

**Finance Act, 2002**

**20 of 2002**

**[May 11, 2002]**

CONTENTS

**CHAPTER 1 :- PRELIMINARY**

1. Short title and commencement

**CHAPTER 2 :- RATES OF INCOME TAX**

2. Income Tax

**CHAPTER 3 :- DIRECT TAXES**

3. Amendment of Section 2
4. Amendment of Section 10
5. Amendment of Section 10-A
6. Amendment of Section 10-B
7. Amendment of Section 11
8. Amendment of Section 12
9. Amendment of Section 12-A
10. Amendment of Section 14-A
11. Amendment of Section 17
12. Amendment of Section 24
13. Amendment of Section 28
14. Amendment of Section 32
15. Amendment of Section 33-AC
16. Amendment of Section 35-AC
17. Amendment of Section 35.CCB
18. Amendment of Section 35-DDA
19. Amendment of Section 36
20. Amendment of Section 40
21. Substitution of new section for Section 43-A
22. Amendment of Section 44-AE
23. Amendment of Section 47
24. Insertion of new Section 50-C
25. Amendment of Section 54-EC
26. Amendment of Section 55
27. Substitution of new section for Section 70
28. Amendment of Section 72-A
29. Amendment of Section 74
30. Amendment of Section 80-G
31. Amendment of Section 80-GGA
32. Amendment of Section 80-HHD
33. Amendment of Section 80-IA
34. Amendment of Section 80-IB
35. Amendment of Section 80-L
36. Insertion of new Section 80-M
37. Amendment of Section 88
38. Substitution of new section for Section 89
39. Substitution of new section for Section 92
40. Amendment of Section 92-A
41. Amendment of Section 92-C
42. Insertion of new Section 92-CA
43. Amendment of Section 92-F
44. Amendment of Section 113
45. Amendment of Section 115-A
46. Amendment of Section 115-AC
47. Amendment of Section 115-ACA
48. Amendment of Section 115-AD
49. Insertion of new Section 115-BBB
50. Amendment of Section 115-C
51. Amendment of Section 115-JA
52. Amendment of Section 115-JB
53. Amendment of Section 115-O

54. Amendment of Section 115-R
55. Amendment of Section 119
56. Amendment of Section 132
57. Substitution of new section for Section 132-B
58. Amendment of Section 133-A
59. Amendment of Section 139
60. Amendment of Section 143
61. Amendment of Section 153
62. Amendment of Section 155
63. Amendment of Section 158-A
64. Amendment of Section 158-B
65. Amendment of Section 158-BB
66. Amendment of Section 158-BC
67. Amendment of Section 158-BD
68. Amendment of Section 158-BE
69. Insertion of new Section 174-A
70. Amendment of Section 190
71. Amendment of Section 192
72. Amendment of Section 193
73. Amendment of Section 194
74. Amendment of Section 194-A
75. Amendment of Section 194-C
76. Amendment of Section 194-H
77. Amendment of Section 194-I
78. Amendment of Section 194-J
79. Substitution of new section for Section 194-K
80. Amendment of Section 195
81. Amendment of Section 195-A
82. Amendment of Section 196-A
83. Amendment of Section 196-C
84. Amendment of Section 196-D
85. Amendment of Section 197-A
86. Amendment of Section 198
87. Amendment of Section 199
88. Amendment of Section 200
89. Amendment of Section 201
90. Amendment of Section 203
91. Insertion of new Section 206-CA
92. Amendment of Section 210
93. Amendment of Section 244-A
94. Amendment of Section 245-C
95. Amendment of Section 245-D
96. Omission of Section 245-HA
97. Amendment of Section 252
98. Amendment of Section 253
99. Substitution of new section for Section 269-T
100. Insertion of new Section 269-UP
101. Amendment of Section 271
102. Substitution of new section for Section 271-F
103. Amendment of Section 272-A
104. Insertion of new Section 272-B
105. Insertion of new Section 272-BBB
106. Amendment of Section 273-B
107. Insertion of new Section 275-B
108. Amendment of Section 279
109. Amendment of Second Schedule
110. Amendment of Section 18
111. Amendment of Section 18-C
112. Amendment of Section 22-D
113. Omission of Section 22-HA
114. Amendment of Section 34-A
115. Amendment of Section 3
116. Amendment of Section 5

#### **CHAPTER 4 :- INDIRECT TAXES**

117. Amendment of Section 4
118. Amendment of Section 14
119. Amendment of Section 25
120. Amendment of Section 28-AA
121. Amendment of Section 28-AB
122. Amendment of Section 28-I
123. Amendment of Section 47

124. Amendment of Section 61
125. Amendment of Section 75
126. Insertion of new Chapter X-A
127. Amendment of Section 129-B
128. Amendment of Section 129-D
129. Insertion of new Section 8-C
130. Refund of additional duty of customs in certain cases
131. Amendment of First Schedule
132. Amendment of Section 2
133. Amendment of Section 3
134. Amendment of Section 5-A
135. Amendment of Section 11-AA
136. Amendment of Section 11-AB
137. Omission of Sections 16 and 17
138. Amendment of Section 23-D
139. Omission of Chapter IV
140. Amendment of Section 35-C
141. Amendment of Section 35-E
142. Amendment of notification issued under Section 5A of the Central Excise Act
143. Amendment of Central Excise Rules, 2002 and validation of action taken thereunder.
144. Amendment of notification issued under Rule 57-AK of the Central Excise Rules, 1944.
145. Amendment of Act 5 of 1986
146. Amendment of Act 58 of 1957
147. Special Additional Excise Duty

#### **CHAPTER 5 :- SERVICE TAX**

148. Modification of Act 32 of 1994
149. Amendment of Act 32 of 1994

#### **CHAPTER 6 :- CENTRAL SALES TAX**

150. Amendment of Section 2
151. Amendment of Section 6-A
152. Amendment of Section 8
153. Amendment of Section 10
154. Amendment of Section 13
155. Amendment of Section 15

#### **CHAPTER 7 :- MISCELLANEOUS**

156. Amendment of Act 6 of 1898
157. Omission of Section 43-A of Act 31 of 1956
158. Omission of Section 35-A of Act 57 of 1972
159. Omission of Section 22-A of Act 47 of 1974
160. Amendment of the Schedule to Act 47 of 1974
161. Amendment of notification issued under sub-section (4) of Section 15 of the Oil Industry (Development) Act read with Section 5-A of the Central Excise Act
162. Omission of Section 44 of Act 37 of 1987
163. Omission of Section 22 of Act 25 of 1990

#### **SCHEDULE 1 :- THE FIRST SCHEDULE**

##### **PART :- INCOME TAX**

##### **PART :- RATES FOR DEDUCTION OF TAX AT SOURCE IN CERTAIN CASES**

##### **PART :- RATES FOR CHARGING INCOME TAX IN CERTAIN CASES, DEDUCTING INCOME TAX FROM INCOME CHARGEABLE UNDER THE HEAD "SALARIES" AND COMPUTING "ADVANCE TAX"**

##### **PART :- RULES FOR COMPUTATION OF NET AGRICULTURAL INCOME**

#### **SCHEDULE 2 :- THE SECOND SCHEDULE**

#### **SCHEDULE 3 :- THE THIRD SCHEDULE**

#### **SCHEDULE 4 :- FOURTH SCHEDULE**

#### **SCHEDULE 5 :- FIFTH SCHEDULE**

##### **PART :- PART**

##### **PART :- PART**

#### **SCHEDULE 6 :- THE SIXTH SCHEDULE**

**SCHEDULE 7 :- THE SEVENTH SCHEDULE**

**SCHEDULE 8 :- THE EIGHTH SCHEDULE**

**SCHEDULE 9 :- THE NINTH SCHEDULE**

**Finance Act, 2002**

**20 of 2002**

**[May 11, 2002]**

An Act to give effect to the financial proposals of the Central Government for the Financial Year 2002-2003 Be it enacted by Parliament in the Fifty-third Year of the Republic of India as follows:-

CHAPTER 1

PRELIMINARY

**1. Short title and commencement :-**

(1) This Act may be called the Finance Act, 2002. (2) Save as otherwise provided in this Act, section 2 to section 116 shall be deemed to have come into force on the 1st day of April, 2002.

CHAPTER 2

RATES OF INCOME TAX

**2. Income Tax :-**

(1) Subject to the provisions of sub-sections (2) and (3), for the assessment year commencing on the 1st day of April, 2002, income tax shall be charged at the rates specified in Part I of the First Schedule and such tax as reduced by the rebate of income tax calculated under Income Tax Act, 1961 (43 of 1961) (hereinafter referred to as the Income Tax Act) shall be increased by a surcharge for purposes of the Union calculated in each case in the manner provided therein.

(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 five thousand 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) [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 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 were the total income;

(3) In cases to which the provisions of Chapter XII or Chapter XII-A or sub-section (1-A) of Section 161 or Section 164 or Section 164-A or Section 167B of the Income tax Act, 1961 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 : Provided that the amount of income tax computed in accordance with the provisions of Sections 112 and Section 113 of the Income Tax Act, 1961 shall be increased by a surcharge for purposes of the Union or surcharge as provided in Paragraphs A, B, C, D or E, as the case may be, of Part I of the First Schedule : Provided further that in respect of any income chargeable to tax under Sections 115-A, Section 115AB of the Income Tax Act, 1961 , Section 115AC of the Income Tax Act, 1961 , Section 115ACA of the Income Tax Act, 1961 , Section 115AD of the Income Tax Act, 1961 , 115-B, 115-BB, 115-BBA, 115-E and 115-JB of the Income Tax Act. the amount of income tax computed under this sub-section shall be increased by a surcharge for purposes of the Union, calculated at the rate of two per cent of such income tax : Provided also that no surcharge shall be payable by a foreign company.

(4) In cases in which tax has to be charged and paid under Section 115-U of the Income Tax Act, the tax shall be charged and paid at the rate as specified in the said section and shall be increased by a surcharge for purposes of the Union, calculated at the rate of five per cent of such tax.

(5) In cases in which tax has to be deducted under Sections 193, Section 194 of the Income Tax Act, 1961 , Section 194A of the Income Tax Act, 1961 , Section 194B of the Income Tax Act, 1961 , Section 194BB of the Income Tax Act, 1961 , Section 194D of the Income Tax Act, 1961 and Section 195 of the Income Tax Act, 1961 of the Income Tax Act, at the rates in force, the deductions shall be made at the rates specified in Part II of the First Schedule and shall be increased, by a surcharge for purposes of the Union, calculated in each case, in the manner provided therein.

(6) In cases in which tax has to be deducted under Sections 194-C, Section 194E of the Income Tax Act, 1961 , Section 194EE of the Income Tax Act, 1961 , S.194P of the Income Tax Act, 1961, Section 194G of the Income Tax Act, 1961 , Section 194H of the Income Tax Act, 1961 , section 194I, section 194J, section 194K, section 194L, section 196A, section 196B, section 196C and section 196D of the Income Tax Act, the deductions shall be made at the rates specified in those sections and shall be increased by a surcharge for purposes of the Union, calculated at the rate of five per cent of such tax.

(7) In cases in which tax has to be collected under the proviso to Section 194-B or under Section 206C of the Income tax Act, 1961 , 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, by a surcharge for purposes of the Union, calculated in each case, in the manner provided therein.

(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 174- A or Section 175 or sub-section (2) of Section 176 of the Income tax Act, 1961 or deducted from, or paid on, income chargeable under the head "Salaries" under Section 192 of the said Act 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 for purposes of the Union, 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 Section 115-JB or sub-section (1-A) of Section 161 or Section 164 or Section 164-A or Section 167B of the Income tax Act, 1961 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 Section 112 of the Income tax Act, 1961 shall be increased by a surcharge for purposes of the Union 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 Sections 115-A, Section 115AB of the Income Tax Act, 1961 , Section 115AC of the Income Tax Act, 1961 , Section 115ACA of the Income Tax Act, 1961 , Section 115AD of the Income Tax Act, 1961 , Section 115B of the Income Tax Act, 1961 , Section 115BB of the Income Tax Act, 1961 , Section 115BBA of the Income Tax Act, 1961 , Section 115BBB of the Income Tax Act, 1961 , Section 115E of the Income Tax Act, 1961 and Section 115JB of the Income Tax Act, 1961 , "advance tax" computed under the first proviso shall be increased by a surcharge, for purposes of the Union, calculated at the rate of five per cent of such tax.

(9) In 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 five thousand rupees, in addition to total income and the total income exceeds fifty thousand rupees, then, in charging income tax under sub-section (2) of Section 174 or Section 174-A 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 (®') 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 :

(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, 2002, 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 Frist Schedule;

(d) all other words and expressions used in this section and 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 3 DIRECT TAXES

### **3. Amendment of Section 2 :-**

In Section 2 of the Income Tax Act,-

(a) in clause (24), after sub-clause (xi), the following sub-clause shall be inserted with effect from the 1st day of April, 2003, namely:- "(xii) any sum referred to in clause (vii) of Section 28 ;";

(b) in clause (31), after sub-clause (vu), the following Explanation shall be inserted, namely:-

"Explanation.-For the purposes of this clause, an association of persons or a body of individuals or a local authority or an artificial juridical person shall be deemed to be a person, whether or not such person or body or authority or juridical person was formed or established or incorporated with the object of deriving income, profits or gains;";

(c) in clause (37-A), in sub-clause (i), for the words, figures and letters "or Section 115-BB or Section 115-E", wherever they occur, the words, figures and letters "or Section 115-BB or Section 115-BBB or Section 115-E" shall be substituted with effect from the 1st day of April, 2003.

### **4. Amendment of Section 10 :-**

In Section 10 of the Income Tax Act,-

(a) clause (3) shall be omitted with effect from the 1st day of April, 2003;

(b) in clause (4), in sub-clause (i), the following proviso shall be inserted with effect from the 1st day of April, 2003, namely:- "Provided that the Central Government shall not specify, for the purposes of this sub-clause, such securities or bonds on or after the 1st day of June, 2002;";

(c) in clause (4-B), for the words "savings certificates issued", the words, figures and letters "savings certificates issued before the 1st day of June, 2002" shall be substituted with effect from the 1st day of April, 2003;

(d) clause (5-B) shall be omitted with effect from the 1st day of April, 2003;

(e) in clause (6), sub-clause (i) shall be omitted with effect from the 1st day of April, 2003;

(f) in clause (6-A), after the words, figures and letters "Government or the Indian concern after the 31st day of March, 1976", the words, figures and letters "but before the 1st day of June, 2002" shall be inserted with effect from the 1st day of April, 2003;

(g) in clause (6-B), with effect from the 1st day of April, 2003,-

(i) for the words "agreement entered into by the Central Government", the words, figures and letters

"agreement entered into before the 1st day of June, 2002 by the Central Government" shall be substituted;

(ii) for the words "related agreement approved", the words "related agreement approved before that date" shall be substituted;

(h) in clause (10-C), after sub-clause (vii-b), the following sub-clause shall be inserted, namely:- "(vii-c) an institution, having importance throughout India or in any State or States, as the Central Government may, by notification in the Official Gazette, specify in this behalf; or";

(i) after clause (10-C), the following clause shall be inserted with effect from the 1st day of April, 2003, namely:- "(10-CC) in the case of an employee, being an individual deriving income in the nature of a perquisite, not provided for by way of monetary payment, within the meaning of clause (2) of Section 17, the tax on such income actually paid by his employer, at the option of the employer, on behalf of such employee, notwithstanding anything contained in Section 200 of the Companies Act, 1956 (1 of 1956);";

(j) clause (14-A) shall be omitted with effect from the 1st day of April, 2003;

(k) in clause (15), with effect from the 1st day of April, 2003,-

(i) in sub-clause (ii-b), the following proviso shall be inserted, namely:- "Provided that the Central Government shall not specify, for the purposes of this sub-clause, such Capital Investment Bonds on or after the 1st day of June, 2002";

(ii) in sub-clause (ii-d), after the third proviso and before the Explanation, the following proviso shall be inserted, namely:- "Provided also that the Central Government shall not specify, for the purposes of this sub-clause, such bonds on or after the 1st day of June, 2002.";

(l) in clause (20), the following Explanation shall be inserted with effect from the 1st day of April, 2003, namely:- "Explanation.-For the purposes of this clause, the expression "local authority" means-

(i) Panchayat as referred to in clause (d) of Article 243 of the Constitution; or

(ii) Municipality as referred to in clause (e) of Article 243-P of the Constitution; or

(iii) Municipal Committee and District Board, legally entitled to, or entrusted by the Government with, the control or management of a Municipal or local fund; or

(iv) Cantonment Board as defined in Section 3 of the Cantonments Act, 1924 (2 of 1924);'

(m) clause (20-A) shall be omitted with effect from the 1st day of April, 2003;

(n) in clause (21), after the third proviso, the following proviso shall be inserted with effect from the 1st day of April, 2003, namely:- "Provided also that where the scientific research association is approved by the Central Government and subsequently that Government is satisfied that-

(i) the scientific research association has not applied its income in accordance with the provisions contained in clause (a) of the first proviso; or

(ii) the scientific research association has not invested or deposited its funds in accordance with the provisions contained in clause (b) of the first proviso; or

(iii) the activities of the scientific research association are not genuine; or

(iv) the activities of the scientific research association are not being carried out in accordance with all or any of the conditions subject to which such association was approved,

(o) in clause (22-B), after the second proviso, the following proviso shall be inserted with effect from the 1st day of April, 2003, namely:- "Provided also that where the news agency has been specified, by notification, by the Central Government and subsequently that Government is satisfied that such news agency has not applied or accumulated or distributed its income in accordance with the provisions contained in the first proviso, it may, at any time after giving a reasonable opportunity of showing cause, rescind the notification and forward a copy of the order rescinding the notification to such agency and to the Assessing Officer;";

(p) clause (23) shall be omitted with effect from the 1st day of April, 2003;

(q) in clause (23-A), after the proviso, the following proviso shall be inserted with effect from the 1st day of April, 2003, namely:- "Provided further that where the association or institution has been

approved by the Central Government and subsequently that Government is satisfied that-

(i) such association or institution has not applied or accumulated its income in accordance with the provisions contained in the first proviso; or

(ii) the activities of the association or institution are not being carried out in accordance with all or any of the conditions subject to which such association or institution was approved,

(r) in clause (23-B), after the second proviso and before the Explanation, the following proviso shall be inserted with effect from the 1st day of April, 2003, namely:- "Provided also that where the institution has been approved by the Khadi and Village Industries Commission and subsequently that Commission is satisfied that-

(i) the institution has not applied or accumulated its income in accordance with the provisions contained in the first proviso; or

(ii) the activities of the institution are not being carried out in accordance with all or any of the conditions subject to which such institution was approved,

(s) in clause (23-C),-

(i) in the third proviso, for clause (a), the following clause shall be substituted with effect from the 1st day of April, 2003, namely:- "(a) applies its income, or accumulates it for application, wholly and exclusively to the objects for which it is established and in a case where more than fifteen per cent of its income is accumulated on or after the 1st day of April, 2002, the period of the accumulation of the amount exceeding fifteen per cent of its income shall in no case exceed five years; and";

(ii) in the ninth proviso, with effect from the 3rd day of February, 2001,-

(a) after the words, brackets, letters and figures "in terms of clause (d) of sub-section (2) of Section 80G of the Income tax Act, 1961 ", the words, brackets, figures and letter "in respect of which accounts of income and expenditure have not been rendered to the authority prescribed under clause (v) of subsection (5-C) of that section, in the manner specified in that clause, or" shall be inserted and shall be deemed to have been inserted;

(b) for the words, figures and letters "or before the 31st day of March, 2002", the words, figures and letters "or before the 31st day of March, 2003" shall be substituted and shall be deemed to have been substituted;

(iii) the tenth proviso shall be omitted;

(iv) after the tenth proviso, the following provisos shall be inserted with effect from the 1st day of April, 2003, namely:- "Provided also that where the fund or trust or institution or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (;'v) or sub-clause (v) or sub-clause (vi) or sub-clause (vi-a) does not apply its income during the year of receipt and accumulates it, any payment or credit out of such accumulation to any trust or institution registered under Section 12AA of the Income tax Act, 1961 or to any fund or trust or institution or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (vi-a) shall not be treated as application of income to the objects for which such fund or trust or institution or university or educational institution or hospital or other medical institution, as the case may be, is established : Provided also that where the fund or institution referred to in sub- clause (iv) or trust or institution referred to in sub-clause (v) is notified by the Central Government or any university or other educational institution referred to in sub-clause (vi) or any hospital or other medical institution referred to in sub-clause (vi-a), is approved by the prescribed authority and subsequently that Government or the prescribed authority is satisfied that-

(i) such fund or institution or trust or any university or other educational institution or any hospital or other medical institution has not-

(A) applied its income in accordance with the provisions contained in clause (a) of the third proviso; or

(B) invested or deposited its funds in accordance with the provisions contained in clause (b) of the third proviso; or

(ii) the activities of such fund or institution or trust or any university or other educational institution or any hospital or other medical institution- (A) are not genuine; or (B) are not being carried out in accordance with all or any of the conditions subject to which it was notified or approved,

(t) in clause (23-D), in the opening portion, the words, figures and letter "subject to the provisions of

Chapter XII-E," shall be omitted with effect from the 1st day of April, 2003;

(u) clause (23-E) shall be omitted with effect from the 1st day of April, 2003;

(v) after clause (23-EA), the following clause shall be inserted, namely:- "(23-EB) any income of the Credit Guarantee Fund, Trust for Small Scale Industries, being a trust created by the Government of India and the Small Industries Development Bank of India established under sub-section (1) of Section 3 of the Small Industries Development Bank of India Act, 1989 (39 of 1989), for five previous years relevant to the assessment years beginning on the 1st day of April, 2002 and ending on the 31st day of March, 2007;"

(w) in clause (23-FA), the words, figures and letter "other than dividends referred to in Section 115-O," shall be omitted with effect from the 1st day of April, 2003;

(x) in clause (23-G), the words, figures and letter "other than dividends referred to in Section 115-O," shall be omitted with effect from the 1st day of April, 2003;

(y) clauses (29) and (33) shall be omitted with effect from the 1st day of April, 2003.

#### **5. Amendment of Section 10-A :-**

In Section 10A of the Income tax Act, 1961 , with effect from the 1st day of April, 2003 -

(a) in sub-section (1), after the third proviso, the following proviso shall be inserted, namely:- "Provided also that for the assessment year beginning on the 1st day of April, 2003, the deduction under this sub-section shall be ninety per cent of the profits and gains derived by an undertaking from the export of such articles or things or computer software:"

(b) after sub-section (1), the following sub-section shall be inserted, namely:- "(1-A) Notwithstanding anything contained in sub-section (1), the deduction, in computing the total income of an undertaking, which begins to manufacture or produce articles or things or computer software during the previous year relevant to any assessment year commencing on or after the 1st day of April, 2003, in any special economic zone, shall be hundred per cent of profits and gains derived from the export of such articles or things or computer software for a period of five consecutive assessment years beginning with the assessment year relevant to the previous year in which the undertaking begins to manufacture or produce such articles or things or computer software, as the case may be, and thereafter, fifty per cent of such profits and gains for further two assessment years."

(c) after sub-section (9) and before Explanation 1, the following shall be inserted, namely:- "(9-A) Notwithstanding anything contained in sub-section (9), where as a result of reorganisation of business, a firm or a sole proprietary concern is succeeded by a company and the ownership or beneficial interest in the undertaking of the firm or the sole proprietary concern is transferred to the company, the deduction under sub-section (1) in respect of such undertaking shall be allowed to the company, as the same would have been allowed to such firm or sole proprietary concern, as the case may be, if the reorganisation had not taken place: Provided that,-

(a) in the case of a firm, the aggregate of the shareholding in the company of the partners of the firm is not less than fifty-one per cent of the total voting power in the company and their shareholding continues to be as such for the period for which the company is eligible for deduction under this section;

(b) in the case of a sole proprietary concern, the shareholding of the sole proprietor in the company is not less than fifty-one per cent of the total voting power in the company and his shareholding continues to remain as such for the period for which the company is eligible for deduction under this section."

#### **6. Amendment of Section 10-B :-**

In Section 10B of the Income tax Act, 1961 , with effect from the 1st day of April, 2003,-

(a) in sub-section (1), after the second proviso, the following proviso shall be inserted, namely:- "Provided also that for the assessment year beginning on the 1st day of April, 2003, the deduction under this sub-section shall be ninety per cent of the profits and gains derived by an undertaking from the export of such articles or things or computer software:"

(b) after sub-section (9) and before Explanation 1, the following shall be inserted, namely:- "(9-A) Notwithstanding anything contained in sub-section (9), where as a result of reorganisation of business, a firm or a sole proprietary concern is succeeded by a company and the ownership or beneficial interest in the undertaking of the firm or the sole proprietary concern is transferred to the company, the deduction under sub-section (1) in respect of such undertaking shall be allowed to the company, as the same would have been allowed to such firm or sole proprietary concern, as the case may be, if the

reorganisation had not taken place : Provided that,-

(a) in the case of a firm, the aggregate of the shareholding in the company of the partners of the firm is not less than fifty-one per cent of the total voting power in the company and their shareholding continues to be as such for the period for which the company is eligible for deduction under this section;

(b) in the case of a sole proprietary concern, the shareholding of the sole proprietor in the company is not less than fifty-one per cent of the total voting power in the company and his shareholding continues to remain as such for the period for which the company is eligible for deduction under this section."

#### **7. Amendment of Section 11 :-**

In Section 11 of the Income tax Act, 1961 , with effect from the 1st day of April, 2003-

(a) in sub-section (1),- (i) in clause (a), for the words "twenty-five per cent", the words "fifteen per cent" shall be substituted; (ii) in clause (b), for the words "twenty-five per cent", the words "fifteen per cent" shall be substituted; (iii) in the Explanation,- (A) in clause (1), for the words "twenty-five per cent", the words "fifteen per cent" shall be substituted; (B) in clause (2), for the words "seventy-five per cent", the words "eighty-five per cent" shall be substituted;

(b) in sub-section (2),- (i) for the words "seventy-five per cent", the words "eighty-five per cent" shall be substituted; (ii) after the second proviso, the following Explanation shall be inserted, namely:-

"Explanation.-Any amount credited or paid, out of income referred to in clause (a) or clause (b) of sub-section (1), read with the Explanation to that sub-section, which is not applied, but is accumulated or set apart, to any trust or institution registered under Section 12AA of the Income tax Act, 1961 or to any fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (vi-a) of clause (23-C) of Section 10 , shall not be treated as application of income for charitable or religious purposes, either during the period of accumulation or thereafter.";

(c) in sub-section (3),-

(i) after clause (c), the following clause shall be inserted, namely:- "(d) is credited or paid to any trust or institution registered under Section 12AA of the Income tax Act, 1961 or to any fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (vi-a) of clause (23-C) of Section 10 ,";

(ii) for the words -"set apart or ceases to remain so invested or deposited or", the words "set apart or ceases to remain so invested or deposited or credited or paid or" shall be substituted;

(d) in sub-section (3-A), the following proviso shall be inserted, namely:- "Provided that the Assessing Officer shall not allow application of such income by way of payment or credit made for the purposes referred to in clause (d) of sub-section (3) of Section 11 .".

#### **8. Amendment of Section 12 :-**

In Section 12 of the Income Tax Act, in sub-section (3), with effect from the 3rd day of February, 2001,-

(a) after the words, brackets, letters and figures "in terms of clause (d) of sub-section (2) of Section 80G of the Income tax Act, 1961 ", the words, brackets, figures and letter "in respect of which accounts of income and expenditure have not been rendered to the authority prescribed under clause (v) of sub-section (5-C) of that section, in the manner specified in that clause, or" shall be inserted and shall be deemed to have been inserted;

(b) for the words, figures and letters "or before the 31st day of March, 2002", the words, figures and letters "or before the 31st day of March, 2003" shall be substituted and shall be deemed to have been substituted.

#### **9. Amendment of Section 12-A :-**

In Section 12A of the Essential Commodities Act, 1955 of the Income Tax Act, clause (c) shall be omitted.

#### **10. Amendment of Section 14-A :-**

In Section 14-A of the Income Tax Act, the following proviso shall be inserted and shall be deemed to have been inserted with effect from the 11th day of May, 2001, namely:- "Provided that nothing contained in this section shall empower the Assessing Officer either to reassess under Section 147 or pass an order enhancing the assessment or reducing a refund already made or otherwise increasing the

liability of the assessee under Section 154 , for any assessment year beginning on or before the 1st day of April, 2001."

**11. Amendment of Section 17 :-**

In Section 17 of the Income Tax Act. in clause (2), after the proviso and before the Explanation, the following proviso shall be inserted, namely:- 'Provided further that for the assessment year beginning on the 1st day of April, 2002, nothing contained in this clause shall apply to any employee whose income under the head "Salaries" (whether due from, or paid or allowed by, one or more employers) exclusive of the value of all perquisites not provided for by way of monetary payment, does not exceed one lakh rupees.'

