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

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

(*3*) In a case where any of the conditions laid down in sub-section (*2*) are not complied with, the set off of loss or allowance of depreciation made in any previous year in the hands of the amalgamated company shall be deemed to be the income of the amalgamated company chargeable to tax for the year in which such conditions are not complied with.

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

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

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

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

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

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

[1][(*6A*) Where there has been reorganisation of business whereby a private company or unlisted public company is succeeded by a limited liability partnership fulfilling the conditions laid down in the proviso to clause (*xiiib*) of section 47, then, notwithstanding anything contained in any other provision of this Act, the accumulated loss and the unabsorbed depreciation of the predecessor company, shall be deemed to be

1. Ins. by Act 14 of 2010, s. 22 (w.e.f. 1-4-2011).

the loss or allowance for depreciation of the successor limited liability partnership for the purpose of the previous year in which business reorganisation was effected and other provisions of this Act relating to set off and carry forward of loss and allowance for depreciation shall apply accordingly:

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

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

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

[2][(*aa*) "industrial undertaking" means any undertaking which is engaged in—

(*i*) the manufacture or processing of goods; or

(*ii*) the manufacture of computer software; or

(*iii*) the business of generation or distribution of electricity or any other form of power; or

[3][(*iiia*) 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]

(*iv*) mining; or

(*v*) the construction of ships, aircrafts or rail systems;]

(*b*) "unabsorbed depreciation" means so much of the allowance for depreciation of the predecessor firm or the proprietary concern or the private company or unlisted public company before conversion into limited liability partnership or the amalgamating company or the demerged company, as the case may be, which remains to be allowed and which would have been allowed to the predecessor firm or the proprietary concern or the company or amalgamating company or demerged company, as the case may be, under the provisions of this Act, if the reorganisation of business or conversion or amalgamation or demerger had not taken place;]

[4][(*c*) "specified bank" means the State Bank of India constituted under the State Bank of India Act, 1955 (23 of 1955) or a subsidiary bank as defined in the State Bank of India (Subsidiary Banks) Act, 1959 (38 of 1959) or a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970) or under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980).]

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1. Subs. by Act 14 of 2010, s. 22, for clauses (*a*) and (*b*) (w.e.f. 1-4-2011).

2. Ins. by Act 14 of 2001, s. 35 (w.e.f. 1-4-2000).

3. Ins. by Act 20 of 2002, s. 28 (w.e.f. 1-4-2003).

4. Ins. by Act 32 of 2003, s. 33 (w.e.f. 1-4-2004).

[1][**72AA. Provisions relating to carry forward and set-off of accumulated loss and unabsorbed depreciation allowance in scheme of amalgamation of banking company in certain cases.**—Notwithstanding anything contained in sub-clauses (*i*) to (*iii*) of clause (*1B*) of section 2 or section 72A where there has been an amalgamation of a banking company with any other banking institution under a scheme sanctioned and brought into force by the Central Government under sub-section (*7*) of section 45 of the Banking Regulation Act, 1949 (10 of 1949), the accumulated loss and the unabsorbed depreciation of such banking company shall be deemed to be the loss or, as the case may be, allowance for depreciation of such banking institution for the previous year in which the scheme of amalgamation was brought into force and other provisions of this Act relating to set-off and carry forward of loss and allowance for depreciation shall apply accordingly.

Explanation.—For the purposes of this section,—

(*i*) "accumulated loss" means so much of the loss of the amalgamating banking company under the head "Profits and gains of business or profession" (not being a loss sustained in a speculation business) which such amalgamating banking company, would have been entitled to carry forward and set-off under the provisions of section 72 if the amalgamation had not taken place;

(*ii*) "banking company" shall have the same meaning assigned to it in clause (*c*) of section 5 of the Banking Regulation Act, 1949 (10 of 1949);

(*iii*) "banking institution" shall have the same meaning assigned to it in sub-section (*15*) of section 45 of the Banking Regulation Act, 1949 (10 of 1949);

(*iv*) "unabsorbed depreciation" means so much of the allowance for depreciation of the amalgamating banking company which remains to be allowed and which would have been allowed to such banking company if amalgamation had not taken place.]

[2][**72AB. Provisions relating to carry forward and set off of accumulated loss and unabsorbed depreciation allowance in business reorganisation of co-operative banks.**—(*1*) The assessee, being a successor co-operative bank, shall, in a case where the amalgamation has taken place during the previous year, be allowed to set off the accumulated loss and the unabsorbed depreciation, if any, of the predecessor co-operative bank as if the amalgamation had not taken place, and all the other provisions of this Act relating to set off and carry forward of loss and allowance for depreciation shall apply accordingly.

(*2*) The provisions of this section shall apply if—

(*a*) the predecessor co-operative bank—

(*i*) has been engaged in the business of banking for three or more years; and

(*ii*) has held at least three-fourths of the book value of fixed assets as on the date of the business reorganisation, continuously for two years prior to the date of business reorganisation;

(*b*) the successor co-operative bank—

(*i*) holds at least three-fourths of the book value of fixed assets of the predecessor co-operative bank acquired through business reorganisation, continuously for a minimum period of five years immediately succeeding the date of business reorganisation;

(*ii*) continues the business of the predecessor co-operative bank for a minimum period of five years from the date of business reorganisation; and

(*iii*) fulfils such other conditions as may be prescribed to ensure the revival of the business of the predecessor co-operative bank or to ensure that the business reorganisation is for genuine business purpose.

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1. Ins. by Act 18 of 2005, s. 19 (w.e.f. 1-4-2005).

2. Ins. by Act 22 of 2007, s. 21 (w.e.f. 1-4-2008).

(*3*) The amount of set-off of the accumulated loss and unabsorbed depreciation, if any, allowable to the assessee being a resulting co-operative bank shall be,—

(*i*) the accumulated loss or unabsorbed depreciation of the demerged co-operative bank if the whole of the amount of such loss or unabsorbed depreciation is directly relatable to the undertakings transferred to the resulting co-operative bank; or

(*ii*) the amount which bears the same proportion to the accumulated loss or unabsorbed depreciation of the demerged co-operative bank as the assets of the undertaking transferred to the resulting co-operative bank bears to the assets of the demerged co-operative bank if such accumulated loss or unabsorbed depreciation is not directly relatable to the undertakings transferred to the resulting co-operative bank.

(*4*) The Central Government may, for the purposes of this section, by notification in the Official Gazette, specify such other conditions as it considers necessary, other than those prescribed under sub-clause (iii) of clause (b) of sub-section (*2*), to ensure that the business reorganisation is for genuine business purposes.

(*5*) The period commencing from the beginning of the previous year and ending on the date immediately preceding the date of business reorganisation, and the period commencing from the date of such business reorganisation and ending with the previous year shall be deemed to be two different previous years for the purposes of set off and carry forward of loss and allowance for depreciation.

(*6*) In a case where the conditions specified in sub-section (*2*) or notified under sub-section (*4*) are not complied with, the set off of accumulated loss or unabsorbed depreciation allowed in any previous year to the successor co-operative bank shall be deemed to be the income of the successor co-operative bank chargeable to tax for the year in which the conditions are not complied with.

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

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

(*b*) "unabsorbed depreciation" means so much of the allowance for depreciation of the amalgamating co-operative bank or the demerged co-operative bank, as the case may be, which remains to be allowed and which would have been allowed to such bank as if the business reorganisation had not taken place;

(*c*) the expressions "amalgamated co-operative bank", "amalgamating co-operative bank", "amalgamation", "business reorganisation", "co-operative bank", "demerged co-operative bank", "demerger", "predecessor co-operative bank", "successor co-operative bank" and "resulting co-operative bank" shall have the meanings respectively assigned to them in section 44DB.]

73. Losses in speculation business.—(*1*) Any loss, computed in respect of a speculation business carried on by the assessee, shall not be set off except against profits and gains, if any, of another speculation business.

(*2*) Where for any assessment year any loss computed in respect of a speculation business has not been wholly set off under sub-section (*1*), so much of the loss as is not so set off or the whole loss where the assessee had no income from any other speculation business, shall, subject to the other provisions of this Chapter, be carried forward to the following assessment year, and—

(*i*) it shall be set off against the profits and gains, if any, of any speculation business carried on by him assessable for that assessment year; and

(*ii*) 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 soon.

(*3*) In respect of allowance on account of depreciation or capital expenditure on scientific research, the provisions of sub-section (*2*) of section 72 shall apply in relation to speculation business as they apply in relation to any other business.

(*4*) No loss shall be carried forward under this section for more than [1][four assessment years] immediately succeeding the assessment year for which the loss was first computed.

[2][*Explanation*.—Where any part of the business of a company ([3][other than a company whose gross total income consists mainly of income which is chargeable under the heads "Interest on securities", "Income from house property", "Capital gains" and "Income from other sources"], or a company [4][the principal business of which is the business of trading in shares or banking] or the granting of loans and advances) consists in the purchase and sale of shares of other companies, such company shall, for the purposes of this section, be deemed to be carrying on a speculation business to the extent to which the business consists of the purchase and sale of such shares.]

[5]**[73A. Carry forward and set off of losses by specified business.**—(*1*) Any loss, computed in respect of any specified business referred to in section 35AD shall not be set off except against profits and gains, if any, of any other specified business.

(*2*) Where for any assessment year any loss computed in respect of the specified business referred to in sub-section (*1*) has not been wholly set off under sub-section (*1*), so much of the loss as is not so set off or the whole loss where the assessee has no income from any other specified business, shall, subject to the other provisions of this Chapter, be carried forward to the following assessment year, and—

(*i*) it shall be set off against the profits and gains, if any, of any specified business carried on by him assessable for that assessment year; and

(*ii*) 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.]

[6]**[74. Losses under the head "Capital gains".—**[7][(*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*) in so far 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*) in so far 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.]

(*2*) No loss shall be carried forward under this section for more than eight assessment years immediately succeeding the assessment year for which the loss was first computed.

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1. Subs. by Act 18 of 2005, s. 20, for "eight assessment years" (w.e.f. 1-4-2006).
2. Ins. by Act 41 of 1975, s. 15 (w.e.f. 1-4-1977).
3. Subs. by Act 11 of 1987, s. 74, for "other than an investment company, as defined in clause (*ii*) of section 109" (w.e.f. 1-4-1988).
4. Subs. by Act 25 of 2014, s. 26, for "the principal business of which is the business of banking" (w.e.f. 1-4-2015).
5. Ins. by Act 33 of 2009, s. 28 (w.e.f. 1-4-2010).
6. Subs. by Act 11 of 1987, s. 31, for section 74 (w.e.f. 1-4-1988).
7. Subs. by Act 20 of 2002, s. 29, for sub-section (*1*) (w.e.f. 1-4-2003).

[1]* * * * *]

[2][**74A. Losses from certain specified sources falling under the head "Income from other sources".**—[3]* * * * *

[4][(*3*) [5]*** In the case of an assessee, being the owner of horses maintained by him for running in horse races (such horses being hereafter in this sub-section referred to as race horses), [6][the amount of loss incurred by the assessee in the activity of owning and maintaining race horses in any assessment year shall not be set off against income, if any, from any source other than the activity of owning and maintaining race horses in that year and] shall, subject to the other provisions of this Chapter, be carried forward to the following assessment year and—

(*a*) it shall be set off against the income, if any, [7][from the activity of owning and maintaining race horses,] assessable for that assessment year:

Provided that the activity of owning and maintaining race horses is carried on by him in the previous year relevant for that assessment year; and

(*b*) 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; so, however, that no portion of the loss shall be carried forward for more than four assessment years immediately succeeding the assessment year for which the loss was first computed.

Explanation.—For the purposes of this sub-section—

(*a*) "amount of loss incurred by the assessee in the activity of owning and maintaining race horses" means—

(*i*) in a case where the assessee has no income by way of stake money, the amount of expenditure (not being in the nature of capital expenditure) laid out or expended by him wholly and exclusively for the purposes of maintaining race horses;

(*ii*) in a case where the assessee has income by way of stake money, the amount by which such income falls short of the amount of expenditure (not being in the nature of capital expenditure) laid out or expended by the assessee wholly and exclusively for the purposes of maintaining race horses;

(*b*) "horse race" means a horse race upon which wagering or betting may be lawfully made;

(*c*) "income by way of stake money" means the gross amount of prize money received on a race horse or race horses by the owner thereof on account of the horse or horses or any one or more of the horses winning or being placed second or in any lower position in horse races.]

[8]**[75. Losses of firms.**—Where the assessee is a firm, any loss in relation to the assessment year commencing on or before the 1st day of April, 1992, which could not be set off against any other income of the firm and which had been apportioned to a partner of the firm but could not be set off by such partner prior to the assessment year commencing on the 1st day of April, 1993, then, such loss shall be allowed to be set off against the income of the firm subject to the condition that the partner continues in the said firm and to be carried forward for set off under sections 70, 71, 72, 73, 74 and 74A.]

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1. Sub-section (*3*) omitted by Act 20 of 2002, s. 29 (w.e.f. 1-4-2003).
2. Ins. by Act 16 of 1972, s. 11 (w.e.f. 1-4-1972).
3. Sub-sections (*1*) and (*2*) omitted by Act 23 of 1986, s. 16 (w.e.f. 1-4-1987).
4. Ins. by Act 20 of 1974, s. 6 (w.e.f. 1-4-1975).
5. The words "Where for any assessment year" omitted by Act 23 of 1986, s. 16 (w.e.f. 1-4-1987).
6. Subs. by s. 16, *ibid*., for certain words (w.e.f. 1-4-1987).
7. Subs. by s. 16, *ibid*., for "from the source specified in clause (*c*) of sub-section (*2*)" (w.e.f. 1-4-1987).
8. Subs. by Act 18 of 1992, s. 39, for sections 75, 76 and 77 (w.e.f. 1-4-1993). Earlier amended by Act 20 of 1974, s. 13 (w.e.f 1-4-1975), Act 11 of 1987, s. 74 (w.e.f. 1-4-1988), omitted by Act 4 of 1988, s. 19 (w.e.f. 1-4-1989) and restored by Act 3 of 1989, s. 95 (w.e.f. 1-4-1989).

78. Carry forward and set off of losses in case of change in constitution of firm or on succession.—[1][(*1*) Where a change has occurred in the constitution of a firm, nothing in this Chapter shall entitle the firm to have carried forward and set off so much of the loss proportionate to the share of a retired or deceased partner as exceeds his share of profits, if any, in the firm in respect of the previous year.]

(*2*) Where any person carrying on any business or profession has been succeeded in such capacity by another person otherwise than by inheritance, nothing in this Chapter shall entitle any person other than the person incurring the loss to have it carried forward and set off against his income.

[2][**79. Carry forward and set off of losses in case of certain companies.—**Notwithstanding anything contained in this Chapter, where a change in shareholding has taken place in a previous year,—

(*a*) in the case of a company not being a company in which the public are substantially interested and other than a company referred to in clause (*b*), no loss incurred in any year prior to the previous year shall be carried forward and set off against the income of the previous year, unless on the last day of the previous year, the shares of the company carrying not less than fifty-one per cent. of the voting power were beneficially held by persons who beneficially held shares of the company carrying not less than fifty-one per cent. of the voting power on the last day of the year or years in which the loss was incurred;

(*b*) in the case of a company, not being a company in which the public are substantially interested but being an eligible start-up as referred to in section 80-IAC, the loss incurred in any year prior to the previous year shall be carried forward and set off against the income of the previous year, if, all the shareholders of such company who held shares carrying voting power on the last day of the year or years in which the loss was incurred,—

(*i*) continue to hold those shares on the last day of such previous year; and

(*ii*) such loss has been incurred during the period of seven years beginning from the year in which such company is incorporated:

Provided that nothing contained in this section shall apply to a case where a change in the said voting power and shareholding takes place in a previous year consequent upon the death of a shareholder or on account of transfer of shares by way of gift to any relative of the shareholder making such gift:

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

[3][Provided also that nothing contained in this section shall apply to a company where a change in the shareholding takes place in a previous year pursuant to a resolution plan approved under the Insolvency and Bankruptcy Code, 2016, after affording a reasonable opportunity of being heard to the jurisdictional Principal Commissioner or Commissioner.]

80. Submission of return for losses.—Notwithstanding anything contained in this Chapter, no loss which has not been determined in pursuance of a return filed [4][in accordance with the provisions of sub-section (*3*) of section 139], shall be carried forward and set off under sub-section (*1*) of section 72 or sub-section (*2*) of section 73 [5][or sub-section (*2*) of section 73A] or [6][sub-section (*1*) or sub-section (*3*) of section 74] [7][or sub-section (*3*) of section 74A].

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1. Subs. by Act 18 of 1992, s. 40, for sub-section (*1*) (w.e.f. 1-4-1993). Earlier subs. by Act 4 of 1988, s. 20 (w.e.f. 1-4-1989) and restored by Act 3 of 1989, s. 95 (1-4-1989).
2. Subs. by Act 7 of 2017, s. 32, for section 39 (w.e.f. 1-4-2018).
3. Ins. by Act 13 of 2018, s. 24 (w.e.f. 1-4-2018).
4. Subs. by Act 4 of 1988, s. 126, for "within the time allowed under sub-section (*1*) of section 139 or within such further time as may be allowed by the Income-tax Officer" (w.e.f. 1-4-1989).
5. Ins. by Act 28 of 2016, s. 36 (w.e.f. 1-4-2016).
6. Subs. by Act 11 of 1987, s. 74, for "sub-section (*1*) of section 74" (w.e.f. 1-4-1988).
7. Ins. by Act 20 of 1974, s. 13 (w.e.f. 1-4-1975).

[1][CHAPTER VIA

DEDUCTIONS TO BE MADE IN COMPUTING TOTAL INCOME

A.—General

80A. Deductions to be made in computing total income.—(*1*) In computing the total income of an assessee, there shall be allowed from his gross total income, in accordance with and subject to the provisions of this Chapter, the deductions specified in section 80C to [2][80U].

(*2*) The aggregate amount of the deductions under this Chapter shall not, in any case, exceed the gross total income of the assessee.

[3][(*3*) Where, in computing the total income of an association of persons or a body of individuals, any deduction is admissible under section 80G or section 80GGA [4][or section 80GGC] or section 80HH or section 80HHA or section 80HHB or section 80HHC or section 80HHD or section 80-I or section 80-IA [5][or section 80-IB] [6][or section 80-IC] [7][or section 80-ID or section 80-IE] [8]*** [9]***, no deduction under the same section shall be made in computing the total income of a member of the association of persons or body of individuals in relation to the share of such member in the income of the association of persons or body of individuals.]

[10][(*4*) Notwithstanding anything to the contrary contained in section 10A or section 10AA or section 10B or section 10BA or in any provisions of this Chapter under the heading "*C.—Deductions in respect of certain incomes*", where, in the case of an assessee, any amount of profits and gains of an undertaking or unit or enterprise or eligible business is claimed and allowed as a deduction under any of those provisions for any assessment year, deduction in respect of, and to the extent of, such profits and gains shall not be allowed under any other provisions of this Act for such assessment year and shall in no case exceed the profits and gains of such undertaking or unit or enterprise or eligible business, as the case may be.

(*5*) Where the assessee fails to make a claim in his return of income for any deduction under section 10A or section 10AA or section 10B or section 10BA or under any provision of this Chapter under the heading "*C.—Deductions in respect of certain incomes*", no deduction shall be allowed to him thereunder.]

(*6*) Notwithstanding anything to the contrary contained in section 10A or section 10AA or section 10B or section 10BA or in any provisions of this Chapter under the heading "*C.—Deductions in respect of certain incomes*", where any goods or services held for the purposes of the undertaking or unit or enterprise or eligible business are transferred to any other business carried on by the assessee or where any goods or services held for the purposes of any other business carried on by the assessee are transferred to the undertaking or unit or enterprise or eligible business and, the consideration, if any, for such transfer as recorded in the accounts of the undertaking or unit or enterprise or eligible business does not correspond to the market value of such goods or services as on the date of the transfer, then, for the purposes of any deduction under this Chapter, the profits and gains of such undertaking or unit or enterprise or eligible business shall be computed as if the transfer, in either case, had been made at the market value of such goods or services as on that date.

Explanation.—For the purposes of this sub-section, the expression "market value",—

(*i*) in relation to any goods or services sold or supplied, means the price that such goods or services would fetch if these were sold by the undertaking or unit or enterprise or eligible business in the open market, subject to statutory or regulatory restrictions, if any;

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1. Subs. by Act 20 of 1967, s. 33 and the Third Schedule, for Chapter VIA (w.e.f. 1-4-1968).
2. Subs. by Act 32 of 1985, s. 36, for "80VV" (w.e.f. 1-4-1986).
3. Subs. by Act 18 of 1992, s. 41, for sub-section (*3*) (w.e.f. 1-4-1993). Earlier substituted by Act 4 of 1988, s. 21 (w.e.f. 1-4-1989) and then restored by Act 3 of 1989, s. 95 (w.e.f. 1-4-1989).
4. Subs. by Act 46 of 2003, s. 9, for "section 80GGA" (w.e.f. 11-9-2003).
5. Ins. by Act 27 of 1999, s. 90 (w.e.f. 1-4-2000).
6. Ins. by Act 22 of 2007, s. 22 (w.r.e.f. 1-4-2004).
7. Ins. by s. 22, *ibid*. (w.e.f. 1-4-2008).
8. Section 80J omitted by Act 33 of 1996, s. 29 (w.e.f. 1-4-1989).
9. Section 80JJ omitted by Act 26 of 1997, s. 26 (w.e.f. 1-4-1988).
10. Ins. by Act 33 of 2009, s. 29 (w.e.f. 1-4-2003).

(*ii*) in relation to any goods or services acquired, means the price that such goods or services would cost if these were acquired by the undertaking or unit or enterprise or eligible business from the open market, subject to statutory or regulatory restrictions, if any;]

[1][(*iii*) in relation to any goods or services sold, supplied or acquired means the arm's length price as defined in clause (*ii*) of section 92F of such goods or services, if it is a specified domestic transaction referred to in section 92BA.]

[2][(*7*) Where a deduction under any provision of this Chapter under the heading "C.—Deductions in respect of certain incomes" is claimed and allowed in respect of profits of any of the specified business referred to in clause (*c*) of sub-section (*8*) of section 35D for any assessment year, no deduction shall be allowed under the provisions of section 35AD in relation to such specified business for the same or any other assessment year.]

80AA. [**Computation of deduction under section 80M].—***Omitted by the Finance Act*, 1997 (26 of 1997), *s.* 21 (*w.e.f.* 1-4-1998)]. Earlier inserted by Act 44 of 1980, s. 12 (w.e.f. 1-4-1968).

[3][**80AB. Deductions to be made with reference to the income included in the gross total income.**Where any deduction is required to be made or allowed under any section [4]*** included in this Chapter under the heading "*C.—Deductions in respect of certain incomes*" in respect of any income of the nature specified in that section which is included in the gross total income of the assessee, then, notwithstanding anything contained in that section, for the purpose of computing the deduction under that section, the amount of income of that nature as computed in accordance with the provisions of this Act (before making any deduction under this Chapter) shall alone be deemed to be the amount of income of that nature which is derived or received by the assessee and which is included in his gross total income.]

[5]**[80AC. Deduction not to be allowed unless return furnished.—**Where in computing the total income of an assessee of any previous year relevant to the assessment year commencing on or after—

(*i*) the 1st day of April, 2006 but before the 1st day of April, 2018, any deduction is admissible under section 80-IA or section 80-IAB or section 80-IB or section 80-IC or section 80-ID or section 80-IE;

(*ii*) the 1st day of April, 2018, any deduction is admissible under any provision of this Chapter under the heading "C.—*Deductions in respect of certain incomes*",

no such deduction shall be allowed to him unless he furnishes a return of his income for such assessment year on or before the due date specified under sub-section (*1*) of section 139.]

80B. Definitions.—In this Chapter—

[6]*	*	*	*	*
[7]*	*	*	*	*
[8]*	*	*	*	*
[9]*	*	*	*	*

(*5*) "gross total income" means the total income computed in accordance with the provisions of this Act, before making any deduction under this Chapter [10]*** [11]***;

[12]*	*	*	*	*

1. Ins. by Act 23 of 2012, s. 23 (w.e.f. 1-4-2013).
2. Ins. by Act 14 of 2010, s. 23 (w.e.f. 1-4-2011).
3. Ins. by Act 44 of 1980, s. 12 (w.e.f. 1-4-1968).
4. The brackets, words, figures and letters "(except section 80M)" omitted by Act 26 of 1997, s. 22 (w.e.f. 1-4-1998).
5. Subs. by Act 13 of 2009, s. 25, for section 80AC (w.e.f. 1-4-2018) which was earlier inserted by Act 21 of 2006, s. 15 (w.e.f. 1-4-2006).
6. Clause (*1*) omitted by Act 41 of 1975, s. 17 (w.e.f. 1-4-1976).
7. Clause (*2*) omitted by Act 4 of 1988, s. 22 (w.e.f. 1-4-1989).
8. Clause (*3*) omitted by Act 19 of 1968, s. 30 and the Third Schedule (w.e.f. 1-4-1969).
9. Clause (*4*) omitted by Act 4 of 1988, s. 22 (w.e.f. 1-4-1989).
10. The words, figures and letter "or under section 280-O" omitted by Act 26 of 1988, s. 54 (w.e.f. 1-4-1988).
11. The words and figures "and without applying the provisions of section 64" omitted by Act 42 of 1970, s. 18 (w.e.f. 1-4-1968).
12. Clause (*6*) omitted by Act 4 of 1988, s. 22 (w.e.f. 1-4-1989).

