

FINANCE ACT, 1964

5 of 1964

[28th April, 1964]

CONTENTS

1. Short title and commencement
2. Income-tax and super-tax
3. Annuity deposit
4. .
5. .
6. .
7. .
8. .
9. .
10. .
11. .
12. .
13. .
14. .
15. .
16. .
17. .
18. .
19. .
20. .
21. .
22. .
23. .
24. .
25. .
26. .
27. .
28. .
29. .
30. .
31. .
32. .
33. .
34. .
35. .
36. .
37. .

38. .
39. .
40. .
41. .
42. .
43. .
44. .
45. .
46. .
47. .
48. .
49. Amendment of Act 34 of 1953
50. Amendment of Act 27 of 1957
51. Amendment of Act 29 of 1957
52. Amendment of Act 18 of 1958
53. Expenditure-tax to be levied from 1st April, 1964
54. Amendment of Act 13 of 1963
55. Super-profits tax not to be levied from 1st April, 1964
56. Amendment of act 32 of 1934
57. Surcharge on duties of customs
58. Regulatory duty of customs
59. Amendment of Act 1 of 1949
60. Amendment of Act I of 1944
61. Special duty of excise on certain goods
62. Regulatory duty of excise
63. Discontinuance of salt duty
64. Amendment of Act 16 of 1955
65. Amendment of Act 21 of 1963

SCHEDULE 1 :- THE FIRST SCHEDULE

PART :- Income-tax and surcharge on income-tax

PART :- Super-tax and Surcharge on Super-tax

PART :- Rates for deduction of tax at source in certain cases

PART :- List of Articles

SCHEDULE 2 :- THE SECOND SCHEDULE

SCHEDULE 3 :- THE THIRD SCHEDULE

FINANCE ACT, 1964

5 of 1964

[28th April, 1964]

An Act to give effect to the financial proposals of the Central Government for the financial year 1964-65.

1. Short title and commencement :-

(1) This Act may be called The Finance Act, 1964.

(2) Save as otherwise provided in this Act, sections 3 to 55 shall be deemed to have come into force on the 1st day of April, 1964.

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, 1964,-

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

(b) super-tax shall, for the purposes of section 95 of the Income-tax, 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 calculated in the manner provided therein.

(2) In making any assessment for the assessment year commencing on the 1st day of April, 1964,-

(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 Act, 1963, 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, 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 the Finance Act, 1963, 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, 1964, 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, 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 Chap. 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.

(5)

(a) In respect of any assessment for the assessment year commencing on the 1st day of April, 1964-

(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 sub-clause (i) engaged in the manufacture of any articles in an industry specified in the First Schedule to the Industries (Development and Regulation) Act, 1951, has exported 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 sub-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 income-tax and the average rate of super-tax on an amount equal to two per cent of the sale proceeds receivable by him in respect of such export;

(iii) where an assessee of the type referred to in sub-clause (i) engaged in the manufacture of any articles in an industry specified in the said First Schedule has sold after the 28th day of February, 1963, such articles to any other person in India who himself has exported 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 income-tax and the average rate of super-tax on a sum equal to two per cent of the sale proceeds receivable by him in respect of such articles from the exporter:

(b) The total of the deduction under this sub-section shall in no case exceed the amount of income-tax and super-tax otherwise payable by the assessee.

(c) Nothing contained in sub-clause (ii) and sub-clause (iii) of clause (a) shall apply,-

(i) in relation to-

(1) fuels,

(2) fertilisers,

(3) photographic raw film, and paper,

(4) textiles (including those dyed, printed or otherwise processed) made wholly or in part of jute, including jute twine and rope,

(5) newsprint,

(6) pulp-wood pulp, mechanical, chemical, including dissolving pulp,

(7) sugar,

(8) vegetable oils and vanaspathi,

(9) cement and gypsum products,

(10) arms and ammunition, and

(11) cigarettes,

(ii) in relation to textiles specified in items 23(1), 23(3), 23(4) and 23(5) of that Schedule Where such textiles have been exported before the 1st day of March, 1964.

(d) 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 sub-clause (i) of clause (a) shall be computed in accordance with the rules made by the Central Board of Direct Taxes in this behalf.

(6) In cases in which tax has to be deducted under sub-section (2) of section 192 and sections 193 to 195 of the Income-tax Act 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 sections-

(i) the expressions "assessment year", "average rate of income-tax", "average rate of super-tax", "partner", "tax" and "total income" have, unless the context otherwise requires, the meanings respectively assigned to them under clauses (9), (10), (II), (23), (43) and (45) of section 2 of the Income-tax Act;

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

3. Annuity deposit :-

(1) Save as otherwise provided in Chapter XXII-A of Income Tax act, 1961 Act, annuity deposit for the assessment year commencing on the 1st day of April, 1964, shall be made by every person to whom the provisions of that Chapter apply at the rates specified in the Second Schedule.

