (i) of *Explanation* to sub-section (1). This clause explains the meaning of “relevant previous years”. The proposed amendment is consequential to the amendment made by sub-clause (a).

These amendments will take effect retrospectively from 1st April, 1996 and will, accordingly, apply in relation to the assessment year 1996-97 and subsequent years.

Sub-clause (c) seeks to insert a new sub-section (7). Under the existing provisions capital expenditure incurred in obtaining the licence is allowed as deduction in the previous years the licence is in force in appropriate fraction. If the licence to operate telecommunication services is transferred and the proceeds of the transfer are less than expenditure incurred remaining unallowed, a deduction equal to expenditure remaining unallowed as reduced by proceeds of the transfer shall be allowed in the year of transfer. But where the proceeds of the transfer exceed the amount of expenditure incurred remaining unallowed, the difference between expenditure incurred and the amount of such expenditure remaining unallowed shall be chargeable to tax. Where the proceeds of transfer are not less than the expenditure incurred remaining unallowed, no deduction shall be allowed in the previous years subsequent to transfer. The proposed amendment seeks to provide that the said provisions relating to transfer of licence shall not be applicable in the case of demerged company

and the provisions of the section allowing deduction of expenditure incurred for obtaining the licence shall be applicable to the resulting company as it would have applied to demerged company.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Sub-clause (d) seeks to insert a new sub-section (8) after sub-section (7) of section 35ABB. Under the newly inserted sub-section, it is proposed to provide that where a deduction is claimed and allowed for any previous year under sub-section (1) of section 35ABB, then, no deduction on the capital expenditure so incurred shall be allowed by way of depreciation under sub-section (1) of section 32 in respect of acquiring any right to operate telecommunication services.

This amendment will take effect retrospectively from 1st April, 1996 and will, accordingly, apply in relation to the assessment year 1996-97 and subsequent years.

Clause 19 seeks to amend section 35D of the Income-tax Act relating to amortisation of certain preliminary expenses.

Under the existing provisions where the undertaking of an Indian company entitled for deduction for amortisation of preliminary expenses is transferred before the expiry of the specified period to another Indian company in a scheme of amalgamation, the deduction shall continue to be available to the amalgamated company as if the amalgamation had not taken place.

It is proposed to insert a new sub-section (5A) to provide similar provisions for the scheme of demerger where the resulting company will be able to claim amortisation of preliminary expenses as if demerger had not taken place.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Clause 20 seeks to insert a new section 35DD in the Income-tax Act relating to amortisation of expenditure in case of amalgamation or demerger.

Sub-section (1) provides that where an assessee, being an Indian company, incurs expenditure on or after 1st April, 1999, wholly and exclusively for the purpose of amalgamation or demerger, the assessee shall be allowed a deduction equal to one-fifth of such expenditure for five successive previous years beginning with the previous year in which amalgamation or demerger takes place.

Sub-section (2) provides that no deduction shall be allowed in respect of the above expenditure under any other provisions of the Act.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Clause 21 seeks to amend section 35E of the Income-tax Act relating to deduction for expenditure on prospecting, etc. for certain minerals.

Under the existing provisions, an assessee, engaged in any operation relating to prospecting for or extraction or production of any mineral, is allowed deduction for expenditure on prospecting, etc. for certain minerals. It is provided that in the case of amalgamation, such deduction would continue to be admissible to the amalgamated company as if the amalgamation had not taken place.

It is proposed to insert a new sub-section (7A) to provide for similar provisions to cases of demerger where such deduction can be availed of by the resulting company as if the demerger had not taken place.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Clause 22 seeks to amend section 36 of the Income-tax Act relating to certain deductions to be made in computing the income under the head "Profits and gains of business or profession".

Sub-clause (a) seeks to omit clause (iia) of sub-section (1).

Under the existing provisions contained in clause (iia) of sub-section (1) of section 36, a weighted deduction of one and one-third times the amount of expenditure incurred by the assessee on payment of salary for any period of employment before 1st March, 1984 to an employee who at the end of the previous year is totally blind or suffers from a permanent physical disability, shall be allowed. As the provisions of clause (ii) of sub-section (1) are not applicable after 1st March, 1984, it is proposed to omit this clause.

This amendment will take effect from 1st April, 2000.

Sub-clause (b) seeks to insert a proviso in sub-clause (a) of clause (viia) of sub-section (1).

The proposed amendment seeks to provide an option to a scheduled bank (not being a bank incorporated by or under the laws of a country outside India) or a non-scheduled bank to claim a deduction in respect of any provision for assets classified by the Reserve Bank of India as doubtful assets or loss assets in accordance with the guidelines issued by it. The amount of deduction shall not exceed five per cent. of the amount of doubtful assets or the loss assets shown in the book of account of such bank at the end of the previous year.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment years 2000-2001 to 2004-2005.

Sub-clause (c) seeks to amend clause (viii) of sub-section (1).

Under the existing provisions contained in clause (viii) of sub-section (1), a deduction of an amount not exceeding forty per cent. of the profits derived from the business of providing long-term finance by a financial corporation for industrial or agricultural development or development of infrastructure facility in India or by a public company formed and registered in India with the main object of carrying on the business of providing long-term finance for construction or purchase of houses in India for residential purposes, is allowed. This deduction is allowable provided that the corporation or the company is approved by the Central Government.

It is proposed to omit the first proviso to the said clause so as to do away with the requirement of approval by the Central Government for the purposes of the said clause.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Sub-clause (d) seeks to insert a new clause (xi) in sub-section (1) of section 36 so as to provide for allowing deduction in the computation of profits and gains in respect of any expenditure incurred wholly and exclusively by the assessee on or after the 1st April, 1999 but before the 1st April, 2000 in respect of a non-Y2K compliant system, owned by the assessee and used for the purposes of his business or profession, so as to make such system Y2K compliant computer system.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001.

Clause 23 seeks to amend section 40A of the Income-tax Act relating to expenses or payments not deductible in certain circumstances.

The existing provisions of sub-section (7) of section 40A provide that no deduction shall be allowed in respect of any provision made by the assessee for the payment of gratuity to his employees unless the payment of gratuity has become payable during the previous year. Sub-clause (ii) of clause (b) of sub-section (7) of the said

section contains transitory provisions in respect of any provision of gratuity made after 1st April, 1973 but before 1st April, 1976. It is proposed to substitute sub-section (7) so as to omit the said transitory provisions in that sub-section.

This amendment will take effect from 1st April, 2000.

Clause 24 seeks to amend section 41 of the Income-tax Act relating to profits chargeable to tax.

It is proposed to amend *Explanation* 2 of sub-section (1) to provide that the "successor in business" shall include resulting company in the case of a demerger.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Clause 25 seeks to amend section 42 of the Income-tax Act relating to special provision for deductions in the case of business for prospecting, etc., for mineral oil.

The existing provisions contained in section 42 provide for allowance of infructuous or abortive exploration expenses prior to the beginning of commercial production and also expenditure in connection with commercial production. It has been provided that in the case of transfer of business in a scheme of amalgamation, the expenditure shall be allowed in the hands of amalgamated company.

It is proposed to amend the proviso to clause (c) of sub-section (2) of the said section to provide for similar provisions in the case of a demerger where the resulting company, being an Indian company, shall claim the deduction under the said section.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Clause 26 seeks to amend section 43 of the Income-tax Act relating to definitions of certain terms relevant to income from profits and gains of business or profession.

Clause (1) of the said section contains provisions relating to actual cost.

Sub-clause (a)(i) proposes to insert a new *Explanation* 7A in clause (1) so as to provide that in the case of a demerger where any capital asset is transferred by the demerged company to the resulting company, the actual cost of the transferred asset to the resulting company shall be taken to be the same as it would have been if the demerged company had continued to hold the asset.

Sub-clause (a)(ii) seeks to insert a new *Explanation* 11 in clause (1) to provide that where an asset is acquired outside India by an assessee, being a non-resident and such asset is brought by him to India and used for the purposes of his business or profession, the actual cost of asset to the assessee shall be the actual cost of the asset to the assessee, as reduced by an amount equal to the amount of depreciation calculated at the rate in force that would have been allowable had the asset been used in India for the said purposes since the date of its acquisition by the assessee.

Sub-clause (b) (i) proposes to insert a new sub-item (C) in item (i) of sub-clause (c) of clause (6) so as to provide that in the case of slump sale, the written down value of any block of asset shall be decreased by the amount of actual cost as reduced by the depreciation actually allowed.

Sub-clause (b) (ii) proposes to insert new *Explanations* 2A and 2B in clause (6). *Explanation* 2A provides that where in any previous year any asset forming part of a block of assets is transferred by a demerged company to the resulting company, the written down value of the block of assets of the demerged company for the immediately preceding year shall be reduced by the book value of the assets transferred to the resulting company. *Explanation* 2B provides that where any asset forming part of a block of assets is transferred by a demerged company to the resulting company, the written down value of the block of assets in the case of resulting company shall be the value of the assets as appearing in the books of account of the demerged company immediately before the demerger. However, if the value of assets so appearing in the books of account of the demerged company immediately before the demerger exceeds the written down value of such assets of the demerged company, the amount representing such excess shall be reduced from the written down value of the assets.

These amendments will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Clause 27 seeks to amend section 43B of the Income-tax Act relating to certain deductions to be allowed only on actual payment.

The existing provisions contained in clause (aa) of *Explanation* 4 to section 43B of the said Act define scheduled bank as assigned to it in clause (ii) of *Explanation* to clause (viia) of sub-section (1) of section 36 of the Income-tax Act which do not include a co-operative bank.

The proposed amendment seeks to substitute clause (aa) of *Explanation* 4 to section 43B so as to include a co-operative bank within the definition of scheduled bank.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Clause 28 seeks to substitute section 43D of the Income-tax Act relating to special provisions in case of income of public financial institutions, etc.

Sub-clause (a) seeks to provide that in the case of a public financial institution or a scheduled bank or a State financial corporation or a State industrial investment corporation, the income by way of interest on such categories of bad and doubtful debts, as may be prescribed having regard to the guidelines issued by the Reserve Bank of India in relation to such debts, shall be chargeable to tax in the previous year in which it is credited to the profit and loss account by the said institutions for that year or in the previous year in which it is actually received by them, whichever is earlier.

Sub-clause (b) seeks to provide that in the case of a public company, the income by way of interest in relation to such categories of bad and doubtful debts as may be prescribed having regard to the guidelines issued by the National Housing Bank established under the National Housing Bank Act, 1987 in relation to such debts shall be chargeable to tax in the previous year in which it is credited to the profit and loss account by the said public company for that year or in the previous year in which it is actually received by it, whichever is earlier.

The *Explanation* to the said section defines the expressions "National Housing Bank", "public company", "public financial institution", "scheduled bank", "State financial corporation" and "State industrial investment corporation".

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Clause 29 seeks to amend section 44AD of the Income-tax Act relating to special provision for computing profits and gains of business of civil construction, etc.

It is proposed to insert sub-section (6) in section 44AD to enable an assessee to claim lower profits and gains than the deemed profits and gains specified in sub-section (1) of that section subject to the condition that the books of account and other documents are kept and maintained as required under sub-section (2) of section 44AA and the assessee gets his accounts audited and furnishes a report of such audit as required under section 44AB.

This amendment will take effect retrospectively from 1st April, 1998 and will, accordingly, apply in relation to the assessment year 1998-99 and subsequent years.

Clause 30 seeks to amend section 44AE of the Income-tax Act relating to special provision for computing profits and gains of business of plying, hiring or leasing goods carriages.

It is proposed to insert sub-section (7) in section 44AE to enable an assessee to claim lower profits and gains than the deemed profits and gains specified in sub-sections (1) and (2) of that section subject to the condition that the books of account and other documents are kept and maintained as required under sub-section (2) of section 44AA and the assessee gets his accounts audited and furnishes a report of such audit as required under section 44AB.

This amendment will take effect retrospectively from 1st April, 1998 and will, accordingly, apply in relation to the assessment year 1998-99 and subsequent years.

Clause 31 seeks to amend section 44AF of the Income-tax Act relating to special provisions for computing profits and gains of retail business.

It is proposed to insert a new sub-section (5) in section 44AF to enable an assessee to claim lower profits and gains than the deemed profits and gains specified in sub-section (1) of that section subject to the condition that the books of account and other documents are kept and maintained as required under sub-section (2) of section 44AA and the assessee gets his accounts audited and furnishes a report of such audit as required under section 44AB.

This amendment will take effect retrospectively from 1st April, 1998 and will, accordingly, apply in relation to the assessment year 1998-99 and subsequent years.

Clause 32 seeks to amend section 45 of the Income-tax Act relating to capital gains.