[1]* * * * *

[2]* * * * *

[3]* * * * *

[4][**80C. Deduction in respect of life insurance premia, deferred annuity, contributions to provident fund, subscription to certain equity shares or debentures, etc.**—(*1*) In computing the total income of an assessee, being an individual or a Hindu undivided family, there shall be deducted, in accordance with and subject to the provisions of this section, the whole of the amount paid or deposited in the previous year, being the aggregate of the sums referred to in sub-section (*2*), as does not exceed [5][one hundred and fifty thousand rupees].

(*2*) The sums referred to in sub-section (*1*) shall be any sums paid or deposited in the previous year by the assessee—

(*i*) to effect or to keep in force an insurance on the life of persons specified in sub-section (*4*);

(*ii*) to effect or to keep in force a contract for a deferred annuity, not being an annuity plan referred to in clause (*xii*), on the life of persons specified in sub-section (*4*):

Provided that such contract does not contain a provision for the exercise by the insured of an option to receive a cash payment in lieu of the payment of the annuity;

(*iii*) by way of deduction from the salary payable by or on behalf of the Government to any individual being a sum deducted in accordance with the conditions of his service, for the purpose of securing to him a deferred annuity or making provision for his spouse or children, in so far as the sum so deducted does not exceed one-fifth of the salary;

(*iv*) as a contribution by an individual to any provident fund to which the Provident Funds Act, 1925 (19 of 1925) applies;

(*v*) as a contribution to any provident fund set up by the Central Government and notified by it in this behalf in the Official Gazette, where such contribution is to an account standing in the name of any person specified in sub-section (*4*);

(*vi*) as a contribution by an employee to a recognised provident fund;

(*vii*) as a contribution by an employee to an approved superannuation fund;

(*viii*) [6][as subscription, in the name of any person specified in sub-section (*4*), to] any such security of the Central Government or any such deposit scheme as that Government may, by notification in the Official Gazette, specify in this behalf;

(*ix*) as subscription to any such savings certificate as defined in clause (*c*) of section 2 of the Government Savings Certificates Act, 1959 (46 of 1959), as the Central Government may, by notification in the Official Gazette, specify in this behalf;

(*x*) as a contribution, in the name of any person specified in sub-section (*4*), for participation in the Unit-linked Insurance Plan, 1971 (hereafter in this section referred to as the Unit-linked Insurance Plan) specified in Schedule II of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 (58 of 2002);

(*xi*) as a contribution in the name of any person specified in sub-section (*4*) for participation in any such unit-linked insurance plan of the LIC Mutual Fund [7][referred to in clause (*23D*)] of section 10, as the Central Government may, by notification in the Official Gazette, specify in this behalf;

(*xii*) to effect or to keep in force a contract for such annuity plan of the Life Insurance Corporation or any other insurer as the Central Government may, by notification in the Official Gazette, specify;

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1. Clause (*7*) omitted by Act 16 of 1972, s. 15 (w.e.f. 1-4-1973).
2. Clause (*8*) omitted by Act 4 of 1988, s. 22 (w.e.f. 1-4-1989).
3. Clause (*9*) omitted by Act 41 of 1975, s. 17 (w.e.f. 1-4-1976).
4. Ins. by Act 18 of 2005, s. 21 (w.e.f. 1-4-2006). Earlier omitted by Act 12 of 1990, s. 50 (w.e.f. 1-4-1991).
5. Subs. by Act 25 of 2014, s. 27, for "one lakh rupees" (w.e.f. 1-4-2015).
6. Subs. by Act 20 of 2015, s. 16, for "as subscription to" (w.e.f. 1-4-2015).
7. Subs. by Act 21 of 2006, s. 16, for "notified under clause (*23D*)" (w.e.f. 1-4-2007).

(*xiii*) as subscription to any units of any Mutual Fund [1][referred to in clause (*23D*)] of section 10 or from the Administrator or the specified company under any plan formulated in accordance with such scheme as the Central Government may, by notification in the Official Gazette, specify in this behalf;

(*xiv*) as a contribution by an individual to any pension fund set up by any Mutual Fund [1][referred to in clause (*23D*)] of section 10 or by the Administrator or the specified company, as the Central Government may, by notification in the Official Gazette, specify in this behalf;

(*xv*) as subscription to any such deposit scheme of, or as a contribution to any such pension fund set up by, the National Housing Bank established under section 3 of the National Housing Bank Act, 1987 (53 of 1987) (hereafter in this section referred to as the National Housing Bank), as the Central Government may, by notification in the Official Gazette, specify in this behalf;

(*xvi*) as subscription to any such deposit scheme of—

(*a*) a public sector company which is engaged in providing long-term finance for construction or purchase of houses in India for residential purposes; or

(*b*) any 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,

as the Central Government may, by notification in the Official Gazette, specify in this behalf;

(*xvii*) as tuition fees (excluding any payment towards any development fees or donation or payment of similar nature), whether at the time of admission or thereafter,—

(*a*) to any university, college, school or other educational institution situated within India;

(*b*) for the purpose of full-time education of any of the persons specified in sub-section (*4*);

(*xviii*) for the purposes of purchase or construction of a residential house property the income from which is chargeable to tax under the head "Income from house property" (or which would, if it had not been used for the assessee's own residence, have been chargeable to tax under that head), where such payments are made towards or by way of—

(*a*) any instalment or part payment of the amount due under any self-financing or other scheme of any development authority, housing board or other authority engaged in the construction and sale of house property on ownership basis; or

(*b*) any instalment or part payment of the amount due to any company or co-operative society of which the assessee is a shareholder or member towards the cost of the house property allotted to him; or

(*c*) repayment of the amount borrowed by the assessee from—

(*1*) the Central Government or any State Government, or

(*2*) any bank, including a co-operative bank, or

(*3*) the Life Insurance Corporation, or

(*4*) the National Housing Bank, or

(*5*) any public company formed and registered in India with the main object of carrying on the business of providing long-term finance for construction or purchase of houses in India for residential purposes which is eligible for deduction under clause (*viii*) of sub-section (*1*) of section 36, or

1. Subs. by Act 21 of 2006, s. 16, for "notified under clause (*23D*)" (w.e.f. 1-4-2007).

(*6*) any company in which the public are substantially interested or any co-operative society, where such company or co-operative society is engaged in the business of financing the construction of houses, or

(*7*) the assessee's employer where such employer is an authority or a board or a corporation or any other body established or constituted under a Central or State Act, or

(*8*) the assessee's employer where such employer is a public company or a public sector company or a university established by law or a college affiliated to such university or a local authority or a co-operative society; or

(*d*) stamp duty, registration fee and other expenses for the purpose of transfer of such house property to the assessee,

but shall not include any payment towards or by way of—

(*A*) the admission fee, cost of share and initial deposit which a shareholder of a company or a member of a co-operative society has to pay for becoming such shareholder or member; or

(*B*) the cost of any addition or alteration to, or renovation or repair of, the house property which is carried out after the issue of the completion certificate in respect of the house property by the authority competent to issue such certificate or after the house property or any part thereof has either been occupied by the assessee or any other person on his behalf or been let out; or

(*C*) any expenditure in respect of which deduction is allowable under the provisions of section 24;

(*xix*) as subscription to equity shares or debentures forming part of any eligible issue of capital approved by the Board on an application made by a public company or as subscription to any eligible issue of capital by any public financial institution in the prescribed form.

Explanation.—For the purposes of this clause,—

(*i*) "eligible issue of capital" means an issue made by a public company formed and registered in India or a public financial institution and the entire proceeds of the issue are utilised wholly and exclusively for the purposes of any business referred to in sub-section (*4*) of section 80-IA;

(*ii*) "public company" shall have the meaning assigned to it in section 3 of the Companies Act, 1956 (1 of 1956);

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

(*xx*) as subscription to any units of any mutual fund referred to in clause (*23D*) of section 10 and approved by the Board on an application made by such mutual fund in the prescribed form:

Provided that this clause shall apply if the amount of subscription to such units is subscribed only in the eligible issue of capital of any company.

Explanation.—For the purposes of this clause "eligible issue of capital" means an issue referred to in clause (*i*) of the *Explanation* to clause (*xix*) of sub-section (*2*);

[1][(*xxi*) as term deposit—

(*a*) for a fixed period of not less than five years with a scheduled bank; and

(*b*) which is in accordance with a scheme framed and notified, by the Central Government, in the Official Gazette for the purposes of this clause.

1. Ins. by Act 21 of 2006, s. 16 (w.e.f. 1-4-2007).

Explanation.—For the purposes of this clause, "scheduled bank" means the State Bank of India constituted under the State Bank of India Act, 1955 (23 of 1955), or a subsidiary bank as defined in the State Bank of India (Subsidiary Banks) Act, 1959 (38 of 1959), or a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970), or under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980), or any other bank, being a bank included in the Second Schedule to the Reserve Bank of India Act, 1934 (2 of 1934);]

[1][(*xxii*) as subscription to such bonds issued by the National Bank for Agriculture and Rural Development, as the Central Government may, by notification in the Official Gazette, specify in this behalf;]

[2][(*xxiii*) in an account under the Senior Citizens Savings Scheme Rules, 2004;

(*xxiv*) as five year time deposit in an account under the Post Office Time Deposit Rules, 1981.]

(*3*) The provisions of sub-section (*2*) shall apply only to so much of any premium or other payment made on an [3][insurance policy, other than a contract for a deferred annuity, issued on or before the 31st day of March, 2012,] as is not in excess of twenty per cent of the actual capital sum assured.

Explanation.—In calculating any such actual capital sum assured, no account shall be taken—

(*i*) of the value of any premiums agreed to be returned, or

(*ii*) of any benefit by way of bonus or otherwise over and above the sum actually assured, which is to be or may be received under the policy by any person.

[4][(*3A*) The provisions of sub-section (*2*) shall apply only to so much of any premium or other payment made on an insurance policy, other than a contract for a deferred annuity, issued on or after the 1st day of April, 2012 as is not in excess of ten per cent of the actual capital sum assured:

[5][Provided that where the policy, issued on or after the 1st day of April, 2013, is for insurance on life of any person, who is—

(*a*) a person with disability or a person with severe disability as referred to in section 80U, or

(*b*) suffering from disease or ailment as specified in the rules made under section 80DDB,

the provisions of this sub-section shall have effect as if for the words "ten per cent.", the words "fifteen per cent." had been substituted.]

Explanation.—For the purposes of this sub-section, "actual capital sum assured" in relation to a life insurance policy shall mean the minimum amount assured under the policy on happening of the insured event at any time during the term of the policy, not taking into account—

(*i*) the value of any premium agreed to be returned; or

(*ii*) any benefit by way of bonus or otherwise over and above the sum actually assured, which is to be or may be received under the policy by any person.]

(*4*) The persons referred to in sub-section (*2*) shall be the following, namely:—

(*a*) for the purposes of clauses (*i*), (*v*), (*x*) and (*xi*) of that sub-section,—

(*i*) in the case of an individual, the individual, the wife or husband and any child of such individual, and

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1. Ins. by Act 22 of 2007, s. 24 (w.e.f. 1-4-2008).
2. Ins. by Act 18 of 2008, s. 16 (w.e.f. 1-4-2008).
3. Subs. by Act 23 of 2012, s. 24, for "insurance policy other than a contract for a deferred annuity" (w.e.f. 1-4-2013).
4. Ins. by s. 24, *ibid*. (w.e.f. 1-4-2013).
5. Ins. by Act 17 of 2013, s. 12 (w.e.f. 1-4-2014).

(*ii*) in the case of a Hindu undivided family, any member thereof;

(*b*) for the purposes of clause (*ii*) of that sub-section, in the case of an individual, the individual, the wife or husband and any child of such individual;

[1][(*ba*) for the purposes of clause (*viii*) of that sub-section, in the case of an individual, the individual or any girl child of that individual, or any girl child for whom such person is the legal guardian, if the scheme so specifies;]

(*c*) for the purposes of clause (*xvii*) of that sub-section, in the case of an individual, any two children of such individual.

(*5*) Where, in any previous year, an assessee—

(*i*) terminates his contract of insurance referred to in clause (*i*) of sub-section (*2*), by notice to that effect or where the contract ceases to be in force by reason of failure to pay any premium, by not reviving contract of insurance,—

(*a*) in case of any single premium policy, within two years after the date of commencement of insurance; or

(*b*) in any other case, before premiums have been paid for two years; or

(*ii*) terminates his participation in any unit-linked insurance plan referred to in clause (*x*) or clause (*xi*) of sub-section (*2*), by notice to that effect or where he ceases to participate by reason of failure to pay any contribution, by not reviving his participation, before contributions in respect of such participation have been paid for five years; or

(*iii*) transfers the house property referred to in clause (*xviii*) of sub-section (*2*) before the expiry of five years from the end of the financial year in which possession of such property is obtained by him, or receives back, whether by way of refund or otherwise, any sum specified in that clause,

then,—

(*a*) no deduction shall be allowed to the assessee under sub-section (*1*) with reference to any of the sums, referred to in clauses (*i*), (*x*), (*xi*) and (*xviii*) of sub-section (*2*), paid in such previous year; and

(*b*) the aggregate amount of the deductions of income so allowed in respect of the previous year or years preceding such previous year, shall be deemed to be the income of the assessee of such previous year and shall be liable to tax in the assessment year relevant to such previous year.

(*6*) If any equity shares or debentures, with reference to the cost of which a deduction is allowed under sub-section (*1*), are sold or otherwise transferred by the assessee to any person at any time within a period of three years from the date of their acquisition, the aggregate amount of the deductions of income so allowed in respect of such equity shares or debentures in the previous year or years preceding the previous year in which such sale or transfer has taken place shall be deemed to be the income of the assessee of such previous year and shall be liable to tax in the assessment year relevant to such previous year.

Explanation.—A person shall be treated as having acquired any shares or debentures on the date on which his name is entered in relation to those shares or debentures in the register of members or of debenture-holders, as the case may be, of the public company.

[2][(*6A*) If any amount, including interest accrued thereon, is withdrawn by the assessee from his account referred to in clause (*xxiii*) or clause (*xxiv*) of sub-section (*2*), before the expiry of the period of five years from the date of its deposit, the amount so withdrawn shall be deemed to be the income of the

1. Ins. by Act 20 of 2015, s. 16 (w.e.f. 1-4-2015).
2. Ins. by Act 18 of 2008, s. 16 (w.e.f. 1-4-2008).

assessee of the previous year in which the amount is withdrawn and shall be liable to tax in the assessment year relevant to such previous year:

Provided that the amount liable to tax shall not include the following amounts, namely:—

(*i*) any amount of interest, relating to deposits referred to in clause (*xxiii*) or clause (*xxiv*) of sub-section (*2*), which has been included in the total income of the assessee of the previous year or years preceding such previous year; and

(*ii*) any amount received by the nominee or legal heir of the assessee, on the death of such assessee, other than interest, if any, accrued thereon, which was not included in the total income of the assessee for the previous year or years preceding such previous year.]

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

(*a*) the insurance, deferred annuity, provident fund and superannuation fund referred to in clauses (*i*) to (*vii*);

(*b*) unit-linked insurance plan and annuity plan referred to in clauses (*xii*) to (*xiiia*);

(*c*) pension fund and subscription to deposit scheme referred to in clauses (*xiiic*) to (*xiva*);

(*d*) amount borrowed for purchase or construction of a residential house referred to in clause (*xv*),

of sub-section (*2*) of section 88 shall be eligible for deduction under the corresponding provisions of this section and the deduction shall be allowed in accordance with the provisions of this section.

(*8*) In this section,—

(*i*) "Administrator" means the Administrator as referred to in clause (*a*) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 (58 of 2002);

(*ii*) "contribution" to any fund shall not include any sums in repayment of loan;

(*iii*) "insurance" shall include—

(*a*) a policy of insurance on the life of an individual or the spouse or the child of such individual or a member of a Hindu undivided family securing the payment of specified sum on the stipulated date of maturity, if such person is alive on such date notwithstanding that the policy of insurance provides only for the return of premiums paid (with or without any interest thereon) in the event of such person dying before the said stipulated date;

(*b*) a policy of insurance effected by an individual or a member of a Hindu undivided family for the benefit of a minor with the object of enabling the minor, after he has attained majority to secure insurance on his own life by adopting the policy and on his being alive on a date (after such adoption) specified in the policy in this behalf;

(*iv*) "Life Insurance Corporation" means the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956 (31 of 1956);

(*v*) "public company" shall have the same meaning as in section 3 of the Companies Act, 1956 (1 of 1956);

(*vi*) "security" means a Government security as defined in clause (*2*) of section 2 of the Public Debt Act, 1944 (18 of 1944);

(*vii*) "specified company" means a company as referred to in clause (*h*) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 (58 of 2002);

(*viii*) "transfer" shall be deemed to include also the transactions referred to in clause (*f*) of section 269UA.]

80CC. [**Deduction in respect of investment in certain new shares**].—*Omitted by the Finance* (*No.* 2) *Act,* 1996 (33 *of* 1996), *s*. 22 (*w.e.f.* 1-4-1993).

[1]**[80CCA. Deduction in respect of deposits under National Savings Scheme or payment to a deferred annuity plan.**—(*1*) Where an assessee, being—

(*a*) an individual, or

(*b*) a Hindu undivided family, [2]***

[3]* * * * *

has in the previous year—

(*i*) deposited any amount in accordance with such scheme as the Central Government may, by notification in the Official Gazette, specify in this behalf [4]***; or

(*ii*) paid any amount to effect or to keep in force a contract for such annuity plan of the Life Insurance Corporation as the Central Government may, by notification in the Official Gazette, specify,

out of his income chargeable to tax, he shall, in accordance with, and subject to, the provisions of this section, be allowed a deduction in the computation of his total income of the whole of the amount deposited or paid (excluding interest or bonus accrued or credited to the assessee's account, if any) as does not exceed the amount of twenty thousand rupees in the previous year:

[5]**[**Provided that in relation to—

(*a*) the assessment years commencing on the 1st day of April, 1989 and the 1st day of April, 1990, this sub-section shall have effect as if for the words "twenty thousand rupees", the words "thirty thousand rupees" had been substituted;

(*b*) the assessment year commencing on the 1st day of April, 1991 and subsequent assessment years, this sub-section shall have effect as if for the words "twenty thousand rupees", the words "forty thousand rupees" had been substituted:]

[6][Provided further that no deduction under this sub-section shall be allowed in relation to any amount deposited or paid under clauses (*i*) and (*ii*) on or after the 1st day of April, 1992.]

(*2*) Where any amount—

(*a*) standing to the credit of the assessee [7][under the scheme referred to in clause (*i*) of sub-section (*1*)] in respect of which a deduction has been allowed under sub-section (*1*) together with the interest accrued on such amount is withdrawn in whole or in part in any previous year, or

(*b*) is received on account of the surrender of the policy or as annuity or bonus in accordance with the annuity plan of the Life Insurance Corporation in any previous year,

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1. Subs. by Act 26 of 1988, s. 23, for section 80CCA (w.e.f. 1-4-1988).
2. The words "or" omitted by Act 32 of 1994, s. 50 (w.e.f. 1-4-1988.)
3. Clause (*c*) omitted by s. 50, *ibid.* (w.e.f. 1-4-1988).
4. The brackets and words "(hereafter in this section referred to as the National Savings Scheme)" omitted by Act 49 of 1991, s. 25 (w.e.f. 1-10-1991).
5. Subs. by Act 12 of 1990, s. 16, for the proviso (w.e.f. 1-4-1991).
6. Ins. by Act 18 of 1992, s. 42 (w.e.f. 1-4-1993).
7. Subs. by Act 49 of 1991, s. 25, for "under the National Savings Scheme" (w.e.f. 1-10-1991).

an amount equal to the whole of the amount referred to in clause (*a*) or clause (*b*) shall be deemed to be the income of the assessee of that previous year in which such withdrawal is made or, as the case may be, amount is received, and shall, accordingly, be chargeable to tax as the income of that previous year:

[1][Provided that nothing contained in this sub-section shall apply to any amount received by the assessee on account of the surrender of the policy in accordance with the terms of the annuity plan of the Life Insurance Corporation where the assessee elects to surrender before the 1st day of October, 1992, the said annuity plan in respect of which he had paid any amount under clause (*ii*) of sub-section (*1*) before the 1st day of April, 1992.]

[2][(*3*) Notwithstanding anything contained in any other provision of this Act, where a partition has taken place among the members of a Hindu undivided family or where an association of persons has been dissolved after a deduction has been allowed under sub-section (*1*), the provisions of sub-section (*2*) shall apply as if the person in receipt of income referred to therein is the assessee.]

Explanation I.—For the removal of doubts, it is hereby declared that interest on the deposits made [3][under the scheme referred to in clause (*i*) of sub-section (*1*)] shall not be chargeable to tax except in the manner and to the extent specified in sub-section (*2*).

Explanation II.—For the purposes of this section, "Life Insurance Corporation" shall have the same meaning as in clause (*a*) of sub-section (*8*) of section 80C.

[4][**80CCB. Deduction in respect of investment made under Equity Linked Savings Scheme.**—(*1*) Where an assessee, being—

(*a*) an individual, or

(*b*) a Hindu undivided family,[5]***

[6]* * * * *

has acquired in the previous year, out of his income chargeable to tax, units of any Mutual Fund specified under clause (23D) of section 10 or of the Unit Trust of India established under the Unit Trust of India Act, 1963 (52 of 1963), under any plan formulated in accordance with such scheme as the Central Government may, by notification in the Official Gazette, specify in this behalf (hereafter in this section referred to as the Equity Linked Savings Scheme), he shall, in accordance with, and subject to, the provisions of this section, be allowed a deduction in the computation of his total income of so much of the amount invested as does not exceed the amount of ten thousand rupees in the previous year:

[7][Provided that no deduction shall be allowed in relation to any amount invested under this sub-section on or after the 1st day of April, 1992.]

(*2*) Where any amount invested by the assessee in the units issued under a plan formulated under the Equity Linked Savings Scheme in respect of which a deduction has been allowed under sub-section (*1*) is returned to him in whole or in part either by way of repurchase of such units or on the termination of the plan, by the Fund or the Trust, as the case may be, in any previous year, it shall be deemed to be the income of the assessee of that previous year and chargeable to tax accordingly.

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1. Ins. by Act 18 of 1992, s. 42 (w.e.f. 1-4-1993).
2. Ins. by Act 12 of 1990, s. 16 (w.e.f. 1-4-1991).
3. Subs. by Act 49 of 1991, s. 25, for "under the National Savings Scheme" (w.e.f. 1-4-1991)
4. Ins. by Act 12 of 1990, s. 17 (w.e.f. 1-4-1991).
5. The word "or" omitted by Act 32 of 1994, s. 50 (w.e.f. 1-4-1991.)
6. Clause (*c*) omitted by s. 50, *ibid.* (w.e.f. 1-4-1991).
7. Ins. by Act 18 of 1992, s. 43 (w.e.f. 1-4-1993).

(*3*) Notwithstanding anything contained in any other provision of this Act, where a partition has taken place among the members of a Hindu undivided family or where an association of persons has been dissolved after a deduction has been allowed under sub-section (*1*), the provisions of sub-section (*2*) shall apply as if the person in receipt of income referred to therein is the assessee.]

[1][**80CCC. Deduction in respect of contribution to certain pension funds.**—(*1*) Where an assessee being an individual has in the previous year paid or deposited any amount out of his income chargeable to tax to effect or keep in force a contract for any annuity plan of Life Insurance Corporation of India [2][or any other insurer] for receiving pension from the fund referred to in clause (*23AAB*) of section 10, he shall, in accordance with, and subject to, the provisions of this section, be allowed a deduction in the computation of his total income, of the whole of the amount paid or deposited (excluding interest or bonus accrued or credited to the assessee's account, if any) as does not exceed the amount of [3][one hundred and fifty thousand rupees] in the previous year.

(*2*) Where any amount standing to the credit of the assessee in a fund, referred to in sub-section (*1*) in respect of which a deduction has been allowed under sub-section (*1*), together with the interest or bonus accrued or credited to the assessee's account, if any, is received by the assessee or his nominee—

(*a*) on account of the surrender of the annuity plan whether in whole or in part, in any previous year, or

(*b*) as pension received from the annuity plan,

an amount equal to the whole of the amount referred to in clause (*a*) or clause (*b*) shall be deemed to be the income of the assessee or his nominee, as the case may be, in that previous year in which such withdrawal is made or, as the case may be, pension is received, and shall accordingly be chargeable to tax as income of that previous year.

[4][(*3*) Where any amount paid or deposited by the assessee has been taken into account for the purposes of this section,—

(*a*) a rebate with reference to such amount shall not be allowed under section 88 for any assessment year ending before the 1st day of April, 2006;

(*b*) a deduction with reference to such amount shall not be allowed under section 80C for any assessment year beginning on or after the 1st day of April, 2006.]]

[5][**80CCD. Deduction in respect of contribution to pension scheme of Central Government.**—(*1*) [6][Where an assessee, being an individual employed by the Central Government on or after the 1st day of January, 2004 or, being an individual employed by any other employer], [7][or any other assessee, being an individual] has in the previous year paid or deposited any amount in his account under a pension scheme notified or as may be notified by the Central Government, he shall, in accordance with, and subject to, the provisions of this section, be allowed a deduction in the computation of his total income, of the whole of the amount so paid or deposited [8][as does not exceed,—

(*a*) in the case of an employee, ten per cent of his salary in the previous year; and

1. Ins. by Act 33 of 1996, s. 23 (w.e..f 1-4-1997).
2. Ins. by Act 14 of 2001, s. 36 (w.e.f. 1-4-2002).
3. Subs. by Act 20 of 2015, s. 17, for "one lakh rupees" (w.e.f. 1-4-2016).
4. Subs. by Act 18 of 2005, s. 22, for sub-section (*3*) (w.e.f. 1-4-2006).
5. Ins. by Act 23 of 2004, s. 15 (w.e.f. 1-4-2004).
6. Subs. by Act 25 of 2014, s. 28, for "Where an assessee, being an individual employed by the Central Government or any other employer on or after the 1st day of January, 2004" (w.e.f. 1-4-2015).
7. Ins. by Act 33 of 2009, s. 30 (w.e.f. 1-4-2009).
8. Subs. by s. 30, *ibid*., for "as does not exceed ten per cent. of his salary in the previous year" (w.e.f. 1-4-2009).

