

FINANCE (No. 2) ACT, 1971
32 of 1971

[10th August, 1971]

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FINANCE (No. 2) ACT, 1971

32 of 1971

[10th August, 1971]

An Act to give effect to the financial proposals of the Central Government for the Financial year 1971-72 and to provide for the levy of foreign travel tax. BE it enacted by Parliament in the Twenty-second Year of the Republic of India as follows:-

CHAPTER 1
PRELIMINARY

1. Short title and commencement :-

(1) this Act may be called The Finance (No. 2) Act, 1971.

(2) Save as otherwise provided in this Act. section 2 to Section 38 and section 53 and Section 54 shall be deemed to have come into force on the 1st day of April, 1971.

CHAPTER 2
RATES OF INCOME-TAX

2. Income-tax :-

(1) Subject to the provisions of sub-sections (2) and (3), for the assessment year commencing on the 1st day of April, 1971. income-tax shall be charged at the rates specified in Part I of the First Schedule and. in the cases to which Paragraphs A, B, C and D of that Part apply, shall be increased by a surcharge for purposes of the Union and in the cases to which Paragraph C applies, also by a special surcharge for purposes of the Union calculated in each case in the manner provided therein.

(2) In making any assessment for the assessment year commencing on the 1st day of April, 1971, where the total income of a company, other than the Life Insurance Corporation of India established under Life Insurance Corporation Act, 1956 includes any profits and gains from life insurance business, the income-tax payable by it shall be aggregate of the income-tax calculated---

(i) on the amount of profits and gains from life insurance business so included, at the rate applicable in the case of the Life Insurance Corporation of India, in accordance with Paragraph E of Part I of the First Schedule, to that part of its total income which consists of profits and gains from life insurance business: and

(ii) on the remaining part of its total income, at the rate applicable to the company on its total income.

(3) In cases to which Chapter 12 or Section 164 of the Income tax Act, 1961 (hereinafter referred to as the Income-tax Act) applies, the tax chargeable shall be determined as provided in that Chapter or that section, and with reference to the rates imposed by sub-section (1) or the rates as specified in that Chapter or section, as the case may be.

(4) In cases in which tax has to be deducted under section 193. Section 194. Section 194A and Section 195 of the Income Tax Act, 1961 at the rates in force, the deduction shall be made at the rates specified in Part II of the First Schedule.

(5) In cases in which income-tax has to be calculated under the first proviso to sub-section (5) of Section 132 of the Income tax Act, 1961 or charged under sub-section (4) of Section 172 or sub-section (2) of Section 174 or Section 175 or sub-section (2) of Section 176 of the said Act or deducted under Section 192 of the said Act from income chargeable under the head "Salaries" or deducted under sub-section (9) of Section 80E of the Income tax Act, 1961 of the said Act from any payment referred to in the said sub-section (9) or in which the "advance tax" payable under Chapter XVII - C of the said Act has to be computed, at the rate or rates in force, such income-tax or, as the case may be. "advance tax" shall be so calculated. charged, deducted or computed at the rate or rates specified in Part III of the First Schedule: Provided that in respect of any income chargeable to tax under Section 164 of the Income tax Act, 1961 at the rate of sixty-five per cent.. "advance tax" shall be computed at that rate.

(6) For the purposes, of (he section and the First Schedule. ---

(a) "company in which the public are substantially interested" means a company which is such a company as is referred to in Section 103 of the Income tax Act, 1961 :

(b) "domestic company" means an Indian company, or any other company which, in respect of its income liable to income-tax under the Income-tax Act for the assessment year commencing on the 1st day of April, 1971, has made the prescribed arrangements for the declaration and payment within India of the dividends (including dividends on preference shares) payable out of such income in accordance with the provisions of Section 194 of that Act:

(c) "industrial company" means a company which is mainly engaged in the business of generation or distribution of electricity or any other form of power or in the construction of ships or in the manufacture or processing of goods or in mining.

Explanation.-- For the purposes of this clause, a company shall be deemed to be mainly engaged in the business of generation or distribution of electricity or any other form of power or in the construction of ships or in the manufacture or processing of goods or in mining, if the income attributable to any one or more of the aforesaid activities included in its total income of the previous year (as computed before making any deduction under Chapter VIA of the Income-tax Act) is not less than fifty-one per cent. of such total income;

(d) "tax free security" means any security of the Central Government issued or declared to be income-tax free, or any security of a State Government issued income-tax free, the income-tax whereon is payable by the State Government,

(e) all other words and expressions used in this section and the First Schedule but not defined in this sub-section and defined in the Income-tax Act shall have the meanings respectively, assigned to them in that Act.

CHAPTER 3 INCOME-TAX

3. :-

These sections respectively amended Ss. 2, 10, II, 13, 16,36,40. 40A, 54A, 58, 67, 80A, 80C, 801.80L, 80M, 80MM, 80N, 800, 80P, 80T, 86, 115, 194A, 230A, 235 and the Second and Income tax Act, 1961 . These amendments are incorporated in the principal Act.

