In computing the total income of an assessee, deductions specified under sections 80C to 80U will be allowed from his Gross Total Income {Sec 80 B (5)} in accordance with and subject to the provisions of this Chapter. However, the aggregate amount of deductions under this chapter shall not, in any case, exceed the gross total income of the assessee.

Where in computing the total income of an assessee, any deduction admissible under section 80-IA or 80-IAB or section 80-IB or section 80-IC or Section 80-ID or section 80-IE shall not 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 (section 80AC)

DEDUCTION IN RESPECT OF LIFE INSURANCE PREMIA, DEFERRED ANNUITY, CONTRIBUTIONS TO PROVIDENT FUND,SUBSCRIPTION TO CERTAIN EQUITY SHARES OR DEBENTURES, ETC. (W.E.F. ASST. YEAR 2007-2008).

Individual /HUF.

Any sums paid or deposited in the previous year by the assessee —

1. As ***Life Insurance premium*** to effect or keep in force insurance on life of (a) self, spouse and any child in case of individual and (b) any member, in case of HUF. Insurance premium should not exceed 20% of the actual capital sum assured.
2. To effect or keep in force a ***deferred annuity contract*** on life of self, spouse and any child in case of individual. Such contract should not contain a provision for cash payment option in lieu of payment of annuity.
3. By way of ***deduction from salary payable by or on behalf of the Government*** to any individual for the purpose of securing to him a ***deferred annuity*** or making provision for his spouse or children. The sum so deducted does not exceed 1/5th of the salary.
4. As contribution (not being repayment of loan) by an individual to ***Statutory Provident Fund;*** i.e., any provident fund to which the Provident Funds Act, 1925, applies.
5. As contribution to ***Public Provident Fund*** scheme, 1968, in the name of self, spouse and any child in case of individual and any member in case of HUF.
6. As contribution by an employee to a ***recognised provident fund.***
7. As contribution by an employee to an ***approved superannuation fund.***
8. Any sum deposited in a ***10 year or 15 year account under the Post Office Savings Bank (CTD) Rules, 1959,***
   in the name of self and as a guardian of minor in case of individual and in the name of any member in case of HUF.
9. Subscription to the NSC (VIII issue).
10. As a contribution to Unit-linked Insurance Plan (ULIP) of UTI or LIC Mutual Fund (Dhanraksha plan) in the name of self, spouse and child in case of individual and any member in case of HUF.
11. To effect or to keep in force a contract for such annuity plan of the LIC (i.e., Jeevan Dhara, Jeevan Akshay and their upgradations) or any other insurer as referred to in by the Central Government.

12. As subscription to any units of ***any Mutual Fund referred u/s. 10(23D) (Equity Linked Saving Schemes).***

13. As a contribution by an individual to any ***pension fund*** set up by any Mutual Fund referred u/s 10(23D).

14. As subscription to any such deposit scheme of ***National Housing Bank (NHB),*** or as a contribution to any such pension fund set up by NHB as notified by Central Government.

15. As subscription to ***notified deposit schemes*** of (a) Public sector company providing long-term finance for purchase/construction of residential houses in India or (b) Any authority constituted in India for the purposes of housing or planning, development or improvement of cities, towns and villages.

16. As **tuition fees** (excluding any payment towards any development fees or donation or payment of similar nature), to any university, college, school or other educational institution situated within India for the purpose of full-time education of any two children of individual.

17. Towards the cost of ***purchase or construction of a residential house property*** (including the repayment of loans taken from Government, bank, LIC, NHB, specified assessee's employer etc., and also the stamp duty, registration fees and other expenses for transfer of such house property to the assessee). The income from such house property should be chargeable to tax under the head "Income from house property".

18. As subscription to ***equity shares or debentures*** forming part of any eligible issue of capital of public company or any public financial institution ***approved by Board.***

19. As Term Deposit (Fixed Deposit) ***for 5 years or more with Scheduled Bank*** in accordance with a scheme framed and notified by the Central Government.

20. As subscription to any notified bonds of National Bank for Agriculture and Rural Development (NABARD) applicable from the assessment year 2008-09).

21. In an account under the ***Senior Citizen Savings Schemes Rules, 2004.***

22. As f**ive year term deposit** in an account under the **Post Office Time deposit Rules, 1981.**

1. ***No deduction shall be allowed to assessee in the previous year of happening of following events*** (referred henceforth as such previous year") and the ***aggregate amount of*** deductions of income so allowed in respect of the previous 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; i.e., If the assessee:—

(a) **Terminates the contract of insurance (referred in item 1 above),** by notice to that effect or if the contract ceases to be in force by reason of failure to pay any premium, by not reviving the contract of insurance, in case of any single premium policy, within 2 years or in any other case before the premiums have been paid for 2 years.

(b) **Terminates the participation in any ULIP plan (referred in item 10 above)** by notice to that effect or ceases to participate by reason of failure to pay any contribution, by not reviving his participation, before contributions in respect of such participation has been paid for **5 years.**

(c) **Transfers his house property (referred in item 17 above) before** the expiry of **5 years** from the end of the financial year in which possession of such property is obtained or receives back, whether by way of refund or otherwise any sum specified in that clause.

(d) **Sales or transfers any equity shares or debentures (referred in item 18 above)** to any person at any time within a period of 3 years from the date of their acquisition (i.e., date on which assessee's name is entered in the register of members or debenture holders).

(e) **Withdraw any amount (referred in item 21 and 22 above) before the expiry of the period of five years from the date of deposit**

2. Any sum paid or deposited as above need not be out of current year's income but should not exceed the total income of the relevant previous year.

100% of the amount invested or Rs. 1,00,000/- whichever is less. However, as per Section 80CCE, the total deduction the assessee can claim u/ss. 80C, 80CCC and 80CCD shall be restricted in aggregate to Rs. 1,00,000/-.

80CCC DEDUCTION IN RESPECT OF CONTRIBUTION TO CERTAIN PENSION FUNDS

Individual.

Deposit or payment made to LIC or any other insurer in the approved annuity plan for receiving pension.

1. The amount should be deposited or paid out of taxable income.
2. No deduction u/s. 80C is allowed on investment or expenditure on which deduction is claimed under this section.
3. Any amount withdrawn or pension received from the plan is taxable in the hands of the assessee or nominee in the year of receipt.

Least of amount paid or Rs. 1,00,000/- . Refer Note on extent of deduction in Section 80C.

80CCD :DEDUCTION IN RESPECT OF CONTRIBUTION TO PENSION SCHEME OF CENTRAL GOVERNMENT

Individual in the employment of Central Government or any other employer on or after 1-1-2004 or any other assessee being an individual.

Deposit or payment made by the employee and Central Government or individual under a pension scheme notified by the Central Government.

1. No deduction is allowed u/s. 80C in respect of contribution claimed as deduction under this section.
2. Any amount received from the scheme either on closure or on the event of opting out of the pension scheme, is taxable in the hands of the assessee or nominee in the year of such receipt.
3. Salary for the purpose of this section includes dearness allowance, if the terms of employment so provide, but excludes all other allowances/perquisites.

4. For the purposes of these 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.

A) Aggregate of (a) Amount paid or deposited by the employee and (b) Amount paid or deposited by the Central Government. The total deduction shall be restricted to maximum 10% of salary.

B) Amount deposited by individual, subject to 10% of total income, in a previous year

80D DEDUCTION IN RESPECT OF MEDICAL INSURANCE PREMIA

Individual/HUF.

Premium paid on Mediclaim Policy issued by GIC or any other insurer approved by IRDA (Insurance Regulatory and Development Authority).

1. The amount should be paid by any mode other than cash out of taxable income.

2. (a) Insurance on the health of the self, spouse, parents or children of the assessee in the case of Individual or (b) Insurance on the health of any member if the assessee is HUF.

100% of premium paid subject to ceiling of (a) Rs. 20,000/- in the case of premium paid in

respect of senior citizen (who has attained the age of 65 years or more) and (b) Rs. 15,000/- in other cases.

For HUF: 100% of premium paid subject to ceiling of (a) Rs. 20,000/- in the case of premium paid in respect of senior citizen (who has attained the age of 65 years or more) and (b) Rs. 15,000/- in other cases.