(*b*) in any other case, [1][twenty per cent.] of his gross total income in the previous year.]

[2]* * * * *

[3][(*1B*) An assessee referred to in sub-section (*1*), shall be allowed a deduction in computation of his total income, whether or not any deductions is allowed under sub-section (*1*), of the whole of the amount paid or deposited in the previous year in his account under a pension scheme notified or as may be notified by the Central Government, which shall not exceed fifty thousand rupees:

Provided that no deduction under this sub-section shall be allowed in respect of the amount on which a deduction has been claimed and allowed under sub-section (*1*).]

(*2*) Where, in the case of an assessee referred to in sub-section (*1*), the [4][Central Government or any other employer] makes any contribution to his account referred to in that sub-section, the assessee shall be allowed a deduction in the computation of his total income, of the whole of the amount contributed by the [4][Central Government or any other employer] as does not exceed ten per cent of his salary in the previous year.

(*3*) Where any amount standing to the credit of the assessee in his account referred to in [5][sub-section (*1*) or sub-section (*1B*)], in respect of which a deduction has been allowed [6][under those sub-sections] or sub-section (*2*), together with the amount accrued thereon, if any, is received by the assessee or his nominee, in whole or in part, in any previous year,—

(*a*) on account of closure or his opting out of the pension scheme referred to in [5][sub-section (*1*) or sub-section (*1B*)]; or

(*b*) as pension received from the annuity plan purchased or taken on such closure or opting out,

the whole of the amount referred to in clause (*a*) or clause (*b*) shall be deemed to be the income of the assessee or his nominee, as the case may be, in the previous year in which such amount is received, and shall accordingly be charged to tax as income of that previous year.

[7][Provided that the amount received by the nominee, on the death of the assessee, under the circumstances referred to in clause (*a*), shall not be deemed to be the income of the nominee.]

[8][(*4*) Where any amount paid or deposited by the assessee has been allowed as a deduction under [5][sub-section (*1*) or sub-section (*1B*)],—

(*a*) no rebate with reference to such amount shall be allowed under section 88 for any assessment year ending before the 1st day of April, 2006;

(*b*) no deduction with reference to such amount shall be allowed under section 80C for any assessment year beginning on or after the 1st day of April, 2006.]

[9][(*5*) For the purposes of this section, the assessee shall be deemed not to have received any amount in the previous year if such amount is used for purchasing an annuity plan in the same previous year.]

Explanation.—For the purposes of this section, "salary" includes dearness allowance, if the terms of employment so provide, but excludes all other allowances and perquisites.]

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1. Subs. by Act 7 of 2017, s. 33 for "ten per cent." (w.e.f. 1-4-2018).
2. Sub-section (*1A*) omitted by Act 20 of 2015, s. 18 (w.e.f. 1-4-2016).
3. Ins. by s. 18, *ibid.* (w.e.f. 1-4-2016).
4. Subs. by Act 22 of 2007, s. 25, for "Central Government" (w.e.f. 1-4-2004).
5. Subs. by Act 20 of 2015, s. 18, for "sub-section (*1*)" (w.e.f. 1-4-2016).
6. Subs. by s. 18, *ibid*., for " under that sub-section" (w.e.f. 1-4-2016).
7. Ins. by Act 28 of 2016, s. 37 (w.e.f. 1-4-2017).
8. Subs. by Act 18 of 2005, s. 23, for sub-section (*4*) (w.e.f. 1-4-2006).
9. Ins. by Act 33 of 2009, s. 30 (w.e.f. 1-4-2009).

[1][**80CCE. Limit on deductions under section 80C, section 80CCC and 80CCD.**—The aggregate amount of deductions under section 80C, section 80CCC and [2][sub-section (*1*) of section 80CCD] shall not, in any case, exceed [3][one hundred and fifty thousand rupees].]

[4][**80CCF. Deduction in respect of subscription to long-term infrastructure bonds.**—In computing the total income of an assessee, being an individual or a Hindu undivided family, there shall be deducted, the whole of the amount, to the extent such amount does not exceed twenty thousand rupees, paid or deposited, during the previous year relevant to the assessment year beginning on the 1st day of April, 2011 [5][or to the assessment year beginning on the 1st day of April, 2012], as subscription to long-term infrastructure bonds as may, for the purposes of this section, be notified by the Central Government.]

[6][**80CCG. Deduction in respect of investment made under an equity savings scheme.**—(*1*) Where an assessee, being a resident individual, has, in a previous year, acquired listed equity shares [7][or listed units of an equity oriented fund] in accordance with a scheme, as may be notified by the Central Government in this behalf, he shall, subject to the provisions of sub-section (*3*), be allowed a deduction, in the computation of his total income of the assessment year relevant to such previous year, of fifty per cent of the amount invested in such equity shares [7][or units] to the extent such deduction does not exceed twenty-five thousand rupees.

[8][(*2*) The deduction under sub-section (*1*) shall be allowed in accordance with, and subject to, the provisions of this section for three consecutive assessment years, beginning with the assessment year relevant to the previous year in which the listed equity shares or listed units of equity oriented fund were first acquired.]

(*3*) The deduction under sub-section (*1*) shall be subject to the following conditions, namely:—

(*i*) the gross total income of the assessee for the relevant assessment year shall not exceed [9][twelve lakh rupees];

(*ii*) the assessee is a new retail investor as may be specified under the scheme referred to in sub-section (*1*);

(*iii*) the investment is made in such listed equity shares [7][or listed units of equity oriented fund] as may be specified under the scheme referred to in sub-section (*1*);

(*iv*) the investment is locked-in for a period of three years from the date of acquisition in accordance with the scheme referred to in sub-section (*1*); and

(*v*) such other condition as may be prescribed.

(*4*) If the assessee, in any previous year, fails to comply with any condition specified in sub-section (*3*), the deduction originally allowed shall be deemed to be the income of the assessee of such previous year and shall be liable to tax for the assessment year relevant to such previous year.]

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1. Ins. by Act 18 of 2005, s. 24 (w.e.f. 1-4-2006).
2. Subs. by Act 8 of 2011, s. 9, for "section 80CCD" (w.e.f. 1-4-2012).
3. Subs. by Act 25 of 2014, s. 29, for "one lakh rupees" (w.e.f. 1-4-2015).
4. Ins. by Act 14 of 2010, s. 24 (w.e.f. 1-4-2011).
5. Ins. by Act 8 of 2011, s. 10 (w.e.f. 1-4-2012).
6. Ins. by Act 23 of 2012, s. 25 (w.e.f. 1-4-2013).
7. Ins. by Act 17 of 2013, s. 13 (w.e.f. 1-4-2014).
8. Subs. by s. 13, *ibid*., for sub-section (*2*) (w.e.f. 1-4-2014).
9. Subs. by s. 13, *ibid*., for "ten lakh rupees" (w.e.f. 1-4-2014).

[1][*Explanation*.—For the purposes of this section, "equity oriented fund" shall have the meaning assigned to it in the *Explanation* to clause (*38*) of section 10.]

[2][(*5*) Notwithstanding anything contained in sub-sections (*1*) to (*4*), no deduction under this section shall be allowed in respect of any assessment year commencing on or after the 1st day of April, 2018:

Provided that an assessee, who has acquired listed equity shares or listed units of an equity oriented fund in accordance with the scheme referred to in sub-section (*1*) and claimed deduction under this section for any assessment year commencing on or before the 1st day of April, 2017, shall be allowed deduction under this section till the assessment year commencing on the 1st day of April, 2019, if he is otherwise eligible to claim the deduction in accordance with the other provisions of this section.]

[3][**80D. Deduction in respect of health insurance premia.**—(*1*) In computing the total income of an assessee, being an individual or a Hindu undivided family, there shall be deducted such sum, as specified in sub-section (*2*) or sub-section (*3*), payment of which is made by any mode [4][as specified in sub-section (*2B*)], in the previous year out of his income chargeable to tax.

(*2*) Where the assessee is an individual, the sum referred to in sub-section (*1*) shall be the aggregate of the following, namely:—

(*a*) the whole of the amount paid to effect or to keep in force an insurance on the health of the assessee or his family [5][or any contribution made to the Central Government Health Scheme] [6][or such other scheme as may be notified by the Central Government in this behalf] [7][or any payment made on account of preventive health check-up of the assessee or his family] as does not exceed in the aggregate [8][twenty-five thousand rupees]; and

(*b*) the whole of the amount paid to effect or to keep in force an insurance on the health of the parents or parents of the assessee [7][or any payment made on account of preventive health check-up of the parent or parents of the assessee] as does not exceed in the aggregate [8][twenty-five thousand rupees];

[9][(*c*) the whole of the amount paid on account of medical expenditure incurred on the health of the assessee or any member of his family as does not exceed in the aggregate [10][fifty thousand rupees]; and

(*d*) the whole of the amount paid on account of medical expenditure incurred on the health of any parent of the assessee, as does not exceed in the aggregate [10][fifty thousand rupees]:

Provided that the amount referred to in clause (*c*) or clause (*d*) is paid in respect of a [11]*** senior citizen and no amount has been paid to effect or to keep in force an insurance on the health of such person:

Provided further that the aggregate of the sum specified under clause (*a*) and clause (*c*) or the aggregate of the sum specified under clause (*b*) and clause (*d*) shall not exceed [10][fifty thousand rupees].]

Explanation.—For the purposes of clause (*a*), "family" means the spouse and dependant children of the assessee.

[7][(*2A*) Where the amounts referred to in clauses (*a*) and (*b*) of sub-section (*2*) are paid on account of preventive health check-up, the deduction for such amounts shall be allowed to the extent it does not exceed in the aggregate five thousand rupees.

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1. Ins. by Act 17 of 2013, s. 13 (w.e.f. 1-4-2014).
2. Ins. by Act 7 of 2017, s. 34 (w.e.f. 1-4-2018).
3. Subs. by Act 18 of 2008, s. 17, for section 80D (w.e.f. 1-4-2009).
4. Subs. by Act 23 of 2012, s. 26, for ", other than cash," (w.e.f. 1-4-2013).
5. Ins. by Act 14 of 2010, s. 25 (w.e.f. 1-4-2011).
6. Ins. by Act 17 of 2013, s. 14 (w.e.f. 1-4-2014).
7. Ins. by Act 23 of 2012, s. 26 (w.e.f. 1-4-2013).
8. Subs. by Act 20 of 2015, s. 19, for "fifteen thousand rupees" (w.e.f. 1-4-2016).
9. Ins. by s. 19, *ibid*. (w.e.f. 1-4-2016).
10. Subs. by Act 13 of 2018, s. 26, for "thirty thousand rupees" (w.e.f. 1-4-2019).
11. The word "very" omitted by s. 26, *ibid.* (w.e.f. 1-4-2019).

(*2B*) For the purposes of deduction under sub-section (*1*), the payment shall be made by—

(*i*) any mode, including cash, in respect of any sum paid on account of preventive health check-up;

(*ii*) any mode other than cash in all other cases not falling under clause (*i*).]

[1][(*3*) Where the assessee is a Hindu undivided family, the sum referred to in sub-section (*1*), shall be the aggregate of the following, namely:—

(*a*) whole of the amount paid to effect or to keep in force an insurance on the health of any member of that Hindu undivided family as does not exceed in the aggregate twenty-five thousand rupees; and

(*b*) the whole of the amount paid on account of medical expenditure incurred on the health of any member of the Hindu undivided family as does not exceed in the aggregate [2][fifty thousand rupees]:

Provided that the amount referred to in clause (*b*) is paid in respect of a [3]*** senior citizen and no amount has been paid to effect or to keep in force an insurance on the health of such person:

Provided further that the aggregate of the sum specified under clause (*a*) and clause (*b*) shall not exceed [2][fifty thousand rupees].]

(*4*) Where the sum specified in clause (*a*) or clause (*b*) of sub-section (*2*) [4][or clause (*a*) of sub-section (*3*)] is paid to effect or keep in force an insurance on the health of any person specified therein, and who is a senior citizen, [5]***, the provisions of this section shall have effect as if for the words [6][twenty-five thousand rupees], the words [7][fifty thousand rupees] had been substituted.

[8]* * * * *

[9][(*4A*) Where the amount specified in clause (*a*) or clause (*b*) of sub-section (*2*) or clause (*a*) of sub-section (*3*) is paid in lump sum in the previous year to effect or to keep in force an insurance on the health of any person specified therein for more than a year, then, subject to the provisions of this section, there shall be allowed for each of the relevant previous year, a deduction equal to the appropriate fraction of the amount.

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

(*i*) "appropriate fraction" means the fraction, the numerator of which is one and the denominator of which is the total number of relevant previous years;

(*ii*) "relevant previous year" means the previous year beginning with the previous year in which such amount is paid and the subsequent previous year or years during which the insurance shall have effect or be in force.]

(*5*) The insurance referred to in this section shall be in accordance with a scheme made in this behalf by—

(*a*) the General Insurance Corporation of India formed under section 9 of the General Insurance Business (Nationalisation) Act, 1972 (57 of 1972) and approved by the Central Government in this behalf; or

(*b*) any other insurer and approved by the Insurance Regulatory and Development Authority established under sub-section (*1*) of section 3 of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999).]

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1. Subs. by Act 20 of 2015, s. 19, for sub-section (*3*) (w.e.f. 1-4-2016).
2. Subs. by Act 13 of 2018, s. 26, for "thirty thousand rupees" (w.e.f. 1-4-2019).
3. The word "very" omitted by s. 26 (w.e.f. 1-4-2019).
4. Subs. by Act 20 of 2015, s. 19, for "or in sub-section (*3*)" (w.e.f. 1-4-2016).
5. The words "or a very senior citizen" omitted by Act 13 of 2018, s. 26 (w.e.f. 1-4-2019) which was earlier inserted by Act 20 of 2015, s. 19 (w.e.f. 1-4-2016).
6. Subs. by Act 20 of 2015, s. 19, *ibid.*, for "fifteen thousand rupees" (w.e.f. 1-4-2016).
7. Subs. by Act 13 of 2018, s. 26, for "thirty thousand rupees" (w.e.f. 1-4-2019). Earlier it was substituted by s. 19, *ibid*., for "twenty thousand rupees" (w.e.f. 1-4-2016).
8. *Explanation* omitted by Act 20 of 2015, s. 19 (w.e.f. 1-4-2016).
9. Ins. by Act 13 of 2018, s. 26 (w.e.f. 1-4-2019).

[1][*Explanation*.—For the purposes of this section,—

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

[2]* * * * *]

[3][**80DD. Deduction in respect of maintenance including medical treatment of a dependant who is a person with disability.**—[4][(*1*) Where an assessee, being an individual or a Hindu undivided family, who is a resident in India, has, during the previous year,—

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

(*b*) paid or deposited any amount under a scheme framed in this behalf by the Life Insurance Corporation or any other insurer or the Administrator or the specified company subject to the conditions specified in sub-section (*2*) and approved by the Board in this behalf for the maintenance of a dependant, being a person with disability,

the assessee shall, in accordance with and subject to the provisions of this section, be allowed a deduction of a sum of seventy-five thousand rupees from his gross total income in respect of the previous year:

Provided that where such dependant is a person with severe disability, the provisions of this sub-section shall have effect as if for the words "seventy-five thousand rupees", the words "one hundred and twenty-five thousand rupees" had been substituted.]

(*2*) The deduction under clause (*b*) of sub-section (*1*) shall be allowed only if the following conditions are fulfilled, namely:—

(*a*) the scheme referred to in clause (*b*) of sub-section (*1*) provides for payment of annuity or lump sum amount for the benefit of a dependant, being a person with disability, in the event of the death of the individual or the member of the Hindu undivided family in whose name subscription to the scheme has been made;

(*b*) the assessee nominates either the dependant, being a person with disability, or any other person or a trust to receive the payment on his behalf, for the benefit of the dependant, being a person with disability.

(*3*) If the dependant, being a person with disability, predeceases the individual or the member of the Hindu undivided family referred to in sub-section (*2*), an amount equal to the amount paid or deposited under clause (*b*) of sub-section (*1*) shall be deemed to be the income of the assessee of the previous year in which such amount is received by the assessee and shall accordingly be chargeable to tax as the income of that previous year.

(*4*) The assessee, claiming a deduction under this section, shall furnish a copy of the certificate issued by the medical authority in the prescribed form and manner, along with the return of income under section 139, in respect of the assessment year for which the deduction is claimed:

Provided that where the condition of disability requires reassessment of its extent after a period stipulated in the aforesaid certificate, no deduction under this section shall be allowed for any assessment year relating to any previous year beginning after the expiry of the previous year during which the aforesaid certificate of disability had expired, unless a new certificate is obtained from the medical authority in the form and manner, as may be prescribed, and a copy thereof is furnished along with the return of income.

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1. Ins. by Act 20 of 2015, s. 19 (w.e.f. 1-4-2016).
2. Clause (*ii*) omitted by Act 13 of 2018, s. 26 (w.e.f. 1-4-2019).
3. Subs. by Act 32 of 2003, s. 34, for section 80DD (w.e.f. 1-4-2004).
4. Subs. by Act 20 of 2015, s. 20, for sub-section (*1*) (w.e.f. 1-4-2016).

Explanation.—For the purposes of this section,—

(*a*) "Administrator" means the Administrator as referred to in clause (*a*) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 (58 of 2002);

(*b*) "dependant" means—

(*i*) in the case of an individual, the spouse, children, parents, brothers and sisters of the individual or any of them;

(*ii*) in the case of a Hindu undivided family, a member of the Hindu undivided family,

dependant wholly or mainly on such individual or Hindu undivided family for his support and maintenance, and who has not claimed any deduction under section 80U in computing his total income for the assessment year relating to the previous year;

(*c*) "disability" shall have the meaning assigned to it in clause (*i*) of section 2 of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 (1 of 1996) [1][and includes "autism", "cerebral palsy" and "multiple disability" referred to in clauses (*a*), (*c*) and (*h*) of section 2 of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 (44 of 1999)];

(*d*) "Life Insurance Corporation" shall have the same meaning as in clause (*iii*) of sub-section (*8*) of section 88;

(*e*) "medical authority" means the medical authority as referred to in clause (*p*) of section 2 of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 (1 of 1996) [1][or such other medical authority as may, by notification, be specified by the Central Government for certifying "autism", "cerebral palsy", "multiple disabilities", "person with disability" and "severe disability" referred to in clauses (*a*), (*c*), (*h*), (*j*) and (*o*) of section 2 of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 (44 of 1999)];

(*f*) "person with disability" means a person as referred to in clause (t) of section 2 of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 (1 of 1996) [1][or clause (*j*) of section 2 of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 (44 of 1999)];

[2][(*g*) "person with severe disability" means—

(*i*) a person with eighty per cent or more of one or more disabilities, as referred to in sub-section (*4*) of section 56 of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 (1 of 1996); or

(*ii*) a person with severe disability referred to in clause (*o*) of section 2 of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 (44 of 1999);]

(*h*) "specified company" means a company as referred to in clause (*h*) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 (58 of 2002).]

1. Ins. by Act 23 of 2004, s. 16 (w.e.f. 1-4-2005).
2. Subs. by s. 16, *ibid*., for clause (*g*) (w.e.f. 1-4-2005).

[1]**[80DDB. Deduction in respect of medical treatment, etc.**—Where an assessee who is resident in India has, during the previous year, actually paid any amount for the medical treatment of such disease or ailment as may be specified in the rules made in this behalf by the Board—

(*a*) for himself or a dependant, in case the assessee is an individual; or

(*b*) for any member of a Hindu undivided family, in case the assessee is a Hindu undivided family,

the assessee shall be allowed a deduction of the amount actually paid or a sum of forty thousand rupees, whichever is less, in respect of that previous year in which such amount was actually paid :

[2][Provided that no such deduction shall be allowed unless the assessee obtains the prescription for such medical treatment from a neurologist, an oncologist, a urologist, a haematologist, an immunologist or such other specialist, as may be prescribed:]

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

Provided also that where the amount actually paid is in respect of the assessee or his dependant or any member of a Hindu undivided family of the assessee and who is a senior citizen, the provisions of this section shall have effect as if for the words "forty thousand rupees", the words "[3][one hundred thousand rupees]" had been substituted:

[4]* * * * *

Explanation.—For the purposes of this section,—

(*i*) "dependant" means—

(*a*) in the case of an individual, the spouse, children, parents, brothers and sisters of the individual or any of them,

(*b*) in the case of a Hindu undivided family, a member of the Hindu undivided family,

dependant wholly or mainly on such individual or Hindu undivided family for his support and maintenance;

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1. Subs. by Act 32 of 2003, s. 35, for section 80DDB (w.e.f. 1-4-2004).

2. Subs. by Act 20 of 2015, s. 21, for the proviso (w.e.f. 1-4-2016).

3. Subs. by Act 13 of 2018, s. 27, for "sixty thousand rupees" (w.e.f. 1-4-2019).

4. The fourth proviso omitted by s. 27, *ibid*. (w.e.f. 1-4-2019). Earlier it was inserted by Act 20 of 2015, s. 21 (w.e.f. 1-4-2016).

[1]* * * * *

(*iii*) "insurer" shall have the meaning assigned to it in clause (*9*) of section 2 of the Insurance Act, 1938 (4 of 1938);

(*iv*) "senior citizen" means an individual resident in India who is of the age of [2][sixty years] or more at any time during the relevant previous year;]

[3]* * * * *

[4]**[80E. Deduction in respect of interest on loan taken for higher education.**—(*1*) In computing the total income of an assessee, being an individual, there shall be deducted, in accordance with and subject to the provisions of this section, any amount paid by him in the previous year, out of his income chargeable to tax, by way of interest on loan taken by him from any financial institution or any approved charitable institution for the purpose of pursuing his higher education [5][or for the purpose of higher education of his relative].

(*2*) The deduction specified in sub-section (*1*) shall be allowed in computing the total income in respect of the initial assessment year and seven assessment years immediately succeeding the initial assessment year or until the interest referred to in sub-section (*1*) is paid by the assessee in full, whichever is earlier.

(*3*) For the purposes of this section,—

(*a*) "approved charitable institution" means an institution specified in, or, as the case may be, an institution established for charitable purposes and [6][approved by the prescribed authority] under clause (*23C*) of section 10 or an institution referred to in clause (*a*) of sub-section (*2*) of section 80G;

(*b*) "financial institution" means a banking company to which the Banking Regulation Act, 1949 (10 of 1949) applies (including any bank or banking institution referred to in section 51 of that Act); or any other financial institution which the Central Government may, by notification in the Official Gazette, specify in this behalf;

[7][(*c*) "higher education" means any course of study pursued after passing the Senior Secondary Examination or its equivalent from any school, board or university recognised by the Central Government or State Government or local authority or by any other authority authorised by the Central Government or State Government or local authority to do so;]

(*d*) "initial assessment year" means the assessment year relevant to the previous year, in which the assessee starts paying the interest on the loan;]

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1. Clause (*ii*) omitted by Act 20 of 2015, s. 21 (w.e.f. 1-4-2016).

2. Subs. by Act 23 of 2012, s. 27, for "sixty-five years" (w.e.f. 1-4-2013).

3. Clause (5) omitted by Act 13 of 2018, s. 27 (w.e.f. 1-4-2019). Earlier inserted by Act 20 of 2015, s. 21 (w.e.f. 1-4-2016).

4. Subs. by Act 18 of 2005, s. 25, for section 80E (w.e.f. 1-4-2006). Earlier omitted by Act 4 of 1988, s. 33 (w.e.f. 1-4-1989) and later inserted by Act 32 of 1994, s. 23 (w.e.f. 1-4-1995).

5. Ins. by Act 22 of 2007, s. 27 (w.e.f. 1-4-2008).

6. Subs. by s. 27, *ibid*., for "notified by the Central Government" (w.e.f. 1-4-2008).

7. Subs. by Act 33 of 2009, s. 32, for clause (*c*) (w.e..f 1-4-2010).

[1][(*e*) "relative", in relation to an individual, means the spouse and children of that individual or the student for whom the individual is the legal guardian.]

[2][**80EE. Deduction in respect of interest on loan taken for residential house property.**—(*1*) In computing the total income of an assessee, being an individual, there shall be deducted, in accordance with and subject to the provisions of this section, interest payable on loan taken by him from any financial institution for the purpose of acquisition of a residential property.

(*2*) The deduction under sub-section (*1*) shall not exceed fifty thousand rupees and shall be allowed in computing the total income of the individual for the assessment year beginning on the 1st day of April, 2017 and subsequent assessment years.

(*3*) The deduction under sub-section (*1*) shall be subject to the following conditions, namely:—

(*i*) the loan has been sanctioned by the financial institution during the period beginning on the 1st day of April, 2016 and ending on the 31st day of March, 2017;

(*ii*) the amount of loan sanctioned for acquisition of the residential house property does not exceed thirty-five lakh rupees;

(*iii*) the value of residential house property does not exceed fifty lakh rupees;

(*iv*) the assessee does not own any residential house property on the date of sanction of loan.