**12. Amendment of Section 24 :-**

In Section 24 of the Income Tax Act, in clause (b), with effect from the 1st day of April, 2003,-

(a) in the second proviso, for the words, figures and letters "before the 1st day of April, 2003", the words "within three years from the end of the financial year in which capital was borrowed" shall be substituted;

(b) after the second proviso and the Explanation, the following shall be inserted, namely:- 'Provided also that no deduction shall be made under the second proviso unless the assessee furnishes a certificate, from the person to whom any interest is payable on the capital borrowed, specifying the amount of interest payable by the assessee for the purpose of such acquisition or construction of the property, or, conversion of the whole or any part of the capital borrowed which remains to be repaid as a new loan.

Explanation.-For the purposes of this proviso, the expression "new loan" means the whole or any part of a loan taken by the assessee subsequent to the capital borrowed, for the purpose of repayment of such capital.'

**13. Amendment of Section 28 :-**

In Section 28 of the Income Tax Act, after clause (v), the following shall be inserted with effect from the 1st day of April, 2003, namely:- '(v-a) any sum, whether received or receivable, in cash or kind, under an agreement for-

(a) not carrying out any activity in relation to any business; or

(b) not sharing any know-how, patent, copyright, trade mark, licence, franchise or any other business or commercial right of similar nature or information or technique likely to assist in the manufacture or processing of goods or provision for services : Provided that sub-clause (a) shall not apply to -

(i) any sum, whether received or receivable, in cash or kind, on account of transfer of the right to manufacture, produce or process any article or thing or right to carry on any business, which is chargeable under the head "Capital gains";

(ii) any sum received as compensation, from the multilateral fund of the Montreal Protocol on Substances that Deplete the Ozone Layer under the United Nations Environment Programme, in accordance with the terms of agreement entered into with the Government of India.

Explanation.-For the purposes of this clause, -

(i) "agreement" includes any arrangement or understanding or action in concert,- (A) whether or not such arrangement, understanding or action is formal or in writing; or (B) whether or not such arrangement, understanding or action is intended to be enforceable by legal proceedings;

(ii) "service" means service of any description which is made available to potential users and includes the provision of services in connection with business of any industrial or commercial nature such as accounting, banking, communication, conveying of news or information, advertising, entertainment, amusement, education, financing, insurance, chit funds, real estate, construction, transport, storage, processing, supply of electrical or other energy, boarding and lodging.'

**14. Amendment of Section 32 :-**

In Section 32 of the Income Tax Act, in sub- section (1), with effect from the 1st day of April, 2003,-

(a) in clause (ii), -

(i) in the second proviso, for the words, brackets and figures "or clause (ii)", at both the places where they occur, the words, brackets, figures and letter "or clause (ii) or clause (ii-a)" shall be substituted;

(ii) in Explanation 2 below the fifth proviso, for the words "For the purposes of this clause", the words

"For the purposes of this sub-section" shall be substituted;

(b) after clause (ii), the following shall be inserted, namely:- '(ii-a) in the case of any new machinery or plant (other than ships and aircraft), which has been acquired and installed after the 31st day of March, 2002, by an assessee engaged in the business of manufacture or production of any article or thing, a further sum equal to fifteen per cent of the actual cost of such machinery or plant shall be allowed as deduction under clause (ii): Provided that such further deduction of fifteen per cent shall be allowed to- (A) a new industrial undertaking during any previous year in which such undertaking begins to manufacture or produce any article or thing on or after the 1st day of April, 2002; or (B) any industrial undertaking existing before the 1st day of April, 2002, during any previous year in which it achieves the substantial expansion by way of increase in installed capacity by not less than twenty-five per cent: Provided further that no deduction shall be allowed in respect of- (a) any machinery or plant which, before its installation by the assessee, was used either within or outside India by any other person; or (b) any machinery or plant installed in any office premises or any residential accommodation, including accommodation in the nature of a guest house; or (c) any office appliances or road transport vehicles; or (d) any machinery or plant, the whole of the actual cost of which is allowed as a deduction (whether by way of depreciation or otherwise) in computing the income chargeable under the head "Profits and gains of business or profession" of any one previous year :

Provided also that no deduction shall be allowed under clause (A) or, as the case may be, clause (B), of the first proviso unless the assessee furnishes the details of machinery or plant and increase in the installed capacity of production in such form, as may be prescribed, along with the return of income, and 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,-

(1) "new industrial undertaking" means an undertaking which is not formed,- (a) by the splitting up, or the reconstruction, of a business already in existence; or (b) by the transfer to a new business of machinery or plant previously used for any purpose;

(2) "installed capacity" means the capacity of production as existing on the 31st day of March, 2002.'

#### **15. Amendment of Section 33-AC :-**

In Section 33AC of the Income tax Act, 1961 of the Income Tax Act, in sub- section (1), for the first proviso, the following proviso shall be substituted with effect from the 1st day of April, 2003, namely:- "Provided that where the aggregate of the amounts carried to such reserve account from time to time exceeds twice the aggregate of the amounts of the paid-up share capital, the general reserves and amount credited to the share premium account of the assessee, no allowance under this sub-section shall be made in respect of such excess."

#### **16. Amendment of Section 35-AC :-**

In Section 35AC of the Income tax Act, 1961 of the Income Tax Act, after sub-section (5) and before the Explanation, the following sub-section shall be inserted with effect from the 1st day of April, 2003, namely:- "(6) Notwithstanding anything contained in any other provision of this Act, where-

(i) the approval of the National Committee, granted to an association or institution, is withdrawn under sub-section (4) or the notification in respect of eligible project or scheme is withdrawn in the case of a public sector company or local authority or an association or institution under sub- section (5); or

(ii) a company has claimed deduction under the proviso to sub-section (1) in respect of any expenditure incurred directly on the eligible project or scheme and the approval for such project or scheme is withdrawn by the National Committee under sub-section (5),

the total amount of the payment received by the public sector company or the local authority or the association or the institution, as the case may be, in respect of which such company or authority or association or institution has furnished a certificate referred to in clause (a) of sub-section (2) or the deduction claimed by a company under the proviso to sub-section (1) shall be deemed to be the income of such company or authority or association or institution, as the case may be, for the previous year in which such approval or notification is withdrawn and tax shall be charged on such income at the maximum marginal rate in force for that year."

#### **17. Amendment of Section 35.CCB :-**

In Section 35-CCB of the Income Tax Act, in sub-section (1), in the opening portion, for the words "Where an assessee incurs any expenditure", the words, figures and letters "Where an assessee incurs any expenditure on or before the 31st day of March, 2002" shall be substituted with effect from the 1st day of April, 2003.

**18. Amendment of Section 35-DDA :-**

In Section 35-DDA of the Income Tax Act. for sub-section (2), the following sub-sections shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 2001, namely:-

"(2) Where the assessee, being an Indian company, is entitled to the deduction under sub-section (1) and the undertaking of such Indian company entitled to the deduction under sub-section (1) is transferred, before the expiry of the period specified in that sub-section, to another Indian company in a scheme of amalgamation, the provisions of this section shall, as far as may be, apply to the amalgamated company as they would have applied to the amalgamating company if the amalgamation had not taken place.

(3) Where the undertaking of an Indian company entitled to the deduction under sub-section (1) is transferred, before the expiry of the period specified in that sub-section, to another company in a scheme of demerger, 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.

(4) 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, the provisions of this section shall, as far as may be, apply to the successor company, as they would have applied to the firm or the proprietary concern, if reorganisation of business had not taken place.

(5) No deduction shall be allowed in respect of the expenditure mentioned in sub-section (1) in the case of the amalgamating company referred to in sub-section (2), in the case of demerged company referred to in sub-section (3) and in the case of a firm or proprietary concern referred to in sub-section (4) of this section, for the previous year in which amalgamation, demerger or succession, as the case may be, takes place.

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

**19. Amendment of Section 36 :-**

In Section 36 of the Income Tax Act, in sub-section (1), in clause (vii-a), with effect from the 1st day of April, 2003,-

(i) in sub-clause (a),- (A) for the words "not exceeding five per cent", the words "not exceeding seven and one-half per cent" shall be substituted; (B) after the proviso and before the Explanation, the following proviso shall be inserted, namely:- 'Provided further that for the relevant assessment years commencing on or after the 1st day of April, 2003 and ending before the 1st day of April, 2005, the provisions of the first proviso shall have effect as if for the words "five per cent", the words "ten per cent" had been substituted.

(ii) in sub-clause (c), the following proviso shall be inserted, namely:- "Provided that a public financial institution or a State financial corporation or a State industrial investment corporation referred to in this sub-clause shall, at its option, be allowed in any of the two consecutive assessment years commencing on or after the 1st day of April, 2003 and ending before the 1st day of April, 2005, 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, of an amount not exceeding ten per cent of the amount of such assets shown in the books of account of such institution or corporation, as the case may be, on the last day of the previous year."

**20. Amendment of Section 40 :-**

In Section 40 of the Income Tax Act,-

(i) in clause (a), after sub-clause (iv), the following sub-clause shall be inserted with effect from the 1st day of April, 2003, namely:- "(v) any tax actually paid by an employer referred to in clause (10-CC) of Section 10 ;";

(ii) in clause (b), in sub-clause (iv), for the words "eighteen per cent", the words "twelve per cent" shall be substituted with effect from the 1st day of June, 2002.

**21. Substitution of new section for Section 43-A :-**

For Section 43-A of the Income Tax Act, the following section shall be substituted with effect from the 1st day of April, 2003, namely:- '43-A. Special provisions consequential to changes in rate of exchange of currency.-Notwithstanding anything contained in any other provision of this Act, where an assessee

has acquired any asset in any previous year from a country outside India for the purposes of his business or profession and, in consequence of a change in the rate of exchange during any previous year after the acquisition of such asset, there is an increase or reduction in the liability of the assessee as expressed in Indian currency (as compared to the liability existing at the time of acquisition of the asset) at the time of making payment- (a) towards the whole or a part of the cost of the asset; or (b) towards repayment of the whole or a part of the moneys borrowed by him from any person, directly or indirectly, in any foreign currency specifically for the purpose of acquiring the asset along with interest, if any, the amount by which the liability as aforesaid is so increased or reduced during such previous year and which is taken into account at the time of making the payment, irrespective of the method of accounting adopted by the assessee, shall be added to, or, as the case may be, deducted from- (i) the actual cost of the asset as defined in clause (1) of Section 43 ; or (ii) the amount of expenditure of a capital nature referred to in clause (v) of sub-section (1) of Section 35 ; or (iii) the amount of expenditure of a capital nature referred to in Section 35-A; or (iv) the amount of expenditure of a capital nature referred to in clause (ix) of sub-section (1) of Section 36 ; or (v) the cost of acquisition of a capital asset (not being a capital asset referred to in Section 50 ) for the purposes of Section 48 , and the amount arrived at after such addition or deduction shall be taken to be the actual cost of the asset or the amount of expenditure of a capital nature or, as the case may be, the cost of acquisition of the capital asset as aforesaid : Provided that where an addition to or deduction from the actual cost or expenditure or cost of acquisition has been made under this section, as it stood immediately before its substitution by the Finance Act, 2002, on account of an increase or reduction in the liability as aforesaid, the amount to be added to, or, as the case may be, deducted under this section from, the actual cost or expenditure or cost of acquisition at the time of making the payment shall be so adjusted that the total amount added to, or, as the case may be, deducted from, the actual cost or expenditure or cost of acquisition, is equal to the increase or reduction in the aforesaid liability taken into account at the time of making payment.

Explanation 1.-In this section, unless the context otherwise requires,-

(a) "rate of exchange" means the rate of exchange determined or recognised by the Central Government for the conversion of Indian currency into foreign currency or foreign currency into Indian currency;

(b) "foreign currency" and "Indian currency" have the meanings respectively assigned to them in Section 2 of the Foreign Exchange Management Act, 1999 (42 of 1999).

Explanation 2.-Where the whole or any part of the liability aforesaid is met, not by the assessee, but, directly or indirectly, by any other person or authority, the liability so met shall not be taken into account for the purposes of this section.

Explanation 3.-Where the assessee has entered into a contract with an authorised dealer as defined in Section 2 of the Foreign Exchange Management Act, 1999 (42 of 1999), for providing him with a specified sum in a foreign currency on or after a stipulated future date at the rate of exchange specified in the contract to enable him to meet the whole or any part of the liability aforesaid, the amount, if any, to be added to, or deducted from, the actual cost of the asset or the amount of expenditure of a capital nature or, as the case may be, the cost of acquisition of the capital asset under this section shall, in respect of so much of the sum specified in the contract as is available for discharging the liability aforesaid, be computed with reference to the rate of exchange specified therein.'

## **22. Amendment of Section 44-AE :-**

In Section 44AE of the Income tax Act, 1961 , in sub- section (2), with effect from the 1st day of April, 2003,-

(a) in clause (i), for the words "two thousand rupees", the words "three thousand five hundred rupees" shall be substituted,

(b) in clause (ii), for the words "one thousand eight hundred rupees", the words "three thousand one hundred and fifty rupees" shall be substituted.

## **23. Amendment of Section 47 :-**

In Section 47 of the Income tax Act, 1961 , in clause (xv), after the words and figures "the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992 (15 of 1992)", the words, brackets and figures "or the Reserve Bank of India constituted under sub-section (1) of Section 3 of the Reserve Bank of India Act, 1934 (2 of 1934)" shall be inserted with effect from the 1st day of April, 2003.

#### **24. Insertion of new Section 50-C :-**

After Section 50B of the Income tax Act, 1961 , the following section shall be inserted with effect from the 1st day of April, 2003, namely:- '50-C. Special provision for full value of consideration in certain cases.-

(1) Where the consideration received or accruing as a result of the transfer by an assessee of a capital asset, being land or building or both, is less than the value adopted or assessed by any authority of a State Government (hereafter in this section referred to as the "stamp valuation authority") for the purpose of payment of stamp duty in respect of such transfer, the value so adopted or assessed shall, for the purposes of Section 48 , be deemed to be the full value of the consideration received or accruing as a result of such transfer.

(2) Without prejudice to the provisions of sub-section (1), where-

(a) the assessee claims before any Assessing Officer that the value adopted or assessed by the stamp valuation authority under sub-section (1) exceeds the fair market value of the property as on the date of transfer;

(b) the value so adopted or assessed by the stamp valuation authority under sub-section (1) has not been disputed in any appeal or revision or no reference has been made before any other authority, court or the High Court,

Section 16-A, clause (i) of sub-section (1) and sub-sections (6) and (7) of Section 23-A, sub-section (5) of Section 24 , Section 34-AA, Section 35 and Section 37 of the Wealth Tax Act, 1957 (27 of 1957), shall, with necessary modifications, apply in relation to such reference as they apply in relation to a reference made by the Assessing Officer under sub-section (1) of Section 16-A of that Act.

Explanation.-For the purposes of this section, "Valuation Officer" shall have the same meaning as in clause (r) of Section 2 of the Wealth Tax Act, 1957 (27 of 1957).

(3) Subject to the provisions contained in sub-section (2), where the value ascertained under sub-section (2) exceeds the value adopted or assessed by the stamp valuation authority referred to in sub-section (1), the value so adopted or assessed by such authority shall be taken as the full value of the consideration received or accruing as a result of the transfer.'

#### **25. Amendment of Section 54-EC :-**

In Section 54EC of the Income tax Act, 1961 , in the Explanation occurring at the end, in clause (b), after sub-clause (ii), the following sub-clause shall be inserted with effect from the 1st day of April, 2003, namely:- "(iii) on or after the 1st day of April, 2002, by the National Housing Bank : established under sub-section (1) of Section 3 of the National Housing Bank Act, 1987 (53 of 1987) or by the Small Industries Development Bank of India established under sub-section (1) of Section 3 of the Small Industries Development Bank of India Act, 1989 (39 of 1989)."

#### **26. Amendment of Section 55 :-**

In Section 55 of the Income tax Act, 1961 , with effect from the 1st day of April, 2003,-

(a) in sub-section (1), in clause (b), in sub-clause (1), after the words "any article or thing", the words "or right to carry on any business" shall be inserted;

(b) in sub-section (2), in clause (a), after the words "any article or thing", the words "or right to carry on any business" shall be inserted.

#### **27. Substitution of new section for Section 70 :-**

For Section 70 of the Income Tax Act, 1961 , the following section shall be substituted with effect from the 1st day of April, 2003, namely:- '70. Set-off of loss from one source against income from another source under the same head of income.-

(1) Save as otherwise provided in this Act, where the net result for any assessment year in respect of any source falling under any head of income, other than "Capital gains", is a loss, the assessee shall be entitled to have the amount of such loss set off against his income from any other source under the same head.

(2) Where the result of the computation made for any assessment year under Sections 48 to Section 55 of the Income Tax Act, 1961 in respect of any short-term capital asset is a loss, the assessee shall be entitled to have the amount of such loss set off against the income, if any, as arrived at under a similar computation made for the assessment year in respect of any other capital asset.

(3) Where the result of the computation made for any assessment year under Sections 48 to Section 55

of the Income Tax Act, 1961 in respect of any capital asset (other than a short-term capital asset) is a loss, the assessee shall be entitled to have the amount of such loss set off against the income, if any, as arrived at under a similar computation made for the assessment year in respect of any other capital asset not being a short-term capital asset.'

### **28. Amendment of Section 72-A :-**

In Section 72A of the Income tax Act, 1961 , in sub- section (7), in clause (aa), after sub-clause (iii), the following sub-clause shall be inserted with effect from the 1st day of April, 2003, namely:- "(iii-a) the business of providing telecommunication services, whether basic or cellular, including radio paging, domestic satellite service, network of trunking, broadband network and internet services; or".

### **29. Amendment of Section 74 :-**

In Section 74 of the Income tax Act, 1961 , with effect from the 1st day of April, 2003,- (a) for sub-section (1), the following sub-section shall be substituted, namely:-

'(1) Where in respect of any assessment year, the net result of the computation under the head "Capital gains" is a loss to the assessee, the whole loss shall, subject to the other provisions of this Chapter, be carried forward to the following assessment year, and-

(a) insofar as such loss relates to a short-term capital asset, it shall be set off against income, if any, under the head "Capital gains" assessable for that assessment year in respect of any other capital asset;

(b) insofar as such loss relates to a long-term capital asset, it shall be set off against income, if any, under the head "Capital gains" assessable for that assessment year in respect of any other capital asset not being a short-term capital asset;

(c) if the loss cannot be wholly so set off, the amount of loss not so set off shall be carried forward to the following assessment year and so on.';

(b) sub-section (3) shall be omitted.

### **30. Amendment of Section 80-G :-**

In Section 80G of the Income tax Act, 1961 ,-

(a) in sub-section (2), with effect from the 1st day of April, 2003,-

(i) in clause (a), for sub-clause (vi), the following sub-clause shall be substituted, namely:- "(vi) an authority constituted in India by or under any law enacted either for the purpose of dealing with and satisfying the need for housing accommodation or for the purpose of planning, development or improvement of cities, towns and villages, or for both;"

(ii) in clause (c), for the words, brackets and figures "as notified by the Central Government under clause (23) of Section 10 ", the words "established in India, as the Central Government may, having regard to the prescribed guidelines, by notification in the Official Gazette, specify in this behalf shall be substituted;

(b) in sub-section (5), with effect from the 1st day of April, 2003,-

(i) in clause (i), the words, brackets and figures "or clause (23)" shall be omitted;

(ii) in clause (v), the words, brackets and figures "or is an institution approved by the Central Government for the purposes of clause (23) of Section 10 ," shall be omitted;

(c) in sub-section (5-C), with effect from the 3rd day of February, 2001,-

(i) in the opening portion, for the words "This sub-section", the words "This section" shall be substituted and shall be deemed to have been substituted;

(ii) in clause (iii), for the words, figures and letters "on or before the 31st day of March, 2002", the words, figures and letters "on or before the 31st day of March, 2003" shall be substituted and shall be deemed to have been substituted;

(iii) for clause (iv), the following clause shall be substituted and shall be deemed to have been substituted, namely:-

"(iv) the amount of donation remaining unutilised on the 31st day of March, 2003 is transferred to the Prime Minister's National Relief Fund on or before the 31st day of March, 2003;"

(iv) in clause (v), for the words, figures and letters "on or before the 30th day of June, 2002", the

words, figures and letters "on or before the 30th day of June, 2003" shall be substituted and shall be deemed to have been substituted;

(d) for Explanation 4, the following Explanation shall be substituted with effect from the 1st day of April, 2003, namely:-

"Explanation 4.-For the purposes of this section, an association or institution having as its object the control, supervision, regulation or encouragement in India of such games or sports as the Central Government may, by notification in the Official Gazette, specify in this behalf, shall be deemed to be an institution established in India for a charitable purpose."

### **31. Amendment of Section 80-GGA :-**

In Section 80GGA of the Income tax Act, 1961 , in sub-section (2), with effect from the 1st day of April, 2003,-

(i) in clause (c), in the opening portion, for the words "any sum paid by the assessee in the previous year", the words, figures and letters "any sum paid by the assessee in any previous year ending on or before the 31st day of March, 2002" shall be substituted;

(ii) in clause (cc), in the opening portion, for the words "any sum paid by the assessee in the previous year", the words, figures and letters "any sum paid by the assessee in any previous year ending on or before the 31st day of March, 2002" shall be substituted.

### **32. Amendment of Section 80-HHD :-**

In Section 80HHD of the Income tax Act, 1961 , in sub-section (1), with effect from the 1st day of April, 2003,-

(i) in clause (c), for the words "twenty per cent", at both the places where they occur, the words "twenty-five per cent" shall be substituted;

(ii) in clause (d), for the words "ten per cent", at both the places where they occur, the words "fifteen per cent" shall be substituted.

### **33. Amendment of Section 80-IA :-**

In Section 80IA of the Income tax Act, 1961 , with effect from the 1st day of April, 2003,-

(a) in sub-section (2), after the words "industrial park", the words, brackets and figures "or develops or develops and operates or maintains and operates a special economic zone referred to in clause (iii) of sub-section (4)" shall be inserted;

(b) in sub-section (7), for the words "Where the assessee is a person other than a company or a co-operative society, the deduction", the words "The deduction" shall be substituted.

### **34. Amendment of Section 80-IB :-**

In Section 80IB of the Income tax Act, 1961 , with effect from the 1st day of April, 2003,- (a) in sub-sections (4) and (5), for the figures, letters and words "31st day of March, 2002" wherever they occur, the figures, letters and words "31st day of March, 2004" shall be substituted; (b) after sub-section (7), the following sub-sections shall be inserted, namely:-

"(7-A) The amount of deduction in the case of any multiplex theatre shall be-

(a) fifty per cent of the profits and gains derived, from the business of building, owning and operating a multiplex theatre, for a period of five consecutive years beginning from the initial assessment year in any place: Provided that nothing contained in this clause shall apply to a multiplex theatre 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 Chennai, Delhi, Mumbai or Kolkata;

(b) the deduction under clause (a) shall be allowable only if-

(i) such multiplex theatre is constructed at any time during the period beginning on the 1st day of April, 2002 and ending on the 31st day of March, 2005;

(ii) the business of the multiplex theatre 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 any building or of any machinery or of plant previously used for any purpose;

(iii) the assessee furnishes alongwith the return of income, the report of an audit in such form and containing such particulars as may be prescribed and duly signed and verified by an accountant, as defined in the Explanation below sub-section (2) of Section 288, certifying that the deduction has been

correctly claimed.

(7-B) The amount of deduction in the case of any convention centre shall be-

(a) fifty per cent of the profits and gains derived, by the assessee from the business of building, owning and operating a convention centre, for a period of five consecutive years beginning from the initial assessment year;

(b) the deduction under clause (a) shall be allowable only if-

(i) such convention centre is constructed at any time during the period beginning on the 1st day of April, 2002 and ending on the 31st day of March, 2005;

(ii) the business of the convention centre 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 any building or of any machinery or plant previously used for any purpose;

(iii) the assessee furnishes alongwith the return of income, the report of an audit in such form and containing such particulars as may be prescribed, and duly signed and verified by an accountant, as defined in the Explanation below sub-section (2) of Section 288, certifying that the deduction has been correctly claimed.";

(c) in sub-section (14),-

(i) after clause (a), the following clause shall be inserted, namely:- '(aa) "convention centre" means a building of a prescribed area comprising of convention halls to be used for the purpose of holding conferences and seminars, being of such size and number and having such other facilities and amenities, as may be prescribed;';

(ii) in clause (c), after sub-clause (iv), the following sub-clauses shall be inserted, namely:- "(v) in the case of a multiplex theatre, means the assessment year relevant to the previous year in which a cinema hall, being a part of the said multiplex theatre, starts operating on a commercial basis; (vi) in the case of a convention centre, means the assessment year relevant to the previous year in which the convention centre starts operating on a commercial basis;";

(iii) after clause (d), the following clause shall be inserted, namely:- '(da) "multiplex theatre" means a building of a prescribed area, comprising of two or more cinema theatres and commercial shops of such size and number and having such other facilities and amenities as may be prescribed;';

### **35. Amendment of Section 80-L :-**

In Section 80L of the Income tax Act, 1961 , in sub- section (1), after clause (iii-a), the following clauses shall be inserted with effect from the 1st day of April, 2003, namely:- "(iv) dividends from any Indian company; (v) income received in respect of units from the Unit Trust of India established under the Unit Trust of India Act, 1963 (52 of 1963) other than the income arising from transfer of such units; (v-a) income received in respect of units of a Mutual Fund specified under clause (23-D) of Section 10 other than the income arising from transfer of such units;".

### **36. Insertion of new Section 80-M :-**

After Section 80L of the Income tax Act, 1961 , the following section shall be inserted with effect from the 1st day of April, 2003, namely:- '80-M. Deduction in respect of certain inter-corporate dividends.-

(1) Where the gross total income of a domestic company, in any previous year, includes any income by way of dividends from another domestic company, there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of such domestic company, a deduction of an amount equal to so much of the amount of income by way of dividends from another domestic company as does not exceed the amount of dividend distributed by the first-mentioned domestic company on or before the due date.

(2) Where any deduction, in respect of the amount of dividend distributed by the domestic company, has been allowed under sub-section (1) in any previous year, no deduction shall be allowed in respect of such amount in any other previous year.

Explanation.-For the purposes of this section, the expression "due date" means the date for furnishing the return of income under sub-section (1) of Section 139 .'.

### **37. Amendment of Section 88 :-**

In Section 88 of the Income tax Act, 1961 , with effect from the 1st day of April, 2003,-

(a) for sub-section (1), the following sub-section shall be substituted, namely:- '(1) Subject to the

provisions of this section, an assessee, being an individual, or a Hindu undivided family, shall be entitled to a deduction, from the amount of income tax (as computed before allowing the deductions under this Chapter) on his total income with which he is chargeable for any assessment year, of an amount equal to- (i) in the case of an individual or a Hindu undivided family, whose gross total income before giving effect to deductions under Chapter VI-A, is one lakh fifty thousand rupees or less, twenty per cent of the aggregate of the sums referred to in sub-section (2): Provided that an individual shall be entitled to a deduction of an amount equal to thirty per cent of the aggregate of the sums referred to in sub-section (2) if his income under the head "Salaries"-

(a) does not exceed one lakh rupees during the previous year before allowing the deduction under Section 16 ; and

(b) is not less than ninety per cent of his gross total income, as defined in sub-section (5) of Section 80B of the Income tax Act, 1961 ;

(ii) in the case of an individual or a Hindu undivided family, whose gross total income before giving effect to deductions under Chapter VI-A, is more than one lakh fifty thousand rupees but does not exceed five lakh rupees, fifteen per cent of the aggregate of the sums referred to in sub-section (2);

(iii) in the case of an individual or a Hindu undivided family, whose gross total income before giving effect to deductions under Chapter VI-A, exceeds five lakh rupees, nil.;

(b) in sub-section (2), the words "out of his income chargeable to tax" shall be omitted; (c) after sub-section (2), the following sub-section shall be inserted, namely:- "(3) The sums referred to in sub-section (2) shall be paid or deposited at any time during the previous year, and the assessee, being an individual or a Hindu undivided family, shall be entitled to a deduction under sub-section (1) on so much of the aggregate of such sums paid or deposited as does not exceed the total income of the assessee, chargeable to tax during the relevant previous year."; (d) for sub-section (5), the following sub-section shall be substituted, namely:- "(5) Where the aggregate of any sums specified in clause (i) to clause (xvii) of sub-section (2) exceeds an amount of one hundred thousand rupees, a deduction under sub-section (1) shall be allowed with reference to so much of the aggregate as does not exceed an amount of one hundred thousand rupees : Provided that where the aggregate of any sums specified in clause (i') of sub-section (2) exceeds an amount of seventy thousand rupees, a deduction under sub-section (1) in respect of such sums shall be allowed with reference to so much of the aggregate as does not exceed an amount of seventy thousand rupees: Provided further that where the aggregate of any sums specified in clause (xv) of sub-section (2) exceeds an amount of twenty thousand rupees, a deduction under sub-section (1) in respect of such sums shall be allowed with reference to so much of the aggregate as does not exceed an amount of twenty thousand rupees."; (e) sub-section (5-A) shall be omitted; (f) sub-section (6) shall be omitted.