4. :-

These sections respectively amended Ss. 2, 10, II, 13, 16,36,40. 40A, 54A, 58, 67, 80A, 80C, 801.80L, 80M, 80MM, 80N, 800, 80P, 80T, 86, 115, 194A, 230A, 235 and the Second and Income tax Act, 1961 . These amendments are incorporated in the principal Act.

5. :-

These sections respectively amended Ss. 2, 10, II, 13, 16,36,40. 40A, 54A, 58, 67, 80A, 80C, 801.80L, 80M, 80MM, 80N, 800, 80P, 80T, 86, 115, 194A, 230A, 235 and the Second and Income tax Act, 1961 . These amendments are incorporated in the principal Act.

6. :-

These sections respectively amended Ss. 2, 10, II, 13, 16,36,40. 40A, 54A, 58, 67, 80A, 80C, 801.80L, 80M, 80MM, 80N, 800, 80P, 80T, 86, 115, 194A, 230A, 235 and the Second and Income tax Act, 1961 . These amendments are incorporated in the principal Act.

7. :-

These sections respectively amended Ss. 2, 10, II, 13, 16,36,40. 40A, 54A, 58, 67, 80A, 80C, 801.80L, 80M, 80MM, 80N, 800, 80P, 80T, 86, 115, 194A, 230A, 235 and the Second and Income tax Act, 1961 . These amendments are incorporated in the principal Act.

8. :-

These sections respectively amended Ss. 2, 10, II, 13, 16,36,40. 40A, 54A, 58, 67, 80A, 80C, 801.80L, 80M, 80MM, 80N, 800, 80P, 80T, 86, 115, 194A, 230A, 235 and the Second and Income tax Act, 1961 . These amendments are incorporated in the principal Act.

9. :-

These sections respectively amended Ss. 2, 10, II, 13, 16,36,40. 40A, 54A, 58, 67, 80A, 80C, 801.80L, 80M, 80MM, 80N, 800, 80P, 80T, 86, 115, 194A, 230A, 235 and the Second and Income tax Act, 1961 . These amendments are incorporated in the principal Act.

10. :-

These sections respectively amended Ss. 2, 10, II, 13, 16,36,40. 40A, 54A, 58, 67, 80A, 80C, 801.80L, 80M, 80MM, 80N, 800, 80P, 80T, 86, 115, 194A, 230A, 235 and the Second and Income tax Act, 1961 . These amendments are incorporated in the principal Act.

11. :-

These sections respectively amended Ss. 2, 10, II, 13, 16,36,40. 40A, 54A, 58, 67, 80A, 80C, 801.80L, 80M, 80MM, 80N, 800, 80P, 80T, 86, 115, 194A, 230A, 235 and the Second and Income tax Act, 1961 . These amendments are incorporated in the principal Act.

12. :-

These sections respectively amended Ss. 2, 10, II, 13, 16,36,40. 40A, 54A, 58, 67, 80A, 80C, 801.80L, 80M, 80MM, 80N, 800, 80P, 80T, 86, 115, 194A, 230A, 235 and the Second and Income tax Act, 1961 . These amendments are incorporated in the principal Act.

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28. . :-

These sections respectively amended Ss. 2, 10, II, 13, 16,36,40. 40A, 54A, 58, 67, 80A, 80C, 801.80L, 80M, 80MM, 80N, 80O, 80P, 80T, 86, 115, 194A, 230A, 235 and the Second and Income tax Act, 1961 . These amendments are incorporated in the principal Act.

29. . :-

These sections respectively amended Ss. 2, 10, II, 13, 16,36,40. 40A, 54A, 58, 67, 80A, 80C, 801.80L, 80M, 80MM, 80N, 80O, 80P, 80T, 86, 115, 194A, 230A, 235 and the Second and Income tax Act, 1961 . These amendments are incorporated in the principal Act.

30. . :-

These sections respectively amended Ss. 2, 10, II, 13, 16,36,40. 40A, 54A, 58, 67, 80A, 80C, 801.80L, 80M, 80MM, 80N, 80O, 80P, 80T, 86, 115, 194A, 230A, 235 and the Second and Income tax Act, 1961 . These amendments are incorporated in the principal Act.

CHAPTER 4
WEALTH-TAX

31. . :-

Respectively amended the Ss. 4, 5, 18,21,32 and the Schedule to Wealth-tax Act, 1957. These amendments are incorporated in that Act.

32. . :-

Respectively amended the Ss. 4, 5, 18,21,32 and the Schedule to Wealth-tax Act, 1957. These amendments are incorporated in that Act.

33. . :-

Respectively amended the Ss. 4, 5, 18,21,32 and the Schedule to Wealth-tax Act, 1957. These amendments are incorporated in that Act.

34. . :-

Respectively amended the Ss. 4, 5, 18,21,32 and the Schedule to Wealth-tax Act, 1957. These amendments are incorporated in that Act.

35. . :-

Respectively amended the Ss. 4, 5, 18,21,32 and the Schedule to Wealth-tax Act, 1957. These amendments are incorporated in that Act.

36. . :-

Respectively amended the Ss. 4, 5, 18,21,32 and the Schedule to Wealth-tax Act, 1957. These amendments are incorporated in that Act.