(*4*) Where a deduction under this section is allowed for any interest referred to in sub-section (*1*), deduction shall not be allowed in respect of such interest under any other provision of this Act for the same or any other assessment year.

(*5*) For the purposes of this section,—

(*a*) "financial institution" means a banking company to which the Banking Regulation Act, 1949 (10 of 1949) applies, or any bank or banking institution referred to in section 51 of that Act or a housing finance company;

(*b*) "housing finance company" means a public company formed or registered in India with the main object of carrying on the business of providing long-term finance for construction or purchase of houses in India for residential purposes.]

80F. [**Deduction in respect of educational expenses in certain cases**].—*Omitted by the Finance Act*, 1985 (32 *of* 1985), *s*. 17 (*w.e.f.* 1-4-1986). *Before omission by Act* 3 *of* 1989, *s*. 95 *it was ins. by Act* 4 *of* 1988, *s*. 24 (*w.e.f.* 1-4-1989).

80FF. [**Deduction in respect of expenses on higher education in certain cases**].—*Omitted by the Finance* (*No*. 2) *Act*, 1980 (44 *of* 1980), *s*. 14 (*w.e.f.* 1-4-1981). *Earlier inserted by Act* 25 of 1975 *s.* 11 (*w.e.f.* 1-4-1976).

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1. Subs. by Act 33 of 2009, s. 32, for clause (*e*) (w.e.f. 1-4-2010). Earlier inserted by Act 22 of 2007, s. 27 (w.e.f. 1-4-2008).
2. Subs. by Act 28 of 2016, s. 38, for section 80EE (w.e.f. 1-4-2017).

80G. Deduction in respect of donations to certain funds, charitable institutions, etc.—[1][(*1*) In computing the total income of an assessee, there shall be deducted, in accordance with and subject to the provisions of this section,—

[2][(*i*) in a case where the aggregate of the sums specified in sub-section (*2*) includes any sum or sums of the nature specified [3][in sub-clause (*i*) or in [4][sub-clause (*iiia*)] [5][or in sub-clause (*iiiaa*) [6][or in sub-clause (*iiiab*)] [7][or in sub-clause (*iiib*)] [8][or in sub-clause (*iiie*)] [9][or in sub-clause (*iiif*)] [10][or in sub-clause (*iiig*)] [11][or in sub-clause (*iiiga*)] [12][or sub-clause (*iiih*)] [13][or sub-clause (*iiiha*) or sub-clause (*iiihb*) or sub-clause (*iiihc*)] [14][or sub-clause (*iiihd*)] [15][or sub-clause (*iiihe*)] [16][or sub-clause (*iiihf*)] [17][or sub-clause (*iiihg*) or sub-clause (*iiihh*)] [18][or sub-clause (*iiihi*)] [19][or sub-clause (*iiihj*)] or] [20][sub-clause (*iiihk*) or sub-clause (*iiihl*) or] [20][sub-clause (*iiihm*) or] in] sub-clause (*vii*) of clause (*a*) [21][or in clause (*c*)] [11][or in clause (*d*)] thereof, an amount equal to the whole of the sum or, as the case may be, sums of such nature plus fifty per cent of the balance of such aggregate; and]

(*ii*) in any other case, an amount equal to fifty per cent of the aggregate of the sums specified in sub-section (*2*).]

(*2*) The sums referred to in sub-section (*1*) shall be the following, namely:—

(*a*) any sums paid by the assessee in the previous year as donations to—

(*i*) the National Defence Fund set up by the Central Government; or

(*ii*) the Jawaharlal Nehru Memorial Fund referred to in the Deed of Declaration of Trust adopted by the National Committee at its meeting held on the 17th day of August, 1964; or

(*iii*) the Prime Minister's Drought Relief Fund; or

[22][(*iiia*) the Prime Minister's National Relief Fund; or]

[5][(*iiiaa*) the Prime Minister's Armenia Earthquake Relief Fund; or]

[23][(*iiiab*) the Africa (Public Contributions-India) Fund; or]

[24][(*iiib*) the National Children's Fund; or]

[25][(*iiic*) the Indira Gandhi Memorial Trust, the deed of declaration in respect whereof was registered at New Delhi on the 21st day of February, 1985; or]

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1. Subs. by Act 66 of 1976, s. 17, for sub-section (*1*) (w.e.f. 1-4-1977).
2. Subs. by Act 32 of 1985, s. 18, for clause (*i*) (1-4-1986).
3. Subs. by Act 28 of 1999, s. 2, for "in sub-clause (*iiia*)" (w.e.f. 1-4-2000).
4. Restored by Act 3 of 1989 s. 95, Earlier subs. by Act 4 of 1988, s. 25 (w.e.f. 1-1989).
5. Ins. by Act 11 of 1989, s. 3 (w.e.f. 24-1-1989).
6. Ins. by Act 49 of 1991, s. 26 (w.e.f. 1-4-1991).
7. Ins. by Act 17 of 2013, s. 16 (w.e.f. 1-4-2014).
8. Ins. by Act 38 of 1993, s. 13 (w.e.f. 1-4-1993).
9. Ins. by s. 13, *ibid.* (w.e.f. 1-4-1994).
10. Ins. by Act 32 of 1994, s. 26 (w.e.f. 1-4-1994).
11. Ins. by Act 4 of 2001, s. 6 (w.e.f. 3-2-2001).
12. Ins. by Act 22 of 1995, s. 16 (w.e.f. 1-4-1996).
13. Ins. by Act 33 of 1996, s. 24 (w.e.f. 1-4-1997).
14. Ins. by Act 35 of 1996, s. 2 (w.e.f. 14-11-1996).
15. Ins. by Act 14 of 1997, s. 3 (w.e.f. 1-4-1997).
16. Ins. by Act 26 of 1997, s. 23 (w.e.f. 1-4-1998).
17. Ins. by Act 21 of 1998, s. 29 (w.e.f. 1-4-1999).
18. Ins. b y Act 27 of 1999, s. 43 (w.e.f. 1-4-2000).
19. Ins. by Act 14 of 2001, s. 39 (w.e.f. 1-4-2002).
20. Ins. by Act 20 of 2015, s. 22 (w.e.f. 1-4-2016).
21. Ins. by Act 10 of 2000, s. 31 (w.e.f. 1-4-2001).
22. Ins. by Act 1 of 1976, s. 2 (w.e.f. 9-9-1975).
23. Ins. by Act 49 of 1991, s. 26 (w.e.f. 1-4-1991).
24. Ins. by Act 14 of 1982, s. 15 (w.e.f 1-4-1983).
25. Ins. by Act 32 of 1985, s. 18 (w.e.f. 1-4-1985).

[1][(*iiid*) the Rajiv Gandhi Foundation, the deed of declaration in respect whereof was registered at New Delhi on the 21st day of June, 1991; or]

[2][(*iiie*) the National Foundation for Communal Harmony; or]

[3][(*iiif*) a University or any educational institution of national eminence as may be approved by the prescribed authority in this behalf; or]

[4][(*iiig*) the Maharashtra Chief Minister's Relief Fund during the period beginning on the 1st day of October, 1993 and ending on the 6th day of October, 1993 or to the Chief Minister's Earthquake Relief Fund, Maharashtra; or]

[5][(*iiiga*) any fund set up by the State Government of Gujarat exclusively for providing relief to the victims of earthquake in Gujarat; or]

[6][(*iiih*) any Zila Saksharta Samiti constituted in any district under the chairmanship of the Collector of that district for the purposes of improvement of primary education in villages and towns in such district and for literacy and postliteracy activities.

Explanation.—For the purposes of this sub-clause, "town" means a town which has a population not exceeding one lakh according to the last preceding census of which the relevant figures have been published before the first day of the previous year; or]

[7][(*iiiha*) the National Blood Transfusion Council or to any State Blood Transfusion Council which has its sole object the control, supervision, regulation or encouragement in India of the services related to operation and requirements of blood banks.

Explanation.—For the purposes of this sub-clause,—

(*a*) "National Blood Transfusion Council" means a society registered under the Societies Registration Act, 1860 (21 of 1860) and has an officer not below the rank of an Additional Secretary to the Government of India dealing with the AIDS Control Project as its Chairman, by whatever name called;

(*b*) "State Blood Transfusion Council" means a society registered, in consultation with the National Blood Transfusion Council, under the Societies Registration Act, 1860 (21 of 1860) or under any law corresponding to that Act in force in any part of India and has Secretary to the Government of that State dealing with the Department of Health, as its Chairman, by whatever name called; or

(*iiihb*) any fund set up by a State Government to provide medical relief to the poor; or

(*iiihc*) the Army Central Welfare Fund or the Indian Naval Benevolent Fund or the Air Force Central Welfare Fund established by the armed forces of the Union for the welfare of the past and present members of such forces or their dependants; or]

[8][(*iiihd*) the Andhra Pradesh Chief Minister's Cyclone Relief Fund, 1996; or]

[9][(*iiihe*) the National Illness Assistance Fund; or]

[10][(*iiihf*) the Chief Minister's Relief Fund or the Lieutenant Governor's Relief Fund in respect of any State or Union territory, as the case may be:

1. Ins. by Act 49 of 1991, s. 26 (w.e.f. 1-4-1991).
2. Ins. by Act 38 of 1993, s. 13 (w.e.f. 1-4-1993).
3. Ins. s. 13, *ibid.* (w.e.f. 1-4-1994).
4. Ins. by Act 32 of 1994, s. 24 (w.e.f. 1-4-1994).
5. Ins. by Act 4 of 2001, s. 6 (w.e.f. 3-2-2001).
6. Ins. by Act 22 of 1995, s. 16 (w.e.f. 1-4-1996).
7. Ins. by Act 33 of 1996, s. 26 (w.e.f. 1-4-1997).
8. Ins. by Act 35 of 1996, s. 2 (w.e.f. 14-11-1996).
9. Ins. by Act 14 of 1997, s. 3 (w.e.f. 1-4-1997).
10. Ins. by Act 26 of 1997, s. 23 (w.e.f. 1-4-1998).

Provided that such Fund is—

(*a*) the only Fund of its kind established in the State or the Union territory, as the case may be;

(*b*) under the overall control of the Chief Secretary or the Department of Finance of the State or the Union territory, as the case may be;

(*c*) administered in such manner as may be specified by the State Government or the Lieutenant Governor, as the case may be; or]

[1][(*iiihg*) the National Sports Fund to be set up by the Central Government; or

(*iiihh*) the National Cultural Fund set up by the Central Government; or]

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

[3][(*iiihj*) the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities constituted under sub-section (*1*) of section 3 of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 (44 of 1999); or]

[4][(*iiihk*) the Swachh Bharat Kosh, set up by the Central Government, other than the sum spent by the assessee in pursuance of Corporate Social Responsibility under sub-section (*5*) of section 135 of the Companies Act, 2013 (18 of 2013); or

(*iiihl*) the Clean Ganga Fund, set up by the Central Government, where such assessee is a resident and such sum is other than the sum spent by the assessee in pursuance of Corporate Social Responsibility under sub-section (*5*) of section 135 of the Companies Act, 2013 (18 of 2013); or]

[5][(*iiihm*) the National Fund for Control of Drug Abuse constituted under section 7A of the Narcotic Drugs and Psychotropic Substances Act, 1985 (61 of 1985); or]

(*iv*) any other fund or any institution to which this section applies; or

(*v*) the Government or any local authority, to be utilised [6][for any charitable purpose other than the purpose of promoting family planning; or]

[7][[8][(*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;]

[9][(*via*) any corporation referred to in clause (*26BB*) of section 10; or]

(*vii*) the Government or to any such local authority, institution or association as may be approved in this behalf by the Central Government, to be utilised for the purpose of promoting family planning;]

(*b*) any sums paid by the assessee in the previous year as donations for the renovation or repair of any such temple, mosque, gurdwara, church or other place as is notified by the Central Government in the Official Gazette to be of historic, archaeological or artistic importance or to be a place of public worship of renown throughout any State or States;

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1. Ins. by Act 21 of 1998, s. 29 w.e.f. 1-4-1999).
2. Ins. by Act 27 of 1999, s. 43 (w.e.f. 1-4-2000).
3. Ins. by Act 14 of 2001, s. 39 (w.e.f. 1-4-2002).
4. Ins. by Act 20 of 2015, s. 22 (w.e.f. 1-4-2015).
5. Ins. by s. 22, *ibid*. (w.e.f. 1-4-2016).
6. Subs. by Act 66 of 1976, s. 17, for "for any charitable purpose;" (w.e.f. 1-4-1977).
7. Ins. by s. 17, *ibid*. (w.e.f. 1-4-1977).
8. Subs. by Act 20 of 2002, s. 30, for sub-clause (*vi*) (w.e.f. 1-4-2003).
9. Ins. by Act 22 of 1995, s. 16 (w.e.f. 1-4-1995).

[1][(*c*) any sums paid by the assessee, being a company, in the previous year as donations to the Indian Olympic Association or to any other association or institution [2][established in India, as the Central Government may, having regard to the prescribed guidelines, by notification in the Official Gazette, specify in this behalf] for—

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

(*ii*) the sponsorship of sports and games,

in India;]

[3][(*d*) any sums paid by the assessee, during the period beginning on the 26th day of January, 2001 and ending on the 30th day of September, 2001, to any trust, institution or fund to which this section applies for providing relief to the victims of earthquake in Gujarat.]

[4]* * * * *

[5][(*4*) Where the aggregate of the sums referred to in sub-clauses (*iv*), (*v*), [6][(*vi*), (*via*) and (*vii*)] of clause (a) and in [7][clauses (*b*) and (*c*)] of sub-section (*2*) exceeds ten per cent of the gross total income (as reduced by any portion thereof on which income-tax is not payable under any provision of this Act and by any amount in respect of which the assessee is entitled to a deduction under any other provision of this Chapter), then the amount in excess of ten per cent of the gross total income shall be ignored for the purpose of computing the aggregate of the sums in respect of which deduction is to be allowed under sub-section (*1*).]

(*5*) This section applies to donations to any institution or fund referred to in sub-clause (*iv*) of clause (a) of sub-section (*2*), only if it is established in India for a charitable purpose and if it fulfils the following conditions, namely:—

[8][(*i*) where the institution or fund derives any income, such income would not be liable to inclusion in its total income under the provisions of sections 11 and 12 [9]*** [10]*** [11][or clause (*23AA*) or clause (*23C*)] of section 10:]

[12][Provided that where an institution or fund derives any income, being profits and gains of business, the condition that such income would not be liable to inclusion in its total income under the provisions of section 11 shall not apply in relation to such income, if—

(*a*) the institution or fund maintains separate books of account in respect of such business;

(*b*) the donations made to the institution or fund are not used by it, directly or indirectly, for the purposes of such business; and

(*c*) the institution or fund issues to a person making the donation a certificate to the effect that it maintains separate books of account in respect of such business and that the donations received by it will not be used, directly or indirectly, for the purposes of such business;]

(*ii*) the instrument under which the institution or fund is constituted does not, or the rules governing the institution or fund do not, contain any provision for the transfer or application at any time of the whole or any part of the income or assets of the institution or fund for any purpose other than a charitable purpose;

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1. Ins. by Act 10 of 2000, s. 31 (w.e.f. 1-4-2001).
2. Subs. by Act 20 of 2002, s. 30, for "as notified by the Central Government under clause (*23*) of section 10" (w.e.f. 1-4-2003).
3. Ins. by Act 4 of 2001, s. 6 (w.e.f. 3-2-2001).
4. Sub-section (*3*) omitted by Act 32 of 1994, s. 24 (w.e.f. 1-4-1994).
5. Subs. by Act 4 of 1988, s. 25, for sub-section (*4*) (w.e.f. 1-4-1989).
6. Subs. by Act 22 of 1995, s. 16, for "(*vi*) and (*vii*)" (w.e.f. 1-4-1995).
7. Subs. by Act 10 of 2000, s. 31, for "clause (*b*)" (w.e.f. 1-4-2001).
8. Restored by Act 3 of 1989, s. 95 (w.e.f. 1-4-1989). Earlier subs. by Act 4 of 1988, s. 25 (w.e.f. 1-4-1989).
9. The words, brackets, figures and letter "or clause (*22*) or clause (*22A*)" omitted by Act 21 of 1998, s. 29 (w.e.f. 1-4-1999).
10. The words, brackets and figures "or clause (*23*)" omitted by Act 20 of 2002, s. 30 (w.e.f. 1-4-2003).
11. Subs. by Act 11 of 1987, s. 35, for "or clause (*23C*)" (w.e.f. 1-4-1988).
12. The proviso added by Act 11 of 1983, s. 39 (w.e.f. 1-4-1984).

(*iii*) the institution or fund is not expressed to be for the benefit of any particular religious community or caste;

(*iv*) the institution or fund maintains regular accounts of its receipts and expenditure; [1]***

(*v*) the institution or fund is either constituted as a public charitable trust or is registered under the Societies Registration Act, 1860 (21 of 1860), or under any law corresponding to that Act in force in any part of India or under section 25 of the Companies Act, 1956 (1 of 1956), or is a University established by law, or is any other educational institution recognised by the Government or by a University established by law, or affiliated to any University established by law, [2]*** or is an institution financed wholly or in part by the Government or a local authority; [3]***

[4][(*vi*) in relation to donations made after the 31st day of March, 1992, the institution or fund is for the time being approved by the Commissioner in accordance with the rules [5][made in this behalf; and]]

[6]* * * * *

[7][(*vii*) where any institution or fund had been approved under clause (*vi*) for the previous year beginning on the 1st day of April, 2007 and ending on the 31st day of March, 2008, such institution or fund shall, for the purposes of this section and notwithstanding anything contained in the proviso to clause (15) of section 2, be deemed to have been,—

(*a*) established for charitable purposes for the previous year beginning on the 1st day of April, 2008 and ending on the 31st day of March, 2009; and

(*b*) approved under the said clause (*vi*) for the previous year beginning on the 1st day of April, 2008 and ending on the 31st day of March, 2009.]

[8][(*5A*) Where a deduction under this section is claimed and allowed for any assessment year in respect of any sum specified in sub-section (*2*), the sum in respect of which deduction is so allowed shall not qualify for deduction under any other provision of this Act for the same or any other assessment year.]

[9][(*5B*) Notwithstanding anything contained in clause (*ii*) of sub-section (*5*) and Explanation 3, an institution or fund which incurs expenditure, during any previous year, which is of a religious nature for an amount not exceeding five per cent of its total income in that previous year shall be deemed to be an institution or fund to which the provisions of this section apply.]

[10][(*5C*) [11][This section] applies in relation to amounts referred to in clause (*d*) of sub-section (*2*) only if the trust or institution or fund is established in India for a charitable purpose and it fulfils the following conditions, namely :—

(*i*) it is approved in terms of clause (*vi*) of sub-section (*5*);

(*ii*) it maintains separate accounts of income and expenditure for providing relief to the victims of earthquake in Gujarat;

(*iii*) the donations made to the trust or institution or fund are applied only for providing relief to the earthquake victims of Gujarat [12][on or before the 31st day of March, [13][2004]];

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1. The word "and" omitted by Act 32 of 1994, s. 24 (w.e.f. 1-4-1994).
2. The words, brackets and figures "or is an institution approved by the Central Government for the purposes of clause (23) of section 10", omitted by Act 20 of 2002, s. 30 (w.e.f. 1-4-2003).
3. The word "and" omitted by Act 33 of 2009, s. 33 (w.e.f. 1-4-2009).
4. Ins. by Act 49 of 1991, s. 26 (w.e.f. 1-10-1991).
5. Subs. by Act 33 of 2009, s. 33, for "made in this behalf:" (w.e.f. 1-4-2009).
6. The proviso omitted by s. 33, *ibid*., (w.e.f. 1-10-2009).
7. Ins. by s. 33, *ibid*. (w.e.f. 1-10-2009).
8. Ins. by Act 44 of 1980, s. 15 (w.r.e.f. 1-4-1962).
9. Ins. by Act 27 of 1999, s. 43 (w.e.f. 1-4-2000).
10. Ins. by Act 4 of 2001, s. 6 (w.e.f. 3-2-2001).
11. Subs. by Act 20 of 2002, s. 30, for "This sub-section" (w.e.f. 3-2-2001).
12. Subs. by s. 30, *ibid*., for "on or before the 31st day of March, 2002" (w.e.f. 3-2-2001).
13. Subs. by Act 32 of 2003, s. 36, for "2003" (w.e.f. 3-2-2001).

[1][(*iv*) the amount of donation remaining unutilised on the 31st day of March, [2][2004] is transferred to the Prime Minister's National Relief Fund on or before the 31st day of March, [2][2004];]

(*v*) it renders accounts of income and expenditure to such authority and in such manner as may be prescribed, [3][on or before the 30th day of June, [2][2004]].]

[4][(*5D*) No deduction shall be allowed under this section in respect of donation of any sum exceeding [5][two thousand rupees] unless such sum is paid by any mode other than cash.]

Explanation 1.—An institution or fund established for the benefit of Scheduled Castes, backward classes, Scheduled Tribes or of women and children shall not be deemed to be an institution or fund expressed to be for the benefit of a religious community or caste within the meaning of clause (*iii*) of sub-section (*5*).

[6][*Explanation* 2.—For the removal of doubts, it is hereby declared that a deduction to which the assessee is entitled in respect of any donation made to an institution or fund to which sub-section (*5*) applies shall not be denied merely on either or both of the following grounds, namely:—

[7][(*i*) that, subsequent to the donation, any part of the income of the institution or fund has become chargeable to tax due to non-compliance with any of the provisions of [8][section 11, section 12 or section 12A;

(*ii*) that, under clause (*c*) of sub-section (*1*) of section 13, the exemption under [9][section 11 or section 12] is denied to the institution or fund in relation to any income arising to it from any investment referred to in clause (*h*) of sub-section (*2*) of section 13 where the aggregate of the funds invested by it in a concern referred to in the said clause (*h*) does not exceed five per cent of the capital of that concern].]

Explanation 3.—In this section, "charitable purpose" does not include any purpose the whole or substantially the whole of which is of a religious nature.

[10][*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.]

[11][*Explanation* 5.—For the removal of doubts, it is hereby declared that no deduction shall be allowed under this section in respect of any donation unless such donation is of a sum of money.]

[12]* * * * *

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1. Subs. by Act 20 of 2002, s. 30, for clause (*iv*) (w.e.f. 3-2-2001).
2. Subs. by Act 32 of 2003, s. 36, for "2003" (w.e.f. 3-2-2001).
3. Subs. by s. 30, *ibid.*, for "on or before the 30th day of June, 2002" (w.e.f. 3-2-2001).
4. Ins. by Act 23 of 2012, s. 28 (w.e.f. 1-4-2013).
5. Subs by Act 7 of 2017, s. 35 for "ten thousand rupees" (w.e.f. 1-4-2018).
6. Subs. by Act 19 of 1970, s. 13, for the *Explanation* 2 (w.e.f. 1-4-1971) earlier substituted by Act 20 of 1967, s. 33 and the Third Schedule (w.e.f. 1-4-1967).
7. Restored by Act 3 of 1989, s. 95 (*h*) (w.e.f. 1-4-1989). Earlier subs. by Act 4 of 1988, s. 25 (w.e.f. 1-4-1989).
8. Subs. by Act 16 of 1972, s. 17, for "section 11" (w.e.f. 1-4-1973).
9. Subs. by s. 17, for "section 11" (w.e.f. 1-4-1973).
10. Subs. by Act 20 of 2002, s. 30, for the *Explanation 4* (w.e.f. 1-4-2003).
11. Ins. by Act 66 of 1976, s. 17 (w.e.f. 1-4-1976).
12. Sub-section (*6*) omitted by Act 19 of 1968, s. 30 and the Third Schedule (w.e.f. 1-4-1969).

[1][**80GG. Deductions in respect of rents paid.**—In computing the total income of an assessee, not being an assessee having any income falling within clause (*13A*) of section 10, there shall be deducted any expenditure incurred by him in excess of ten per cent of his total income towards payment of rent (by whatever name called) in respect of any furnished or unfurnished accommodation occupied by him for the purposes of his own residence, to the extent to which such excess expenditure does not exceed [2][five thousand rupees**]** per month or twenty-five per cent of his total income for the year, whichever is less, and subject to such other conditions or limitations as may be prescribed, having regard to the area or place in which such accommodation is situated and other relevant considerations:

Provided that nothing in this section shall apply to an assessee in any case where any residential accommodation is—

(*i*) owned by the assessee or by his spouse or minor child or, where such assessee is a member of a Hindu undivided family, by such family at the place where he ordinarily resides or performs duties of his office or employment or carries on his business or profession; or

(*ii*) owned by the assessee at any other place, being accommodation in the occupation of the assessee, the value of which is to be determined [3][under clause (*a*) of sub-section (*2*) or, as the case may be, clause (*a*) of sub-section (*4*) of section 23].

Explanation.—In this section, the expressions "ten per cent of his total income" and "twenty-five per cent of his total income" shall mean ten per cent or twenty-five per cent, as the case may be, of the assessee's total income before allowing deduction for any expenditure under this section.]

[4][**80GGA. Deduction in respect of certain donations for scientific research or rural development.**—(*1*) In computing the total income of an assessee, there shall be deducted, in accordance with and subject to the provisions of this section, the sums specified in sub-section (*2*).

