

FINANCE ACT, 1963

13 of 1963

[28th April, 1963]

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SCHEDULE 1 :- 1

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FINANCE ACT, 1963

13 of 1963

[28th April, 1963]

An Act to give effect to the financial proposals of the Central Government for the financial year 1963-64. BE it enacted by Parliament in the Fourteenth Year of the Republic of India, as follows:-

1. Short title and commencement :-

- (1) This Act may be called The Finance Act, 1963.
- (2) Save as otherwise provided in this Act, section 3 , section 6 , section 7 , section 9 , section 11 , section 12 , section 13 and section 21 shall be deemed to have come into force on the 1st day of April, 1963.

2. Income-tax and super-tax :-

(1) Subject to the provisions of sub-sections (2), (3), (4) and (5), for the assessment year commencing on the 1st day of April, 1963,-

(a) income-tax shall be charged at the rates specified in Part I of the First Schedule, and,-

(i) in the cases to which Paragraphs A, B, C. and E of that Part apply, shall be increased by a surcharge for purposes of the Union and, except in the cases to which the said Paragraph E applies, a special surcharge, calculated in either case in the manner provided therein; and

(ii) in the cases to which Paragraphs A and C of the aforesaid Part apply, shall further be increased by an additional surcharge for purposes of the Union (hereinafter referred to as additional surcharge) calculated in the manner provided in the said Schedule.

. (b) super-tax shall, for the purposes of Section 95 of the Income tax Act, 1961 (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 assessment year commencing on the 1st day of April, 1963,-

(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 the Finance (No.2) Act, 1962, 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 (1) of Section 192 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 (No.2) Act, 1962, 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 assessment year commencing on the 1st day of April, 1963, where the total income of a company, other than the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956, includes any profits and gains from life insurance business, 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)

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

(b) In computing under Section 209 of the Income tax Act, 1961, the advance tax payable by an assessee, the additional surcharge shall be included.

(c) The amount of income-tax to be deducted at source under sub-section (1) of Section 192 of the Income tax Act, 1961 from income chargeable under the head "Salaries" shall include an additional surcharge equal in amount to the additional surcharge which would have been leviable if the estimated income under that head had been the total income.

(5) In respect of any assessment for the assessment year commencing on the 1st day of April, 1963,-

(i) an assessee being an Indian company or any other company which has made the prescribed arrangements for the declaration and payment of dividends within India or an assessee (other than a company) whose total income includes any profits and gains derived from the export of any goods or merchandise out of India shall be entitled to a deduction from the amount of income-tax and super-tax with which he is chargeable of an amount equal to the income-tax and super-tax calculated respectively at one-tenth of the average rate of income-tax and of the average rate of super-tax on the amount of such profits and gains included in the total income;

(ii) where an assessee of the type referred to in clause (i) is engaged in the manufacture of any articles in an industry specified in the First Schedule to the Industries (Development and Regulation) Act, 1951, exports after the 28th day of February, 1963, such articles out of India, he shall be entitled in addition to the deduction of tax referred to in clause (i), to a further deduction from the amount of tax with which he is chargeable for the assessment year of an amount equal to the income-tax and super-tax calculated respectively at the average rate of such taxes on an amount equal to two per cent. of the sale proceeds in respect of such export;

(iii) where an assessee of the type referred to in clause (i) is engaged in the manufacture of any articles in an industry specified in the said First Schedule sells after the 28th day of February, 1963, such articles to any other person in India who himself exports them out of India and evidence is produced before the Income-tax Officer, of such articles having been so exported, the assessee shall be entitled to a deduction from the amount of income-tax and super-tax with which he is chargeable for the assessment year of an amount equal to the income-tax and super-tax calculated respectively at the average rate of such taxes on a sum equal to two per cent. of the sale proceeds receivable by him in respect of such articles from the exporter;

(iv) the total of the deductions under this sub-section shall in no case exceed the amount of income-tax and super-tax otherwise payable by the assessee:

