

| | | |
|--|---|----|
| Substitution of new section for section 185. | 64. For section 185 of the Income-tax Act, the following section shall be substituted with effect from the 1st day of April, 2004, namely:— | |
| Assessment when section 184 not complied with. | '185. Notwithstanding anything contained in any other provision of this Act, where a firm does not comply with the provisions of section 184 for any assessment year, the firm shall be so assessed that no deduction by way of any payment of interest, salary, bonus, commission or remuneration, by whatever name called, made by such firm to any partner of such firm shall be allowed in computing the income chargeable under the head "Profits and gains of business or profession" and such interest, salary, bonus, commission or remuneration shall not be chargeable to income-tax under clause (v) of section 28.' | 5 |
| Amendment of section 191. | 65. In section 191 of the Income-tax Act, the following <i>Explanation</i> shall be inserted with effect from the 1st day of June, 2003, namely:— | 10 |
| | " <i>Explanation.</i> —For the removal of doubts, it is hereby declared that if any person referred to in section 200 and in the cases referred to in section 194, the principal officer and the company of which he is the principal officer does not deduct the whole or any part of the tax and such tax has not been paid by the assessee direct, then, such person, the principal officer and the company shall, without prejudice to any other consequences which he or it may incur, be deemed to be an assessee in default as referred to in sub-section (1) of section 201 in respect of such tax." | 15 |
| Amendment of section 193. | 66. In section 193 of the Income-tax Act, in the opening portion, for the words "The person responsible for paying any income", the words "The person responsible for paying to a resident any income" shall be substituted with effect from the 1st day of June, 2003. | 20 |
| Amendment of section 194. | 67. In section 194 of the Income-tax Act,— | |
| | (a) in the first proviso, in clause (b), for the words "one thousand rupees", the words "two thousand five hundred rupees" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of August, 2002; | |
| | (b) after the second proviso, the following proviso shall be inserted, namely:— | 25 |
| | "Provided also that no such deduction shall be made in respect of any dividends referred to in section 115-O." | |
| Amendment of section 194C. | 68. In section 194C of the Income-tax Act, sub-sections (4) and (5) shall be omitted with effect from the 1st day of June, 2003. | |
| Amendment of section 194G. | 69. In section 194G of the Income-tax Act, sub-sections (2) and (3) shall be omitted with effect from the 1st day of June, 2003. | 30 |
| Amendment of section 194-I. | 70. In section 194-I of the Income-tax Act, in the opening portion, for the words "Any person, not being an individual or a Hindu undivided family, who is responsible for paying to any person", the words "Any person, not being an individual or a Hindu undivided family, who is responsible for paying to a resident" shall be substituted with effect from the 1st day of June, 2003. | 35 |
| Amendment of section 194J. | 71. In section 194J of the Income-tax Act, with effect from the 1st day of June, 2003,— | |
| | (a) in sub-section (1), after the second proviso, the following proviso shall be inserted, namely:— | |
| | "Provided also that no individual or a Hindu undivided family referred to in the second proviso shall be liable to deduct income-tax on the sum by way of fees for professional services in case such sum is credited or paid exclusively for personal purposes of such individual or any member of Hindu undivided family"; | 40 |
| | (b) sub-sections (2) and (3) shall be omitted. | |
| Amendment of section 194K. | 72. In section 194K of the Income-tax Act,— | |
| | (a) in the first proviso, for the words "one thousand rupees", the words "two thousand five hundred rupees" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of August, 2002; | 45 |
| | (b) after the second proviso and before the <i>Explanation</i> , the following proviso shall be inserted, namely:— | |
| | "Provided also that no deduction shall be made under this section from any such income credited or paid on or after the 1st day of April, 2003." | 50 |
| Amendment of section 195. | 73. In section 195 of the Income-tax Act,— | |
| | (a) in sub-section (1),— | |
| | (i) the brackets and words "(not being interest on securities)" shall be omitted with effect from the 1st day of June, 2003; | |
| | (ii) after the proviso and before the <i>Explanation</i> , the following proviso shall be inserted, namely:— | 55 |

“Provided further that no such deduction shall be made in respect of any dividends referred to in section 115-O.”;

(b) in sub-section (2), for the brackets and words “(other than interest on securities and salary)”, the brackets and words “(other than salary)” shall be substituted with effect from the 1st day of June, 2003.

