

FINANCE ACT, 1960

13 of 1960

[28th April, 1960]

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FINANCE ACT, 1960

13 of 1960

[28th April, 1960]

An Act to give effect to the financial proposals of the Central Government for the financial year 1960-61. Be it enacted by Parliament in the Eleventh Year of the Republic of India, as follows :-

1. Short title and commencement :-

(1) This Act may be called The Finance Act, 1960.

(2) Save as otherwise provided in this Act, section 3 to section 17 inclusive shall be deemed to have come into force on the first day of April, 1960.

2. Income-tax and super-tax :-

(1) Subject to the provisions of sub-sections (2), (3) and (4), for the year beginning on the 1st day of April, 1960,-

(a) 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 and C of that Part apply, shall be increased by a surcharge for purposes of the Union and a special surcharge, calculated in either case in the manner provided therein; and

(b) super-tax shall, for the purposes of S.55 of the Indian Income tax Act, 1922, (hereinafter referred to as the Income-tax Act), be charged at the rates specified in Part II of the First Schedule, and, in the cases to which Paragraphs A, B and C of that Part apply, shall be increased by a surcharge for purposes of the Union and a special surcharge, calculated in either case in the manner provided therein.

(2) In making any assessment for the year ending on the 31st day of March, 1961,-

(a) where the total income of an assessee, not being a company, includes any income chargeable under the head "Salaries", or any income chargeable under the head "Interest on Securities" or any income from dividends from which income-tax has been or might have been deducted under the provisions of Section 18 of the Income tax Act, 1961 or in respect of which by virtue of S.49 B of the Income tax Act, 1961, as continued in force by sub-section (4) of S.19 of the Finance Act, 1959, he is deemed himself to have paid the income-tax imposed under the Income-tax Act, the Income-tax payable by the assessee on that part of his total income which consists of such inclusions shall be an amount bearing to the total amount of income-tax payable according to the rates applicable under the operation of Finance Act, 1959, on his total income the same proportion as the amount of such inclusions bears to

his total income;

(b) where the total income of an assessee, not being a company, includes any income chargeable under the head "Salaries" on which super-tax has been or might have been deducted under the provisions of sub-section (2) of Section 18 of the Income tax Act, 1961, the super-tax payable by the assessee on that portion of his total income which consists of such inclusion shall be an amount bearing to the total amount of super-tax payable according to the rates applicable under the operation of Finance Act, 1959, on his total income the same proportion as the amount of such inclusion bears to his total income.

(3) In making any assessment for the year ending on the 31st day of March, 1959, or for the year ending on the 31st day of March, 1960, or for the year ending on the 31st day of March, 1961, 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 super-tax payable by it shall be the aggregate of the tax calculated -

(i) on the amount of profits and gains from life insurance business so included, at the rate applicable to the Life Insurance Corporation of India in accordance with the Finance Act of the relevant year; and

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

(4) In cases to which section 17 of the Income-tax applies, the tax chargeable shall be determined as provided in that section, and with reference to the rate imposed by sub-section (1).

(5) In cases in which tax has to be deducted under section 18 of the Income-tax Act at the prescribed rates, the deduction shall be made at the rates specified in Part III of the First Schedule.

(6) For the purposes of this section, and of the rates of tax imposed thereby, the expression "total income" means total income as determined for the purposes of income-tax or super-tax, as the case maybe, in accordance with the provisions of the Income-tax Act, and the expression "earned income" has the meaning assigned to it in clause (6AA) of section 2 of that Act.

3. Amendment of section 19 of Act XII of 1959 :-

Note.- This section amends S.19 of the Finance Act, 1959. The amendment is incorporated in that Act.]

4. . :-

Amendments of Act XI of 1922 [Note.- This Act is now repealed and replaced by Act 43 of 1961.]

5. . :-

Amendments of Act XI of 1922 [Note.- This Act is now repealed and replaced by Act 43 of 1961.]

6. . :-

Amendments of Act XI of 1922 [Note.- This Act is now repealed and replaced by Act 43 of 1961.]

7. . :-

Amendments of Act XI of 1922 [Note.- This Act is now repealed and replaced by Act 43 of 1961.]

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11. . :-

Amendments of Act XI of 1922 [Note.- This Act is now repealed and replaced by Act 43 of 1961.]