For Individual

A. For taxpayer his/her spouse and dependent children: 100% of premium paid subject to ceiling of (a) Rs. 20,000/- in the case of premium paid in respect of senior citizen (who has attained the age of 65 years or more) and (b) Rs. 15,000/- in other cases.

B. Additional deduction for parents of the taxpayer whether dependent or not 100% of premium paid subject to ceiling of Rs. 20,000/- in the case of premium paid in respect of senior citizen (who has attained the age of 65 years or more) and (b) Rs. 15,000/- in other cases.

80DD
DEDUCTION IN RESPECT OF MAINTENANCE INCLUDING MEDICAL TREATMENT OF HANDICAPPED DEPENDANT

Resident Individual/HUF.

(a) Expenditure incurred on medical treatment [including nursing], training and rehabilitation of a disabled dependant, or (b) Any payment or deposit made under a scheme framed by LIC or any other insurer or the administrator or the specified company and approved by the Board for payment of lump sum amount or annuity for the benefit of dependant with disability.

1. The concerned assessee must attach a copy of certificate in the prescribed Form and signed by prescribed medical authority along with return of income filed u/s 139. A fresh medical certificate may be required to be submitted after the expiry of stipulated period depending on the condition of disability as specified in such certificate.

2. Dependant means (a) in case of an individual, the spouse, children, parents, brothers and sisters of such individual and (b) in the case of a Hindu Undivided Family, any member of HUF; and who is dependant wholly or mainly on such individual or HUF for support and maintenance and who has not claimed deduction under section 80U for the assessment year relating to previous year.

3. "Disability" has the same meaning assigned to it in Section 2(i) of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 [hereinafter referred to as PDEOPRFP Act] and includes "autism", "cerebral palsy" and "multiple disabilities" referred to in clauses (a), (c) and (h) of Sec. 2 of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 [NTWPACMRMD Act].

4. "Person with Disability" means a person as referred to in Sec. 2(f) of the PDEOPRFP Act or Sec. 2(j) of NTWPACMRMD Act.

5. "Person with Severe Disability" means a person suffering from 80% or more of one or more disabilities prescribed u/s. 56(4) of PDEOPRFP Act or u/s. 2(o) of NTWPACMRMD Act.

6. If such dependant predeceases the individual or the member of HUF in whose name the subscription is made in the scheme, the amount shall be taxable in the hands of the concerned assessee in the year of receipt.

7. The assessee can nominate (a) disabled dependant or (b) any other person or (c) a trust, to receive the payment from the scheme for the benefit of disabled dependant.

(a) Rs. 50,000/- in case of normal disability or (b) Rs. 75,000/- in case of severe disability. With effect from 1st day of April, 2010 Rs.1,00,000/- shall be substituted in case of severe disability

80DDB

DEDUCTION IN RESPECT OF MEDICAL TREATMENT, ETC.

Resident Individual/HUF.

Expenditure actually incurred for the medical treatment of such diseases or ailments specified in Rule 11DD (some of the diseases are parkinsons disease, malignant cancers, full blown AIDS, chronic renal failure, thalassaemia etc.) for self or dependant relative (spouse, children, parents, brothers and sisters) in case of individual or any member of HUF in case of HUF.

1. The concerned assessee must attach a copy of certificate in the prescribed Form No.10-I by a neurologist, an oncologist, a urologist, a haematologist, an immunologist or such other

specialist working in Government Hospital along with return of income.

2. The deduction under this section shall be reduced by the amount received under insurance from an insurer or reimbursed by an employer, for the medical treatment of the concerned person.

100% of the expenses incurred subject to ceiling of (a) Rs. 60,000/- in the case of expenses incurred for senior citizen (who has attained the age of 65 years or more) and (b) Rs. 40,000/- in other cases.

80E

DEDUCTION IN RESPECT OF INTEREST ON LOAN TAKEN FOR HIGHER EDUCATION
(W.E.F. ASST. YEAR 2006-07)

Individual.

Any amount paid by way of interest on loan taken from any financial institution or any approved charitable institution for his/her higher education or w.e.f. 1-4-2008 for the purpose of higher education of his/her spouse and children.

1. Amount should be paid out of income chargeable to tax.

2. Higher education means full time studies for any graduate or post-graduate course in engineering, medicine, management or for post-graduate course in applied sciences or pure sciences including mathematics and statistics. With effect from 1st day of April, 2010 Higher education shall be substituted as any course of study pursued after passing the Senior secondary examination or its equivalent from any school, board or university recognized by the central govt. or state govt. or local authority or by any other authority authorised by the central govt. or state govt. or local authority to do so.

3. Approved charitable institution means an institution established for charitable purposes and notified by the Central Government u/s. 10(23C) or referred in 80G(2)(a).

4. Financial institution means banking company or financial institution notified by Central Government.

5. The deduction is allowed in the initial assessment year (i.e., the assessment year relevant to the previous year, in which the assessee starts paying the interest on loan) and 7 assessment years immediately succeeding the initial assessment year or until the interest is paid in full whichever is earlier.

Entire amount of interest.

80G

DEDUCTION IN RESPECT OF DONATIONS TO CERTAIN FUNDS, CHARITABLE INSTITUTIONS, ETC.

All assessees [except for 80G(2)(c), which is applicable for donations made only by company].

Any sums paid in the previous year as Donations to certain funds, charitable institutions etc. specified u/s. 80G(2).

1. Donation in kind is not eligible for deduction.

2. Donations paid out of another year's income or out of income not includible in the assessment of current year are also eligible for deduction. Lt. F. No. 45/313/66 – ITJ (61) dt. 2-12-1966.

Without any ceiling of 10% of adjusted Gross Total Income:—

(a) **100% of donation if donation given to** National Defence Fund set up by the Central Government; Prime Minister's National Relief Fund; Prime Minister's Armenia Earthquake Relief Fund; Africa (Public Contributions — India) Fund; National Foundation for Communal Harmony; An approved university/educational institution of National eminence; The Maharashtra Chief Minister's Relief Fund during October 1, 1993 and October 6,1993; Chief Minister's Earthquake Relief Fund, Maharashtra; Any fund set up by the State Government of Gujarat exclusively for providing relief to the victims of earthquake in Gujarat; any Zila Saksharta Samiti constituted in any district under the chairmanship of the Collector of that district; National Blood Transfusion Council or to any State Blood Transfusion Council; any fund set up by a State Government for the medical relief to the poor; the Army Central Welfare Fund or the Indian Naval Benevolent Fund or the Air Force Central Welfare Fund, Andhra Pradesh Chief Minister's Cyclone Relief Fund, 1996; National Illness Assistance Fund; Chief Minister's Relief Fund or Lieutenant Governor's Relief Fund in respect of any State or Union Territory; National Sports Fund; National Cultural Fund; Fund for Technology Development and Application; National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities; Any trust, institution or fund to which Section 80G(5C) applies for providing relief to the victims of earthquake in Gujarat (contribution made during January 26, 2001 and September 30, 2001) or

(b) **50% of donation if donation given to** Jawaharlal Nehru Memorial Fund; Prime Minister's Drought Relief Fund; National Children's Fund; Indira Gandhi Memorial Trust; Rajiv Gandhi Foundation.

With ceiling of 10% of adjusted Gross Total Income:— Where the aggregate of sums exceed 10% of adjusted gross total income, then such excess amount is ignored for computing such aggregate.

(a) **100% of qualifying amount, if donation given to** Government or any approved local authority, institution or association to be utilised for the purpose of promoting family planning; Donation by a Company to the Indian Olympic Association or to any other notified association or institution established in India for the development of infrastructure for sports and games in India or the sponsorship of sports and games in India.

(b) **50% of qualifying amount if donation given to** any other fund or any institution which satisfies conditions mentioned in Section 80G(5); Government or any local authority to be utilised for any charitable purpose other than the purpose of promoting family planning, Any authority constituted in India 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, villages or both; Any corporation referred in Section 10(26BB) for promoting interest of minority community; For repairs or renovation of any notified temple, mosque, gurudwara, church or other place.

80GG

DEDUCTION IN RESPECT OF RENT PAID

Any assessee other than assessee having income falling u/s 10(13A) (i.e., House Rent Allowance).

Any expenditure incurred by him on payment of rent (by whatever name called) in respect of any furnished or unfurnished accommodation in excess of 10% of his total income, before making any deduction under this section.