(v) nothing contained in clauses (ii) and (iii) shall apply in relation to fuels, textiles (including those dyed, printed or otherwise processed), sugar, vegetable oils and vanaspati, cement and gypsum products and cigarettes respectively specified in items 2, 23, 25, 28, 35 and 38 of the First Schedule to Industries (Development and Regulation) Act, 1951 and in relation to such other articles in any other industry specified in that Schedule which may be notified in

the Official Gazette by the Central Government having regard to the progress achieved by the industry or any other relevant factors;

(vi) the amount of any profits and gains derived from the export of any goods or merchandise out of India in respect of which deduction of income-tax and super-tax is admissible under clause (i) shall be computed in accordance with the rules made by the Central Board of Revenue in this behalf.

(6) In cases in which tax has to be deducted under sub-section (2) of section 192 and sections 193 to Section 195 of the Income Tax Act, 1961 at the rates in force, the deduction shall be made at the rates specified in Part, III of the First Schedule.

(7) For the purposes of this section, and of the rates of tax imposed thereby, and of section 3 -

(i) the expressions "assessment year", "average rate of income-tax", "average rate of super -tax", "partner", "tax" and "total income" have the meanings respectively assigned to them under clauses (9), (10), (11), (23), (43) and (45) of S.2 of the Income tax Act, 1961;

(ii) the expression "earned income" has the same meaning as in S.2 of the Finance (No.2) Act, 1962.

(8) For the purposes of Paragraphs A and C of Part I of the First Schedule, the expression "residual income" means the amount of total income as reduced by -

(a) the amount of the capital gains, if any, included therein; and

(b) the amount of tax (exclusive of additional surcharge) which would have been chargeable on such reduced total income if it had been the total income no part of which had been exempt from tax and on no portion of which deduction of tax had been admissible under any provisions of the Income-tax Act or this Act.

3. Additional surcharge not to be taken into account for purposes of deduction, etc :-

Notwithstanding anything contained in the provisions of Chapter 7 or Chapter 8A or Section 110 of the Income tax Act, 1961 or sub-section (5) of section 2 of this Act, in calculating any relief, rebate or deduction in respect of income-tax payable on the total income of an assessee which includes any income on which no income-tax is payable or in respect of which a deduction of income-tax is admissible under any of the aforesaid provisions, no amount shall be taken of the additional surcharge.

4. . :-

Amendment of Act 43 of 1961 [These amendments were incorporated in that Act then.]

5. . :-

Amendment of Act 43 of 1961 [These amendments were incorporated in that Act then.]

6. . :-

Amendment of Act 43 of 1961 [These amendments were incorporated in that Act then.]

7. . :-

Amendment of Act 43 of 1961 [These amendments were incorporated in that Act then.]

8. . :-

Amendment of Act 43 of 1961 [These amendments were incorporated in that Act then.]

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Amendment of Act 43 of 1961 [These amendments were incorporated in that Act then.]

10. . :-

Amendment of Act 43 of 1961 [These amendments were incorporated in that Act then.]

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Amendment of Act 43 of 1961 [These amendments were incorporated in that Act then.]

12. . :-

Amendment of Act 43 of 1961 [These amendments were incorporated in that Act then.]

13. . :-

Amendment of Act 43 of 1961 [These amendments were incorporated in that Act then.]

14. . :-

Amendment of Act 43 of 1961 [These amendments were incorporated in that Act then.]

15. . :-

Amendment of Act 43 of 1961 [These amendments were incorporated in that Act then.]

16. . :-

Amendment of Act 43 of 1961 [These amendments were incorporated in that Act then.]

17. . :-

Amendment of Act 43 of 1961 [These amendments were incorporated in that Act then.]

18. . :-

Amendment of Act 43 of 1961 [These amendments were incorporated in that Act then.]

19. . :-

Amendment of Act 43 of 1961 [These amendments were incorporated in that Act then.]

20. . :-

Amendment of Act 43 of 1961 [These amendments were incorporated in that Act then.]

21. Amendment of Act 27 of 1957 :-

Amendment in S. 5 of Wealth-tax Act, 1957 was incorporated in that Act then.]

