

**SPECIAL BEARER BONDS (IMMUNITIES AND EXEMPTIONS)  
ACT, 1981**

**7 of 1981**

**[27th March, 1981]**

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STATEMENT OF OBJECTS AND REASONS With a view to reducing the liquidity in the economy and controlling prices and canalising for productive purposes black money which has become a serious threat to the nation, the Government decided to issue Special Bearer Bonds. 1991, It was considered necessary to provide for certain immunities and exemptions to render it possible for persons in possession of black money to invest the same in these bonds. An Ordinance called the Special Bearer Bonds (Immunities and Exemptions) Ordinance, 1981 was accordingly promulgated by the President on the 12th January, 1981. 2. The Ordinance provides for certain immunities in favour of persons subscribing to or otherwise acquiring the bonds. It provides that such persons shall not be required to disclose for any purpose whatsoever the nature and source of acquisition of the bonds. It prohibits any inquiry or investigation against any such person under any law on the ground

that such person has subscribed to, or has otherwise acquired, the bonds. It makes the fact of subscription to, or acquisition of, the bonds inadmissible in evidence in any proceedings relating to any offence or imposition of any penalty under any such law. These immunities have been made subject to an exception in relation to prosecution for certain offences relating to property or prevention of corruption. The ordinance also provides that the acquisition of the bonds shall not be taken into account for the purpose of any proceedings under Income tax Act, 1961, Wealth-tax Act, 1957 and Gift-tax Act, 1958. The bonds themselves have been exempted from Wealth-tax. The premium payable on the redemption of the bonds has been exempted from income-tax. It has also been provided that transfer of the bonds will not attract any liability to capital gains tax or gift-tax. 3. The Bill seeks to replace the aforesaid Ordinance.-see Gaz. of India. 2-3-1981, Pt. II-S. 2. Ext.,p. 160.

### **1. Short title, extent and commencement :-**

(1) This Act may be called The Special Bearer Bonds (Immunities and Exemption) Act, 1981.

(2) It extends to the whole of India.

(3) It shall be deemed to have come into force on the 12th day of January, 1981.

### **2. Definition :-**

In this Act, "Special Bearer Bonds" means the Special Bearer Bonds, 1991, issued by the Central Government.

### **3. Immunities :-**

(1) Notwithstanding anything contained in any other law for the time being in force,-

(a) no person who has subscribed to or has otherwise acquired Special Bearer Bonds shall be required to disclose, for any purpose whatsoever, the nature and source of acquisition of such Bonds,

(b) no inquiry or investigation shall be commenced against any person under any such law on the ground that such person has subscribed to or has otherwise acquired Special Bearer Bonds; and

(c) the fact that a person has subscribed to or has otherwise acquired Special Bearer Bonds shall not be taken into account and

shall be inadmissible as evidence in any proceedings relating to any offence or the imposition of any penalty under any such law.

(2) Nothing in sub-section (1) shall apply in relation to prosecution for any offence punishable under Chapter 9 or Indian Penal Code, 1860 , the Prevention of Corruption Act, 1947 or any offence which is punishable under any other law and which is similar to an offence punishable under either of those Chapters or under that Act or for the purpose of enforcement of any civil liability. Explanation.- For the purposes of this sub-section, "civil liability" does not include liability by way of tax under any law for the time being 'in force.

**4. Acquisition, etc., of Bonds not to be taken into account for certain proceedings :-**

Without prejudice to the generality of the provisions of section 3 , the subscription to, or acquisition of. Special Bearer Bonds by any person shall not be taken into account for the purpose of any proceedings under the Income tax Act, 1961 (hereinafter referred to as the Income-tax Act), the Wealth-tax Act, 1957 (hereinafter referred to as the Wealth-tax Act) or the Gift-tax Act, 1958 (hereinafter referred to as the Gift-tax Act) and, in particular, no person who has subscribed to, or has otherwise acquired, the said Bonds shall be entitled-

(a) to claim any set-off or relief in any assessment, re-assessment appeal, reference or other proceeding under the Income-tax Act or to reopen any assessment or re-assessment made under that Act on the ground that he has subscribed to or has otherwise acquired the said Bonds;

(b) to claim, in relation to any period before the date of maturity of the said Bonds that any asset which is includible in his net wealth for any assessment year under the Wealth-tax Act has been converted into the said Bonds; or

(c) to claim, in relation to any period before the date of maturity of the said Bonds, that any asset held by him or any sum credited in his books of account or otherwise held by him represents the consideration received by him for the transfer of the said Bonds.

**5. Amendment of Act 43 of 1964 :-**

Repealed by Repealing and Amending Act (19 of 1988). section 2, Sch. 1 (31-3-88).]

**6. Amendment of Act 27 of 1957 :-**

Repealed by Repealing and Amending Act (19 of 1988), section 2 Sch. 1 (31-3-1988).]

**7. Amendment of Act 18 of 1958 :-**

In S.5 of the Gift-tax Act, in sub-section (1), after clause (iiia), the following clause shall be inserted, namely :- "(iiib) of property in the form of Special Bearer Bonds, 1991;".

**8. Power to remove difficulties :-**

(1) If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order, not inconsistent with the provisions of this Act, remove the difficulty.

(2) Every order made under this section shall, as soon as may be after it is made, be laid before each House of Parliament.

**9. Repeal and saving :-**

Repealed by Repealing and Amending Act (19 of 1988), section 2, schedule I (31-3-88). ]