CHAPTER 5
OTHER DIRECT TAXES

37. Amended S. 18 of the Gift-tax Act 1958 :-

This amendment already incorporated in the principal Act.

38. Amendment of Act 7 of 1964 :-

These amendments have been incorporated in the principal Act.

CHAPTER 6
IN DIRECT TAXES

39. Amendment of Act 32 of 1934 :-

This Act now stands repealed and replaced by the Customs Tariff Act, 1975 (51 of 1975).

40. Amendment of Act 1 of 1944 :-

Amendments made already incorporated in the principal Act.

41. Amendment of Act 58 of 1957 :-

'- Amendments already incorporated in the Act.

42. Amendment of Art 27 of 1958 :-

In Section 3 of the Mineral Products (Additional duties of Excise and Customs) Act, 1958 , in sub-section (1), in the Table, for the entry in the second column against item 3, the entry "Five hundred rupees per kilolitre at fifteen degrees of centigrade thermometer", shall be substituted.

CHAPTER 7
FOREIGN TRAVEL TAX

43. Extent and commencement :-

(1) The provisions of this Chapter extend to the whole of India except the State of Jammu and Kashmir.

(2) They shall come into force on such date¹ as the Central Government may, by notification in the Official Gazette, appoint.

1. Submitted for the words "nine previous years" by the Finance (No. 2) Act (1980) S.52 (w.r.e.f. 1-4-1980) years next following that previous year.

44. Definitions :-

In this Chapter, unless the context otherwise requires, -

(a) "aircraft" means any aircraft as defined in Section 2 of the Aircraft Act, 1934, which is used (whether exclusively or not) for the carriage of passengers;

(b) "carrier" means the person or authority undertaking the carriage of a passenger on an international journey and includes any agent, representative or other person acting on behalf of such person or authority.

(c) "customs port" and "customs airport" mean, respectively, a port or airport appointed as such under clause (a) of Section 7 of the Customs Act, 1962;

(d) "fare" means the total amount of all charges of whatever nature (including charges, if any, for provision of food or accommodation) payable to the carrier by or on behalf of a passenger in respect of his international journey;

(e) "international journey", in relation to a passenger, means-

(i) his journey from the last customs port or customs airport of departure of the ship or aircraft in the territories to which this Chapter extends to a place outside India, and includes further journeys by such passenger outside India by the same or different carriers:

(ii) his journey from a place outside India to the first customs port or customs airport of arrival of the ship or aircraft in the said territories, irrespective of whether the journey commences or terminates at such customs port or customs airport;

(f) "passenger" means any person travelling on board a ship or an aircraft on an international journey except -

(i) a person employed or engaged in any capacity on board the ship or aircraft on the business thereof;

(ii) a person on board the ship or aircraft either, in pursuance of obligations laid upon the master, captain or other person in charge of the ship or aircraft to carry ship-wrecked or distressed or other persons or by reason of any circumstances which neither the master or captain or other person in charge of the ship or aircraft nor the charterer, if any, could have prevented or forestalled;

(g) "ship" means a ship used (whether exclusively or not) for the carriage of passengers,

45. Foreign travel tax :-

(1) With effect from the date¹ of commencement of this Chapter, there shall be levied and paid to the Central Government in respect of every international journey by a passenger, where the fare for such journey is paid or is payable in Indian currency, a tax (hereafter in this Chapter referred to as the foreign travel tax) at the rate of Fifteen per cent of the fare paid or payable by such passenger for such journey.

Explanation. - When a passenger performs an international journey at a concessional rate or without being charged any fare, the fare ordinarily payable for the journey shall, for the purposes of this section, be deemed to be the fare payable by such passenger.

(2) In accordance with rules made under this chapter, the foreign travel tax shall be collected by the carrier undertaking the carriage of the passengers, or, where the tickets or other relevant documents for such carriage are not issued by such carrier, by the carrier to whom such tickets or other documents relate, as an addition to the fares payable by such passengers and shall be paid to the Central Government.

1. Submitted for the words "nine previous years" by the Finance (No. 2) Act (1980) S.52 (w.r.e.f. 1-4-1980) years next following that previous year.

46. Power to exempt :-

Notwithstanding anything contained in this Chapter, the Central Government may, -

(a) by notification in the Official Gazette, and subject to such conditions and limitations as may be specified therein, exempt¹, wholly or to such extent as may be specified in the notification, any class or classes of passengers or any category or categories of passengers under any such class from the payment of foreign travel tax if that Government is satisfied that it is necessary so to do in the public interest:

(b) by order in writing, and subject to such conditions and limitations as may be specified therein, exempt¹, wholly or to such extent as may be specified in the order, any passenger from the payment of the said tax if that Government is satisfied, for reasons to be recorded in the order, that it is necessary or expedient so to do, having regard to the special circumstances of his case and the purpose of his journey.

1. Submitted for the words "nine previous years" by the Finance (No. 2) Act (1980) S.52 (w.r.e.f. 1-4-1980) years next following that previous year.

47. Penalty :-

Any carrier contravening the provisions of sub-section (2) of section 45 and any person committing a breach of any rule or regulation made under this Chapter shall be liable to a penalty not exceeding five thousand rupees and such penalty may be adjudged by such authority and in such manner as may be specified in the rules¹ made under this

Chapter.

