

Explanation 2.—For computing the net worth, the aggregate value of total assets shall be,—

(a) in the case of depreciable assets, the written down value of the block of assets determined in accordance with the provisions contained in sub-item (C) of item (i) of sub-clause (c) of clause (6) of section 43; and

(b) in the case of other assets, the book value of such assets.’.

22. In section 54EA of the Income-tax Act, in sub-section (1), after the words “transfer of a long-term capital asset”, the words, figures and letters “before the 1st day of April, 2000” shall be inserted with effect from the 1st day of April, 2001. Amendment of section 54EA.

23. In section 54EB of the Income-tax Act, in sub-section (1), after the words “transfer of a long-term capital asset”, the words, figures and letters “before the 1st day of April, 2000” shall be inserted with effect from the 1st day of April, 2001. Amendment of section 54EB.

24. After section 54EB of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2001, namely:— Insertion of new section 54EC.

‘54EC. (1) Where the capital gain arises from the transfer of a long-term capital asset (the capital asset so transferred being hereafter in this section referred to as the original asset) and the assessee has, at any time within a period of six months after the date of such transfer, invested the whole or any part of capital gains in the long-term specified asset, the capital gain shall be dealt with in accordance with the following provisions of this section, that is to say,— Capital gain not to be charged on investment in certain bonds.

(a) if the cost of the long-term specified asset is not less than the capital gain arising from the transfer of the original asset, the whole of such capital gain shall not be charged under section 45;

(b) if the cost of the long-term specified asset is less than the capital gain arising from the transfer of the original asset, so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of acquisition of the long-term specified asset bears to the whole of the capital gain, shall not be charged under section 45.

(2) Where the long-term specified asset is transferred or converted (otherwise than by transfer) into money at any time within a period of five years from the date of its acquisition, the amount of capital gains arising from the transfer of the original asset not charged under section 45 on the basis of the cost of such long-term specified asset as provided in clause (a) or, as the case may be, clause (b) of sub-section (1) shall be deemed to be the income chargeable under the head “Capital gains” relating to long-term capital asset of the previous year in which the long-term specified asset is transferred or converted (otherwise than by transfer) into money.

Explanation.—In a case where the original asset is transferred and the assessee invests the whole or any part of the capital gain received or accrued as a result of transfer of the original asset in any long-term specified asset and such assessee takes any loan or advance on the security of such specified asset, he shall be deemed to have converted (otherwise than by transfer) such specified asset into money on the date on which such loan or advance is taken.

(3) Where the cost of the long-term specified asset has been taken into account for the purposes of clause (a) or clause (b) of sub-section (1), a deduction from the amount of income-tax with reference to such cost shall not be allowed under section 88.

Explanation.—For the purposes of this section,—

(a) “cost”, in relation to any long-term specified asset, means the amount invested in such specified asset out of capital gains received or accruing as a result of the transfer of the original asset;

(b) “long-term specified asset” means any bond redeemable after five years issued, on or after the 1st day of April, 2000, by the National Bank for Agriculture and Rural Development established under section 3 of the National Bank for Agriculture and Rural Development Act, 1981 or by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988.’.

61 of 1981.

68 of 1988.

25. In section 54F of the Income-tax Act, in sub-section (1), for the proviso, the following proviso shall be substituted with effect from the 1st day of April, 2001, namely:— Amendment of section 54F.

‘Provided that nothing contained in this sub-section shall apply where—

(a) the assessee,—

(i) owns more than one residential house, other than the new asset, on the date of transfer of the original asset; or

(ii) purchases any residential house, other than the new asset, within a period of one year

after the date of transfer of the original asset; or

(iii) constructs any residential house, other than the new asset, within a period of three years after the date of transfer of the original asset; and

(b) the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property".

Amendment
of section
72A.

26. In section 72A of the Income-tax Act, in sub-section (2), in clause (i), for the words "value of assets", the words "book value of fixed assets" shall be substituted.

Amendment
of section
80E.

27. In section 80E of the Income-tax Act, in sub-section (1), in the proviso, for the words "twenty-five thousand rupees", the words "forty thousand rupees" shall be substituted with effect from the 1st day of April, 2001.

Amendment
of section
80G.