1. Such accommodation is occupied by him for his own residence.
2. The assessee should file a declaration in Form No. 10BA along with return of income.
3. This section shall not apply to an assessee if residential accommodation is, (a) owned by the assessee or by his spouse or minor child or where such assessee is member of HUF, 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 (b) owned by the assessee at any other place, being accommodation in the occupation of the assessee, the value of which is to be determined u/s. 23(2)(a) or 23(4)(a).

Lower of (a) Rs. 2,000 per month, or (b) 25% of the total income (after allowing all deductions except under this section), or (c) Expenditure incurred in excess of 10% of the total income (after allowing all deductions except under this section).

80 GGA

DEDUCTION IN RESPECT OF CERTAIN DONATIONS FOR SCIENTIFIC RESEARCH OR RURAL DEVELOPMENT

All assessees.

1. Any sum paid to a scientific research association or to a university, college, or other institution to be used for ***scientific research*** [approved u/s. 35(1)(ii)];
2. Any sum paid to a university, college, or other institution to be used for ***research in social science or statistical research*** [approved u/s. 35(1)(iii)];
3. Any sum paid to an association or institution for any ***programme of rural development*** [approved u/s. 35CCA];
4. Any sum paid to an association or institution for training of persons for implementing rural development programmes [approved u/s. 35CCA];
5. Any sum paid to a public sector company or local authority or to an association or institution approved by National Committee for carrying out ***any eligible project or scheme*** [approved u/s. 35AC];
6. Any sum paid to a ***rural developemt fund*** set up and notified by Central Government for the purposes of Section 35CCA(1)(a);
7. Any sum paid to a National Urban Poverty Eradication Fund set up and notified by Central Government for the purposes of Section 35CCA(1)(d).

1. No deduction is allowed if assessee has income chargeable under the head “Profits and gain of business and profession”.

2. Any sum in respect of which deduction is allowed under this section will not qualify for deduction under any other provision of this Act for **any** assessment year.

3. If donation is paid for rural development, then the assessee should furnish the certificate referred to in Section 35CCA(2) or 35CCA(2A) from such association or institution and if donation paid for eligible project/scheme then the assessee should furnish the certificate referred to in Section 35AC(2)(a) from such association.

100% of the amount paid as donation/contribution.

80GGB

DEDUCTION IN RESPECT OF CONTRIBUTION GIVEN BY COMPANIES TO POLITICAL PARTIES (WITH EFFECT FROM 1ST DAY OF APRIL, 2010 "POLITICAL PARTY OR AN ELECTORAL TRUST" SHALL BE INSERTED)

Indian company.

Contribution given by Indian companies to political parties.

1. The word "contribute" has the meaning assigned to it under Section 293A of the Companies Act, 1956.

2. "Political party" means a political party registered under Section 29A of the Representation of the People Act, 1951.

3. " Electoral Trust" is defined in section 2(22AAA) of IT Act, 1961

100% of the amount paid as contribution.

80GGC

DEDUCTION IN RESPECT OF CONTRIBUTION GIVEN BY ANY PERSON TO POLITICAL PARTIES (WITH EFFECT FROM 1ST DAY OF APRIL, 2010 "POLITICAL PARTY OR AN ELECTORAL TRUST" SHALL BE INSERTED)

Any assessee (except local authority and every artificial juridical person wholly or partly funded by the Government).

Contribution given by assessee to political parties.

"Political party" means a political party registered under Section 29A of the Representation of the People Act, 1951.

" Electoral Trust" is defined in section 2(22AAA) of IT Act, 1961

100% of the amount paid as contribution.

80IA

DEDUCTIONS IN RESPECT OF PROFITS & GAINS FROM CERTAIN INDUSTRIAL UNDERTAKINGS ENGAGED IN INFRASTRUCTURE

DEVELOPMENT, ETC.

Assessee carrying any of the following eligible businesses through an industrial undertaking or enterprise except any person who executes a work contract (including the contract awarded by central or state government) w.e.f 1st day of April, 2000:—

(A) Provision of infrastructure facility;

(B) Telecommunication services;

(C) Industrial parks or special economic zone;

(D) Power generation, transmission and distribution,

(E) Laying and operating a cross-country natural gas distribution network, including pipelines and storage facilities being integral part of network.(the given point w.e.f 1st day of April, 2010 shall be omitted)

Profits and gains derived by an undertaking or enterprise from any of the above businesses.

1. The profits and gains of an eligible business shall be computed as if such eligible business were the only source of income of the assessee.

2. The accounts of the undertaking for the previous year relevant to the assessment year for which the deduction is claimed must be audited by a chartered accountant and Audit Report] in Form No. 10CCB should be furnished along with the return of income.

3. No deduction shall be allowed under this section if the assessee fails to file the return of income for such assessment year on or before the due date specifie u/s. 139(1) (w.e.f. A.Y.2006-2007, section 80AC)

4. Where deduction of any amount of profits and gains of business is claimed and allowed under this section, then the deduction to the extent of such profit and gains shall not be allowed under any other provisions of this chapter and the deduction shall in no case exceed the profits and gains of such eligible business of undertaking or enterprise, as the case may be.

5. The benefit of Section 80-IA shall not be available to an amalgamated or demerged entity after April 1, 2007.

6. If any 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 goods held for the purposes of any other business of the assessee are transferred to the eligible business, then in either case it should be ensured that the transaction occurs at the market value of such goods or services as on the date of transfer, otherwise Assessing Officer (AO) has the power to recompute the profits based on the market value of such goods or services.

7. If it appears to the AO, that business between the assessee (engaged in eligible business) and any other person is so arranged that the business transacted between them produces to the assessee more than ordinary profits, then the AO shall take the amount of profit as may be reasonably deemed to have been derived therefrom.

A. Any enterprise carrying on business of (a) developing, or (b) operating and maintaining or (c) developing, operating and maintaining any infrastructure facility.

1. The enterprise should be owned by a company registered in India or by a consortium of such companies or (w.e.f. Asst. year 2006-2007, by an authority or a board or a corporation or any other body established or constituted under any Central or State Act).

2. The enterprise should have entered in to agreement with Central Government or a State Government or a local authority or any other statutory body for (a) developing, (b) operating and maintaining or (c) developing, operating and maintaining a new infrastructure facility.

3. "Infrastructure facility" means a road, toll road, bridge, rail system, highway project including housing or other activities being an integral part of the highway project, water supply project, water treatment system, irrigation project, sanitation and sewerage system or solid waste management system, port, airport, inland waterway or inland port.or navigational channel in the sea.

4. Where housing or other activities form an integral part of the highway project and the profits of which are computed on such basis and manner as prescribed (Rule 18BBE & Form No. 10CCC) then, such profit shall not be liable to tax, if the profit has been transferred to a special reserve account and the same is actually utilised for the highway project excluding the housing and other activities before the expiry of 3 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.

The enterprise has started or starts operating and maintaining the infrastructure facility on or after 1st April, 1995.

Where an infrastructure facility is transferred on or after the 1st day of April, 1999, by an enterprise which developed such infrastructure facility (transferor) to another enterprise (transferee) for the purpose of operating and maintaining the infrastructure facility on its behalf in accordance with the agreement with the Central or State Government, local authority or statutory body, the provisions of this section shall apply to the transferee enterprise as if the transfer had not taken place and the deduction under this section shall be available to such transferee enterprise for the unexpired period.

(a) 100% for any 10 consecutive assessment years out of 20 years (at the option of the assessee) [beginning from the year in which the enterprise develops and begins to operate any infrastructure facility], in case of project of a road, toll road, bridge, rail system, highway project including housing or other activities being an integral part of the highway project, water supply project, water treatment system, irrigation project, sanitation and sewerage system or solid waste management system and

(b) 100% for any 10 consecutive assessment years out of 15 years in other cases of port, airport, inland waterway or inland port, etc.

B. An undertaking providing telecommunication services like basic or cellular, radio paging, domestic satellite service, network of trunking, broadband network and internet services.

The undertaking must comply with conditions laid out in Section 80-IA (3) namely;

(a) It should not be formed by splitting up, or re-construction, of a business already in existence (except for undertaking referred u/s. 33B);

(b) It should not be formed by the transfer to a new business of machinery or plant previously used for any purpose (exceptions provided in Explanations 1 & 2 to clause (ii) of sub-section (3) of Section 80-IA).