12. . :-

Amendments of Act XI of 1922 [Note.- This Act is now repealed and replaced by Act 43 of 1961.]

13. Wealth-tax not to be levied on companies from 1960-61 :-

Omitted with effect from 1-4-93 by S.116 of the Finance Act, 1992.]

14. Note :-

By these sections the following various Acts have been amended, namely, Wealth tax Act, 1957, Expenditure-tax Act, 1957, Gift-tax Act, 1958, Tariff Act, 1934, the Indian Tariff (Amendment) Act, 1949, Central Excises and Salt Act, 1944, Khadi and Other Handloom Industries Development (Additional Excise Duty on Cloth) Act, 1953, and Additional Duties of Excise (Goods of Special Importance) Act, 1957. All these amendments were incorporated in those Acts.

15. Note :-

By these sections the following various Acts have been amended, namely, Wealth tax Act, 1957, Expenditure-tax Act, 1957, Gift-tax Act, 1958, Tariff Act, 1934, the Indian Tariff (Amendment) Act, 1949, Central Excises and Salt Act, 1944, Khadi and Other Handloom Industries Development (Additional Excise Duty on Cloth) Act, 1953, and Additional Duties of Excise (Goods of Special Importance) Act, 1957. All these amendments were incorporated in

purposes of this Paragraph - (i) no income-tax shall be payable on a total income which does not exceed the limit specified below : (ii) income-tax payable shall in no case exceed half the amount by which the total income exceeds the said limit; (iii) the income-tax payable individual who is married or a Hindu undivided family whose total income exceeds in either case Rs. 20,000 shall not exceed the aggregate (a) the income-tax which would have been payable if the total income had been Rs. 20,000. (b) half the amount by which the total income exceeds Rs. 20,000. The limit aforesaid shall be - (i) Rs. 6,000 in the case of every Hindu undivided family which as at the end of the previous year satisfies either of the following 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 who are not lineally descended from any other living member of the family; (ii) Rs. 3,000 in every other case. Surcharges on income-tax amount of income-tax computed at the rates hereinbefore specified shall be increased by the aggregate of surcharges calculated as under - A surcharge for purposes of the Union equal to the sum of - (i) five per cent. of the amount of income-tax; and (ii) where the earned income included in the total income exceeds Rs. 1,00,000, five per cent. of the difference between the amount of income-tax which would have been payable on the whole of the earned income included in the total income if such earned income had been the total income and the amount of income-tax payable on a total income of Rs. 1,00,000; (b) A special surcharge of fifteen per cent. of the difference between the amount of income-tax on the total income and the amount of income-tax on the whole of the earned income, if any, included in the total income if such earned income had been the total income : Provided that - (i) no surcharge for purposes of the Union shall be payable where the total income does not exceed the limit specified below; (ii) no special surcharge shall be payable in the case of an assessee whose total income does not include any income from dividend on ordinary shares if its total income does not exceed the limit specified below, and where the total income includes any dividends on ordinary shares, such limit shall be increased by Rs. 1,500 or the amount of the said dividends, whichever is less. Provided further that - (a) where the total income includes any dividends on ordinary shares, the surcharge for purposes of the Union and the special surcharge shall not in each case exceed half the amount by which the total income exceeds the respective limits applicable in either case; (b) the surcharge for purposes of the Union and the special surcharge, both together, shall not exceed half the amount by which the total income exceeds the limit specified below; The limit aforesaid shall be - (i) Rs. 15,000 in the case of every Hindu undivided family which satisfies the end of the previous year either of the following conditions, namely :- (a) that it has at least two members entitled to claim partition 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; (ii) Rs. 7,500 in every other case. Explanation.- For the purposes of this Paragraph, in the case of every Hindu undivided family governed by the Mitakshara law, a son shall be deemed to be entitled to claim partition of the coparcenary property against his father, or grandfather notwithstanding any custom to the contrary. Paragraph B In the case of every local authority, - Rate of income-tax Per cent. On the whole of the total income ... 30 Surcharges on Income-tax The amount of income-tax computed at the rate hereinbefore specified shall be increased by a surcharge for purposes of the Union of 5 per cent. of the amount of income-tax. Paragraph C In every case in which under Income tax Act, 1961, income-tax is to be charged at maximum rate, - Rate of income-tax Per cent. On the whole of the total income ... 25 Surcharges on Income-tax The amount of income-tax computed at the rate hereinbefore specified shall be increased by the aggregate of the surcharges calculated as under :- (a) a surcharge for purposes of the Union of five per cent. of the amount of income-tax; and (b) a special surcharge of fifteen per cent. of the amount of income-tax. Paragraph D In the case of every company, - Rate of Income-tax Per cent. On the whole of the total income ... 2 Paragraph E In the case of every registered firm, - Rates of Income-tax Per cent. (1) On the first Rs. 40,000 of total income ... Nil (2) On the next Rs. 35,000 of total income ... 5 (3) On the next Rs. 75,000 of total income ... 6 (4) On the balance of total income ... 9 PART 2 Super-tax and surcharges on super-tax Paragraph A In the case of every individual, Hindu undivided family, unregistered firm and other association of persons, not being a case to which any other Paragraph of this Part applies, - Rates of super-tax (1) On the total income ... Nil (2) On the next Rs. 5,000 of total income ... 15 (3) On the next Rs. 10,000 of total income ... 20 (4) On the next Rs. 10,000 of total income ... 30 (5) On the next Rs. 10,000 of total income ... 35 (6) On the next Rs. 10,000 of total income ... 40 (7) On the next Rs. 10,000 of total income ... 