(*2*) The sums referred to in sub-section (*1*) shall be the following, namely:—

(*a*) any sum paid by the assessee in the previous year to a [5][research association] which has as its object the undertaking of scientific research or to a University, college or other institution to be used for scientific research:

Provided that such association, University, college or institution is for the time being approved for the purposes of clause (*ii*) of sub-section (*1*) of section 35;

[6][(*aa*) any sum paid by the assessee in the previous year [7][to a research association which has as its object the undertaking of research in social science or statistical research or to a University], college or other institution to be used for research in social science or statistical research:

1. Ins. by Act 21 of 1998, s. 30 (w.e.f. 1-4-1998).
2. Subs. by Act 28 of 2016, s. 39, for "two thousand rupees" w.e.f. 1-4-2017).
3. Subs. by Act 14 of 2001, s. 40, for "under sub-clause (*i*) of clause (*a*) or, as the case may be, clause (*b*) of sub-section (*2*) of section 23" (w.e.f. 1-4-2002).
4. Ins. by Act 21 of 1979, s. 11 (w.e.f. 1-4-1980). Restored to its original position by Act 3 of 1989 s. 95 (w.e.f. 1-4-1989). Earlier omitted by Act 4 of 1988 s. 26 (w.e.f. 1-4-1989).
5. Subs. by Act 14 of 2010, s. 26, for "scientific research association" (w.e.f. 1-4-2011).
6. Ins. by Act 49 of 1991, s. 27 (w.e.f. 1-4-1992).
7. Subs. by Act 14 of 2010, s. 26, for "to a University" (w.e.f. 1-4-2011).

Provided that [1][such association, University], college or institution is for the time being approved for the purposes of clause (*iii*) of sub-section (*1*) of section 35.]

[2][*Explanation*.—The deduction, to which the assessee is entitled in respect of any sum paid to a [3][research association], University, college or other institution to which clause (*a*) or clause (*aa*) applies, shall not be denied merely on the ground that, subsequent to the payment of such sum by the assessee, the approval to such association, University, college or other institution referred to in clause (*a*) or clause (*aa*), as the case may be, has been withdrawn;]

(*b*) any sum paid by the assessee in the previous year—

(*i*) to an association or institution, which has as its object the undertaking of any programme of rural development, to be used for carrying out any programme of rural development approved for the purposes of section 35CCA; or

(*ii*) to an association or institution which has as its object the training of persons for implementing programmes of rural development:

[4][Provided that the assessee furnishes the certificate referred to in sub-section (*2*) or, as the case may be, sub-section (*2A*) of section 35CCA from such association or institution.]

[2][*Explanation*.—The deduction, to which the assessee is entitled in respect of any sum paid to an association or institution for carrying out the programme of rural development to which this clause applies, shall not be denied merely on the ground that subsequent to the payment of such sum by the assessee, the approval granted to such programme, or as the case may be, to the association or institution has been withdrawn;]

[5][(*bb*) any sum paid by the assessee in the previous year to a public sector company or a local authority or to an association or institution approved by the National Committee, for carrying out any eligible project or scheme:

Provided that the assessee furnishes the certificate referred to in clause (*a*) of sub-section (*2*) of section 35AC from such public sector company or local authority or, as the case may be, association or institution.

[2][*Explanation* 1.—The deduction, to which the assessee is entitled in respect of any sum paid to a public sector company, or to a local authority or to an association or institution for carrying out the eligible project or scheme referred to in section 35AC, shall not be denied merely on the ground that subsequent to the payment of such sum by the assessee,—

(*a*) the approval granted to such association or institution has been withdrawn; or

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1. Subs. by Act 14 of 2010 s. 26, for "such University" (w.e.f. 1-4-2011).

2. Ins. by Act 29 of 2006, s. 11 (w.e.f. 1-4-2006).

3. Subs. by Act of 2010, s. 26, for "scientific research association" (w.e.f. 1-4-2011).

4. Subs. by Act 23 of 1983, s. 23, for the proviso (w.e.f. 1-4-1983).

5. Ins. by Act 49 of 1991, s. 27 (w.e.f. 1-4-1992).

(*b*) the notification notifying the eligible project or scheme referred to in section 3535AC carried out by the public sector company, or local authority or association or institution has been withdrawn.]

Explanation [1][*2*].—For the purposes of this clause, the expressions "National Committee" and "eligible project or scheme" shall have the meanings respectively assigned to them in the Explanation to section 35AC;]

[2][(*c*) [3][any sum paid by the assessee in any previous year ending on or before the 31st day of March, 2002] to an association or institution, which has as its object the undertaking of any programme of conservation of natural resources [4][or of afforestation], to be used for carrying out any programme of conservation of natural resources [4][or of afforestation] approved for the purposes of section 35CCB:

Provided that the association or institution is for the time being approved for the purposes of sub-section (2) of section 35CCB;]

[4][(*cc*) any sum paid by the assessee in any previous year ending on or before the 31st day of March, 2002 to such fund for afforestation as is notified by the Central Government under clause (*b*) of sub-section (*1*) of section 35CCB;]

[5][(*d*) any sum paid by the assessee in the previous year to a rural development fund set up and notified by the Central Government for the purposes of clause (*c*) of sub-section (*1*) of section 35CCA;]

[6][(*e*) any sum paid by the assessee in the previous year to the National Urban Poverty Eradication Fund set up and notified by the Central Government for the purposes of clause (*d*) of sub-section (*1*) of section 35CCA.]

[7][(*2A*) No deduction shall be allowed under this section in respect of any sum exceeding ten thousand rupees unless such sum is paid by any mode other than cash.]

(*3*) Notwithstanding anything contained in sub-section (*1*), no deduction under this section shall be allowed in the case of an assessee whose gross total income includes income which is chargeable under the head "Profits and gains of business or profession".

(*4*) Where a deduction under this section is claimed and allowed for any assessment year in respect of any payments of the nature specified in sub-section (*2*), deduction shall not be allowed in respect of such payments under any other provision of this Act for the same or any other assessment year.]

[8][**80GGB. Deduction in respect of contributions given by companies to political parties.**—In computing the total income of an assessee, being an Indian company, there shall be deducted any sum contributed by it, in the previous year to any political party [9][or an electoral trust]:

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1. *Explanation* renumbered as *Explanation* 2 thereof by Act 29 of 2006, s. 11 (w.e.f. 1-4-2006).
2. Ins. by Act 14 of 1982, s. 17 (w.e.f. 1-6-1982).
3. Subs. by Act 20 of 2002, s. 31, for "any sum paid by the assessee in the previous year" (w.e.f. 1-4-2003).
4. Ins. by Act 12 of 1990, s. 19 (w.e.f. 1-4-1991).
5. Ins. by Act 23 of 1983, s. 23 (w.e.f. 1-4-1983).
6. Ins. by Act 22 of 1995, s. 17 (w.e.f. 1-4-1996).
7. Ins. by Act 23 of 2012, s. 29 (w.e.f. 1-4-2013).
8. Ins. by Act 46 of 2003, s. 10 (w.e.f. 11-9-2003).
9. Ins. by Act 33 of 2009, s. 34 (w.e.f. 1-4-2010).

[1][Provided that no deduction shall be allowed under this section in respect of any sum contributed by way of cash.]

Explanation.—For the removal of doubts, it is hereby declared that for the purposes of this section, the word "contribute", with its grammatical variation, has the meaning assigned to it under section 293A of the Companies Act, 1956 (1 of 1956).]

80GGC. Deduction in respect of contributions given by any person to political parties.—In computing the total income of an assessee, being any person, except local authority and every artificial juridical person wholly or partly funded by the Government, there shall be deducted any amount of contribution made by him, in the previous year, to a political party or an electoral trust:

[2][Provided that no deduction shall be allowed under this section in respect of any sum contributed by way of cash.]

Explanation.—For the purposes of sections 80GGB and 80GGC, "political party" means a political party registered under section 29A of the Representation of the People Act, 1951 (43 of 1951).]

C.—Deductions in respect of certain incomes

80H. [Deduction in case of new industrial undertakings employing displaced persons, etc.]—*Omitted by the Taxation Laws* (*Amendment*) *Act,* 1975, *s.* 20 (*w.e.f.* 1-4-1976).

[3]**[80HH. Deduction in respect of profits and gains from newly established industrial undertakings or hotel business in backward areas.**—Where the gross total income of an assessee includes any profits and gains derived from an industrial undertaking, or the business of a hotel, to which this section applies, there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction from such profits and gains of an amount equal to twenty per cent thereof.

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

(*i*) it has begun or begins to manufacture or produce articles after the 31st day of December, 1970 [4][but before the 1st day of April, 1990], in any backward area;

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

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

1. Ins. by Act 17 of 2013, s. 17 (w.e.f. 1-4-2014).

2. Ins. by s. 18, *ibid.* (w.e.f. 1-4-2014).

3. Ins. by Act 26 of 1974, s. 9 (w.e.f. 1-4-1974).

4. Ins. by Act 12 of 1990, s. 20 (w.e.f. 1-4-1990).

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

(*iv*) it employs ten or more workers in a manufacturing process carried on with the aid of power, or employs twenty or more workers in a manufacturing process carried on without the aid of power.

Explanation.—Where any machinery or plant or any part thereof previously used for any purpose in any backward area is transferred to a new business in that area or in any other backward area and the total value of the machinery or plant or part so transferred does not exceed twenty per cent of the total value of the machinery or plant used in the business, then, for the purposes of clause (*iii*) of this sub-section, the condition specified therein shall be deemed to have been fulfilled.

(*3*) This section applies to the business of any hotel, where all the following conditions are fulfilled, namely:—

(*i*) the business of the hotel has started or starts functioning after the 31st day of December, 1970 [1][but before the 1st day of April, 1990], in any backward area;

(*ii*) the business of the hotel is not formed by the splitting up, or the reconstruction, of a business already in existence;

(*iii*) the hotel is for the time being approved for the purposes of this sub-section by the Central Government.

(*4*) The deduction specified in sub-section (*1*) shall be allowed in computing the total income in respect of each of the ten assessment years beginning with the assessment year relevant to the previous year in which the industrial undertaking begins to manufacture or produce articles or the business of the hotel starts functioning:

Provided that,—

(*i*) in the case of an industrial undertaking which has begun to manufacture or produce articles, and

(*ii*) in the case of the business of a hotel which has started functioning,

after the 31st day of December, 1970, but before the 1st day of April, 1973, this sub-section shall have effect as if the reference to ten assessment years were a reference to ten assessment years as reduced by the number of assessment years which expired before the 1st day of April, 1974.

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

1. Ins. by Act 12 of 1990, s. 20 (w.e.f. 1-4-1990).

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

Provided that where, in the opinion of the [1][Assessing Officer], the computation of the profits and gains of the industrial undertaking or the business of the hotel in the manner hereinbefore specified presents exceptional difficulties, the [1][Assessing Officer] may compute such profits and gains on such reasonable basis as he may deem fit.

Explanation.—In this sub-section, "market value" in relation to any goods means the price that such goods would ordinarily fetch on sale in the open market.

(*7*) Where it appears to the [1][Assessing Officer] that, owing to the close connection between the assessee carrying on the business of the industrial undertaking or the hotel to which this section applies and any other person, or for any other reason, the course of business between them is so arranged that the business transacted between them produces to the assessee more than the ordinary profits which might be expected to arise in the business of the industrial undertaking or the hotel, the [1][Assessing Officer] shall, in computing the profits and gains of the industrial undertaking or the hotel for the purposes of the deduction under this section, take the amount of profits as may be reasonably deemed to have been derived therefrom.

[2]* * * * *

(*9*) In a case where the assessee is entitled also to the deduction [3][under section 80-I or section 80J] in relation to the profits and gains of an industrial undertaking or the business of a hotel to which this section applies, effect shall first be given to the provisions of this section.

[4][(*9A*) Where a deduction in relation to the profits and gains of a small-scale industrial undertaking to which section 80HHA applies is claimed and allowed under that section for any assessment year, deduction in relation to such profits and gains shall not be allowed under this section for the same or any other assessment year.]

(*10*) Nothing contained in this section shall apply in relation to any undertaking engaged in mining.]

[5][(*11*) For the purposes of this section, "backward area" means such area as the Central Government may, having regard to the stage of development of that area, by notification in the Official Gazette, specify in this behalf:

Provided that any notification under this sub-section may be issued so as to have retrospective effect to a date not earlier than the 1st day of April, 1983.]

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1. Subs. by Act 4 of 1988, s. 2, for "Income-tax Officer" (w.e.f. 1-4-1988).

2. Sub-section (*8*) omitted by Act 41 of 1975, s. 21 (w.e.f. 1-4-1976).

3. Subs. by Act 44 of 1980, s. 35, for "under section 80J" (w.e.f. 1-4-1981).

4. Ins. by Act 29 of 1977, s. 17 (w.e.f. 1-4-1978).

5. Subs. by Act 46 of 1986, s. 10, for the *Explanation* (w.e.f. 10-9-1986).

[1]**[80HHA. Deduction in respect of profits and gains from newly established small-scale industrial undertakings in certain areas.**—(*1*) Where the gross total income of an assessee includes any profits and gains derived from a small-scale industrial undertaking to which this section applies, there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction from such profits and gains of an amount equal to twenty per cent thereof.

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

(*i*) it begins to manufacture or produce articles after the 30th day of September, 1977 [2][but before the 1st day of April, 1990], in any rural area;

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

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

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

(*iv*) it employs ten or more workers in a manufacturing process carried on with the aid of power, or employs twenty or more workers in a manufacturing process carried on without the aid of power.

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

(*3*) The deduction specified in sub-section (*1*) shall be allowed in computing the total income [3][of each of the ten previous years beginning with the previous year in which the industrial undertaking] begins to manufacture or produce articles:

[4][Provided that such deduction shall not be allowed in computing the total income of any of the ten previous years aforesaid in respect of which the industrial undertaking is not a small-scale industrial undertaking within the meaning of clause (*b*) of the *Explanation* below sub-section (*8*).]

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

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1. Ins. by Act 29 of 1977, s. 18 (w.e.f. 1-4-1978).

2. Ins. by 12 of 1990, s. 21 (w.e.f. 1-4-1990).

3. Subs. by Act 16 of 1981, s. 10, for "in respect of each of the ten assessment years beginning with the assessment year relevant to the previous year in which the small-scale industrial undertaking" (w.e.f. 1-4-1981).

4. Ins. by s. 10, *ibid*. (w.e.f. 1-4-1981).

(*5*) The provisions of sub-sections (*6*) and (*7*) of section 80HH shall, so far as may be, apply in relation to the computation of the profits and gains of a small-scale industrial undertaking for the purposes of the deduction under this section as they apply in relation to the computation of the profits and gains of an industrial undertaking for the purposes of the deduction under that section.

(*6*) In a case where the assessee is entitled also to the deduction [1][under section 80-I or section 80J] in relation to the profits and gains of a small-scale industrial undertaking to which this section applies, effect shall first be given to the provisions of this section.

(*7*) Where a deduction in relation to the profits and gains of a small-scale industrial undertaking to which section 80HH applies is claimed and allowed under that section for any assessment year, deduction in relation to such profits and gains shall not be allowed under this section for the same or any other assessment year.

(*8*) Nothing contained in this section shall apply in relation to any small-scale industrial undertaking engaged in mining.

Explanation.—For the purposes of this section,—

[2][(*a*) "rural area" means any area other than—

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

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

[3][(*b*) an industrial undertaking shall be deemed to be a small-scale industrial undertaking which is, on the last day of the previous year, regarded as a small-scale industrial undertaking under section 11B of the Industries (Development and Regulation) Act, 1951 (65 of 1951).]

[4]**[80HHB. Deduction in respect of profits and gains from projects outside India.**—(*1*) Where the gross total income of an assessee being an Indian company or a person (other than a company) who is resident in India includes any profits and gains derived from the business of—

(*a*) the execution of a foreign project undertaken by the assessee in pursuance of a contract entered into by him, or

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1. Subs. by Act 44 of 1980, s. 35, for "under section 80J" (w.e.f. 1-4-1981).

2. Subs. by Act 4 of 1988, s. 126, for clause (*a*) (w.e.f. 1-4-1989).

3. Subs. by Act 27 of 1999, s. 44, for clause (*b*) (w.e.f. 1-4-1978).

4. Ins. by Act 14 of 1982, s. 18 (w.e.f. 1-4-1983).

(*b*) the execution of any work undertaken by him and forming part of a foreign project undertaken by any other person in pursuance of a contract entered into by such other person,

with the Government of a foreign State or any statutory or other public authority or agency in a foreign State, or a foreign enterprise, there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, [1][a deduction from such profits and gains of an amount equal to—

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

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

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

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

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

Provided that the consideration for the execution of such project or, as the case may be, of such work is payable in convertible foreign exchange.

(*2*) For the purposes of this section,—

(*a*) "convertible foreign exchange" means foreign exchange which is for the time being treated by the Reserve Bank of India as convertible foreign exchange for the purposes of [2][the Foreign Exchange Management Act, 1999 (42 of 1999)], and any rules made thereunder;

(*b*) "foreign project" means a project for—

(*i*) the construction of any building, road, dam, bridge or other structure outside India ;

(*ii*) the assembly or installation of any machinery or plant outside India ;

(*iii*) the execution of such other work (of whatever nature) as may be prescribed.

(*3*) The deduction under this section shall be allowed only if the following conditions are fulfilled, namely:—

(*i*) the assessee maintains separate accounts in respect of the profits and gains derived from the business of the execution of the foreign project, or, as the case may be, of the work forming part of the foreign project undertaken by him and, where the assessee is a person other than an Indian company or a co-operative society, such accounts have been audited by an accountant as defined in the Explanation below sub-section (*2*) of section 288 and the assessee furnishes, along with his return of income, the report of such audit in the prescribed form duly signed and verified by such accountant;

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1. Subs. by Act 10 of 2000, s. 32, for "a deduction from such profits and gains of an amount equal to fifty per cent. thereof" (w.e.f. 1-4-2001).

2. Subs. by Act 17 of 2013, s. 4, for "the Foreign Exchange Regulation Act, 1973 (46 of 1973)" (w.e.f. 1-4-2013).

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

(*ii*) an amount equal to [2][such percentage of the profits and gains as is referred to in sub-section (*1*) in relation to the relevant assessment year] is debited to the profit and loss account of the previous year in respect of which the deduction under this section is to be allowed and credited to a reserve account (to be called the "Foreign Projects Reserve Account") to be utilised by the assessee during a period of five years next following for the purposes of his business other than for distribution by way of dividends or profits;

(*iii*) an amount equal to [2][such percentage of the profits and gains as is referred to in sub-section (*1*) in relation to the relevant assessment year] is brought by the assessee in convertible foreign exchange into India, in accordance with the provisions of the Foreign Exchange Management Act, 1999 (42 of 1999), and any rules made thereunder, within a period of six months from the end of the previous year referred to in clause (*ii*) or, [3][within such further period as the competent authority may allow in this behalf:]

Provided that where the amount credited by the assessee to the Foreign Projects Reserve Account in pursuance of clause (*ii*) or the amount brought into India by the assessee in pursuance of clause (*iii*) or each of the said amounts is less than [2][such percentage of the profits and gains as is referred to in sub-section (*1*) in relation to the relevant assessment year], the deduction under that sub-section shall be limited to the amount so credited in pursuance of clause (*ii*) or the amount so brought into India in pursuance of clause (*iii*), whichever is less.

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

(*4*) If at any time before the expiry of five years from the end of the previous year in which the deduction under sub-section (*1*) is allowed, the assesseeutilises the amount credited to the Foreign Projects Reserve Account for distribution by way of dividends or profits or for any other purpose which is not a purpose of the business of the assessee, the deduction originally allowed under sub-section (*1*) shall be deemed to have been wrongly allowed, and the [4][Assessing Officer] may, notwithstanding anything contained in this Act, recompute the total income of the assessee for the relevant previous year and make the necessary amendment; and the provisions of section 154 shall, so far as may be, apply thereto, the period of four years specified in sub-section (*7*) of that section being reckoned from the end of the previous year in which the money was so utilised.

(*5*) Notwithstanding anything contained in any other provision of this Chapter under the heading" C.—Deductions in respect of certain incomes", no part of the consideration or of the income comprised in the consideration payable to the assessee for the execution of a foreign project referred to in clause (*a*) of sub-section (*1*) or of any work referred to in clause (*b*) of that sub-section shall qualify for deduction for any assessment year under any such other provision.]

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1. Ins. by Act 27 of 1999, s. 45 (w.e.f. 1-6-1999).

2. Subs. by Act 10 of 2000, s. 33, for "fifty per cent. of the profits and gains referred to in sub-section (*1*)" (w.e.f. 1-4-2001).

3. Subs. by Act 27 of 1999, s. 45, for certain words (w.e.f. 1-6-1999).

4. Subs. by Act 4 of 1988, s. 2, for "Income-tax Officer" (w.e.f. 1-4-1988).

[1]**[80HHBA. Deduction in respect of profits and gains from housing projects in certain cases.**—(*1*) Where the gross total income of an assessee being an Indian company or a person (other than a company) who is a resident in India includes any profits and gains derived from the execution of a housing project awarded to the assessee on the basis of global tender and such project is aided by the World Bank, there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, [2][a deduction from such profits and gains of an amount equal to—

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

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

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

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

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

(*2*) The deductions under this section shall be allowed only if the following conditions are fulfilled, namely:—

(*i*) the assessee maintains separate accounts in respect of the profits and gains derived from the business of the execution of the housing project undertaken by him and, where the assessee is a person other than an Indian company or a co-operative society, such accounts have been audited by an accountant as defined in the Explanation below sub-section (*2*) of section 288 and the assessee furnishes along with his return of income the report of such audit in the prescribed form duly signed and verified by such accountant;

(*ii*) an amount equal to [3][such percentage of the profits and gains as is referred to in sub-section (*1*) in relation to the relevant assessment year] is debited to the profit and loss account of the previous year in respect of which the deduction under this section is to be allowed and credited to a reserve account (to be called the Housing Projects Reserve Account) to be utilised by the assessee during a period of five years next following for the purposes of his business other than for distribution by way of dividends or profit:

Provided that where the amount credited by the assessee to the Housing Projects Reserve Account in pursuance of clause (*ii*) is less than [3][such percentage of the profits and gains as is referred to in sub-section (*1*) in relation to the relevant assessment year], the deduction under this section shall be limited to the amount so credited in pursuance of clause (*ii*).

(*3*) If at any time before the expiry of five years from the end of the previous year in which the deduction under sub-section (*1*) is allowed, the assesseeutilises the amount credited to the Housing Projects Reserve Account for distribution by way of dividends or profit or for any other purpose which is not a purpose of the business of the assessee, the deduction originally allowed under sub-section (*1*) shall be deemed to have been wrongly allowed and the Assessing Officer may, notwithstanding anything contained in this Act, recompute the total income of the assessee for the relevant previous year and make necessary amendment and the provision of section 154 shall, so far as may be, apply thereto, the period of four years specified in sub-section (*7*) of that section being reckoned from the end of the previous year in which the money was so utilised.

1. Ins. by Act 21 of 1998, s. 31 (w.e.f. 1-4-1999).
2. Subs. by Act 10 of 2000, s. 33, for "a deduction from such profits and gains of an amount equal to fifty per cent.thereof" (w.e.f. 1-4-2001).
3. Subs. by Act 10 of 2000, s. 33, for "fifty per cent. of the profits and gains referred to in sub-section (*1*)" (w.e.f. 1-4-2001).

(*4*) Notwithstanding anything contained in any other provision of this Chapter under heading "C.—Deduction in respect of certain incomes", no part of the income payable to the assessee for the execution of a housing project under sub-section (*1*) shall qualify for deduction for any assessment year under any other provision.

Explanation.—For the purposes of this section,—

(*a*) "housing project" means a project for—

(*i*) the construction of any building, road, bridge or other structure in any part of India;

(*ii*) the execution of such other work (of whatever nature) as may be prescribed;

(*b*) "World Bank" means the International Bank for Reconstruction and Development Bank referred to in the International Monetary Fund and Bank Act, 1945.]

[1]**[80HHC.Deduction in respect of profits retained for export business.**—[2][(*1*) Where an assessee, being an Indian company or a person (other than a company) resident in India, is engaged in the business of export out of India of any goods or merchandise to which this section applies, there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, [3][a deduction to the extent of profits, referred to in sub-section (*1B*)], derived by the assessee from the export of such goods or merchandise:

Provided that if the assessee, being a holder of an Export House Certificate or a Trading House Certificate (hereafter in this section referred to as an Export House or a Trading House, as the case may be,) issues a certificate referred to in clause (*b*) of sub-section (*4A*), that in respect of the amount of the export turnover specified therein, the deduction under this sub-section is to be allowed to a supporting manufacturer, then the amount of deduction in the case of the assessee shall be reduced by such amount which bears to the [4][total profits derived by the assessee from the export of trading goods, the same proportion as the amount of export turnover specified in the said certificate bears to the total export turnover of the assessee in respect of such trading goods].

(*1A*) Where the assessee, being a supporting manufacturer, has during the previous year, sold goods or merchandise to any Export House or Trading House in respect of which the Export House or Trading House has issued a certificate under the proviso to sub-section (*1*), there shall, in accordance with and subject to the provisions of this section, be allowed in computing the total income of the assessee, [3][a deduction to the extent of profits, referred to in sub-section (*1B*)], derived by the assessee from the sale of goods or merchandise to the Export House or Trading House in respect of which the certificate has been issued by the Export House or Trading House.]