The undertaking has started providing the telecommunication services referred to above on or after 1st April, 1995, but on or before 31st March, 2005.

100% for first 5 assessment years and 30% for next 5 assessment years. Deduction as above can be claimed in 10 consecutive assessment years out of 15 years (at the option of the assessee) [beginning from the year in which the undertaking starts providing telecommunication service].

C. An undertaking which develops, develops and operates or maintains and operates an industrial park or special economic zone.

1. The industrial park or special economic zone should be notified by the Central Government in accordance with the scheme framed and notified by it.

2. No deduction shall be allowed under this section to any Special Economic Zones notified on or after 1st April, 2005 (As per Special Economic Zones Act, 2005, w.e.f. 10th February, 2006;
deduction shall be allowable u/s. 80-IAB in such cases).

(a) The undertaking has developed or develops the special economic zone on or after 1st April, 1997, but on or before 31st March, 2006.

(b) The undertaking has developed or develops the industrial park on or after 1st April, 1997, but on or before 31st March, 2011.

Where an undertaking develops industrial park on or after 1st April, 1999 or a special economic zone on or after 1st April, 2001, and transfers the operation and maintenance of such industrial park or special economic zone, as the case may be, to another undertaking (transferee), then the deduction under this section shall be allowed to such transferee for the remaining period in the ten consecutive assessment years as if the operation and maintenance were not so transferred to such transferee.

100% for 10 consecutive assessment years out of 15 years (at the option of the assessee) [beginning from the year in which the undertaking develops an industrial park or special economic zone].

D. An undertaking which (a) is set up in any part of India for the generation or generation and distribution of power or (b) starts transmission or distribution by laying a network of new transmission or distribution lines or (c) undertakes substantial renovation and modernisation of the existing network of transmission or distribution lines.

1. The undertaking for transmission or distribution of power by laying a network of new transmission lines shall be allowed deduction only in relation to the profits derived from laying of such network of new lines.

2. The undertaking [excluding State Electricity Board referred to in Sec. 2(7) of Electricity Act, 2003 w.e.f. A.Y. 2005-06] must comply with conditions laid out in Section 80-IA(3) namely;

(a) It should not be formed by splitting up, or re-construction, of a business already in existence (except for undertaking referred u/s. 33B);

(b) It should not be formed by the transfer to a new business of machinery or plant previously used for any purpose (exceptions provided in Explanations 1 & 2 to clause (ii) of sub-section (3) of Section 80-IA).

3. "Substantial renovation and modernisation" means an increase in the plant and machinery in the network of transmission or distribution lines by at least 50% of the book value of such plant and machinery as on 1st April, 2004.

(a) For generation and distribution of power, the Undertaking begins to generate power between 1st April, 1993 and 31st March, 2011.

(b) For transmission or distribution lines, the Undertaking starts transmission between 1st April, 1999 and 31st March, 2011.

(c) For substantial renovation and modernisation of transmission or distribution lines, the Undertaking undertakes substantial renovation and modernisation between 1st April, 2004 and 31st March, 2011.

100% for 10 consecutive assessment years out of 15 years (at the option of the assessee)
[beginning from the year in which the undertaking generates power or commences transmission or distribution of power or undertakes substantial renovation and modernisation of existing transmission or distribution lines, as the case may be].

E. An undertaking owned by an Indian Company and set up for reconstruction or revival of a Power Generating Plant. [inserted by the Taxation Laws (Amendment) Act, 2005, w.e.f. A.Y. 2006-07].

1. Such Indian Company is formed before 30th 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.

2. Such Indian Company is notified before 31st December, 2005, by the Central Government for the purposes of this clause.

The Undertaking begins to generate or transmit or distribute power before 31st March, 2011. (shall be deemed to have been substituted w.e.f. 1st day of April, 2008)

100% for 10 consecutive assessment years out of 15 years (at the option of the assessee) [beginning from the year in which the undertaking generates power or commences transmission or distribution of power].

80 IAB

DEDUCTIONS IN RESPECT OF PROFITS & GAINS BY AN UNDERTAKING OR ENTERPRISE ENGAGED IN DEVELOPMENT OF SPECIAL ECONOMIC ZONE

Assessee, being a developer, carrying on the business of developing a Special Economic Zone (notified on or after 1st April, 2005, under Special Economic Zones Act, 2005) through an industrial undertaking or enterprise.

Profits and gains derived by an undertaking or enterprise from the business of developing a Special Economic Zone.

1. The terms "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.

2. The profits and gains of an eligible business shall be computed as if such eligible business were the only source of income of the assessee.

3. The accounts of the undertaking for the previous year relevant to the assessment year for which the deduction is claimed must be audited by a chartered accountant and Audit Report in Form No. 10CCB should be furnished along with the return of income.

4. No deduction shall be allowed under this section if the assessee fails to file the return of income for such assessment year on or before the due date specified u/s. 139(1) (w.e.f. from A.Y. 2006-07 as per Section 80AC).

5. Where deduction of any amount of profits and gains of business is claimed and allowed under this section, then the deduction to the extent of such profit and gains shall not be allowed under any other provisions of this chapter and the deduction shall in no case exceed the profits and gains of such eligible business of undertaking or enterprise, as the case may be.

6. If any undertaking of an Indian company which is entitled to 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, then no deduction shall be admissible under this section to the amalgamating or demerged company for the previous year in which the amalgamation takes place and the provisions of this section shall, as far as may be, apply to the amalgamated or resulting company as they would have applied to the amalgamating or demerged company if the amalgamation or demerger had not taken place.

7. If any 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 goods held for the purposes of any other business of the assessee are transferred to the eligible business, then in either case it should be ensured that the transaction occurs at the market value of such goods or services as on the date of transfer, otherwise Assessing Officer (AO) has the power to recompute the profits based on the market value of such goods or services.

8. If it appears to the AO, that business between the assessee (engaged in eligible business) and any other person is so arranged that the business transacted between them produces to the assessee more than ordinary profits, then the AO shall take the amount of profit as may be reasonably deemed to have been derived therefrom.

Where an undertaking, being a developer who develops a Special Economic Zone on or after 1st April, 2005, and transfers the operation and maintenance of such Special Economic Zone to another Developer (transferee), then the deduction under this section shall be allowed to such transferee for the remaining period in the ten consecutive assessment years as if the operation and maintenance were not so transferred to such transferee.

100% for 10 consecutive assessment years out of 15 years (at the option of the assessee) [beginning from the year in which the Special Economic Zone has been notified by the Central Government].

80IB

DEDUCTION IN RESPECT OF PROFITS & GAINS OF CERTAIN INDUSTRIAL UNDERTAKINGS OTHER THAN INFRASTRUCTURE DEVELOPMENT UNDERTAKINGS

Assessee carrying any of the eligible businesses through following industrial undertaking or enterprise:—

1. Industrial Undertaking located in notified backward district, state or region or other places or Small scale industrial undertaking, engaged in manufacturing/producing any articles/things or operating its cold storage plant;
2. Operation of ship;
3. Hotels;
4. Multiplex Theatres;
5. Convention Centres;
6. Scientific Research & Development;
7. Production or refining of mineral oil;
8. Developing and building housing projects;
9. Operating cold chain facility for agricultural produce;
10. Processing, preserving and packaging of fruits and vegetables or integrated business of handling, storage and transportation of food grains;
11. Operating and maintaining hospital in any area other than excluded area.

Profits and gains derived by an undertaking or enterprise from any of the above businesses.

1. The profits and gains of an eligible business shall be computed as if such eligible business were the only source of income of the assessee.
2. The Undertaking should not be formed by splitting up, or re-construction, of a business already in existence (except for undertaking referred u/s. 33B).
3. The Undertaking should not be formed by the transfer to a new business, machinery or plant previously used for any purpose (exceptions provided in Explanations 1 & 2 below sub-clause (iii) to sub-section (2) of Section 80-IB).
4. The undertaking should not manufacture or produce any article or things specified in eleventh schedule.

5. The industrial undertaking should employ 10 or more workers in manufacturing process carried on with power and 20 or more workers in manufacturing process carried on without the aid of power.