### **38. Substitution of new section for Section 89 :-**

For Section 89 of the Income Tax Act, 1961 , the following section shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1996, namely:- "89. Relief when salary, etc., is paid in arrears or in advance.-Where an assessee is in receipt of a sum in the nature of salary, being paid in arrears or in advance or is in receipt, in any one financial year, of salary for more than twelve months or a payment which under the provisions of clause (3) of Section 17 is a profit in lieu of salary, or is in receipt of a sum in the nature of family pension as defined in the Explanation to clause (ii-a) of Section 57 , being paid in arrears, due to which his total income is assessed at a rate higher than that at which it would otherwise have been assessed, the Assessing Officer shall, on an application made to him in this behalf, grant such relief as may be prescribed."

### **39. Substitution of new section for Section 92 :-**

For S.92 of the Income Tax Act, 1962, the following section shall be substituted, namely:- "92. Computation of income from international transaction having regard to arm's length price.-

(1) Any income arising from an international transaction shall be computed having regard to the arm's length price.

Explanation.-For the removal of doubts, it is hereby clarified 'that the allowance for any expense or interest arising from an international transaction shall also be determined having regard to the arm's length price.

(2) Where in an international transaction, two or more associated enterprises enter into a mutual agreement or arrangement for the allocation or apportionment of, or any contribution to, any cost or expense incurred or to be incurred in connection with a benefit, service or facility provided or to be provided to any one or more of such enterprises, the cost or expense allocated or apportioned to, or, as the case may be, contributed by, any such enterprise shall be determined having regard to the arm's length price of such benefit, service or facility, as the case may be.

(3) The provisions of this section shall not apply in a case where the computation of income under sub-section (1) or the determination of the allowance for any expense or interest under that sub-section, or the determination of any cost or expense allocated or apportioned, or, as the case may be, contributed under sub-section (2), has the effect of reducing the income chargeable to tax or increasing the loss, as the case may be, computed on the basis of entries made in the books of account in respect of the previous year in which the international transaction was entered into."

**40. Amendment of Section 92-A :-**

In Section 92A of the Income tax Act, 1961 , in sub- section (2), for the brackets, figure and words "(2) Two enterprises shall be deemed to be associated enterprises if, at any time during the previous year,-", the brackets, figures and words "(2) For the purposes of sub-section (1), two enterprises shall be deemed to be associated enterprises if, at any time during the previous year,-" shall be substituted.

**41. Amendment of Section 92-C :-**

In Section 92C of the Income tax Act, 1961 ,-

(a) in sub-section (2), for the proviso, the following proviso shall be substituted, namely:- "Provided that where more than one price is determined by the most appropriate method, the arm's length price shall be taken to be the arithmetical mean of such prices, or, at the option of the assessee, a price which may vary from the arithmetical mean by an amount not exceeding five per cent of such arithmetical mean.";

(b) in sub-section (4), in the second proviso, after the words "from which tax has been deducted", the words "or was deductible" shall be inserted.

**42. Insertion of new Section 92-CA :-**

After Section 92C of the Income tax Act, 1961 , the following section shall be inserted with effect from the 1st day of June, 2002, namely:- "92-CA. Reference to Transfer Pricing Officer.-

(1) Where any person, being the assessee, has entered into an international transaction in any previous year, and the Assessing Officer considers it necessary or expedient so to do, he may, with the previous approval of the Commissioner, refer the computation of the arm's length price in relation to the said international transaction under Section 92-C to the Transfer Pricing Officer.

(2) Where a reference is made under sub-section (1), the Transfer Pricing Officer shall serve a notice on the assessee requiring him to produce or cause to be produced on a date to be specified therein, any evidence on which the assessee may rely in support of the computation made by him of the arm's length price in relation to the international transaction referred to in sub-section (1).

(3) On the date specified in the notice under sub-section (2), or as soon thereafter as may be, after hearing such evidence as the assessee may produce, including any information or documents referred to in sub-section (3) of Section 92-D and after considering such evidence as the Transfer Pricing Officer may require on any specified points and after taking into account all relevant materials which he has gathered, the Transfer Pricing Officer shall, by order in writing, determine the arm's length price in relation to the international transaction in accordance with sub-section (3) of Section 92-C and send a copy of his order to the Assessing Officer and to the assessee.

(4) On receipt of the order under sub-section (3), the Assessing Officer shall proceed to compute the total income of the assessee under sub-section (4) of Section 92-C having regard to the arm's length price determined under sub-section (3) by the Transfer Pricing Officer.

(5) With a view to rectifying any mistake apparent from the record, the Transfer Pricing Officer may amend any order passed by him under sub-section (3), and the provisions of Section 154 shall, so far as may be, apply accordingly.

(6) Where any amendment is made by the Transfer Pricing Officer under sub- section (5), he shall send a copy of his order to the Assessing Officer who shall thereafter proceed to amend the order of assessment in conformity with such order of the Transfer Pricing Officer.

(7) The Transfer Pricing Officer may, for the purposes of determining the arm's length price under this section, exercise all or any of the powers specified in clauses (a) to (d) of sub-section (1) of Section 131 or sub-section (6) of Section 133 .

Explanation.-For the purposes of this section, "Transfer Pricing Officer" means a Joint Commissioner or Deputy Commissioner or Assistant Commissioner authorised by the Board to perform all or any of the functions of an Assessing Officer specified in Sections 92-C and 92-D in respect of any person or class of persons."

**43. Amendment of Section 92-F :-**

In Section 92-F of the Income Tax Act,-

(a) in clause (iii), after the words "or the provision of services of any kind", the words "or in carrying out any work in pursuance of a contract," shall be inserted;

(b) after clause (iii), the following clause shall be inserted, namely:- '(iii-a) "permanent establishment", referred to in clause (iii), includes a fixed place of business through which the business of the enterprise is wholly or partly carried on;';

(c) for clause (v), the following clause shall be substituted, namely:- '(iv) "specified date" shall have the same meaning as assigned to "due date" in Explanation 2 below sub-section (1) of Section 139 ;'.

**44. Amendment of Section 113 :-**

In Section 113 of the Income tax Act, 1961 , the following proviso shall be inserted with effect from the 1st day of June, 2002, namely:- "Provided that the tax chargeable under this section shall be increased by a surcharge, if any, levied by any Central Act and applicable in the assessment year relevant to the previous year in which the search is initiated under Section 132 or the requisition is made under Section 132-A."

**45. Amendment of Section 115-A :-**

In Section 115A of the Income Tax Act, 1961 , in sub- section (1), in clause (a), the words, figures and letter "other than dividends referred to in Section 115-O", at both the places where they occur, shall be omitted with effect from the 1st day of April, 2003.

**46. Amendment of Section 115-AC :-**

In Section 115AC of the Income tax Act, 1961 ,- (a) the words, figures and letter "other than dividends referred to in Section 115-O", wherever they occur, shall be omitted with effect from the 1st day of April, 2003; (b) in sub-section (1), in clause (b),- (i) in sub-clause (iii), for the word "re-issued", the words "issued or reissued" shall be substituted; (ii) sub-clause (iv) shall be omitted.

**47. Amendment of Section 115-ACA :-**

In Section 115ACA of the Income tax Act, 1961 , the words, figures and letter "other than dividends referred to in Section 115-O", wherever they occur, shall be omitted with effect from the 1st day of April, 2003.

**48. Amendment of Section 115-AD :-**

In Section 115AD of the Income tax Act, 1961 , in sub-section (1), in clause (a), the words, figures and letter "other than income by way of dividends referred to in Section 115-O" shall be omitted with effect from the 1st day of April, 2003.

**49. Insertion of new Section 115-BBB :-**

After Section 115BBA of the Income tax Act, 1961 , the following section shall be inserted with effect from the 1st day of April, 2003, namely:- '115-BBB. Tax on income from units of an open-ended equity oriented fund of the Unit Trust of India or of Mutual Funds.-

(1) Where the total income of an assessee includes any income from units of an open-ended equity oriented fund of the Unit Trust of India or of a Mutual Fund, the income tax payable shall be the aggregate of- (a) the amount of income tax calculated on income from units of an open-ended equity oriented fund of the Unit Trust of India or of a Mutual Fund, at the rate of ten per cent; and (b) the amount of income tax with which the assessee would have been chargeable had his total income been reduced by the amount of income referred to in clause (a).

(2) Nothing contained in sub-section (1) shall apply in relation to any income from units of an open-ended equity oriented fund of the Unit Trust of India or of the Mutual Fund arising after the 31st day of March, 2003.

Explanation.-For the purposes of this section, the expressions "Mutual Fund", "open-ended equity oriented fund" and "Unit Trust of India" shall have the meanings respectively assigned to them in the Explanation to Section 115-T.'

**50. Amendment of Section 115-C :-**

In Section 115-C of the Income Tax Act, in clause (c), the words, figures and letter "other than dividends referred to in Section 115-O" shall be omitted with effect from the 1st day of April, 2003.

**51. Amendment of Section 115-JA :-**

In Section 115-JA of the Income Tax Act, in sub- section (2), in the Explanation, for clause (iii) and the

Explanation thereto, the following shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1997, namely:- "(iii) the amount of loss brought forward or unabsorbed depreciation, whichever is less as per books of account.

Explanation.-For the purposes of this clause,- (a) the loss shall not include depreciation; (b) the provisions of this clause shall not apply if the amount of loss brought forward or unabsorbed depreciation is nil; or".

**52. Amendment of Section 115-JB :-**

In Section 115-JB of the Income Tax Act,-

(a) in sub-section (1), for the words "the tax payable for the relevant previous year shall be deemed to be seven and one-half per cent of such book profit," the words "such book profit shall be deemed to be the total income of the assessee and the tax payable by the assessee on such total income shall be the amount of income tax at the rate of seven and one-half per cent" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 2001;

(b) in sub-section (2), in the Explanation below the second proviso,-

(i) in clause (b), after the words "by whatever name called", the words, figures and letters ", other than a reserve specified under Section 33AC of the Income tax Act, 1961 " shall be inserted with effect from the 1st day of April, 2003;

(ii) for clause (i) and the proviso, the following shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 2001, namely:-

Section 115-JA, as the case may be; or";

(iii) for clause (iii) and the Explanation, the following shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 2001, namely:-

Explanation.-For the purposes of this clause,- (a) the loss shall not include depreciation; (b) the provisions of this clause shall not apply if the amount of loss brought forward or unabsorbed depreciation is nil; or".

**53. Amendment of Section 115-O :-**

In Section 115-O of the Income Tax Act, in sub- section (1), after the words, figures and letters "on or after the 1st day of June, 1997", the words, figures and letters "but on or before the 31st day of March, 2002" shall be inserted with effect from the 1st day of April, 2003.

**54. Amendment of Section 115-R :-**

In Section 115-R of the Income Tax Act, with effect from the 1st day of April, 2003,-

(a) in sub-section (1), for the words "any amount of income distributed by the Unit Trust of India to its unit holders", the words, figures and letters "any amount of income distributed on or before the 31st day of March, 2002 by the Unit Trust of India to its unit holders" shall be substituted;

(b) in sub-section (2), for the words "any amount of income distributed by a Mutual Fund to its unit holders", the words, figures and letters "any amount of income distributed on or before the 31st day of March, 2002 by a Mutual Fund to its unit holders" shall be substituted.

**55. Amendment of Section 119 :-**

In Section 119 of the Income Tax Act, in sub- section (2), in clause (a), after the figures "155", the figures and letters ", 158-BFA" shall be inserted with effect from the 1st day of June, 2002.

**56. Amendment of Section 132 :-**

In Section 132 of the Income Tax Act, with effect from the 1st day of June, 2002,-

(a) in sub-section (1), after clause (ii-a), the following clause shall be inserted, namely:- "(ii-b) require any person who is found to be in possession or control of any books of account or other documents maintained in the form of electronic record as defined in clause (t) of sub-section (1) of Section 2 of the Information Technology Act, 2000 (21 of 2000), to afford the authorised officer the necessary facility to inspect such books of account or other documents;"

(b) sub-sections (5) to (7) shall be omitted;

(c) in sub-section (8), for the words "one hundred and eighty days from the date of the seizure", the words, brackets, letters and figures "thirty days from the date of the order of assessment under clause (c) of Section 158-BC" shall be substituted;

(d) for sub-section (8-A), the following sub-section shall be substituted, namely:- "(8-A) An order under sub-section (3) shall not be in force for a period exceeding sixty days from the date of the order.";

(e) for sub-section (9-A), the following sub-section shall be substituted, namely:- "(9-A) Where the authorised officer has no jurisdiction over the person referred to in clause (a) to clause (b) or clause (c) of sub-section (1), the books of account or other documents, or any money, bullion, jewellery or other valuable article or thing (hereafter in this section and in Sections 132A and Section 132B of the Income Tax Act, 1961 referred to as the assets) seized under that sub-section shall be handed over by the authorised officer to the Assessing Officer having jurisdiction over such person within a period of sixty days from the date on which the last. of the authorisations for search was executed and thereupon the powers exercisable by the authorised officer under sub-section (8) or sub-section (9) shall be exercisable by such Assessing Officer.";

(f) in sub-section (10), after the words "requesting for the return of the books of account or other documents", the words "and the Board may, after giving the applicant an opportunity of being heard, pass such orders as it thinks fit" shall be inserted;

(g) sub-sections (11),(11 -A) and (12) shall be omitted;

(h) for Explanation 1 below sub-section (14), the following Explanation shall be substituted, namely:-

'Explanation 1.-For the purposes of sub-section (9-A), "execution of an authorisation for search" shall have the same meaning as assigned to it in Explanation 2 to Section 158-BE.'

**57. Substitution of new section for Section 132-B :-**

For Section 132-B of the Income Tax Act- the following section shall be substituted with effect from the 1st day of June, '132-B. Application of seized or requisitioned assets.-

(1) The assets seized under Section 132 or requisitioned under Section 132-A may be dealt with in the following manner, namely:-

(i) the amount of any existing liability under this Act, the Wealth Tax Act, 1957 (27 of 1957), the Expenditure Tax Act, 1987 (35 of 1987), the Gift Tax Act, 1958 (18 of 1958) and the Interest Tax Act, 1974 (45 of 1974) and the amount of the liability determined on completion of the assessment under Chapter XIV-B for the block period (including any penalty levied or interest payable in connection with such assessment) and in respect of which such person is in default or is deemed to be in default, may be recovered out of such assets : Provided that where the nature and source of acquisition of any such asset is explained to the satisfaction of the Assessing Officer, the amount of any existing liability referred to in this clause may be recovered out of such asset and the remaining portion, if any, of the asset may be released, with the prior approval of the Chief Commissioner or Commissioner, to the person from whose custody the assets were seized : Provided further that such asset or any portion thereof as is referred to in the first proviso shall be released within a period of one hundred and twenty days from the date on which the last of the authorisations for search under Section 132 or for requisition under Section 132-A, as the case may be, was executed;

(ii) if the assets consist solely of money, or partly of money and partly of other assets, the Assessing Officer may apply such money in the discharge of the liabilities referred to in clause (i) and the assessee shall be discharged of such liability to the extent of the money so applied;

(iii) the assets other than money may also be applied for the discharge of any such liability referred to in clause (i) as remains undischarged and for this purpose such assets shall be deemed to be under distraint as if such distraint was effected by the Assessing Officer or, as the case may be, the Tax Recovery Officer under authorisation from the Chief Commissioner or Commissioner under sub-section (5) of S.226 of the Companies Act, 1956 and the Assessing Officer or, as the case may be, the Tax Recovery Officer may recover the amount of such liabilities by the sale of such assets and such sale shall be effected in the manner laid down in the Third Schedule.

(2) Nothing contained in sub-section (1) shall preclude the recovery of the amount of liabilities aforesaid by any other mode laid down in this Act.

(3) Any assets or proceeds thereof which remain after the liabilities referred to in clause (i) of sub-section (1) are discharged shall be forthwith made over or paid to the persons from whose custody the assets were seized.

(4)

(a) The Central Government shall pay simple interest at the rate of eight per cent per annum on the

amount by which the aggregate amount of money seized under Section 132 or requisitioned under Section 132-A, as reduced by the amount of money, if any, released under the first proviso to clause (i) of sub-section (1), and of the proceeds, if any, of the assets sold towards the discharge of the existing liability referred to in clause (i) of sub-section (1), exceeds the aggregate of the amount required to meet the liabilities referred to in clause (i) of sub-section (1) of this section.

(b) Such interest shall run from the date immediately following the expiry of the period of one hundred and twenty days from the date on which the last of the authorisations for search under Section 132 or requisition under Section 132-A was executed to the date of completion of the assessment under Chapter XIV-B.

Explanation.-In this section,- (i) "block period" shall have the meaning assigned to it in clause (a) of Section 158-B; (ii) "execution of an authorisation for search or requisition" shall have the same meaning as assigned to it in Explanation 2 to Section 158-BE.'

#### **58. Amendment of Section 133-A :-**

In Section 133-A of the Income Tax Act, with effect from the 1st day of June, 2002,-

(a) in sub-section (3), after clause (i), the following clause shall be inserted, namely:- "(i-a) impound and retain in his custody for such period as he thinks fit any books of account or other documents inspected by him: Provided that such income tax authority shall not-

(a) impound any books of account or other documents except after recording his reasons for so doing; or

(b) retain in his custody any such books of account or other documents for a period exceeding fifteen days (exclusive of holidays) without obtaining the approval of the Chief Commissioner or Director General or Commissioner or Director therefor, as the case may be,";

(b) in sub-section (4), the words "any books of account or other documents or" shall be omitted.

#### **59. Amendment of Section 139 :-**

In Section 139 of the Income Tax Act,-

(a) in sub-section (1), in the first proviso, in clause (iii), for the word "telephone", the words "cellular telephone not being a wireless in local loop telephone" shall be substituted',

(b) after sub-section (1), the following sub-section shall be inserted, namely:- '(1-A) Without prejudice to the provisions of sub-section (1), any person, being an individual who is in receipt of income chargeable under the head "Salaries" may, at his option, furnish a return of his income for any previous year to his employer, in accordance with such scheme as may be specified by the Board in this behalf, by notification in the Official Gazette, and subject to such conditions as may be specified therein, and such employer shall furnish all returns of income received by him on or before the due date, in such form (including on a floppy, diskette, magnetic cartridge tape, CD-ROM or any other computer readable media) and manner as may be specified in that scheme, and in such case, any employee who has filed a return of his income to his employer shall be deemed to have furnished a return of income under sub-section (1), and the provisions of this Act shall apply accordingly.';

(c) after sub-section (4-B), the following sub-section shall be inserted with effect from the 1st day of April, 2003, namely:- "(4-C) Every- (a) scientific research association referred to in clause (21) of Section 10 ; (b) news agency referred to in clause (22-B) of Section 10 ; (c) association or institution referred to in clause (23-A) of Section 10 ; (a) institution referred to in clause (23-B) of Section 10 ; (e) fund or institution referred to in sub-clause (iv) or trust or institution referred to in sub-clause (v) or any university or other educational institution referred to in sub-clause (vi) or any hospital or other medical institution referred to in sub-clause (vi-d) of clause (23-C) of Section 10 ; (f) trade union referred to in sub-clause (a) or association referred to in sub-clause (b) of clause (24) of Section 10 ,

shall, if the total income in respect of which such scientific research association. news agency, association or institution, fund or trust or university or other educational institution or any hospital or other medical institution or trade union is assessable, without giving effect to the provisions of Section 10 , exceeds the maximum amount which is not chargeable to income tax, furnish a return of such income of the previous year in the prescribed form and verified in the prescribed manner and setting forth such other particulars as may be prescribed and all the provisions of this Act shall, so far as may be, apply as if it were a return required to be furnished under sub-section (1).";

(d) in sub-section (9), in the Explanation, in clause (c), in sub-clause (i), the following proviso shall be inserted with effect from the 1st day of June, 2002, namely:- "Provided that where the return is not accompanied by proof of the tax, if any, claimed to have been deducted at source, the return of income

shall not be regarded as defective if- (a) a certificate for tax deducted was not furnished under Section 203 to the person furnishing his return of income; (b) such certificate is produced within a period of two years specified under sub-section (14) of Section 155 ;".

**60. Amendment of Section 143 :-**

In Section 143 of the Income Tax Act,-

(a) for sub-section (2), the following sub-section shall be substituted with effect from the 1st day of June, 2002, namely:- "(2) Where a return has been furnished under Section 139 , or in response to a notice under sub-section (1) of Section 142 , the Assessing Officer shall,-

(i) where he has reason to believe that any claim of loss, exemption, deduction, allowance or relief made in the return is inadmissible, serve on the assessee a notice specifying particulars of such claim of loss, exemption, deduction, allowance or relief and require him, on a date to be specified therein to produce, or cause to be produced, any evidence or particulars specified therein or on which the assessee may rely, in support of such claim;

(ii) notwithstanding anything contained in clause (i), if he considers it necessary or expedient to ensure that the assessee has not under- stated the income or has not computed excessive loss or has not under-paid the tax in any manner, serve on the assessee a notice requiring him, on a date to be specified therein, either to attend his office or to produce, or cause to be produced, any evidence on which the assessee may rely in support of the return :

(b) for sub-section (3), the following sub-section shall be substituted, with effect from the 1st day of June, 2002, namely:- "(3) On the day specified in the notice,-

(i) issued under clause (i) of sub-section (2), or as soon afterwards as may be, after hearing such evidence and after taking into account such particulars as the assessee may produce, the Assessing Officer shall, by an order in writing, allow or reject the claim or claims specified in such notice and make an assessment determining the total income or loss accordingly, and determine the sum payable by the assessee on the basis of such assessment;

(ii) issued under clause (ii) of sub-section (2), or as soon afterwards as may be, after hearing such evidence as the assessee may produce and such other evidence as the Assessing Officer may require on specified points, and after taking into account all relevant material which he has gathered, the Assessing Officer shall, by an order in writing, make an assessment of the total income or loss of the assessee, and determine the sum payable by him or refund of any amount due to him on the basis of such assessment.";

(c) after sub-section (3), the following proviso shall be inserted with effect from the 1st day of April, 2003, namely:- "Provided that in the case of a- (a) scientific research association referred to in clause (21) of Section 10 ; (b) news agency referred to in clause (22-B) of Section 10 ; (c) association or institution referred to in clause (23-A) of Section 10 ; (d) institution referred to in clause (23-B) of Section 10 ; (e) fund or institution referred to in sub-clause (iv) or trust or institution referred to in sub-clause (v) or any university or other educational institution referred to in sub-clause (vi) or any hospital or other medical institution referred to in sub-clause (vi-a) of clause (23-C) of Section 10 , which is required to furnish the return of income under sub-section (4-C) of Section 139 , no order making an assessment of the total income or loss of such scientific research association, news agency, association or institution or fund or trust or university or other educational institution or any hospital or other medical institution, shall be made by the Assessing Officer, without giving effect to the provisions of Section 10 , unless-

(i) the Assessing Officer has intimated the Central Government or the prescribed authority the contravention of the provisions of clause (21) or clause (22-B) or clause (23-A) or clause (23-B) or sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (vi-a) of clause (23-C) of Section 10 , as the case may be, by such scientific research association, news agency, association or institution or fund or trust or university or other educational institution or any hospital or other medical institution, where in his view such contravention has taken place; and

(ii) the approval granted to such scientific research association or other association or institution or university or other educational institution or hospital or other medical institution has been withdrawn or notification issued in respect of such news agency or fund or trust or institution has been rescinded.".

**61. Amendment of Section 153 :-**

In Section 153 of the Income Tax Act, in sub- section (3), in Explanation 1, after clause (ii), the following clause shall be inserted with effect from the 1st day of April, 2003, namely:- "(ii-a) the period

commencing from the date on which the Assessing Officer intimates the Central Government or the prescribed authority, the contravention of the provisions of clause (21) or clause (22-B) or clause (23-A) or clause (23-B) or sub- clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (vi-a) of clause (23-C) of Section 10 , under clause (0 of the proviso to sub-section (3) of Section 143 and ending with the date on which the copy of the order withdrawing the approval or rescinding the notification, as the case may be, under those clauses is received by the Assessing Officer;"

**62. Amendment of Section 155 :-**

In Section 155 of the Income Tax Act, after sub- section (13) and before the Explanation, the following sub-sections shall be inserted with effect from the 1st day of June, 2002, namely:- "(14) Where in the assessment for any previous year or in any intimation or deemed intimation under sub-section (1) of Section 143 for any previous year, credit for tax deducted in accordance with the provisions of Section 199 has not been given on the ground that the certificate furnished under Section 203 was not filed with the return and subsequently such certificate is produced before the Assessing Officer within two years from the end of the assessment year in which such income is assessable, the Assessing Officer shall amend the order of assessment or any intimation or deemed intimation under sub-section (1) of Section 143 , as the case may be, and the provisions of Section 154 shall, so far as may be, apply thereto : Provided that nothing contained in this sub-section shall apply unless the income from which the tax has been deducted has been disclosed in the return of income filed by the assessee for the relevant assessment year. (15) Where in the assessment for any year, a capital gain arising from the transfer of a capital asset, being land or building or both, is computed by taking the full value of the consideration received or accruing as a result of the transfer to be the value adopted or assessed by any authority of a State Government for the purpose of payment of stamp duty in accordance with sub-section (1) of Section 50-C, and subsequently such value is revised in any appeal or revision or reference referred to in clause (b) of sub-section (2) of that section, the Assessing Officer shall amend the order of assessment so as to compute the capital gain by taking the full value of the consideration to be the value as so revised in such appeal or revision or reference; 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 the order revising the value was passed in that appeal or revision or reference."

**63. Amendment of Section 158-A :-**

In Section 158-A of the Income Tax Act, with effect from the 1st day of June, 2002,-

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

(i) for the words and figures "before the Supreme Court on a reference under Section 257 or in appeal under Section 261", the words, figures and letter "before the Supreme Court on a reference under Section 257 or in appeal under Section 260-A before the High Court or in appeal under Section 261 before the Supreme Court" shall be substituted;

(ii) for the words and figures "for a reference before the High Court under Section 256 or the Supreme Court under Section 257 or in appeal before the Supreme Court under Section 261", the words, figures and letter "in appeal before the High Court under Section 260-A or in appeal before the Supreme Court under Section 261" shall be substituted;

(b) in sub-section (4), in clause (b), for the words and figures "for a reference before the High Court under Section 256 or the Supreme Court under Section 257 or in appeal before the Supreme Court under Section 261", the words, figures and letter "in appeal before the High Court under Section 260-A or the Supreme Court under Section 261" shall be substituted.

**64. Amendment of Section 158-B :-**

In Section 158-B of the Income Tax Act, in clause (b), after the words "for the purposes of this Act", the words ", or any expense, deduction or allowance claimed under this Act which is found to be false" shall be inserted and shall be deemed to have been inserted with effect from the 1st day of July, 1995.

**65. Amendment of Section 158-BB :-**

In Section 158-BB of the Income Tax Act, in sub-section (1), with effect from the 1st day of July, 1995,-

(i) for the portion beginning with the words and figure "in accordance with the provisions of Chapter IV," and ending with the words "as are available with the Assessing Officer", the words "in accordance with the provisions of this Act, on the basis of evidence found as a result of search or requisition of books of account or other documents and such other materials or information as are available with the Assessing Officer and relatable to such evidence" shall be substituted and shall be deemed to have been

substituted;

(ii) in clause (a), for the words "have been concluded", the words "have been concluded prior to the date of commencement of the search or the date of requisition" shall be substituted and shall be deemed to have been substituted;

(iii) in clause (b), for the words and figures "or Section 147 ", the words, brackets and figures "or in response to a notice issued under sub-section (1) of Section 142 or Section 148 " shall be substituted and shall be deemed to have been substituted;

(iv) for clause (c), the following clauses shall be substituted and shall be deemed to have been substituted, namely:- "(c) where the due date for filing a return of income has expired, but no return of income has been filed,-

(A) on the basis of entries as recorded in the books of account and other documents maintained in the normal course on or before the date of the search or requisition where such entries result in computation of loss for any previous year falling in the block period; or

(B) on the basis of entries as recorded in the books of account and other documents maintained in the normal course on or before the date of the search or requisition where such income does not exceed the maximum amount not chargeable to tax for any previous year falling in the block period;

(v) in the Explanation, in clause (a),- (i) for the word and figures "Chapter IV", the words "this Act" shall be substituted and shall be deemed to have been substituted; (ii) the following proviso shall be inserted and shall be deemed to have been inserted, namely:- "Provided that in computing deductions under Chapter VI-A for the purposes of the said aggregation, effect shall be given to set-off of brought forward losses under Chapter VI or unabsorbed depreciation under sub- section (2) of Section 32 ;".