It is proposed to insert a new sub-section (1A) to provide that where any person receives any money or other assets under any insurance from an insurer on account of damage to or destruction of any capital asset, as a result of flood, typhoon, hurricane, cyclone, earthquake or other convulsion of nature, riot or civil disturbance, accidental fire or explosion or because of action by an enemy or action taken in combating an enemy (whether with or without a declaration of war), then, any profits or gains arising from receipt of such money or other assets shall be chargeable to income-tax under the head “Capital gains” and shall be deemed to be the income of such person for the previous year in which such money or other asset was received.

It is also proposed that for the purposes of section 48, value of any money or the fair market value of other assets on the date of such receipt shall be deemed to be the full value of the consideration received or accruing as a result of the transfer of such capital assets.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Clause 33 seeks to insert a new section 46A in the Income-tax Act relating to capital gains on purchase by company of its own shares or other specified securities.

The proposed new section 46A provides that any consideration received by a shareholder or a holder of other specified securities from any company on purchase of its own shares or other specified securities held by such shareholder or holder of other specified securities shall be chargeable to tax on the difference between the cost of acquisition and the value of consideration received by the holder of securities or by the shareholder, as the case may be, as capital gains. The computation of capital gains shall be made in accordance with the provisions of section 48.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Clause 34 seeks to amend section 47 of the Income-tax Act relating to transactions not regarded as transfer.

It is proposed to insert new clauses (vib), (vic) and (vid) in the said section. Clause (vib) seeks to provide that the provisions of section 45 attracting liability for capital gains tax shall not apply to any transfer of a capital asset in a demerger by the demerged company to the resulting company if the resulting company is an Indian company.

New clause (vic) seeks to provide that the provisions of section 45 shall not apply to any transfer in a demerger of a foreign company in respect of capital assets being shares held in an Indian company to the resulting company if at least seventy-five per cent. of the shareholders of the demerged foreign company continue to remain shareholders of the resulting foreign company and such transfer does not attract tax on capital gains in the country in which the demerged foreign company is incorporated. It is further proposed that the provisions of sections 391 to 394 of the Companies Act, 1956 shall not apply in such a case.

New clause (vid) seeks to provide that the provisions of section 45 shall not apply to a transfer or issue of shares in a demerger to the shareholders of the demerged company by the resulting company.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Clause 35 seeks to amend section 49 of the Income-tax Act relating to cost with reference to certain modes of acquisition.

It is proposed to insert a new sub-section (2B) in the said section so as to provide that where the capital gain arises from the transfer of specified securities referred to in sub-clause (iiia) of clause (2) of section 17, the cost of acquisition of such specified securities shall be its fair market value on the date of exercise of option.

It is further proposed to insert a new sub-section (2C) so as to provide that the cost of acquisition of the shares in the resulting company shall be the amount which bears to the cost of acquisition of shares held by the assessee in the demerged company the same proportion as the net book value of the assets transferred in a demerger bears to the net worth of the demerged company immediately before such demerger.

It is also proposed to insert a new sub-section (2D) so as to provide that the cost of acquisition of the original shares held by the shareholder in the demerged company shall be deemed to have been reduced by the amount as so arrived under the proposed sub-section (2C).

It is further also proposed to insert an *Explanation* to define the expression “net worth”.

These amendments will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Clause 36 seeks to insert a new section 50B in the Income-tax Act relating to a special provision for computation of capital gains in the case of slump sale.

Sub-section (1) of the proposed new section provides that any profits or gains arising from the slump sale effected in the previous year shall be chargeable to income-tax as capital gains arising from the transfer of long-term capital assets and shall be deemed to be the income of the previous year in which the transfer took place.

Proviso to sub-section (1) provides that any profits and gains arising from such transfer of one or more undertakings held by

the assessee for not more than thirty-six months shall be deemed to be short-term capital gains.

Sub-section (2) provides that the net worth of the undertaking or the division, as the case may be, shall be deemed to be the cost of acquisition and the cost of improvement for the purpose of sections 48 and 49 in relation to capital assets of such undertaking or division transferred by way of such sale and the provisions contained in the second proviso to section 48 shall be ignored.

Sub-section (3) provides that every assessee in the case of slump sale shall furnish in the prescribed form along with the return of income, a report of an accountant as defined in the *Explanation* below sub-section (2) of section 288 indicating the computation of net worth of the undertaking or division, as the case may be, and certifying that the net worth of the undertaking or division has been correctly arrived at in accordance with the provisions of this section.

Explanation to the new section defines "net worth" in a case where the undertaking is transferred.

This new section will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Clause 37 seeks to amend section 72 of the Income-tax Act relating to carry forward and set off of business losses.

Under the existing provisions, the loss from profits and gains from business or profession, not being a speculation loss, which cannot be set-off against income under any head of income in that year is allowed to be carried forward to the following assessment year for setting off against the business income for that assessment year. The proviso to clause (i) of sub-section (1) provides that the business or profession for which the loss was originally computed should be continued to be carried on by the assessee in the relevant previous year.

It is proposed to omit the said proviso.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Clause 38 seeks to substitute section 72A of the Income-tax Act relating to carry forward and set off of accumulated loss and unabsorbed depreciation in certain cases of amalgamation.

Under the existing provisions, the set-off of carry forward loss and unabsorbed depreciation are subject to the following conditions, namely:—

(i) the amalgamation is in respect of a company owning an industrial undertaking or a ship with another company and the specified authority recommends to the Central Government that the amalgamating company was not financially viable by reason of liabilities, losses, etc., immediately before amalgamation;

(ii) the amalgamation was in public interest.

The Central Government have power to ensure that amalgamation would facilitate the rehabilitation or revival of the amalgamating company. The loss or unabsorbed depreciation is not allowed to be set off unless the business of the amalgamating company is carried on by the amalgamated company without any modification or reorganisation or with such modification or reorganisation as approved by the Central Government. The amalgamated company is also required to furnish a certificate from a specified authority about adequate steps having been taken to rehabilitate the business of amalgamating company. The company is also required to submit a proposed scheme of amalgamation to the specified authority for the satisfaction of the latter in regard to various conditions laid down in the section.

It is proposed to amend the said provisions relating to carry forward of loss or unabsorbed depreciation in cases of amalgamation. The new provisions, *inter alia,* provide for the following:—

(a) the amalgamated company holds at least three-fourths in value of assets of the amalgamating company acquired as a result of amalgamation for five years from the effective date of amalgamation;

(b) the amalgamated company continues the business of the amalgamating company for at least five years. The Central Government may notify such other conditions as may be necessary. It is further proposed to provide that in case the above specified conditions are not fulfilled that part of carry forward of loss and unabsorbed depreciation remaining to be utilised by the amalgamated company shall lapse and such loss or depreciation as has been set off shall be treated as the income in the year in which the failure to fulfil the conditions occurs.

It is further proposed that where there has been a demerger of an undertaking, the accumulated loss and the unabsorbed depreciation directly relatable to the undertaking transferred by the demerged company to the resulting company shall be allowed to be carried forward and set off in the hands of the resulting company. If the accumulated loss or unabsorbed depreciation is not directly relatable to the undertaking, the same will be apportioned between the demerged company and the resulting company in the same proportion in which the value of the assets have been transferred.

It is also proposed to confer powers upon the Central Government to notify such conditions as it considers necessary to ensure that the demerger or amalgamation is for genuine business purpose.

The existing conditions regarding carry forward and set-off of accumulated loss and unabsorbed depreciation in the case of a reorganisation of business whereby a firm or a proprietary concern is succeeded by the company will continue along with the definition of accumulated loss and unabsorbed depreciation.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Clause 39 seeks to amend section 79 of the Income-tax Act relating to carry forward and set-off of losses in the case of certain companies.

Under the existing provisions, where there is a change in the shareholding in the case of a company not being a company in which the public is substantially interested, no loss shall be carried forward to be set off against the income of the previous year unless on the last day of the previous year there is continuation of at least fifty-one per cent. of the voting power beneficially held by persons who beneficially held shares of the company carrying not less than fifty-one per cent. of the voting power on the last day of the year in which the loss was incurred. The above provision did not apply to a case where the change in the voting power took place consequent upon the death of a shareholder or on account of transfer of shares by way of gift to any relative.

It is proposed to provide that the above provisions shall not apply to any change in the shareholding of an Indian company which is subsidiary of a foreign company arising as a result of amalgamation or demerger of a foreign company subject to the condition that fifty-one per cent. of the shareholders of the amalgamating or demerged foreign company continue to remain the shareholders of the amalgamated or the resulting foreign company.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Clause 40 seeks to amend section 80D relating to deduction in respect of medical insurance premia.

Under the existing provisions, a deduction of a sum not exceeding ten thousand rupees is allowed for payment to effect or

to keep in force an insurance on the health of the assessee or his wife or her husband, dependant parents or any member of the family in case the assessee is a Hindu undivided family.

It is proposed to enhance the limit of deduction under the said section from ten thousand rupees to fifteen thousand rupees where the assessee or his wife or her husband, or dependant parents or any member of the family is a senior citizen and the medical insurance premium is paid to effect or keep in force an insurance in relation to him or her.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Clause 41 seeks to amend section 80DD of the Income-tax Act relating to deduction in respect of maintenance including medical treatment of handicapped dependants.

Under the existing provisions contained in sub-section (1) of the said section, an amount of expenditure incurred for the medical treatment of a handicapped dependant or for payment or deposit made for the maintenance of such dependant, will together qualify for deduction. The deduction is available for an amount not exceeding forty thousand rupees.

It is proposed to amend sub-section (1) so as to allow the deduction of rupees forty thousand where any expenditure has been incurred for the medical treatment (including nursing), training and rehabilitation of a handicapped dependant or paid or deposited under any scheme framed in this behalf by the Life Insurance Corporation or the Unit Trust of India.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Clause 42 seeks to amend section 80DDB of the Income-tax Act relating to deduction in respect of medical treatment, etc.

Under the existing provisions contained in section 80DDB, a separate deduction to an assessee, being an individual or a Hindu undivided family, for expenditure incurred for the medical treatment for the individual himself or for his dependant relative or for any member of a Hindu undivided family in respect of diseases or ailments as may be specified in the rules, is allowed. The assessee has to submit a certificate in the prescribed form from a prescribed authority. The deduction at present is limited to fifteen thousand rupees.

It is proposed to enhance the limit of deduction under the said section from fifteen thousand rupees to forty thousand rupees, where any expenditure is incurred for the medical treatment of an assessee or his dependant relative or any member of a Hindu undivided family. However, in case the assessee or his dependant relative or any member of a Hindu undivided family is a senior citizen and the expenditure is in relation to them, a deduction of rupees sixty thousand will be available for the medical treatment.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to assessment year 2000-2001 and subsequent years.

Clause 43 seeks to amend section 80G of the Income-tax Act relating to deduction in respect of donations to certain funds, charitable institutions, etc.

It is proposed by clauses (a) and (b) to provide hundred per cent. deductions in respect of donations to the Fund for Technology Development and Application set up by the Central Government.

It is also proposed to insert a new sub-section (5B) in the said section to provide that where an institution or fund which incurs expenditure of a religious nature for an amount not exceeding five per cent. of its total income during any previous year, such institution or fund shall be deemed to be the fund or institution to which the provisions of this section apply.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Clause 44 seeks to amend section 80HHA of the Income-tax Act relating to deduction in respect of profits and gains from newly established small-scale industrial undertakings in certain areas.

Under the existing provisions, an assessee is entitled to a deduction of twenty per cent. of the profits and gains derived by him from a small-scale industrial undertaking set up in a rural area for the initial period of ten years. For this purpose, in a case where the previous year ends before the 1st August, 1980, the small-scale industrial undertaking means an industrial undertaking in which the aggregate value of the machinery and plant installed as on the last day of the relevant previous year does not exceed rupees ten lakhs. In a case where the previous year ends after the 31st July, 1980 but before the 18th March, 1985, this limit is rupees twenty lakhs. In a case where the previous year ends after the 17th March, 1985, this limit is rupees thirty-five lakhs.

The proposed amendment seeks to amend the definition of "small-scale industrial undertaking" to cover only those small-scale industrial undertakings which are regarded as such undertakings under section 11B of the Industries (Development and Regulation) Act, 1951.

This amendment will take effect retrospectively from 1st April, 1978 and will, accordingly, apply in relation to the assessment year 1978-79 and subsequent years.

Clause 45 seeks to amend section 80HHB of the Income-tax Act relating to deduction in respect of profits and gains from projects outside India.

It is proposed to amend the said section so as to provide that the deduction under the section shall be allowed only if the assessee furnishes a certificate from the accountant that the deduction has been correctly claimed in accordance with the provisions of the section.