6. The accounts of the undertaking for the previous year relevant to the assessment year for which the deduction is claimed must be audited by a chartered accountant and Audit Report in prescribed form (Form No. 10CCBA for multiplexes, 10CCBB for convention centres, 10CCBC for hospitals and 10CCB for others) should be furnished along with the return of income.

7. No deduction shall be allowed under this section if the assessee fails to file the return of income for such assessment year on or before the due date specifies u/s. 139(1) (w.e.f. from A.Y. 2006-07 as per Section 80AC).

8. Where deduction of any amount of profits and gains of business is claimed and allowed under this section, then the deduction to the extent of such profit and gains shall not be allowed under any other provisions of this chapter and the deduction shall in no case exceed the profits and gains of such eligible business of undertaking.

9. If any undertaking of an Indian company which is entitled to 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, then no deduction shall be admissible under this section to the amalgamating or demerged company for the previous year in which the amalgamation takes place and the provisions of this section shall, as far as may be, apply to the amalgamated or resulting company as they would have applied to the amalgamating or demerged company if the amalgamation or demerger had not taken place.

10. If any 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 goods held for the purposes of any other business of the assessee are transferred to the eligible business, then in either case it should be ensured that the transaction occurs at the market value of such goods or services as on the date of transfer, otherwise Assessing Officer (AO) has the power to recompute the profits based on the market value of such goods or services.

11. If it appears to the AO, that business between the assessee (engaged in eligible business) and any other person is so arranged that the business transacted between them produces to the assessee more than ordinary profits, then the AO shall take the amount of profit as may be reasonably deemed to have been derived therefrom.

A. Industrial undertaking located at industrially backward district of Category "A"

The undertaking should not manufacture or produce any article or thing specified in the list in the Eleventh Schedule.

Between 1st October, 1994 and 31st March, 2004.

100% for first 5 A.Ys. and 25% (30% for company) for next 5 A.Ys. (7 A.Ys. for Co-operative society) beginning with the assessment year

relevant to the previous year in which the industrial undertaking begins to manufacture or produce articles or things or to operate cold storage plant or plants.

B. Industrial undertaking located at industrially backward district of Category "B"

The undertaking should not manufacture or produce any article or thing specified in the list in the Eleventh Schedule.

Between 1st October, 1994 and 31st March, 2004.

100% for first 3 A.Ys. and 25% (30% for company) for next 5 A.Ys. (9 A.Ys. for Co-operative society) beginning with the assessment year relevant to the previous year in which the industrial undertaking begins to manufacture or produce articles or things or to operate cold storage plant or plants.

C. Industrial undertaking located at industrially backward state specified in Eighth Schedule

No deduction shall be allowed from assessment year beginning from 1st April, 2004 or any subsequent year to any undertaking or enterprise referred to in Section 80-IC(2).

Between 1st April, 1993 and 31st March, 2004.

100% for first 5 A.Ys. and 25% (30% for company) for next 5 A.Ys. (7 A.Ys. for Co-operative society) beginning with the assessment year relevant to the previous year in which the industrial undertaking begins to manufacture or produce articles or things or to operate cold storage plant or plants.

D. Industrial undertaking located in North-Eastern Region notified by Central Government in industrially backward state

No deduction shall be allowed from assessment year beginning from 1st April, 2004 or any subsequent year to any undertaking or enterprise referred to in Section 80-IC(2).

Between 1st April, 1993 and 31st March, 2004.

100% for first 10 A.Ys. beginning with the assessment year relevant to the previous year in which the industrial undertaking begins to manufacture or produce articles or things or to operate cold storage plant or plants.

E. Industrial undertaking located in the State of Jammu and Kashmir

The undertaking should not manufacture or produce any article or thing specified in the Part C of the Thirteenth Schedule (w.e.f. A.Y. 2005-06).

Between 1st April, 1993 and 31st March, 2012.

100% for first 5 A.Ys. and 25% (30% for company) for next 5 A.Ys. (7 A.Ys. for Co-operative society) beginning with the assessment year

relevant to the previous year in which the industrial undertaking begins to manufacture or produce articles or things or to operate cold storage plant or plants.

F. Small-scale industrial undertaking.

1. Undertaking should be other than those mentioned above (i.e., A to E).

2. Small-scale industrial undertaking means an industrial undertaking which is, as on the last day of the previous year, regarded as small-scale industrial undertaking u/s. 11B of the Industries (Development and Regulation) Act, 1951. [i.e., investment in fixed assets in plant and machinery whether held on ownership terms or on lease, or by hire purchase does not exceed Rs. 1 crore (or Rs. 5 crore in some cases)].

Between 1st April, 1995 and 31st March, 2002.

25% (30% for company) for first 10 A.Ys. (12 A.Ys. for Co-operative society) beginning with the assessment year relevant to the previous year in which the industrial undertaking begins to manufacture or produce articles or things or to operate cold storage plant or plants.

G. Industrial undertaking other than those mentioned above (i.e., A to F).

The undertaking should not manufacture or produce any article or thing specified in the list in the Eleventh Schedule.

Between 1st April, 1991 and 31st March, 1995.

25% (30% for company) for first 10 A.Ys. (12 A.Ys. for Co-operative society) beginning with the assessment year relevant to the previous year in which the industrial undertaking begins to manufacture or produce articles or things or to operate cold storage plant or plants.

H. Business of a ship.

1. Ship is owned by an Indian company and is wholly used for the purposes of the business carried on by it.

2. Ship was not owned or used in Indian territorial waters by a person resident in India previous to the date of its acquisition by the Indian company.

Between 1st April, 1991 and 31st March, 1995.

30% for first 10 A.Ys. beginning with the assessment year relevant to the previous year in which the ship is first brought into use.

I. Hotels (approved by the prescribed authority) located in a hilly area or a rural area or a place of pilgrimage or other place notified by Central Government.

1. In addition to general conditions mentioned hereinbefore, the business of hotel should not be formed by transfer of a building

previously used as a hotel.

2. The business of hotel is owned and carried on by a company registered in India with a paid-up capital of Rs. 5 lakhs or more.

3. Hotel located at a place within the municipal jurisdiction of Kolkata, Chennai, Delhi or Mumbai which has started between 1st April, 1997 and 31st March, 2001, is not covered by this clause.

Between 1st April, 1990 and 31st March, 2004, or between 1st April, 1997 and 31st March, 2001.

50% for first 10 A.Ys. beginning with the assessment year relevant to the previous year in which the business of hotel starts functioning.

J. Hotels (approved by the prescribed authority) located other than above.

1. In addition to general conditions mentioned hereinbefore, the business of hotel should not be formed by transfer of a building previously used as a hotel.

2. The business of hotel is owned and carried on by a company registered in India with a paid-up capital of Rs. 5 lakhs or more.

3. Hotel located at a place within the municipal jurisdiction of Kolkata, Chennai, Delhi or Mumbai which has started between 1st April, 1997 and 31st March, 2001, is not covered by this clause.

Between 1st April, 1991 and 31st March, 1995, or between 1st April, 1997 and 31st March, 2001.

30% for first 10 A.Ys. beginning with the assessment year relevant to the previous year in which the business of hotel starts functioning.

K. Business of building, owning and operating a Multiplex theatre.

1. In addition to general conditions mentioned hereinbefore, the business of multiplex theatre should not be formed by transfer of a building previously used for any purpose.

2. Multiplex Theatre located at a place within the municipal jurisdiction of Kolkata, Chennai, Delhi or Mumbai is not covered by this section.

3. "Multiplex Theatre" means a building of prescribed area, comprising of 2 or more cinema theatres and commercial shops of such size and number and having such other facilities and amenities as may be prescribed (See Rule 18DB).

Between 1st April, 2002 and 31st March, 2005.

50% for first 5 A.Ys. beginning with the assessment year relevant to the previous year in which a cinema hall, being a part of the said multiplex theatre, starts functioning.

L. Business of building, owning and operating a convention centre.

1. In addition to general conditions mentioned hereinbefore, the business of convention centre should not be formed by transfer of a building previously used for any purpose.

2. "Convention centre" means a building of a prescribed area comprising of convention halls to be used for the purpose of holding conferences
and seminars, being of such size and number and having such other facilities and amenities as may be prescribed (See Rule 18DC).

Between 1st April, 2002 and 31st March, 2005.

50% for first 5 A.Ys. beginning with the assessment year relevant to the previous year in which the convention centre starts operating on a commercial basis.