1. Submitted for the words "nine previous years" by the Finance (No. 2) Act (1980) S.52 (w.r.e.f. 1-4-1980) years next following that previous year.

48. Protection of action taken in good faith :-

No suit or other legal proceeding shall lie against the Central Government and no suit, prosecution or other legal proceeding shall lie against any officer or authority of that Government for anything in good faith done or intended to be done in pursuance of this Chapter or the rules and regulations made thereunder.

49. Power to make rules :-

(1) The Central Government may, by notification in the Official Gazette, make rules for carrying out the purposes of this chapter.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for -

(a) the assessment and collection of the foreign travel tax including the charges for collection payable to carriers, the authorities by whom adjudication of penalty and other functions under this Chapter are to be discharged, the issue of notices requiring payment of such tax, the manner in which such tax shall be payable, the recovery of any such tax due to the Central Government in the same manner as an arrear of land revenue or in any other manner, and the procedure for claiming refund of any amount paid under this Chapter;

(b) the powers of authorities referred to in clause (a) to enter, inspect and search any ship or aircraft or any premises of a carrier and to examine any tickets, books of account, returns or other documents for the purpose of carrying out any duty imposed on any such authority by or under this Chapter : Provided that the provisions of Code of Criminal Procedure, 1898, relating to searches shall, so far as they are applicable apply in relation to searches under rules made under this clause;

(c) the procedure for adjudication of penalty;

(d) appeal and revision in the case of any order made under this Chapter, the manner in which and the time within which appeal may be preferred or application for revision may be made and the fees payable therefor;

(e) any other matter which is to be, or may be, provided for by rules under this Chapter.

50. Power to make regulations :-

(1) The Central Board of Excise and Customs constituted under S.3 of the Central Boards of Revenue Act, 1963, may, by notification in the Official Gazette, make regulations¹ consistent with this chapter and the rules made there- under, generally to carry out the purposes of this Chapter.

(2) In particular, and without prejudice to the generality of the foregoing power, such regulations may provide for -

(a) the returns and other particulars and information which carriers shall furnish, the authorities to whom, and the intervals at which, such returns, particulars and information shall be furnished;

(b) supplemental matters arising out of any rule made by the Central Government under this chapter.

1. Submitted for the words "nine previous years" by the Finance (No. 2) Act (1980) S.52 (w.r.e.f. 1-4-1980) years next following that previous year.

51. Rules and notifications to be laid before Parliament :-

Every rule made under this chapter and every notification issued under section 46 shall be laid, as soon as may be after it is made or issued, before each House of Parliament while it is in session for a total period of thirty days which may be comprised in one session or in two successive sessions, and if, before the expiry of the session in which it is so laid or the session immediately following, both Houses agree in making any modification in the rule or notification or both Houses agree that the rule should not be made or the notification should not be issued, the rule or notification shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule or notification.

CHAPTER 8
MISCELLANEOUS

52. Amendment of Act 6 of 1898 :-

In the Post Office Act, 1898 , for the sub-heading "Parcels' and the entries thereunder, the following shall be substituted, namely:- . "Parcels For a weight not exceeding four hundred grams One rupee." For every four hundred grams or fraction thereof exceeding four hundred grams One rupee.

53. Amendment of Act 47 of 1961 :-

In Deposit Insurance Corporation Act, 1961, in section 30 , for the words, "nine accounting years", the words "fourteen accounting years" shall be substituted.

54. Housing and Urban Development Finance Corporation Private Ltd. to be exempt for a certain period from liability to pay income-tax and sur-tax :-

Notwith- standing anything contained in the Income-tax Act or Companies (Profits) Surtax Act, 1964 , the Housing and Urban development Finance Corporation Private Ltd., (¹ Government company as defined in Section 617 of the

Companies Act, 1956) shall not be liable to pay any tax, under either of the two Acts first mentioned, on its income, profits or gains for the previous year relevant to the assessment year commencing on the 1st day of April, 1971 and for the fourteen previous years next following that previous year.

1. Submitted for the words "nine previous years" by the Finance (No. 2) Act (1980) S.52 (w.r.e.f. 1-4-1980) years next following that previous year.

55. Repeal :-

Section 2 of the Finance Act, 1971 is hereby repealed and shall be deemed never to have been enacted.

SCHEDULE 1

1

(See section 2) PART I INCOME-TAX AND SURCHARGES ON INCOME-TAX Paragraph A In the case of every individual or Hindu undivided unregistered firm or other association of persons or body of individuals, whether incorporated or not. or every artificial juridical person re sub-clause (vii) of clause (31) of Section 2 of the Income tax Act, 1961 , not being a case to which any other Paragraph of this Part appli