22. Amendment of Act 32 of 1934 :-

This Act has now been repealed and replaced by the Customs Tariff Act, 1975.

23. Surcharge on duties of customs :-

(1) In the case of goods chargeable with a duty of customs which is specified in the First Schedule to the Tariff Act as amended by this Act or any subsequent Act of Parliament, or in that Schedule read with any notification of the Central Government for the time being in force, there shall be levied and collected as an addition to, and in the same manner as, the total amount so chargeable, a sum equal to 10 per cent. of such amount: Provided that in computing the total amount so chargeable, any duty chargeable under s.2A of the Tariff Act or section 24 of this Act shall not be included.

(2) Sub-section (1) shall cease to have effect after the 31st day of March, 1964, except as respects things done or omitted to be done before such cesser; and Section 6 of the General Clauses Act, 1897, shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

24. Regulatory duty of customs :-

(1) There shall be levied and collected, with effect from such date as may be specified in this behalf by the Central Government by notification in the Official Gazette, on all goods mentioned in the First Schedule to the Tariff Act as amended by this Act or any subsequent Act of Parliament, a regulatory duty of customs which shall be -

(a) twenty-five per cent. of the rate, if any, specified in the said First Schedule read with any notification issued under section 3A or sub-section (1) of s.4 of the Tariff Act; or

(b) ten per cent. of the value of the goods as determined in accordance with the provisions of Section 14 of the Customs Act, 1962, whichever is higher: Provided that different dates may be specified by the Central Government for different kinds of goods.

(2) Sub-section (1) shall cease to have effect after the 31st day of March, 1964, except as respects things done or omitted to be done before such cesser and Section 6 of the General Clauses Act, 1897, shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

(3) The duty of customs leviable under this section in respect of any goods referred to in sub-section (1) shall be in addition to any other duty of customs chargeable on such goods under the Customs Act, 1962.

(4) The provisions of Customs Act, 1962 and the rules and regulations made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the regulatory duty of customs leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of customs on such goods under that Act or those rules and regulations.

(5) Every notification issued under sub-section (1) shall, as soon as may be after it is issued, be placed before each House of parliament

25. Amendment of Act 1 of 1949 :-

This Act is now repealed and replaced by the Customs Tariff Act, 1975.

26. Amendment of Act 1 of 1944 :-

Note.- These amendments were incorporated in that Act.]

27. Special duty of excise on certain goods :-

(1) When goods of the description mentioned in this section chargeable with a duty of excise under the First Schedule to the Central Excises Act, as amended by this Act or any subsequent Act of Parliament or under that Schedule read with any notification of the Central Government for the time being in force, are assessed to duty, there shall be levied and collected-

(a) as respects goods comprised in Items Nos. 6, 8, 9, 14D, 17(3), 22A, 23A except sub-item (1) thereof, 23B, 28, 29, 31, except sub-item (1) thereof and 32 of that Schedule, a special duty of excise equal to 10 per cent of the total amount so chargeable on such goods;

(b) as respects goods comprised in Items Nos. 2, 3(1), sub-items 1, 11(2) and 11(3) of Item No. 4, Items Nos. 13, 14, 14F, 15, 15A, 15B, 16, 16A, 17 except sub-item (3) thereof, 18A(2), 21, 22, 23, 23A(1), 27, 30, 31(1), 33, sub-items (1) and (4) of Item No. 34 and Item No. 37 of that Schedule, a special duty of excise equal to 20 per cent of the total amount so chargeable on such goods; and

(c) as respects goods comprised in Items Nos. 4 11(1), 18, 18A(1), 18B, 20, 29A, 33A, sub-items (2) and (3) of Item No. 34 and radiograms comprised in Item No. 37A of that Schedule, a special duty of excise equal to 331/3 per cent of the total amount so chargeable on such goods.

(2) Sub-section (1) shall cease to have effect after the 31st day of March, 1964 except as respects things done or omitted to be done before such cesser; and Section 6 of the General Clauses Act, 1897, shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

(3) The duties of excise referred to in sub-section (1) in respect of the goods specified therein shall be in addition to the duties of excise chargeable on such goods under the Central Excises Act or any other law for the time being in force and such special duties shall be levied for purposes of the Union and the proceeds thereof shall not be distributed among the States.