74. In section 196A of the Income-tax Act, in sub-section (1), the following proviso shall be inserted, namely:— Amendment of section 196A.

“Provided that no deduction shall be made under this section from any such income credited or paid on or after the 1st day of April, 2003.”.

75. In section 196C of the Income-tax Act, the following proviso shall be inserted, namely:— Amendment of section 196C.

“Provided that no such deduction shall be made in respect of any dividends referred to in section 115-O.”.

76. In section 196D of the Income-tax Act, in sub-section (1), the following proviso shall be inserted, namely:— Amendment of section 196D.

“Provided that no such deduction shall be made in respect of any dividends referred to in section 115-O.”.

77. In section 197 of the Income-tax Act, in sub-section (1), with effect from the 1st day of June, 2003,— Amendment of section 197.

(a) for the words “any income of any person”, the words “any income of any person or sum payable to any person” shall be substituted;

(b) for the figures and letters “194A, 194D, 194H, 194-I, 194K, 194L”, the figures and letters “194A, 194C, 194D, 194G, 194H, 194-I, 194J, 194K” shall be substituted.

78. In section 197A of the Income-tax Act, with effect from the 1st day of June, 2003,— Amendment of section 197A.

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

“(1C) Notwithstanding anything contained in section 193 or section 194 or section 194A or section 194EE or section 194K or sub-section (1B) of this section, no deduction of tax shall be made in the case of an individual resident in India, who is of the age of sixty-five years or more at any time during the previous year and is entitled to a deduction from the amount of income-tax on his total income referred to in section 88B, if such individual furnishes to the person responsible for paying any income of the nature referred to in section 193 or section 194 or section 194A or section 194EE or section 194K, as the case may be, a declaration in writing in duplicate in the prescribed form and verified in the prescribed manner to the effect that the tax on his estimated total income of the previous year in which such income is to be included in computing his total income will be *nil*”;

(b) in sub-section (2), after the words, brackets, figure and letter “or sub-section (1A)”, at both the places where they occur, the words, brackets, figure and letter “or sub-section (1C)” shall be inserted.

79. In section 206 of the Income-tax Act, for sub-sections (2) and (3), the following sub-sections shall be substituted with effect from the 1st day of June, 2003, namely:— Amendment of section 206.

“(2) Without prejudice to the provisions of sub-section (1), the person responsible for deducting tax under the foregoing provisions of this Chapter other than the principal officer in the case of every company may, at his option, deliver or cause to be delivered such return to the prescribed income-tax authority in accordance with such scheme as may be specified by the Board in this behalf, by notification in the Official Gazette, and subject to such conditions as may be specified therein, on or before the prescribed time after the end of each financial year, on a floppy, diskette, magnetic cartridge tape, CD-ROM or any other computer readable media (hereinafter referred to as the computer media) and in the manner as may be specified in that scheme:

Provided that the principal officer shall, in the case of every company responsible for deducting tax under the foregoing provisions of this Chapter, deliver or cause to be delivered, within the prescribed time after the end of each financial year, such returns on computer media under the said scheme.

(3) Notwithstanding anything contained in any other law for the time being in force, a return filed on computer media shall be deemed to be a return for the purposes of this section and the rules made thereunder and shall be admissible in any proceedings thereunder, without further proof of production of the original, as evidence of any contents of the original or of any fact stated therein.

(4) Where the Assessing Officer considers that the return delivered or caused to be delivered under sub-section (2) is defective, he may intimate the defect to the person responsible for deducting

tax or the principal officer in the case of a company, as the case may be, and give him an opportunity of rectifying the defect within a period of fifteen days from the date of such intimation or within such further period which, on an application made in this behalf, the Assessing Officer may, in his discretion, allow; and if the defect is not rectified within the said period of fifteen days or, as the case may be, the further period so allowed, then, notwithstanding anything contained in any other provision of this Act, such return shall be treated as an invalid return and the provisions of this Act shall apply as if such person had failed to deliver the return.” 5

Amendment
of section
206C.