28. In section 80G of the Income-tax Act, with effect from the 1st day of April, 2001,—

(a) in sub-section (1), in clause (i), after the words, brackets, figures and letter "sub-clause (vii) of clause (a)", the words, brackets and letter "or in clause (c)" shall be inserted;

(b) in sub-section (2), after clause (b), the following clause shall be inserted, namely:—

"(c) any sums paid by the assessee, being a company, in the previous year as donations to the Indian Olympic Association for—

(i) the development of infrastructure for sports and games; or

(ii) the sponsorship of sports and games,

in India.":

(c) in sub-section (4), for the word, brackets and letter "clause (b)", the words, brackets and letters "clauses (b) and (c)" shall be substituted.

Amendment
of section
80HHB.

29. In section 80HHB of the Income-tax Act, with effect from the 1st day of April, 2001,—

(a) in sub-section (1), for the words "a deduction from such profits and gains of an amount equal to fifty per cent. thereof", the following shall be substituted, namely:—

"a deduction from such profits and gains of an amount equal to—

(i) forty per cent. thereof for an assessment year beginning on the 1st day of April, 2001;

(ii) thirty per cent. thereof for an assessment year beginning on the 1st day of April, 2002;

(iii) twenty per cent. thereof for an assessment year beginning on the 1st day of April, 2003;

(iv) ten per cent. thereof for an assessment year beginning on the 1st day of April, 2004,

and no deduction shall be allowed in respect of the assessment year beginning on the 1st day of April, 2005 and any subsequent assessment year";

(b) in sub-section (3),—

(i) in clauses (ii) and (iii), for the words, brackets and figure "fifty per cent. of the profits and gains referred to in sub-section (1)", the words, brackets and figure "such percentage of the profits and gains as is referred to in sub-section (1) in relation to the relevant assessment year" shall be substituted;

(ii) in the proviso, for the words, brackets and figure "fifty per cent. of the profits and gains referred to in sub-section (1)", the words, brackets and figure "such percentage of the profits and gains as is referred to in sub-section (1) in relation to the relevant assessment year" shall be substituted.

Amendment
of section
80HHBA.

30. In section 80HHBA of the Income-tax Act, with effect from the 1st day of April, 2001,—

(a) in sub-section (1), for the words "a deduction from such profits and gains of an amount equal to fifty per cent. thereof", the following shall be substituted, namely:—

"a deduction from such profits and gains of an amount equal to—

(i) forty per cent. thereof for an assessment year beginning on the 1st day of April, 2001;

(ii) thirty per cent. thereof for an assessment year beginning on the 1st day of April, 2002;

(iii) twenty per cent. thereof for an assessment year beginning on the 1st day of April, 2003;

(iv) ten per cent. thereof for an assessment year beginning on the 1st day of April, 2004,

and no deduction shall be allowed in respect of the assessment year beginning on the 1st day of April, 2005 and any subsequent assessment year";

(b) in sub-section (2),—

(i) in clause (ii), for the words, brackets and figure "fifty per cent. of the profits and gains referred to in sub-section (1)", the words, brackets and figure "such percentage of the profits and gains as is referred to in sub-section (1) in relation to the relevant assessment year" shall be substituted;

(ii) in the proviso, for the words, brackets and figure "fifty per cent. of the profits and gains referred to in sub-section (1)", the words, brackets and figure "such percentage of the profits and gains as is referred to in sub-section (1) in relation to the relevant assessment year" shall be substituted.

31. In section 80HHC of the Income-tax Act, with effect from the 1st day of April, 2001,—

Amendment of
section
80HHC.

(a) in sub-section (1), for the words "a deduction of the profits", the words, brackets, figure and letter "a deduction to the extent of profits, referred to in sub-section (1B)," shall be substituted;

(b) in sub-section (1A), for the words "a deduction of the profits", the words, brackets, figure and letter "a deduction to the extent of profits, referred to in sub-section (1B)," shall be substituted;

(c) after sub-section (1A), the following sub-section shall be inserted, namely:—

"(1B) For the purposes of sub-sections (1) and (1A), the extent of deduction of the profits shall be an amount equal to—

- (i) eighty per cent. thereof for an assessment year beginning on the 1st day of April, 2001;
- (ii) sixty per cent. thereof for an assessment year beginning on the 1st day of April, 2002;
- (iii) forty per cent. thereof for an assessment year beginning on the 1st day of April, 2003;
- (iv) twenty per cent. thereof for an assessment year beginning on the 1st day of April, 2004,

and no deduction shall be allowed in respect of the assessment year beginning on the 1st day of April, 2005 and any subsequent assessment year."