(4) The provisions of Central Excises Act and the rules made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the duty of excise leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of excise on such goods under that Act or those rules.

28. Regulatory duty of excise :-

(1) There shall be levied and collected, with effect from such date as may be specified in this behalf by the Central Government by Notification in the Official Gazette, on all goods mentioned in the First Schedule to the Central Excises Act as amended by this Act or any subsequent Act of Parliament, a regulatory duty of excise which shall be ten per cent of the value of the goods as determined in accordance with the provisions of S.4 of the Central Excises Act, 1944 Provided that different dates may be specified by the Central Government for different kinds of goods.

(2) The duties of excise referred to in sub-section (1) in respect of March, 1964, except as respects things done or omitted to be done before such cesser; and Section 6 of the General Clauses Act, 1897, shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

(3) The duties of excise referred to in sub-section (1) in respect of the goods specified therein shall be in addition to the duties of excise chargeable on such goods under the Central Excises Act or any other law for the time being in force and such regulatory duties shall be levied for purposes of the Union and the proceeds thereof shall not be distributed among the States.

(4) The provisions of the Central Excises Act and the rules made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the regulatory duty of excise leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of excise on such goods under that Act or those rules.

(5) Every notification issued under sub-section (1) shall, as soon as may be after it is issued, be placed before each House of Parliament.

29. Discontinuance of salt duty :-

For the year beginning on the first day of April, 1963, no duty under the Central Excises Act, or the Tariff Act shall be levied in respect of salt manufactured in, or imported into, India.

30. Amendment of Act 16 of 1955 :-

Note.- This section amended Medicinal and Toilet Preparations (Excise Duties) Act, 1955, which was then incorporated in that Act.]

31. Amendment of Act 6 of 1898 :-

Note.- This section substituted the then Schedule 1 to Indian Post Office Act, 1898.]

SCHEDULE 1

1

(See Section 2) PART 1 Income-tax and surcharges on income-tax \ \ Paragraph A (i) In the case of every Hindu undivided family whose income does not exceed Rs. 20,000 in either case- Rates of Income-tax

When the individual has no child Where the individual has one child Where the individual has more than wholly or mainly dependent on him wholly or mainly dependent on him one child wholly or mainly depen- where the Hindu undivided family has or where the Hindu undivided on him or where the Hindu no minor coparcener, family has one minor coparcener, undivided family has more than one minor coparcener

Rs. Rs. Rs. (1) On the first 3,000 of total 3,300 of total 3,600 of total Nil income income, income. (2) On the next 2,000 " 1,700 " 1,400 ' (3) On the next 2,500 " 2,500 " 2,500 " 7% (4) On the next 2,500 " 2,500 " 2,500 " 10% (5) On the next 2,500 " 2,500 " 2,500 " 12% (6 the next 2,500 " 2,500 - 2,500 - 15% (7) On the next 2,500 " 2,500 - 2,500 " 20% (8) On the next 2,500 " \ 2,500 " 2,500 " 23%

(ii) In the case of every individual who is not married and every individual or Hindu undivided family whose total income in either case ex Rs. 20,000 and in the case of every unregistered firm or other association of persons or body of individuals, whether incorporated or not, every 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 any other Paragraph of this Part applies:- Rs. (1) On the first 1,000 of total Nil income (2) On the next 4,000 " 3% (3) C next 2,500 " 7% (4) On the next 2,500 " 10% (5) On the next 2,500 " 12% (6) On the next 2,500 " 15" On the next 2,500 " 20% (8) On the next 2,500 " 23% (9) On the balance of total income " 25% Provided that for purposes of this paragraph- (i) no income-tax shall be payable on a total income which does not exceed the limit specified below; (ii) the 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 aggregat (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 incom 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 prev