80. In section 206C of the Income-tax Act, with effect from the 1st day of June, 2003,—

(a) in sub-section (1), for the Table, the following Table shall be substituted, namely:—

“TABLE 10

| Sl.No. | Nature of Goods | Percentage |
|--------|---|-------------------|
| (1) | (2) | (3) |
| (i) | Alcoholic liquor for human consumption and tendu leaves | Ten per cent. |
| (ii) | Timber obtained under a forest lease | Fifteen per cent. |
| (iii) | Timber obtained by any mode other than under a forest lease | Five per cent. |
| (iv) | Any other forest produce not being timber or tendu leaves | Fifteen per cent. |
| (v) | Scrap | Ten per cent.;;” |

(b) in the *Explanation* below sub-section (1), in clause (a), for sub-clauses (i) to (iii), the following sub-clauses shall be substituted, namely:—

“(i) a public sector company, or 20

(ii) a buyer in the further sale of such goods obtained in pursuance of such sale;”

Amendment
of section
230.

81. In section 230 of the Income-tax Act, for sub-section (1), the following sub-sections shall be substituted with effect from the 1st day of June, 2003, namely:—

“(1) Subject to such exceptions as the Central Government may, by notification in the Official Gazette, specify in this behalf, no person,— 25

(a) who is not domiciled in India;

(b) who has come to India in connection with business, profession or employment; and

(c) who has income derived from any source in India,

shall leave the territory of India by land, sea or air unless he furnishes to such authority as may be prescribed— 30

(i) an undertaking in the prescribed form from his employer; or

(ii) through whom such person is in receipt of the income,

to the effect that tax payable by such person who is not domiciled in India shall be paid by the employer referred to in clause (i) or the person referred to in clause (ii), and the prescribed authority shall, on receipt of the undertaking, immediately give to such person a no objection certificate, for leaving India: 35

Provided that nothing contained in sub-section (1) shall apply to a person who is not domiciled in India but visits India as a foreign tourist or for any other purpose not connected with business, profession or employment.

(1A) Subject to such exceptions as the Central Government may, by notification in the Official Gazette, specify in this behalf, every person, who is domiciled in India at the time of his departure from India, shall furnish, in the prescribed form to the income-tax authority or such other authority as may be prescribed— 40

(a) the permanent account number allotted to him under section 139A:

Provided that in case no such permanent account number has been allotted to him, or his total income is not chargeable to income-tax or he is not required to obtain a permanent account number under this Act, such person shall furnish a certificate in the prescribed form; 45

(b) the purpose of his visit outside India;

(c) the estimated period of his stay outside India:

Provided that no person— 50

(i) who is domiciled in India at the time of his departure; and

(ii) in respect of whom circumstances exist which, in the opinion of an income-tax authority render it necessary for such person to obtain a certificate under this section,

27 of 1957.
18 of 1958.
35 of 1987.

shall leave the territory of India by land, sea or air unless he obtains a certificate from the income-tax authority stating that he has no liabilities under this Act, or the Wealth-tax Act, 1957, or the Gift-tax Act, 1958, or the Expenditure-tax Act, 1987, or that satisfactory arrangements have been made for the payment of all or any of such taxes which are or may become payable by that person:

5 Provided that no income-tax authority shall make it necessary for any person who is domiciled in India to obtain a certificate under this section unless he records the reasons therefor and obtains the prior approval of the Chief Commissioner of Income-tax.”.

82. In section 234A of the Income-tax Act, with effect from the 1st day of June, 2003,—

Amendment
of section
234A.

10 (a) in sub-section (1), in *Explanation 3*, for the words and figures “under section 147”, the words, figures and letter “under section 147 or section 153A” shall be substituted;

(b) in sub-section (3),—

(i) in the opening portion, for the words and figures “by a notice under section 148”, the words, figures and letter “by a notice under section 148 or section 153A” shall be substituted;

15 (ii) in clause (b), after the word and figures “section 147”, the words, figures and letter “or reassessment under section 153A” shall be inserted.

83. In section 234B of the Income-tax Act, with effect from the 1st day of June, 2003,—

Amendment
of section
234B.

