

EXPENDITURE-TAX RULES, 1987

CONTENTS

1. Short title and commencement
2. Definitions
3. Determination of room charges in the case of composite charge
4. Expenditure incurred in Indian currency deemed to have been incurred in foreign exchange
5. Return of aggregate of the payments received in respect of chargeable expenditure under Section 8
6. Notice of Demand
7. Form of Appeal to the Commissioner (Appeal)
8. Form of appeal and Memorandum of Cross-objections to Appellate Tribunal

EXPENDITURE-TAX RULES, 1987

Ministry of Finance (Department of Revenue), Central Board of Direct Taxes, Noti. No. S.O. 939(E), dated October 26, 1987, published in the Gazette of India, Extra., Part II, Section 3(ii), dated 26th October, 1987, pp. 4-6 [No. 7594/F. No. 143/37/87-TPL] [P] In exercise of the powers conferred by Section 31 of the Expenditure-tax Act 1987 (35 of 1987), the Central Board of Direct Taxes hereby makes the following rules, namely:-

1. Short title and commencement :-

- (1) These rules may be called the Expenditure-tax Rules, 1987.
- (2) They shall come into force on the 1st day of November, 1987.

2. Definitions :-

In these rules, unless the context otherwise requires,-

- (a) "Act" means the Expenditure-tax Act, 1987 (35 of 1987) ;
- (b) "Form" means a form set out in the Appendix to these rules.

3. Determination of room charges in the case of composite charge :-

For the purposes of sub-section (2) of Section 3 of the Act, in a case where a composite charge is payable in respect of residential accommodation and food, the room charges included therein shall

be determined by deducting from the composite charge, the charges for food in the following manner, namely :- (i) where the composite charge includes 10 per cent of the charge for breakfast composite charge. (ii) where the composite charge includes 25 per cent of the charge for breakfast and one composite charge. meal (iii) where the composite charge includes 40 per cent of the charge for breakfast and two composite charge. meals

4. Expenditure incurred in Indian currency deemed to have been incurred in foreign exchange :-

For the purposes of clause (a) of the Explanation to Section 5 , any expenditure incurred or any payment made in Indian currency, obtained by conversion of foreign exchange into Indian currency) shall be deemed to have been incurred or, as the case may be, made in foreign exchange in the cases and in the circumstances mentioned below:-

(i) where the payment in respect of any expenditure incurred in a hotel has been made out of Indian currency obtained by conversion of foreign exchange brought into India through an authorised dealer by a travel agent on behalf of a foreign tourist or group of foreign tourists ;

(ii) where the payment in respect of any expenditure incurred in a hotel has been made in the manner referred to in clause (i), by an airline on behalf of a foreign tourist or a group of foreign tourists: Provided that the travel agent or, as the case may be, the airline furnishes to the hotel a certificate in Form No. 1 at the time of payment in respect of such expenditure ; and

(iii) where the payment in respect of any expenditure incurred in a hotel has been made by a national of Czechoslovakia, German Democratic Republic, Poland, Romania and the U.S.S.R. : Provided that the foreign national furnishes to the hotel a certificate in Form No. 2 at the time of payment in respect of such expenditure.

Explanation.-For the purposes of this rule,- (i) "airline" and "travel agent" respectively mean an airline or travel agent which holds a valid licence granted under S.32 of the Foreign Exchange Regulation Act, 1973 by the Reserve Bank of India ; and (ii) "authorised dealer" shall have the meaning assigned to it in clause (b) of S.2 of the Foreign Exchange Regulation Act 1973.

5. Return of aggregate of the payments received in respect of chargeable expenditure under Section 8 :-

1 .-The return of the aggregate of the payments received in respect of chargeable expenditure required to be furnished under sub-section (1) or sub-section (2) of Section 8 of the Act shall be furnished in Form No. 3 and shall be verified in the manner indicated therein.

1. Inserted vide " THE EXPENDITURE-TAX RULES 1987" Dt.14th June, 1988 Published in Ministry of Finance (Department of Revenue) (Central Board of Direct Taxec), Noti. No. S.0.584(E), dated June 14, 1988, published Gazette of India, Extra., Part II, Section 3(ii) dated 14th June, 1988, pp. 10-17 [No. 8006/F No. 143/2/88-TPL] [P]

6. Notice of Demand :-

1 .-The notice of demand under Section 20 of the Act shall be in Form No, 4,

1. Inserted vide " THE EXPENDITURE-TAX RULES 1987" Dt.14th June, 1988 Published in Ministry of Finance (Department of Revenue) (Central Board of Direct Taxec), Noti. No. S.0.584(E), dated June 14, 1988, published Gazette of India, Extra., Part II, Section 3(ii) dated 14th June, 1988, pp. 10-17 [No. 8006/F No. 143/2/88-TPL] [P]

7. Form of Appeal to the Commissioner (Appeal) :-

1 .-

(1) An appeal under Section 22 of the Act to the Commissioner (Appeals) shall be made in Form No. 5 and shall be verified in the manner indicated therein.

(2) The form of appeal prescribed by sub-rule (1) the grounds of appeal and the verification appended thereto shall be signed-

(a) in the case of an individual, by the individual himself where the individual is absent from India, by the individual concerned or by some person duly authorised by him in this behalf 'and where the individual is mentally incapacitated from attending to his affairs' by his guardian or by any other person competent to act on his behalf;

(b) in the case of a Hindu undivided family by the Karta and where the Karta is absent from India or is mentally incapacitated from attending to his affairs, by any other adult member of such family ;

(c) in the case of a company, by the managing director there-of, or where for any unavoidable reason such managing director is not able to sign and verify the return, or where there is no managing director, by any director thereof or where in the case of a non-

resident, the assessment has been made on any person who has been treated as his agent under Section 163 of the Income-tax Act, as applied to expenditure-tax under Section 24 of the Act, by such person)

(d) in the case of a firm by the managing partner thereof, or where for any unavoidable reason such managing partner is not able to sign and verify the return, or where there is no managing partner as such, by way any partner thereof, not being a minor ;

(e) in the case of a local authority, by the principal officer thereof;

(f) in the case of any other association) by any member of the association or the principal officer thereof; or

(g) in the case of any other person, by that person or by some person competent to act on his behalf.

1. Inserted vide " THE EXPENDITURE-TAX RULES 1987" Dt.14th June, 1988 Published in Ministry of Finance (Department of Revenue) (Central Board of Direct Taxec), Noti. No. S.0.584(E), dated June 14, 1988, published Gazette of India, Extra., Part II, Section 3(ii) dated 14th June, 1988, pp. 10-17 [No. 8006/F No. 143/2/88-TPL] [P]

8. Form of appeal and Memorandum of Cross-objections to Appellate Tribunal :-

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(1) An appeal under sub-section (1) or sub-section (2) of Section 23 of the Act to the Appellate Tribunal shall be made in Form No. 6 and shall be verified in the manner indicated therein.

(2) A memorandum of cross-objections under sub-section (4) of Section 23 of the Act to the Appellate Tribunal shall be made in the Form No. 7 and shall be verified in the manner indicated therein.;

1. Inserted vide " THE EXPENDITURE-TAX RULES 1987" Dt.14th June, 1988 Published in Ministry of Finance (Department of Revenue) (Central Board of Direct Taxec), Noti. No. S.0.584(E), dated June 14, 1988, published Gazette of India, Extra., Part II, Section 3(ii) dated 14th June, 1988, pp. 10-17 [No. 8006/F No. 143/2/88-TPL] [P]