Under the existing provisions, the deductions under clause (iii) of sub-section (3) are allowed if an amount equal to fifty per cent. of the profits and gains referred to in sub-section (1) of the said section is brought by the assessee in convertible foreign exchange into India, in accordance with the provisions of the Foreign Exchange Regulation Act, 1973, and any rules made thereunder, within a period of six months from the end of the previous year referred to in clause (ii) of that sub-section. However, the Chief Commissioner or the Commissioner can extend the said period of six months.

It is proposed that in case where the convertible foreign exchange is brought into India beyond the aforesaid period of six months, it would be sufficient to obtain the approval of the Reserve Bank of India or such other competent authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange.

This amendment will take effect from 1st June, 1999.

Clause 46 seeks to amend section 80HHC of the Income-tax Act relating to deduction in respect of profits retained for export business.

Under the existing provisions, the section applies to all goods or merchandise other than those specified in clause (b) of sub-section (2) if the sale proceeds of such goods or merchandise exported out of India are brought by the assessee in convertible foreign exchange into India in accordance with the provisions of the Foreign Exchange Regulation Act, 1973, and any rules made thereunder within a period of six months from the end of the previous year. However, the Chief Commissioner or the Commissioner can extend the said period of six months.

It is proposed in sub-clause (a) that in a case where the convertible foreign exchange is brought into India beyond the aforesaid period of six months, it would be sufficient to obtain the approval of the Reserve Bank of India or such other competent authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange.

The proposed amendment in this sub-clause will take effect from 1st June, 1999.

It is proposed in sub-clause (b) to insert a new sub-section (4B) so as to clarify beyond doubt that the amount of income not charged to tax under the Act, shall be excluded from the total income for deduction under this section.

The proposed amendment will take effect retrospectively from 1st April, 1992 and will, accordingly, apply in relation to the assessment year 1992-93 and subsequent years.

Clause 47 seeks to amend section 80HHD of the Income-tax Act relating to deduction in respect of earnings in convertible foreign exchange.

Under the existing provisions of sub-section (2), the deductions under the said section are allowed if the receipts for the services provided to foreign tourists are brought by the assessee in convertible foreign exchange in India in accordance with the provisions of the Foreign Exchange Regulation Act, 1973, and any rules made thereunder within a period of six months from the end of the previous year. However, the Chief Commissioner or the Commissioner can extend the said period of six months.

It is proposed that in case where the convertible foreign exchange is brought into India beyond the aforesaid period of six months, it would be sufficient to obtain the approval of the Reserve Bank of India or such other competent authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange. It is proposed to define the expression "competent authority" by way of an *Explanation*.

This amendment will take effect from 1st June, 1999.

Under the existing provisions contained in sub-section (4) of section 80HHD, an assessee being an Indian company or a person other than a company engaged in the business of a hotel or of a tour operator or of a travel agent is allowed a deduction, in computing his total income, of an amount equal to fifty per cent. of the profits derived by him from services provided to foreign tourists, and so much out of the remaining profits as are credited to a reserve fund to be utilised in the manner prescribed in that sub-section.

It is proposed that the profits credited to the reserve may also be utilised for subscription of equity shares of an eligible issue of capital of a public company. However if either whole or any part of such equity shares are transferred or converted into money within a period of three years, the amount earlier utilised for subscription of the transferred or converted equity shares will be regarded as income of the previous year in which such shares are transferred or converted into money and would be taxed accordingly.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Clause 48 seeks to amend section 80HHE of the Income-tax Act relating to deduction in respect of profits from export of computer software, etc.

Under the existing provisions, the deductions under sub-section (2) of the said section are allowed only if the consideration in respect of computer software referred to in sub-section (1) is brought by the assessee in convertible foreign exchange into India in accordance with the provisions of the Foreign Exchange Regulation Act, 1973, and any rules made thereunder within a period of six months from the end of the previous year referred to in sub-section (2). However, the Commissioner can extend the said period of six months.

It is proposed that in case where the convertible foreign exchange is brought into India beyond the aforesaid period of six months, it would be sufficient to obtain the approval of the Reserve Bank of India or such other competent authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange.

This amendment will take effect from 1st June, 1999.

Clause 49 seeks to insert a new section 80HHF in the Income-tax Act relating to deduction in respect of profits and gains from export or transfer of film software, etc.

Sub-section (1) of the proposed new section seeks to provide that where the assessee, being an Indian company, is engaged in the business of export or transfer by any means out of India, of any film software, television software, music software, television news software, including telecast rights (hereafter referred to as software or software rights), there shall, in accordance with and subject to the provisions of the proposed new section be allowed, in computing the total income of the assessee, a deduction of the profits derived by the assessee from such business.

Sub-section (2) seeks to provide that the deduction specified in sub-section (1) shall be allowed only if the consideration in respect of the software or software rights is received in, or brought into India, by the assessee in convertible foreign exchange, within a period of six months from the end of the previous year or within such further period as the competent authority may allow in this behalf.

Sub-section (3) seeks to provide that for the purposes of sub-section (1), profits derived from the business referred to in that sub-section shall be the amount which bears to the profits of the business, the same proportion as the export turnover bears to the total turnover of the business carried on by the assessee.

Sub-section (4) seeks to provide that deduction under sub-section (1) shall not be admissible unless the assessee furnishes in the prescribed form, alongwith the return of income, the report of an accountant, as defined in the *Explanation* below sub-section (2) of section 288, certifying that the deduction has been correctly claimed in accordance with the provisions of this section.

Sub-section (5) seeks to provide that where a deduction under this section is claimed and allowed in respect of profits of the business under the proposed section for any assessment year, no deduction shall be allowed in relation to such profits under any other provision of this Act for the same or any other assessment year.

Sub-section (6) seeks to provide that notwithstanding anything contained in the section, no deduction shall be allowed in respect of software or software rights referred to in sub-section (1), if such business is prohibited by any law for the time being in force.

In the *Explanation* to the proposed new section, the expressions "competent authority", "convertible foreign exchange", "film software", "music software", "telecast rights", "television news software", "television software", "export turnover", "profits of the business" and "total turnover" have been defined.

This amendment will take effect from 1st April, 2000, and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Clause 50 seeks to substitute section 80-IA relating to deduction in respect of profits and gains from industrial undertakings, etc. in certain cases.

It is proposed to substitute the said section by two new sections namely, section 80-IA relating to deductions in respect of profits and gains from industrial undertakings or enterprises engaged in infrastructure development and section 80-IB relating to deductions in respect of profits and gains from certain industrial undertakings other than infrastructure development undertakings.

Sections 80-IA and 80-IB contain provisions on the lines of existing section 80-IA with the following modifications.

The new section 80-IA seeks to allow the benefit of fiscal concession in any ten consecutive assessment years out of fifteen years beginning from the year the enterprise or the undertaking begins to develop any infrastructure facility or start providing telecommunication services or develop industrial park or generate power. The new provision seeks to extend the benefit available for generation and distribution of power to undertakings deriving profits from laying network of new transmission and distribution lines for transmission on or after the 1st day of April, 1999 or from generation of power. It further seeks to provide that when an enterprise develops infrastructure facility and subject to the agreement with the Central or State Government, local authority or statutory body, as the case may be, the operation and maintenance of such facility is carried on its behalf by some other undertaking, the provisions of this section shall continue to apply to such other enterprise for the unexpired period of the prescribed time. It is also proposed to provide that where any undertaking of an Indian company which is entitled to the deduction under this section is transferred, before the expiry of the period specified in this section, to another Indian company in a scheme of amalgamation or demerger, (a) no deduction shall be admissible under this section to the amalgamating or the demerged company for the previous year in which the amalgamation or the demerger takes place; and (b) the provisions of this section shall, as far as may be, apply to the amalgamated or resulting company as they would have applied to the amalgamating or demerged company as if the amalgamation or demerger had not taken place.

The new section 80-IB contains provision for deduction in respect of profits and gains from industrial undertakings in certain cases. Section 80-IB seeks also to allow benefit of ten year tax holiday to industries as may be specified by the Central Government in the North-Eastern Region. The section also seeks to extend the benefit of hundred per cent. deduction of profits for initial five years and twenty-five per cent. of the profit in subsequent years for undertakings which derive profits from operating cold chains. The provision also seeks to provide that for approved housing projects the profits of which are fully deductible, the built-up area in regions other than outside twenty-five kms. of municipal limits of Delhi and Mumbai, the built-up area of the residential units does not exceed one thousand five hundred square feet. It is also proposed to provide that where any undertaking of an Indian company which is entitled to the deduction under this section is transferred, before the expiry of the period specified in this section, to another Indian company in a scheme of amalgamation or demerger (a) no deduction shall be admissible under this section to the amalgamating or the demerged company for the previous year in which the amalgamation or the demerger takes place; and (b) the provisions of this section shall, as far as may be, apply to the amalgamated or resulting company as they would have applied to the amalgamating or demerged company as if the amalgamation or demerger had not taken place. It is also proposed to define the expressions “hilly area”, “initial assessment year”, “place of pilgrimage”, “rural area”, “small scale industrial undertaking”, “North-Eastern Region” and “cold chain facility”.

These amendments will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Clause 51seeks to amend section 80JJA of the Income-tax Act relating to deduction in respect of profits and gains from business of collecting and processing of bio-degradable waste.

Under the existing provisions of section 80JJA, where the income of an assessee includes any profits and gains derived from the business of collecting and processing or treating any bio-degradable waste for generating power, producing bio-gas, making pellets or briquettes for fuel or organic manure, a deduction of profits and gains equal to the whole of such income or five lakh rupees whichever is less is allowed. It is proposed to amend the section so as to allow the benefit to the business of production of bio-fertilizers, bio-pesticides or other biological agents also.

It is also proposed to allow the deduction of an amount equal to the whole of such profits and gains for a period of five assessment years beginning with the assessment year relevant to the previous year in which the business commences.

These amendments will take effect from 1st April, 2000, and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Clause 52 seeks to amend section 80L of the Income-tax Act relating to deductions in respect of interest on certain securities, dividends, etc.

The proposed amendment excludes the income received in respect of units from Unit Trust of India and the mutual funds specified under clause (23D) of section 10 from the purview of deduction under section 80L. The amendment is consequential to the insertion of a new Chapter XII-E *vide* clause 61 of the Bill.

It is also proposed to omit the proviso in clause (x) of sub-section (1) of the said section which refers to the approval of the Central Government for the purpose of clause (viii) of sub-section (1) of section 36. This amendment is consequential to the omission of the first proviso to clause (viii) of sub-section (1) of section 36.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Clause 53 seeks to amend section 80-O of the Income-tax Act relating to deduction in respect of royalties, etc. from certain foreign enterprises.

Under the existing provisions, deductions are allowed if an amount equal to fifty per cent. of the income received by the assessee from the government of a foreign State or foreign enterprise in consideration for the use outside India of any patent, invention, design or registered trademark is brought by the assessee in convertible foreign exchange in India in accordance with the provisions of the Foreign Exchange Regulation Act, 1973, and any rules made thereunder within a period of six months from the end of the previous year. However, the Chief Commissioner or the Commissioner can extend the said period of six months.

It is proposed that in case where the convertible foreign exchange is brought into India beyond the aforesaid period of six months, it would be sufficient to obtain the approval of the Reserve Bank of India or such other competent authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange.

It is also proposed to provide that no deduction under this section shall be allowed unless the assessee furnishes a certificate, in the prescribed form, along with the return of income, certifying that the deduction has been correctly claimed in accordance with the provisions of this section.

This amendment will take effect from 1st June, 1999.

Clause 54 seeks to amend section 80R of the Income-tax Act relating to deduction in respect of remuneration from certain foreign sources in the case of professors, teachers, etc.

Under the existing provisions, where the gross total income of an individual, who is a citizen of India, includes any remuneration received by him outside India or from any university or other educational institution established outside India, or any other association or body established outside India, for services rendered by him during his stay outside India in the capacity mentioned in the said section, there is allowed a deduction of the amount mentioned in the aforesaid section subject to the condition that

such remuneration is brought into India in convertible foreign exchange within a period of six months from the end of the previous year or within such further period as the Chief Commissioner or the Commissioner may allow in this behalf.

It is proposed that in case where the convertible foreign exchange is brought into India beyond the aforesaid period of six months, it would be sufficient to obtain the approval of the Reserve Bank of India or such other competent authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange.

This amendment will take effect from 1st June, 1999.

Clause 55 seeks to amend section 80RR of the Income-tax Act relating to deduction in respect of professional income from foreign sources in certain cases.

