

[Income of Foreign Institutional Investors from securities.

196D. (1) Where ¹any income in respect of securities referred to in clause (a) of sub-section (1) of section 115AD, not being income by way of interest referred to in section 194LD, is payable to a Foreign Institutional Investor, the person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of twenty per cent :

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

(2) No deduction of tax shall be made from any income, by way of capital gains arising from the transfer of securities referred to in section 115AD, payable to a Foreign Institutional Investor.]

¹ Inserted with effect from June 1, 2013.