**66. Amendment of Section 158-BC :-**

In Section 158-BC of the Income Tax Act,-

(a) in clause (b), for the words and figures "and Section 144 ", the words and figures Section 144 and Section 145 " shall be substituted and shall be deemed to have been substituted with effect from the 1st day of July, 1995;

(b) for clause (a), the following clause shall be substituted with effect from the 1st day of June, 2002, namely:- "(a) the assets seized under Section 132 or requisitioned under Section 132-A shall be dealt with in accordance with the provisions of Section 132-B."

**67. Amendment of Section 158-BD :-**

In Section 158-BD of the Income Tax Act, after the words "that Assessing Officer shall proceed", the words, figures and letters "under Section 158-BC" shall be inserted with effect from the 1st day of June, 2002.

**68. Amendment of Section 158-BE :-**

In Section 158-BE of the Income Tax Act, for Explanation 1, the following shall be substituted with effect from the 1st day of June, 2002, namely:- "Explanation 1.-In computing the period of limitation for the purposes of this section,-

(i) the period during which the assessment proceeding is stayed by an order or injunction of any court; or

(ii) the period commencing from the day on which the Assessing Officer directs the assessee to get his accounts audited under sub-section (2-A) of Section 142 and ending on the day on which the assessee is required to furnish a report of such audit under that sub-section; or

(iii) the time taken in reopening the whole or any part of the proceeding or giving an opportunity to the assessee to be reheard under the proviso to Section 129 ; or

(iv) in a case where an application made before the Settlement Commission under Section 245-C is rejected by it or is not allowed to be proceeded with by it, the period commencing on the date on which such application is made and ending with the date on which the order under sub-section (1) of Section 245-D is received by the Commissioner under sub-section (2) of that section, shall be excluded: Provided that where immediately after the exclusion of the aforesaid period, the period of limitation referred to in sub-section (1) or sub-section (2) available to the Assessing Officer for making an order under clause (c) of Section 158-BC is less than sixty days, such remaining period shall be extended to sixty days and the aforesaid period of limitation shall be deemed to be extended accordingly."

**69. Insertion of new Section 174-A :-**

In Chapter XV of the Income Tax Act, after Section 174 and before the sub-heading "K.-Persons trying to alienate their assets", the following sub-heading and section shall be inserted, namely:- "7A.- Association of persons or body of individuals or artificial juridical person formed for a particular event or purpose 174-A. Assessment of association of persons or body of individuals or artificial juridical person formed for a particular event or purpose.-Notwithstanding anything contained in Section 4 , where it appears to the Assessing Officer that any association of persons or a body of individuals or an artificial juridical person, formed or established or incorporated for a particular event or purpose is likely to be dissolved in the assessment year in which such association of persons or a body of individuals or an artificial juridical person was formed or established or incorporated or immediately after such assessment year, the total income of such association or body or juridical person for the period from the expiry of the previous year for that assessment year up to the date of its dissolution shall be chargeable to tax in that assessment year, and the provisions of sub- sections (2) to (6) of Section 174 shall, so far as may be, apply to any proceedings in the case of any such person as they apply in the case of persons leaving India."

**70. Amendment of Section 190 :-**

In Section 190 of the Income Tax Act, after the words "by advance payment", the words, brackets, figures and letter "or by payment under sub-section (1-A) of Section 192" shall, be inserted with effect from the 1st day of June, 2002.

**71. Amendment of Section 192 :-**

In Section 192 of the Income Tax Act, with effect from the 1st day of June, 2002-

(a) after sub-section (1), the following sub-sections shall be inserted, namely:-

'(1-A) Without prejudice to the provisions contained in sub-section (1), the person responsible for paying any income in the nature of a perquisite which is not provided for by way of monetary payment, referred to in clause (2) of Section 17 , may pay, at his option, tax on the whole or part of such income without making any deduction therefrom at the time when such tax was otherwise deductible under the provisions of sub-section (1).

(1-B) For the purpose of paying tax under sub-section (1-A), tax shall be determined at the average of income tax computed on the basis of the rates in force for the financial year, on the income chargeable under the head "Salaries" including the income referred to in sub-section (1-A), and the tax so payable shall be construed as if it were, a tax deductible at source, from the income under the head "Salaries" as per the provisions of sub-section (1), and shall be subject to the provisions of this Chapter.');

(b) in sub-section (3), after the word, brackets and figure "sub-section (1)", the words, brackets, figure and letter "or sub-section (1-A)" shall be inserted.

**72. Amendment of Section 193 :-**

In Section 193 of the Income Tax Act, in the proviso, after clause (v) and before the Explanation, the following clauses shall be inserted with effect from the 1st day of June, 2002, namely:-

"(vi) any interest payable to the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956 (31 of 1956), in respect of any securities owned by it or in which it has full beneficial interest; or

(vii) any interest payable to the General Insurance Corporation of India (hereafter in this clause referred to as the Corporation) or to any of the four companies (hereafter in this clause referred to as such company), formed by virtue of the schemes framed under sub-section (1) of Section 16 of the General Insurance Business (Nationalisation) Act, 1972 (57 of 1972), in respect of any securities owned by the Corporation or such company or in which the Corporation or such company has full beneficial interest; or

(viii) any interest payable to any other insurer in respect of any securities owned by it or in which it has full beneficial interest."

**73. Amendment of Section 194 :-**

In Section 194 of the Income Tax Act, for the first and second provisos, the following provisos shall be substituted with effect from the 1st day of June, 2002, namely:- "Provided that no such deduction shall be made in the case of a shareholder, being an individual, if-

(a) the dividend is paid by the company by an account payee cheque; and

(b) the amount of such dividend or, as the case may be, the aggregate of the amounts of such dividend distributed or paid or likely to be distributed or paid during the financial year by the company to the shareholder, does not exceed one thousand rupees :

Provided further that the provisions of this section shall not apply to such income credited or paid to-

(a) the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956 (31 of 1956), in respect of any shares owned by it or in which it has full beneficial interest;

(b) the General Insurance Corporation of India (hereafter in this proviso referred to as the Corporation) or to any of the four companies (hereafter in this proviso referred to as such company), formed by virtue of the schemes framed under sub-section (1) of Section 16 of the General Insurance Business (Nationalisation) Act, 1972 (57 of 1972), in respect of any shares owned by the Corporation or such company or in which the Corporation or such company has full beneficial interest;

(c) any other insurer in respect of any shares owned by it or in which it has full beneficial interest."

#### **74. Amendment of Section 194-A :-**

In Section 194A of the Income tax Act, 1961 , after sub-section (1) and before the Explanation, the following proviso shall be inserted with effect from the 1st day of June, 2002, namely:- "Provided that an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business or profession carried on by him exceed the monetary limits specified under clause (a) or clause (b) of Section 44AB of the Income tax Act, 1961 during the financial year immediately preceding the financial year in which such interest is credited or paid, shall be liable to deduct income tax under this section."

#### **75. Amendment of Section 194-C :-**

In Section 194-C of the Income Tax Act, after sub-section (2) and before Explanation 1, the following proviso shall be inserted with effect from the 1st day of June, 2002, namely:- "Provided that an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business or profession carried on by him exceed the monetary limits specified under clause (a) or clause (b) of Section 44AB of the Income tax Act, 1961 during the financial year immediately preceding the financial year in which such sum is credited or paid to the account of the sub-contractor, shall be liable to deduct income tax under this sub-section."

#### **76. Amendment of Section 194-H :-**

In Section 194-H of the Income Tax Act, with effect from the 1st day of June, 2002,- (a) for the words "ten per cent", the words "five per cent" shall be substituted; (b) after the proviso and before the Explanation, the following proviso shall be inserted, namely:- "Provided further that an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business or profession carried on by him exceed the monetary limits specified under clause (a) or clause (b) of Section 44AB of the Income tax Act, 1961 during the financial year immediately preceding the financial year in which such commission or brokerage is credited or paid, shall be liable to deduct income tax under this section."

#### **77. Amendment of Section 194-I :-**

In Section 194I of the Income tax Act, 1961 of the Income Tax Act, after the proviso and before the Explanation, the following proviso shall be inserted with effect from the 1st day of June, 2002, namely:- "Provided further that an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business or profession carried on by him exceed the monetary limits specified under clause (a) or clause (b) of Section 44AB of the Income tax Act, 1961 during the financial year immediately preceding the financial year in which such income by way of rent is credited or paid, shall be liable to deduct income tax under this section."

#### **78. Amendment of Section 194-J :-**

In Section 194J of the Income tax Act, 1961 , in sub- section (1), after the proviso, the following proviso shall be inserted with effect from the 1st day of June, 2002, namely:- "Provided further that an individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business or profession carried on by him exceed the monetary limits specified under clause (a) or clause (b) of Section 44AB of the Income tax Act, 1961 during the financial year immediately preceding the financial year in which such sum by way of fees for professional services or technical services is credited or paid, shall be liable to deduct income tax under this section."

#### **79. Substitution of new section for Section 194-K :-**

For Section 194K of the Income tax Act, 1961 , the following section shall be substituted with effect from the 1st day of June, 2002, namely:- '194-K. Income in respect of units.-Where any income is

payable to a resident in respect of units of a Mutual Fund specified under clause (23-D) of S.10 or of the Unit Trust of India, the person responsible for making the payment shall, at the time of credit of such income to the account of payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income tax thereon at the rate of ten per cent: Provided that the provisions of this section shall not apply where the amount of such income or, as the case may be, the aggregate of the amounts of such income credited or paid or likely to be credited or paid during the financial year by the person responsible for making the payment to the account of, or to, the payee does not exceed one thousand rupees: Provided further that the amount of one thousand rupees shall be computed with reference to the income credited or paid-

(a) in respect of a branch office of the Mutual Fund or of the Unit Trust of India, as the case may be, and

(b) under a particular scheme under which the units have been issued.

Explanation.-For the purposes of this section,-

(a) "Unit Trust of India" means the Unit Trust of India established under the Unit Trust of India Act, 1963 (52 of 1963);

(b) where any income as aforesaid is credited to any account, whether called "Suspense account" or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be credit of such income to the account of the payee and the provisions of this section shall apply accordingly.'

**80. Amendment of Section 195 :-**

In Section 195 of the Income tax Act, 1961 , in sub- section (1), the second proviso shall be omitted with effect from the 1st day of June, 2002.

**81. Amendment of Section 195-A :-**

In Section 195A of the Income tax Act, 1961 , for the words "Where, under an agreement", the words, brackets, figures and letter "In a case other than that referred to in sub-section (1-A) of Section 192, where under an agreement" shall be substituted with effect from the 1st day of June, 2002.

**82. Amendment of Section 196-A :-**

In Section 196A of the Income tax Act, 1961 , in sub- section (1), the proviso shall be omitted with effect from the 1st day of June, 2002.

**83. Amendment of Section 196-C :-**

In Section 196C of the Income tax Act, 1961 , the proviso shall be omitted with effect from the 1st day of June, 2002.

**84. Amendment of Section 196-D :-**

In Section 196D of the Income tax Act, 1961 , in sub- section (1), the proviso shall be omitted with effect from the 1st day of June, 2002.

**85. Amendment of Section 197-A :-**

In Section 197A of the Income tax Act, 1961 , after sub-section (1-A), the following sub-section shall be inserted with effect from the 1st day of June, 2002, namely:- "(1-B) The provisions of this section shall not apply where the amount of any income of the nature referred to in sub-section (1) or sub-section (1-A), as the case may be, or the aggregate of the amounts of such incomes credited or paid or likely to be credited or paid during the previous year in which such income is to be included exceeds the maximum amount which is not chargeable to income tax."

**86. Amendment of Section 198 :-**

In Section 198 of the Income tax Act, 1961 , the following proviso shall be inserted with effect from the 1st day of June, 2002, namely:- "Provided that the sum being the tax paid, under sub-section (1-A) of Section 192 for the purpose of computing the income of an assessee, shall not be deemed to be income received."

**87. Amendment of Section 199 :-**

Section 199 of the Income Tax Act shall be renumbered as sub-section (1) thereof, and after sub-section (1) as so renumbered, the following sub-section shall be inserted with effect from the 1st day of June, 2002, namely:- "(2) Any sum referred to in sub-section (1-A) of Section 192 and paid to the Central Government shall be treated as the tax paid on behalf of the person in respect of whose income, such payment of tax has been made and credit shall be given to him for the amount so paid on production of the certificate furnished under Section 203 in the assessment under this Act for the

assessment year for which such income is assessable."

**88. Amendment of Section 200 :-**

Section 200 of the Income Tax Act shall be renumbered as sub-section (1) thereof, and after sub-section (1) as so renumbered, the following sub-section shall be inserted with effect from the 1st day of June, 2002, namely:- "(2) Any person being an employer, referred to in sub-section (1-A) of Section 192 shall pay, within the prescribed time, the tax to the credit of the Central Government or as the Board directs."

**89. Amendment of Section 201 :-**

In S.201 of the Code Of Criminal Procedure, 1898 of the Income Tax Act, in sub-section (1), after the words "If any such person", the words and figures "referred to in Section 200" shall be inserted with effect from the 1st day of June, 2002.

**90. Amendment of Section 203 :-**

Section 203 of the Income Tax Act shall be renumbered as sub-section (1) thereof, and after sub-section (1) as so renumbered, the following sub-section shall be inserted with effect from the 1st day of June, 2002, namely:- "(2) Every person, being an employer, referred to in sub-section (1-A) of Section 192 shall, within such period, as may be prescribed, furnish to the person in respect of whose income such payment of tax has been made, a certificate to the effect that tax has been paid to the Central Government, and specify the amount so paid, the rate at which the tax has been paid and such other particulars as may be prescribed."

**91. Insertion of new Section 206-CA :-**

After Section 206-C of the Income Tax Act, the following section shall be inserted with effect from the 1st day of June, 2002, namely:- "206-CA. Tax-collection account number.-

(1) Every person collecting tax in accordance with the provisions of Section 206-C, shall, within such time as may be prescribed, apply to the Assessing Officer for the allotment of a tax-collection account number.

(2) Where a tax-collection account number has been allotted to a person, such person shall quote such number-

(a) in all challans for the payment of any sum in accordance with the provisions of sub-section (3) of Section 206-C;

(b) in all certificates furnished under sub-section (5) of Section 206-C;

(c) in all the returns delivered in accordance with the provisions of sub-section (5-A) or sub-section (5-B) of Section 206-C to any income tax authority; and

(d) in all other documents pertaining to such transactions as may be prescribed in the interest of revenue."

**92. Amendment of Section 210 :-**

In Section 210 of the Income Tax Act, in sub-section (3), the words, brackets and figure "and who has not paid any advance tax under sub-section (1)" shall be omitted with effect from the 1st day of June, 2002.

**93. Amendment of Section 244-A :-**

In Section 244-A of the Income Tax Act, in sub-section (1), in clauses (a) and (b), for the words "three-fourth per cent", the words "two-third per cent" shall be substituted with effect from the 1st day of June, 2002.

**94. Amendment of Section 245-C :-**

In Section 245-C of the Income Tax Act, sub-section (1-E) shall be omitted with effect from the 1st day of June, 2002.

**95. Amendment of Section 245-D :-**

In Section 245-D of the Income Tax Act, with effect from the 1st day of June, 2002,-

(a) in sub-section (1), for the words "the Settlement Commission may, by order, allow the application to be proceeded with or reject the application", the words, figures and letter "the Settlement Commission, shall, where it is possible, by order, reject the application or allow the application to be proceeded with within a period of one year from the end of the month in which such application was made under Section 245-C" shall be substituted;

(b) after sub-section (4), the following sub-section shall be inserted, namely:- "(4-A) In every application allowed to be proceeded with under sub-section (1), the Settlement Commission shall, where it is possible, pass an order under sub-section (4) within a period of four years from the end of the financial year in which such application was allowed to be proceeded with."

**96. Omission of Section 245-HA :-**

Section 245HA of the Income tax Act, 1961 shall be omitted with effect from the 1st day of June, 2002.

**97. Amendment of Section 252 :-**

In Section 252 of the Income tax Act, 1961, for sub-section (3), the following sub-section shall be substituted, namely:- "(3) The Central Government shall appoint the Senior Vice-President or one of the Vice-Presidents of the Appellate Tribunal to be the President thereof."

**98. Amendment of Section 253 :-**

In Section 253 of the Income tax Act, 1961, in sub-section (1), in clause (c), after the words, figures and letters "under Section 12AA of the Income tax Act, 1961 or under Section 263", the words and figures "or under Section 271" shall be inserted with effect from the 1st day of June, 2002.

**99. Substitution of new section for Section 269-T :-**

For Section 269T of the Income tax Act, 1961 of the Income Tax Act, the following section shall be substituted with effect from the 1st day of June, 2002, namely:- '269-T. Mode of repayment of certain loans or deposits.-No branch of a banking company or a cooperative bank and no other company or cooperative society and no firm or other person shall repay any loan or deposit made with it otherwise than by an account payee cheque or account payee bank draft drawn in the name of the person who has made the loan or deposit if-

(a) the amount of the loan or deposit together with the interest, if any, payable thereon, or

(b) the aggregate amount of the loans or deposits held by such person with the branch of the banking company or cooperative bank or, as the case may be, the other company or cooperative society or the firm, or other person either in his own name or jointly with any other person on the date of such repayment together with the interest, if any, payable on such loans or deposits,

is twenty thousand rupees or more : Provided that where the repayment is by a branch of a banking company or cooperative bank, such repayment may also be made by crediting the amount of such loan or deposit to the savings bank account or the current account (if any) with such branch of the person to whom such loan or deposit has to be repaid.

Explanation.-For the purposes of this section,-

(i) "banking company" shall have the meaning assigned to it in clause (i) of the Explanation to Section 269SS of the Income tax Act, 1961 ;

(ii) "cooperative bank" shall have the meaning assigned to it in Part V of the Banking Regulation Act, 1949 (10 of 1949);

(iii) "loan or deposit" means any loan or deposit of money which is repayable after notice or repayable after a period and, in the case of a person other than a company, includes loan or deposit of any nature.

**100. Insertion of new Section 269-UP :-**

After Section 269-UO of the Income Tax Act, the following section shall be inserted with effect from the 1st day of July, 2002, namely:- "269-UP. Chapter not to apply where transfer of immovable property effected after certain date.-The provisions of this Chapter shall not apply to, or in relation to, the transfer of any immovable property effected on or after the 1st day of July, 2002."

**101. Amendment of Section 271 :-**

In Section 271 of the Income Tax Act, in sub-section (1),-

(a) in the opening portion, after the words and brackets "Commissioner (Appeals)", the words "or the Commissioner" shall be inserted with effect from the 1st day of June, 2002;

(b) in clause (ii), for the words "in addition to any tax payable", the words "in addition to tax, if any, payable" shall be substituted with effect from the 1st day of April, 2003;

(c) in clause (iii), for the words "in addition to any tax payable", the words "in addition to tax, if any, payable" shall be substituted with effect from the 1st day of April, 2003;

(d) in Explanation 1, in clause (A), after the words and brackets "Commissioner (Appeals)", the words

"or the Commissioner" shall be inserted with effect from the 1st day of June, 2002;

(e) in Explanation 3, the words "who has not previously been assessed under this Act," shall be omitted with effect from the 1st day of April, 2003;

(f) in Explanation 4, for clause (a), the following clause shall be substituted with effect from the 1st day of April, 2003, namely:- "(a) in any case where the amount of income in respect of which particulars have been concealed or inaccurate particulars have been furnished has the effect of reducing the loss declared in the return or converting that loss into income, means the tax that would have been chargeable on the income in respect of which particulars have been concealed or inaccurate particulars have been furnished had such income been the total income;"

(g) in Explanation 7, after the words and brackets "Commissioner (Appeals)", the words "or the Commissioner" shall be inserted with effect from the 1st day of June, 2002,

**102. Substitution of new section for Section 271-F :-**

For Section 271-P of the Income Tax Act, the following section shall be substituted with effect from the 1st day of June, 2002, namely:- "271-F. Penalty for failure to furnish return of income.-If a person who is required to furnish a return of his income, as required under sub-section (1) of Section 139 or by the provisos to that sub-section, fails to furnish such return before the end of the relevant assessment year, the Assessing Officer may direct that such person shall pay, by way of penalty, a sum of five thousand rupees."

**103. Amendment of Section 272-A :-**

In Section 272-A of the Income Tax Act,- (a) in sub-section (1), clause (a) shall be omitted with effect from the 1st day of June, 2002; (b) in sub-section (2), for clause (e), the following clause shall be substituted with effect from the 1st day of April, 2003, namely:- "(e) to furnish the return of income which he is required to furnish under sub-section (4-A) or sub-section (4-C) of Section 139 or to furnish it within the time allowed and in the manner required under those sub-sections; or"

**104. Insertion of new Section 272-B :-**

After Section 272-AA of the Income Tax Act, the following section shall be inserted with effect from the 1st day of June, 2002, namely:- "272-B. Penalty for failure to comply with the provisions of Section 139A of the Income tax Act, 1961 .-

(1) If a person fails to comply with the provisions of Section 139-A, the Assessing Officer may direct that such person shall pay, by way of penalty, a sum of ten thousand rupees.

(2) If a person who is required to quote his permanent account number in any document referred to in clause (c) of sub-section (5) of Section 139A of the Income tax Act, 1961 , or to intimate such number as required by sub-section (5-A) of that section, quotes or intimates a number which is false, and which he either knows or believes to be false or does not believe to be true, the Assessing Officer may direct that such person shall pay, by way of penalty, a sum of ten thousand rupees.

(3) No order under sub-section (1) or sub-section (2) shall be passed unless the person, on whom the penalty is proposed to be imposed, is given an opportunity of being heard in the matter."

**105. Insertion of new Section 272-BBB :-**

After Section 272-BB of the Income Tax Act, the following section shall be inserted with effect from the 1st day of June, 2002, namely:- "272-BBB. Penalty for failure to comply with the provisions of Section 206-CA.-

(1) If a person fails to comply with the provisions of Section 206-CA, he shall, on an order passed by the Assessing Officer, pay, by way of penalty, a sum of ten thousand rupees.

(2) No order under sub-section (1) shall be passed unless the person on whom the penalty is proposed to be imposed, is given an opportunity of being heard in the matter."

**106. Amendment of Section 273-B :-**

In Section 273-B of the Income Tax Act, with effect from the 1st day of June, 2002,-

(a) after the words, brackets, figures and letters "sub-section (1) of Section 272-AA or", the words, figures and letter "Section 272-B or" shall be inserted;

(b) for the words, figures and letters "Section 272-BB or", the words, figures, letters and brackets "Section 272-BB or sub-section (1) of Section 272-BBB or" shall be substituted with effect from the 1st day of June, 2002.

**107. Insertion of new Section 275-B :-**

After Section 275-A of the Income Tax Act, the following section shall be inserted with effect from the 1st day of June, 2002, namely:- "275-B. Failure to comply with the provisions of clause (ii-b) of sub-section (1) of Section 132 .-If a person who is required to afford the authorised officer the necessary facility to inspect the books of account or other documents, as required under clause (ii-b) of sub-section (1) of Section 132 . fails to afford such facility to the authorised officer, he shall be punishable with rigorous imprisonment for a term which may extend to two years and shall also be liable to fine."

**108. Amendment of Section 279 :-**

In Section 279 of the Income Tax Act. in sub- section (1), after the word, figures and letter "Section 275-A," the word, figures and letter "Section 275-B," shall be inserted with effect from the 1st day of June, 2002.

**109. Amendment of Second Schedule :-**

In the Second Schedule to the Income Tax Act, in Rule 68-A, in sub-rule (3), for the words "nine per cent", the words "eight per cent" shall be substituted with effect from the 1st day of June, 2002.

**110. Amendment of Section 18 :-**

In Section 18 of the Wealth Tax Act, 1957 (27 of 1957) (hereinafter referred to as the Wealth Tax Act), in sub-section (1),-

(a) in Explanation 2, in clause (A), after the words and brackets "Commissioner (Appeals)", the words "or the Commissioner" shall be inserted with effect from the 1st day of June, 2002;

(b) in Explanation 3, the words "who has not previously been assessed under this Act," shall be omitted with effect from the 1st day of April, 2003.

**111. Amendment of Section 18-C :-**

In Section 18-C of the Wealth Tax Act, with effect from the 1st day of June, 2002,-

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

(i) after the words and figures "before the High Court or the Supreme Court on a reference under Section 27 ", the words, figures and letter "or in appeal under Section 27-A before the High Court" shall be inserted;

(ii) for the words and figures "for a reference before the High Court or the Supreme Court under Section 27 or in appeal before the Supreme Court under Section 29 ", the words, figures and letter "in appeal before the High Court under Section 27-A or the Supreme Court under Section 29 " shall be substituted;

(b) in sub-section (4), in clause (b), for the words and figures "for a reference before the High Court or the Supreme Court under Section 27 or in appeal before the Supreme Court under Section 29 ", the words, figures and letter "in appeal before the High Court under Section 27-A or the Supreme Court under Section 29 " shall be substituted.

**112. Amendment of Section 22-D :-**

In Section 22D of the Wealth Tax Act, 1957 , with effect from the 1st day of June, 2002,-

(a) in sub-section (1), for the words "the Settlement Commission may, by order, allow the application to be proceeded with or reject the application", the words, figures and letter "the Settlement Commission shall, where it is possible, by order, reject the application or allow the application to be proceeded with within a period of one year from the end of the month in which such application was made under Section 22-C" shall be substituted;

(b) after sub-section (4), the following sub-section shall be inserted, namely:- "(4-A) In every application, allowed to be proceeded with under sub- section (1), the Settlement Commission shall, where it is possible, pass an order under sub-section (4) within a period of four years from the end of the financial year in which such application was allowed to be proceeded with."

**113. Omission of Section 22-HA :-**

Section 22HA of the Wealth Tax Act, 1957 Act shall be omitted with effect from the 1st day of June, 2002.

**114. Amendment of Section 34-A :-**

In Section 34A of the Wealth Tax Act, 1957 , with effect from the 1st day of June, 2002,-

(a) in sub-section (3), for the words "nine per cent", the words "eight per cent" shall be substituted;

(b) in sub-section (4-B), in clause (a), for the words "three-fourth percent", the words "two-third per cent" shall be substituted.

**115. Amendment of Section 3 :-**

In the Expenditure Tax Act, 1987 (35 of 1987) (hereinafter referred to as the Expenditure Tax Act), in Section 3 , in clause (1), for the words "two thousand rupees or more per day per individual", the words "three thousand rupees or more per day" shall be substituted with effect from the 1 st day of June, 2002.

**116. Amendment of Section 5 :-**

In the Expenditure Tax Act, in Section 5 , in clause (1), sub-clauses (b) and (d) shall be omitted with effect from the 1st day of June, 2002.

CHAPTER 4  
INDIRECT TAXES

**117. Amendment of Section 4 :-**

In Section 4 of the Customs Act, 1962 (52 of 1962) (hereinafter referred to as the Customs Act),-

(i) in sub-section (1), for the words "Central Government", the word "Board" shall be substituted;

(ii) in sub-section (2), for the words "Central Government may authorise the Board," the words "Board may authorise a Chief Commissioner of Customs or" shall be substituted.

**118. Amendment of Section 14 :-**

In Section 14 of the Customs Act, 1962 ,-

(i) in sub-section (1), for the portion beginning with the words "international trade" and ending with the words "offer for sale", the following shall be substituted. namely:- "international trade, where- (a) the seller and the buyer have no interest in the business of each other; or (b) one of them has no interest in the business of the other, and the price is the sole consideration for the sale or offer for sale";

(ii) in sub-section (2), for the words "Central Government", the word "Board" shall be substituted;

(iii) in sub-section (3),- (a) in clause (a), for the words "Central Government", wherever they occur, the word "Board" shall be substituted; (b) for clause (b), the following clause shall be substituted, namely:- '(b) "foreign currency" and "Indian currency" have the meanings respectively assigned to them in clause (m) and clause (q) of Section 2 of the Foreign Exchange Management Act, 1999 (42 of 1999);'.

**119. Amendment of Section 25 :-**

In Section 25 of the Customs Act, 1962 ,-

(a) after sub-section (2), the following sub-section shall be inserted, namely:- "(2-A) The Central Government may, if it considers it necessary or expedient so to do for the purpose of clarifying the scope or applicability of any notification issued under sub-section (1) or order issued under sub-section (2), insert an explanation in such notification or order, as the case may be, by notification in the Official Gazette, at any time within one year of issue of the notification under sub-section (1) or order under sub-section (2), and every such explanation shall have effect as if it had always been the pan of the first such notification or order, as the case may be.";

(b) in sub-section (4), after the word, brackets and figure "sub-section (1)", the words, brackets, figure and letter "or sub-section (2-A)" shall be inserted.