Under the existing provisions, a deduction equal to seventy-five per cent. of the income of an individual resident in India being an author, playwright, artist, musician, actor or sportsman (including an athlete) is allowed, subject to the condition that such income is brought into India by or on behalf of the assessee in convertible foreign exchange within a period of six months from the end of the previous year. However, the Chief Commissioner or the Commissioner can extend the said period of six months.

It is proposed that in case where the convertible foreign exchange is brought into India beyond the aforesaid period of six months, it would be sufficient to obtain the approval of the Reserve Bank of India or such other competent authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange.

This amendment will take effect from 1st June, 1999.

Clause 56 seeks to amend section 80RRA of the Income-tax Act relating to deduction in respect of remuneration received for services rendered outside India.

Under the existing provisions, deduction in respect of remuneration received by an individual who is a citizen of India for service rendered outside India is allowed under the said section subject to the condition that an amount equal to seventy-five per cent. of the remuneration referred to in the said section is brought into India by or on behalf of the assessee in convertible foreign exchange within a period of six months from the end of the previous year. However, the Chief Commissioner or the Commissioner can extend the said period of six months.

It is proposed that in case where the convertible foreign exchange is brought into India beyond the aforesaid period of six months, it would be sufficient to obtain the approval of the Reserve Bank of India or such other competent authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange.

This amendment will take effect from 1st June, 1999.

Clause 57 seeks to amend section 112 of the Income-tax Act relating to tax on long-term capital gains.

It is proposed to insert a proviso in sub-section (1) so as to provide that where the tax payable in respect of any income arising from the transfer of a long-term capital asset, being listed securities exceeds ten per cent. of the amount of capital gains, before giving effect to the provisions of the second proviso to section 48, then, the amount of such excess shall be ignored for the purpose of computing the tax payable by the assessee. The proposed *Explanation* defines the expression “listed securities”.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Clause 58 seeks to amend section 115AC of the Income-tax Act relating to tax on income from bonds or shares purchased in foreign currency or capital gains arising from their transfer.

It is proposed to insert a new sub-section (5) to provide that where an assessee acquires shares or bonds, as the case may be, in a resulting or amalgamated company by virtue of his holding shares in the amalgamating or demerged company in accordance with the provisions of sub-section (1), the provisions of the said sub-section shall apply to such shares or bonds.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Clause 59 seeks to insert a new section 115ACA in the Income-tax Act relating to tax on income from Global Depository Receipts purchased in foreign currency or capital gains arising from their transfer.

Sub-section (1) of the new section seeks to provide that in the case of a resident employee, the income-tax payable shall be the aggregate of (i) ten per cent. of the income by way of dividends in respect of Global Depository Receipts of an Indian company purchased in foreign currency in accordance with such employees' stock option scheme as the Central Government may, by notification in the Official Gazette, specify in this behalf, if any, (ii) ten per cent. in case of long-term capital gains arising from the transfer of the aforesaid Global Depository Receipts, if any, and (iii) the amount of income-tax on the total income as reduced by the income from the said Global Depository Receipts.

Sub-section (2) of the new section seeks to provide that in the case of the aforesaid resident employee, no deduction shall be allowed under any provisions of this Act where the gross total income consists only of income from Global Depository Receipts. However, where the gross total income includes income from Global Depository Receipts, the deduction under any provisions of the Act shall be allowed as if the gross total income does not include the income from Global Depository Receipts.

Sub-section (3) of the new section provides that the first and second provisos of section 48 relating to the computation of capital gains shall not apply in case of transfer of Global Depository Receipts of Indian company purchased by the resident employee in foreign currency.

The *Explanation* to the new section defines the expressions “Global Depository Receipts”, “information technology software”, “information technology service” and “Overseas Depository Bank”.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Clause 60 seeks to amend section 115AD of the Income-tax Act relating to tax on income of Foreign Institutional Investors from securities or capital gain arising from their transfer.

It is proposed to amend clause (a) of sub-section (1) of section 115AD, so as to exclude the income by way of dividends referred to in section 115-O from the income mentioned in this clause in order to restore the provision as it stood prior to amendment by the Finance (No.2) Act, 1998.

This amendment will take effect from 1st April, 1999 and will, accordingly, apply in relation to the assessment year 1999-2000 and subsequent years.

Clause 61 proposes to insert a new Chapter XII-E of the Income-tax Act relating to special provisions with regard to the tax on the income distributed by the Unit Trust of India and Mutual Funds.

Under the provisions of the newly inserted section 115-R, it is proposed that the income distributed to a unit holder of the Unit Trust of India or a Mutual fund shall be charged to tax at a flat rate of ten per cent. to be payable by the Unit Trust of India or the Mutual Fund, as the case may be. This tax liability of the Unit Trust of India or Mutual Funds is notwithstanding the existing provisions of

the Unit Trust of India Act, 1963, which states that the Unit Trust of India is not liable to tax on its income, profits or gains; or clause 10(23D) of the Income-tax Act which exempts the income of a Mutual Fund from income-tax.

It is further proposed that the tax under this section shall not be chargeable in respect of any income distributed to the unit holders of the Unit Scheme, 1964 of the Unit Trust of India or any other open-ended equity oriented Fund in respect of income distributed under such schemes for a period of three financial years commencing from the Ist day of April, 1999.

Sub-section (3) of the proposed new section seeks to provide that the person responsible for making the payment of income distributed by the UTI or a Mutual Fund and the UTI or the Mutual Fund itself, as the case may be, shall be liable to pay the tax under this provision to the credit of the Central Government within fourteen days from the date of distribution of payment of such income, whichever is earlier.

The proposed new section 115-S seeks to provide that if the person or UTI or Mutual Fund liable to make the payment fails to so pay the income-tax to the credit of the Central Government, he or it shall be liable to pay simple interest at the rate of two per cent. every month or part thereof on such amount of tax which has not been paid or was not paid in time.

The proposed new section 115-T seeks to provide that if the person or UTI or Fund liable to make the payment fails to so pay the income-tax to the credit of the Central Government, he or it shall be deemed to be an assessee in default in respect of the amount of tax payable and all the provisions of this Act for the collection and recovery of income-tax shall apply.

It is also proposed to define the expressions “Mutual Fund”, “open-ended equity oriented fund” and “Unit Trust of India” for the purposes of the newly inserted Chapter XII-E of the Income-tax Act,.

The proposed amendments will take effect from Ist June, 1999, and will accordingly, apply in relation to assessment year 2000-2001 and subsequent years.

Clause 62 seeks to amend section 139 of the Income-tax Act relating to return of income.

Under the existing provisions contained in sub-section (1), a person who fulfils certain conditions specified in that sub-section is required to furnish his return of income and one of such conditions is that he is the owner or lessee of a motor vehicle as defined in *Explanation* 3.

It is proposed to exclude two-wheeled motor vehicles whether having any detachable side car having extra wheel attached to such vehicles or not from the purview of “motor vehicle” .

Under the existing provisions contained in sub-section (6), the return of income in the prescribed form requires the assessee to furnish the particulars of income exempt from tax, assets of the prescribed nature and value and belonging to him, expenditure exceeding prescribed limits incurred by him under prescribed heads and such other outgoings. It is proposed to provide that the return of income as prescribed shall also require the assessee to furnish particulars of his bank account and credit card held by him.

This amendment will take effect from 1st June, 1999.

Clause 63 seeks to amend section 140A of the Income-tax Act relating to self-assessment.

Under the existing provisions, if any tax is payable on the basis of any return required to be furnished under section 139 or section 142 or section 148, the assessee shall be liable to pay such tax along with interest payable under the Act before furnishing the return and the return shall be accompanied by proof of payment of such tax and interest.

It is proposed to provide that any person before filing of the return under section 158BC shall also be liable to pay tax and interest in accordance with the provisions contained in sub-section (1) of section 140A.

It is further proposed to provide that after a block assessment under section 158BC has been made, any amount paid under sub-section (1) of section 140A shall be deemed to have been paid towards the block assessment under section 158BC.

These amendments will take effect from 1st June, 1999.

Clause 64 seeks to amend section 143 of the Income-tax Act relating to assessment.

Under the existing provisions, there is a procedure for processing the return, making *prima facie* adjustments and raising additional tax, wherever necessary and sending intimation to the assessee in all cases.

It is proposed to provide that if any tax or interest is found due on the basis of return filed under section 139 or in response to a notice under sub-section (1) of section 142, after adjustment of any tax deducted at source, any advance tax paid, any tax paid on self assessment and any amount paid otherwise by way of tax or interest, then, without prejudice to the provisions of sub-section (2), an intimation shall be sent to the assessee specifying the sum so payable, and such intimation shall be deemed to be a notice of demand issued under section 156 and all the provisions of the Income-tax Act shall apply accordingly. If any refund is due on the basis of such return, it shall be granted to the assessee. It is also proposed to substitute the existing provisos by new provisos to provide that the acknowledgement of the return shall be deemed to be the intimation under sub-section (1) where either no sum is payable or no refund is due. The intimation under this sub-section shall not be sent after the expiry of two years from the end of the relevant assessment year.

It is also proposed to omit the provisions in respect of levy of additional income-tax on account of *prima facie* adjustment.

It is also proposed to omit the provisions relating to applicability of sub-sections (1) and (1A) to revised returns filed under sub-section (5) of section 139 after intimation is sent or refund is granted. Sub-section (5) and the *Explanation* to the section are also proposed to be omitted.

These amendments will take effect from 1st June, 1999.

Clause 65 seeks to amend section 154 of the Income-tax Act relating to rectification of mistake.

It is proposed to provide that an income-tax authority may amend any intimation or deemed intimation under sub-section (1) of section 143.

This amendment will take effect from 1st June, 1999.

Clause 66 seeks to amend section 155 of the Income-tax Act relating to other amendments.

It is proposed to insert a new sub-section (13) in section 155 so as to provide that where any deduction under sections 80HHB or 80HHC or 80HHD or 80HHE or 80-O or 80R or 80RR or 80RRA has been denied only on the ground that the income otherwise qualifying the deduction had not been received in, or brought into, India in convertible foreign exchange by or on behalf of the assessee in accordance with the law regulating dealings in foreign exchange and such income is so received in, or brought into, India at subsequent date, the Assessing Officer shall amend the order of assessment at any time within a period of four years from the end of previous year in which the qualifying amount is received in, or brought into, India in convertible foreign exchange with the approval of the Reserve Bank of India or in accordance with the law at the time in force for regulating payments and dealings in foreign exchange.

The proposed amendments shall enable the Assessing Officer to modify the amount of such deduction by giving effect to the proposed amendment in the year to which such amount otherwise relates.

This amendment will take effect from 1st June, 1999.

Clause 67 seeks to amend section 180 of the Income-tax Act relating to royalties or copyright fees for literary or artistic work.

It is proposed to insert a proviso before *Explanation* in the said section so as to provide that the provisions of the aforesaid section shall not apply in relation to the previous year relevant to the assessment year commencing on or after 1st April, 2000.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Clause 68 seeks to amend section 180A of the Income-tax Act relating to consideration for know-how.

Section 180A provides that where the time taken by an individual, who is resident in India, for developing any know-how is more than twelve months, he may elect that the gross amount of any lump sum consideration received or receivable by him during the previous year for allowing use of such know-how shall be charged to tax by spreading such amount equally over three years, namely, the year in which such amount was received or receivable and the two immediately preceding years.

The proposed amendment seeks to provide that the provisions contained in section 180A shall not apply after the assessment year commencing on 1st April, 2000 and subsequent years.

Clause 69 seeks to amend section 194A of the Income-tax Act relating to interest other than "Interest on securities".

It is proposed to amend the section so as to do away with the requirement of approval by the Central Government from clause (c) of the proviso to clause (i) of sub-section (3) of the said section. This amendment is consequential to the amendment *vide* clause 22 of the Bill.

The existing provisions of clause (ii) of sub-section (3) of section 194A provide that the provisions of sub-section (1) of section 194A relating to deduction of tax at source shall not apply in case of incomes credited or paid before 1st April, 1967. As the provisions of clause (ii) of sub-section (3) of section 194A are not applicable after 1st October, 1967, it is proposed to omit this clause.

These amendments will take effect from 1st April, 2000.

Clause 70 seeks to amend section 194B of the Income-tax Act relating to deduction of tax at source from any payment made on account of winnings from lottery or crossword puzzle.

The existing first proviso of section 194B provides that no deduction at source shall be made under this section from any payment made before 1st June, 1972.

As the provisions of first proviso are not applicable since 1972, it is proposed to omit the said proviso.

This amendment will take effect from 1st April, 2000.

Clause 71 seeks to amend section 194BB of the Income-tax Act relating to tax deduction at source from any payment made on account of winnings from horse race.

The existing proviso of section 194BB provides that no deduction at source shall be made under this section from any payment made before 1st June, 1978. As the provisions of the proviso are not applicable in respect of any payment made before 1st June, 1978, it is proposed to omit the said proviso.