M. Any company registered in India (approved by prescribed authority before 1st April, 1999) carrying on scientific research and development.

1. The company should have the main object of scientific and industrial research and development.

2. The company should be approved by prescribed authority at any time before 1st April, 1999.

100% for 5 A.Ys. beginning with the assessment year relevant to the previous year in which the company is approved by the prescribed authority.

N. Any company registered in India (approved by prescribed authority after 31st March, 2000) carrying on scientific research and development.

1. The company should have the main object of scientific and industrial research and development.

2. The company should be approved by prescribed authority at any time between 1st April, 2000 and 31st March, 2007.

3. The company fulfils such other conditions as may be prescribed (See Rule 18DA).

100% for first 10 A.Ys. beginning with the assessment year relevant to the previous year in which the company is approved by the prescribed authority.

O. Undertaking engaged in commercial production or refining of mineral oil.

For Commercial production of Mineral Oil has begun or begins (deemed to have effect from 1st day of April 2000) —

(a) If undertaking is located in North-Eastern Region, before 1st April, 1997;

(b) At any other place, on or after 1st April, 1997.

For Refining of Mineral Oil engaged and begins (deemed to have effect from 1st day of April 2000) —

On or after 1st October1998 but not later than the 31st day of March, 2012.

For engaged in Commercial Production of Natural Gas in blocks licensed under the New Exploration Licencing Policy announced by Central Government dated 10th February,1999 and begins Commercial Production of Natural Gas on or after the 1st day of April, 2009. (inserted w.e.f 1st day of April, 2010)

For refining of mineral oils on or after 1st day of April 2009.

(a) It is wholly owned by a public sector company or any other company in which a public sector company or companies hold at least forty-nine per cent of the voting rights.

(b) It is notified by Central Government in its behalf on or before the 31st day of May, 2008; and

(c) It begins refining not later than the 31st day of March, 2012.

100% for first 7 A.Ys. beginning with the assessment year relevant to the previous year in which the undertaking commences the commercial production or refining of mineral oil.

P. Undertaking engaged in developing and building housing projects except as a works contract awarded by any person (including contract awarded by Central or State Government) Inserted w.e.f the 1st day of April, 2001.

1. The Housing project should be approved before 31st March, 2008 by a local authority.

2. The undertaking should have commenced or commences the development and construction of the housing project on or after 1st day of October, 1998.

3. For housing projects approved before 1st April, 2004, construction should be completed on or before 31st March, 2008 and for Housing projects approved after 1st April, 2004 four years from the end of the financial year in which the housing project is approved by local authority.

4. Where approval from local authority is obtained more than once, the housing project shall be deemed to have been approved on the date the first approval was obtained.

5. The date of completion of construction of the housing project shall be the date on which the completion certificate is issued by the local

authority.

6. Housing project should be on plot of land of a minimum area of 1 acre.

7. The relevant conditions mentioned from 2 to 6 above, shall not apply to a housing project carried out in accordance with a scheme framed by Central or State Government for reconstruction or redevelopment of existing buildings in areas declared to slum areas under any law for the time being in force and such scheme is notified by the Board in this behalf.

8. The residential unit has (a) a maximum built-up area of 1,000 sq. ft. in case of the cities of Delhi and Mumbai or within 25 Kms from the municipal limits of these cities and (b) 1,500 sq. ft. for other places.

9. Built-up area of the shops and other commercial establishments included in a housing project does not exceed 5% of aggregate built-up area of the housing project or 2,000 sq. ft., whichever is less.

10. "Built-up area" means the inner measurements of the residential unit at the floor level, including the projections and balconies, as increased by the thickness of the walls but does not include the common areas shared with other residential units.

11. Not more than residential unit in the hosing project is allotted to any person not being an individual. (inserted w.e.f. 1st day of April, 2010)

12. In 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 spouse or 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. (inserted W.e.f. 1st day of April, 2010)

100% of the profits derived in the previous year relevant to any assessment year from such housing projects.

Q. Undertaking engaged in setting up and operating a cold chain facility for agricultural produce.

"Cold chain facility" means a chain of facilities for storage or transportation of agricultural produce under scientifically controlled conditions including refrigeration and other facilities necessary for the preservation of such produce.

Between 1st April, 1999 and 31st March, 2004.

100% for first 5 A.Ys. and 25% (30% for company) for next 5 A.Ys. (7 A.Ys. for Co-operative society) beginning with the assessment year relevant to the previous year in which the undertaking begins to operate the cold chain facility.

R. Undertaking engaged in (a) business of processing, preservation and packaging of fruits and vegetables or (b) ntegrated business of handling, storage and transportation of foodgrains.

On or after 1st April, 2001.

100% for first 5 A.Ys and 25% (30% for company) for next 5 A.Ys. beginning with the assessment year relevant to the previous year in which the undertaking begins such business.

S. Undertaking engaged in operating and maintaining a hospital in a rural area.

1. The hospital should be constructed on or after 1st October, 2004, but before 1st April, 2008.
2. The hospital has at least 100 beds for patients.
3. The construction is in accordance with the regulations of the local authority.
4. The hospital shall be deemed to have been constructed on the date on which completion certificate is issued by the local authority.

100% for first 5 A.Ys beginning with the initial A.Y. relevant to the previous year in which such undertaking begins to provide medical services.

T. Undertaking engaged in operating and maintaining hospitals located anywhere in India, other than the business of operating and maintaining a hospital located anywhere in India other than the excluded area,

1. The hospital should be constructed and has started or starts functioning during 1st April, 2008 and ending on the 31st day of March, 2013.
2. The hospital has at least 100 beds for patients.
3. The construction is in accordance with the regulations of the local authority.
4. The hospital shall be deemed to have been constructed on the date on which completion certificate is issued by the local authority.

100% for first 5 A.Ys beginning with the initial A.Y.

80-IC

DEDUCTION IN RESPECT OF PROFITS & GAINS OF CERTAIN UNDERTAKINGS OR ENTERPRISES SITUATED IN CERTAIN SPECIAL CATEGORY STATES.

All Assessees.

Profits and gains derived by certain undertakings or enterprises in certain special category States.

1. The undertaking or enterprise should not be formed by splitting up, or re-construction, of a business already in existence (except for undertaking referred u/s. 33B).

2. The undertaking or enterprise should not be formed by the transfer to a new business, machinery or plant previously used for any purpose (exceptions provided in Explanations 1 & 2 to sub-section (3) of Section 80-IA shall apply).

3. The profits and gains of an eligible business shall be computed as if such eligible business were the only source of income of the assessee.

4. The undertaking should not manufacture or produce article or things specified in eleventh schedule.

5. The accounts of the undertaking for the previous year relevant to the assessment year for which the deduction is claimed must be audited by a chartered accountant and Audit Report in Form No. 10CCB should be furnished along with the return of income.

6. No deduction shall be allowed under this section if the assessee fails to file the return of income for such assessment year on or before the due date specifieed u/s. 139(1) (w.e.f. from AY 2006-07 as per Section 80AC).

7. Where deduction of any amount of profits and gains of business is claimed and allowed under this section, then the deduction to the extent of such profit and gains shall not be allowed under any other provisions of this chapter and the deduction shall in no case exceed the profits and gains of such eligible business of undertaking or enterprise, as the case may be.

8. If any undertaking of an Indian company which is entitled to 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, then no deduction shall be admissible under
this section to the amalgamating or demerged company for the previous year in which the amalgamation takes place and the provisions of this section shall, as far as may be, apply to the amalgamated or resulting company as they would have applied to the amalgamating or demerged company if the amalgamation or demerger had not taken place.

9. If any 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 goods held for the purposes of any other business of the assessee are transferred to the eligible business, then in either Case it should be ensured that the transaction occurs at the market value of such goods or services as on the date of transfer, otherwise Assessing Officer (AO) has the power to recompute the profits based on the market value of such goods or services.

10. If it appears to the AO, that business between the assessee (engaged in eligible business) and any other person is so arranged that the business transacted between them produces to the assessee more than ordinary profits, then the AO shall take the amount of profit as may be reasonably deemed to have been derived therefrom.

11. No deduction shall be allowed under any other section contained in Chapter VIA or in Section 10A or 10B in relation to the profits and

gains of the undertaking or enterprise.