32. In section 80HHD of the Income-tax Act, in sub-section (1), for the portion beginning with the words "in computing the total income of the assessee, a deduction of a sum equal to the aggregate of—" and ending with the words, brackets and figure "manner laid down in sub-section (4)", the following shall be substituted with effect from the 1st day of April, 2001, namely:—

Amendment of
section
80HHD.

"in computing the total income of the assessee—

(a) for an assessment year beginning on the 1st day of April, 2001, a deduction of a sum equal to the aggregate of—

- (i) forty per cent. of the profits derived by him from services provided to foreign tourists; and
- (ii) so much of the amount not exceeding forty per cent. of the profits referred to in sub-clause (i) as is debited to the profit and loss account of the previous year in respect of which the deduction is to be allowed and credited to a reserve account to be utilised for the purposes of the business of the assessee in the manner laid down in sub-section (4);

(b) for an assessment year beginning on the 1st day of April, 2002, a deduction of a sum equal to the aggregate of—

- (i) thirty per cent. of the profits derived by him from services provided to foreign tourists; and
- (ii) so much of the amount not exceeding thirty per cent. of the profits referred to in sub-clause (i) as is debited to the profit and loss account of the previous year in respect of which the deduction is to be allowed and credited to a reserve account to be utilised for the purposes of the business of the assessee in the manner laid down in sub-section (4);

(c) for an assessment year beginning on the 1st day of April, 2003, a deduction of a sum equal to the aggregate of—

- (i) twenty per cent. of the profits derived by him from services provided to foreign tourists; and
- (ii) so much of the amount not exceeding twenty per cent. of the profits referred to in sub-clause (i) as is debited to the profit and loss account of the previous year in respect of which the deduction is to be allowed and credited to a reserve account to be utilised for the purposes of the business of the assessee in the manner laid down in sub-section (4);

(d) for an assessment year beginning on the 1st day of April, 2004, a deduction of a sum equal to the aggregate of—

- (i) ten per cent. of the profits derived by him from services provided to foreign tourists; and
- (ii) so much of the amount not exceeding ten per cent. of the profits referred to in sub-clause (i) as is debited to the profit and loss account of the previous year in respect of which the

deduction is to be allowed and credited to a reserve account to be utilised for the purposes of the business of the assessee in the manner laid down in sub-section (4),

and no deduction shall be allowed in respect of the assessment year beginning on the 1st day of April, 2005 and any subsequent assessment year".

Amendment
of section
80HHE.

33. In section 80HHE of the Income-tax Act, with effect from the 1st day of April, 2001,—

(a) in sub-section (1), for the words "a deduction of the profits", the words, brackets, figure and letter "a deduction to the extent of the profits, referred to in sub-section (1B)," shall be substituted;

(b) in sub-section (1A), after the words "in respect of which the certificate has been issued by the said company", the words, brackets, figure and letter "to such extent and for such years as specified in sub-section (1B)," shall be inserted;

(c) after sub-section (1A), the following sub-section shall be inserted, namely:—

"(1B) For the purposes of sub-sections (1) and (1A), the extent of deduction of profits shall be an amount equal to—

(i) eighty per cent. of such profits for an assessment year beginning on the 1st day of April, 2001;

(ii) sixty per cent. of such profits for an assessment year beginning on the 1st day of April, 2002;

(iii) forty per cent. of such profits for an assessment year beginning on the 1st day of April, 2003;

(iv) twenty per cent. of such profits for an assessment year beginning on the 1st day of April, 2004,

and no deduction shall be allowed in respect of the assessment year beginning on the 1st day of April, 2005 and any subsequent assessment year."

Amendment
of section
80HHF.