This amendment will take effect from 1st April, 2000.

Clause 72 seeks to amend section 194H of the Income-tax Act relating to deduction on tax at source from any payment made on account of commission, brokerage, etc.

Section 194H provides for deduction of tax at source in respect of any income by way of commission, brokerage, etc. paid after 1st April, 1991 but before 1st June, 1992. As the provisions of section 194H are not applicable after 1st June, 1992, it is proposed to omit section 194H.

This amendment will take effect from 1st April, 2000.

Clause 73 seeks to amend section 194K of the Income-tax Act relating to income in respect of units.

It is proposed to insert a proviso in sub-section (1) of the said section so as to provide that the provisions of the sub-section shall not apply to any income of unit holders of the Unit Trust of India and other Mutual Funds on or after 1st June, 1999.

This amendment will take effect from 1st June, 1999.

Clause 74 seeks to insert a new section 194L in the Income-tax Act relating to payment of compensation on acquisition of capital asset.

The new section 194L provides that any person responsible for paying to a resident any sum being in the nature of compensation or enhanced compensation or consideration or enhanced consideration on account of compulsory acquisition under any law for the time being in force of any capital asset shall, at the time of payment of such sum in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct an amount equal to ten per cent. of such sum as income-tax on income comprised therein. However, no deduction shall be made where the amount of such payments or aggregate of such payments during the financial year does not exceed one hundred thousand rupees.

This amendment will take effect from 1st June, 1999.

Clause 75 seeks to amend section 196A of the Income-tax Act relating to income in respect of units of non-residents.

It is proposed to insert a proviso in sub-section (1) of the said section so as to provide that the provisions of the sub-section shall not apply to any income of unit holders of the Unit Trust of India and other Mutual Funds on or after 1st June, 1999.

This amendment will take effect from 1st June, 1999.

Clause 76 seeks to amend section 197 of the Income-tax Act relating to certificate for deduction of income-tax at lower rate.

The proposed amendment seeks to include the payment, being in the nature of compensation or enhanced compensation or consideration or enhanced consideration referred to in section 194L, within the scope of section 197.

This amendment will take effect from 1st June, 1999.

Clause 77 seeks to amend section 197A of the Income-tax Act relating to non-deduction of tax in certain cases.

It is proposed to provide that no deduction of tax at source in respect of interest on securities shall be made in accordance with the provisions contained in section 197A. The proposed amendment seeks to omit the reference of section 193 in sub-section (1) of section 197A and insert such reference in sub-section (1A) of section 197A. With the insertion of the reference of section 193 in sub-section (1A) of section 197A, the effect would be that the tax exempt entities such as trusts, superannuation fund, provident fund and gratuity fund can receive income by way of interest on securities without deduction of tax at source.

This amendment will take effect from 1st June, 1999.

Clause 78 seeks to amend sections 198, 199, 200, 202, 203, 203A, 204 and 205 of the Income-tax Act relating to deduction of income-tax.

These amendments are consequential to the insertion of new section 194L in the Act vide clause 74 of the Bill.

These amendments will take effect from 1st June, 1999.

Clause 79 seeks to amend section 201 of the Income-tax Act relating to consequences of failure to deduct or pay the tax.

Under the existing provisions contained in section 201, in case the persons referred to in the said section do not deduct or after deducting fail to pay the tax as required by or under the Income-tax Act, they are liable to pay simple interest at the rate of fifteen per cent. per annum on the amount specified in the aforesaid section.

It is proposed to amend sub-section (1A) of section 201 so as to increase the rate of interest from fifteen per cent. to eighteen per cent. per annum.

This amendment will take effect from 1st June, 1999.

Clause 80 seeks to amend section 206C of the Income-tax Act relating to profits and gains from the business of trading in alcoholic liquor, forest produce, scraps, etc.

Sub-clause (a) proposes to insert new sub-sections (5B) and (5C) in section 206C to provide that the returns of tax collection at source may be filed on computer media such as floppies, diskettes, magnetic cartridge tapes, CD-ROMs or any other computer readable media as may be specified by the Board. It is also proposed that the information in such returns shall be admitted as evidence in any other proceedings under the Act.

Sub-clause (b) proposes to insert new sub-sections (9), (10) and (11) in the said section. Sub-section (9) provides for issue of certificate by the Assessing Officer for collection of tax at a lower rate than those specified in sub-section (1). Such certificate shall be issued on an application made by the buyer in this behalf. Sub-section (10) provides that the person responsible for collecting the tax shall collect the same at the rates specified in such certificate until such certificate is cancelled by the Assessing Officer. Sub-section (11) confers upon the Board, power to make rules specifying the cases in which, and the circumstances under which, an application may be made for the grant of such certificate and the conditions subject to which such certificate may be granted.

These amendments will take effect from 1st June, 1999.

Clause 81 seeks to amend section 234A of the Income-tax Act relating to interest for defaults in furnishing return of income.

Under the existing provision, the assessee is liable to pay simple interest at the rate of two per cent. for every month or part of a month for default in furnishing the return of income specified in the said section.

The proposed amendment seeks to reduce the rate of interest from two per cent. to one and one-half per cent. for every month or part of a month, as the case may be.

This amendment will take effect from 1st June, 1999.

Clause 82 seeks to amend section 234B of the Income-tax Act relating to interest for defaults in payment of advance tax.

Under the existing provisions, the assessee is liable to pay simple interest at the rate of two per cent. for every month or part of a month for default in payment of advance tax specified in the said section.

The proposed amendment seeks to reduce the rate of interest from two per cent. to one and one-half per cent. for every month or part of a month, as the case may be.

This amendment will take effect from 1st June, 1999.

Clause 83 seeks to amend section 249 of the Income-tax Act relating to form of appeal and limitation.

It is proposed to insert a new clause (iv) in sub-section (1) of section 249 so as to provide for a fee of two hundred fifty rupees in case of appeals relating to matters not specified in clauses (i) to (iii) in that sub-section.

This amendment will take effect from 1st June, 1999.

Clause 84 seeks to amend section 250 of the Income-tax Act relating to procedure in appeal.

It is proposed to insert a new sub-section (6A) so as to provide that in every appeal the Commissioner (Appeals), where it is possible, may hear and decide such appeal within a period of one year from the end of the financial year in which such appeal is filed under sub-section (1) of section 246A.

This amendment will take effect from 1st June, 1999.

Clause 85 seeks to amend section 253 of the Income-tax Act relating to appeals to the Appellate Tribunal.

The existing provisions contained in section 253, do not provide for an appeal to the Appellate Tribunal against an order passed under section 12AA relating to registration of a trust or institution.

It is proposed to amend section 253 so as to insert a reference to section 12AA in the aforesaid section so that appeal may be filed against an order passed under section 12AA.

It is also proposed to insert a new clause (d) in sub-section (6) of section 253 so as to provide for a fee of five hundred rupees in respect of matters not covered under clauses (a) to (c) of that sub-section.

These amendments will take effect from 1st June, 1999.

Clause 86 seeks to amend section 254 of the Income-tax Act relating to orders of Appellate Tribunal.

It is proposed to insert a new sub-section (2A) so as to provide that in every appeal, the Appellate Tribunal, where it is possible, may hear and decide such appeal within a period of four years from the end of the financial year in which such appeal is filed under sub-section (1) of section 253.

It is also proposed to insert a new sub-section (2B) so as to provide that the cost of any appeal to the Appellate Tribunal shall be at the discretion of that Tribunal.

Sub-section (4) of section 254 provides that the orders passed by the Appellate Tribunal, except as provided in section 256, on an appeal, shall be final. Section 260A contains provisions relating to appeal to High Court. It is proposed to amend sub-section (4) of section 254 so as to provide that the orders passed by the Appellate Tribunal on an appeal shall be final except as provided in sections 256 and 260A. The proposed amendments are of consequential nature.

These amendments will take effect from 1st June, 1999.

Clause 87 seeks to amend section 260A of the Income-tax Act relating to appeal to High Court.

Sub-clause (a) proposes to amend sub-section (2) of section 260A so as to provide that an appeal to the High Court may also be filed by the Chief Commissioner or the Commissioner in addition to the assessee. Clause (b) of sub-section (2) of the said section provides for a levy of fee of ten thousand rupees for filing the appeal to the High Court. It is proposed to omit clause (b) of sub-section (2) of section 260A and after its omission the fee for filing the appeal to the High Court shall be such fee as may be specified in the relevant law relating to court fees for filing the appeal to the High Court.

Sub-clause (b) proposes to insert a new sub-section (7) in section 260A so as to provide that the provisions of the Code of Civil Procedure, 1908 relating to appeals to the High Court, shall, as far as possible, apply in case of appeals under that section unless specifically provided for in the provisions of the Income-tax Act.

These amendments will take effect from 1st June, 1999.

Clause 88 seeks to amend section 272A of the Income-tax Act relating to penalty for failure to answer questions, sign statements, furnish information, returns or statements, allow inspections, etc.

Under the existing provisions contained in sub-section (2) of section 272A, a person who fails to comply with any of the specific provisions referred to therein is liable to pay a sum which shall not be less than one hundred rupees, but which may extend to two hundred rupees for every day during which the failure continues.

It is proposed to provide for a penalty of one hundred rupees for every day of failure on the part of assessee under sub-section (2) of section 272A.

This amendments will take effect from 1st June, 1999.

Clause 89 seeks to omit the Tenth Schedule to the Income-tax Act.

The existing provisions of the Tenth Schedule provide for the modification of the Income-tax Act in cases where the previous year in relation to the assessment year commencing on 1st April, 1989 exceeds twelve months.

The definition of "previous year" has been substituted *vide* clause 4 of the Bill so as to do away with the transitory provisions in section 3 of the Income-tax Act. As a consequence to the substitution of section 3, the Tenth Schedule is being omitted.

This amendment will take effect from 1st April, 2000.

Clause 90 seeks to make amendments which are consequential to the substitution of section 80-IA by new sections 80-IA and 80-IB vide clause 50 of the Bill.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Wealth-tax

Clause 91 seeks to amend section 2 of the Wealth-tax Act relating to definitions.

It is proposed to insert an *Explanation* in clause (ea) so as to clarify that "jewellery" does not include the Gold Deposit Bonds issued under the Gold Deposit Scheme, 1999 notified by the Central Government.

This amendment will take effect from 1st April, 2000 and will, accordingly, apply in relation to the assessment year 2000-2001 and subsequent years.

Clause 92 seeks to amend section 16 of the Wealth-tax Act relating to assessment.

Under the existing provisions, there is a procedure for processing the return, making *prima facie* adjustments and raising additional tax, wherever necessary and sending intimation to the assessee in all cases.

It is proposed to provide that if any tax or interest is found due on the basis of return filed under section 14 or section 15 or in response to a notice under clause (i) of sub-section (4) of this section, after adjustment of any amount paid by way of tax or interest, an intimation shall be sent to the assessee specifying the sum so payable, and such intimation shall be deemed to be a notice to be issued under section 30 and all the provisions of Wealth-tax Act shall apply accordingly. If any refund is due on the basis of such return, it shall be granted to the assessee. It is also proposed to substitute the existing provisos by new provisos to provide that the acknowledgment of the return shall be deemed to be the intimation under sub-section (1) where either no sum is payable or no refund is due. The intimation under this sub-section shall not be sent after the expiry of two years from the end of the relevant assessment year.

It is further proposed to omit the provisions in respect of levy of additional income-tax on account of *prima facie* adjustment.

It is also proposed to omit the provisions relating to sub-section (1A),(1B), and (7) and the explanation to the said section.

These amendments will take effect from 1st June, 1999.

Clause 93 seeks to amend section 23A of the Wealth-tax Act relating to procedure in appeal.

It is proposed to insert a new sub-section (8A) so as to provide that in every appeal the Commissioner (Appeals), where it is possible, may hear and decide such appeal within a period of one year from the end of the financial year in which such appeal is filed under sub-section (1).

This amendment will take effect from 1st June, 1999.

Clause 94 seeks to amend section 24 of the Wealth-tax Act relating to appeal to the Appellate Tribunal.

The provisions contained in sub-section (4) of section 24 provide for a fee of one thousand rupees for filing an appeal to the Appellate Tribunal.

Sub-clause (a) seeks to insert a proviso in sub-section (4) so as to provide that, in case of an appeal not relatable to net wealth as computed by the Assessing Officer, the fee shall be five hundred rupees.

Sub-clause (b) seeks to amend sub-section (10) so as to include reference to section 27A therein.

It is proposed to insert a new sub-section (5A) so as to provide that in every appeal the Appellate Tribunal, where it is possible, may hear and decide such appeal within a period of four years from the end of the financial year in which such appeal is filed under sub-section (1).