(a) in sub-section (1), in *Explanation 2*, for the words and figures “under section 147”, the words, figures and letter “under section 147 or section 153A” shall be substituted;

20 (b) in sub-section (3), for the words and figures “under section 147” at both the places where they occur, the words, figures and letter “under section 147 or section 153A” shall be substituted.

84. After section 234C of the Income-tax Act, the following section shall be inserted with effect from the 1st day of June, 2003, namely:—

Insertion of
new section
234D.

“234D. (1) Subject to the other provisions of this Act, where any refund is granted to the assessee under sub-section (1) of section 143, and—

Interest on
excess refund

25 (a) no refund is due on regular assessment; or

(b) the amount refunded under sub-section (1) of section 143 exceeds the amount refundable on regular assessment,

30 the assessee shall be liable to pay simple interest at the rate of two-third per cent. on the whole or the excess amount so refunded, for every month or part of a month comprised in the period from the date of grant of refund to the date of such regular assessment.

35 (2) Where, as a result of an order under section 154 or section 155 or section 250 or section 254 or section 260 or section 262 or section 263 or section 264 or an order of the Settlement Commission under sub-section (4) of section 245D, the amount of refund granted under sub-section (1) of section 143 is held to be correctly allowed, either in whole or in part, as the case may be, then, the interest chargeable, if any, under sub-section (1) shall be reduced accordingly.

Explanation.—Where, in relation to an assessment year, an assessment is made for the first time under section 147 or section 153A, the assessment so made shall be regarded as a regular assessment for the purposes of this section.”.

85. In section 245N of the Income-tax Act, in clause (a),—

Amendment
of section
245N.

40 (a) in sub-clause (ii), with effect from the 1st day of June, 2000,—

(i) after the words “a determination by the Authority in relation to”, the words “the tax liability of a non-resident arising out of” shall be inserted and shall be deemed to have been inserted;

(ii) for the words “a non-resident”, the words “such non-resident” shall be substituted and shall be deemed to have been substituted;

45 (b) after sub-clause (iii), the following proviso shall be inserted, namely:—

“Provided that where an advance ruling has been pronounced, before the date on which the Finance Bill, 2003 receives the assent of the President, by the Authority in respect of an application by a resident applicant referred to in sub-clause (ii) of this clause as it stood immediately before such date, such ruling shall be binding on the persons specified in section 245S;”.

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For the State of Himachal Pradesh and the State of Uttarakhand

| S.No. | Activity or article or thing | Excise classification | Sub-class under National Informatics Centre (NIC) classification 1998 |
|-------|--|--------------------------|---|
| 5 | | | |
| 10 | 1. Tobacco and tobacco products including cigarettes and pan masala | 24.01 to 24.04 and 21.06 | 1600 |
| | 2. Thermal Power Plant (coal/oil based) | | 40102 or 40103 |
| | 3. Coal washeries/ dry coal processing | | |
| 15 | 4. Inorganic Chemicals excluding medicinal grade oxygen (2804.11), medicinal grade hydrogen peroxide (2847.11), compressed air (2851.30) | Chapter 28 | |
| | 5. Organic chemicals excluding Provitamins/vitamins, Hormones (29.36), Glycosides (29.39), sugars* (29.40) | Chapter 29 | 24117 |
| 20 | 6. Tanning and dyeing extracts, tannins and their derivatives, dyes, colours, paints and varnishes; putty, fillers and other mastics; inks | Chapter 32 | 24113 or 24114 |
| | 7. Marble and mineral substances not classified elsewhere | 25.04 25.05 | 14106 or 14107 |
| | 8. Flour mills/rice mills | 11.01 | 15311 |
| 25 | 9. Foundries using coal | | |
| | 10. Minerals fuels, mineral oils and products of their distillation; bituminous substances : mineral waxes | Chapter 27 | |
| | 11. Synthetic rubber products | 40.02 | 24131 |
| 30 | 12. Cement clinkers and asbestos, raw including fibre | 2502.10 2503.00 | |
| | 13. Explosive (including industrial explosives, detonators and fuses, fireworks, matches, propellant powders, etc.) | 36.01 to 36.06 | 24292 |
| | 14. Mineral or chemical fertilizers | 31.02 to 31.05 | 2412 |
| 35 | 15. Insecticides, fungicides, herbicides and pesticides (basic manufacture and formulation) | 3808.10 | 24211 or 24219 |
| | 16. Fibre glass and articles thereof | 70.14 | 26102 |
| | 17. Manufacture of pulp – wood pulp, mechanical or chemical (including dissolving pulp) | 47.01 | 21011 |
| 40 | 18. Branded aerated water/soft drinks (non-fruit based) | 2201.20 2202.20 | 15541 or 15542 |
| | 19. Paper | 4801 | 21011 to 21019 |
| | Writing or printing paper, etc. | 4802.10 | |
| | Paper or paperboard, etc. | 4802.20 | |
| | Maplitho paper, etc. | 4802.30 | |
| 45 | Newsprint, in rolls or sheets | 4801.00 | |

