

Chapter XII-B

Special provisions relating to certain companies

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115J. (1) Notwithstanding anything contained in any other provision of this Act, where in the case of an assessee being a company other than a company engaged in the business of generation or distribution of electricity, the total income, as computed under this Act in respect of any previous year relevant to the assessment year commencing on or after the 1st day of April, 1988 but before the 1st day of April, 1991 hereafter in this section referred to as the relevant previous year, is less than thirty per cent of its book profit, the total income of such assessee chargeable to tax for the relevant previous year shall be deemed to be an amount equal to thirty per cent of such book profit.

(1A) Every assessee, being a company, shall, for the purposes of this section, prepare its profit and loss account for the relevant previous year in accordance with the provisions of Parts II and III of Schedule VI to the Companies Act, 1956 (1 of 1956).

Explanation.—For the purposes of this section, “book profit” means the net profit as shown in the profit and loss account for the relevant previous year prepared under sub-section (1A), as increased by—

- (a) the amount of income-tax paid or payable, and the provision therefore; or
- (b) the amounts carried to any reserves other than the reserves specified in section 80HHD or sub-section (1) of section 33AC, by whatever name called; or
- (c) the amount or amounts set aside to provisions made for meeting liabilities, other than ascertained liabilities; or
- (d) the amount by way of provision for losses of subsidiary companies; or
- (e) the amount or amounts of dividends paid or proposed; or
- (f) the amount or amounts of expenditure relatable to any income to which any of the provisions of Chapter III applies; or
- (g) the amount withdrawn from the reserve account under section 80HHD, where it has been utilized for any purpose other than those referred to in sub-section (4) of that section; or
- (h) The amount credited to the reserve account under section 80HHD, to the extent that amount has not been utilized within the period specified in sub-section (4) of that section;
- (ha) the amount deemed to be the profits under sub-section (3) of section 33AC, if any amount referred to in clauses (a) to (f) is debited or, as the case may be, the amount referred to in clauses (g) and (h) is not credited to the profit and loss account, and as reduced by,—

- (i) The amount withdrawn from reserves other than the reserves specified in section 80HHD or provisions, if any such amount is credited to the profit and loss account:

Provided that, where this section is applicable to an assessee in any previous year including the relevant previous year, the amount withdrawn from reserves created or

provisions made in a previous year relevant to the assessment year commencing on or after the 1st day of April, 1988 shall not be reduced from the book profit unless the book profit of such year has been increased by those reserves or provisions out of which the said amount was withdrawn under this Explanation; or

(ii) the amount of income to which any of the provisions of Chapter III applies, if any such amount is credited to the profit and loss account; or

(iii) the amounts as arrived at after increasing the net profit by the amounts referred to in clauses (a) to (f) and reducing the net profit by the amounts referred to in clauses (i) and (ii) attributable to the business, the profits from which are eligible for deduction under section 80HHC or section 80HHD; so, however, that such amounts are computed in the manner specified in sub-section (3) or sub-section (3A) of section 80HHC or sub-section (3) of section 80HHD, as the case may be; or

(iv) the amount of the loss or the amount of depreciation which would be required to be set off against the profit of the relevant previous year as if the provisions of clause (b) of the first proviso to sub-section (1) of section 205 of the Companies Act, 1956 (1 of 1956), are applicable.

(2) Nothing contained in sub-section (1) shall affect the determination of the amounts in relation to the relevant previous year to be carried forward to the subsequent year or years under the provisions of sub-section (2) of section 32 or sub-section (3) of section 32A or clause (ii) of sub-section (1) of section 72 or section 73 or section 74 or sub-section (3) of section 74A or sub-section (3) of section 80J.