It is also proposed to insert a new sub-section (5B) so as to provide that the cost of any appeal to the Appellate Tribunal shall be at the discretion of that Tribunal.

This amendment will take effect from 1st June, 1999.

Clause 95 seeks to amend section 27 of the Wealth-tax Act relating to reference to High Court.

It is proposed to amend sub-section (1) of section 27 so as to provide that no application shall be made to the Appellate Tribunal to make a reference to the High Court under that section. The proposed amendment is consequential in nature.

This amendment will take effect from 1st June, 1999.

Clause 96 seeks to amend section 27A of the Wealth-tax Act relating to appeal to High Court.

Sub-clause (a) proposes to amend sub-section (3) of the said section which provides for a fee of five thousand rupees for filing an appeal to the High Court. It is proposed to omit the fee of five thousand rupees. After the proposed amendment, the fee for filing the appeal to the High Court shall be such fee as may be specified under the law relating to court fee.

Sub-clause (b) proposes to insert sub-section (8) in section 27A. Sub-section (8) provides that the provisions of the Code of Civil Procedure, 1908 relating to High Court shall, so far as may be, apply in the case of appeals under that sub-section.

This amendment will take effect from 1st June, 1999.

Clause 97 seeks to amend section 35 of the Wealth-tax Act relating to rectification of mistake.

It is proposed to provide that a wealth-tax authority may amend any intimation or deemed intimation under sub-section (1) of section 16.

This amendment will take effect from 1st June, 1999.

Expenditure-tax

Clause 98 seeks to make amendments which are consequent to amendments in clause 50.

Clause 99 seeks to amend section 22 of the Expenditure-tax Act relating to procedure in appeal.

It is proposed to insert a new sub-section (4A) so as to provide that in every appeal endeavour shall be made by the Commissioner (Appeals), where it is possible to do so consistent with the nature and circumstances of the case to hear and determine such appeal as expeditiously as possible within a period of one year from the end of the financial year in which such appeal is filed under sub-section (1).

This amendment will take effect from 1st June, 1999.

Indirect taxes

Clause 100 seeks to amend the Customs Act so as to provide that a reference in the Customs Act to an Assistant Commissioner of Customs may also include a reference to the Deputy Commissioner of Customs and a reference to the Deputy Commissioner of Customs shall mean a reference to the Joint Commissioner of Customs.

Clause 101 seeks to amend section 3 of the Customs Act so as to provide for inclusion of Joint Commissioner of Customs in the class of officers of customs.

Clause 102 seeks to substitute sub-section (2) of section 25 of the Customs Act to empower the Central Government to exempt from payment of customs duty goods of strategic or secret nature, or for charitable purposes.

Clause 103 seeks to insert new Chapter VB on Authority for Advance Rulings in the Customs Act, in order to provide a scheme

for giving binding rulings in respect of activities of import and export involving non-residents in advance of the commencement of the activities so as to avoid needless litigation and promote better compliance with the provisions of the Customs Act.

Clause 104 seeks to amend section 30 of the Customs Act in relation to the delivery of import manifest and import report.

Clause 105 seeks to amend section 47 of the Customs Act so as to provide for recovery of interest in case the importer does not pay the duty due from him within two days of the return of the assessed bill of entry to him.

Clause 106 seeks to amend section 54 of the Customs Act to provide for filing of a declaration for transhipment in the case of transhipment of the specified category of goods.

Clause 107 seeks to amend sub-section (2) of section 61 of the Customs Act to provide for payment of interest in the case of specified category of warehoused goods from the period starting from the expiry of a period of six months for which the goods remain in a warehouse.

Clause 108 seeks to amend clause (m) of section 111 of the Customs Act to provide for confiscation of goods which do not correspond to the entry made in the declaration for transhipment of such goods.

Clause 109 seeks to amend section 117 of the Customs Act to increase the penalty leviable under this section to rupees ten thousand.

Clause 110 seeks to amend section 129DD of the Customs Act to grant discretion to the Central Government to refuse to admit revision application in certain cases. It also seeks to allow the Commissioner of Customs to authorise the filing of a revision application against an order passed by Commissioner (Appeals) under section 128A in certain cases. It also seeks to revise the fees payable in cases of revision application.

Clause 112 seeks to substitute section 130A of the Customs Act so as to provide that the Commissioner of Customs or the other party may on or after the 1st day of July, 1999 apply to the High Court to direct the Appellate Tribunal to refer to the High Court the question of law arising from the orders of that Tribunal.

Clause 115 seeks to amend sub-section (2) of section 157 of the Customs Act to empower the Board to prescribe the form of a declaration for transhipment.

Clause 116 seeks to levy additional duty of customs on high speed diesel oil at the rate of one rupee per litre.

Clause 117 seeks to amend the First Schedule to the Customs Tariff Act, 1975, so as to-

(a) reduce the basic customs duty in respect of articles falling under the following Chapters, heading and sub-heading Nos., namely:–

Chapters 6 (heading Nos. 06.01 and 06.02), 8 (sub-heading Nos. 0806.10 and 0809.40), 12 (sub-heading Nos. 1209.91 and 1209.99), 15 (heading No. 15.05), 21 (sub-heading No. 2106.90), 22 (heading No. 22.08 and sub-heading No. 2207.10), 29 (sub-heading Nos. 2902.43, 2905.11 and 2910.30), 33 (sub-heading No. 3302.10), 38 (heading No. 38.18), 47 (heading No. 47.02), 48 (heading No. 48.01), 51 (heading Nos. 51.01, 51.02, 51.03 and 51.04), 69 (heading Nos. 69.02 and 69.03), 81 (sub-heading Nos. 8104.11 and 8104.19), 84 (heading No. 84.70 and sub-heading Nos. 8418.10, 8447.20, 8448.11, 8448.51, 8448.59, 8452.30, 8452.40, 8469.11, 8471.70, 8473.21, 8473.29 and 8473.50), 85 (heading Nos. 85.34 and 85.42 and sub-heading Nos. 8516.90, 8517.30, 8517.50, 8520.20, 8523.11, 8523.12, 8523.13, 8523.20, 8523.90, 8524.31, 8524.40, 8524.91, 8525.10, 8525.20, 8531.20, 8532.21, 8532.22, 8532.23, 8532.24, 8532.25, 8532.29, 8532.30, 8532.90, 8533.10, 8533.21, 8533.29, 8533.31, 8533.39, 8533.40, 8537.20, 8540.40, 8541.10, 8541.21, 8541.29, 8541.30, 8541.40, 8541.50, 8541.60, 8543.81 and 8544.70);

(b) increase the basic customs duty in respect of articles falling under the following Chapters, heading and sub-heading Nos., namely:–

Chapters 2, 3, 4 (except heading Nos. 0402.10 and 0402.21), 5, 6 (heading Nos. 06.03 and 06.04) 7 (except heading No. 07.13), 8 (sub-heading Nos. 0804.10 and 0810.90), 9, 11, 12 (sub-heading Nos. 1209.11, 1209.19, 1209.21, 1209.22, 1209.23, 1209.24, 1209.25, 1209.26, 1209.29, 1209.30 and 1211.90), 13 (sub-heading Nos. 1302.19 and 1302.20), 14, 15 (except heading No. 15.05 and sub-heading Nos. 1513.11 and 1513.19), 17 (heading No. 17.03 and sub-heading Nos. 1702.11 and 1702.19), 18 (heading No. 18.01), 19 (sub-heading No. 1901.10), 22 (sub-heading No. 2207.20), 23 (sub-heading No. 2301.20), 25 (heading Nos. 25.04 and 25.10), 26 (sub-heading Nos. 2620.11, 2620.19 and 2620.30), 27 (except heading Nos. 27.09, 27.10, 27.11, 27.12, 27.13, 27.14, 27.15 and 27.16 and sub-heading Nos. 2707.60 and 2713.11), 28 (except heading No. 28.23), 29 (except sub-heading Nos. 2902.43, 2905.11, 2905.31, 2907.11, 2910.30, 2915.21, 2917.12, 2917.36, 2917.37, 2918.12, 2918.14, 2933.21 and 2933.71), 30 (except sub-heading No. 3006.60), 31 (except sub-heading Nos. 3102.50, 3104.30, 3105.30 and 3105.40), 32 (except sub-heading Nos. 3206.11 and 3206.19), 35, 36, 37 (heading No. 37.07 and sub-heading Nos. 3701.20 and 3702.20), 38 (except heading Nos. 38.15 and 38.18), 39, 40 (sub-heading Nos. 4001.10, 4001.21, 4001.22 and 4001.29), 41 (except heading Nos. 41.01, 41.02 and 41.03), 43 (except heading Nos. 43.03 and 43.04 and sub-heading Nos. 4301.30 and 4302.13), 44 (heading Nos. 44.01, 44.02, 44.03, 44.08, 44.09, 44.12, 44.13, 44.14, 44.15, 44.16, 44.17, 44.18, 44.19, 44.20 and 44.21), 45, 48 (heading Nos. 48.02, 48.03, 48.04, 48.05, 48.06, 48.07, 48.08, 48.09, 48.10 and 48.11 and sub-heading No. 4823.20), 49 (except heading Nos. 49.02, 49.04, 49.05 and 49.06), 50, 51 (heading No. 51.05), 52 (heading No. 52.01), 53 (heading Nos. 53.01, 53.02, 53.03, 53.04 and 53.05), 54 (heading Nos. 54.02 and 54.03), 55 (heading Nos. 55.01, 55.02, 55.03, 55.04, 55.05, 55.06 and 55.07), 68 (heading No. 68.06), 72, 73, 74 (heading Nos. 74.01, 74.02, 74.03 and 74.04), 75, 76, 78, 79, 80, 81 (except sub-heading Nos. 8104.11 and 8104.19), 84 (except heading Nos. 84.15, 84.69, 84.70, 84.71, 84.72 and 84.73 and sub-heading Nos. 8407.21, 8418.10, 8418.21, 8418.22, 8418.29, 8418.91, 8418.99, 8422.11, 8422.19, 8422.90, 8423.10, 8447.20, 8448.11, 8448.19, 8448.51, 8448.59, 8450.11, 8450.12, 8450.19, 8450.90, 8452.10, 8452.30, 8452.40, 8452.90 and 8469.11), 85 (heading Nos. 85.01, 85.02, 85.03, 85.04, 85.05, 85.08, 85.14, 85.15, 85.29, 85.30, 85.36, 85.38, 85.45, 85.46, 85.47 and 85.48 and sub-heading Nos. 8517.11, 8517.19, 8517.21, 8517.22, 8517.80, 8518.90, 8522.10, 8527.90, 8537.10, 8540.11, 8540.12, 8540.20, 8540.50, 8540.60, 8540.71, 8540.72, 8540.79, 8540.81, 8540.89, 8540.91, 8540.99, 8543.11, 8543.19, 8543.20, 8543.30, 8543.40, 8543.89 and 8543.90), 90 (except heading Nos. 90.01, 90.02, 90.03, 90.04, 90.05, 90.06, 90.07, 90.08, 90.09 and 90.10 and sub-heading Nos. 9022.19, 9022.29, 9022.30, 9022.90, 9026.20, 9026.80, 9026.90, 9027.20, 9027.30, 9027.50 and 9027.80), 91 (heading Nos. 91.08, 91.10 and 91.12 and sub-heading Nos. 9111.20, 9111.80, 9113.20 and 9113.90), 92, 98 (heading Nos. 98.01 and 98.02 and sub-heading No. 9804.10); and

(c) omit heading No. 99.02.

Clause 118 seeks to amend the Customs Tariff Act to provide for a surcharge of customs on goods specified under the First Schedule of the said Act of an amount equal to ten per cent. of the duty chargeable on such goods at the rates specified under the First Schedule to that Act.

Clause 119 seeks to amend the Central Excise Act so that a reference in that Act to an Assistant Commissioner of Central Excise shall also include a reference to the Deputy Commissioner of Central Excise and a reference to the Deputy Commissioner of Central Excise shall mean a reference to the Joint Commissioner of Central Excise. It also seeks to provide for consequential amendments in the Act.

Clause 120 seeks to include the Joint Commissioner of Central Excise in the definition of the Central Excise Officer.

Clause 121 seeks to amend section 3 of Central Excise Act so as to provide for levy of special duty of excise on excisable goods produced or manufactured in India.

Clause 122 seeks to amend section 4A of the Central Excise Act so as to provide for confiscation of excisable goods in specified circumstances on which excise duty is chargeable on the basis of retail sale price of such goods.

Clause 123 seeks to amend sub-section (2) of section 5A of the Central Excise Act so as to empower the Central Government to exempt from payment of excise duty the goods of strategic or secret nature, or for charitable purpose.