[5][(*1B*) For the purposes of sub-sections (*1*) and (*1A*), the extent of deduction of the profits shall be an amount equal to—

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

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1. Subs. by Act 32 of 1985, s. 19, for section HHC (w.e.f. 1-4-1986).
2. Subs. by Act 26 of 1988, s. 24, for sub-section (*1*) (w.e.f. 1-4-1989).
3. Subs. by Act 10 of 2000, s. 34, for "a deduction of the profits" (w.e.f. 1-4-2001).
4. Subs. by Act 18 of 1992, s.46, for "total profits of the export business of the assessee the same proportion as the amount of export turnover specified in the said certificate bears to the total export turnover of the assessee" (w.e.f. 1-4-1992).
5. Ins. by Act 10 of 2000, s. 34 (w.e.f. 1-4-2001).

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

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

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

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

(*2*) (*a*) This section applies to all goods or merchandise, other than those specified in clause (*b*), if the sale proceeds of such goods or merchandise exported out of India are [2][received in, or brought into, India] by the assessee [3][(other than the supporting manufacturer)] in convertible foreign exchange [4][, within a period of six months from the end of the previous year or, [5][within such further period as the competent authority may allow in this behalf].]

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

(*b*) This section does not apply to the following goods or merchandise, namely:—

(*i*) mineral oil ; and

(*ii*) minerals and ores [7][(other than processed minerals and ores specified in the Twelfth Schedule)].

[8][*Explanation* 1.—The sale proceeds referred to in clause (*a*) shall be deemed to have been received in India where such sale proceeds are credited to a separate account maintained for the purpose by the assessee with any bank outside India with the approval of the Reserve Bank of India.

Explanation 2.—For the removal of doubts, it is hereby declared that where any goods or merchandise are transferred by an assessee to a branch, office, warehouse or any other establishment of the assessee situate outside India and such goods or merchandise are sold from such branch, office, warehouse or establishment, then, such transfer shall be deemed to be export out of India of such goods and merchandise and the value of such goods or merchandise declared in the shipping bill or bill of export as referred to in sub-section (*1*) of section 50 of the Customs Act, 1962 (52 of 1962), shall, for the purposes of this section, be deemed to be the sale proceeds thereof.]

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1. Subs. by Act 14 of 2001, s. 41, for sub-clauses (*ii*), (*iii*) and (*iv*)(w.e.f. 1-4-2002).

2. Subs. by Act 12 of 1990, s. 22, for "receivable" (w.e.f. 1-4-1991).

3. Ins. by s. 22, *ibid*. (w.e.f. 1-4-1989).

4. Ins. by s. 22, *ibid*. (w.e.f. 1-4-1991).

5. Subs. by Act 27 of 1999, s. 46, for certain words (w.e.f. 1-6-1999).

6. Ins. by s. 46, *ibid*. (w.e.f. 1-6-1999).

7. Ins. by Act 49 of 1991, s. 28 (w.e.f. 1-4-1991).

8. Ins. by s. 28, *ibid*. (w.e.f. 1-4-1992).

[1][(*3*) For the purposes of sub-section (*1*),—

(*a*) where the export out of India is of goods or merchandise [2][manufactured or processed by the assessee], the profits derived from such export shall be the amount which bears to the profits of the business, the same proportion as the export turnover in respect of such goods bears to the total turnover of the business carried on by the assessee;

(*b*) where the export out of India is of trading goods, the profits derived from such export shall be the export turnover in respect of such trading goods as reduced by the direct costs and indirect costs attributable to such export;

(*c*) where the export out of India is of goods or merchandise [2][manufactured or processed by the assessee] and of trading goods, the profits derived from such export shall,—

(*i*) in respect of the goods or merchandise [2][manufactured or processed by the assessee], be the amount which bears to the adjusted profits of the business, the same proportion as the adjusted export turnover in respect of such goods bears to the adjusted total turnover of the business carried on by the assessee; and

(*ii*) in respect of trading goods, be the export turnover in respect of such trading goods as reduced by the direct and indirect costs attributable to export of such trading goods :

Provided that the profits computed under clause (*a*) or clause (*b*) or clause (*c*) of this sub-section shall be further increased by the amount which bears to ninety per cent of any sum referred to in clause (*iiia*) (not being profits on sale of a licence acquired from any other person), and clauses (*iiib*) and (*iiic*) of section 28, the same proportion as the export turnover bears to the total turnover of the business carried on by the assessee:

[3][Provided further that in the case of an assessee having export turnover not exceeding rupees ten crores during the previous year, the profits computed under clause (*a*) or clause (*b*) or clause (*c*) of this sub-section or after giving effect to the first proviso, as the case may be, shall be further increased by the amount which bears to ninety per cent of any sum referred to in clause (*iiid*) or clause (*iiie*), as the case may be, of section 28, the same proportion as the export turnover bears to the total turnover of the business carried on by the assessee :

Provided also that in the case of an assessee having export turnover exceeding rupees ten crores during the previous year, the profits computed under clause (*a*) or clause (*b*) or clause (*c*) of this sub-section or after giving effect to the first proviso, as the case may be, shall be further increased by the amount which bears to ninety per cent. of any sum referred to in clause (*iiid*) of section 28, the same proportion as the export turnover bears to the total turnover of the business carried on by the assessee, if the assessee has necessary and sufficient evidence to prove that,—

(*a*) he had an option to choose either the duty drawback or the Duty Entitlement Pass Book Scheme, being the Duty Remission Scheme; and

(*b*) the rate of drawback credit attributable to the customs duty was higher than the rate of credit allowable under the Duty Entitlement Pass Book Scheme, being the Duty Remission Scheme:

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1. Subs. by Act 49 of 1991, s. 28, for sub-section (*3*) (w.e.f. 1-4-1992).
2. Subs. by Act 18 of 1992, s.46, for "manufactured by the assessee" (w.e.f. 1-4-1992).
3. Ins. by Act 55 of 2005, s. 4 (w.e.f. 1-4-1998).

Provided also that in the case of an assessee having export turnover exceeding rupees ten crores during the previous year, the profits computed under clause (*a*) or clause (*b*) or clause (*c*) of this sub-section or after giving effect to the first proviso, as the case may be, shall be further increased by the amount which bears to ninety per cent of any sum referred to in clause (*iiie*) of section 28, the same proportion as the export turnover bears to the total turnover of the business carried on by the assessee, if the assessee has necessary and sufficient evidence to prove that,—

(*a*) he had an option to choose either the duty drawback or the Duty Free Replenishment Certificate, being the Duty Remission Scheme; and

(*b*) the rate of drawback credit attributable to the customs duty was higher than the rate of credit allowable under the Duty Free Replenishment Certificate, being the Duty Remission Scheme.

Explanation.—For the purposes of this clause, "rate of credit allowable" means the rate of credit allowable under the Duty Free Replenishment Certificate, being the Duty Remission Scheme calculated in the manner as may be notified by the Central Government:]

[1][Provided also that in case the computation under clause (*a*) or clause (*b*) or clause (*c*) of this sub-section is a loss, such loss shall be set off against the amount which bears to ninety per cent of—

(*a*) any sum referred to in clause (*iiia*) or clause (*iiib*) or clause (*iiic*), as the case may be, or

(*b*) any sum referred to in clause (*iiid*) or clause (*iiie*), as the case may be, of section 28, as applicable in the case of an assessee referred to in the second or the third or the fourth proviso, as the case may be,

the same proportion as the export turnover bears to the total turnover of the business carried on by the assessee.]

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

(*a*) "adjusted export turnover" means the export turnover as reduced by the export turnover in respect of trading goods;

(*b*) "adjusted profits of the business" means the profits of the business as reduced by the profits derived from the business of export out of India of trading goods as computed in the manner provided in clause (*b*) of sub-section (*3*);

(*c*) "adjusted total turnover" means the total turnover of the business as reduced by the export turnover in respect of trading goods;

(*d*) "direct costs" means costs directly attributable to the trading goods exported out of India including the purchase price of such goods;

(*e*) "indirect costs" means costs, not being direct costs, allocated in the ratio of the export turnover in respect of trading goods to the total turnover;

(*f*) "trading goods" means goods which are not [2][manufactured or processed by the assessee].

1. Ins. by Act 55 of 2005, s. 4 (w.e.f. 1-4-1992).
2. Subs. by Act 18 of 1992, s.46, for "manufactured by the assessee" (w.e.f. 1-4-1992).

[1][(*3A*) For the purposes of sub-section (*1A*), profits derived by a supporting manufacturer from the sale of goods or merchandise shall be,—

(*a*) in a case where the business carried on by the supporting manufacturer consists exclusively of sale of goods or merchandise to one or more Export Houses or Trading Houses, the profits of the business [2]***;

(*b*) in a case where the business carried on by the supporting manufacturer does not consist exclusively of sale of goods or merchandise to one or more Export Houses or Trading Houses, the amount which bears to the profits of the business[2]*** the same proportion as the turnover in respect of sale to the respective Export House or Trading House bears to the total turnover of the business carried on by the assessee.]

[3][(*4*) The deduction under sub-section (*1*) shall not be admissible unless the assessee furnishes in the prescribed form, along with the return of income, the report of an accountant, as defined in the Explanation below sub-section (*2*) of section 288, certifying that the deduction has been correctly claimed [4][in accordance with the provisions of this section:]]

[5][Provided that in the case of an undertaking referred to in sub-section (*4C*), the assessee shall also furnish along with the return of income, a certificate from the undertaking in the special economic zone containing such particulars as may be prescribed, duly certified by the auditor auditing the accounts of the undertaking in the special economic zone under the provisions of this Act or under any other law for the time being in force.]

[1][(*4A*) The deduction under sub-section (*1A*) shall not be admissible unless the supporting manufacturer furnishes in the prescribed form along with his return of income,—

(*a*) 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 on the basis of the [6][profits] of the supporting manufacturer in respect of his sale of goods or merchandise to the Export House or Trading House; and

(*b*) a certificate from the Export House or Trading House containing such particulars as may be prescribed and verified in the manner prescribed that in respect of the export turnover mentioned in the certificate, the Export House or Trading House has not claimed the deduction under this section:

Provided that the certificate specified in clause (*b*) shall be duly certified by the auditor auditing the accounts of the Export House or Trading House under the provisions of this Act or under any other law.]

[7][(*4B*) For the purposes of computing the total income under sub-section (*1*) or sub-section (*1A*), any income not charged to tax under this Act shall be excluded.]

[5][(*4C*) The provisions of this section shall apply to an assessee,—

(*a*) for an assessment year beginning after the 31st day of March, 2004 and ending before the 1st day of April, 2005;

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1. Ins. by Act 26 of 1988, s. 24 (w.e.f. 1-4-1989).
2. The words "as computed under the head "Profits and gains of business or profession" omitted by Act 49 of 1991, s. 28 (w.e.f. 1-4-1992).
3. Ins. by Act 46 of 1986, s. 11 (w.e.f. 1-4-1987).
4. Subs. by Act 49 of 1991, s. 28, for "on the basic of the amount of export turnover" (w.e.f. 1-4-1992).earlier the words "export turnover" were substituted for certain words by Act 46 of 1986, s. 11 (w.e.f. 1-4-1989).
5. Ins. by Act 32 of 2003, s. 37 (w.e.f 1-4-2004).
6. Subs. by Act 3 of 1989, s. 15 (w.e.f. 1-4-1989). Earlier subs-section (*4A*) inserted by 26 of 1988, s. 24 (w.e.f. 1-4-1989).
7. Ins. by Act 27 of 1999,s. 46 (w.e.f. 1-4-1992).

(*b*) who owns any undertaking which manufactures or produces goods or merchandise anywhere in India (outside any special economic zone) and sells the same to any undertaking situated in a special economic zone which is eligible for deduction under section 10A and such sale shall be deemed to be export out of India for the purposes of this section.]

Explanation.—For the purposes of this section,—

(*a*) "convertible foreign exchange" means foreign exchange which is for the time being treated by the Reserve Bank of India as convertible foreign exchange for the purposes of [1][the Foreign Exchange Management Act, 1999 (42 of 1999)], and any rules made thereunder;

[2][(*aa*) "export out of India" shall not include any transaction by way of sale or otherwise, in a shop, emporium or any other establishment situate in India, not involving clearance at any customs station as defined in the Customs Act, 1962 (52 of 1962);]

(*b*) "export turnover" means the sale proceeds [3][received in, or brought into, India] by the assessee in convertible foreign exchange [4][in accordance with clause (*a*) of sub-section (*2*)] of any goods or merchandise to which this section applies and which are exported out of India, but does not include freight or insurance attributable to the transport of the goods or merchandise beyond the customs station as defined in the Customs Act, 1962 (52 of 1962);]

[5][(*ba*) "total turnover" shall not include freight or insurance attributable to the transport of the goods or merchandise beyond the customs station as defined in the Customs Act, 1962 (52 of 1962):

Provided that in relation to any assessment year commencing on or after the 1st day of April, 1991, the expression "total turnover" shall have effect as if it also excluded any sum referred to in clauses (*iiia*), (*iiib*) [6][, (*iiic*), (*iiid*) and (*iiie*)] of section 28;]

[7][(*baa*) "profits of the business" means the profits of the business as computed under the head "Profits and gains of business or profession" as reduced by—

(*1*) ninety per cent. of any sum referred to in clauses (*iiia*), (*iiib*)[5][, (*iiic*), (*iiid*) and (*iiie*)] of section 28 or of any receipts by way of brokerage, commission, interest, rent, charges or any other receipt of a similar nature included in such profits; and

(*2*) the profits of any branch, office, warehouse or any other establishment of theassessee situate outside India;

[8]* * * * *

[9][[10][(*c*)] "Export House Certificate" or "Trading House Certificate" means a valid Export House Certificate or Trading House Certificate, as the case may be, issued by the Chief Controller of Imports and Exports, Government of India;

[11][(*d*)] "supporting manufacturer" means a person being an Indian company or a person (other than a company) resident in India, [12][manufacturing (including processing) goods] or merchandise and selling such goods or merchandise to an Export House or a Trading House for the purposes of export;

[13][(*e*) "special economic zone" shall have the meaning assigned to it in clause (*viii*) of the *Explanation* 2 to section 10A.]

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1. Subs. by Act 17 of 2013, s. 4, for "the Foreign Exchange Regulation Act, 1973 (46 of 1973)" (w.e.f. 1-4-2013).
2. Ins. by Act 49 of 1991, s. 28 (w.e.f. 1-4-1986).
3. Subs. by Act 12 of 1990, s. 22, for "receivable" (w.e.f. 1-4-1991).
4. Ins. by s. 22, *ibid.* (w.e.f. 1-4-1991).
5. Ins. by Act 49 of 1991, s. 28 (w.e.f. 1-4-1987).
6. Subs. by Act 55 of 2005, s. 4, for "and (*iiic*)" (w.e.f. 1-4-1998).
7. Ins. by Act 49 of 1991, s. 28 (w.e.f. 1-4-1992).
8. Clause (*bb*) omitted s. 28, *ibid.* (w.e.f. 1-4-1991).
9. Ins. by Act 26 of 1988, s. 24 (w.e.f. 1-4-1989).
10. Clause (*d*) relettered as clause (*c*) thereof by Act 3 of 1989, s. 15 (w.e.f. 1-4-1989).
11. Clause (*e*) relettered as clause (*d*) thereof by s. 15, *ibid.* (w.e.f. 1-4-1989).
12. Subs. by 12 of 1990, s. 22, for "manufacturing goods" (w.e.f. 1-4-1991).
13. Ins. by Act 32 of 2003, s. 37 (w.e.f. 1-4-2004).

[1][**80HHD. Deduction in respect of earnings in convertible foreign exchange.**—(*1*) Where an assessee, being an Indian company or a person (other than a company) resident in India, is engaged in the business of a hotel or of a tour operator, approved by the prescribed authorityin this behalf or of a travel agent, there shall, in accordance with and subject to the provisions of this section, be allowed, [2][in computing the total income of the assessee—

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

(*i*) forty per cent. of the profits derived by him from services provided to foreign tourists; and

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

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

(*i*) thirty per cent of the profits derived by him from services provided to foreign tourists; and

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

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

(*i*) [3][twenty-five per cent.] of the profits derived by him from services provided to foreign tourists; and

(*ii*) so much of the amount not exceeding [3][twenty-five per cent.] of the profits referred to in sub-clause (*i*) as is debited to the profit and loss account of the previous year in respect of which the deduction is to be allowed and credited to a reserve account to be utilised for the purposes of the business of the assessee in the manner laid down in sub-section (*4*);

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

(*i*) [4][fifteen per cent.] of the profits derived by him from services provided to foreign tourists; and

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1. Ins. by Act 3 of 1989, s. 16 (w.e.f. 1-4-1989).

2. Subs. by Act 10 of 2000, s. 35, for certain words, brackets, letters and figures (w.e.f. 1-4-2001).

3. Subs. by Act 20 of 2002, s. 32, for "twenty per cent." (w.e.f. 1-4-2003).

4. Subs. by s. 32, *ibid.,* for "ten per cent." (w.e.f. 1-4-2003).

(*ii*) so much of the amount not exceeding [1][fifteen per cent.] of the profits referred to in sub-clause (*i*) as is debited to the profit and loss account of the previous year in respect of which the deduction is to be allowed and credited to a reserve account to be utilised for the purposes of the business of the assessee in the manner laid down in sub-section (*4*),

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

[2][Provided that a hotel or, as the case may be, a tour operator approved by the prescribed authority on or after the 30th day of November, 1989 and before the 1st day of October, 1991, shall be deemed to have been approved by the prescribed authority for the purposes of this section in relation to the assessment year commencing on the 1st day of April, 1989 or the 1st day of April, 1990 or, as the case may be, the 1st day of April, 1991 if the assessee was engaged in the business of such hotel or as such tour operator during the previous year relevant to any of the said assessment years.]

(*2*) This section applies only to services provided to foreign tourists the receipts in relation to which are received [3][in, or brought into, India by the assessee in convertible foreign exchange within a period of six months from the end of the previous year or, [4][within such further period as the competent authority may allow in this behalf]].

[5][*Explanation*[6][*1*].—For the purposes of this sub-section, any payment received by an assessee, engaged in the business of a hotel or of a tour operator or of a travel agent, in Indian currency obtained by conversion of foreign exchange brought into India through an authorised dealer, [7][from another hotelier, tour operator or travel agent, as the case may be,] on behalf of a foreign tourist or group of foreign tourists, shall be deemed to have been received by the assessee in convertible foreign exchange if the person making the payment furnishes to the assessee a certificate specified in sub-section (*2A*).]

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

[9][(*2A*) Every person making payment to an assessee referred to in the [10][*Explanation* 1] to sub-section (*2*) out of Indian currency obtained by conversion of foreign exchange received from or on behalf of a foreign tourist or a group of foreign tourists shall furnish to that assessee a certificate in the prescribed form indicating the amount received in foreign exchange, its conversion into Indian currency and such other particulars as may be prescribed.]

[11][(*3*) For the purposes of sub-section (*1*), profits derived from services provided to foreign tourists shall be the amount which bears to the profits of the business (as computed under the head "Profits and gains of business or profession") the same proportion as the receipts specified in sub-section (*2*) [12][as reduced by any payment, referred to in sub-section (*2A*), made by the assessee] bear to the total receipts of the business carried on by the assessee.]

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1. Subs. by Act 20 of 2002, s. 32, for "ten per cent." (w.e.f. 1-4-2003).
2. Ins. by Act 49 of 1991, s. 29 (w.e.f. 1-10-1991).
3. Subs. by Act 12 of 1990, s. 23, for "by the assessee in convertible foreign exchange" (w.e.f. 1-4-1991).
4. Subs. by Act 27 of 1999, s. 47, for certain words and brackets (w.e.f. 1-6-1999).
5. Ins. by Act 49 of 1991, s. 29 (w.e.f. 1-4-1992).
6. *Explanation* renumbered as *Explanation* 1 thereof by Act 27 of 1999, s. 47 (w.e.f. 1-6-1999).
7. Subs. by Act 32 of 1994, s. 25, for "from a tour operator or, as the case may be, a travel agent" (w.e.f. 1-4-1995).
8. Ins. by Act 27 of 1999, s. 47 (w.e.f. 1-6-1999).
9. Ins. by Act 49 of 1991, s. 29 (w.e.f. 1-4-1992).
10. Subs. by Act 27 of 1999, s. 47, for "*Explanation*" (w.e.f. 1-6-1999).
11. Subs. by Act 12 of 1990, s. 23, for sub-section (*3*) (w.e.f. 1-4-1991).
12. Ins. by Act 32 of 1994, s. 25 (w.e.f. 1-4-1995).

(*4*) The amount credited to the reserve account under clause (*b*) of sub-section (*1*), shall be utilised by the assessee before the expiry of a period of five years next following the previous year in which the amount was credited for the following purposes, namely:—

(*a*) construction of new hotels approved by the prescribed authority in this behalf or expansion of facilities in existing hotels already so approved;

(*b*) purchase of new cars and new coaches by tour operators already so approved or by travel agents;

(*c*) purchase of sports' equipment for mountaineering, trekking, golf, river-rafting and other sports in or on water;

(*d*) construction of conference or convention centres;

(*e*) provision of such new facilities for the growth of Indian tourism as the Central Government may, by notification in the Official Gazette, specify in this behalf;

[1][(*f*) subscription to equity shares forming part of any eligible issue of capital made by a public company:]

Provided that where any of the activities referred to in [2][clauses (*a*) to (*f*)] would result in creation of any asset owned by the assessee outside India, such asset should be created only after obtaining prior approval of the prescribed authority.

(*5*) Where any amount credited to the reserve account under clause (*b*) of sub-section (*1*),—

(*a*) has been utilised for any purpose other than those referred to in sub-section (*4*), the amount so utilised; or

(*b*) has not been utilised in the manner specified in sub-section (*4*), the amount not so utilised,

shall be deemed to be the profits,—

(*i*) in a case referred to in clause (*a*), in the year in which the amount was so utilised; or

(*ii*) in a case referred to in clause (*b*), in the year immediately following the period of five years specified in sub-section (*4*),

and shall be charged to tax accordingly.

[3][(*5A*) Where any amount credited to the reserve account under clause (*b*) of sub-section (*1*) has been utilised for subscription to any equity shares referred to in clause (*f*) of sub-section (*4*) and either whole or any part of such equity shares are transferred or converted into money by the assessee at any time within a period of three years from the date of their acquisition, the aggregate amount so utilised in respect of such equity shares shall be deemed to be the profits of the previous year in which the equity shares are transferred or converted into money.

1. Ins. by Act 27 of 1999, s. 47 (w.e.f. 1-4-2000).
2. Subs. by s. 47, *ibid*., for "clauses (*a*) to (*e*)" (w.e.f. 1-4-2000).
3. Ins. by Act 27 of 1999, s. 47 (w.e.f. 1-4-2000).

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

(*6*) The deduction under sub-section (*1*) shall not be admissible unless the assessee furnishes in the prescribed form, along with the return of income, the report of an accountant, as defined in the *Explanation* below sub-section (*2*) of section 288, certifying that the deduction has been correctly claimed on the basis of the [1][[2]*** amount of convertible foreign exchange received by the assessee for services provided by him to foreign tourists [3][, payments made by him to any assessee referred to in sub-section (*2A*)] and the payments received by him in Indian currency as referred to in the [4][*Explanation* 1 to sub-section (*2*)].]

[5][(*7*) Where a deduction under sub-section (*1*) is claimed and allowed in respect of profits derived from the business of a hotel, such part of profits shall not qualify to that extent for deduction for any assessment year under any other provisions of this Chapter under the heading "C.—Deductions in respect of certain incomes", and shall in no case exceed the profits and gains of such hotel.]

Explanation.—For the purposes of this section,—

(*a*) "travel agent" means a travel agent or other person (not being an airline or a shipping company) who holds a valid licence granted by the Reserve Bank of India under section 32 of [6][the Foreign Exchange Management Act, 1999 (42 of 1999)];

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

(*c*) "services provided to foreign tourists" shall not include services by way of sale in any shop owned or managed by the person who carries on the business of a hotel or of a tour operator or of a travel agent;

[7][*d*) "authorised dealer", "foreign exchange" and "Indian currency" shall have the meanings respectively assigned to them in clauses (*b*), (*h*) and (*k*) of section 2 of the [7][Foreign Exchange Management Act, 1999 (42 of 1999)];]

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

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

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

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1. Subs. by Act 49 of 1991, s. 29, for "amount of convertible foreign exchange received by the assessee for services provided by him to the foreign tourist" (w.e.f. 1-4-1992).
2. The words "aggregate of the" omitted by Act 32 of 1994, s. 25 (w.e.f. 1-4-1995).
3. Ins. by Act 32 of 1994, s. 25 (w.e.f. 1-4-1995).
4. Subs. by Act 27 of 1999, s. 47, for "*Explanation* to sub-section (*2*)" (w.e.f. 1-6-1999).
5. Ins. by Act 21 of 1998, s. 32 (w.e.f. 1-4-1999).
6. Subs. by Act 17 of 2013, s. 4, for "the Foreign Exchange Regulation Act, 1973" (w.e.f. 1-4-2013).
7. Ins. by Act 49 of 1991, s. 29 (w.e.f. 1-4-1992).
8. Ins. by Act 27 of 1999, s. 47 (w.e.f. 1-4-2000).

[1]**[80HHE.Deduction in respect of profits form export of computer software, etc.**—(*1*) Where an assessee, being an Indian company or a person (other than a company) resident in India, is engaged in the business of,—

(*i*) export out of India of computer software or its transmission from India to a place outside India by any means;

(*ii*) providing technical services outside India in connection with the development or production of computer software,

there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, [2][a deduction to the extent of the profits, referred to in sub-section (*1B*),] derived by the assessee from such business:

[3]* * * * *

[4][Provided that if the assessee, being a company, engaged in the export out of India of computer software, issues a certificate referred to in clause (*b*) of sub-section (*4A*), that in respect of the amount of the export specified therein, the deduction under this sub-section is to be allowed to a supporting software developer, then the amount of deduction in the case of an assessee shall be reduced by such amount which bears to the total profits derived by the assessee from the export, the same proportion as the amount of the export turnover specified in such certificate bears to the total export turnover of the assessee.