34. In section 80HHF of the Income-tax Act,—

(a) in sub-section (1),—

(i) after the words "an Indian company", the words and brackets "or a person (other than a company) resident in India" shall be inserted;

(ii) for the words "a deduction of the profits", the words, brackets, figure and letter "a deduction to the extent of profits, referred to in sub-section (1A)," shall be substituted with effect from the 1st day of April, 2001;

(b) after sub-section (1), the following sub-section shall be inserted with effect from the 1st day of April, 2001, namely:—

"(1A) For the purposes of sub-section (1), the extent of deduction of profits shall be an amount equal to—

(i) eighty per cent. of such profits for an assessment year beginning on the 1st day of April, 2001;

(ii) sixty per cent. of such profits for an assessment year beginning on the 1st day of April, 2002;

(iii) forty per cent. of such profits for an assessment year beginning on the 1st day of April, 2003;

(iv) twenty per cent. of such profits for an assessment year beginning on the 1st day of April, 2004,

and no deduction shall be allowed in respect of the assessment year beginning on the 1st day of April, 2005 and any subsequent assessment year."

Amendment
of section
80-IA.

35. In section 80-IA of the Income-tax Act,—

(a) in sub-section (3), for the words "any industrial undertaking", the words, brackets and figures "an industrial undertaking referred to in clause (iv) of sub-section (4)" shall be substituted;

(b) in sub-section (4), in clause (i), in the *Explanation*, for clause (c), the following clause shall be substituted with effect from the 1st day of April, 2001, namely:—

"(c) a water supply project, water treatment system, irrigation project, sanitation and sewerage system or solid waste management system;"

Amendment
of section
80-IB.

36. In section 80-IB of the Income-tax Act, with effect from the 1st day of April, 2001,—

(a) in sub-section (3), in clause (ii), for the figures, letters and words "31st day of March, 2000", the figures, letters and words "31st day of March, 2002" shall be substituted;

(b) in sub-section (4), in the first proviso, for the figures, letters and words "31st day of March, 2000", the figures, letters and words "31st day of March, 2002" shall be substituted;

(c) in sub-section (5), in the second proviso to clauses (i) and (ii), for the figures, letters and words "31st day of March, 2000", the figures, letters and words "31st day of March, 2002" shall be substituted;

(d) in sub-section (10),—

(i) in the opening portion, for the words "approved by a local authority", the words, letters and figures "approved before the 31st day of March, 2001 by a local authority" shall be substituted;

(ii) in clause (a), for the figures, letters and words "31st day of March, 2001", the figures, letters and words "31st day of March, 2003" shall be substituted.

37. In section 80L of the Income-tax Act, in sub-section (1),—

Amendment of section 80L.

(a) in clause (vii),—

(i) after the words "industrial development in India:", the words, brackets and figures "and which is eligible for deduction under clause (viii) of sub-section (1) of section 36;" shall be inserted;

(ii) the proviso shall be omitted;

(b) in clause (x), for the words "for residential purposes:", the words, brackets and figures "for residential purposes and which is eligible for deduction under clause (viii) of sub-section (1) of section 36," shall be substituted.

38. In section 80-O of the Income-tax Act, for the portion beginning with the words "a deduction of an amount" and ending with the words "total income of the assessee", the following shall be substituted with effect from the 1st day of April, 2001, namely:—

Amendment of section 80-O.

"a deduction of an amount equal to—

(i) forty per cent. for an assessment year beginning on the 1st day of April, 2001;

(ii) thirty per cent. for an assessment year beginning on the 1st day of April, 2002;

(iii) twenty per cent. for an assessment year beginning on the 1st day of April, 2003;

(iv) ten per cent. for an assessment year beginning on the 1st day of April, 2004,

of the income so received in, or brought into, India, in computing the total income of the assessee and no deduction shall be allowed in respect of the assessment year beginning on the 1st day of April, 2005 and any subsequent assessment year".

39. In section 80R of the Income-tax Act, for the portion beginning with the words "a deduction from such remuneration of an amount" and ending with the words "competent authority may allow in this behalf", the following shall be substituted with effect from the 1st day of April, 2001, namely:—

Amendment of section 80R.