Clause 124 seeks to insert a new Chapter IIIA in the Central Excise Act, on Authority for Advance Rulings in order to provide a scheme for giving binding rulings in respect of activities of manufacture and production involving non-residents in advance of the commencement of the activities so as to avoid needless litigation and to promote better compliance with the provisions of the Act.

Clause 125 seeks to amend section 33 of the Central Excise Act so as to provide for powers of adjudication of officers of Central Excise where anything is liable to confiscation or any person is liable to a penalty under the provisions of this Act.

Clause 126 seeks to amend section 35EE of the Central Excise Act so as to provide for discretion of the Central Government for admitting revision application in certain cases. It also seeks to allow the Commissioner of Central Excise to authorise the filing of a revision application against an order passed by Commissioner of Central Excise (Appeals) under section 35A in certain cases. It also seeks to revise the fees payable in cases of revision application.

Clause 131 seeks to amend sub-section (2) of section 37 of the Central Excise Act to empower Central Government to make rules for payment of interest on the differential amount of duty payable or refundable on finalisation of provisional assessments. It also seeks to empower Central Government to make rules providing, with effect from the 16th day of March, 1995, for lapsing of credit of duty lying unutlised with the manufacturer of specified excisable goods and also for not allowing such credit to be utlised for payment of any kind of duty on any excisable goods.

Clause 132 seeks to give retrospective effect to certain amendments made in the Central Excise Rules, 1944 from the 16th day of March, 1995 to 18th day of September, 1997.

Clause 133 seeks to levy additional duty of excise on high speed diesel oil at the rate of one rupee per litre and to also provide that the proceeds of such duties would not be shareable with the States.

Clause 134 seeks to make consequential amendments in the Central Excise Tariff Act in view of the imposition of special excise duty leviable under section 3 of the Central Excise Act.

Clause 134(1)(b)(ii) seeks to amend the Schedule to the Central Excise Tariff Act, so as to-

(a) reduce the excise duty in respect of articles falling under the following Chapters, heading and sub-heading Nos., namely:-

" Chapter 4 (sub-headings Nos. 0401.13, 0402.11, 0403.11 and 0404.11), 9 (sub-headings Nos. 0903.10), 15 (headings Nos. 15.06 and 15.07 and sub-heading No. 1508.10), 17 (sub-headings Nos. 1701.90 and 1704.10), 18 (headings Nos. 18.01, 18.02, 18.03 and 18.04), 19 (sub-headings Nos. 1901.19, 1901.91, 1901.92 and 1905.31), 21 (heading Nos. 21.06, 21.07, and sub-headings Nos. 2101.10, 2101.20, 2108.10, 2108.20 and 2108.99) 22 (heading No. 22.03 and sub-headings Nos. 2201.19, 2201.20, 2202.19, 2202.20, 2202.99 and 2204.10), 24 (sub-headings Nos. 2401.90, 2404.40, 2404.50 and 2404.99), 25 (sub-headings Nos. 2502.21, 2502.30, 2502.40, 2502.50 and 2502.90), 27 (heading Nos. 27.07 and 27.08 and sub-headings Nos. 2710.11, 2710.12, 2710.13, 2710.19, 2711.11, 2711.12, 2711.19 and 2711.29), 28 (except sub-heading Nos. 2804.11, 2804.12, 2804.21, 2804.31,2804.32, 2804.33, 2804.40, 2805.11, 2811.21, 2814.10, 2833.10, 2833.20, 2844.10, 2844.20, 2845.10, 2845.20, 2847.11, 2851.11, 2851.21 and 2851.30), 29 (except sub-heading No. 2925.10), 31 (except heading No. 31.01), 32, 33 (except sub-heading Nos. 3306.10, 3307.41 and 3307.60), 34 (except sub-heading Nos. 3401.11, 3401.12, 3401.13, 3402.10, 3403.10 and 3406.10), 35 , 36 (except heading No. 36.05), 37 (heading No. 37.07 and sub-heading Nos. 3701.20, 3701.90, 3702.20, 3702.90, 3703.10, 3703.20, 3704.10, 3704.20 and 3704.90), 38 (except heading No. 38.23 and sub-heading Nos. 3805.19, 3806.19, 3808.10, 3808.20, 3818.11, 3824.10 and 3824.20), 39 (except sub-heading Nos. 3916.10, 3923.10 and 3924.10), 40 (except heading No. 40.01 and sub-heading Nos. 4005.10, 4005.20, 4008.11, 4008.21, 4011.10, 4013.10 and 4014.10), 42 , 43, 44 (heading Nos. 44.02, 44.08 and 44.09 and sub-heading Nos. 4404.90, 4405.90 and 4410.11), 45, 47 (sub-heading No. 4702.90), 48 (except heading No. 48.01,48.17, 48.20 and 48.21 and sub-heading Nos. 4802.10, 4802.20, 4802.30, 4804.10, 4804.20, 4819.11, 4819.12, 4819.19, 4823.10, 4823.20 and 4823.30), 49 (sub-heading No. 4901.10), 50 (sub-heading No. 5004.19), 51 (heading Nos. 51.08 and 51.09), 52 (except heading Nos. 52.01, 52.02, 52.03 and sub-heading Nos. 5204.10, 5205.90 and 5206.90) 53 (sub-heading Nos. 5306.11, 5306.19 and 5308.14), 54, 55, 56 (heading Nos. 56.03 and 56.05), 57 (sub-heading Nos. 5702.19 and 5703.90), 58 (sub-heading Nos. 5801.21, 5801.22, 5801.31, 5801.32, 5802.21, 5802.22, 5802.31, 5802.32, 5806.31 and 5806.32), 59 (heading Nos. 59.02, 59.03, 59.04, 59.05, 59.10 and sub-heading Nos. 5906.99, 5907.11, 5907.12, 5907.19 and 5907.90) , 60 (sub-heading Nos. 6001.11, 6001.12, 6001.21, 6001.22, 6001.91, 6001.92, 6002.30, 6002.42, 6002.43, 6002.92 and 6002.93), 63 (sub-heading Nos. 6305.31 and 6305.39), 68 (except sub-heading Nos. 6807.10 and 6807.20), 69 (sub-heading No. 6906.10), 70 (except heading Nos. 70.09, 70.15 and sub-heading Nos. 7010.11, 7010.12, 7010.21, 7011.10, 7012.10 and 7013.10), 71 (sub-heading Nos. 7101.39, 7101.40, 7101.70, 7101.80 and 7101.90), 83, 84 (heading Nos. 84.15, 84.18, 84.50, 84.70, 84.72, 84.76 and sub-heading Nos. 8414.30, 8414.92, 8422.10, 8473.90, 8481.10 and 8481.91), 85 (except heading Nos. 85.01, 85.02, 85.03, 85.04, 85.08, 85.14, 85.15, 85.25, 85.26, 85.28, 85.30, 85.31, 85.39 and sub-heading Nos. 8523.12, 8524.10, 8524.20, 8524.32, 8527.10, 8540.12 and 8543.10), 86 (heading No. 86.07 and sub-heading Nos. 8605.90 and 8606.90), 87 (heading No. 87.07 and sub-heading Nos. 8702.10, 8703.90, 8704.90, 8706.21, 8706.39, 8706.49, 8711.20 and 8711.90), 89 (heading Nos. 89.03 and 89.07), 90 (heading Nos. 90.02, 90.05, 90.06, 90.07, 90.08, 90.09, 90.10 and sub-heading Nos. 9001.90, 9003.90, 9032.11, 9032.80 and 9032.91), 93 (except heading No. 93.01), 94 (heading Nos. 94.01, 94.03, 94.04, and sub-heading Nos. 9402.90 and 9405.90), 96 (except heading Nos. 96.03, 96.07, 96.09, 96.10, 96.15, 96.17 and sub-heading No. 9606.10);

(b) increase the excise duty in respect of articles falling under Chapters, heading and sub-heading Nos., namely:-

"Chapters 4 (sub-heading No. 0401.14), 11 (heading No. 11.02), 19 (sub-heading Nos. 1902.19 and 1904.10), 21 (heading Nos. 21.02 and 21.05), 24 (sub-heading No. 2403.11), 27 (heading Nos. 27.12, 27.13, 27.14 and 27.15 and sub-heading Nos. 2710.14, 2710.15, 2710.90), 28 (sub-heading No. 2804.40), 29 (sub-heading No. 2925.10), 30 (heading No. 30.01 and sub-heading Nos. 3003.10, 3004.90, 3005.20 and 3005.90), 34 (sub-heading No. 3403.10), 37 (sub-heading Nos. 3701.10 and 3702.10), 38 (sub-heading Nos. 3818.11 and 3824.10), 39 (sub-heading Nos. 3923.10 and 3924.10), 48 (sub-heading No. 4819.19), 51 (heading Nos.

51.10, 51.11 and 51.12), 52 (sub-heading No. 5204.10), 53 (heading Nos. 53.02, 53.04, 53.11 and sub-heading Nos. 5305.11, 5305.19, 5305.21, 5305.29, 5305.91, 5305.99, 5308.11, 5308.12, 5308.13 and 5308.19), 56 (except heading Nos 56.03, 56.05 and sub-heading Nos. 5607.10 and 5608.11), 58 (heading Nos. 58.09, 58.10 and sub-heading Nos. 5801.11, 5801.12, 5801.91, 5801.92, 5802.41, 5802.42, 5802.51, 5802.52, 5804.11, 5804.12, 5804.19, 5806.10, 5806.20, 5806.39, 5806.40 and 5808.90), 59 (heading Nos. 59.08, 59.09 and 59.11), 60 (sub-heading Nos. 6001.19, 6001.29, 6001.99, 6002.10, 6002.20, 6002.41, 6002.49, 6002.91 and 6002.99), 64 (except sub-heading Nos. 6401.12, 6401.13 and 6401.92), 65, 67, 69(except sub-heading Nos. 6901.10, 6901.20 and 6906.10), 70 (heading No. 70.09), 72 (except sub-heading Nos. 7204.21, 7219.30, 7220.30 and 7222.50), 73 (except sub-heading Nos. 7308.50, 7319.10, 7323.10 and 7326.21), 74 (except sub-heading Nos. 7404.10, 7408.12, 7408.22 and 7418.10), 75, 76 (except sub-heading Nos. 7602.10 and 7615.20), 78, 79, 80, 81, 82 (except heading No. 82.15), 84 (except heading Nos. 84.15, 84.18, 84.32, 84.33, 84.34, 84.36, 84.37, 84.50, 84.52, 84.70, 84.72, 84.76 and sub-heading Nos. 8401.10, 8413.11, 8413.12, 8413.13, 8413.14, 8413.20, 8413.91, 8414.10, 8414.20, 8414.30, 8414.91, 8414.92, 8422.10, 8424.10, 8424.91, 8442.10, 8442.20, 8469.10, 8473.90, 8479.11, 8481.10, 8481.20, 8481.91, 8481.92 and 8483.10), 85 (heading Nos. 85.01, 85.03, 85.04, 85.08, 85.14, 85.15, 85.25, 85.26, 85.30, 85.31 and sub-heading Nos. 8502.90, 8523.12, 8524.10, 8539.90, 8540.12 and 8543.10), 86 (except heading No. 86.07 and sub-heading Nos. 8605.90 and 8606.90), 87 (heading Nos. 87.05, 87.08, 87.09, 87.10, 87.14, 87.15, 87.16 and sub-heading Nos. 8701.90, 8702.90, 8703.10, 8704.10, 8704.20, 8704.30, 8706.19, 8706.29, 8706.31, 8706.41, 8706.42, 8706.50, 8711.10 and 8711.30), 89 (heading No. 89.08), 90 (heading Nos. 90.11, 90.12, 90.13, 90.14, 90.15, 90.23, 90.24, 90.25, 90.26, 90.27, 90.28, 90.29, 90.30, 90.31, 90.33 and sub-heading Nos. 9004.10, 9016.10, 9016.90, 9017.90, 9022.90, 9032.12 and 9032.99), 91 (sub-heading Nos. 9101.90 and 9102.90), 94 (sub-heading No. 9402.10) , 95 (heading Nos. 95.05, 95.06, 95.07, 95.08 and sub-heading No. 9504.90), 96 (heading No. 96.17)";

(c) amend the Section Notes, Chapter Notes and the tariff descriptions so as to,-

(i) omit Chapter Notes 2 and 4 of Chapter 9;

(ii) substitute heading No. 09.02;

(iii) substitute headings Nos. 33.03 and 33.07;

(iv) amend sub-heading No. 3401.12 ;

(v) specify that certain processes amount to manufacture in regard to specified goods in Chapter 48;

(vi) clarify that certain processes amount to manufacture in Chapter note 3 to Chapter 54 ;

(vii) clarify that certain processes amount to manufacture in Chapter note 2 to Chapter 55 ;

(viii) substitute heading No. 85.28.