45 Surcharges on super-tax The amount of super-tax computed at the rate hereinbefore specified shall be increased by the aggregate of the surcharges calculated as under :- (a) a surcharge for purposes of the Union equal to the sum of - (i) five per cent. of the amount of super-tax; and (ii) where the earned income included in the total income exceeds Rs. 1,00,000, five per cent. of the difference between the amount of super-tax which would have been payable on the whole of the earned income included in the total income, if such earned income had been the total income and the amount of super-tax payable on a total income of Rs. 1,00,000; (b) A special surcharge at fifteen per cent. of the difference between the amount of super-tax on the total income and the amount of super-tax on the whole of the earned income, if any, included in the total income, if such earned income had been the total income. Paragraph B In the case of every local authority, - Rate of super-tax Per cent. On the whole of the total income ... 16 Surcharge on super-tax amount of super-tax computed at the rate hereinbefore specified shall be increased by a surcharge for purposes of the Union of 12 1/2 per cent. of the amount of super-tax. Paragraph C In the case of every association of persons being a co-operative society as defined in clause (5B) of section 2 of the Income tax Act, 1961, - Rates of super-tax Per cent. (1) On the first Rs. 25,000 of total income ... Nil (2) On the next Rs. 25,000 of total income ... 16 Surcharge on super-tax The amount of super-tax computed at the rates hereinbefore specified shall be increased by a surcharge for purposes of the Union of 12/2 per cent. of the amount of super-tax. Paragraph D In the case of every company, other than the Life Insurance Corporation of India established under Life Insurance Corporation Act, 1956, - Rates of super-tax Per cent. On the whole of the total income ... 55 Provided that - (i) a rebate at the rate of 45 per cent. on so much of the total income as consists of dividends from a subsidiary Indian company, at the rate of 40 per cent. on so much of the total income as consists of dividends from any other Indian company formed and registered on or after the 1st day of April, 1959; and at the rate of 35 per cent. on the balance of the total income shall be allowed in the case of any company which, - (a) in respect of its profits liable to tax under Income tax Act, 1961 for the year ending on the 31st day of March, 1961, has made the prescribed arrangements for the declaration and payment within India of the dividends payable out of such profits in accordance with the provisions of sub-section (3D) of section 18 of that Act; and (b) is such a company as is referred to in sub-section (3E) of section 23 A of the Income-tax Act with a total income not exceeding Rs. 25,000; (ii) a rebate at the rate of 45 per cent. on so much of the total income as consists of dividends from a subsidiary Indian company, at the rate of 35 per cent. on so much of the total income as consists of dividends from any other Indian company formed and registered on or after the 1st day of April, 1959; and at the rate of 30 per cent. on the balance of the total income shall be allowed in the case of any company which satisfies condition (a) but not condition (b) of the preceding clause; (iii) a rebate at the rate of 45 per cent. on so much of the total income as consists of dividends from a subsidiary Indian company formed and registered on or after the 1st day of April, 1959; and at the rate of 22 per cent. on so much of the total income as consists of dividends from any other Indian company formed and registered on or after the 1st day of April, 1959; and at the rate of 12 per cent. on the balance of the total income shall be allowed in the case of any company not satisfying any of the conditions mentioned in the preceding clauses : Provided further that - (i) the amount of the rebate under clause (i) or clause (ii) of the preceding proviso shall be reduced by the sum, if any, equal to the amount or the aggregate of the amounts, as the case may be, computed under clause (a) on the aggregate of the sums computed in the manner provided in clause (i) of at the rate of 100% the second proviso to section 18 of Part II of the First Schedule to Finance Act, 1959, as reduced by the amount, if any, which is deemed to have been taken into account, in accordance with clause (ii) of the said proviso, for the purpose of reducing the rebate mentioned in clause (i) of the said proviso; and (b) on the amount representing the face value of any bonus shares or the amount of at the rate of 30% any bonus issued to its shareholders during the previous year with a view to increasing the paid-up capital : (ii) where the sum arrived at in accordance with clause (i) of this proviso exceeds the amount of the rebate arrived at in accordance with clause (i) or clause (ii), as the case may be, of the preceding proviso, only so much of the amounts of reduction mentioned in sub-clauses (a) and (b) of clause (i) of this proviso as is sufficient, in that order, to reduce the rebate to nil shall be deemed to have been taken into account for the purpose: Provided further that the super-tax payable by a company, the total income of which exceeds rupees twenty-five thousand, shall not exceed the aggregate of - (a) the super-tax which would have been payable by the company if its total income had been rupees twenty-five thousand; and (b) half the amount by which its total income exceeds rupees twenty-five thousand. Explanation.- For the purposes of this Paragraph, where any portion of the profits and gains of a company is not included in its total income by reason of such portion being agricultural income, the amount representing the face value of any bonus shares and the amount of any bonus issued to its shareholders shall each be deemed to be such proportion thereof as the average of the total income of the company in the five previous years in which the company has been in receipt of taxable income immediately preceding the previous year bears to the average of its total profits and gains (excluding capital receipts) for the preceding five years aforesaid, reduced by allowances as may be admissible under Income tax Act, 1961 which have not been taken into account by the company in its profit and loss accounts for the preceding five years aforesaid. Paragraph E In the case of the Life Insurance Corporation of India established under Life Insurance Corporation Act, 1956, - Rate of super-tax Per cent. On the whole of its profits and gains from life insurance business ... 22.5 P Rates for deduction of tax under Section 9 of the Income-tax Act at the prescribed rates. In every case in which under the provisions of Section 18 of the Income tax Act, 1961, tax is to be deducted at the prescribed rates, deduction shall be made from the income, subject to deduction at the following rates :- (a) Income-tax (b) Super-tax (c) Rates of Surcharges (d) Rate of income-tax (e) Surcharge for purposes of the Union