| S.No. | Activity or article or thing | Excise classification | Sub-class under National Informatics Centre (NIC) classification 1998 | |
|-------|--|-----------------------|---|----|
| | Craft paper, etc. | 4804.10 | | 5 |
| | Sanitary towels, etc. | 4818.10 | | |
| | Cigarette paper | 48.13 | | |
| | Grease-proof paper | 4806.10 | | 10 |
| | Toilet or facial tissue, etc. | 4803 | | |
| | Paper and paper board, laminated internally with bitumen, tar or asphalt | 4807.10 | | |
| | Carbon or similar copying paper | 4809.10 | | |
| | Products consisting of sheets of paper or paperboard, impregnated, coated or covered with plastics, etc. | 4811.20 | | 15 |
| | Paper and paperboard, coated impregnated or covered with wax, etc. | 4811.40 | | |
| 20. | Plastics and articles thereof | 39.09 to 39.15 | | |
| | *Serial No. 5 Reproduction by synthesis not allowed as also downstream industries for sugar. | | | 20 |

THE FOURTEENTH SCHEDULE
[See section 80-IC (2)]

LIST OF ARTICLES OR THINGS OR OPERATIONS

PART A

For the North-Eastern States

| | | | | |
|----|---|--|--|----|
| 1. | Fruit and Vegetable Processing industries manufacturing or producing— | | | 25 |
| | (i) Canned or bottled products; | | | |
| | (ii) Aseptic packaged products; | | | |
| | (iii) Frozen products; | | | |
| | (iv) De-hydrated products; | | | 30 |
| | (v) Oleoresins. | | | |
| 2. | Meat and Poultry Product industries manufacturing or producing— | | | |
| | (i) Meat Products (buffalo, sheep, goat and pork); | | | |
| | (ii) Poultry production; | | | |
| | (iii) Egg Powder Plant. | | | 35 |
| 3. | Cereal Based Product industries manufacturing or producing— | | | |
| | (i) Maize Milling including starch and its derivatives; | | | |
| | (ii) Bread, Biscuits, Breakfast Cereal. | | | |
| 4. | Food and Beverage industries manufacturing or producing— | | | |
| | (i) Snacks; | | | 40 |
| | (ii) Non-alcoholic beverages; | | | |

- (iii) Confectionery including chocolate;
- (iv) Pasta products;
- (v) Processed spices, etc.;
- (vi) Processed pulses;
- 5 (vii) Tapioca products.
- 5. Milk and milk based product industries manufacturing or producing–
 - (i) Milk powder;
 - (ii) Cheese;
 - (iii) Butter/ghee;
 - 10 (iv) Infant food;
 - (v) Weaning food;
 - (vi) Malted milk food.
- 6. Food packaging industry.
- 7. Paper products industry.
- 15 8. Jute and mesta products industry.
- 9. Cattle or poultry or fishery feed products industry.
- 10. Edible Oil processing or vanaspati industry.
- 11. Processing of essential oils and fragrances industry.
- 12. Processing and raising of plantation crops, tea, rubber, coffee, coconuts, etc.
- 20 13. Gas based Intermediate Products Industry manufacturing or producing–
 - (i) Gas exploration and production;
 - (ii) Gas distribution and bottling;
 - (iii) Power generation;
 - (iv) Plastics;
 - 25 (v) Yarn raw materials;
 - (vi) Fertilizers;
 - (vii) Methanol;
 - (viii) Formaldehyde and FR resin melamine and MF resin;
 - (ix) Methylamine, Hexamethylene tetramine, Ammonium bi-carbonate;
 - 30 (x) Nitric Acid and Ammonium Nitrate;
 - (xi) Carbon black;
 - (xii) Polymer chips.
- 14. Agro forestry based industry.
- 15. Horticulture industry.
- 35 16. Mineral based industry.
- 17. Floriculture industry.
- 18. Agro based industry.