Clause 134(1)(b)(iii) seeks to insert the Second Schedule to the Central Excise Tariff Act and impose new levies on the goods specified therein.

Clause 135 seeks to amend the Schedule to the Additional Duties of Excise (Goods of Special Importance) Act, 1957, so as to increase the duty on articles falling under sub-heading No. 2403.11.

Clause 136 seeks to substitute the First Schedule to the Indian Post Office Act, 1898 so as to provide for the revised rates for letter-cards, printed post cards, competition post cards, book pattern and sample packets and parcels.

Miscellaneous

These revised rates will be effective from a date to be notified after the Finance Bill is passed.

Clause 137 seeks to amend section 8A of the Indian Stamp Act, 1899.

The existing provisions provide that certain securities, shares or units specified in that section are not liable to stamp duty.

It is proposed to insert a new clause (f) in the said section so as to provide that the transfer of beneficial ownership of debentures, such debentures being debentures of a company formed and registered under the Companies Act, 1956 or a body corporate established by a Central Act, dealt with by a depository, shall not be liable to stamp duty.

This amendment will take effect from the date on which this Bill receives the assent of the President.

Clause 138 seeks to amend section 71 of the Finance Act, 1994 so as to provide that a notice calling for furnishing of documents or other evidence to a service tax assessee shall be issued only after obtaining the written permission from the Commissioner of Central Excise. It also seeks to amend section 73 of the aforesaid Act to exclude the period of stay, where the service of a notice regarding the value of taxable service escaping assessment or being under assessed has been stayed by an order of a court, while computing the period within which such notice can be served. It also seeks to amend section 77 of that Act so as to restrict the penalty to an amount not exceeding rupees two thousand in case the service tax returns have not been furnished in due time.

Clause 139 seeks to amend section 76 of the Finance (No.2) Act, 1998 relating to application of the provisions of the Wealth-tax Act to the Gift-tax Act.

It is proposed to amend sub-section (1) of the said section so as to provide that the provisions of section 23A of the Wealth-tax Act shall apply with necessary modifications as if the said provisions referred to were in the Gift-tax Act instead of the Wealth-tax Act. The proposed amendment is consequential in nature.

This amendment will take effect from 1st June, 1999.

FINANCIAL MEMORANDUM

Clause 103 of the Bill seeks to insert a new Chapter VB relating to advance ruling in the Customs Act, 1962. Section 28F, proposed to be inserted by the said clause, provides for the constitution of an 'Authority for Advance Rulings' for Customs and Central Excise on the lines of a similar Authority already working under the Income-tax Act, 1961. The Authority will have its office in Delhi. The recurring expenditure for the said Authority and its secretariat including supporting staff by way of salaries, wages, rents, rates, taxes and office expenses is estimated to be rupees one crore per annum.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Sub-clause (f) of clause 6 of the Bill seeks to insert new clause (18) in section 10 of the income-tax Act relating to incomes not included in the total income. The proposed clause inter alia exempts from income-tax the income by way of pension received by an individual who has been in the service of the Central or State Government and has been awarded "Paramvir Chakra" or "Mahavir Chakra" or "Vir Chakra" or other gallantry awards. The new clause proposes to confer powers upon the Central Government to specify other gallantry awards by notification in the Official Gazette.

Sub-clause (j) of clause 6 of the Bill seeks to insert a new clause (23FA) in section 10 of the Income-tax Act relating to certain exemptions. The proposed clause (23FA) exempts any income by way of dividends, other than the dividend referred to in section 115-O, or long-term capital gains of a venture capital fund or a venture capital company from investments made by way of equity shares in a venture capital undertaking. The first proviso to the said sub-clause proposes to confer power upon the Central Board of Direct Taxes to make rules relating to conditions to be satisfied by the venture capital fund or venture capital company for granting approval under the said clause. Clauses (a) and (b) of the *Explanation* to the said sub-clause propose to confer power upon the Central Board of Direct Taxes to specify by rules the guidelines for the purpose of investments to be made by a venture capital fund and a venture capital company. Clause (c) of the *Explanation* to the said sub-clause confers powers upon the Central Government to notify such other sectors in which a domestic company can engage itself so as to fall within the ambit of a venture capital undertaking.

Clause 7 of the Bill seeks to insert a new section 10C relating to special provision in respect of certain industrial undertakings in North-Eastern Region. Clause (i) and (ii) of the *Explanation* to the said section empower the Central Government to specify by notification in the Official Gazette such centres located in the North-Eastern Region as Integrated Infrastructure Development Centres and Industrial Growth Centres.

Clause 15 of the Bill proposes to amend section 35 of the Income-tax Act relating to expenditure on scientific research. Clauses (ii) and (iii) of sub-section (1) of section 35 confer power upon the prescribed authority to approve any scientific research association, university, college or other institution. The prescribed authority also has powers, before granting such approval, to call for documents or information from such association, university, college or other institution, as it thinks necessary in order to satisfy itself about the genuineness of the activities of the association, university, college or other institution and to make such inquiries as it may deem necessary in this behalf. It is proposed to confer the aforesaid powers to the Central Government.

Sub-clause (d) of clause 22 of the Bill proposes to insert a new clause (xi) in sub-section (1) of section 36 of the Income-tax Act relating to deductions to be allowed in computing the income referred to in section 28. The proposed clause (xi) provides that any expenditure incurred by an assessee on or after the 1st day of April, 1999 but before the 1st day of April, 2000 to make a non-Y2K compliant computer system Y2K computer system, shall be admissible as deduction subject to the conditions specified in the said clause. It is proposed to provide that the deduction under the proposed clause (xi) shall not be admissible unless the assessee furnishes a report of an accountant, alongwith the return, in the prescribed form. It is proposed to confer power upon the Central Board of Direct Taxes to specify by rules the form of such report.

Clause 28 of the Bill seeks to substitute section 43D relating to special provision in case of income of public financial institutions, public companies, etc. The proposed section empowers the Central Board of Direct Taxes to prescribe by rules the categories of bad or doubtful debts in respect of which the provision shall apply.

Clause 36 of the Bill proposes to insert a new section relating to special provision for computation of capital gains in case of slump sale. Sub-section (3) of the proposed section, *inter alia*, empowers the Central Board of Direct Taxes to prescribe the form in which the report of the accountant is to be furnished indicating the computation of net worth of the undertaking or division.

Caluse 38 of the Bill proposes to substitute section 72A of the Income-tax Act relating to carry forward and set off of accumulated loss and unabsorbed depreciation allowance in certain cases of amalgamation. One of the conditions specified in the proposed section 72A is that the accumulated loss shall not be set off or carried forward and the unabsorbed depreciation shall not be allowed in the assessment of the amalgamated company unless the amalgamated company fulfils such other conditions as may be prescribed to ensure the revival of the business of the amalgamating company or to ensure that the amalgamation is for genuine business purposes. Clause (iii) of sub-section (2) of the proposed section 72A proposes to confer power upon the Central Board of Direct Taxes to specify the conditions to ensure the revival of the business of the amalgamating company and that the amalgamation is for genuine business purposes. The proposed section 72A contains, *inter alia*, provisions relating to carry forward and set-off of accumulated loss and unabsorbed depreciation allowance in the case of demerger. Sub-section (5) of the proposed section 72A proposes to confer power upon the Central Government to specify such conditions as it considers necessary to ensure that the demerger is for genuine business purposes.

Clause 45 of the Bill proposes to amend sub-section (3) of section 80HHB of the Income-tax Act relating to deductions in respect of profits and gains from purchase outside India. The proposed amendment seeks to provide that the deductions under the said section shall be allowed if the assessee furnishes along with the return a certificate in the prescribed form from an accountant certifying that the deduction under the said section has been correctly claimed in accordance with the provisions of that section. It is proposed to confer power upon the Central Board of Direct Taxes to specify by rules the form of such certificate.

Clause 47 of the Bill seeks to amend section 80HHD of the Income-tax Act relating to deduction in respect of earnings in convertible foreign exchange. Sub-clause (f) of the said clause seeks to insert an *Explanation* below clause (d) of the *Explanation* defining certain expressions. The proposed clause empowers the Central Government to notify the new facilities for the growth of tourism in India.

Clause 49 of the Bill proposes to insert a new section 80HHF relating to deductions in respect of profits and gains from export or transfer of film software. Sub-section (4) of the newly proposed section 80HHF provides that deductions shall not be admissible unless the assessee furnishes along with the return a report of an accountant in the prescribed form certifying that the deductions have been claimed in accordance with this section. It is proposed to confer power upon the Central Board of Direct Taxes to specify by rules the form of such certificate.

Clause 50 of the Bill proposes to substitute section 80-IA by two new sections 80-IA and 80-IB relating to deductions. Newly proposed section 80-IA relates to deductions in respect of profits and gains from industrial undertakings or enterprises engaged in infrastructure facility. Sub-section (4), *inter alia*, provides that the deduction may be available to an enterprise carrying on the business of developing, maintaining and operating or developing, maintaining and operating a new infrastructure facility, fulfilling certain conditions. The *Explanation* to clause (i) of sub-section (4) defines the term "infrastructure facility" to mean a road, bridge, airport, port, inland waterways and inland ports, rail system or any other public facility of a similar nature. It is proposed to confer

power upon the Central Board of Direct Taxes to notify such other public facility of similar nature by way of notification in the Official Gazette.

Sub-section (4) also provides that the provisions of this section shall apply to an undertaking which develops, develops and operates or develops, maintains and operates an industrial park. It is proposed to confer power upon the Central Government to notify such industrial park.

Clause 53 of the Bill inter alia seeks to amend section 80-O relating to deduction in respect of royalties, etc. from certain foreign enterprises. Clause (b) of the said clause proposes to insert a second proviso in section 80-O. The said second proviso inter alia confers power upon the Central Board of Direct Taxes to prescribe the form in which the assessee shall furnish a certificate, alongwith his return, certifying that the deduction has been correctly claimed.

Clause 59 of the Bill proposes to insert a new section 115ACA relating to tax on income from Global Depository Receipts purchased in foreign currency or capital gains arising from their transfer. The proposed section provides the rate of income-tax on the amount of income by way of dividends in respect of Global Depository Receipts and in respect of income by way of long-term capital gains. The proposed section applies to Global Depository Receipts of Indian company engaged in the information technology software and information technology services, issued in accordance with such employees' stock option scheme as the Central Government may specify in this behalf. It is proposed to confer power upon the Central Government to specify such employees' stock option scheme for the purposes of the said section.

Clause 80 of the Bill seeks to amend section 206C of the Income-tax Act relating to profits and gains from the business of trading in alcoholic liquor, forest produce, scrap, etc. Sub-clause (a) of the said clause seeks to insert sub-sections (5B) and (5C) in section 206C. The proposed sub-section (5B) empowers the Central Board of Direct Taxes to specify computer readable media for the purpose of filing of return for tax collection at source. Sub-clause (b) of the said clause inserts sub-sections (9) to (11) in the said section. The proposed sub-section (11) empowers the Central Board of Direct Taxes to make rules specifying the cases in which and the circumstances under which an application may be made for the grant of a certificate for collection of tax at a lower rate than the rate specified in sub-section (1) and the conditions subject to which such certificate may be granted.

Clause 103 of the Bill proposes to insert a new Chapter VB in the Customs Act to provide for Advance Rulings. The new Chapter provides for the constitution of an Authority known as Authority for Advance Rulings. Sub-section (3) of section 28F of the aforesaid Chapter empowers the Central Government to lay down the terms and conditions of service of the Members of the Authority including the salaries and allowances payable to them. Sub-section (1) of section 28H empowers the Central Board of Excise and Customs to prescribe by regulations the form and manner in which an applicant shall make an application before the Authority. Sub-section (7) of section 28-I empowers the Board to provide for the manner in which the copy of the advance ruling shall be certified. Section 28M empowers the Authority to regulate its procedure in all matters arising out of the exercise of its powers under the Act.

Clause 106 of the Bill seeks to insert a proviso in sub-section (1) of section 54 of the Customs Act. This proviso empowers the Board to prescribe by regulations the form of “declaration for transhipment”.

Clause 112 seeks to substitute section 130A of the Customs Act. Sub-section (1) of section 130-A empowers the Board to prescribe by regulations the form of application to be made to the High Court.

The matters in respect of which notifications may be issued or rules or regulations may be made in accordance with the aforesaid provisions of the Bill are matters of procedure and detail and it is not practicable to provide for them in the Bill itself.

The delegation of legislative power is, therefore, of a normal character.