Rates of income-tax

(1) where the total income does not exceed \ Nil: Rs. 5,000 (2) where the total income exceeds Rs. 5,000 \ \ 10 per cent of the amount b total income but does not exceed Rs. 10,000 exceeds Rs, 5,000. (3) where the total income exceeds Rs. 10,000 \ \ Rs. 500 plus 17 per ce amount by which but does not exceed Rs. 15,000 the total income exceeds Rupees 10,000: (4) where the total income exceeds Rs. 15,000 1.350 plus 23 per cent. ofthe amount by which but does not exceed Rs. 20,000 the total income exceeds Rupees 15,000: (5) where the to exceeds Rs. 20,000 \ \ Rs. 2,500 plus 30 per cent. of the amount by which but does not exceed Rs. 25,000 the total income exceeds Rupee (6) where the total income exceeds Rs. 25,000 Rs. 4,000 plus 40 per cent. of the amount by which hut does not exceed Rs. 30,000 the to exceeds Rupees 25,000: (7) where the total income exceeds Rs. 30,000 \ \ Rs. 6,000 plus 50 per cent. ofthe amount by which but does n 40,000 , the total income exceeds rupees 30,000: (8) where the total income exceeds Rs. 40,000 Rs. 11,000 plus 60 per cent. of the amo but does not exceed Rs. 60,000 the total income exceeds Rupees 40,000: (9) where the total income exceeds Rs. 60,000 \ \ Rs. 23,000 p cent of the amount by which but does not exceed Rs. 80,000 the total income exceeds Rupees 60,000: (10) where the total income excee \ \ Rs. 37,000 plus 75 per cent of the amount by which but does not exceed Rs. 1,00,000 the total income exceeds Rupees 80,000. (11) v total income exceeds Rs. 1,00,000 \ \ Rs. 52,000 plus 80 per cent of the amount by which but does not exceed Rs. 2,00,000 the total incc Rupees 1,00,000: (12) where the total income exceeds Rs. 2,00,000 Rs 1,32,000 plus 85 percent of the amount by which the total incom 2,00,000:

Provided that for the purposes of this Paragraph, in the case of a Hindu undivided family which at any time during the previous year satisf the following two conditions, namely :--- (a) that it has at least two members entitled to claim partition who arc not less than eighteen ye or (b) that it has at least two members entitled to claim partition who are not lineally descended one from the other and who are not line descended from any other living member of the family. (i) no income-tax shall be payable on a total income not exceeding Rs. 7,000: (ii) total income exceeds Rs. 7,000 but does not exceeds Rs. 7,660. the income-tax payable thereon shall not exceed forty per cent. of the ar which the total income exceeds Rs. 7,000. Surcharge on income-tax The amount of income-tax computed in accordance with the precedin of this Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent of such income-tax. Pa the case of every co-operative society.-

income-tax

where the total income does not exceed 15 per cent of the total income: Rs. 10,000 (2) where the total inonic exceeds Rs. 10,000 \ Rs. : per cent of the amount by which but docs not exceed Rs. 20,000 the total income exceeds Rupees 10,000: (3) where the total income exc 20,000 Rs. 4,000 plus 40 per cent of the amount by which \ \ \ \ \ \ \ \ \ \ the total income exceeds rupees 20,000:

income-tax The amount of income-tax computed at the rate hereinbefore specified shall he increased by a surcharge tor purposes of the U calculated at the rate of ten per cent of such income-lax. Paragraph C In the case of every registered Firm.- -

income-tax

the total income does not exceed \ Nil: Rs. 10,000 (2) where the total income exceeds Rs. 10,000 \ \4 per cent of the amount by which t income hut does not exceed Rs. 25,000 exceeds Rs. 10,000: (3) where the total income exceeds Rs. 25,000 \ \Rs. 600 plus 6 per cent of by which hut does not exceed Rs. 50,000 the total income exceeds Rupees 25,000: (4) where the total income exceeds Rs. 50,000 \ \Rs. per cent. of the amount by which but does not exceed Rs. 1,00,000 the total income exceeds Rupees 50,000: (5) where the total income e 1,00,000 \ \Rs. 8,100 plus 20 per cent. of the amount by which \ \ \ \ \ \ \ \ \ \ the total income exceeds Rupees 1,00,000.

on income-tax The amount of income-tax computed at the rate hereinbefore specified shall be increased by the aggregate of surcharges fo of the Union calculated as specified hereunder :--- (a) in the case of a registered firm whose total ineome includes income derived from a carried on by it and the income so included is not less than fifty-one per cent of such total income. a surcharge calculated at the rate of te of the amount of income-tax computed at the rate hereinbefore specified, (b) in the case of any other registered firm. a surcharge calculat rate of twenty per cent. of the amount of income-tax computed at the rate hereinbefore specified and (c) a special surcharge calculated at ten per cent on the aggregate of the following amounts. namely :-- (i) the amount of income-tax computed at the rate hereinbefore specifi the amount of the surcharge calculated in accordance with clause (a), or, as the case may he. clause (b) of this sub-paragraph. Explanatic purposes of this Paragraph, 'registered firm' includes an unregistered firm assessed as a registered firm under cl. (b) of Section 183 of the Act, 1961 . Paragraph D In the case of every local authority. --- Rate of income-tax On the whole of the total income 50 per cent. Surchar income-tax The amount of income-tax computed at the rate hereinbefore specified shall be increased by a surcharge for purposes of the U calculated at the rate of ten per cent of such income-tax. Paragraph E In the case of the Life insurance Corporation of India established un Insurance Corporation Act, 1956 - Rates of Income-tax (i) on that part of its total income which \ \52.5 per cent.: consists of profits anc life insurance business (ii) on the balance, if any. of the total income \ the rate of income-tax applicable in accordance with Paragraph I- o the total income of a domestic company which is a company in which the public are substantially interested. Paragraph F In the case of a other than the Life Insurance Corporation of India established under life Insurance Corporation Act, 1956 .---