**120. Amendment of Section 28-AA :-**

In Section 28AA of the Customs Act, 1962 , in sub- section (1), for the words "eighteen per cent", the words "ten per cent" shall be substituted.

**121. Amendment of Section 28-AB :-**

In Section 28AB of the Customs Act, 1962 , in sub- section (1), for the words "eighteen per cent", the words "ten per cent" shall be substituted.

**122. Amendment of Section 28-I :-**

In Section 28I of the Customs Act, 1962 . in sub- section (2), in the first proviso, the words "except in the case of a resident applicant" shall be omitted.

**123. Amendment of Section 47 :-**

In S.47 of the Customs Act, in sub- section (2),-

(i) for the words "two days", the words "five days" shall be substituted;

(ii) for the words "eighteen per cent", the words "ten per cent" shall be substituted.

**124. Amendment of Section 61 :-**

In S.61 of the Customs Act, in sub-section (1), in the first proviso, for clause (i), the following clause shall be substituted, namely:- "(i) in the case of any goods which are not likely to deteriorate, the period specified in clause (a) or clause (b) may, on sufficient cause being shown, be extended-

(A) in the case of such goods intended for use in any hundred per cent export- oriented undertaking, by the Commissioner of Customs, for such period as he may deem fit; and

(B) in any other case, by the Commissioner of Customs, for a period not exceeding six months and by the Chief Commissioner of Customs for such further period as he may deem fit;"

**125. Amendment of Section 75 :-**

In Section 75 OF THE Finance Act, 1994, in sub-section (1), in the second proviso, for the words and figures "Foreign Exchange Regulation Act, 1973 (46 of 1973)", the words and figures "Foreign Exchange Management Act, 1999 (42 of 1999)" shall be substituted.

**126. Insertion of new Chapter X-A :-**

After Chapter X of the Customs Act, the following Chapter shall, with effect from such date as may be appointed by the Central Government, by notification in the Official Gazette, be inserted, namely:-  
"CHAPTER X-A SPECIAL PROVISIONS RELATING TO SPECIAL ECONOMIC ZONE

76-A. Notification of special economic zone.-The Central Government may, by notification in the Official Gazette, specify special economic zones comprising specifically delineated areas where any goods admitted shall be regarded, insofar as duties of customs are concerned, as being outside the customs territory of India as provided in this Chapter.

76-B. Application of provisions.-The provisions of this Chapter and other Chapters shall apply to goods admitted to a special economic zone, but in the event of conflict between the provisions of this Chapter and other Chapters, the provisions of this Chapter shall prevail.

76-C. Establishment and control.-

(1) The Central Government may make rules specifying the requirements relating to goods or class of goods admissible to a special economic zone, the nature of operations to which such goods or class of goods may be subjected to, the conditions to be fulfilled and the procedures to be followed in this regard.

(2) The Board may specify, in the regulations made in this behalf, arrangements for customs control in a special economic zone.

(3) The proper officer shall have the right to carry out checks, at any time, on the goods kept or stored in a special economic zone.

76-D. Admission of goods.-Subject to such conditions as may be specified in the rules made in this behalf, any goods imported directly from outside India or procured from within India shall be authorised for admission to a special economic zone.

76-E. Exemption from duties of customs.-Without prejudice to the provisions of Sections 76-F. S.76G of the Income Tax Act, 1961 and 76-H, any goods admitted to a special economic zone shall be exempt from duties of customs.

76-F. Levy of duties of customs.-Subject to the conditions as may be specified in the rules made in this behalf,-

(a) any goods admitted to a special economic zone from the domestic tariff area shall be chargeable to export duties at such rates as are leviable on such goods when exported;

(b) any goods removed from a special economic zone for home consumption shall be chargeable to duties of customs including anti-dumping, countervailing and safeguard duties under the Customs Tariff Act, 1975 (51 of 1975), where applicable, as leviable on such goods when imported; and

(c) the rate of duty and tariff valuation, if any, applicable to goods admitted to, or removed from, a special economic zone shall be the rate and tariff valuation in force as on the date of such admission or removal, as the case may be, and where such date is not ascertainable, on the date of payment of the duty.

76-G. Authorised operations.-All goods admitted to a special economic zone shall undergo such

operations including processing or manufacturing as may be specified in the rules made in this behalf.

76-H. Goods utilised within a special economic zone.-

(1) The Central Government may make rules in this behalf to enumerate the cases in which goods to be utilised inside a special economic zone may be admitted free of duties of customs and lay down the requirements which shall be fulfilled.

(2) Goods utilised contrary to the provisions of rules made under sub-section (1) shall be chargeable to duties of customs in the same manner as provided under clause (b) of Section 76-F as if they have been removed for home consumption.

76-I. Drawback on goods admitted to a special economic zone.-Any goods admitted to a special economic zone from the domestic tariff area for the purposes authorised under this Chapter shall be eligible for drawback under Section 75 as if such goods are export goods for the purposes of that section.

76-J. Duration of stay.-Any goods admitted to a special economic zone shall not be allowed to remain within such zone beyond such time as may be specified in the rules made in this behalf.

76-K. Security.-Any goods admitted free of duty to a special economic zone or goods under transshipment to and from such zone without payment of duty shall be subject to execution of such bond and such surety or security as may be specified in the rules made in this behalf.

76-L. Transfer of ownership.-Any goods admitted to, or produced or manufactured in, a special economic zone shall be allowed for transfer of ownership subject to such conditions as may be specified in the rules made in this behalf.

76-M. Removal of goods.-Any goods admitted to, or produced or manufactured in, a special economic zone may be removed in accordance with such procedure as may be specified in the rules made in this behalf.

76-N. Closure of a special economic zone.-In the event of closure of a special economic zone by the Central Government, by notification in the Official Gazette, the goods admitted to, or produced or manufactured in, such zone shall be removed within such time and in such manner as may be specified in the rules made in this behalf."

**127. Amendment of Section 129-B :-**

In Section 129-B of the Customs Act,-

(i) in sub-section (2), for the words "four years", the words "six months" shall be substituted;

(ii) after sub-section (2), the following sub-section shall be inserted, namely:- "(2-A) The Appellate Tribunal shall, where it is possible to do so, hear and decide every appeal within a period of three years from the date on which such appeal is filed:

Provided that where an order of stay is made in any proceeding relating to an appeal filed under sub-section (1) of Section 129-A, the Appellate Tribunal shall dispose of the appeal within a period of one hundred and eighty days from the date of such order : Provided further that if such appeal is not disposed of within the period specified in the first proviso, the stay order shall, on the expiry of that period, stand vacated."

**128. Amendment of Section 129-D :-**

In Section 129-D of the Customs Act, for sub-section (3), the following sub-section shall be substituted, namely:- "(3) The Board or the Commissioner of Customs, as the case may be, shall, where it is possible to do so, make order under sub-section (1) or sub-section (2), within a period of six months, but not beyond a period of one year, from the date of the decision or order of the adjudicating authority."

**129. Insertion of new Section 8-C :-**

In the Customs Tariff Act, 1975 (51 of 1975) (hereinafter referred to as the Customs Tariff Act), after Section 8B of the Customs Tariff Act, 1975 , the following section shall be inserted, namely:-

'8-C. Power of Central Government to impose transitional product specific safeguard duty on imports from the People's Republic of China.-

(1) Notwithstanding anything contained in Section 8-B, if the Central Government, after conducting such enquiry as it deems fit, is satisfied that any article is imported into India, from the People's Republic of China, in such increased quantities and under such conditions so as to cause or threatening

to cause market disruption to domestic industry, then, it may, by notification in the Official Gazette, impose a safeguard duty on that article : Provided that the Central Government may, by notification in the Official Gazette, exempt such quantity of any article as it may specify in the notification, when imported from the People's Republic of China into India, from payment of the whole or part of the safeguard duty leviable thereon.

(2) The Central Government may, pending the determination under sub-section (1), impose a provisional safeguard duty under this sub-section on the basis of a preliminary determination that increased imports have caused or threatened to cause market disruption to a domestic industry : Provided that where, on final determination, the Central Government is of the opinion that increased imports have not caused or threatened to cause market disruption to a domestic industry, it shall refund the duty so collected : Provided further that the provisional safeguard duty shall not remain in force for more than two hundred days from the date on which it was imposed.

(3) Notwithstanding anything contained in sub-sections (1) and (2), a notification issued under sub-section (1) or any safeguard duty imposed under sub-section (2), unless specifically made applicable in such notification or such imposition, as the case may be, shall not apply to articles imported by a hundred per cent export-oriented undertaking or a unit in a free trade zone or in a special economic zone.

Explanation.-For the purposes of this section, the expressions "hundred per cent export-oriented undertaking", "free trade zone" and "special economic zone" shall have the meanings respectively assigned to them in Explanation 2 to sub-section (1) of Section 3 of the Central Excise Act, 1944 (1 of 1944).

(4) The duty chargeable under this section shall be in addition to any other duty imposed under this Act or under any other law for the time being in force.

(5) The duty imposed under this section shall, unless revoked earlier, cease to have effect on the expiry of four years from the date of such imposition : Provided that if the Central Government is of the opinion that such article continues to be imported into India, from the People's Republic of China, in such increased quantities so as to cause or threatening to cause market disruption to domestic industry and the safeguard duty should continue to be imposed, it may extend the period of such imposition for a period not beyond the period of ten years from the date on which the safeguard duty was first imposed.

(6) The Central Government may, by notification in the Official Gazette, make rules for the purposes of this section, and without prejudice to the generality of the foregoing, such rules may provide for the manner in which articles liable for safeguard duty may be identified and for the manner in which the causes of market disruption or causes of threat of market disruption in relation to such articles may be determined and for the assessment and collection of such safeguard duty.

(7) For the purposes of this section,-

(a) "domestic industry" means the producers- (i) as a whole of a like article or a directly competitive article in India; or (ii) whose collective output of a like article or a directly competitive article in India constitutes a major share of the total production of the said article in India;

(b) "market disruption" shall be caused whenever imports of a like article or a directly competitive article produced by the domestic industry, increase rapidly, either absolutely or relatively, so as to be a significant cause of material injury, or threat of material injury, to the domestic industry;

(c) "threat of market disruption" means a clear and imminent danger of market disruption.

(8) Every notification issued under this section shall, as soon as may be after it is issued, be laid before each House of Parliament.'

### **130. Refund of additional duty of customs in certain cases :-**

(1) Notwithstanding anything contained in Section 25 of the Customs Act, 1962 , barge mounted power plants, falling under heading 98.01 of the First Schedule to the Customs Tariff Act, shall be deemed to have been exempted from the whole of the additional duty of customs leviable thereon under sub-section (1) of Section 3 of the Customs Tariff Act, 1975 , within the period commencing from the 8th December, 2000 and ending with the 28th February, 2002 (both dates inclusive) and accordingly, notwithstanding anything contained in any judgment, decree or order of any court, tribunal or other authority, barge mounted power plants shall be deemed to be, and always to have been, exempted from the said additional duty of customs as if the exemption given by this sub-section had been in force

at all material times.

(2) For the purposes of sub-section (1), the Central Government shall have and shall be deemed to have the power to exempt the goods referred to in the said sub-section with retrospective effect as if the Central Government had the power to exempt the said goods under sub-section (1) of Section 25 of the Customs Act, 1962 , retrospectively at all material times.

(3) Refund shall be made of all such additional duty of customs which have been collected but which would have not been so collected if the exemption referred to in sub- section (1) had been in force at all material times.

(4) Notwithstanding anything contained in Section 27 of the Customs Act, 1962 , an application for the claim of refund of the additional duty of customs under sub-section (3) shall be made within six months from the date on which the Finance Bill, 2002 receives the assent of the President.

**131. Amendment of First Schedule :-**

In the Customs Tariff Act, the First Schedule shall be amended in the manner as specified in the Second Schedule.

**132. Amendment of Section 2 :-**

In the Central Excise Act, 1944 (1 of 1944) (hereinafter referred to as the Central Excise Act), in Section 2 , in clause (f),-

(i) in sub-clause (ii), for the word "manufacture," the words "manufacture; or" shall be substituted;

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

"(iii) which is specified in relation to any goods by the Central Government, by notification in the Official Gazette, as amounting to manufacture,".

**133. Amendment of Section 3 :-**

In Section 3 of the Central Excise Act, 1944 , in sub- section (1),-

(i) in clauses (a) and (b), after the words "excisable goods" wherever they occur, the brackets and words "(excluding goods produced or manufactured in special economic zones)" shall, with effect from such date as may be appointed by the Central Government, by notification in the Official Gazette, be inserted;

(ii) in the proviso,- (a) in clause (i), the words "or a special economic zone" shall, with effect from such date as may be appointed by the Central Government, by notification in the Official Gazette, be omitted; (b) in Explanation 2, for clause (i), the following clause shall be substituted, namely:- '(i) "free trade zone" means a zone which the Central Government may, by notification in the Official Gazette, specify in this behalf;'

**134. Amendment of Section 5-A :-**

In Section 5A of the Central Excise Act, 1944 ,-

(i) in sub-section (1), in the proviso,- (a) in clause (i), the words "or a special economic zone"; and (b) in the Explanation, the words ", special economic zone", shall, with effect from such dates as may be appointed by the Central Government, by notification in the Official Gazette, be omitted;

(ii) after sub-section (2), the following sub-section shall be inserted, namely:- "(2-A) The Central Government may, if it considers it necessary or expedient so to do for the purpose of clarifying the scope or applicability of any notification issued under sub-section (1) or order issued under sub-section (2), insert an explanation in such notification or order, as the case may be, by notification in the Official Gazette at any time within one year of issue of the notification under sub-section (1) or order under sub-section (2), and every such explanation shall have effect as if it had always been the part of the first such notification or order, as the case may be.";

(iii) in sub-section (5), after the word, brackets and figure "sub-section (1)", the words, brackets, figure and letter "or sub-section (2-A)" shall be inserted.

**135. Amendment of Section 11-AA :-**

In Section 11AA of the Central Excise Act, 1944 , in sub-section (1), for the words "eighteen per cent", the words "ten per cent" shall be substituted.

**136. Amendment of Section 11-AB :-**

In Section 11AB of the Central Excise Act, 1944 , in sub-section (1), for the words "eighteen per cent", the words "ten per cent" shall be substituted.

**137. Omission of Sections 16 and 17 :-**

Sections 16 and Section 17 of the CENTRAL EXCISE ACT, 1944 shall be omitted.

**138. Amendment of Section 23-D :-**

In S.23D of the Central Excise Act, in sub-section (2), in the first proviso, the words "except in the case of a resident applicant" shall be omitted.

**139. Omission of Chapter IV :-**

Chapter IV of the Central Excise Act shall be omitted.

**140. Amendment of Section 35-C :-**

In S.35C of the Central Excises Act, 1944,-

(i) in sub-section (2), for the words "four years", the words "six months" shall be substituted;

(ii) after sub-section (2), the following sub-section shall be inserted, namely:- "(2-A) The Appellate Tribunal shall, where it is possible to do so, hear and decide every appeal within a period of three years from the date on which such appeal is filed: Provided that where an order of stay is made in any proceeding relating to an appeal filed under sub-section (1) of Section 35-B, the Appellate Tribunal shall dispose of the appeal within a period of one hundred and eighty days from the date of such order : Provided further that if such appeal is not disposed of within the period specified in the first proviso, the stay order shall, on the expiry of that period, stand vacated."

**141. Amendment of Section 35-E :-**

In S.35E of the Central Excises Act, 1944, for sub-section (3), the following sub-section shall be substituted, namely:- "(3) The Board or Commissioner of Central Excise, as the case may be, shall, where it is possible to do so, make order under sub-section (1) or sub-section (2), within a period of six months, but not beyond a period of one year, from the date of the decision or order of the adjudicating authority."

**142. Amendment of notification issued under Section 5A of the Central Excise Act :-**

(1) The notification of the Government of India in the Ministry of Finance (Department of Revenue) No. G.S.R. 509(E), dated the 8th July, 1999, issued under sub-section (1) of Section 5A of the Central Excise Act, 1944 by the Central Government shall stand amended and shall be deemed to have been amended in the manner as specified in the Third Schedule, on and from the 8th July, 1999 to the 28th February, 2002 (both dates inclusive) retrospectively and, accordingly, notwithstanding anything contained in any judgment, decree or order of any court, tribunal or other authority, any action taken or anything done or purported to have been taken or done under the said notification, shall be deemed to be and always to have been, for all purposes, as validly or effectively taken or done as if the notification as amended by this sub-section had been in force at all material times.

(2) For the purposes of sub-section (1), the Central Government shall have and shall be deemed to have the power to amend the notification referred to in the said sub-section with retrospective effect as if the Central Government had the power to amend the said notification under sub-section (1) of Section 5A of the Central Excise Act, 1944, retrospectively at all material times.

(3) Notwithstanding the cessation of the amendment under sub-section (1) on the 1st March, 2002, no suit or other proceedings shall be maintained or continued in any court, tribunal or other authority for any action taken or anything done or omitted to be done, in respect of any goods under the said notification, and no enforcement shall be made by any court, tribunal or other authority of any decree or order relating to such action taken or anything done or omitted to be done as if the amendment made by sub-section (1) had been in force at all material times.

(4) Notwithstanding the cessation of the amendment under sub-section (1) on the 1st March, 2002, recovery shall be made of all amounts of duty or interest or other charges which have not been collected or, as the case may be, which have been refunded but which would have been collected or, as the case may be, which would have not been refunded if the provisions of this section had been in force at all material times, within a period of thirty days from the date on which the Finance Bill, 2002 receives the assent of the President, and in the event of non-payment of duty or interest or other charges so recoverable, interest at the rate of fifteen 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.

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 the notification referred to in sub-section (1) had not been amended retrospectively by that sub-section.

**143. Amendment of Central Excise Rules, 2002 and validation of action taken thereunder. :-**

The Central Excise Rules, 2002 made by the Central Government in exercise of the powers conferred by S.37 of the Central Excises and Salt Act, 1944 and published vide notification of the Government of India in the Ministry of Finance (Department of Revenue) No. G.S.R. 143(E), dated the 1st March, 2002, shall stand amended and shall be deemed to have been amended in the manner as specified in column (2) of the Ninth Schedule, on and from the date specified in column (3) of that Schedule, retrospectively and, accordingly, notwithstanding anything contained in any judgment, decree or order of any court, tribunal or other authority, any action taken or anything done or purported to have been taken or done under the said rules, shall be deemed to be, and always to have been, for all purposes, as validly or effectively, taken or done as if the rules as amended by this section had been in force at all material times.

**144. Amendment of notification issued under Rule 57-AK of the Central Excise Rules, 1944.**

:-

(1) The notification of the Government of India in the Ministry of Finance (Department of Revenue) No. G.S.R. 299(E), dated the 31st March, 2000, issued under Rule 57-AK of the Central Excise Rules, 1944, by the Central Government shall stand amended and shall be deemed to have been amended in the manner as specified in the Fourth Schedule, on and from the date mentioned in column (3) of that Schedule against that notification retrospectively and, accordingly, notwithstanding anything contained in any judgment, decree or order of any court, tribunal or other authority, any action taken or anything done or purported to have been taken or done under the said notification, shall be deemed to be, and always to have been, for all purposes, as validly or effectively taken or done as if the notification as amended by this sub-section had been in force at all material times.

(2) Credit shall be allowed of all such declared duty, which have been disallowed but which would not have been so disallowed if the amendment made in the notification referred to in sub-section (1) had been in force at all material times.

(3) Refund shall be made of all such credit of the declared duty, which have been collected but which would have not been so collected if the amendment made in the notification referred to in sub-section (1) had been in force at all material times.

(4) Notwithstanding anything contained in Section 11B of the Central Excise Act, 1944, an application for the claim of refund of the credit of the declared duty under sub-section (3) shall be made within six months from the date on which the Finance Bill, 2002 receives the assent of the President.

**145. Amendment of Act 5 of 1986 :-**

A.-In the Central Excise Tariff Act, 1985 (hereinafter referred to as the Central Excise Tariff Act),-

(i) the First Schedule shall be amended in the manner as specified in the Fifth Schedule;

(ii) the Second Schedule shall be amended in the manner as specified in the Sixth Schedule.

**146. Amendment of Act 58 of 1957 :-**

In the Additional Duties of Excise (Goods of Special Importance) Act, 1957 (hereinafter referred to as the Additional Duties of Excise Act), the First Schedule shall be amended in the manner as specified in the Seventh Schedule.

**147. Special Additional Excise Duty :-**

(1) In the case of goods specified in the Eighth Schedule, being goods manufactured, there shall be levied and collected, for purposes of the Union, by surcharge, a duty of excise, to be called the Special Additional Excise Duty, at the rates specified in the said Schedule.

(2) The Special Additional Excise Duty chargeable on goods specified in the Eighth Schedule 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 and imposition of penalty, shall, as far as may be, apply in relation to the levy and collection of the Special Additional Excise Duty leviable under this section in respect of the goods specified in the Eighth Schedule, 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.

**148. Modification of Act 32 of 1994 :-**

(1) During the period commencing on and from the 16th day of July, 2001 and ending with such date as the Central Government may appoint under Section 149 , for the purposes of that section, the provisions of Chapter V of the Finance Act, 1994 shall be deemed to have had effect subject to the following modifications, namely:- in Section 65 ,-

(i) for clause (13), the following had been substituted, namely:- '(13) "broadcasting" has the meaning assigned to it in clause (c) of Section 2 of the Prasar Bharati (Broadcasting Corporation of India) Act, 1990 (25 of 1990) and also includes programme selection, scheduling or presentation of sound or visual matter on a radio or a television channel that is intended for public listening or viewing, as the case may be; and in the case of a broadcasting agency or organisation, having its head office situated in any place outside India, includes the activity of selling of time slots or obtaining sponsorships for broadcasting of any programme or collecting the broadcasting charges on behalf of the said agency or organisation, by its branch office or subsidiary or representative in India or any agent appointed in India or by any person who acts on its behalf in any manner; (13-A) "broadcasting agency or organisation" means any agency or organisation engaged in providing service in relation to broadcasting in any manner and, in the case of a broadcasting agency or organisation, having its head office situated in any place outside India, includes its branch office or subsidiary or representative in India or any agent appointed in India or any person who acts on its behalf in any manner, engaged in the activity of selling of time slots for broadcasting of any programme or obtaining sponsorships for programme or collecting broadcasting charges on behalf of the said agency or organisation;';

(ii) in clause (72), for sub-clause (zk), the following sub-clause had been substituted, namely:- "(zk) to a client, by a broadcasting agency or organisation in relation to broadcasting in any manner and, in the case of a broadcasting agency or organisation, having its head office situated in any place outside India, includes service provided by its branch office or subsidiary or representative in India or any agent appointed in India or by any person who acts on its behalf in any manner, engaged in the activity of selling of time slots for broadcasting of any programme or obtaining sponsorships for programme or collecting broadcasting charges on behalf of the said agency or organisation.

Explanation.-For the removal of doubts, it is hereby declared that so long as the radio or television programme broadcast is received in India and intended for listening or viewing, as the case may be, by the public, such service shall be a taxable service in relation to broadcasting, even if the encryption of the signals or beaming thereof through the satellite might have taken place outside India;". (2) Any action taken or anything done or omitted to be done or purported to have been taken or done or omitted to be done under this Chapter at any time during the period commencing on and from the 16th day of July, 2001 and ending with the day, on which the Finance Bill, 2002 receives the assent of the President, shall be deemed to be and always to have been, for all purposes, as validly and effectively taken or done or omitted to be done as if 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, recovery shall be made of all such service tax which have not been collected but which would have been collected, if sub-section (1) had been in force at all material times, within a period of thirty days from the date on which the Finance Bill, 2002 receives the assent of the President, and in the event of non-payment of such service tax so recoverable, interest at the rate of fifteen 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.

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 have not been so punishable if this section had not come into force.

**149. Amendment of Act 32 of 1994 :-**

In the Finance Act, 1994, with effect from such date as the Central Government may, by notification in the Official Gazette, appoint,-

(a) for Section 65 , the following section shall be substituted, namely:- '65. Definitions.- (1) In this Chapter, unless the context otherwise requires,-

(1) "actuary" has the meaning assigned to it in clause (1) of Section 2 of the Insurance Act, 1938 (4 of 1938);

(2) "advertisement" includes any notice, circular, label, wrapper, document, hoarding or any other audio or visual representation made by means of light, sound, smoke or gas;

(3) "advertising agency" means any commercial concern engaged in providing any service connected

with the making, preparation, display or exhibition of advertisement and includes an advertising consultant;

(4) "air travel agent" means any person engaged in providing any service connected with the booking of passage for travel by air;

(5) "Appellate Tribunal" means the Customs, Excise and Gold (Control) Appellate Tribunal constituted under Section 129 of the Customs Act, 1962 (52 of 1962);

(6) "architect" means any person whose name is, for the time being, entered in the register of architects maintained under Section 23 of the Architects Act, 1972 (20 of 1972) and also includes any commercial concern engaged in any manner, whether directly or indirectly, in rendering services in the field of architecture;

(7) "assessee" means a person liable to pay the service tax and includes his agent;

(8) "authorised service station" means any service station, or centre, authorised by any motor vehicle manufacturer, to carry out any service or repair of any motor car or two wheeled motor vehicle manufactured by such manufacturer;

(9) "banking" shall have the meaning assigned to it in clause (b) of S.5 of the Banking Regulation Act, 1949 (10 of 1949);

(10) "banking company" shall have the meaning assigned to it in clause (a) of Section 45A of the Reserve Bank of India Act, 1934 (2 of 1934);

(11) "banking and other financial services" means the following services provided by a banking company or a financial institution including a non-banking financial company or any other body corporate, namely:- (i) financial leasing services including equipment leasing and hire- purchase by a body corporate; (ii) credit card services; (iii) merchant banking services; (iv) securities and foreign exchange (forex) broking; (v) asset management including portfolio management, all forms of fund management, pension fund management, custodial, depository and trust services, but does not include cash management; (vi) advisory and other auxiliary financial services including investment and portfolio research and advice, advice on mergers and acquisitions and advice on corporate restructuring and strategy; and (vii) provision and transfer of information and data processing;

(12) "Board" means the Central Board of Excise and Customs constituted under the Central Board of Revenue Act, 1963 (54 of 1963);

(13) "body corporate" shall have the meaning assigned to it in clause (7) of Section 2 of the Companies Act, 1956 (1 of 1956);

(14) "broadcasting" has the meaning assigned to it in clause (c) of Section 2 of the Prasar Bharati (Broadcasting Corporation of India) Act, 1990 (25 of 1990) and also includes programme selection, scheduling or presentation of sound or visual matter on a radio or a television channel that is intended for public listening or viewing, as the case may be; and in the case of a broadcasting agency or organisation, having its head office situated in any place outside India, includes the activity of selling of time slots or obtaining sponsorships for broadcasting of any programme or collecting the broadcasting charges on behalf of the said agency or organisation, by its branch office or subsidiary or representative in India or any agent appointed in India or by any person who acts on its behalf in any manner;

(15) "broadcasting agency or organisation" means any agency or organisation engaged in providing service in relation to broadcasting in any manner and, in the case of a broadcasting agency or organisation, having its head office situated in any place outside India, includes its branch office or subsidiary or representative in India or any agent appointed in India or any person who acts on its behalf in any manner, engaged in the activity of selling of time slots for broadcasting of any programme or obtaining sponsorships for programme or collecting broadcasting charges on behalf of the said agency or organisation;

(16) "beauty treatment" means face and beauty treatment, cosmetic treatment, manicure, pedicure or counselling services on beauty, face care or make-up;

(17) "beauty parlour" means any establishment providing beauty treatment services;

(18) "cab" means a motor cab or maxi cab;

(19) "cable operator" shall have the meaning assigned to it in clause (aa) of S.2 of the Cable Television Networks (Regulation) Act, 1995 (7 of 1995);

(20) "cable service" shall have the meaning assigned to it in clause (b) of S.2 of the Cable Television Networks (Regulation) Act, 1995 (7 of 1995);

(21) "cargo handling service" means loading, unloading, packing or unpacking of cargo and includes cargo handling services provided for freight in special containers or for non-containerised freight, services provided by a container freight terminal or any other freight terminal, for all modes of transport and cargo handling services incidental to freight, but does not include handling of export cargo or passenger baggage or mere transportation of goods;

(22) "caterer" means any person who supplies, either directly or indirectly, any food, edible preparations, alcoholic or non-alcoholic beverages or crockery and similar articles or accoutrements for any purpose or occasion;

(23) "clearing and forwarding agent" means any person who is engaged in providing any service, either directly or indirectly, connected with the clearing and forwarding operations in any manner to any other person and includes a consignment agent;

(24) "computer network" has the meaning assigned to it in clause (j) of sub-section (1) of Section 2 of the Information Technology Act, 2000 (21 of 2000);