surcharges \Rates of surcharges \Rules of surcharges In the case of a person other than a company - (a) in every case on the whole income [excluding interest payable on any security of the Central Government issued or declared to be income-tax free], and (b) in addition, where the person is one whom the person responsible for paying the income has no reason to believe to be resident in the taxable territories, on the income. \25% \1.25% \3.75% \Super-tax and surcharges on super-tax in accordance with the provisions of cl.(b) of sub-sec. (1) of Section 2 of the Income tax Act, 1961 . \ \ \Rate of Rate of Income-tax Super-tax 2. In the case of a company- (a) in every case - (i) on the whole income (excluding interest payable on any security of the Central Government issued or declared to be income-tax free); and (ii) on the whole income excluding dividends payable by an Indian company 12% referred to in Section 56A of the Income tax Act, 1961 . and (b) in addition where the company is neither, an Indian company nor a company which has made the prescribed arrangements for the declaration and payment of dividends within India,- (i) on the income from dividends (excluding dividends payable by its subsidiary Indian company, if any, or by an Indian company referred to in Section 56A of the Income tax Act, 1961) - (a) on dividends payable by an Indian company formed and registered on or after the 25th day of April. (b) on any other dividend 33% (ii) on any other income, not being income from dividends 3

SCHEDULE 2
THE SECOND SCHEDULE

(See section 18). [Note.- This Schedule contained amendments then made to the Central Excise Tariff Act, 1985 .]