Rates of Income-ta:

1. In the ease of a company--- (1) where the company is a company in which the public are substantially interested.- (i) in a case where the total income do cent of the total income: not exceed Rs. 50,000 (ii) in a case where the total income exceeds \ \ 55 per cent. of the total income: Rs. 50 where the company is not a company in which the public are substantially interested.-- (i) in the case of an industrial company- (a) on so total income as does \ \55 per cent.; not exceed Rs. 10,00,000 (h) on the balance, if any of the total income \ \60 per cent.; (ii) In any o per cent. of the total income:

Provided that income-tax payable by a domestic company, being a company in which the public are substantially interested, the total inco exceeds Rs. 50,000. shall not exceed the aggregate of - (a) the income-tax which would have been payable by the company if its total inc been Rs. 50,000 (the income of Rs 50,000 for this purpose being computed as if such income included income from various sources in the proportion as the total income of the company): and (b) eighty per cent of the amount by which its total income exceeds Rs. 50,000. II. I a company other than a domestic company - (i) on so much of the total income as consists of- (a) royalties received from an Indian conc pursuant of an agreement made by it with the Indian concern after the 31st day of March. 1961. or (h) fees for rendering technical servi from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 29th day of February. 1964. and where agreement has. in either case. \ \50 per cent.: been approved by the Central Government (ii) on the balance, if any. of the total income 7

PART II Rates for deduction of tax at source in certain cases In every case in which under the provisions of sections 191. Section 194 of the Tax Act, 1961 . Section 194A of the Income Tax Act, 1961 and Section 195 of the Income Tax Act, 1961 . tax is to be deducted at the rate deduction shall be made from the income subject to deduction. at the following rates :---

Income-tax	Rate of Rate of income-tax surcharge
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In the case of a person other than a company- (a) where the person is resident--- (i) on income by way of interest other than \ 10 per cent "Interest on securities" (ii) on any other income (excluding interest \ 20 per cent.; 3 per cent payable on a tax free security) (b) where the person is not resident in India-- (i) on the whole income (excluding Income-tax at 30 per cent. and surcharge at 4.5 interest payable on a tax free security) or income-tax and surcharge on income-tax in respect of the income at the rates prescribed in Paragraph III of this Schedule if such income had been the total income. whichever is higher: (ii) on the income by way of interest ' payable on a tax free security 15 per cent. 2.25% 2. In the case of a company- (a) where the company is a domestic company-- (i) on income by way of interest other than "Interest on securities" (ii) on any other income (excluding 22 per cent. Nil interest payable on a tax-free security) (b) where the company is not a domestic company- (i) on the income by way of dividends payable by any domestic company 24.5 per cent. Nil (ii) on the income by way of royalties payable by an Indian concern in pursuance of an agreement made by it with the Indian concern after the 31st day of March which has been approved by the Central Government 50 per cent (iii) on the income by way of fees payable by an Indian concern for technical services in pursuance of an agreement made by it with the Indian concern after the 29th day of February, 1964. and which has been approved by the Central Government. (iv) on the income by way of interest payable on a tax-free security. 44 per cent. Nil on other income. 70 per cent. Nil

PART III Rates for calculating or charging income-tax in certain cases, deducting income-tax from income chargeable under the head "Salaries" payment referred to in sub-section (9) of Section 80E of the Income tax Act, 1961 . and computing "advance tax", In cases in which income tax is to be calculated under the first proviso to sub-section (5) of s.132 of the Income-tax Act or charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or deducted under section 192 of the said Act" from income chargeable under the head "Salaries" or deducted under sub-section (9) of section 80F. of the said Act from any payment referred to in the said sub-section which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed, at the rate or rates in force, such income-tax or advance tax may be. "advance tax" (not being "advance tax" in respect of any income chargeable to tax under Section 164 of the Income tax Act, 1961 of Sixty-five per cent.) shall be so calculated, charged, deducted or computed at the following rate or rates : --- Paragraph A In the case of an individual or Hindu undivided family or unregistered firm or other association of persons or body of individuals, whether incorporated or not, or an artificial juridical person referred to in sub-clause (vii) of clause (31) of Section 2 of the Income tax Act, 1961 . not being a case to which Paragraph of this Part applies.---

