

Deduction in respect of royalties, etc., from certain foreign enterprises.

80-O. Where the gross total income of an assessee, being an Indian company or a person (other than a company) who is resident in India, includes any income received by the assessee from the Government of a foreign State or foreign enterprise in consideration for the use outside India of any patent, invention, design or registered trade mark [***] and such income is received in convertible foreign exchange in India, or having been received in convertible foreign exchange outside India, or having been converted into convertible foreign exchange outside India, is brought into India, by or on behalf of the assessee in accordance with any law for the time being in force for regulating payments and dealings in foreign exchange, there shall be allowed, in accordance with and subject to the provisions of this section, a deduction of an amount equal to—

- (i) forty per cent for an assessment year beginning on the 1st day of April, 2001;
- (ii) thirty per cent for an assessment year beginning on the 1st day of April, 2002;
- (iii) twenty per cent for an assessment year beginning on the 1st day of April, 2003;
- (iv) ten per cent for an assessment year beginning on the 1st day of April, 2004,

of the income so received in, or brought into, India, in computing the total income of the assessee and no deduction shall be allowed in respect of the assessment year beginning on the 1st day of April, 2005 and any subsequent assessment year:

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Provided [***] that such income is received in India within a period of six months from the end of the previous year, or within such further period as the competent authority may allow in this behalf:

Provided further that no deduction under this section shall be allowed unless the assessee furnishes a certificate, in the prescribed form, along with the return of income, certifying that the deduction has been correctly claimed in accordance with the provisions of this section.

Explanation.—For the purposes of this section,—

- (i) “convertible foreign exchange” means foreign exchange which is for the time being treated by the Reserve Bank of India as convertible foreign exchange for the purposes of the law for the time being in force for regulating payments and dealings in foreign exchange;
- (ii) “foreign enterprise” means a person who is a non-resident;
- (iii) services rendered or agreed to be rendered outside India shall include services rendered from India but shall not include services rendered in India;
- (iv) “competent authority” means the Reserve Bank of India or such other authority as is authorised under any law for the time being in force for regulating payments and dealings in foreign exchange.

(2) [***]