(25) "consulting engineer" means any professionally qualified engineer or an engineering firm who, either directly or indirectly, renders any advice, consultancy or technical assistance in any manner to a client in one or more disciplines of engineering;

(26) "convention" means a formal meeting or assembly which is not open to the general public, and does not include a meeting or assembly, the principal purpose of which is to provide any type of amusement, entertainment or recreation;

(27) "courier agency" means a commercial concern engaged in the door- to-door transportation of time-sensitive documents, goods or articles utilising the services of a person, either directly or indirectly, to carry or accompany such documents, goods or articles;

(28) "credit rating agency" means any commercial concern engaged in the business of credit rating of any debt obligation or of any project or programme requiring finance, whether in the form of debt or otherwise, and includes credit rating of any financial obligation, instrument or security, which has the purpose of providing a potential investor or any other person any information pertaining to the relative safety of timely payment of interest or principal;

(29) "custom house agent" means a person licensed, temporarily or otherwise, under the regulations made under sub-section (2) of Section 146 of the Customs Act, 1962 (52 of 1962);

(30) "data" has the meaning assigned to it in clause (o) of sub-section (1) of Section 2 of the Information Technology Act, 2000 (21 of 2000);

(31) "dry cleaning" includes dry cleaning of apparels, garments or other textile, fur or leather articles;

(32) "dry cleaner" means any commercial concern providing service in relation to dry cleaning;

(33) "electronic form" has the meaning assigned to it in clause (r) of sub- section (1) of Section 2 of the Information Technology Act, 2000 (21 of 2000);

(34) "event management" means any service provided in relation to planning, promotion, organising or presentation of any arts, entertainment, business, sports or any other event and includes any consultation provided in this regard;

(35) "event manager" means any person who is engaged in providing any service in relation to event management in any manner;

(36) "facsimile (FAX)" means a form of telecommunication by which fixed graphic images, such as printed texts and pictures are scanned and the information converted into electrical signals for transmission over the telecommunication system;

(37) "fashion designing" includes any activity relating to conceptualising, outlining, creating the designs and preparing patterns for costumes, apparels, garments, clothing accessories, jewellery or any other articles intended to be worn by human beings and any other service incidental thereto;

(38) "fashion designer" means any person engaged in providing service in relation to fashion designing;

(39) "financial institution" has the meaning assigned to it in clause (c) of S.45-I of the Reserve Bank of

India Act, 1934 (2 of 1934);

(40) "general insurance business" has the meaning assigned to it in clause (g) of Section 3 of the General Insurance Business (Nationalisation) Act, 1972 (57 of 1972);

(41) "goods" has the meaning assigned to it in clause (7) of Section 2 of the Sale of Goods Act, 1930 (3 of 1930);

(42) "health and fitness service" means service for physical well-being such as, sauna and steam bath, turkish bath, solarium, spas, reducing or slimming salons, gymnasium, yoga, meditation, massage (excluding therapeutic massage) or any other like service;

(43) "health club and fitness centre" means any establishment, including a hotel or resort, providing health and fitness service;

(44) "information" has the meaning assigned to it in clause (v) of sub-section (1) of Section 2 of the Information Technology Act, 2000 (21 of 2000);

(45) "insurance agent" has the meaning assigned to it in clause (10) of Section 2 of the Insurance Act, 1938 (4 of 1938);

(46) "insurance auxiliary service" means any service provided by an actuary, an intermediary or insurance intermediary or an insurance agent in relation to general insurance business or life insurance business and includes risk assessment, claim settlement, survey and loss assessment;

(47) "intermediary or insurance intermediary" has the meaning assigned to it in sub-clause (f) of clause (1) of Section 2 of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999);

(48) "insurer" means any person carrying on the general insurance business or life insurance business in India;

(49) "interior decorator" means any person engaged, whether directly or indirectly, in the business of providing by way of advice, consultancy, technical assistance or in any other manner, services related to planning, design or beautification of spaces, whether man-made or otherwise and includes a landscape designer;

(50) "leased circuit" means a dedicated link provided between two fixed locations for exclusive use of the subscriber and includes a speech circuit, a data circuit or a telegraph circuit;

(51) "life insurance business" has the meaning assigned to it in clause (11) of Section 2 of the Insurance Act, 1938 (4 of 1938);

(52) "magnetic storage device" includes wax blanks, discs or blanks, strips or films for the purpose of original sound recording;

(53) "management consultant" means any person who is engaged in providing any service, either directly or indirectly, in connection with the management of any organisation in any manner and includes any person who renders any advice, consultancy or technical assistance, relating to conceptualising, devising, development, modification, rectification or upgradation of any working system of any organisation;

(54) "mandap" means any immovable property as defined in Section 3 of the Transfer of Property Act, 1882 (4 of 1882) and includes any furniture, fixtures, light fittings and floor coverings therein let out for a consideration for organising any official, social or business function;

(55) "mandap keeper" means a person who allows temporary occupation of a mandap for a consideration for organising any official, social or business function;

(56) "manpower recruitment agency" means any commercial concern engaged in providing any service, directly or indirectly, in any manner for recruitment of manpower, to a client;

(57) "market research agency" means any commercial concern engaged in conducting market research in any manner, in relation to any product, service or utility, including all types of customised and syndicated research services;

(58) "maxi cab" has the meaning assigned to it in clause (22) of Section 2 of the Motor Vehicles Act, 1988 (59 of 1988);

(59) "motor cab" has the meaning assigned to it in clause (25) of Section 2 of the Motor Vehicles Act, 1988 (59 of 1988);

(60) "non-banking financial company" has the meaning assigned to it in clause (f) of S.45I of the Reserve Bank of India Act, 1934 (2 of 1934);

(61) "on-line information and database access or retrieval" means providing data or information, retrievable or otherwise, to a customer, in electronic form through a computer network;

(62) "pager" means an instrument, apparatus or appliance which is a non- speech, one way personal calling system with alert and has the capability of receiving, storing and displaying numeric or alphanumeric messages;

(63) "photography" includes still photography, motion picture photography, laser photography, aerial photography or fluorescent photography;

(64) "photography studio or agency" means any professional photographer or a commercial concern engaged in the business of rendering service relating to photography;

(65) "policy holder" has the meaning assigned to it in clause (2) of Section 2 of the Insurance Act, 1938 (4 of 1938);

(66) "port" has the meaning assigned to it in clause (q) of Section 2 of the Major Port Trusts Act, 1963 (38 of 1963);

(67) "port services" means any service rendered by a port or any person authorised by the port, in any manner, in relation to a vessel or goods;

(68) "practising chartered accountant" means a person who is a member of the Institute of Chartered Accountants of India and is holding a certificate of practice granted under the provisions of the Chartered Accountants Act, 1949 (38 of 1949) and includes any concern engaged in rendering services in the field of chartered accountancy;

(69) "practising cost accountant" means a person who is a member of the Institute of Cost and Works Accountants of India and is holding a certificate of practice granted under the provisions of the Cost and Works Accountants Act, 1959 (23 of 1959) and includes any concern engaged in rendering services in the field of cost accountancy;

(70) "practising company secretary" means a person who is a member of the Institute of Company Secretaries of India and is holding a certificate of practice granted under the provisions of the Company Secretaries Act, 1980 (56 of 1980) and includes any concern engaged in rendering services in the field of company secretaryship;

(71) "prescribed" means prescribed by rules made under this Chapter;

(72) "rail travel agent" means any person engaged in providing any service connected with booking of passage for travel by rail;

(73) "real estate agent" means a person who is engaged in rendering any service in relation to sale, purchase, leasing or renting, of real estate and includes a real estate consultant;

(74) "real estate consultant" means a person who renders in any manner, either directly or indirectly, advice, consultancy or technical assistance, in relation to evaluation, conception, design, development, construction, implementation, supervision, maintenance, marketing, acquisition or management, of real estate;

(75) "recognised stock exchange" has the meaning assigned to it in clause (f) of S.2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956);

(76) "rent-a-cab scheme operator" means any person engaged in the business of renting of cabs;

(77) "scientific or technical consultancy" means any advice, consultancy, or scientific or technical assistance, rendered in any manner, either directly or indirectly, by a scientist or a technocrat, or any science or technology institution or organisation, to a client, in one or more disciplines of science or technology;

(78) "securities" has the meaning assigned to it in clause (h) of S.2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956);

(79) "security agency" means any commercial concern engaged in the business of rendering services relating to the security of any property, whether movable or immovable, or of any person, in any manner and includes the services of investigation, detection or verification, of any fact or activity,

whether of a personal nature or otherwise, including the services of providing security personnel;

(80) "service tax" means tax leviable under the provisions of this Chapter;

(81) "ship" means a sea-going vessel and includes a sailing vessel;

(82) "shipping line" means any person who owns or charters a ship and includes an enterprise which operates or manages the business of shipping;

(83) "sound recording" means recording of sound on a magnetic storage device and includes editing thereof, in any manner;

(84) "sound recording studio or agency" means any commercial concern engaged in the business of rendering any service relating to sound recording;

(85) "steamer agent" means any person who undertakes, either directly or indirectly,-

(a) to perform any service in connection with the ship's husbandry or dispatch including the rendering of administrative work related thereto; or

(b) to book, advertise or canvass for cargo for or on behalf of a shipping line; or

(c) to provide container feeder services for or on behalf of a shipping line;

(86) "stock-broker" means a stock-broker who has either made an application for registration or is registered as a stock-broker in accordance with the rules and regulations made under the Securities and Exchange Board of India Act, 1992 (15 of 1992);

(87) "storage and warehousing" includes storage and warehousing services for goods including liquids and gases but does not include any service provided for storage of agricultural produce or any service provided by a cold storage;

(88) "sub-broker" means a sub-broker who has either made an application for registration or is registered as a sub-broker in accordance with the rules and regulations made under the Securities and Exchange Board of India Act, 1992 (15 of 1992);

(89) "subscriber" means a person to whom any service of a telephone connection or a facsimile or a leased circuit or a pager or a telegraph or a telex has been provided by the telegraph authority;

(90) "taxable service" means any service provided,-

(a) to an investor, by a stock-broker in connection with the sale or purchase of securities listed on a recognised stock exchange;

(b) to a subscriber, by the telegraph authority in relation to a telephone connection;

(c) to a subscriber, by the telegraph authority in relation to a pager;

(d) to a policy holder, by an insurer carrying on general insurance business in relation to general insurance business;

(e) to a client, by an advertising agency in relation to advertisement, in any manner;

(f) to a customer, by a courier agency in relation to door-to-door transportation of time-sensitive documents, goods or articles;

(g) to a client, by a consulting engineer in relation to advice, consultancy or technical assistance in any manner in one or more disciplines of engineering;

(h) to a client, by a custom house agent in relation to the entry or departure of conveyances or the import or export of goods;

(i) to a shipping line, by a steamer agent in relation to a ship's husbandry or dispatch or any administrative work related thereto as well as the booking, advertising or canvassing of cargo, including container feeder services;

(j) to a client, by a clearing and forwarding agent in relation to clearing and forwarding operations, in any manner;

(k) to a client, by a manpower recruitment agency in relation to the recruitment of manpower, in any manner;

(l) to a customer, by an air travel agent in relation to the booking of passage for travel by air;

- (m) to a client, by a mandap keeper in relation to the use of mandap in any manner including the facilities provided to the client in relation to such use and also the services, if any, rendered as a caterer;
- (n) to any person, by a tour operator in relation to a tour;
- (o) to any person, by a rent-a-cab scheme operator in relation to the renting of a cab;
- (p) to a client, by an architect in his professional capacity, in any manner;
- (q) to a client, by an interior decorator in relation to planning, design or beautification of spaces, whether man-made or otherwise, in any manner;
- (r) to a client, by a management consultant in connection with the management of any organisation, in any manner;
- (s) to a client; by a practising chartered accountant in his professional capacity, in any manner;
- (t) to a client, by a practising cost accountant in his professional capacity, in any manner;
- (u) to a client, by a practising company secretary in his professional capacity, in any manner;
- (v) to a client, by a real estate agent in relation to real estate;
- (w) to a client, by a security agency in relation to the security of any property or person, by providing security personnel or otherwise and includes the provision of services of investigation, detection or verification of any fact or activity;
- (x) to a client, by a credit rating agency in relation to credit rating of any financial obligation, instrument or security;
- (y) to a client, by a market research agency in relation to market research of any product, service or utility, in any manner;
- (z) to a client, by an underwriter in relation to underwriting, in any manner;
- (za) to a client, by a scientist or a technocrat, or any science or technology institution or organisation, in relation to scientific or technical consultancy;
- (zb) to a customer, by a photography studio or agency in relation to photography, in any manner;
- (zc) to a client, by any commercial concern in relation to holding of a convention, in any manner;
- (zd) to a subscriber, by the telegraph authority in relation to a leased circuit;
- (ze) to a subscriber, by the telegraph authority in relation to a communication through telegraph;
- (zf) to a subscriber, by the telegraph authority in relation to a communication through telex;
- (zg) to a subscriber, by the telegraph authority in relation to a facsimile communication;
- (zh) to a customer, by a commercial concern, in relation to online information and database access or retrieval or both in electronic form through computer network, in any manner;
- (zi) to a client, by a video production agency in relation to videotape production, in any manner;
- (zj) to a client, by a sound recording studio or agency in relation to any kind of sound recording;
- (zk) to a client, by a broadcasting agency or organisation in relation to broadcasting in any manner and, in the case of a broadcasting agency or organisation, having its head office situated in any place outside India, includes service provided by its branch office or subsidiary or representative in India or any agent appointed in India or by any person who acts on its behalf in any manner, engaged in the activity of selling of time slots for broadcasting of any programme or obtaining sponsorships for programme or collecting broadcasting charges on behalf of the said agency or organisation.

Explanation.-For the removal of doubts, it is hereby declared that so long as the radio or television programme broadcast is received in India and intended for listening or viewing, as the case may be, by the public, such service shall be a taxable service in relation to broadcasting, even if the encryption of the signals or beaming thereof through the satellite might have taken place outside India;

- (zl) to a policy holder or insurer, by an actuary, or intermediary or insurance intermediary or insurance agent, in relation to insurance auxiliary services concerning general insurance business;

(zm) to a customer, by a banking company or a financial institution including a non-banking financial company, in relation to banking and other financial services;

(zn) to any person, by a port or any person authorised by the port, in relation to port services, in any manner;

(zo) to a customer, by an authorised service station, in relation to any service or repair of motor cars or two wheeled motor vehicles, in any manner;

(zp) to a customer, by a body corporate other than the body corporate referred to in sub-clause (zw), in relation to banking and other financial services;

(zq) to a customer, by a beauty parlour in relation to beauty treatment;

(zr) to any person, by a cargo handling agency in relation to cargo handling services;

(zs) to a customer, by a cable operator in relation to cable services;

(zt) to a customer, by a dry cleaner in relation to dry cleaning;

(zu) to a client, by an event manager in relation to event management;

(zv) to any person, by a fashion designer in relation to fashion designing;

(zw) to any person, by a health club and fitness centre in relation to health and fitness services;

(zx) to a policy holder, by an insurer carrying on life insurance business in relation to life insurance business;

(zy) to a policy holder or insurer by an actuary, or intermediary or insurance intermediary or insurance agent, in relation to insurance auxiliary services concerning life insurance business;

(zz) to a customer, by a rail travel agent in relation to booking of passage for travel by rail;

(zza) to any person, by a storage or warehouse keeper in relation to storage and warehousing of goods;

(91) "telegraph" has the meaning assigned to it in clause (1) of S.3 of the Indian Telegraph Act, 1885 (13 of 1885);

(92) "telegraph authority" has the meaning assigned to it in clause (6) of S.3 of the Indian Telegraph Act, 1885 (13 of 1885) and includes a person who has been granted a licence under the first proviso to sub-section (1) of Section 4 of that Act;

(93) "telex" means a typed communication by using teleprinters through telex exchanges;

(94) "tour" means a journey from one place to another irrespective of the distance between such places;

(95) "tourist vehicle" has the meaning assigned to it in clause (43) of Section 2 of the Motor Vehicles Act, 1988 (59 of 1988);

(96) "tour operator" means any person engaged in the business of operating tours in a tourist vehicle covered by a permit granted under the Motor Vehicles Act, 1988 (59 of 1988) or the rules made thereunder;

(97) "underwriter" has the meaning assigned to it in clause (f) of Rule 2 of the Securities and Exchange Board of India (Underwriters) Rules, 1993;

(98) "underwriting" has the meaning assigned to it in clause (g) of Rule 2 of the Securities and Exchange Board of India (Underwriters) Rules, 1993;

(99) "vessel" has the meaning assigned to it in clause (z) of Section 2 of the Major Port Trusts Act, 1963 (38 of 1963);

(100) "video production agency" means any professional videographer or any commercial concern engaged in the business of rendering services relating to video-tape production;

(101) "video-tape production" means the process of any recording of any programme, event or function on a magnetic tape and includes editing thereof, in any manner;

(102) words and expressions used but not defined in this Chapter and defined in the Central Excise Act, 1944 (1 of 1944) or the rules made thereunder, shall apply, so far as may be, in relation to service tax as they apply in relation to a duty of excise.¹;

(b) for Section 66 , the following section shall be substituted, namely:- "66. Charge of service tax.-

(1) On and from the date of commencement of this Chapter, there shall be levied a tax (hereinafter referred to as the service tax), at the rate of five per cent of the value of the taxable services referred to in sub-clauses (a), (b) and (d) of clause (90) of Section 65 and collected in such manner as may be prescribed.

(2) With effect from the date notified under S.85 of the Finance (No.2) Act, 1996 (33 of 1996), there shall be levied a service tax at the rate of five per cent of the value of the taxable services referred to in sub-clauses (c), (e) and (f) of clause (90) of Section 65 and collected in such manner as may be prescribed.

(3) With effect from the date notified under Section 88 of the Finance Act, 1997 (26 of 1997), there shall be levied a service tax at the rate of five per cent of the value of the taxable services referred to in sub-clauses (g), (h), (i), (j), (k), (l), (m), (n) and (o) of clause (90) of Section 65 and collected in such manner as may be prescribed.

(4) With effect from the date notified under S.116 of the Finance (No. 2) Act, 1998 (21 of 1998), there shall be levied a service tax at the rate of five per cent of the value of the taxable services referred to in sub-clauses (p), (q), (r), (s), (t), (u), (v), (w), (x), (y) and (z) of clause (90) of Section 65 and collected in such manner as may be prescribed.

(5) With effect from the date notified under Section 137 of the Finance Act, 2001 (14 of 2001), there shall be levied a service tax at the rate of five per cent of the value of the taxable services referred to in sub-clauses (za), (zfc), (zc), (zd), (ze), (zf), (zg), (zh), (zi), (zj), (zk), (zl), (zm), (zn) and (zo) of clause (90) of Section 65 and collected in such manner as may be prescribed.

(6) With effect from the date notified under Section 149 of the Finance Act, 2002 , there shall be levied a service tax at the rate of five per cent of the value of the taxable services referred to in sub-clauses (zp), (zq), (zr), (zs), (zt), (zu), (zv), (zw), (zx), (zy), (zz) and (zza) of clause (90) of Section 65 and collected in such manner as may be prescribed.";

(c) in Section 67 , in the Explanation,-

(i) in clause (e), the word "and" shall be omitted;

(ii) in clause (f), for the words "by such manufacturer," the words "by such manufacturer; and" shall be substituted;

(iii) after clause (f), the following clause shall be inserted, namely:- "(g) the commission or any amount received by the rail travel agent from the Railways or the customer,";

(iv) in the portion beginning with the brackets, letter and words "(b) the cost of and ending with the words "providing the service; and", the word "and" shall be omitted;

(v) after the portion beginning with the brackets, letter and words "(c) the cost of parts" and ending with the words "two wheeled motor vehicles", the following shall be inserted, namely:- "(d) the air fare collected by air travel agent in respect of service provided by him; and (e) the rail fare collected by rail travel agent in respect of service provided by him.";

(d) in Section 73 -

(a) Section 73 shall be numbered as sub-section (1) thereof, and in sub- section (1) as so numbered,-

(i) in clauses (a) and (b), for the words "has been under-assessed", occurring in both the clauses, the words "has been under-assessed or service tax has not been paid or has been short-paid" shall respectively be substituted;

(ii) for the portion beginning with the words "he may, in case falling" and ending with the words "of the taxable service", the following shall be substituted, namely:- "he may, in cases falling under clause (a), at any time within five years, and in cases falling under clause (b), at any time within one year, from the relevant date, serve notice on the person chargeable with the service tax which has escaped assessment or has been under-assessed or has not been paid or has been short-paid, or to whom any sum has been erroneously refunded, requiring him to show cause why he should not pay the amount specified in the notice.";

(b) after sub-section

(1) as so numbered, the following sub-sections shall be inserted, namely:-

'(2) The Assistant Commissioner of Central Excise or, as the case may be. Deputy Commissioner of Central Excise shall, after considering the representation, if any, made by the person on whom notice is served under sub-section (1), determine the amount of service tax due from such person (not being in excess of the amount specified in the notice) and thereupon such person shall pay the amount so determined.

(3) For the purposes of this section, "relevant date" means,-

(i) in the case of taxable service in respect of which service tax has escaped assessment or has been under-assessed or has not been paid or has been short-paid-

(a) where under the rules made under this Chapter, a periodical return, showing particulars of service tax paid during the period to which the said return relates, is to be filed by an assessee, the date on which such return is so filed,

(b) where no periodical return as aforesaid is filed, the last date on which such return is to be filed under the said rules;

(c) in any other case, the date on which the service tax is to be paid under this Chapter or the rules made thereunder;

(ii) in a case where the service tax is provisionally assessed under this Chapter or the rules made thereunder, the date of adjustment of the service tax after the final assessment thereof;

(iii) in a case where any sum, relating to service tax, has erroneously been refunded, the date of such refund.';

(e) in Section 75 , for the words "twenty-four per cent", the words "fifteen per cent" shall be substituted;

(f) in Section 78 , in the proviso, for the words "twenty-five thousand rupees", the words "two lakh rupees" shall be substituted;

(g) in Section 82 , in sub-section (1),-

(i) for the words "any other", the word "any" shall be substituted;

(ii) for the words "to search or may himself search for such documents or books or things", the words "to search for and seize or may himself search for and seize, such documents or books or things" shall be substituted;

(h) in Section 83 of the Indian Penal Code, 1860 , after the figures and letters "11-BB," the figures and letter "11- D," shall be inserted;

(i) in Section 94 of the Code of Criminal Procedure, 1973 , in sub-section (2), after clause (e), the following clause shall be inserted, namely:- "(ee) the credit of service tax paid on the services consumed for providing a taxable service in case where the services consumed and the service provided fall in the same category of taxable service;"

(j) for Section 95 , the following section shall be substituted, namely:- "95. Power to remove difficulties.-

(1) If any difficulty arises in respect of implementing, or assessing the value of, any taxable service incorporated in this Chapter by the Finance Act, 2002, the Central Government may, by order published in the Official Gazette, which is not inconsistent with the provisions of this Chapter, remove the difficulty : Provided that no such order shall be made after the expiry of a period of two years from the date on which the provisions of the Finance Act, 2002 incorporating such taxable services in this Chapter come into force.

(2) Every order made under this section shall be laid, as soon as may be after it is made, before each House of the Parliament."

#### CHAPTER 6 CENTRAL SALES TAX

#### **150. Amendment of Section 2 :-**

In the Central Sales Tax Act, 1956 (74 of 1956) (hereinafter referred to as the Central Sales Tax Act), in Section 2 , for clause (g), the following clause shall be substituted, namely:- '(g) "sale", with its

grammatical variations and cognate expressions, means any transfer of property in goods by one person to another for cash or deferred payment or for any other valuable consideration, and includes,-

- (i) a transfer, otherwise than in pursuance of a contract, of property in any goods for cash, deferred payment or other valuable consideration;
- (ii) a transfer of property in goods (whether as goods or in some other form) involved in the execution of a works contract;
- (iii) a delivery of goods on hire-purchase or any system of payment by instalments;
- (iv) a transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration;
- (v) a supply of goods by any unincorporated association or body of persons to a member thereof for cash, deferred payment or other valuable consideration;
- (vi) a supply, by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink (whether or not intoxicating), where such supply or service, is for cash, deferred payment or other valuable consideration, but does not include a mortgage or hypothecation of or a charge or pledge on goods;'

**151. Amendment of Section 6-A :-**

In Section 6A OF THE Central SalesTax Act, 1956 , in sub- section (1), after the words "along with the evidence of despatch of such goods", the words ",and if the dealer fails to furnish such declaration, then, the movement of such goods shall be deemed for all purposes of this Act to have been occasioned as a result of sale" shall be inserted.

**152. Amendment of Section 8 :-**

In Section 8 OF THE Central Sales Tax Act, 1956 ,-

- (i) in sub-section (1), after the words "four per cent of his turnover", the words "or at the rate applicable to the sale or purchase of such goods inside the appropriate State under the sales tax law of that State, whichever is lower" shall be inserted;
- (ii) in sub-section (2),-
  - (a) in clause (a), the word "and" shall be omitted;
  - (b) in clause (b), for the words "whichever is higher,", the words "whichever is higher; and" shall be substituted;
  - (c) for the portion beginning with the words "and for the purpose of and ending with the words "liable under that law", the following shall be substituted, namely:- "(c) in the case of goods, the sale or, as the case may be, the purchase of which is, under the sales tax law of the appropriate State, exempt from tax generally shall be nil, and for the purpose of making any such calculation under clause (a) or clause (b), any such dealer shall be deemed to be a dealer liable to pay tax under the sales tax law of the appropriate State, notwithstanding that he, in fact, may not be so liable under that law.

Explanation.-For the purposes of this sub-section, a sale or purchase of any goods shall not be deemed to be exempt from tax generally under the sales tax law of the appropriate State if under that law the sale or purchase of such goods is exempt only in specified circumstances or under specified conditions or the tax is levied on the sale or purchase of such goods at specified stages or otherwise than with reference to the turnover of the goods.";

- (iii) sub-section (2-A) shall be omitted;
- (iv) in sub-section (3), in clause (b), after the words "for sale or", the words "in the telecommunications network or" shall be inserted;
- (v) in sub-section (5),-
  - (a) in the opening paragraph, after the words "State Government may,", the words, brackets and figure "on the fulfilment of the requirements laid down in sub-section (4) by the dealer," shall be inserted;
  - (b) in clause (a), after the words "inter-State trade or commerce,", the words "to a registered dealer or the Government" shall be inserted;
  - (c) in clause (b), after the words "inter-State trade or commerce,", the words "to a registered dealer or the Government" shall be inserted;

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

'(6) Notwithstanding anything contained in this section, no tax under this Act shall be payable by any dealer in respect of sale of any goods made by such dealer, in the course of inter-State trade or commerce, to a registered dealer for the purpose of manufacture, production, processing, assembling, repairing, reconditioning, re-engineering, packaging or for use as trading or packing material or packing accessories in an unit located in any special economic zone, if such registered dealer has been authorised to establish such unit by the authority specified by the Central Government in this behalf.

(7) The goods referred to in sub-section (6) shall be the goods of such class or classes of goods as specified in the certificate of registration of the registered dealer referred to in that sub-section.

(8) The provisions of sub-sections (6) and (7) shall not apply to any sale of goods made in the course of inter-State trade or commerce unless the dealer selling such goods furnishes to the authority referred to in sub-section (6), a declaration in the prescribed manner on the prescribed form obtained from the authority referred to in sub-section (5), duly filled in and signed by the registered dealer to whom such goods are sold.

Explanation.-For the purposes of sub-section (6), the expression "special economic zone" has the meaning assigned to it in clause (iii) to Explanation 2 to the proviso to Section 3 of the Central Excise Act, 1944 (1 of 1944).'

**153. Amendment of Section 10 :-**

In Section 10 of the Central Sales Tax Act,-

(i) in clause (a), after the word, brackets and figure "sub-section (4)", the words, brackets and figure "or sub-section (8)" shall be inserted;

(ii) in clause (a), after the word, brackets and figure "sub-section (3)", the words, brackets and figure "or sub-section (6)" shall be inserted;

(iii) in clause (e), after the words, brackets and figure "or sub-section (4)", the words, brackets and figure "or sub-section (8)" shall be inserted.

**154. Amendment of Section 13 :-**

In S.13 of the Central Sales Tax Act. in sub- section (1), after clause (a), the following clause shall be inserted, namely:- "(aa) the form and the manner for furnishing declaration under sub-section (8) of Section 8;"

**155. Amendment of Section 15 :-**

In Section 15 of the Central Sales Tax Act, 1956 , in clause (a), the words ", and such tax shall not be levied at more than one stage" shall be omitted.