Rates of income-tax

(1) where the total income does not exceed \ Nil: Rs. 5,000 (2) where the total income exceeds Rs. 5,000 \ 10 per cent of the amount by which the total income exceeds Rs. 10,000 (3) where the total income exceeds Rs. 10,000 \ Rs. 500 plus 17 per cent of the amount by which but does not exceed Rs. 15,000 the total income exceeds Rupees 10,000; (4) where the total income exceeds Rs. 15,000 plus 23 per cent. of the amount by which but does not exceed Rs. 20,000 the total income exceeds Rupees 15,000. (5) where the total income exceeds Rs. 20,000 \ Rs. 2,500 plus 30 per cent. of the amount by which but does not exceed Rs. 25,000 the total income exceeds Rupees 20,000 (6) where the total income exceeds Rs. 25,000 \ Rs. 4,000 plus 40 per cent. of the amount by which but does not exceed Rs. 30,000 the total income exceeds Rupees 25,000: (7) where the total income exceeds Rs. 30,000 \ Rs. 6,000 plus 50 per cent. of the amount by which but does not exceed Rs. 35,000 the total income exceeds Rupees 30,000: (8) where the total income exceeds Rs. 40,000 \ Rs. 11,000 plus 60 per cent of the amount by which but does not exceed Rs. 60,000 the total income exceeds Rupees 40,000: (9) where the total income exceeds Rs. 60,000 \ Rs. 23,000 plus 70 per cent. of the amount by which but does not exceed Rs. 80,000 the total income exceeds Rupees 60,000: (10) where the total income exceeds Rs. 80,000 \ Rs. 37,000 plus 75 per cent. of the amount by which but does not exceed Rs. 1,00,000 the total income exceeds Rupees 80,000: (11) where the total income exceeds Rs. 1,00,000 \ Rs. 52,000 plus 80 per cent. of the amount by which but does not exceed Rs. 2,00,000 the total income exceeds Rupees 1,00,000: (12) where the total income exceeds Rs. 2,00,000 \ Rs. 1,32,000 plus 85 per cent. of the amount by which but does not exceed Rs. 2,00,000:

Provided that for the purposes of this Paragraph, in the case of a Hindu undivided family which at any time during the previous year relevant assessment year commencing on the 1st day of April, 1972 satisfies either of the following two conditions, namely :-- (a) that it has at least two members entitled to claim partition who are not less than eighteen years of age. or (b) that it has at least two members entitled to claim partition who are not lineally descended one from the other and who are not lineally descended from any other living member of the family. (i) no income tax shall be payable on a total income not exceeding Rs. 7,000; (ii) where the total income exceeds Rs. 7,000 but does not exceed Rs. 7,660, the income tax payable thereon shall not exceed forty per cent. of the amount by which the total income exceeds Rs. 7,000. Surcharge on income-tax The surcharge on income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge for purposes of the Paragraph at the following rates, namely :-- (a) in a case where the total income does not exceed Rs. 15,000 10 per cent. (b) in any other case where the total income exceeds Rs. 15,000 but does not exceed Rs. 15,000 plus 10 per cent. of the amount by which the total income exceeds Rs. 15,000. Paragraph B In the case of every company or society.- Rates of income-tax 1. where the total income does not exceed \ 15 per cent. of the total income, Rs. 10,000 2. where the total income exceeds Rs. 10,000 \ Rs. 1,500 plus 25 per cent. of the amount by which but does not exceed Rs. 20,000 the total income exceeds Rupees 10,000: (3) where the total income exceeds Rs. 20,000 \ Rs. 4,000 plus 40 per cent. of the amount by which the total income exceeds Rupees 20,000: (4) where the total income exceeds Rs. 20,000 \ Rs. 4,000 plus 40 per cent. of the amount by which the total income exceeds Rupees 20,000: (5) where the total income exceeds Rs. 20,000 \ Rs. 4,000 plus 40 per cent. of the amount by which the total income exceeds Rupees 20,000: (6) where the total income exceeds Rs. 20,000 \ Rs. 4,000 plus 40 per cent. of the amount by which the total income exceeds Rupees 20,000: (7) where the total income exceeds Rs. 20,000 \ Rs. 4,000 plus 40 per cent. of the amount by which the total income exceeds Rupees 20,000: (8) where the total income exceeds Rs. 20,000 \ Rs. 4,000 plus 40 per cent. of the amount by which the total income exceeds Rupees 20,000: (9) where the total income exceeds Rs. 20,000 \ Rs. 4,000 plus 40 per cent. of the amount by which the total income exceeds Rupees 20,000: (10) where the total income exceeds Rs. 20,000 \ Rs. 4,000 plus 40 per cent. of the amount by which the total income exceeds Rupees 20,000: (11) where the total income exceeds Rs. 20,000 \ Rs. 4,000 plus 40 per cent. of the amount by which the total income exceeds Rupees 20,000: (12) where the total income exceeds Rs. 20,000 \ Rs. 4,000 plus 40 per cent. of the amount by which the total income exceeds Rupees 20,000: Paragraph C In the case of every registered firm.-- Rates of income-tax (1) where the total income does not exceed Nil Rs. 10,000 (2) where the total income exceeds Rs. 10,000 \ 4 per cent. of the amount by which the total income exceeds Rs. 10,000 (3) where the total income exceeds Rs. 10,000 \ Rs. 1,500 plus 25 per cent. of the amount by which but does not exceed Rs. 20,000 (4) where the total income exceeds Rs. 20,000 \ Rs. 4,000 plus 40 per cent. of the amount by which but does not exceed Rs. 50,000 (5) where the total income exceeds Rs. 50,000 \ Rs. 2,100 plus 20 per cent. of the amount by which but does not exceed Rs. 1,00,000 (6) where the total income exceeds Rs. 1,00,000 \ Rs. 8,100 plus 20 per cent. of the amount by which but does not exceed Rs. 1,00,000. Surcharges on income-tax The amount of income-tax computed at the rate hereinbefore specified shall be increased by the aggregate of surcharges for purposes of the Paragraph as specified hereunder:-- (a) in the case of a registered firm whose total income includes income derived from a profession carried on by it and the income derived therefrom is not less than fifty-one per cent. of such total income, a surcharge calculated at the rate of ten per cent. of the amount of income-tax computed at the rate hereinbefore specified; (b) in the case of any other registered firm a surcharge calculated at the rate of twenty per cent. of the amount of income-tax computed at the rate hereinbefore specified; and (c) a special surcharge calculated at the rate of fifteen per cent. of the aggregate of the following amounts, namely- (i) the amount of income-tax computed at the rate hereinbefore specified; and (ii) the amount of surcharge calculated in accordance with clause (a), or, as the case may be, clause (b) of this sub-paragraph. Explanation --- For the purposes of this Paragraph, "registered firm" includes an unregistered firm assessed as a registered firm under clause (b) of Section 183 of the Income tax Act, 1961. Paragraph D In the case of every local authority. --- Rates of income-tax On the whole of the total income 50 per cent. Surcharge on income-tax computed at the rate hereinbefore specified shall be increased by a surcharge for purposes of the Paragraph at the rate of fifteen per cent. of such income-tax. Paragraph E In the case of the Life Insurance Corporation of India established under Life Insurance Corporation Act, 1956 . - Rates of income-tax (i) on that part of its total income which consists of profits and gains from life insurance (ii) on the balance, if any. of the total income the rate of income-tax applicable, in accordance with Paragraph L of this Part, to the total income of a domestic company which is a company in which the public are substantially interested. Paragraph F In the case of a company, other than the Life Insurance Corporation of India established under Life Insurance Corporation Act, 1956 . ---