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 hereinafter 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) two and a half per cent of the amount of income-tax calculated at the rate of income-tax on the income under the head "Salaries" included in the total income; (ii) five per cent of the amount of income-tax calculated at the average rate of income-tax on the total income as reduced by the income under the head "Salaries" included therein; and where the earned income included in the total income exceeds Rs. 1,00,000 ten 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 at 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 the surcharge for purposes of the Union and the special surcharge together, shall not exceed half the amount by which the total income as reduced by the amount of income-tax payable by the assessee exceeds the limit specified below:- 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 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. 3,000 in every other case; (c) an additional surcharge for purposes of the Union calculated on the amount of the residual income at the following rates, namely:- (i) On the first Rs. 4,000 of the residual income ... 4% (ii) On the next Rs. 9,000 of the residual income ... 6% (iii) On the next Rs. 12,000 of the residual income ... 8% (iv) On the next Rs. 15,000 of the residual income ... 9% (v) On the balance of the residual income ... 10% Provided that- (i) no additional surcharge shall be levied where the residual income does not exceed the limit specified below; [(ii) the additional surcharge shall in no case exceed one-half of the amount by which residual income exceeds the limit specified below,] (a) an amount calculated at three per cent on so much of the amount of residual income as does not exceed the limit specified below; (b) one-half of the amount by which the residual income exceeds the limit specified below. 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 and who are not lineally descended from any other living member of the family; (ii) Rs. 3,600 in the case of every individual who has more than one child wholly or mainly dependent on him or in the case of every Hindu undivided family having more than one minor coparcener, (iii) Rs. 3,300 in the case of every individual who has one child wholly or mainly dependent on him or in the case of every Hindu undivided family having one minor coparcener; (iv) Rs. 3,000 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 Surcharge on income-tax The amount of income-tax computed at the rate hereinafter specified shall be increased by a surcharge for purposes of the Union of five per cent of the amount of income-tax. Paragraph C In every case in which under the provisions of the Income-tax Act, income-tax is to be charged at the maximum rate,- Rate of income-tax Per cent On the whole of the total income Surcharges on income-tax The amount of income-tax computed at the rate hereinafter 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; (b) a special surcharge of fifteen per cent of the amount of income-tax; and (c) an additional surcharge for purposes of the Union calculated on the amount of the residual income at the rates as specified in Paragraph A of this Part. Paragraph D In the case of every company,- Rate of income-tax Per cent On the whole of the total income Paragraph E In the case of every registered firm,- Rates of income-tax Where the firm has four or less partners five or more partners as on the last of the previous year (1) On the first Rs. 25,000 of total income Nil (2) On the next Rs. 15,000 of total income 5% (3) On the next Rs. 20,000 of total income 6% (4) On the next Rs. 40,000 of total income 7% (5) On the next Rs. 50,000 of total income 8% (6) On the balance of total income 10% Surcharge on income-tax The amount of income-tax computed at the rates hereinafter specified shall be increased by a surcharge for purposes of the Union equal to the sum of- (i) twenty per cent of the amount of income-tax payable by the firm on its income from any business carried on by it calculated at the rate of income-tax applicable to its total income; and (ii) ten per cent of the amount of income-tax payable by it on its income from all sources other than from any business carried on by it calculated at the rate of income-tax applicable to its total income. PART 2 Surcharges on Super-tax Paragraph A In the case of every individual, Hindu undivided family, unregistered firm or other association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (b) of Section 2 of the Income tax Act, 1961, not being a case to which any other Paragraph of this Part applies,- Rates of super-tax Per cent. (1) On the first Rs. 20,000 of total income Nil (2) On the next Rs. 5,000 of total income 8 (3) On the next Rs. 5,000 of total income 18 (4) On the next Rs. 10,000 of total income 22 (5) On the next Rs. 10,000 of total income 32 (6) On the next Rs. 10,000 of total income 40 (7) On the next Rs. 10,000 of total income 45 (8) On the balance of total income 47.5 Paragraph B In the case of every company other than a Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956 Rates of super-tax Per cent On the whole of the total income 16 Paragraph C In the case of every company other than a Life Insurance Corporation of India established under the 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 50 per cent on so much of the total income as consists of dividends from any Indian company; 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 the Income-tax Act for the assessment year commencing on 1st day of April, 1963, has made the prescribed arrangements for the declaration and payment within India of the dividends payable out of profits in accordance with the provisions of section 194 of that Act; and (b) is such a company as is referred to in Section 108 of the Income Tax Act, 1961 with a total income not exceeding Rs. 25,000; (ii) a rebate at the rate of 50 per cent on so much of the total income as consists of dividends from a subsidiary Indian company formed and registered before the 1st day of April, 1961; at the rate of 45 per cent on so much of the total income as consists of dividends from any other Indian company; 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 50 per cent on so much of the total income as consists of dividends from a subsidiary Indian company formed and registered before the 1st day of April, 1961; at the rate of 30 per cent on so much of the total income as consists of dividends from an Indian company, not being a subsidiary company, formed and registered before the 1st day of April, 1959; at the rate of 45 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; at the rate of 30 per cent on so much of the total income as consists of royalties received from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 1st day of April, 1961 and which has been approved by the Central Government; and at the rate of 17 per cent on the balance of total income shall be allowed in the case of any company not entitled to a rebate under either of the preceding clauses: Provided further that