CHAPTER 7  
MISCELLANEOUS

**156. Amendment of Act 6 of 1898 :-**

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:- \ \ \ \ \ "THE FIRST SCHEDULE \ \ \ \ \ (See Section 7 ) \ \ \ \ \ \ INLAND POSTAGE RATES \ \ \ \ \ \ Letters For a weight not exceeding twenty grams Rs. 5.00 For every twenty grams, or fraction thereof, exceeding twenty grams Rs. 5.00 \ \ \ \ \ \ Letter-cards For a letter-card Rs. 2.50 \ \ \ \ \ \ Postcards Postcards (not being postcards containing printed communication, competition postcards or Meghdoot postcards) Single 50 paise Reply Re 1.00 \ \ \ \ \ \ Meghdoot Postcards Postcards containing printed advertisement on the address side (not being postcards containing printed communication or competition postcards) For a Meghdoot postcard 25 paise \ \ \ \ \ \ \ Printed Postcards Postcards containing printed communication (not being competition postcards or Meghdoot postcards) For a postcard Rs. 6.00

Explanation.-A postcard 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 pan of the postcard except the right hand half of the address-side thereof.

\ \ \ \ \ \ Competition Postcards For a postcard \ \ Rs. 10.00

Explanation.-A postcard shall be deemed to be a competition postcard if it is used in response to any competition organised on or through television, radio, newspapers, magazine or any other media.

\\ \\ \\ Book, Pattern and Sample Packets For the first fifty grams or fraction thereof Rs. 4.00 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 25 paise For a weight exceeding fifty grams but not exceeding one hundred grams 50 paise For every additional one hundred grams, or fraction thereof, exceeding one hundred grams 20 paise In the case of more than one copy of the same issue of a registered newspaper being carried in the same packet- For a weight not exceeding one hundred grams 50 paise For every additional one hundred grams, or fraction thereof, exceeding one hundred grams 20 paise 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. \\ \\ \\ \\ \\ Parcels For a weight not exceeding five hundred grams Rs. 19.00 For every five hundred grams, or fraction thereof, exceeding five hundred grams Rs. 16.00."

**157. Omission of Section 43-A of Act 31 of 1956 :-**

Section 43A of the Life Insurance Corporation Act, 1956 shall be omitted with effect from the 1st day of June, 2002.

**158. Omission of Section 35-A of Act 57 of 1972 :-**

Section 35A of the General Insurance Business (Nationalisation) Act, 1972 shall be omitted with effect from the 1st day of June, 2002.

**159. Omission of Section 22-A of Act 47 of 1974 :-**

In the Oil Industry (Development) Act, 1974 [hereinafter referred to as the Oil Industry (Development) Act], Section 22-A shall be omitted with effect from the 1st day of April, 2003.

**160. Amendment of the Schedule to Act 47 of 1974 :-**

In the Schedule to the Oil Industry (Development) Act, against Serial Number 1 relating to crude oil, for the entry in column 3, the entry "Rupees two thousand per tonne" shall be substituted.

**161. Amendment of notification issued under sub-section (4) of Section 15 of the Oil Industry (Development) Act read with Section 5-A of the Central Excise Act :-**

(1) The notification of the Government of India in the Ministry of Petroleum and Natural Gas No. S.O. 417(E), dated the 12th April, 2002 issued under sub-section (4) of Section 15 of the Oil Industry (Development) Act, 1974 read with Section 5A of the Central Excise Act, 1944 , by the Central Government, shall be deemed to have come into force on and from the 1st day of March, 2002 retrospectively and accordingly, notwithstanding anything contained in any judgment, decree or order of any court, tribunal or other authority, any action taken or anything done or purported to have been taken or done under the said notification, shall be deemed to be and always to have been, for all purposes, as validly or effectively taken or done as if the notification as amended by this sub-section had been in force at all material times.

(2) For the purposes of sub-section (1), the Central Government shall have and shall be deemed to have the power to exempt the goods specified in the notification referred to in the said sub-section with retrospective effect as if the Central Government had the power to exempt the said goods under sub-section (4) of S.15 of the Oil Industry (Development) Act read with Section 5A of the Central Excise Act, 1944 , retrospectively, at all material times.

(3) Refund shall be made of all such duty of excise, which have been collected, but which would not have been so collected, if the exemption referred to in sub-section (1) had been in force at all material times.

(4) Notwithstanding anything contained in Section 11B of the Central Excise Act, 1944 , an application for the claim of refund of the duty of excise under sub-section (3) shall be made within one year from the date on which the Finance Bill, 2002 receives the assent of the President.

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 have been so punishable if the notification referred to in this section had not been amended retrospectively by this section.

**162. Omission of Section 44 of Act 37 of 1987 :-**

Section 44 of the National Dairy Development Board Act, 1987 shall be omitted with effect from the 1st day of April, 2003.

**163. Omission of Section 22 of Act 25 of 1990 :-**

Section 22 of the Prasar Bharati (Broadcasting Corporation of India) Act, 1990 shall be omitted with effect from the 1st day of April, 2003.

PART  
INCOME TAX

PART  
RATES FOR DEDUCTION OF TAX AT SOURCE IN CERTAIN CASES

PART  
RATES FOR CHARGING INCOME TAX IN CERTAIN CASES, DEDUCTING INCOME TAX FROM INCOME CHARGED UNDER THE HEAD "SALARIES" AND COMPUTING "ADVANCE TAX"

PART  
RULES FOR COMPUTATION OF NET AGRICULTURAL INCOME

SCHEDULE 2  
THE SECOND SCHEDULE

(See Section 131 ) In the First Schedule to the Customs Tariff Act- (1) in Chapter 1, for the entry in column (4) occurring against each of the sub-headings, the entry "30%" shall be substituted; (2) in Chapter 2, for the entry in column (4) occurring against each of the sub-headings (except sub- headings 0207.13 and 0207.14), the entry "30%" shall be substituted; (3) in Chapter 3, for the entry in column (4) occurring against each of the sub-headings, the entry "30%" shall be substituted; (4) in Chapter 4,- (i) for the entry in column (4) occurring against each of the sub-headings (except sub- headings 0402.10, 0402.21, 0405.10, 0405.20, 0405.90 and 0406.90), the entry "30%" shall be substituted; (ii) for the entry in column (4) occurring against each of the sub-headings 0405.20 and 0405.90, the entry "40%" shall be substituted; (5) in Chapter 5,- (i) for the entry in column (4) occurring against each of the sub-headings (except sub- heading 0507.10), the entry "30%" shall be substituted; (ii) in sub-heading 0507.10, for the entries in column (4) and column (5), the entries "30%" and "20%" shall respectively be substituted; (6) in Chapter 6, in sub-headings 0603.10, 0603.90, 0604.10, 0604.91 and 0604.99, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (7) in Chapter 7,- (i) for the entries in column (4) and column (5) occurring against each of the sub-headings (except sub-headings 0713.10, 0713.20, 0713.31, 0713.32, 0713.33, 0713.39, 0713.40, 0713.50 and 0713.90), the entries "30%" and "20%" shall respectively be substituted; (ii) in sub-heading 0713.10, for the entry in column (5), the entry "40%" shall be substituted; (in) in sub-headings 0713.20, 0713.31, 0713.32, 0713.33, 0713.39, 0713.40, 0713.50 and 0713.90, for the entries in column (4) and column (5) occurring against each of them, the entries "30%" and "20%" shall respectively be substituted; (8) in Chapter 8,- (i) for the entries in column (4) and column (5) occurring against each of the sub- headings(except sub-headings 0801.11, 0801.19, 0801.31, 0802.11, 0802.12, 0802.90, 0805.10, 0805.40, 0805.50, 0806.10, 0806.20, 0808.10, 0808.20, 0809.40 and 0813.20), the entries "30%" and "20%" shall respectively be substituted; (ii) in sub-heading 0801.31, for the entry in column (4), the entry "30%" shall be substituted; (iii) in sub-heading 0802.11, for the entry in column (5), the entry "Rs 30 per kg" shall be substituted; (iv) in sub-heading 0802.90, for the entry in column (5), the entry "90%" shall be substituted; (v) in sub-heading 0805.40, for the entry in column (5), the entry "15%" shall be substituted; (vi) in sub-heading 0806.10, for the entry in column (5), the entry "30%" shall be substituted; (vii) in sub-heading 0806.20, for the entries in column (4) and column (5) occurring against each of them, the entries "105%" and "95%" shall respectively be substituted; (viii) in sub-heading 0808.10, for the entry in column (5), the entry "40%" shall be substituted; (ix) in sub-heading 0808.20, for the entry in column (5), the entry "25%" shall be substituted; (x) in sub-heading 0813.20, for the entry in column (5), the entry "15%" shall be substituted; (9) In Chapter 9,- (i) in sub-headings 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 "100%" and "100% less 13 paise per kg" shall respectively be substituted; (ii) in sub-headings 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 "100%" and "100% less 26 paise per kg" shall respectively be substituted; (in) in sub-heading 0903.00, for the entries in column (4) and column (5) occurring against each of them, the entries "30%" and "30% less 26 paise per kg" shall respectively be substituted; (iv) in sub-headings 0904.11 and 0904.12, for the entries in column (4) and column (5) occurring against each of them, the entries "70%" and "62.5%" shall respectively be substituted; (v) in sub-heading 0904.20, for the entry in column (4), the entry "70%" shall be substituted; (vi) in sub-heading 0905.00, for the entry in column (4), the entry "30%" shall be substituted; (vii) in sub-headings 0906.10 and 0906.20, for the entries in column (4) and column (5) occurring against each of them, the entries "30%" and "22.5%" shall respectively be substituted; (viii) in sub-heading 0907.00, for the entries in column (4) and column (5) occurring against each of them, the entries "70%" and "62.5%" shall respectively be substituted; (ix) in sub-heading 0908.10, for the entries in column (4) and column (5) occurring against each of them, the entries "30%" and "22.5%" shall respectively be substituted; (x) in sub-heading 0908.20, for the entry in column (4), the entry "30%" shall be substituted; (xi) in sub-heading 0908.30, for the entries in column (4) and column (5) occurring against each of them, the entries "70%" and "62.5%" shall respectively be substituted; (xii) in sub-headings 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 "30%" shall be substituted; (10) in Chapter 11, for the entry in column (4) occurring against each of the sub-headings (except sub-heading 1107.10), the entry "30%" shall be substituted; (11) in Chapter 12- (i) for the entry in column (4) occurring against each of the sub-headings (except sub- headings 1201.00, 1202.10, 1202.20, 1203.00, 1204.00, 1205.10, 1205.90, 1206.00, 1207.10, 1207.20, 1207.30, 1207.40, 1207.50, 1207.60, 1207.91, 1207.99, 1209.91 and 1209.99), the entry "30%" shall be substituted; (ii) in sub-headings 1201.00, 1202.10, 1202.20, 1204.00, 1205.10, 1205.90, 1206.00, 1207.10, 1207.20, 1207.30, 1207.40, 1207.50 and 1207.60, for the entries in column (4) and column (5) occurring against each of them, the entries "30%" and "20%" shall respectively be substituted; (iii) in sub-heading 1207.91, for the entries in column (4) and column (5) occurring against each of them, the entries "70%" and "60%" shall respectively be substituted; (iv) in sub-heading 1207.99, for the entries in column (4) and column (5) occurring against each of them, the entries "30%" and "20%" shall respectively be substituted; (12) in Chapter 13,- (i) for the entry in column (4) occurring against each of the sub-headings (except sub- heading 1301.20), the entry "30%" shall be substituted; (ii) in sub-heading 1301.20, for the entries in column (4) and column (5) occurring against each of them, the entries "30%" and "20%" shall respectively be substituted; (13) in Chapter 14, for the entry in column (4) occurring against each of the sub-headings, the entry "30%" shall be substituted; (14) in Chapter 15- (i) in sub-headings 1501.00, 1503.00, 1504.10, 1504.20, 1504.30, 1505.00 and 1506.00, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (ii) in sub-headings 1507.10 and 1507.90, for the entry in column (5) occurring against each of them, the entry "35%" shall be substituted; (iii) in sub-headings 1508.10 and 1508.90, for the entry in column (5) occurring against each of them, the entry "90%" shall be substituted; (iv) in sub-heading 1509.10, for the entry in column (5), the entry "35%" shall be substituted; (v) in sub-heading 1509.90, for the entry in column (5), the entry "30%" shall be substituted; (vi) in sub-heading 1510.00, for the entry in column (5), the

entry "35%" shall be substituted: (vii) in sub-headings 1511.10, 1511.90, 1512.11, 1512.19, 1512.21, 1512.29, 1513.11, 1513.19, 1513.21 and 1513.29, for the entry in column (5) occurring against each of them, the entry "90%" shall be substituted; (viii) in sub-headings 1514.11, 1514.19, 1514.91 and 1514.99, for the entry in column (5) occurring against each of them, the entry "65%" shall be substituted; (ix) in sub-headings 1515.11, 1515.19, 1515.21, 1515.29, 1515.30, 1515.40, 1515.50 and 1515.90, for the entry in column (5) occurring against each of them, the entry "90%" shall be substituted; (x) in sub-headings 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 "30%" shall be substituted; (15) in Chapter 16, for the entry in column (4) occurring against each of the sub-headings (except sub-headings 1601.00 and 1602.32), the entry "30%" shall be substituted; (16) in Chapter 17, for the entry in column (4) occurring against each of the sub-headings (except sub-headings 1701.11, 1701.12, 1701.91, 1701.99 and 1704.10), the entry "30%" shall be substituted; (17) in Chapter 18, for the entry in column (4) occurring against each of the sub-headings, the entry "30%" shall be substituted; (18) in Chapter 19, for the entry in column (4) occurring against each of the sub-headings (except sub-headings 1901.10, 1905.31 and 1905.32), the entry "30%" shall be substituted; (19) in Chapter 20, for the entry in column (4) occurring against each of the sub-headings (except sub-headings 2004.10, 2009.11, 2009.12 and 2009.19), the entry "30%" shall be substituted; (20) in Chapter 21,- (i) for the entry in column (4) occurring against each of the sub-headings (except sub-heading 2106.90), the entry "30%" shall be substituted; (ii) in sub-heading 2106.90, for the entry in column (4), the entry "160%" shall be substituted; (21) in Chapter 22,- (i) in sub-headings 2201.10, 2201.90, 2202.10 and 2202.90, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (ii) in sub-heading 2207.10, for the entry in column (4), the entry "182%" shall be substituted; (iii) in sub-heading 2207.20, for the entry in column (4), the entry "30%" shall be substituted; (iv) in sub-headings 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 "182%" shall be substituted; (v) in sub-heading 2209.00, for the entry in column (4), the entry "30%" shall be substituted; (22) in Chapter 23, for the entry in column (4) occurring against each of the sub-headings, the entry "30%" shall be substituted; (23) in Chapter 24, for the entry in column (4) occurring against each of the sub-headings, the entry "30%" shall be substituted; (24) in Chapter 25,- (i) in sub-headings 2504.10 and 2504.90, for the entries in column (4) and column (5) occurring against each of them, the entries "30%" and "20%" shall respectively be substituted; (ii) in sub-headings 2515.11, 2515.12, 2515.20, 2516.11, 2516.12, 2516.21, 2516.22, 2516.90, 2519.10, 2519.90, 2523.10, 2523.21, 2523.29, 2523.30 and 2523.90, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (25) in Chapter 26, in sub-headings 2620.11, 2620.19 and 2620.30, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (26) in Chapter 27,- (i) in sub-headings 2705.00, 2706.00, 2707.10, 2707.20, 2707.30, 2707.50, 2707.91, 2707.99, 2708.10 and 2708.20, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (ii) in sub-heading 2709.00, for the entry in column (4), the entry "10%" shall be substituted; (iii) in sub-headings 2710.11, 2710.19, 2710.91, 2710.99, 2712.10, 2712.20, 2712.90, 2713.11, 2713.12, 2713.20, 2713.90 and 2715.00, for the entry in column (4) occurring against each of them, the entry "20%" shall be substituted; (27) in Chapter 28, for the entry in column (4) occurring against each of the sub-headings (except sub-headings 2801.20, 2814.10, 2814.20 and 2845.10), the entry "30%" shall be substituted; (28) in Chapter 29,- (i) for the entry in column (4) occurring against each of the sub-headings (except sub-headings 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, 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, 2937.11, 2937.12, 2937.19, 2937.21, 2937.22, 2937.23, 2937.29, 2937.31, 2937.39, 2937.40, 2937.50, 2937.90, 2939.41, 2939.42, 2939.43, 2939.49, 2939.51, 2939.59, 2941.10, 2941.20, 2941.30, 2941.40, 2941.50 and 2941.90), the entry "30%" shall be substituted; (ii) in sub-heading 2902.43, for the entry in column (4), the entry "10%" shall be substituted; (iii) in sub-headings 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 "30%" and "24%" shall respectively be substituted; (iv) in sub-headings 2937.11, 2937.12, 2937.19, 2937.21, 2937.22, 2937.23, 2937.29, 2937.31, 2937.39, 2937.40, 2937.50, 2937.90, 2939.41, 2939.42, 2939.43, 2939.49, 2939.51 and 2939.59, for the entries in column (4) and column (5) occurring against each of them, the entries "30%" and "20%" shall respectively be substituted; (v) in sub-headings 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 "30%" and "24%" shall respectively be substituted; (29) in Chapter 30,- (i) for the entries in column (4) and column (5) occurring against each of the sub-headings (except sub-headings 3005.10, 3005.90, 3006.10, 3006.20, 3006.30, 3006.40, 3006.50, 3006.60, 3006.70 and 3006.80), the entries "30%" and "20%" shall respectively be substituted; (ii) in sub-headings 3005.10, 3005.90, 3006.10, 3006.20, 3006.30, 3006.40, 3006.50, 3006.70 and 3006.80, for the entry in column (4), the entry "30%" shall be substituted; (30) in Chapter 31, for the entry in column (4) occurring against each of the sub-headings (except sub-headings 3102.21, 3102.50, 3104.30, 3105.20, 3105.30, 3105.40, 3105.51, 3105.59, 3105.60 and 3105.90), the entry "30%" shall be substituted; (31) in Chapter 32, for the entry in column (4) occurring against each of the sub-headings (except sub-headings 3201.10, 3201.20 and 3201.90), the entry "30%" shall be substituted; (32) in Chapter 33,- (i) for the entry in column (4) occurring against each of the sub-headings (except sub-heading 3302.10), the entry "30%" shall be substituted; (ii) in sub-heading 3302.10, for the entry in column (4), the entry "160%" shall be substituted; (33) in Chapter 34- (i) for the entry in column (4) occurring against each of the sub-headings (except sub-headings 3402.11, 3402.12, 3402.13 and 3402.19), the entry "30%" shall be substituted; (ii) in sub-headings 3402.11, 3402.12, 3402.13 and 3402.19, for the entries in column (4) and column (5) occurring against each of them, the entries "30%" and "20%" shall respectively be substituted; (34) in Chapter 35, for the entry in column (4) occurring against each of the sub-headings, the entry "30%" shall be substituted; (35) in Chapter 36, for the entry in column (4) occurring against each of the sub-headings, the entry "30%" shall be substituted; (36) in Chapter 37, in sub-headings 3702.32, 3702.39, 3702.42, 3702.43, 3702.44, 3707.10 and 3707.90, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (37) in Chapter 38,- (i) for the entry in column (4) occurring against each of the sub-headings (except sub-headings 3801.10, 3802.10, 3812.10, 3815.11, 3815.12, 3815.19, 3815.90, 3818.00 and 3823.70), the entry "30%" shall be substituted; (ii) in sub-headings 3801.10, 3802.10 and 3812.10, for the entries in column (4) and column (5) occurring against each of them, the entries "30%" and "20%" shall respectively be substituted; (38) in Chapter 39, for the entry in column (4) occurring against each of the sub-headings, the entry "30%" shall be substituted; (39) in Chapter 40- (i) for the entry in column (4) occurring against each of the sub-headings (except sub-headings 4001.10, 4001.21, 4001.22, 4001.29 and 4011.30), the entry "30%" shall be substituted; (ii) in sub-heading 4001.10, for the entry in column (4), the entry "70%" shall be substituted; (40) in Chapter 42, for the entry in column (4) occurring against each of the sub-headings, the entry "30%" shall be substituted; (41) in Chapter 43, in sub-headings 4303.10, 4303.90 and 4304.00, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (42) in Chapter 44, for the entry in column (4) occurring against each of the sub-headings (except sub-headings 4401.10, 4401.21, 4401.22, 4401.30, 4402.00, 4403.10, 4403.20, 4403.41, 4403.49, 4403.91, 4403.92, 4403.99, 4404.10, 4404.20,

4405.00, 4406.10, 4406.90, 4407.10, 4407.24, 4407.25, 4407.26, 4407.29, 4407.91, 4407.92 and 4407.99), the entry "30%" shall be substituted; (43) in Chapter 45, for the entry in column (4) occurring against each of the sub-headings, the entry "30%" shall be substituted; (44) in Chapter 46, for the entry in column (4) occurring against each of the sub-headings, the entry "30%" shall be substituted; (45) in Chapter 48, for the entry in column (4) occurring against each of the sub-headings (except sub-heading 4801.00), the entry "30%" shall be substituted; (46) in Chapter 50, for the entry in column (4) occurring against each of the sub-headings (except sub-headings 5003.10 and 5003.90), the entry "30%" shall be substituted; (47) in Chapter 51,- (i) in sub-headings 5101.21, 5101.30, 5109.10, 5109.90 and 5110.00, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (ii) in sub-heading 5113.00, for the entry in column (4), the entry "30% or Rs 60 per sq mtr. whichever is higher" shall be substituted; (48) in Chapter 52,- (i) in sub-headings 5203.00, 5207.90, 5208.11, 5208.12, 5208.13, 5208.19, 5208.21, 5208.22, 5208.23, 5208.29, 5208.31, 5208.32 and 5208.33, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (ii) in sub-heading 5208.39, for the entry in column (4), the entry "30% or Rs 150 per kg, whichever is higher" shall be substituted; (iii) in sub-heading 5208.43, for the entry in column (4), the entry "30%" shall be substituted; (iv) in sub-heading 5208.49, for the entry in column (4), the entry "30% or Rs 200 per kg, whichever is higher" shall be substituted; (v) in sub-headings 5209.11, 5209.12, 5209.19, 5209.21, 5209.22 and 5209.29, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (vi) in sub-headings 5209.31, 5209.32 and 5209.39, for the entry in column (4) occurring against each of them, the entry "30% or Rs 150 per kg, whichever is higher" shall be substituted; (vii) in sub-heading 5209.41, for the entry in column (4), the entry "30% or Rs 32 per sq mtr. whichever is higher" shall be substituted; (viii) in sub-heading 5209.43, for the entry in column (4), the entry "30% or Rs 30 per sq mtr. whichever is higher" shall be substituted; (ix) in sub-heading 5209.49, for the entry in column (4), the entry "30% or Rs 150 per kg, whichever is higher" shall be substituted; (x) in sub-headings 5210.11, 5210.12, 5210.19, 5210.21, 5210.22, 5210.29, 5210.31 and 5210.32, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (xi) in sub-heading 5210.39, for the entry in column (4), the entry "30% or Rs 150 per kg, whichever is higher" shall be substituted; (xii) in sub-heading 5210.42, for the entry in column (4), the entry "30% or Rs 25 per sq mtr, whichever is higher" shall be substituted; (xiii) in sub-heading 5210.49, for the entry in column (4), the entry "30% or Rs 185 per kg, whichever is higher" shall be substituted; (xiv) in sub-headings 5211.11, 5211.12, 5211.19, 5211.21, 5211.22 and 5211.29, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (xv) in sub-headings 5211.31, 5211.32 and 5211.39, for the entry in column (4) occurring against each of them, the entry "30% or Rs 150 per kg, whichever is higher" shall be substituted; (xvi) in sub-heading 5211.41, for the entry in column (4), the entry "30% or Rs 44 per sq mtr. whichever is higher" shall be substituted; (xvii) in sub-heading 5211.43, for the entry in column (4), the entry "30% or Rs 40 per sq mtr, whichever is higher" shall be substituted; (xviii) in sub-heading 5211.49, for the entry in column (4), the entry "30% or Rs 150 per kg, whichever is higher" shall be substituted; (xix) in sub-headings 5212.11, 5212.12, 5212.13 and 5212.14, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (xx) in sub-heading 5212.15, for the entry in column (4), the entry "30% or Rs 165 per kg, whichever is higher" shall be substituted; (xxi) in sub-headings 5212.21, 5212.22 and 5212.23, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (xxii) in sub-heading 5212.25, for the entry in column (4), the entry "30% or Rs 165 per kg, whichever is higher" shall be substituted; (49) in Chapter 53, for the entry in column (4) occurring against each of the sub-headings, the entry "30%" shall be substituted; (50) in Chapter 54, in sub-headings 5408.10 and 5408.21, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (51) in Chapter 55,- (i) in sub-headings 5505.10, 5505.20, 5512.11, 5512.21, 5512.91, 5513.11, 5513.12, 5513.13 and 5513.19, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (ii) in sub-headings 5513.21 and 5513.22, for the entry in column (4) occurring against each of them, the entry "30% or Rs 150 per kg, whichever is higher" shall be substituted; (iii) in sub-heading 5513.23, for the entry in column (4), the entry "30% or Rs 125 per kg or Rs 25 per sq mtr, whichever is highest" shall be substituted; (iv) in sub-heading 5513.29, for the entry in column (4), the entry "30% or Rs 185 per kg, whichever is higher" shall be substituted; (v) in sub-heading 5513.32, for the entry in column (4), the entry "30% or Rs 170 per kg, whichever is higher" shall be substituted; (vi) in sub-heading 5513.33, for the entry in column (4), the entry "30% or Rs 22 per sq mtr, whichever is higher" shall be substituted; (vii) in sub-heading 5513.39, for the entry in column (4), the entry "30% or Rs 125 per kg or Rs 30 per sq mtr, whichever is highest" shall be substituted; (viii) in sub-heading 5513.42, for the entry in column (4), the entry "30% or Rs 12 per sq mtr, whichever is higher" shall be substituted; (ix) in sub-heading 5513.43, for the entry in column (4), the- entry "30% or Rs 20 per sq mtr, whichever is higher" shall be substituted; (x) in sub-heading 5513.49, for the entry in column (4), the entry "30% or Rs 185 per kg, whichever is higher" shall be substituted; (xi) in sub-headings 5514.11, 5514.12, 5514.13 and 5514.19, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (xii) in sub-heading 5514.21, for the entry in column (4), the entry "30% or Rs 100 per kg, or Rs 30 per sq mtr, whichever is highest" shall be substituted; (xiii) in sub-heading 5514.22, for the entry in column (4), the entry "30% or Rs 140 per kg, whichever is higher" shall be substituted; (xiv) in sub-heading 5514.23, for the entry in column (4), the entry "30% or Rs 160 per kg, whichever is higher" shall be substituted; (xv) in sub-heading 5514.29, for the entry in column (4), the entry "30% or Rs 170 per kg, whichever is higher" shall be substituted; (xvi) in sub-heading 5514.31, for the entry in column (4), the entry "30% or Rs 64 per sq mtr, whichever is higher" shall be substituted; (xvii) in sub-heading 5514.33, for the entry in column (4), the entry "30% or Rs 180 per kg, whichever is higher" shall be substituted; (xviii) in sub-heading 5514.42, for the entry in column (4), the entry "30% or Rs 140 per kg, whichever is higher" shall be substituted; (xix) in sub-heading 5514.43, for the entry in column (4), the entry "30% or Rs 31 per sq mtr, whichever is higher" shall be substituted; (xx) in sub-heading 5514.49, for the entry in column (4), the entry "30% or Rs 160 per kg, whichever is higher" shall be substituted; (xxi) in sub-heading 5515.12, for the entry in column (4), the entry "30% or Rs 95 per kg, whichever is higher" shall be substituted; (xxii) in sub-heading 5515.13, for the entry in column (4), the entry "30% or Rs 75 per sq mtr, whichever is higher" shall be substituted; (xxiii) in sub-heading 5515.21, for the entry in column (4), the entry "30% or Rs 79 per sq mtr, whichever is higher" shall be substituted; (xxiv) in sub-heading 5515.22, for the entry in column (4), the entry "30% or Rs 140 per kg, whichever is higher" shall be substituted; (xxv) in sub-heading 5515.91, for the entry in column (4), the entry "30% or Rs 57 per sq mtr, whichever is higher" shall be substituted; (xxvi) in sub-heading 5515.92, for the entry in column (4), the entry "30% or Rs 55 per sq mtr, whichever is higher" shall be substituted; (xxvii) in sub-heading 5516.11, for the entry in column (4), the entry "30%" shall be substituted; (xxviii) in sub-heading 5516.12, for the entry in column (4), the entry "30% or Rs 35 per sq mtr, whichever is higher" shall be substituted; (xxix) in sub-heading 5516.13, for the entry in column (4), the entry "30% or Rs 40 per sq mtr, whichever is higher" shall be substituted; (xxx) in sub-heading 5516.21, for the entry in column (4), the entry "30%" shall be substituted; (xxxi) in sub-headings 5516.22 and 5516.23, for the entry in column (4) occurring against each of them, the entry "30% or Rs 150 per kg, whichever is higher" shall be substituted; (xxxii) in sub-headings 5516.31, 5516.32, 5516.33, 5516.34, 5516.41, 5516.42, 5516.91 and 5516.92, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (xxxiii) in sub-heading 5516.94, for the entry in column (4), the entry "30% or Rs 40 per sq mtr, whichever is higher" shall be substituted; 2) in Chapter 56, in sub-headings

