

'CHAPTER XII-E

SPECIAL PROVISIONS RELATING TO TAX ON DISTRIBUTED INCOME

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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 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.	30	
	(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 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.	40	
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 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.	45	
	<i>Explanation.</i> -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.'

- 62.** In section 139 of the Income-tax Act, with effect from the 1st day of June, 1999,— Amendment of section 139.
- (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;
- (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.
- 63.** In section 140A of the Income-tax Act, with effect from the 1st day of June, 1999,— Amendment of section 140A.
- (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;
- (ii) after the words "regular assessment", the words "or assessment, as the case may be" shall be inserted.
- 64.** In section 143 of the Income-tax Act, with effect from the 1st day of June, 1999,— Amendment of section 143.
- (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,—
- (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
- (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:
- 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;
- (c) sub-section (1B) shall be omitted;
- (d) sub-section (5) shall be omitted;
- (e) the *Explanation* occurring at the end shall be omitted.
- 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:— Amendment of section 154.
- "(b) amend any intimation or deemed intimation under sub-section (1) of section 143."
- 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:— Amendment of section 155.
- "(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

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,— 15

(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 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,— 20

(a) the first proviso shall be omitted;

(b) in the second proviso, for the words “Provided further that”, the words “Provided that” shall be 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 with effect from the 1st day of June, 1999, namely:— 25

“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 with effect from the 1st day of June, 1999, namely:— 40

“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 assesseees 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 15
assessee or the Chief Commissioner or Commissioner” shall be substituted;

(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 5 of 1908.
under this section.”. 20

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, 25
2000.

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 (i), 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 45
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;

(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.