"a deduction from such remuneration of an amount equal to—

(i) sixty per cent. of such remuneration for an assessment year beginning on the 1st day of April, 2001;

(ii) forty-five per cent. of such remuneration for an assessment year beginning on the 1st day of April, 2002;

(iii) thirty per cent. of such remuneration for an assessment year beginning on the 1st day of April, 2003;

(iv) fifteen per cent. of such remuneration for an assessment year beginning on the 1st day of April, 2004,

as 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 or within such further period as the competent authority may allow in this behalf and no deduction shall be allowed in respect of the assessment year beginning on the 1st day of April, 2005 and any subsequent assessment year".

40. In section 80RR of the Income-tax Act, for the portion beginning with the words "a deduction from such income of an amount" and ending with the words "competent authority may allow in this behalf", the following shall be substituted with effect from the 1st day of April, 2001, namely:—

Amendment of section 80RR.

"a deduction from such income of an amount equal to—

(i) sixty per cent. of such income for an assessment year beginning on the 1st day of April, 2001;

(ii) forty-five per cent. of such income for an assessment year beginning on the 1st day of April, 2002;

(iii) thirty per cent. of such income for an assessment year beginning on the 1st day of April, 2003;

(iv) fifteen per cent. of such income for an assessment year beginning on the 1st day of April, 2004,

as 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 or within such further period as the competent authority may allow in this behalf and no deduction shall be allowed in respect of the assessment

year beginning on the 1st day of April, 2005 and any subsequent assessment year".

Amendment
of section
80RRA.

41. In section 80RRA of the Income-tax Act, for the portion beginning with the words "a deduction from such remuneration" and ending with the words "authority may allow in this behalf", the following shall be substituted with effect from the 1st day of April, 2001, namely:—

"a deduction from such remuneration of an amount equal to—

(i) sixty per cent. of such remuneration for an assessment year beginning on the 1st day of April, 2001;

(ii) forty-five per cent. of such remuneration for an assessment year beginning on the 1st day of April, 2002;

(iii) thirty per cent. of such remuneration for an assessment year beginning on the 1st day of April, 2003;

(iv) fifteen per cent. of such remuneration for an assessment year beginning on the 1st day of April, 2004,

as 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 or within such further period as the competent authority may allow in this behalf and no deduction shall be allowed in respect of the assessment year beginning on the 1st day of April, 2005 and any subsequent assessment year".

Amendment
of section 87.

42. In section 87 of the Income-tax Act, with effect from the 1st day of April, 2001,—

(a) in sub-section (1), for the word, figures and letter "and 88B", the figures, letters and word "88B and 88C" shall be substituted;

(b) in sub-section (2), after the words, figures and letter "or section 88B", the words, figures and letter "or section 88C" shall be inserted.

Amendment
of section 88.

43. In section 88 of the Income-tax Act,—

(a) in sub-section (2), in clause (xv), in sub-clause (c), in item (5), for the words, brackets and figures "which is approved for the purposes of clause (viii) of sub-section (1) of section 36", the words, brackets and figures "which is eligible for deduction under clause (viii) of sub-section (1) of section 36" shall be substituted;

(b) in sub-section (5), for the words "ten thousand rupees", at both the places where they occur, the words "twenty thousand rupees" shall be substituted with effect from the 1st day of April, 2001.

Amendment of
section 88B.

44. In section 88B of the Income-tax Act, for the words "ten thousand rupees", the words "fifteen thousand rupees" shall be substituted with effect from the 1st day of April, 2001.

Insertion of
new section
88C.

45. After section 88B of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2001, namely:—

"88C. An assessee,—

(a) being a woman resident in India; and

(b) below the age of sixty-five years, at any time during the previous year,

Rebate of
income-tax in
case of
women below
sixty-five
years.

shall be entitled to a deduction from the amount of income-tax (as computed before allowing the deductions under this Chapter) on her total income, with which she is chargeable for any assessment year, of an amount equal to hundred per cent. of such income-tax or an amount of five thousand rupees, whichever is less."

Amendment
of section 112.

46. In section 112 of the Income-tax Act, in sub-section (1),—

(a) in the proviso, for the words "being listed securities", the words "being listed securities or unit" shall be substituted;

(b) for the *Explanation*, the following *Explanation* shall be substituted, namely:—

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

(a) "listed securities" means the securities—

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

(ii) listed in any recognised stock exchange in India;

(b) "unit" shall have the meaning assigned to it in clause (b) of *Explanation* to section 115AB'.