

Direct Tax Instruction No. 4 dated 30 June 2009

Subject : Clarification regarding deduction under section 80IB(10) in respect of undertaking developing building and housing projects.

1. Under sub-section (10) of section 80-IB an undertaking developing and building housing projects is allowed a deduction of 100% of its profits derived from such projects if it commenced the project on or after 1.10.1998 and completes the construction within four years from the financial year in which the housing project is approved by the local authority.
2. Clarifications have been sought by various CCITs on the issue whether the deduction u/s 80-IB(10) would be available on a year to year basis where an assessee is showing profit on partial completion or if it would be available only in the year of completion of the project u/s 80-IB(10).
3. *The above issue has been considered by the Board and it is clarified as under:-*
 - (a) *The deduction can be claimed on a year to year basis where the assessee is showing profit from partial completion of the project in every year.*
 - (b) *In case it is late, found that the condition of completing the project within the specified time limit of 4 years as started in section 80-IB(10) has not been satisfied, the deduction granted to the assessee in the earlier years is should be withdrawn.*

4. The above Instruction will override earlier clarification on this issue contained in Member(R)'s D.O. letter No. 58/Misc./2008/CIT (IT and CT) dated 29.04.2008 and Member (IT)'s D.O. letter No. 279/Misc./46/08-ITJ dated 2.5.2008

5. This may kindly be brought to the notice to the notice of the all Assessing Officers in your charge.

F.No. 178/32/2009-ITA.I

Raman Chopra
Director(ITA-I)