

THE SPECIAL BEARER BONDS (IMMUNITIES AND  
EXEMPTIONS) ACT, 1981

No. 7 OF 1981

[27th March, 1981.]

An Act to provide for certain immunities to holders of Special Bearer Bonds, 1991 and for certain exemptions from direct taxes in relation to such bonds and for matters connected therewith.

WHEREAS for effective economic and social planning it is necessary to canalise for productive purposes black money which has become a serious threat to the national economy;

AND WHEREAS with a view to such canalisation the Central Government has decided to issue at par certain bearer bonds to be known as the Special Bearer Bonds, 1991, of the face value of ten thousand rupees and redemption value, after ten years, of twelve thousand rupees;

AND WHEREAS it is expedient to provide for certain immunities and exemptions to render it possible for persons in possession of black money to invest the same in the said Bonds;

BE it enacted by Parliament in the Thirty-second Year of the Republic of India as follows:—

Short  
title,  
extent  
and  
com-  
mence-  
ment.

1. (1) This Act may be called the Special Bearer Bonds (Immunities and Exemptions) Act, 1981.

(2) It extends to the whole of India.

(3) It shall be deemed to have come into force on the 12th day of January, 1981.

Defini-  
tion.

2. In this Act, "Special Bearer Bonds" means the Special Bearer Bonds, 1991, issued by the Central Government.

Immuni-  
ties.

3. (1) Notwithstanding anything contained in any other law for the time being in force,—

(a) no person who has subscribed to or has otherwise acquired Special Bearer Bonds shall be required to disclose, for any purpose whatsoever, the nature and source of acquisition of such Bonds;

(b) no inquiry or investigation shall be commenced against any person under any such law on the ground that such person has subscribed to or has otherwise acquired Special Bearer Bonds; and

(c) the fact that a person has subscribed to or has otherwise acquired Special Bearer Bonds shall not be taken into account and shall be inadmissible as evidence in any proceedings relating to any offence or the imposition of any penalty under any such law.

(2) Nothing in sub-section (1) shall apply in relation to prosecution for any offence punishable under Chapter IX or Chapter XVII of the Indian Penal Code, the Prevention of Corruption Act, 1947 or any offence which is punishable under any other law and which is similar to an offence punishable under either of those Chapters or under that Act or for the purpose of enforcement of any civil liability.

45 of 1860.  
2 of 1947.

*Explanation.*—For the purposes of this sub-section, “civil liability” does not include liability by way of tax under any law for the time being in force.

4. Without prejudice to the generality of the provisions of section 3, the subscription to, or acquisition of, Special Bearer Bonds by any person shall not be taken into account for the purpose of any proceedings under the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act), the Wealth-tax Act, 1957 (hereinafter referred to as the Wealth-tax Act) or the Gift-tax Act, 1958 (hereinafter referred to as the Gift-tax Act) and, in particular, no person who has subscribed to, or has otherwise acquired, the said Bonds shall be entitled—

Acquisition, etc., of Bonds not to be taken into account for certain proceedings.

43 of 1961.  
27 of 1957.  
18 of 1958.

(a) to claim any set-off or relief in any assessment, re-assessment, appeal, reference or other proceeding under the Income-tax Act or to reopen any assessment or re-assessment made under that Act on the ground that he has subscribed to or has otherwise acquired the said Bonds;

(b) to claim, in relation to any period before the date of maturity of the said Bonds, that any asset which is includible in his net wealth for any assessment year under the Wealth-tax Act has been converted into the said Bonds; or

(c) to claim, in relation to any period before the date of maturity of the said Bonds, that any asset held by him or any sum credited in his books of account or otherwise held by him represents the consideration received by him for the transfer of the said Bonds.

5. In the Income-tax Act,—

(a) in section 2, in clause (14), after sub-clause (iv), the following sub-clause shall be inserted, namely:—

“(v) Special Bearer Bonds, 1991, issued by the Central Government;”;

(b) in section 10, in clause (15), after sub-clause (ia), the following sub-clause shall be inserted, namely:—

“(1b) premium on the redemption of Special Bearer Bonds, 1991;”.

Amendment of Act 43 of 1961.

Amend-  
ment of  
Act 27  
of 1957.

6. In section 5 of the Wealth-tax Act, in sub-section (1), after clause (xvii), the following clause shall be inserted, namely:—

“(xviii) Special Bearer Bonds, 1991;”.

Amend-  
ment of  
Act 18  
of 1958.

7. In section 5 of the Gift-tax Act, in sub-section (1), after clause (iiia), the following clause shall be inserted, namely:—

“(iiib) of property in the form of Special Bearer Bonds, 1991;”.

Power to  
remove  
difficul-  
ties.

8. (1) If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order, not inconsistent with the provisions of this Act, remove the difficulty.

(2) Every order made under this section shall, as soon as may be after it is made, be laid before each House of Parliament.

Repeal  
and  
saving.

9. (1) The Special Bearer Bonds (Immunities and Exemptions) Ordinance, 1981, is hereby repealed.

1 of 1981.

(2) Notwithstanding such repeal, anything done or any action taken under the Ordinance so repealed shall be deemed to have been done or taken under the corresponding provisions of this Act.