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 aggregate of the amounts, as the case may be, computed as hereunder:- (a) on the aggregate of the sums computed in the manner provided in clause (i) of at the rate of 100 per cent the second proviso to Paragraph D of Part II of the First Schedule to the Finance (No. 2) Act, 1962 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 to nil; and (b) on the amount representing the face value of any bonus shares or the amount of at the rate of 12 1/2 percent 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 : 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 1.- 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 company has been in receipt of taxable income immediately preceding the relevant previous year bears to the average of its total profits and gains (excluding capital receipts) for the preceding five years aforesaid, reduced by such allowances as may be admitted under the Income-tax Act which have not been taken into account by the company in its profit and loss accounts for the preceding five years aforesaid. Explanation II.- For the purposes of this Paragraph and Part III of the Schedule, a company shall be deemed to be a subsidiary of another company if that other company holds more than half in nominal value of the equity share capital of the first mentioned company.

Paragraph E In the case of the Life Insurance Corporation of India established under the 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
 PART 3 Rates for deduction of tax at source in certain cases In every case in which under the provisions of sub-section (2) of section 192 and sections 193 to Section 195 of the Income Tax Act, 1961 , tax is to be deducted at the rates in force, deduction shall be made from the income subject to deduction at the following rates:-

Income-tax	Super-tax	Rate of Rates of surcharges	Rate of Rates of	income-tax super-tax surcharges	Surcharge
					for surcharge
					purpose of
					the union

In the case of 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 interest payable on any security of a State Government issued income-tax free whereon is payable by the State Government) and (b) in addition, where the person is Super-tax and surcharges non-resident in India on the super-tax in accordance with the provisions of Cl. (b) of sub-section (1) of section 99 of the Income-tax Act.

Rate of Rate of	income-tax super-tax

2. In the case of 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 interest payable on any security of a State Government issued income-tax free, the income-tax whereon is payable by the State Government): and ... 25% (ii) on the whole of income (excluding dividends payable by an Indian company referred to in clause (iv) of sub-section (1) of Section 99 of the Income tax Act, 1961); and ... 5% (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 with India,- (i) on the income from dividends (excluding dividends payable by an Indian Company referred to in clause (iv) of sub-section (1) of Section 99 of the Income tax Act, 1961 - (1) on dividends payable by any of its subsidiary Indian companies formed and registered before the 1st day of April, 1961 Nil (2) on dividends payable by an Indian Company, not being a subsidiary company, formed and registered before the 1st day of April, 1959 20% (3) on dividends payable on any other Indian company formed and registered after the 1st day of April, 1959 5% (ii) on 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 after the 1st day of April, 1961 and which has been approved by the Central Government 20% (iii) on any other income 33%

SCHEDULE 2

2

[See section 22(2)] [Note.- This Schedule amended various items in First Schedule to the then existing Tariff Act, 1934. That Act is now replaced by Customs Tariff Act, 1975.]