12. No deduction shall be allowed to any undertaking or enterprise under this section, where the total period of deduction inclusive of the period of deduction under this section, or under 2nd proviso to Section 80-IB(4) or u/s. 10C as the case may be, exceeds 10 assessment years.

13. "Substantial expansion" means increase in the investment in the plant and machinery by at least 50% of the book value of plant and machinery (before taking depreciation in any year), as on first day of the previous year in which substantial expansion is undertaken.

A. Any undertaking or enterprise which has begun or begins to manufacture or produce or which manufactures or produces any article or thing, other than specified in Thirteenth Schedule and undertakes substantial expansion in any Export Processing Zone or Integrated Infrastructure Development Centre or Industrial Growth Centre or Industrial Estate or Industrial Park or Software Technology Park or Industrial area or Theme Park, as notified by the Board in accordance with the scheme framed and notified by the Central Government in this regard in the State of Sikkim or Himachal Pradesh or Uttaranchal or North-Eastern States.

B. Any undertaking or enterprise which has begun or begins to manufacture or produce or which manufactures or produces any article or thing, specified in Fourteenth Schedule or commences any operation specified in that schedule and undertakes substantial expansion in the State of Sikkim or Himachal Pradesh or Uttaranchal or North-Eastern States.

For State of Sikkim between 23rd December, 2002 and 31st March, 2007.
For States of Himachal Pradesh and Uttaranchal between 7th January, 2003 and 31st March, 2012.
For North-Eastern States between 24th December,1997 and 31st March, 2007.

For States of Sikkim and North Eastern States — 100% for first 10 A.Ys. beginning with the assessment year relevant to the previous year in which the undertaking or enterprise begins to manufacture or produce articles or things or commences operation or completes substantial expansion.
For States of Himachal Pradesh and Uttaranchal — 100% for first 5 A.Ys. and 25% (30% for company) for next 5 A.Ys. beginning with the assessment year relevant to the previous year in which the undertaking or enterprise begins to manufacture or produce articles or things or commences operation or completes substantial expansion.

80ID

DEDUCTION IN RESPECT OF PROFITS AND GAINS FROM BUSINESS OF HOTELS AND CONVENTION CENTRES IN SPECIFIED AREA

All Assessees

Assessee engaged in the business of

(i) Hotel of two-star, three-star or four-star category as classified by Central Government located in the specified area during the period beginning on the April 1, 2007 and ending on the March 31, 2010

(ii) Business of building, owning and operating a convention centre, located in the specified area during the period beginning on the April 1, 2007 and ending on the March 31, 2010.

(iii) Hotels, located in the specified area having a world Heritage Site, during the period beginning on the April 1, 2008 and ending on the March 31, 2013.

Profits and gains derived from the aforesaid undertaking.

(A) The aforesaid business is not formed by the splitting up, or the reconstruction, of a business already in existence. However, if a new industrial undertaking is set up in an old building, deduction shall be admissible as this section provides for new undertaking and does not provide for old building.

(B) The aforesaid business is not formed by the transfer to a new business of machinery or plant previously used for any purpose except two:—

(a) 20% old machinery is permitted: if the value of the transferred assets does not exceed 20 per cent of the total value of the machinery
(b) or plant used in the business, this condition is deemed to have been satisfied.

(c) Any machinery or plant which was used outside India by any person other than the assessee shall not be regarded as machinery or
(d) plant previously used for any purpose, if the following condition are fulfilled.

— such machinery or plant was not, at any time prior to the date installation by the assessee, used in India.

— such machinery or plant is imported into India from any country outside India.

— no deduction on account of depreciation in respect of such machinery or plant has been allowed or is allowable under the Act in computing the total income of any person for any period prior to the date of installation of the machinery or plant by the assessee.

(C) Audit report in form No. 10CCBA should be submitted along with the return of income.

(D) Return of Income is submitted on or before the due date of submission of return of income given under section 139(1).

100% of the profits and gains derived from the business is deductible for five consecutive assessment years beginning from the initial assessment year.

80IE

DEDUCTION IN RESPECT OF CERTAIN UNDERTAKINGS IN NORTH-EASTERN STATES

Assessee begins manufacture or production of goods or undertakes substantial expansion or carries on eligible business during April 1, 2007 and March 31, 2017 in any North-Eastern States.

Profits and gains derived by an Undertaking or Enterprise.

A) The aforesaid business is not formed by the splitting up, or the reconstruction, of a business already in existence. However, if a new industrial undertaking is set up in an old building, deduction shall be admissible as this section provides for new undertaking and does not provide for old building.

B) The aforesaid business is not formed by the transfer to a new business of machinery or plant previously used for any purpose except two:—

(a) 20% old machinery is permitted: if the value of the transferred assets does not exceed 20 per cent of the total value of the machinery
(b) or plant used in the business, this condition is deemed to have been satisfied.

(c) Any machinery or plant which was used outside India by any person other than the assessee shall not be regarded as machinery or
(d) plant previously used for any purpose, if the following conditions are fulfilled.

— such machinery or plant was not, at any time prior to the date installation by the assessee, used in India.

— such machinery or plant is imported into India from any country outside India.

C) Audit report 10CCB should be submitted along with the return of Income.

D) Return of Income is submitted on or before the due date of submission of return of income given under section 139(1).

If deduction is claimed and allowed under the aforesaid provisions, the tax payer will not be able to avail any deduction under sections 10A, 10AA, 10B, 10BA, 80C to 80U. Moreover, no deduction shall be allowed to an undertaking under section 80-IE where the total period of deduction under section 10C, second proviso to sections 80-IB (4), 80-IC and 80-IE exceeds 10 assessment years.

100% of profit derived from the business/services shall be deductible for 10 years beginning with assessment year relevant to the previous year.

80JJA

DEDUCTION IN RESPECT OF PROFITS & GAINS FROM BUSINESS OF COLLECTING AND PROCESSING OF BIO-DEGRADABLE WASTE

All Assessees.

Profits and gains from business of collecting and processing or treating of bio-degradable waste.

The business should be of collecting and processing or treating of bio-degradable waste for generating power or producing bio-fertilizers, bio-pesticides or other biological agents or for producing bio-gas or making pellets or briquettes for fuel or organic manure.

100% of the profit and gains from such business for a period of five consecutive assessment years beginning with the assessment year relevant to previous year in which such business commences.

80JJAA

DEDUCTION IN RESPECT OF EMPLOYMENT OF NEW WORKMEN

Indian company.

Additional wages paid to the new regular workmen employed.

1. Profits and gains should be derived from any industrial undertaking, engaged in the manufacture or production of article or thing.
2. The industrial undertaking should not be formed by splitting up or reconstruction of an existing undertaking or amalgamation with another industrial undertaking.
3. Audit report in Form 10DA certifying that the deduction has been correctly claimed is required to be filed along with return of income.
4. Additional wages means the wages paid to the new regular workman in excess of 100 workmen employed during the previous year provided that in case of an existing undertaking, the additional wages shall be nil if the increase in the number of regular workmen employed during the year is less than 10% of existing number of workmen employed in such undertaking as on the last day of the preceding year.
5. Regular workman does not include a casual workman or a workman employed through contract labour or any other workman employed for a period of less than 300 days during the previous year.
6. Workman shall have the meaning assigned to it u/s. 2(s) of the Industrial Disputes Act, 1947.

30% of the additional wages paid to the new regular workmen for first 3 assessment years including the assessment year relevant to the previous year in which such employment is provided.

80LA

DEDUCTION IN RESPECT OF CERTAIN INCOMES OF OFF-SHORE BANKING UNITS and International Financial Services Centre.

(as substituted by the Special Economic Zones Act, 2005, w.e.f. 10th February, 2006)

1. Scheduled Bank, or, any bank incorporated by or under the laws of a country outside India; and having an Offshore Banking Unit in a Special Economic Zone.

2. A Unit of an International Financial Services Centre.

Income shall be

(a) The income from an Offshore Banking Unit in a Special Economic Zone.

(b) The income from the business, referred to in Section 6(1) of Banking Regulation Act, 1949, with an Undertaking located in a Special Economic Zone or any Other Undertaking which develops, develops and operates or operates and maintains a Special Economic Zone.

(c) The income from any Unit of the International Financial Services Centre from its business for which it has been approved for setting up in such a centre in a Special Economic Zone.