PART B

For the State of Sikkim

| S.No. | Activity or article or thing or operation | |
|-------|--|----|
| 1. | Eco-Tourism including Hotels, Resorts, Spa, Amusement Parks and Ropeways. | |
| 2. | Handicrafts and handlooms. | 5 |
| 3. | Wool and silk reeling, weaving and processing, printing, etc. | |
| 4. | Floriculture. | |
| 5. | Precision Engineering including watch making. | |
| 6. | Electronics including computronics hardware and software and Information Technology (IT) related industries. | 10 |
| 7. | Food processing including Agro-based industries. Processing, preservation and packaging of fruits and vegetables (excluding conventional grinding/extraction units). | |
| 8. | Medicinal and aromatic Herbs-Plantation and Processing. | |
| 9. | Raising and processing of plantation crops i.e., tea, oranges and cardamom. | |
| 10. | Mineral based industry. | 15 |
| 11. | Pharma products. | |
| 12. | Honey. | |
| 13. | Biotechnology. | |

PART C

For the State of Himachal Pradesh and the State of Uttarakhand

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| S.No. | Activity or article or thing or operation | 4/6 digit excise classification | Sub-class under NIC classification on 1998 | ITC(HS) classification 4/6 digit | |
|-------|---|---------------------------------|--|---|----|
| 1. | Floriculture | - | - | 0603 or 060120 or 06029020 or 06024000 | 25 |
| 2. | Medicinal herbs and aromatic herbs, etc., processing | - | - | | 30 |
| 3. | Honey | - | - | 040900 | |
| 4. | Horticulture and agro based industries such as | | | | |
| | (a) Sauces, ketchup, etc. | 21.03 | 15135 to 15137 and 15139 | | 35 |
| | (b) Fruit juices and fruit pulp | 2202.40 | | | |
| | (c) Jams, jellies, vegetable juices, puree, pickles, etc. | 20.01 | | | |
| | (d) Preserved fruits and vegetables | | | | 40 |
| | (e) Processing of fresh fruits and vegetables including packaging | | | | |

| S.No. | Activity or article or thing or operation | 4/6 digit excise classification | Sub-class under NIC classification on 1998 | ITC(HS) classification 4/6 digit |
|-------|--|---------------------------------|--|----------------------------------|
| 5 | (f) Processing, preservation, packaging of mushrooms | | | |
| 5. | Food Processing Industry excluding those included in the Thirteenth Schedule | 19.01 to 19.04 | | |
| 10 | 6. Sugar and its by-products | - | - | 17019100 |
| | 7. Silk and silk products | 50.04 50.05 | 17116 | |
| | 8. Wool and wool products | 51.01 to 51.12 | 17117 | |
| 15 | 9. Woven fabrics (Excisable garments) | - | - | 6101 to 6117 |
| | 10. Sports goods and articles and equipment for general physical exercise and equipment for adventure sports/activities, tourism (to be specified, by notification, by the Central Government) | 9506.00 | | |
| 20 | 11. Paper and paper products excluding those in the Thirteenth Schedule (as per excise classification) | | | |
| | 12. Pharma products | 30.03 to 30.05 | | |
| 25 | 13. Information and Communication Technology Industry, Computer hardware, Call Centres | 84.71 | 30006/7 | |
| | 14. Bottling of mineral water | 2201 | | |
| 30 | 15. Eco-tourism including hotels, resorts, spa, entertainment/amusement parks and ropeways | - | 55101 | |
| | 16. Industrial gases (based on atmospheric fraction) | | | |
| 35 | 17. Handicrafts | | | |
| | 18. Non-timber forest product based industries". | | | |