Rates of income-tax

In the case of domestic company (1) where the company is a company in which the public are substantially interested.- (i) in a case where the total income does not exceed Rs. 50,000 (ii) in a case where the total income exceeds Rs. 50,000 \ 45 per cent. of the total income: (3) where the total income exceeds Rs. 50,000 \ Rs. 1,500 plus 25 per cent. of the amount by which but does not exceed Rs. 20,000 the total income exceeds Rupees 10,000: (4) where the total income exceeds Rs. 20,000 \ Rs. 4,000 plus 40 per cent. of the amount by which the total income exceeds Rupees 20,000: (5) where the total income exceeds Rs. 20,000 \ Rs. 4,000 plus 40 per cent. of the amount by which the total income exceeds Rupees 20,000: (6) where the total income exceeds Rs. 20,000 \ Rs. 4,000 plus 40 per cent. of the amount by which the total income exceeds Rupees 20,000: (7) where the total income exceeds Rs. 20,000 \ Rs. 4,000 plus 40 per cent. of the amount by which the total income exceeds Rupees 20,000: (8) where the total income exceeds Rs. 20,000 \ Rs. 4,000 plus 40 per cent. of the amount by which the total income exceeds Rupees 20,000: (9) where the total income exceeds Rs. 20,000 \ Rs. 4,000 plus 40 per cent. of the amount by which the total income exceeds Rupees 20,000: (10) where the total income exceeds Rs. 20,000 \ Rs. 4,000 plus 40 per cent. of the amount by which the total income exceeds Rupees 20,000: (11) where the total income exceeds Rs. 20,000 \ Rs. 4,000 plus 40 per cent. of the amount by which the total income exceeds Rupees 20,000: (12) where the total income exceeds Rs. 20,000 \ Rs. 4,000 plus 40 per cent. of the amount by which the total income exceeds Rupees 20,000:

exceeds Rs. 50,000 (2) where the company is a company in which the public are substantially interested.- (i) in the case of an industrial company (a) on so much of the total income as does not exceed Rs. 10,00,000 (b) on the balance, if any, 60 per cent. of the total income; in any other case 65 per cent. of the total income:

Provided that the income-tax payable by a domestic company, being a company in which the public are substantially interested the total income of which exceeds Rs. 50,000, shall not exceed the aggregate of - (a) the income-tax which would have been payable by the company if its total income had been Rs. 50,000 (the income of Rs. 50,000 for this purpose being computed as if such income included income from various sources in proportion as the total income of the company), and (b) eighty per cent. of the amount by which its total income exceeds Rs. 50,000. II. - In the case of a company other than a domestic company --- (i) on so much of the total income as consists of (a) royalties received from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 31st day of March, 1961. or (b) fees for rendering technical services from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 29th day of February, 1964. and where such agreement has in either case been approved by the Central Government (ii) on the balance, if any, of the total income 70 per cent.

SCHEDULE 2

2

(See section 39) In the First Schedule to the Tariff Act . -- This Act now stands repealed and replaced by the Customs Tariff Act, 1975 (51 of 1975).