1. The terms "International Financial Services Centre", "Special Economic Zone" and "Unit" shall have the same meanings respectively as assigned to them in clauses (q), (za) and (zc) of Section 2 of the Special Economic Zones Act, 2005.

2. The term "Scheduled Bank" shall have the same meaning as assigned to it in clause (e) of Section 2 of the Reserve Bank of India Act, 1934.

3. Audit report in Form 10CCF certifying that the deduction has been correctly claimed is required to be filed along with return of income.

4. A copy of the permission obtained under Section 23(1)(a) of the Banking Regulation Act, 1949, is required to be filed along with return of income.

100% of such income for first 5 consecutive assessment years beginning with the assessment year relevant to the previous year in which permission u/s 23(1)(a) of Banking Regulation Act, 1949, or permission or registration under the Securities and Exchange Board of India Act, 1992, or any other relevant law was obtained and 50% of such income for next 5 consecutive assessment years.

80P

DEDUCTION IN RESPECT OF INCOME OF CO-OPERATIVE SOCIETIES

A. Co-operative Society engaged in —

(1) business of banking or providing credit facilities to its members, or

(2) a cottage industry, or

(3) the marketing of agricultural produce grown by its members, or

(4) the purchase of the agricultural implements, seeds, livestock or other articles intended for agriculture for supplying them to its members, or

(5) the processing of the agricultural produce of its members without the aid of power, or

(6) the collective disposal of the labour of its members, or

(7) fishing or allied activities; i.e., catching, curing, processing, preserving, storing or marketing of fish or the purchase of materials and equipment in connection therewith for the purpose of supplying them to its members.

B. Co-operative society, being a primary society engaged in supplying milk, oilseeds, fruits or vegetables raised or grown by its member to (a) a federal co-operative society being a society engaged in the business of supplying milk, oilseeds, fruits or vegetables, as the case may be, or (b) the Government or a local authority, or (c) a Government company or a corporation established by or under a Central, State or Provincial Act being a company or corporation engaged in the business of supplying milk, oilseeds, fruits or vegetables, as the case may be to the public.

C. Co-operative society engaged in activities other than mentioned above (i.e., other than A & B).

D. Co-operative society having any income by way of interest or dividends from its investment in other co-operative society.

E. Co-operative society having income derived by way of letting of godowns or warehouses for storage, processing or facilitating the marketing of commodities.

F. Co-operative society other than a housing society or an urban consumers' society or a society engaged in transport business or a society engaged in performance of any manufacturing operations with the aid of power, having income by way of interest on securities or any income from house property chargeable u/s. 22.

1. Profits and gains of business attributable to any one or more such activities in case of societies covered in A, B & C.

2. Relevant income out of the gross total incomes of societies covered in D, E & F.

1. In case of societies of type referred in A(6) & A(7) above, the rules and bye-laws of the society should restrict the voting rights to following classes of its members — (a) the individuals who contribute their labour or, as the case may be, carry on the fishing or allied activities, (b) the co-operative credit societies which provide financial assistance to the society (c) the State Government.

2. With effect from A.Y. 2007-08, the provisions of this section shall not apply in relation to any co-operative bank other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank. The terms "co-operative bank" and "primary agricultural credit society" shall have the same meanings respectively as assigned to them in Part V of the Banking Regulation Act, 1949. The term "Primary co-operative agricultural and rural development bank" means a society having its area of operation confined to a taluka and the principal object of which is to provide for long-term credit for agricultural and rural development activities.

1. In case of societies referred in A & B above — 100% of the profits and gains of business (without any limit).

2. In case of societies referred in C above — 100% of the profits and gains of business subject to a maximum of Rs. 1,00,000/- in case of Consumers' Co-operative Society or Rs. 50,000/- in other cases.

3. In case of societies referred in D & E above — 100% of the relevant income (without any limit).

4. In case of societies referred in F above — 100% of the relevant income provided the gross total income of such society does not exceed Rs. 20,000/-.

80QQB DEDUCTION IN RESPECT OF ROYALTY INCOME, ETC., OF AUTHORS OF CERTAIN BOOKS OTHER THAN TEXT BOOKS

Individual resident in India.

Income derived by author (or a joint author) from his profession, on account of (a) any lump sum consideration for the assignment or grant of any of his interests in the copyright of any book being a work of literary, artistic or scientific nature, or (b) royalty or copyright fees in respect of such book (whether receivable in lump sum or otherwise).

1. In respect of income earned from any source outside India, only so much of the income as is brought into India in convertible
2. foreign exchange within 6 months from the end of previous year or within such further period as competent authority may allow
3. shall be taken into consideration.

2. If the income earned is from any source outside India, a certificate in prescribed Form No. 10H from prescribed authority [RBI o r authorised authority as specified in Rule 29A(2)], should be filed along with return of income.

4. A certificate in prescribed Form No. 10CCD and duly verified by any person responsible for making such payment to the assessee,
5. should be filed along with return of income.

4. Where a deduction under this section for any previous year has been claimed and allowed, no deduction in respect of such income shall be allowed under any other provision of the Act in any assessment year.

1. In case of lump sum consideration for (a) Assignment or grant of any interest in the copyright of any book or (b) Amount of Royalty or Copyright fees (being a lump sum consideration in lieu of all rights in the book) — Lower of 100% of such consideration or Rs. 3 lakhs.

2. In case of amount of Royalty or Copyright fees not being a lump sum consideration in lieu of all rights in the book — Lower of (a) Royalty or Copyright Fees (before allowing expenses attributable to such income) not exceeding 15% of gross value of books sold during the previous year or (b) Rs. 3 lakhs.

80RRB DEDUCTION IN RESPECT OF ROYALTY ON PATENTS

Individual resident in India.

Income by way of royalty in respect of a patent registered on or after 1st April, 2003.

1. Assessee should be patentee (he may be a co-owner of patent); i.e., the person or persons, being the true and first inventor of the invention, whose name is entered on the Patents Register as the patentee as per the Patents Act, 1970.

2. In respect of income earned from any sources outside India, only so much of the income as is brought into India in convertible foreign exchange within 6 months from the end of previous year or within such further period as competent authority may allow shall be taken into consideration.

3. If the income earned is from any source outside India, a certificate in prescribed Form No. 10H from prescribed authority [RBI or authorised authority as specified in Rule 29A(2)], should be filed along with return of income.

4. A certificate in prescribed Form No. 10CCE verified by any person resposible for making such payment to the assessee is required to be filed with Return of income.

5. Where a compulsory licence is granted in respect of any patent under the Patents Act, 1970, the income eligible for the purposes of this section shall not exceed the amount of royalty under the terms and conditions of a licence settled by the Controller under that Act.

6. Where a deduction under this section for any previous year has been claimed and allowed, no deduction in respect of such income shall be allowed under any other provision of the Act in any assessment year.

100% of royalty or Rs. 3 lakhs, whichever is lower.

80U DEDUCTION IN CASE OF A PERSON WITH DISABILITY

Individual resident in India.

Deduction to a person with disability out of total Income

1. The concerned assessee must attach a copy of certificate in the prescribed form and signed by prescribed medical authority along with return of income filed u/s. 139. A fresh medical certificate may be required to be submitted after the expiry of stipulated period epending on the condition of disability as specified in such certificate.

2. Medical authority means the medical authority referred u/s. 2(p) of Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 [PDEOPRFP Act] or u/ss. 2(a), (c), (h), (j) and (o) of the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 [NTWPACMRMD Act].

3. "Disability" has the same meaning assigned to it in Section 2(i) of PDEOPRFP Act and includes "autism", "cerebral palsy" and "multiple disabilities" referred to in clauses (a), (c) and (h) of Sec. 2 of the NTWPACMRMD Act.

4. "Person with Disability" means a person as referred to in Sec. 2(f) of the PDEOPRFP Act or Sec. 2(j) of NTWPACMRMD Act.

5. "Person with Severe Disability" means a person suffering from 80% or more of one or more disabilities prescribed u/s. 56(4) of PDEOPRFP Act or u/s. 2(o) of NTWPACMRMD Act.

(a) Rs. 50,000/- in case of normal disability or

(b) Rs. 1,00,000/- in case of severe disability (Rs. 75,000/- A.Y. 2009-10).