[5][*Explanation*.—For the removal of doubts, it is hereby declared that the profits and gains derived from on site development of computer software (including services for development of software) outside India shall be deemed to be the profits and gains derived from the export of computer software outside India.]

(*1A*) Where the assessee, being a supporting software developer, has during the previous year, developed and sold computer software to an exporting company in respect of which the said company has issued a certificate under the proviso to sub-section (*1*), there shall, in accordance with and subject to the provisions of this section, be allowed in computing the total income of the assessee a deduction of the profits derived by the assessee from the developing and selling of computer software to the exporting company in respect of which the certificate has been issued by the said company [6][to such extent and for such years as specified in sub-section (*1B*)].]

[6][(*1B*) For the purposes of sub-sections (*1*) and (*1A*), the extent of deduction of profits shall be an amount equal to—

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

[7][(*ii*) seventy per cent. thereof for an assessment year beginning on the 1st day of April, 2002;

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

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

1. Ins. by Act 49 of 1991, s. 30 (w.e.f. 1-4-1991).
2. Subs. by Act 10 of 2000, s. 36, for "a deduction of the profits" (w.e.f. 1-4-2001).
3. The proviso omitted by 22 of 1995, s. 18 (w.e.f. 1-4-1996).
4. Ins. by Act 21 of 1998, s.33 (w.e.f. 1-4-1999).
5. Ins. by Act 14 of 2001, s. 42 (w.e.f. 1-4-2001).
6. Ins. by Act 10 of 2000, s. 36 (w.e.f. 1-4-2001).
7. Subs. by Act 14 of 2001, s. 42, for sub-clauses (*ii*), (*iii*) and (*iv*) (w.e.f. 1-4-2002).

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

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

Explanation[2][1].—The said consideration shall be deemed to have been received in India where it is credited to a separate account maintained for the purpose by the assessee with any bank outside India with the approval of the Reserve Bank of India.

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

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

[4][(*3A*) For the purposes of sub-section (*1A*), profits derived by a supporting software developer shall be,—

(*i*) in a case where the business carried on by the supporting software developer consists exclusively of developing and selling of computer software to one or more exporting companies solely engaged in exports, the profits of such business;

(*ii*) in a case where the business carried on by a supporting software developer does not consist exclusively of developing and selling of computer software to one or more exporting companies, the amount which bears to the profits of the business, the same proportion as the turnover in respect of sale to the respective exporting company bears to the total turnover of the business carried on by the assessee.]

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

[4][(*4A*) The deduction under sub-section (*1A*) shall not be admissible unless the supporting software developer furnishes in the prescribed form along with his return of income,—

(*i*) 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 on the basis of the profits of the supporting software developer in respect of sale of computer software to the exporting company; and

(*ii*) a certificate from the exporting company containing such particulars as may be prescribed and verified in the manner prescribed that in respect of the export turnover mentioned in the certificate, the exporting company has not claimed deduction under this section:

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1. Subs. by Act 27 of 1999, s.48, for certain words (w.e.f. 1-6-1999).
2. *Explanation* relettered as *Explanation* 1 thereof by s. 48, *ibid.* (w.e.f. 1-6-1999)
3. Ins. by s. 48, *ibid*. (w.e.f. 1-6-1999).
4. Ins. by Act 21 of 1998, s.33 (w.e.f. 1-4-1999).

Provided that the certificate specified in clause (*b*) shall be duly certified by the auditor auditing the accounts of the exporting assessee under the provisions of this Act or under any other law.]

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

Explanation.—For the purposes of this section,—

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

[1][(*b*) "computer software" means,—

(*i*) any computer programme recorded on any disc, tape, perforated media or other information storage device; or

(*ii*) anycustomised electronic data or any product or service of similar nature as may be notified by the Board,

which is transmitted or exported from India to a place outside India by any means;]

(*c*) "export turnover" means the consideration in respect of computer software received in, or brought into, India by the assessee in convertible foreign exchange in accordance with sub-section (*2*), but does not include freight, telecommunication charges or insurance attributable to the delivery of the computer software outside India or expenses, if any, incurred in foreign exchange in providing the technical services outside India;

[1][(*ca*) "exporting company" means a company referred to in sub-section (*1*) making actual export of computer software;]

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

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

(*2*) the profits of any branch, office, warehouse or any other establishment of the assessee situate outside India;]

(*e*) "total turnover" shall not include—

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

(*ii*) any freight, telecommunication charges or insurance attributable to the delivery of the computer software outside India; and

(*iii*) expenses, if any, incurred in foreign exchange in providing the technical services outside India;]

[2][(*ea*) "supporting software developer" means an Indian company or a person (other than a company) resident in India, developing and selling computer software to an exporting company for the purposes of export.]

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1. Subs. by Act 10 of 2000, s. 36, for sub-clause (*b*) (w.e.f. 1-4-2001).
2. Ins. by Act 21 of 1998, s. 33 (w.e.f. 1-4-1999).

[1]**[80HHF. Deduction in respect of profits and gains from export or transfer of film software, etc.**—(*1*) Where an assessee, being an Indian company [2][or a person (other than a company) resident in India], is engaged in the business of export or transfer by any means out of India, of any film software, television software, music software, television news software, including telecast rights (hereafter in this section referred to as the software or software rights), there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, [3][a deduction to the extent of profits, referred to in sub-section (*1A*),] derived by the assessee from such business.

[4][(*1A*) For the purposes of sub-section (*1*), the extent of deduction of profits shall be an amount equal to—

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

[5][(*ii*) seventy per cent. thereof for an assessment year beginning on the 1st day of April, 2002;

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

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

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

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

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

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

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

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

Explanation.—For the purposes of this section,—

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

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1. Ins. by Act 27 of 1999, s.49 (w.e.f. 1-4-2000).
2. Ins. by Act 10 of 2000, s. 37 (w.e.f. 1-4-2000).
3. Subs. by s. 37, *ibid*., for "a deduction of the profits" (w.e.f. 1-4-2001).
4. Ins. by s. 37, *ibid*. (w.e.f. 1-4-2001).
5. Subs. by Act 14 of 2001, s. 43, for clauses (*ii*), (*iii*) and (*iv*) (w.e.f. 1-4-2002).

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

(*c*) "export turnover" means the consideration in respect of the software or software rights specified in clauses (*d*), (*e*), (*g*), (*h*) and *(i*), received in, or brought into, India by the assessee in convertible foreign exchange in accordance with sub-section (*2*), but does not include freight, telecommunication charges or insurance attributable to the delivery of such software outside India or expenses, if any, incurred in foreign exchange in providing the technical services outside India;

(*d*) "film software" means a copy of a cinematograph film made by any process analogous to cinematography on acetate polyester or celluloid film positive, magnetic tape, digital media or other optical or magnetic devices and certified by the Board of film certification constituted by the Central Government under section 3 of the Cinematograph Act, 1952 (37 of 1952);

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

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

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

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

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

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

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

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

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

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

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

[1][**80-I. Deduction in respect of profits and gains from industrial undertakings after a certain date, etc.**—(*1*) Where the gross total income of an assessee includes any profits and gains derived from an industrial undertaking or a ship or the business of a hotel [2][or the business of repairs to ocean-going vessels or other powered craft], to which this section applies, there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction from such profits and gains of an amount equal to twenty per cent. thereof:

Provided that in the case of an assessee, being a company, the provisions of this sub-section [3][shall have effect in relation to profits and gains derived from an industrial undertaking or a ship or the business of a hotel] as if for the words "twenty per cent.", the words "twenty-five per cent." had been substituted.

[4][(*1A*) Notwithstanding anything contained in sub-section (*1*), in relation to any profits and gains derived by an assessee from—

(*i*) an industrial undertaking which begins to manufacture or produce articles or things or to operate its cold storage plant or plants; or

(*ii*) a ship which is first brought into use; or

(*iii*) the business of a hotel which starts functioning,

on or after the 1st day of April, 1990, [5][but before the 1st day of April, 1991], there shall, in accordance with and subject to the provisions of this section, be allowed in computing the total income of the assessee, a deduction from such profits and gains of an amount equal to twenty-five per cent. thereof:

Provided that in the case of an assessee, being a company, the provisions of this sub-section shall have effect in relation to profits and gains derived from an industrial undertaking or a ship or the business of a hotel as if for the words "twenty-five per cent.", the words "thirty per cent." had been substituted.]

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

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

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

(*iii*) it manufactures or produces any article or thing, not being any article or thing specified in the list in the Eleventh Schedule, or operates one or more cold storage plant or plants, in any part of India, and begins to manufacture or produce articles or things or to operate such plant or plants, at any time within the period of [6][ten years] next following the 31st day of March, 1981, or such further period as the Central Government may, by notification in the Official Gazette, specify with reference to any particular industrial undertaking;

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

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

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1. Ins. by Act 44 of 1980, s. 16 (w.e.f. 1-4-1981).
2. Ins. by Act 11 of 1983, s. 25 (w.e.f. 1-4-1984).
3. Subs. by s. 25, *ibid*., for "shall have effect" (w.e.f. 1-4-1984).
4. Ins. by Act 12 of 1990, s. 24 (w.e.f. 1-4-1990).
5. Ins. by Act 49 of 1991, s. 31 (w.e.f. 1-4-1991).
6. Subs. by, s. 31, *ibid*., for "fourteen years" (w.e.f. 1-4-1991). Earlier "fourteen years" was subs. for "nine years" by Act 12 of 1990 s. 24 (w.e.f. 1-4-1990) which was earlier subs. for "four years" by Act 32 of 1985, s. 20 (w.e.f. 1-4-1985).

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

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

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

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

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

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

Explanation 3.—For the purposes of this sub-section, "small-scale industrial undertaking" shall have the same meaning as in clause (*b*) of the *Explanation* below sub-section (*8*) of section 80HHA.

(*3*) This section applies to any ship, where all the following conditions are fulfilled, namely:—

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

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

(*iii*) it is brought into use by the Indian company at any time within the period of [1][ten years] next following the 1st day of April, 1981.

(*4*) This section applies to the business of any hotel, where all the following conditions are fulfilled, namely:—

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

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

(*iii*) the hotel is for the time being approved for the purposes of this sub-section by the Central Government;

(*iv*) the business of the hotel starts functioning after the 31st day of March, 1981, but [2][before the 1st day of April, [3][1991]].

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1. Subs. by 49 of 1991, s. 31, for "fourteen years" (w.e.f. 1-4-1991). Earlier "fourteen years" was subs. for "nine years" by Act 12 of 1990 s. 24 (w.e.f. 1-4-1990) which was earlier substituted for "four years" by Act 32 of 1985, s. 20 (w.e.f. 1-4-1985).
2. Subs. by Act 12 of 1990, s. 24, for "before the first day of April, 1990" (w.e.f. 1-4-1990). Earlier "1990" was substituted for "1985" by 32 of 1985, s. 20 (w.e.f. 1-4-1985).
3. Subs. by Act 49 of 1991, s. 31, for "1995" (w.e.f. 1-4-1991).

[1][(*4A*) This section applies to the business of repairs to ocean-going vessels or other powered craft which fulfils all the following conditions, namely:—

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

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

(*iii*) it is carried on by an Indian company and the work by way of repairs to ocean-going vessels or other powered craft has been commenced by such company after the 31st day of March, 1983, but before the 1st day of April, 1988; and

(*iv*) it is for the time being approved for the purposes of this sub-section by the Central Government.]

(*5*) The deduction specified in sub-section (*1*) shall be allowed in computing the total income in respect of the assessment year relevant to the previous year in which the industrial undertaking begins to manufacture or produce articles or things, or to operate its cold storage plant or plants or the ship is first brought into use or the business of the hotel starts functioning [1][or the company commences work by way of repairs to ocean-going vessels or other powered craft] (such assessment year being hereafter in this section referred to as the initial assessment year) and each of the seven assessment years immediately succeeding the initial assessment year:

Provided that in the case of an assessee, being a co-operative society, the provisions of this sub-section shall have effect as if for the words "seven assessment years", the words "nine assessment years" had been substituted:

[1][Provided further that in the case of an assessee carrying on the business of repairs to ocean-going vessels or other powered craft, the provisions of this sub-section shall have effect as if for the words "seven assessment years", the words "four assessment years" had been substituted]:

[2][Provided also that in the case of—

(*i*) an industrial undertaking which begins to manufacture or produce articles or things or to operate its cold storage plant or plants; or

(*ii*) a ship which is first brought into use; or

(*iii*) the business of a hotel which starts functioning,

on or after the 1st day of April, 1990 [3][but before the 1st day of April, 1991], provisions of this sub-section shall have effect as if for the words "seven assessment years", the words "nine assessment years" had been substituted:

Provided also that in the case of an assessee, being a co-operative society, deriving profits and gains from an industrial undertaking or a ship or a hotel referred to in the third proviso, the provisions of that proviso shall have effect as if for the words "nine assessment years", the words "eleven assessment years" had been substituted.]

(*6*) Notwithstanding anything contained in any other provision of this Act, the profits and gains of an industrial undertaking or a ship or the business of a hotel [1][or the business of repairs to ocean-going vessels or other powered craft] to which the provisions of sub-section (*1*) apply shall, for the purposes of determining the quantum of deduction under sub-section (*1*) for the assessment year immediately succeeding the initial assessment year or any subsequent assessment year, be computed as if such industrial undertaking or ship or the business of the hotel [1][or the business of repairs to ocean-going

1. Ins. by Act 11 of 1983, s. 25 (w.e.f. 1-4-1984).
2. Ins. by Act 12 of 1990, s. 24 (w.e.f. 1-4-1990).
3. Ins. by Act 49 of 1991, s. 31 (w.e.f. 1-4-1991).

vessels or other powered craft] were the only source of income of the assessee during the previous years relevant to the initial assessment year and to every subsequent assessment year up to and including the assessment year for which the determination is to be made.

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

(*8*) Where any goods held for the purposes of the business of the industrial undertaking or the hotel or the operation of the ship [1][or the business of repairs to ocean-going vessels or other powered craft] are transferred to any other business carried on by the assessee, or where any goods held for the purposes of any other business carried on by the assessee are transferred to the business of the industrial undertaking or the hotel or the operation of the ship [1][or the business of repairs to ocean-going vessels or other powered craft] and, in either case, the consideration, if any, for such transfer as recorded in the accounts of the business of the industrial undertaking or the hotel or the operation of the ship [1][or the business of repairs to ocean-going vessels or other powered craft] does not correspond to the market value of such goods as on the date of the transfer, then, for the purposes of the deduction under this section, the profits and gains of the industrial undertaking or the business of the hotel or the operation of the ship [1][or the business of repairs to ocean-going vessels or other powered craft shall be computed as if the transfer, in either case, had been made at the market value of such goods as on that date:

Provided that where, in the opinion of the [2][Assessing Officer], the computation of the profits and gains of the industrial undertaking or the business of the hotel or the operation of the ship [1][or the business of repairs to ocean-going vessels or other powered craft] in the manner hereinbefore specified presents exceptional difficulties, the [2][Assessing Officer] may compute such profits and gains on such reasonable basis as he may deem fit.

Explanation.—In this sub-section, "market value", in relation to any goods, means the price that such goods would ordinarily fetch on sale in the open market.

(*9*) Where it appears to the [2][Assessing Officer] that, owing to the close connection between the assessee carrying on the business of the industrial undertaking or the hotel or the operation of the ship [1][or the business of repairs to ocean-going vessels or other powered craft] to which this section applies and any other person, or for any other reason, the course of business between them is so arranged that the business transacted between them produces to the assessee more than the ordinary profits which might be expected to arise in the business of the industrial undertaking or the hotel or the operation of the ship [1][or the business of repairs to ocean-going vessels or other powered craft], the [2][Assessing Officer] shall, in computing the profits and gains of the industrial undertaking or the hotel or the ship [1][or the business of repairs to ocean-going vessels or other powered craft] for the purposes of the deduction under this section, take the amount of profits as may be reasonably deemed to have been derived therefrom.

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

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1. Ins. by Act 11 of 1983, s. 25 (w.e.f. 1-4-1984).

2. Subs. by Act 4 of 1988, s. 2, for "Income-tax Officer" (w.e.f. 1-4-1988).

[1]**[80-IA. Deductions in respect of profits and gains from industrial undertakings or enterprises engaged in infrastructure development, etc.**—[2][(*1*) Where the gross total income of an assessee includes any profits and gains derived by an undertaking or an enterprise from any business referred to in sub-section (*4*) (such business being hereinafter referred to as the eligible business), there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction of an amount equal to hundred per cent. of the profits and gains derived from such business for ten consecutive assessment years.]

(*2*) The deduction specified in sub-section (*1*) may, at the option of the assessee, be claimed by him for any ten consecutive assessment years out of fifteen years beginning from the year in which the undertaking or the enterprise develops and begins to operate any infrastructure facility or starts providing telecommunication service or develops an industrial park [3][[4][or develops a special economic zone referred to in clause (*iii*) of sub-section (*4*)]] or generates power or commences transmission or distribution of power [5][or undertakes substantial renovation and modernisation of the existing transmission or distribution lines [6]***]:

[7][Provided that where the assessee develops or operates and maintains or develops, operates and maintains any infrastructure facility referred to in clause (*a*) or clause (*b*) or clause (*c*) of the *Explanation* to clause (*i*) of sub-section (*4*), the provisions of this sub-section shall have effect as if for the words "fifteen years", the words "twenty years" had been substituted.]

[8][(*2A*) Notwithstanding anything contained in sub-section (*1*) or sub-section (*2*), the deduction in computing the total income of an undertaking providing telecommunication services, specified in clause (*ii*) of sub-section (*4*), shall be hundred per cent of the profits and gains of the eligible business for the first five assessment years commencing at any time during the periods as specified in sub-section (*2*) and thereafter, thirty per cent of such profits and gains for further five assessment years.]

(*3*) This section applies to [9][an [10][[11][undertaking] referred to in clause (*ii*) [12][or clause (*iv*) [13]***] of sub-section (*4*)] which fulfils all the following conditions, namely:—

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

Provided that this condition shall not apply in respect of an [10][undertaking] which is formed as a result of the re-establishment, reconstruction or revival by the assessee of the business of any such [10][undertaking] as is referred to in section 33B, in the circumstances and within the period specified in that section;

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1. Subs. by Act 27 of 1999, s. 50, for section 80-IA (w.e.f. 1-4-2000), earlier inserted by Act 49 of 1991, s. 32 (w.e.f. 1-4-1991), and later on amended by Act 18 of 1992, s. 47 (w.e.f. 1-4-1993), which was earlier amended by Act 38 of 1993, s. 15 (w.e.f. 1-4-1994), earlier amended by Act 32 of 1994, s. 27 (w.e.f. 1-4-1994), earlier amended by Act 22 of 1995, s. 19 (w.e.f. 1-4-1996), amended by Act 38 of 1996, s. 15 (w.e.f. 1-4-1997), amended by Act 26 of 1997, s. 26 (w.e.f. 1-4-1996), as so amended by Act 7 of 1998, s. 3 (w.e.f. 1-4-1998), amended by Act 21 of 1998, s. 34 (w.e.f. 1-4-1998).
2. Subs. by Act 14 of 2001, s. 44, for sub-section (*1*) (w.e.f. 1-4-2002).
3. Ins. by Act 20 of 2002, s. 33 (w.e.f. 1-4-2003).
4. Subs. by Act 32 of 2003, s. 38 for "or develops or develops and operates or maintains and operates a special economic zone" (w.e.f. 1-4-2002).
5. Ins. by Act 23 of 2004, s. 17 (w.e.f. 1-4-2005).
6. The words "or lays and begins to operate a cross-country natural gas distribution network" omitted by Act 33 of 2009, s. 36 (w.e.f. 1-4-2010).
7. The proviso substituted by Act 14 of 2001, s. 44 (w.e.f. 1-4-2002).
8. Ins. by s. 44, *ibid.* (w.e.f. 1-4-2001).
9. Subs. by Act 10 of 2000, s. 38, for "any industrial undertaking " (w.e.f. 1-4-2000).
10. Subs. by Act 14 of 2001, s. 44, for "industrial undertaking" (w.e.f. 1-4-2002).
11. Subs. by Act 23 of 2004, s. 17, for "undertaking referred to in clause (*iv*)" (w.e.f. 1-4-2005).
12. Subs. by Act 22 of 2007, s. 28, for "clause (*iv*)" (w.e.f. 1-4-2008).
13. The words, brackets and figures "or clause (*vi*)" omitted by Act 33 of 2009, s. 36 (w.e.f. 1-4-2010).

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

[1][Provided that nothing contained in this sub-section shall apply in the case of transfer, either in whole or in part, of machinery or plant previously used by a State Electricity Board referred to in clause (*7*) of section 2 of the Electricity Act, 2003 (36 of 2003), whether or not such transfer is in pursuance of the splitting up or reconstruction or reorganisation of the Board under Part XIII of that Act.]

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

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

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

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

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

(*4*) This section applies to—

(*i*) any enterprise carrying on the business [3][of (*i*) developing or (*ii*) operating and maintaining or (*iii*) developing, operating and maintaining] any infrastructure facility which fulfils all the following conditions, namely :—

(*a*) it is owned by a company registered in India or by a consortium of such companies [4][or by an authority or a board or a corporation or any other body established or constituted under any Central or State Act]:

[5][(*b*) it has entered into an agreement with the Central Government or a State Government or a local authority or any other statutory body for (*i*) developing or (*ii*) operating and maintaining or (*iii*) developing, operating and maintaining a new infrastructure facility;]

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

Provided that where an infrastructure facility is transferred on or after the 1st day of April, 1999 by an enterprise which developed such infrastructure facility (hereafter referred to in this section as the transferor enterprise) to another enterprise (hereafter in this section referred to as the transferee enterprise) for the purpose of operating and maintaining the infrastructure facility on its behalf in accordance with the agreement with the Central

1. Ins. by Act 23 of 2004, s. 17 (w.e.f. 1-4-2005).
2. Subs. by Act 14 of 2001, s. 44, for "industrial undertaking" (w.e.f. 1-4-2002).
3. Subs. by s. 44, *ibid*., for "of (*i*) developing, (*ii*) maintaining and operating or (*iii*) developing, maintaining and operating" (w.e.f. 1-4-2002).
4. Ins. by Act 18 of 2005, s. 26 (w.e.f. 1-4-2006).
5. Subs. by Act 14 of 2001, s. 44, for clause (*b*) (w.e.f. 1-4-2002).

Government, State Government, local authority or statutory body, the provisions of this section shall apply to the transferee enterprise as if it were the enterprise to which this clause applies and the deduction from profits and gains would be available to such transferee enterprise for the unexpired period during which the transferor enterprise would have been entitled to the deduction, if the transfer had not taken place:

[1][Provided further that nothing contained in this section shall apply to any enterprise which starts the development or operation and maintenance of the infrastructure facility on or after the 1st day of April, 2017.]

[2][*Explanation*.—For the purposes of this clause, "infrastructure facility" means—

(*a*) a road including toll road, a bridge or a rail system;

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

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

(*d*) a port, airport, inland waterway [3][, inland port or navigational channel in the sea];]

[4][(*ii*) any undertaking which has started or starts providing telecommunication services, whether basic or cellular, including radio paging, domestic satellite service, network of trunking, broadband network and internet services on or after the 1st day of April, 1995, but on or before the [5][31st day of March, 2005].]

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

(*iii*) any undertaking which develops, develops and operates or maintains and operates an industrial park [6][or special economic zone] notified by the Central Government in accordance with the scheme framed and notified by that Government for the period beginning on the 1st day of April, 1997 and ending on [7][the 31st day of March, 2006]:

[8][Provided that in a case where an undertaking develops an industrial park on or after the 1st day of April, 1999 or a special economic zone on or after the 1st day of April, 2001 and transfers the operation and maintenance of such industrial park or such special economic zone, as the case may be, to another undertaking (hereafter in this section referred to as the transferee undertaking), the deduction under sub-section (*1*) shall be allowed to such transferee undertaking for the remaining period in the ten consecutive assessment years as if the operation and maintenance were not so transferred to the transferee undertaking:]

[9][Provided further that in the case of any undertaking which develops, develops and operates or maintains and operates an industrial park, the provisions of this clause shall have effect as if for the

1. Ins. by Act 28 of 2016, s. 4 (w.e.f. 1-4-2017).
2. Subs. by Act 14 of 2001, s. 44, for *Explanation* (w.e.f. 1-4-2002).
3. Subs. by Act 22 of 2007, s. 28, for "inland port" (w.e.f. 1-4-2008).
4. Subs. by Act 14 of 2001, s. 44, for clause (*ii*) (w.e.f. 1-4-2001).
5. Subs. by Act 23 of 2004, s. 17, for "31st March, 2004" (w.e.f. 1-4-2005).
6. Ins. by Act 14 of 2001, s. 44, (w.e.f. 1-4-2002).
7. Subs. by s. 44, *ibid*., for "the 31st March, 2002" (w.e.f. 1-4-2001).
8. Subs. by Act 32 of 2003, s. 38, for the proviso (w.e.f. 1-4-2002).
9. Subs. by Act 21 of 2006, s. 18, for the proviso (w.e.f. 1-4-2007).

figures, letters and words "31st day of March, 2006", the figures, letters and words [1][31st day of March, 2011] had been substituted;]

(*iv*) an [2][undertaking] which,—

(*a*) is set up in any part of India for the generation or generation and distribution of power if it begins to generate power at any time during the period beginning on the 1st day of April, 1993 and ending on [3][the 31st day of March, 2017];

(*b*) starts transmission or distribution by laying a network of new transmission or distribution lines at any time during the period beginning on the 1st day of April, 1999 and ending on [3][the 31st day of March, 2017]:

Provided that the deduction under this section to an [2][undertaking] under sub-clause *(b*) shall be allowed only in relation to the profits derived from laying of such network of new lines for transmission or distribution;

[4][(*c*) undertakes substantial renovation and modernisation of the existing network of transmission or distribution lines at any time during the period beginning on the 1st day of April, 2004 and ending on [3][the 31st day of March, 2017].