5601.10,5608.11,5608.19,5608.90 and 5609.00, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; 5) in Chapter 57,- (i) in sub-headings 5701.10, 5701.90, 5702.10, 5702.20 and 5702.31, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (ii) in sub-heading 5702.32, for the entry in column (4), the entry "30% or Rs 105 per sq mtr. whichever is higher" shall be substituted; (iii) in sub-headings 5702.39 and 5702.41, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (iv) in sub-heading 5702.42, for the entry in column (4), the entry "30% or Rs 80 per sq mtr. whichever is higher" shall be substituted; (v) in sub-headings 5702.49 and 5702.51, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (vi) in sub-heading 5702.52, for the entry in column (4), the entry "30% or Rs 105 per sq mtr. whichever is higher" shall be substituted; (vii) in sub-headings 5702.59 and 5702.91, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (viii) in sub-heading 5702.92, for the entry in column (4), the entry "30% or Rs 110 per sq mtr. whichever is higher" shall be substituted; (ix) in sub-headings 5702.99 and 5703.10, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (x) in sub-heading 5703.20, for the entry in column (4), the entry "30% or Rs 70 per sq mtr, whichever is higher" shall be substituted; (xi) in sub-heading 5703.30, for the entry in column (4), the entry "30% or Rs 55 per sq mtr, whichever is higher" shall be substituted; (xii) in sub-headings 5703.90 and 5704.10, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (xiii) in sub-heading 5704.90, for the entry in column (4), the entry "30% or Rs 35 per sq mtr, whichever is higher" shall be substituted; (xiv) in sub-heading 5705.00, for the entry in column (4), the entry "30%" shall be substituted; (54) in Chapter 58,- (i) in sub-heading 5801.10, for the entry in column (4), the entry "30% or Rs 210 per sq mtr, whichever is higher" shall be substituted; (ii) in sub-heading 5801.21, for the entry in column (4), the entry "30% or Rs 80 per sq mtr. whichever is higher" shall be substituted; (iii) in sub-heading 5801.22, for the entry in column (4), the entry "30% or Rs 75 per sq mtr, whichever is higher" shall be substituted; (iv) in sub-heading 5801.23, for the entry in column (4), the entry "30% or Rs 80 per sq mtr, whichever is higher" shall be substituted; (v) in sub-heading 5801.24, for the entry in column (4), the entry "30% or Rs 135 per sq mtr, whichever is higher" shall be substituted; (vi) in sub-heading 5801.25, for the entry in column (4), the entry "30% or Rs 120 per sq mtr. whichever is higher" shall be substituted; (vii) in sub-heading 5801.26, for the entry in column (4), the entry "30% or Rs 180 per sq mtr, whichever is higher" shall be substituted; (viii) in sub-heading 5801.31, for the entry in column (4), the entry "30% or Rs 75 per sq mtr, whichever is higher" shall be substituted; (ix) in sub-heading 5801.32, for the entry in column (4), the entry "30% or Rs 180 per sq mtr. whichever is higher" shall be substituted; (x) in sub-heading 5801.33, for the entry in column (4), the entry "30% or Rs 150 per sq mtr, whichever is higher" shall be substituted; (xi) in sub-heading 5801.34, for the entry in column (4), the entry "30% or Rs 140 per sq mtr, whichever is higher" shall be substituted; (xii) in sub-heading 5801.36, for the entry in column (4), the entry "30% or Rs 130 per sq mtr, whichever is higher" shall be substituted; (xiii) in sub-heading 5801.90, for the entry in column (4), the entry "30% or Rs 35 per sq mtr, whichever is higher" shall be substituted; (xiv) in sub-heading 5802.20, for the entry in column (4), the entry "30%" shall be substituted; (xv) in sub-heading 5802.30, for the entry in column (4), the entry "30% or Rs 150 per kg. whichever is higher" shall be substituted; (xvi) in sub-headings 5803.10 and 5803.90, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (xvii) in sub-headings 5804.10, 5804.21, 5804.29 and 5804.30, for the entry in column (4) occurring against each of them, the entry "30% or Rs 200 per kg, whichever is higher" shall be substituted; (xviii) in sub-headings 5805.00, 5806.10, 5806.20, 5806.31, 5806.39, 5806.40 and 5808.10. for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (xix) in sub-heading 5810.10, for the entry in column (4), the entry "30% or Rs 200 per kg, whichever is higher" shall be substituted; (xx) in sub-headings 5810.91, 5810.92, 5810.99 and 5811.00, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (55) in Chapter 59, in sub-headings 5904.10, 5904.90, 5905.00, 5906.10, 5906.91, 5906.99, 5907.00, 5908.00, 5909.00, 5911.20, 5911.31, 5911.32, 5911.40 and 5911.90, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (56) in Chapter 60, for the entry in column (4) occurring against each of the sub-headings (except sub-headings 6001.92, 6005.21, 6005.22, 6005.23, 6005.24, 6005.31, 6005.32, 6005.33, 6005.34, 6005.41,6005.42, 6005.43 and 6005.44), the entry "30%" shall be substituted; (57) in Chapter 61,- (i) in sub-heading 6101.10, for the entry in column (4), the entry "30% or Rs 700 per piece, whichever is higher" shall be substituted; (ii) in sub-heading 6101.20, for the entry in column (4), the entry "30% or Rs 540 per piece, whichever is higher" shall be substituted; (iii) in sub-heading 6101.30, for the entry in column (4), the entry "30% or Rs 530 per piece, whichever is higher" shall be substituted; (iv) in sub-heading 6101.90, for the entry in column (4), the entry "30%" shall be substituted; (v) in sub-heading 6102.10, for the entry in column (4), the entry "30% or Rs 595 per piece, whichever is higher" shall be substituted; (vi) in sub-heading 6102.20, for the entry in column (4), the entry "30% or Rs 425 per piece, whichever is higher" shall be substituted; (vii) in sub-heading 6102.30, for the entry in column (4), the entry "30% or Rs 475 per piece, whichever is higher" shall be substituted; (viii) in sub-headings 6102.90, 6103.11, 6103.12, 6103.19, 6103.21, 6103.22, 6103.23, 6103.29, 6103.31, 6103.32, 6103.33, 6103.39, 6103.41, 6103.42, 6103.43, 6103.49, 6104.11, 6104.12 and 6104.13, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (ix) in sub-heading 6104.19, for the entry in column (4), the entry "30% or Rs 460 per piece, whichever is higher" shall be substituted; (x) in sub-headings 6104.21, 6104.22, 6104.23, 6104.29, 6104.31, 6104.32, 6104.33 and 6104.39, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (xi) in sub-heading 6104.41, for the entry in column (4), the entry "30% or Rs 255 per piece, whichever is higher" shall be substituted; (xii) in sub-heading 6104.42, for the entry in column (4), the entry "30%" shall be substituted; (xiii) in sub-headings 6104.43 and 6104.44, for the entry in column (4) occurring against each of them, the entry "30% or Rs 255 per piece, whichever is higher" shall be substituted; (xiv) in sub-heading 6104.49, for the entry in column (4), the entry "30% or Rs 220 per piece, whichever is higher" shall be substituted; (xv) in sub-headings 6104.51, 6104.52, 6104.53 and 6104.59, for the entry in column (4) occurring against each of them, the entry "30% or Rs 110 per piece, whichever is higher" shall be substituted; (xvi) in sub-heading 6104.61, for the entry in column (4), the entry "30%" shall be substituted; (xvii) in sub-headings 6104.62 and 6104.63, for the entry in column (4) occurring against each of them, the entry "30% or Rs 98 per piece, whichever is higher" shall be substituted; (xviii) in sub-heading 6104.69, for the entry in column (4), the entry "30%" shall be substituted; (xix) in sub-headings 6105.10 and 6105.20, for the entry in column (4) occurring against each of them, the entry "30% or Rs 83 per piece, whichever is higher" shall be substituted; (xx) in sub-heading 6105.90, for the entry in column (4), the entry "30% or Rs 90 per piece. whichever is higher" shall be substituted; (xxi) in sub-heading 6106.10, for the entry in column (4), the entry "30% or Rs 90 per piece, whichever is higher" shall be substituted; (xxii) in sub-heading 6106.20, for the entry in column (4), the entry "30% or Rs 25 per piece, whichever is higher" shall be substituted; (xxiii) in sub-heading 6106.90, for the entry in column (4), the entry "30% or Rs 135 per piece, whichever is higher" shall be substituted; (xxiv) in sub-heading 6107.11, for the entry in column (4), the entry "30% or Rs 24 per piece, whichever is higher" shall be substituted; (xxv) in sub-heading 6107.12, for the entry in column (4), the entry "30% or Rs 30 per piece, whichever is higher" shall be substituted; (xxvi) in sub-headings 6107.19, 6107.21, 6107.22, 6107.29, 6107.91, 6107.92, 6107.99, 6108.11 and 6108.19, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (xxvii) in



entry in column (4), the entry "30% or Rs 30 per piece, whichever is higher" shall be substituted; (lvi) in sub-headings 6207.21, 6207.22, 6207.29, 6207.91 and 6207.92, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (lvii) in sub-heading 6207.99, for the entry in column (4), the entry "30% or Rs 70 per piece, whichever is higher" shall be substituted; (lviii) in sub-heading 6208.11, for the entry in column (4), the entry "30% or Rs 80 per piece, whichever is higher" shall be substituted; (lix) in sub-heading 6208.19, for the entry in column (4), the entry "30% or Rs 60 per piece, whichever is higher" shall be substituted; (lx) in sub-headings 6208.21, 6208.22 and 6208.29, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (lxi) in sub-heading 6208.91, for the entry in column (4), the entry "30% or Rs 95 per piece, whichever is higher" shall be substituted; (lxii) in sub-heading 6208.92, for the entry in column (4), the entry "30% or Rs 65 per piece, whichever is higher" shall be substituted; (lxiii) in sub-headings 6208.99, 6209.10, 6209.20, 6209.30, 6209.90 and 6210.10, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (lxiv) in sub-heading 6210.20, for the entry in column (4), the entry "30% or Rs 365 per piece, whichever is higher" shall be substituted; (lxv) in sub-heading 6210.30, for the entry in column (4), the entry "30% or Rs 305 per piece, whichever is higher" shall be substituted; (lxvi) in sub-headings 6210.40 and 6210.50, for the entry in column (4) occurring against each of them, the entry "30% or Rs 65 per piece, whichever is higher" shall be substituted; (lxvii) in sub-headings 6211.11, 6211.12, 6211.20 and 6211.31, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (lxviii) in sub-headings 6211.32 and 6211.33, for the entry in column (4) occurring against each of them, the entry "30% or Rs 135 per piece, whichever is higher" shall be substituted; (lix) in sub-headings 6211.39 and 6211.41, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (lxx) in sub-headings 6211.42 and 6211.43, for the entry in column (4) occurring against each of them, the entry "30% or Rs 135 per piece, whichever is higher" shall be substituted; (lxxi) in sub-heading 6211.49, for the entry in column (4), the entry "30%" shall be substituted; (lxxii) in sub-headings 6212.10, 6212.20, 6212.30 and 6212.90, for the entry in column (4) occurring against each of them, the entry "30% or Rs 30 per piece, whichever is higher" shall be substituted; (lxxiii) in sub-headings 6213.10, 6213.20 and 6213.90, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (lxxiv) in sub-heading 6214.10, for the entry in column (4), the entry "30% or Rs 390 per piece, whichever is higher" shall be substituted; (lxxv) in sub-heading 6214.20, for the entry in column (4), the entry "30% or Rs 180 per piece, whichever is higher" shall be substituted; (lxxvi) in sub-headings 6214.30 and 6214.40, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (lxxvii) in sub-heading 6214.90, for the entry in column (4), the entry "30% or Rs 75 per piece, whichever is higher" shall be substituted; (lxxviii) in sub-headings 6215.10, 6215.20 and 6215.90, for the entry in column (4) occurring against each of them, the entry "30% or Rs 55 per piece, whichever is higher" shall be substituted; (lxxix) in sub-headings 6216.00, 6217.10 and 6217.90, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (59) in Chapter 63,- (i) for the entry in column (4) occurring against each of the sub-headings (except sub-headings 6301.20, 6302.21, 6302.31, 6310.10 and 6310.90), the entry "30%" shall be substituted; (n) in sub-heading 6301.20, for the entry in column (4), the entry "30% or Rs 275 per piece, whichever is higher" shall be substituted; (in) in sub-heading 6302.21, for the entry in column (4), the entry "30% or Rs 108 per kg, whichever is higher" shall be substituted; (iv) in sub-heading 6302.31, for the entry in column (4), the entry "30% or Rs 96 per kg, whichever is higher" shall be substituted; (60) in Chapter 64, for the entry in column (4) occurring against each of the sub-headings, the entry "30%" shall be substituted; (61) in Chapter 65, for the entry in column (4) occurring against each of the sub-headings, the entry "30%" shall be substituted; (62) in Chapter 66, for the entry in column (4) occurring against each of the sub-headings, the entry "30%" shall be substituted; (63) in Chapter 67, for the entry in column (4) occurring against each of the sub-headings, the entry "30%" shall be substituted; (64) in Chapter 68, for the entry in column (4) occurring against each of the sub-headings, the entry "30%" shall be substituted; (65) in Chapter 69, for the entry in column (4) occurring against each of the sub-headings (except sub-headings 6902.10, 6902.20, 6902.90, 6903.10, 6903.20 and 6903.90), the entry "30%" shall be substituted; (66) in Chapter 70, for the entry in column (4) occurring against each of the sub-headings (except sub-headings 7019.19 and 7019.51), the entry "30%" shall be substituted; (67) in Chapter 71, for the entry in column (4) occurring against each of the sub-headings, the entry "30%" shall be substituted; (68) in Chapter 72, for the entry in column (4) occurring against each of the sub-headings (except sub-headings 7201.10, 7201.20, 7201.50, 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), the entry "40%" shall be substituted; (69) in Chapter 73, for the entry in column (4) occurring against each of the sub-headings, the entry "30%" shall be substituted; (70) in Chapter 74, for the entry in column (4) occurring against each of the sub-headings, the entry "25%" shall be substituted; (71) in Chapter 75, in sub-headings 7508.10 and 7508.90, for the entry in column (4) occurring against each of them, the entry "15%" shall be substituted; (72) in Chapter 76,- (i) for the entry in column (4) occurring against each of the sub-headings (except sub-headings 7615.11, 7615.19 and 7615.20), the entry "15%" shall be substituted; (11) in sub-headings 7615.11, 7615.19 and 7615.20, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (73) in Chapter 78, for the entry in column (4) occurring against each of the sub-headings, the entry "25%" shall be substituted; (74) in Chapter 79, for the entry in column (4) occurring against each of the sub-headings, the entry "25%" shall be substituted; (75) in Chapter 80, for the entry in column (4) occurring against each of the sub-headings, the entry "15%" shall be substituted; (76) in Chapter 81, for the entry in column (4) occurring against each of the sub-headings (except sub-headings 8104.11 and 8104.19), the entry "30%" shall be substituted; (77) in Chapter 82, for the entry in column (4) occurring against each of the sub-headings, the entry "30%" shall be substituted; (78) in Chapter 83, for the entry in column (4) occurring against each of the sub-headings, the entry "30%" shall be substituted; (79) in Chapter 84,- (i) in sub-headings 8407.31, 8407.32, 8407.33, 8407.34, 8408.20, 8409.91, 8409.99, 8414.30, 8414.51, 8414.59, 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, 8452.90, 8469.12, 8469.20, 8469.30, 8472.10, 8472.20, 8472.30, 8472.90, 8473.10 and 8473.40, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (if) in sub-heading 8473.50, for the entry in column (4), the entry "10%" shall be substituted; (iii) in sub-headings 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, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (80) in Chapter 85,- (i) in sub-headings 8504.10, 8506.10, 8506.30, 8506.40, 8506.50, 8506.60, 8506.80, 8506.90, 8507.10, 8507.20, 8507.30, 8507.40, 8507.80, 8507.90, 8509.10, 8509.20, 8509.30, 8509.40, 8509.80, 8509.90, 8510.10, 8510.20, 8510.30, 8510.90, 8511.10, 8511.20, 8511.30, 8511.40, 8511.50, 8511.80, 8511.90, 8512.10, 8512.20, 8512.30, 8512.40, 8512.90, 8513.10, 8513.20, 8513.90, 8516.10, 8516.21, 8516.29, 8516.31, 8516.32, 8516.33, 8516.40, 8516.50, 8516.60, 8516.71, 8516.72, 8516.79, 8516.80, 8518.10, 8518.21, 8518.22, 8518.29, 8518.30, 8518.40, 8518.50, 8519.10, 8519.21, 8519.29, 8519.31, 8519.39, 8519.40, 8519.92, 8519.93, 8519.99, 8520.10, 8520.32, 8520.33, 8520.39, 8520.90, 8521.10, 8521.90, 8522.10 and 8522.90, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (ii) in sub-headings 8523.11, 8523.12, 8523.13 and 8523.20, for the entry in column (4) occurring against each of them, the entry "10%" shall be substituted; (iii) in sub-heading

8523.30, for the entry in column (4), the entry "30%" shall be substituted; (iv) in sub-heading 8523.90, for the entry in column (4), the entry "10%" shall be substituted; (v) in sub-heading 8524.10, for the entry in column (4), the entry "30%" shall be substituted; (vi) in sub-heading 8524.31, for the entry in column (4), the entry "10%" shall be substituted; (vii) in sub-headings 8524.32 and 8524.39, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (viii) in sub-heading 8524.40, for the entry in column (4), the entry "10%" shall be substituted; (ix) in sub-headings 8524.51, 8524.52, 8524.53 and 8524.60, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (x) in sub-heading 8524.91, for the entry in column (4), the entry "10%" shall be substituted; (xi) in sub-headings 8524.99, 8525.30, 8525.40, 8526.10, 8526.91, 8526.92, 8527.12, 8527.13, 8527.19, 8527.21, 8527.29, 8527.31, 8527.32, 8527.39, 8527.90, 8528.12, 8528.13, 8528.21, 8528.22, 8528.30, 8531.10, 8531.80, 8531.90, 8536.10, 8536.20, 8536.30, 8536.41, 8536.49, 8536.50, 8536.61, 8536.69, 8536.90, 8537.10, 8538.10, 8538.90, 8539.10, 8539.21, 8539.22, 8539.29, 8539.31, 8539.32, 8539.39, 8539.41, 8539.49, 8539.90, 8540.11, 8540.91, 8543.40, 8543.89, 8544.11, 8544.19, 8544.20, 8544.30, 8544.41, 8544.49, 8544.51, 8544.59, 8544.60, 8548.10 and 8548.90, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (81) in Chapter 86, for the entry in column (4) occurring against each of the sub-headings (except sub-headings 8607.11, 8607.12, 8607.19, 8607.21, 8607.29, 8607.30, 8607.91, 8607.99 and 8608.00), the entry "30%" shall be substituted; (82) in Chapter 87, for the entry in column (4) occurring against each of the sub-headings (except sub-headings 8703.10, 8703.21, 8703.22, 8703.23, 8703.24, 8703.31, 8703.32, 8703.33, 8703.90, 8710.00, 8711.10, 8711.20, 8711.30, 8711.40, 8711.50 and 8711.90), the entry "30%" shall be substituted; (83) in Chapter 88, in sub-headings 8801.90, 8802.60, 8803.90, 8804.00, 8805.10, 8805.21 and 8805.29, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (84) in Chapter 89,- (i) for the entry in column (4) occurring against each of the sub-headings (except sub-headings 8902.00, 8904.00, 8905.10, 8905.90, 8906.10, 8906.90 and 8908.00), the entry "30%" shall be substituted; (ii) in sub-heading 8908.00, for the entry in column (4), the entry "15%" shall be substituted; (85) in Chapter 90,- (i) in sub-headings 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, 9008.10, 9008.20, 9008.30, 9008.40, 9009.12, 9009.22, 9009.30, 9010.60, 9022.19, 9022.29, 9022.30 and 9022.90, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (ii) in sub-heading 9026.90, for the entry in column (4), the entry "5%" shall be substituted; (86) in Chapter 91, in sub-headings 9101.11, 9101.12, 9101.19, 9101.21, 9101.29, 9101.91, 9101.99, 9102.11, 9102.12, 9102.19, 9102.21, 9102.29, 9102.91, 9102.99, 9103.10, 9103.90, 9104.00, 9105.11, 9105.19, 9105.21, 9105.29, 9105.91, 9105.99, 9106.10, 9106.20, 9106.90, 9107.00, 9111.10, 9111.20, 9111.80, 9111.90, 9112.20, 9112.90, 9113.10, 9113.20 and 9113.90, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted; (87) in Chapter 92, for the entry in column (4) occurring against each of the sub-headings, the entry "30%" shall be substituted; (88) in Chapter 93, for the entry in column (4) occurring against each of the sub-headings, the entry "30%" shall be substituted; (89) in Chapter 94, for the entry in column (4) occurring against each of the sub-headings, the entry "30%" shall be substituted; (90) in Chapter 95, for the entry in column (4) occurring against each of the sub-headings (except sub-headings 9506.11, 9506.12, 9506.19, 9506.21, 9506.29, 9506.31, 9506.32, 9506.39, 9506.40, 9506.51, 9506.59, 9506.61, 9506.62, 9506.69, 9506.70, 9506.91, 9506.99, 9507.10, 9507.20, 9507.30 and 9507.90), the entry "30%" shall be substituted; (91) in Chapter 96, for the entry in column (4) occurring against each of the sub-headings, the entry "30%" shall be substituted; (92) in Chapter 97, for the entry in column (4) occurring against each of the sub-headings (except sub-heading 9704.00), the entry "30%" shall be substituted; (93) in Chapter 98, in sub-headings 9802.00, 9804.10, 9804.90, 9805.10 and 9805.90, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted;

**SCHEDULE 3**  
THE THIRD SCHEDULE

[See Section 142 (1)] In the Schedule to the notification, referred to in sub-section (1) of Section 142, for the entry "16. Mineral based", the following entry shall be substituted, namely:- '16. Mineral based Explanation.-For the removal of doubts, it is hereby declared that for the purposes of this notification, "mineral" does not include crude petroleum oils and the expression "mineral based" shall be construed accordingly.'

**SCHEDULE 4**  
FOURTH SCHEDULE

Notification No. and date	Amendment	Date of effect of amendment
(1)	(2)	(3)
G.S.R. 299(E), dated the 31st March, 2000	In the said notification, for Explanation II, the following Explanation shall be <i>substituted</i> , namely: <i>'Explanation II. For</i> <b>the purposes of this</b>	1st day of April, 2000.
(28/2000-Central Excise (N.T.), dated the 31st March, 2000]	notification, "composite mill" means a manufacturer who is engaged in the processing of fabrics with the aid of power along with the spinning of yam from fibres and weaving or knitting or crocheting of fabrics within the same factory and includes a multilocational composite mill, that is to say, a public limited company which is engaged in the processing of fabrics with the aid of power along with the spinning of yam from fibres and weaving or knitting or crocheting of fabrics in one or more factories owned by the same public limited company.'	

SCHEDULE 5  
FIFTH SCHEDULE

PART  
PART

PART  
PART

SCHEDULE 6  
THE SIXTH SCHEDULE

[See Section 145 (ii)]

Heading No. Sub-heading No. Description of goods Rate of Special duty of excise

(1) (2) (3) (4)

In the Second Schedule to the Central Excise Tariff Act, (1) heading No. 25.02, sub-heading Nos. 2502.21, 2502.30, 2502.40, 2502.50 and 2502.90 and the entries relating thereto shall be omitted; (2) heading No. 33.04, sub-heading No. 3304.00 and the entries relating thereto shall be omitted; (3) heading No. 33.05, sub-heading No. 3305.99 and the entries relating thereto shall be omitted; (4) heading No. 33.07, sub-heading Nos. 3307.10, 3307.20, 3307.39 and 3307.90 and the entries relating thereto shall be omitted; (5) heading No. 43.01, sub-heading No. 4301.00 and the entries relating thereto shall be omitted; (6) heading No. 89.03, sub-heading No. 8903.00 and the entries relating thereto shall be omitted; (7) heading No. 89.07, sub-heading No. 8907.00 and the entries relating thereto shall be omitted; (8) heading No. 93.02, sub-heading No. 9302.00 and the entries relating thereto shall be omitted; (9) heading No. 93.03, sub-heading No. 9303.00 and the entries relating thereto shall be omitted; (10) heading No. 93.04, sub-heading No. 9304.00 and the entries relating thereto shall be omitted; (11) heading No. 93.05, sub-heading No. 9305.00 and the entries relating thereto shall be omitted; (12) heading No. 93.06, sub-heading No. 9306.00 and the entries relating thereto shall be omitted; (13) heading No. 93.07, sub-heading No. 9307.00 and the entries relating thereto shall be omitted; (14) heading No. 96.05, sub-heading No. 9605.10 and the entries relating thereto shall be omitted.

SCHEDULE 7  
THE SEVENTH SCHEDULE

(See Section 146 ) In the First Schedule to the Additional Duties of Excise Act, in sub-heading Nos. 5207.20, 5208.20, 5209.10, 5406.10, 5407.10, 5511.10, 5512.10, 5513.10, 5514.10, 5801.21, 5801.31, 5802.21, 5802.31, 6002.10 and 6002.20, for the entry in column (4) occurring against each of them, the entry "8%" shall be substituted.

SCHEDULE 8  
THE EIGHTH SCHEDULE

(See Section 147 )

Item No.	Description of goods	Rate of duty
(1)	(2)	(3)
1.	Motor spirit, commonly known as petrol	Rs seven per litre
2.	High speed diesel oil	Re one per litre

SCHEDULE 9  
THE NINTH SCHEDULE

(See Section 143 )

Notification	Amendment	Date of effect
No. and date		of amendment
(1)	(2)	(3)
G.S.R.143(E), dated the 1st March, 2002	In the Central Excise Rules, 2002,  (a) in Rule 8, after sub-rule (1), the following sub-rule shall be <i>inserted</i> , namely:	1st March,  2002
[4/2002- Central Excise (N.T.), dated the 1st March, 2002]	"(1-A) Notwithstanding anything contained in sub-rule (1), the duty on the goods removed from the factory or the warehouse, in the State of Gujarat, during the second fortnight of February, 2002 and the month of Match, 2002 shall be paid by the 31st March, 2002:	
	Provided that where an assessee in the State of Gujarat is availing of the exemption under a notification based on the value of clearances in a financial year, the duty on goods cleared during the month of February, 2002 shall be paid by the 31st March, 2002.	
	<i>Explanation.</i>  For removal of doubts, it is hereby clarified that the duty liability shall be deemed to have been discharged only if the amount payable is credited to the account of the Central	

	Government by the specified date.";	
	(b) after Rule 8. the following rule shall be <i>inserted</i> , namely:	1st March, 2002
	"8-A. <i>Manner of payment in respect of specified goods on which excise duty has been imposed with effect from 1st March, 2002.</i> (1) Notwithstanding anything contained in Rule 8, the duty on the goods, specified in the Annexure to this rule, removed from the factory or the warehouse during the period commencing on and from (he 1st March, 2002 and ending with and including the 31st May, 2002, shall be paid by the 15th day of June, 2002.	
	<i>Explanation.</i> For removal of doubts, it is hereby clarified that the duty liability shall be deemed to have been discharged only if the amount payable is credited to the account of the Central Government by the specified date.	
	(2) The duty of excise shall be deemed to have been paid for the purposes of these rules on the excisable goods removed in the manner provided under sub-rule (1) and the credit of such duty allowed, as provided by or under any rule.	
	(3) If the assessee fails to pay the amount of duty by due date, he shall be liable to pay the outstanding amount along with interest at the rate specified by the Central Government vide notification issued under Section 11-AB of the Act on the outstanding amount, for the period starting with the first day after due date till the date of actual payment of the outstanding amount.	
	(4) If the assessee defaults in payment of duty by the 15th day of June, 2002, then, the assessee shall forfeit the facility to pay the dues in instalments as provided under sub-rule (1) of Rule 8 for the clearances made after the 1st day of June. 2002 for a period of two months, commencing on and from the date of communication of the order passed by the Assistant Commissioner of Central Excise or the Deputy Commissioner of Central Excise, as the case may be, in this regard, or till such date on which the dues are paid, whichever is later, and	