

FINANCE ACT, 1961

14 of 1961

[29th April, 1961]

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SCHEDULE 1 :- 1

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FINANCE ACT, 1961

14 of 1961

[29th April, 1961]

An Act to give effect to the financial proposals of the Central Government for the financial year 1961-62. Be it enacted by Parliament in the Twelfth Year of the Republic of India as follows :-

1. Short title and commencement :-

(1) This Act may be called The Finance Act, 1961.

(2) Save as otherwise provided in this Act, section 3 to Section 10 inclusive shall be deemed to have come into force on the first day of April, 1961.

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, 1961,-

(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 Section 55 of the 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, 1962,-

(a) where the total income of an assessee, not being a company, includes any income chargeable under the head "Salaries", the income-tax payable by the assessee on that part of his total income which consists of such inclusion, shall be an amount bearing to the total amount of income-tax payable according to the rates applicable under the operation of Finance Act, 1960, on his total income the same proportion as the amount of such inclusion 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, 1960 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, 1962, 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 Paragraph E of Part II of the First Schedule; 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 Act, 1961 applies, the tax chargeable shall be determined as provided in that section, and with reference to the rates imposed by sub-section (1).

(5) In cases in which tax has to be deducted under Section 18 of the Income tax Act, 1961 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 may be, 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 Act XI of 1922 :-

Note.-This Act of 1922 is now repealed and replaced by the Income-tax Act, 1961 (43 of 1961).]

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9. Amendment of Act XI of 1922 :-

Note.-This Act of 1922 is now repealed and replaced by the Income-tax Act, 1961 (43 of 1961).]

10. Amendment of Act XI of 1922 :-

Note.-This Act of 1922 is now repealed and replaced by the Income-tax Act, 1961 (43 of 1961).]

11. Amendment of Act 32 of 1934 :-

Note. This section contained amendments then made in the Schedule to Indian Tariff Act, 1934. This latter Act is now repealed and replaced by the Customs Tariff Act, 1975.]

12. Amendment of Act I of 1949 :-

This section amended the Indian Tariff (Amendment) Act, 1949, which now stands repealed by this Customs Tariff Act, 1975.

13. Amendment of Act I of 1944 :-

Note.- This section amends First Schedule to the Central Excises and Salt Act, 1944. These amendments were incorporated in that Act, then.]

14. Amendment of Act 74 of 1956 :-

Note.- This section amends section 14 of Central Sales Tax Act, 1956. This amendment was then incorporated in that Act.]

15. Amendment of Act 58 of 1957 :-

Note.- This section amends sections 2, 3 and First Schedule of Additional Duties of Excise (Goods of Special Importance) Act, 1957. These amendments were incorporated in that Act then.]

16. Amendment of Act 2 of 1899 :-

Note.- This section amends Schedule I to Indian Stamp Act, 1899. These amendments were incorporated in that Act.]

17. Discontinuance of salt duty :-

For the year beginning on the first day of April, 1961, no duty under Central Excises and Salt Act, 1944 or the Tariff Act shall be levied in respect of salt manufactured in, or imported into, India.

SCHEDULE 1

1

(See section 2) PART I Income-tax and surcharges on income-tax Paragraph A (i) In the case of every individual who is married and every family whose total income does not exceed Rs. 20,000 in either case- Rates of Income-tax Where the individual has no child Where the individual has more than wholly or mainly dependent on him or wholly or mainly dependent on him one child wholly or mainly

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

Income-tax \ Super tax \ Rates of \ surcharges \ Rate of \ Rates of \ income-tax \ Surcharge for purposes of the Union \ Special surcharge \ super-tax \ surchar

1. In the case of a person other than a company- (a) in every case, on the 25% 1.25% 3.75% whole income exclud- ing interest payable Central Government issued or declared to be income-tax free), and (b) in additon where the Super-tax and surcharges on person is one w accordance with the the person responsible provisions of clause (b) of sub-sec- for paying the income tion (1) of section 17 of the In- ha: come-tax Act. lieve to be resident in the taxable territories, on the whole income. 2. In the case of a company- (a) in every case- (i) on th (excluding interest payable on any security of the 20% Central Government issued or declared to be income-tax free); and (ii) on the whc dividends payable by an Indian company 10% referred to in S.56A of the Income tax Act, 1961): and (b) in addition, where the company company nor a com- pany which has made the prescribed arrangements for the declaration and payment of dividends within India,- (i) or dividends (excluding dividends payable by an Indian company referred to in S.56A of the Income tax Act, 1961)-

tax Super-tax
dividends payable by any of its subsidiary Indian companies formed and registered before the 1st day of April 1961 Nil (2) on di other other Indian company formed and registered on or after the 1st day of April, 1959 10% (3) on any other dividends the income from royalties payable by an Indian concern in pursuance of an agreement which is made by it with the Indian concern on or April, 1961 and which has been approved by the Cen- tral Government in this behalf 20% (iii) on any other income, not dividends. 33%

SCHEDULE 2

2

(See section 11) (Note.- This Schedule amended by the First Schedule to Indian Tariff Act, 1934, which is now repealed and replaced by the Customs Tariff Act, 1975,]