Explanation.—For the purposes of this sub-clause, "substantial renovation and modernisation" means an increase in the plant and machinery in the network of transmission or distribution lines by at least fifty per cent of the book value of such plant and machinery as on the 1st day of April, 2004;]

[5][(*v*) an undertaking owned by an Indian company and set up for reconstruction or revival of a power generating plant, if—

(*a*) such Indian company is formed before the 30th day of November, 2005 with majority equity participation by public sector companies for the purposes of enforcing the security interest of the lenders to the company owning the power generating plant and such Indian company is notified before the 31st day of December, 2005 by the Central Government for the purposes of this clause;

(*b*) such undertaking begins to generate or transmit or distribute power before [6][the 31st day of March, 2011];]

[7]* * * * *

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

1. Subs. by Act 33 of 2009, s. 36, for "31st day of March, 2009" (w.e.f. 1-4-2009).
2. Subs. by Act 14 of 2001, s. 44, for "industrial undertaking" (w.e.f. 1-4-2002).
3. Subs. by Act 25 of 2014, s. 30, for "the 31st day of March, 2014" (w.e.f. 1-4-2015).
4. Ins. by Act 23 of 2004, s. 17 (w.e.f 1-4-2005).
5. Ins. by Act 55 of 2005, s. 5 (w.e.f. 1-4-2006).
6. Subs. by Act 33 of 2009, s. 36, for "the 31st day of March, 2008" (w.e.f. 1-4-2008).
7. Clause (*vi*) omitted by Act 33 of 2009, s. 36 (w.e.f. 1-4-2010).

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

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

(*8*) Where any [3][goods or services] held for the purposes of the eligible business are transferred to any other business carried on by the assessee, or where any [3][goods or services] held for the purposes of any other business carried on by the assessee are transferred to the eligible business and, in either case, the consideration, if any, for such transfer as recorded in the accounts of the eligible business does not correspond to the market value of such [3][goods or services] as on the date of the transfer, then, for the purposes of the deduction under this section, the profits and gains of such eligible business shall be computed as if the transfer, in either case, had been made at the market value of such [3][goods or services] as on that date:

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

[4][*Explanation*.—For the purposes of this sub-section, "market value", in relation to any goods or services, means—

(*i*) the price that such goods or services would ordinarily fetch in the open market; or

(*ii*) the arm's length price as defined in clause (*ii*) of section 92F, where the transfer of such goods or services is a specified domestic transaction referred to in section 92BA.]

(*9*) Where any amount of profits and gains of an [2][undertaking] or of an enterprise in the case of an assessee is claimed and allowed under this section for any assessment year, deduction to the extent of such profits and gains shall not be allowed under any other provisions of this Chapter under the heading" *C.—Deductions in respect of certain incomes*", and shall in no case exceed the profits and gains of such eligible business of [2][undertaking] or enterprise, as the case may be.

1. Subs. by Act 20 of 2002, s. 33, for "Where the assessee is a person other than a company or a co-operative society, the deduction" (w.e.f. 1-4-2003).
2. Subs. by Act 14 of 2001, s. 44, for "industrial undertaking" (w.e.f. 1-4-2002).
3. Subs. by s. 44, *ibid.*, for "goods" (w.e.f. 1-4-2002).
4. Subs. by Act 23 of 2012, s. 30, for the *Explanation* (w.e.f. 1-4-2013).

(*10*) Where it appears to the Assessing Officer that, owing to the close connection between the assessee carrying on the eligible business to which this section applies and any other person, or for any other reason, the course of business between them is so arranged that the business transacted between them produces to the assessee more than the ordinary profits which might be expected to arise in such eligible business, the Assessing Officer shall, in computing the profits and gains of such eligible business for the purposes of the deduction under this section, take the amount of profits as may be reasonably deemed to have been derived therefrom:

[1][Provided that in case the aforesaid arrangement involves a specified domestic transaction referred to in section 92BA, the amount of profits from such transaction shall be determined having regard to arm's length price as defined in clause (*ii*) of section 92F.]

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

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

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

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

[2][(*12A*) Nothing contained in sub-section (*12*) shall apply to any enterprise or undertaking which is transferred in a scheme of amalgamation or demerger on or after the 1st day of April, 2007.]

[3][(*13*) Nothing contained in this section shall apply to any Special Economic Zones notified on or after the 1st day of April, 2005 in accordance with the scheme referred to in sub-clause (*iii*) of clause (*c*) of sub-section (*4*).]

[4][*Explanation*.—For the removal of doubts, it is hereby declared that nothing contained in this section shall apply in relation to a business referred to in sub-section (*4*) which is in the nature of a works contract awarded by any person (including the Central or State Government) and executed by the undertaking or enterprise referred to in sub-section (*1*).]

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1. Ins. by Act 23 of 2012, s. 30 (w.e.f. 1-4-2013).

2. Ins. by Act 22 of 2007, s. 28 (w.e.f. 1-4-2008).

3. Ins. by Act 28 of 2005, s. 27 and the Second Schedule (w.e.f. 10-2-2006).

4. Ins. by Act 33 of 2009, s. 36 (w.e.f. 1-4-2000).

[1][**80-IAB. Deductions in respect of profits and gains by an undertaking or enterprise engaged in development of Special Economic Zone.**—(*1*) Where the gross total income of an assessee, being a Developer, includes any profits and gains derived by an undertaking or an enterprise from any business of developing a Special Economic Zone, notified on or after the 1st day of April, 2005 under the Special Economic Zones Act, 2005, there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction of an amount equal to one hundred per cent of the profits and gains derived from such business for ten consecutive assessment years.

[2][Provided that the provisions of this section shall not apply to an assessee, being a developer, where the development of Special Economic Zone begins on or after the 1st day of April, 2017.]

(*2*) The deduction specified in sub-section (*1*) may, at the option of the assessee, be claimed by him for any ten consecutive assessment years out of fifteen years beginning from the year in which a Special Economic Zone has been notified by the Central Government:

Provided that where in computing the total income of any undertaking, being a Developer for any assessment year, its profits and gains had not been included by application of the provisions of sub-section (*13*) of sectopm 80-IA, the undertaking being the Developer shall be entitled to deduction referred to in this section only for the unexpired period of ten consecutive assessment years and thereafter it shall be eligible for deduction from income as provided in sub-section (*1*) or sub-section (*2*), as the case may be:

Provided further that in a case where an undertaking, being a Developer who develops a Special Economic Zone on or after the 1st day of April, 2005 and transfers the operation and maintenance of such Special Economic Zone to another Developer (hereafter in this section referred to as the transferee Developer), the deduction under sub-section (*1*) shall be allowed to such transferee Developer for the remaining period in the ten consecutive assessment years as if the operation and maintenance were not so transferred to the transferee Developer.

(*3*) The provisions of sub-section (*5*) and sub-sections (*7*) to (*12*) of section 80-JIA shall apply to the Special Economic Zones for the purpose of allowing deductions under sub-section (*1*).

Explanation.—For the purposes of this section, "Developer" and "Special Economic Zone" shall have the same meanings respectively as assigned to them in clauses (*g*) and (*za*) of section 2 of the Special Economic Zones Act, 2005.]

[3][**80-IAC. Special provision in respect of specified business.**—(*1*) Where the gross total income of an assessee, being an eligible start-up, includes any profits and gains derived from eligible business, there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction of an amount equal to one hundred per cent of the profits and gains derived from such business for three consecutive assessment years.

(*2*) The deduction specified in sub-section (*1*) may, at the option of the assessee, be claimed by him for any three consecutive assessment years out of [4][seven years] beginning from the year in which the eligible start-up is incorporated.

(*3*) This section applies to a start-up which fulfils the following conditions, namely:—

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

1. Ins. by Act 28 of 2005, s. 27 and the Second Schedule (w.e.f. l0-2-2006).
2. Ins. by Act 28 of 2016, s. 41 (w.e.f. 1-4-2017).
3. Ins. by s. 42, *ibid*. (w.e.f. 1-4-2017).
4. Subs. by Act 7 of 2017, s. 36, for "five years" (w.e.f. 1-4-2018).

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

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

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

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

(*b*) such machinery or plant is imported into India;

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

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

(*4*) The provisions of sub-section (*5*) and sub-sections (*7*) to (*11*) of section 80-IA shall apply to the start-ups for the purpose of allowing deductions under sub-section (*1*).

Explanation.—For the purposes of this section,—

[1][(*i*) "eligible business" means a business carried out by an eligible start up engaged in innovation, development or improvement of products or processes or services or a scalable business model with a high potential of employment generation or wealth creation;]

(*ii*) "eligible start-up" means a company or a limited liability partnership engaged in eligible business which fulfils the following conditions, namely:—

(*a*) it is incorporated on or after the 1st day of April, 2016 but before the 1st day of April, [2][2021];

(*b*) the total turnover of its business does not exceed twenty-five crore rupees [3][in the previous year relevant to the assessment year for which deduction under sub-section (1) is claimed]; and

(*c*) it holds a certificate of eligible business from the Inter-Ministerial Board of Certification as notified in the Official Gazette by the Central Government;

(*iii*) "limited liability partnership" means a partnership referred to in clause (*n*) of sub-section (*1*) of section 2 of the Limited Liability Partnership Act, 2008 (6 of 2009).]

1. Subs. by Act 13 of 2018, s. 28, for clause (*i*) (w.e.f. 1-4-2018).
2. Subs. by s. 28, *ibid*., for "2019" (w.e.f. 1-4-2018).
3. Subs. by s. 28, *ibid*., for "in any of the previous years beginning on or after the 1st day of April, 2016 and ending on the 31st day of March, 2021" (w.e.f. 1-4-2018).

80-IB. Deduction in respect of profits and gains from certain industrial undertakings other than infrastructure development undertakings.—(*1*) Where the gross total income of an assessee includes any profits and gains derived from any business referred to in sub-sections (*3*) to [1][(*11*), (*11A*) and (*11B*)] (such business being hereinafter referred to as the eligible business), there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction from such profits and gains of an amount equal to such percentage and for such number of assessment years as specified in this section.

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

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

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

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

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

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

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

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

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

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

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

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

1. Subs. by Act 23 of 2004, s. 18, for "(*11*) and (*11A*)" (w.e.f. 1-4-2005). Earlier "(*3*) to (*11*) and (*11A*)" subs. by Act 14 of 2001, s. 45 (w.e.f. 1-4-2002).

(*3*) The amount of deduction in the case of an industrial undertaking shall be twenty-five per cent. (or thirty per cent. where the assessee is a company), of the profits and gains derived from such industrial undertaking for a period of ten consecutive assessment years (or twelve consecutive assessment years where the assessee is a co-operative society) beginning with the initial assessment year subject to the fulfilment of the following conditions, namely:—

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

(*ii*) where it is an industrial undertaking being a small scale industrial undertaking, it begins to manufacture or produce articles or things or to operate its cold storage plant [not specified in sub-section (*4*) or sub-section (*5*)] at any time during the period beginning on the 1st day of April, 1995 and ending on the [1][31st day of March, 2002].

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

Provided that the total period of deduction does not exceed ten consecutive assessment years (or twelve consecutive assessment years where the assessee is a co-operative society) subject to fulfilment of the condition that it begins to manufacture or produce articles or things or to operate its cold storage plant or plants during the period beginning on the 1st day of April, 1993 and ending on the [2][31st day of March, 2004]:

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

[3][Provided also that no deduction under this sub-section shall be allowed for the assessment year beginning on the 1st day of April, 2004 or any subsequent year to any undertaking or enterprise referred to in sub-section (*2*) of section 80-IC:]

[4][Provided also that in the case of an industrial undertaking in the State of Jammu and Kashmir, the provisions of the first proviso shall have effect as if for the figures, letters and words "31st day of March, 2004", the figures, letters and words [5][31st day of March, 2012] had been substituted:

Provided also that no deduction under this sub-section shall be allowed to an industrial undertaking in the State of Jammu and Kashmir which is engaged in the manufacture or production of any article or thing specified in Part C of the Thirteenth Schedule.]

1. Subs. by Act 10 of 2000, s. 39, for "31st day of March, 2000" (w.e.f. 1-4-2001).
2. Subs. by Act 20 of 2002, s. 34, for "31st day of March, 2002" (w.e.f. 1-4-2003).
3. Ins. by Act 32 of 2003, s. 39 (w.e.f. 1-4-2004).
4. Subs. by Act 23 of 2004, s. 18, for the proviso (w.e.f. 1-4-2005).
5. Subs. by Act 22 of 2007, s. 29, for "31st day of March, 2007" (w.e.f. 1-4-2008).

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

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

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

Provided further that the industrial undertaking begins to manufacture or produce articles or things or to operate its cold storage plant or plants at any time during the period beginning on the 1st day of October, 1994 and ending on the [1][31st day of March, 2004];

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

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

Provided further that the industrial undertaking begins to manufacture or produce articles or things or to operate its cold storage plant or plants at any time during the period beginning on the 1st day of October, 1994 and ending on the [1][31st day of March, 2004].

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

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

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

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

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

(*a*) fifty per cent. of the profits and gains derived from the business of such hotel for a period of ten consecutive years beginning from the initial assessment year as is located in a hilly area or a rural area or a place of pilgrimage or such other place as the Central Government may, having regard to the need for development of infrastructure for tourism in any place and other relevant considerations, specify by notification in the Official Gazette and such hotel starts functioning at any time during the period beginning on the 1st day of April, 1990 and ending on the 31st day of March, 1994 or beginning on the 1st day of April, 1997 and ending on the 31st day of March, 2001:

1. Subs. by Act 20 of 2002, s. 34, for "31st day of March, 2002" (w.e.f. 1-4-2003).

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

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

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

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

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

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

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

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

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

[1][(*7A*) 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;

1. Ins. by Act 20 of 2002, s. 34 (w.e.f. 1-4-2003).

(*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.

(*7B*) 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.]

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

(*a*) is registered in India;

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

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

[1][(*8A*) The amount of deduction in the case of any company carrying on scientific research and development shall be hundred per cent of the profits and gains of such business for a period of ten consecutive assessment years, beginning from the initial assessment year, if such company—

1. Ins. by Act 10 of 2000, s. 39 (w.e.f. 1-4-2001).

(*i*) is registered in India;

(*ii*) has its main object the scientific and industrial research and development;

(*iii*) is for the time being approved by the prescribed authority at any time after the 31st day of March, 2000 but before the [1][1st day of April, 2007];

(*iv*) fulfils such other conditions as may be prescribed.]

[2][(*9*) The amount of deduction to an undertaking shall be hundred per cent of the profits for a period of seven consecutive assessment years, including the initial assessment year, if such undertaking fulfils any of the following, namely:—

(*i*) is located in North-Eastern Region and has begun or begins commercial production of mineral oil before the 1st day of April, 1997;

(*ii*) is located in any part of India and has begun or begins commercial production of mineral oil on or after the 1st day of April, 1997 [3][but not later than the 31st day of March, 2017]:

[4][Provided that the provisions of this clause shall not apply to blocks licensed under a contract awarded after the 31st day of March, 2011 under the New Exploration Licencing Policy announced by the Government of India *vide* Resolution No. O-19018/22/95-ONG.DO.VL, dated the 10th February, 1999 or in pursuance of any law for the time being in force or by the Central or a State Government in any other manner;]

(*iii*) is engaged in refining of mineral oil and begins such refining on or after the 1st day of October, 1998 [5][but not later than the 31st day of March, 2012];

[6][(*iv*) is engaged in commercial production of natural gas in blocks licensed under the VIII Round of bidding for award of exploration contracts (hereafter referred to as "NELP-VIII") under the New Exploration Licencing Policy announced by the Government of India *vide* Resolution No. O-19018/22/95-ONG.DO.VL, dated 10th February, 1999 and begins commercial production of natural gas on or after the 1st day of April, 2009 [5][but not later than the 31st day of March, 2017];

(*v*) is engaged in commercial production of natural gas in blocks licensed under the IV Round of bidding for award of exploration contracts for Coal Bed Methane blocks and begins commercial production of natural gas on or after the 1st day of April, 2009 [5][but not later than the 31st day of March, 2017].]

Explanation.—For the purposes of claiming deduction under this sub-section, all blocks licensed under a single contract, which has been awarded under the New Exploration Licencing Policy announced by the Government of India *vide* Resolution No. O-19018/22/95-ONG.DO.VL, dated 10th February, 1999 or has been awarded in pursuance of any law for the time being in force or has been awarded by the Central or a State Government in any other manner, shall be treated as a single "undertaking".]

1. Subs. by Act 18 of 2005, s. 27, for "1st day of April, 2005" (w.e.f. 1-4-2006). Earlier substituted by Act 23 of 2004, s. 18 (w.e.f. 1-4-2005), which was substituted by 32 of 2003, s. 39 (w.e.f. 1-4-2004).
2. Subs. by Act 33 of 2009, s. 37, for sub-section (*9*) (w.e.f. 1-4-2000).
3. Ins. by Act 28 of 2016, s. 43 (w.e.f. 1-4-2017).
4. Ins. by Act 8 of 2011, s. 12 (w.e.f. 1-4-2012).
5. Ins. by Act 33 of 2009, s. 37 (w.e.f. 1-4-2009).
6. Ins. by s. 37 *ibid.* (w.e.f. 1-4-2010).

[1][(*10*) The amount of deduction in the case of an undertaking developing and building housing projects approved before the [2][31st day of March, 2008] by a local authority shall be hundred per cent of the profits derived in the previous year relevant to any assessment year from such housing project if,—

(*a*) such undertaking has commenced or commences development and construction of the housing project on or after the 1st day of October, 1998 and completes such construction,—

(*i*) in a case where a housing project has been approved by the local authority before the 1st day of April, 2004, on or before the 31st day of March, 2008;

(*ii*) in a case where a housing project has been, or, is approved by the local authority on or after the 1st day of April, 2004 [3][but not later than the 31st day of March, 2005], within four years from the end of the financial year in which the housing project is approved by the local authority;

[3][(*iii*) in a case where a housing project has been approved by the local authority on or after the 1st day of April, 2005, within five years from the end of the financial year in which the housing project is approved by the local authority.]

Explanation.—For the purposes of this clause,—

(*i*) in a case where the approval in respect of the housing project is obtained more than once, such housing project shall be deemed to have been approved on the date on which the building plan of such housing project is first approved by the local authority;

(*ii*) the date of completion of construction of the housing project shall be taken to be the date on which the completion certificate in respect of such housing project is issued by the local authority;

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

Provided that nothing contained in clause (*a*) or clause (*b*) shall apply to a housing project carried out in accordance with a scheme framed by the Central Government or a State Government for reconstruction or redevelopment of existing buildings in areas declared to be slum areas under any law for the time being in force and such scheme is notified by the Board in this behalf;

(*c*) the residential unit has a maximum built-up area of one thousand square feet where such residential unit is situated within the city of Delhi or Mumbai or within twenty-five kilometres from the municipal limits of these cities and one thousand and five hundred square feet at [4][any other place;]

(*d*) the built-up area of the shops and other commercial establishments included in the housing project does not exceed [5][three per cent.] of the aggregate built-up area of the housing project or [6][five thousand square feet], whichever is higher;

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1. Subs. by Act 23 of 2004, s. 18, for sub-section (*10*) (w.e.f. 1-4-2005). As later on amended by Act 10 of 2000, s. 29 (w.e.f. 1-4-2001).
2. Subs. by Act 33 of 2009, s. 37, for "31st day of March, 2007" (w.e.f. 1-4-2009).
3. Ins. by Act 14 of 2010, s. 27 (w.e.f. 1-4-2010).
4. Subs. by Act 33 of 2009, s. 37, for "any other place; and" (w.e.f. 1-4-2010).
5. Subs. by Act 14 of 2010, s. 27, for "five per cent." (w.e.f. 1-4-2010).
6. Subs. by s. 27, *ibid*., for "two thousand square feet, whichever is less" (w.e.f. 1-4-2010).

[1][(*e*) not more than one residential unit in the housing project is allotted to any person not being an individual; and

(*f*) in a case where a residential unit in the housing project is allotted to a person being an individual, no other residential unit in such housing project is allotted to any of the following persons, namely:—

(*i*) the individual or the spouse or the minor children of such individual,

(*ii*) the Hindu undivided family in which such individual is the karta,

(*iii*) any person representing such individual, the spouse or the minor children of such individual or the Hindu undivided family in which such individual is the karta.]

[2][*Explanation*.—For the removal of doubts, it is hereby declared that nothing contained in this sub-section shall apply to any undertaking which executes the housing project as a works contract awarded by any person (including the Central or State Government).]

(*11*) Notwithstanding anything contained in clause (*iii*) of sub-section (*2*) and sub-sections (*3*), (*4*) and (*5*), the amount of deduction in a case of industrial undertaking deriving profit from the business of setting up and operating a cold chain facility for agricultural produce, shall be hundred per cent of the profits and gains derived from such industrial undertaking for five assessment years beginning with the initial assessment year and thereafter, twenty-five per cent. (or thirty per cent where the assessee is a company) of the profits and gains derived from the operation of such facility in a manner that the total period of deduction does not exceed ten consecutive assessment years (or twelve consecutive assessment years where the assessee is a co-operative society) and subject to fulfilment of the condition that it begins to operate such facility on or after the 1st day of April, 1999 but before the [3][1st day of April, 2004].

[4][(*11A*) The amount of deduction in a case of [5][an undertaking deriving profit from the business of processing, preservation and packaging of fruits or vegetables or [1][meat and meat products or poultry or marine or dairy products or from] the integrated business of handling, storage and transportation of foodgrains, shall be hundred per cent of the profits and gains derived from such undertaking for five assessment years beginning with the initial assessment year and thereafter, twenty-five per cent. (or thirty per cent. where the assessee is a company) of the profits and gains derived from the operation of such business in a manner that the total period of deduction does not exceed ten consecutive assessment years and subject to fulfilment of the condition that it begins to operate such business on or after the 1st day of April, 2001]:

[1][Provided that the provisions of this section shall not apply to an undertaking engaged in the business of processing, preservation and packaging of meat or meat products or poultry or marine or dairy products if it begins to operate such business before the 1st day of April, 2009.]

[6][(*11B*) The amount of deduction in the case of an undertaking deriving profits from the business of operating and maintaining a hospital in a rural area shall be hundred per cent. of the profits and gains of such business for a period of five consecutive assessment years, beginning with the initial assessment year, if—

(*i*) such hospital is constructed at any time during the period beginning on the 1st day of October, 2004 and ending on the 31st day of March, 2008;

1. Ins. by Act 33 of 2009, s. 37 (w.e.f. 1-4-2010).
2. Ins. by s. 37, *ibid.* (w.e.f. 1-4-2001).
3. Subs. by Act 32 of 2003, s. 39, for "31st day of March, 2004" (w.e.f. 1-4-2004).
4. Ins. by Act 14 of 2001, s. 45 (w.e.f. 1-4-2002).
5. Subs. by Act 23 of 2004, s. 18, for "an undertaking deriving profit from" (w.e.f. 1-4-2005).
6. Ins. by s. 18, *ibid.* (w.e.f. 1-4-2005).

(*ii*) the hospital has at least one hundred beds for patients;

(*iii*) the construction of the hospital is in accordance with the regulations, for the time being in force, of the local authority; and

(*iv*) the assessee furnishes along with the return of income, the report of 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.

Explanation.—For the purposes of this sub-section, a hospital shall be deemed to have been constructed on the date on which a completion certificate in respect of such construction is issued by the concerned local authority.]

[1][(*11C*) The amount of deduction in the case of an undertaking deriving profits from the business of operating and maintaining a hospital located anywhere in India, other than the excluded area, shall be hundred per cent of the profits and gains derived from such business for a period of five consecutive assessment years, beginning with the initial assessment year, if—

(*i*) the hospital is constructed and has started or starts functioning at any time during the period beginning on the 1st day of April, 2008 and ending on the 31st day of March, 2013;

(*ii*) the hospital has at least one hundred beds for patients;

(*iii*) the construction of the hospital is in accordance with the regulations or bye-laws of the local authority; and

(*iv*) the assessee furnishes along with the return of income, a report of 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* to sub-section (*2*) of section 288, certifying that the deduction has been correctly claimed.

Explanation.—For the purposes of this sub-section—

(*a*) a hospital shall be deemed to have been constructed on the date on which a completion certificate in respect of such construction is issued by the local authority concerned;

(*b*) "initial assessment year" means the assessment year relevant to the previous year in which the business of the hospital starts functioning;

(*c*) "excluded area" shall mean an area comprising—

(*i*) Greater Mumbai urban agglomeration;

(*ii*) Delhi urban agglomeration;

(*iii*) Kolkata urban agglomeration;

(*iv*) Chennai urban agglomeration;

(*v*) Hyderabad urban agglomeration;

(*vi*) Bangalore urban agglomeration;

1. Ins. by Act 18 of 2008, s. 18 (w.e.f. 1-4-2009).