(2) For the purposes of this section and the Second Schedule, the expressions "adjusted total income", "annuity deposit" and "depositor" have the meanings respectively assigned to them under clauses (1), (5) and (6) of Section 280B of the Income tax Act,

1961 .

4. . :-

Amendments of Act 43 of 1961[Note.- These amendments were then incorporated in that Act.]

5. . :-

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Amendments of Act 43 of 1961[Note.- These amendments were then incorporated in that Act.]

48. . :-

Amendments of Act 43 of 1961[Note.- These amendments were then incorporated in that Act.]

49. Amendment of Act 34 of 1953 :-

Note.- These amendments were then incorporated in Estate Duty Act, 1953 .]

50. Amendment of Act 27 of 1957 :-

Note.- These amendments in the Wealth Tax were incorporated in that Act.]

51. Amendment of Act 29 of 1957 :-

This section had amended Expenditure Tax Act, 1957 which has been repealed by Section 40 of the Finance Act, 1966 .]

52. Amendment of Act 18 of 1958 :-

Note.- This section amended section 5 , Section 32 , Section 34 ; inserts section 6A; omits section 41 , substitutes new section 41A, Section 41B and Schedule of Gift-tax Act, 1958, which were then incorporated in that Act.]

53. Expenditure-tax to be levied from 1st April, 1964 :-

Notwithstanding anything contained in Section 13 of the Finance (No. 2) Act, 1962 expenditure-tax shall be charged under Expenditure-tax Act, 1957, for every financial year commencing on or after the 1st day of April, 1964, in respect of the expenditure incurred by an individual or Hindu undivided family.

54. Amendment of Act 13 of 1963 :-

Note.- This section amended Part I of First Schedule to Finance Act, 1963 . These amendments will be found incorporated in that Act.]

55. Super-profits tax not to be levied from 1st April, 1964 :-

Notwithstanding anything contained in Super-profits Tax Act, 1963,¹ super-profits tax shall not be charged for any assessment year commencing on or after the 1st day of April, 1964, in respect of the chargeable profits of any company.

1. This Act has been repealed by Finance Act, 1966, S. 42,

56. Amendment of act 32 of 1934 :-

Note.- This section amended Tariff Act, 1934 which is now repealed and replaced by Customs Tariff Act, 1975 .

57. Surcharge on duties of customs :-

(1) In the case of goods chargeable with a duty of customs which is specified in the Tariff Act, 1975 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 amounts so chargeable, any duty chargeable under s.2A of the Tariff Act, 1975 or section 58 of this Act shall not be included.

(2) Sub-section (1) shall cease to have effect after the 31st day of

March, 1965, 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.

Note: Tariff Act, 1934 is now repealed and replaced by the Customs Tariff Act, 1975 (51 of 1975).

58. 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 Tariff Act, 1975 as amended by this Act or any subsequent Act of Parliament a regulatory duty of customs which shall be-

(a) 25 per cent of the rate, if any, specified in the said First Schedule read with any notification issued under section 3 A or sub-section (1) of s.4 of the Tariff Act, 1975; or

(b) 10 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 30th day of April, 1965 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 Customs Act, 1962 .

(4) provisions of the 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.

Note: Tariff Act, 1934 is repealed and replaced by the Customs Tariff Act, 1975 (51 of 1975).

59. Amendment of Act 1 of 1949 :-

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

60. Amendment of Act I of 1944 :-

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

61. 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 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, 22A, 23A, except sub-item (1) thereof, 23B, 28, 29, sub-items (2) and (3) of Item No. 31 and Item No. 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), 11(3) of Item No. 4 Items Nos. 13. 14, 14F, 15, 15A, 15B, 16, 16A, 17, 18A(2), 21,22, 23, 23A(1), 27, 30, 31(1), 33, sub-items (1), (3a) 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. 411(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 33 1/3 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, 1965 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 thereil. shall be in addition to the duties of excise chargeable on such goods under 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 leviabale 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.

62. 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 Central Excise Act as amended by this Act or any subsequent Act of Parliament, a regulatory duty of excise which shall be fifteen 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) Sub-section (1) shall cease to have effect after the 30th day of April, 1965 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 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 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, leviabale 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.

63. Discontinuance of salt duty :-

For the year beginning on the first day of April, 1964 no duty under Central Excises Act, or the Tariff Act shall be levied in respect of salt manufactured in, or imported into, India.

64. Amendment of Act 16 of 1955 :-

Note.- This section amended Section 2 and substituted the existing Schedule of Medicinal Toilet Preparations (Excise Duties) Act, 1955 which were then incorporated in that Act.]

65. Amendment of Act 21 of 1963 :-

Note.- This section amended Compulsory Deposit Scheme Act, 1963 (Section 4). These amendments were then incorporated in that Act.

SCHEDULE 1

THE FIRST SCHEDULE

PART

Income-tax and surcharge on income-tax

PART

Super-tax and Surcharge on Super-tax

PART

Rates for deduction of tax at source in certain cases

PART

List of Articles

SCHEDULE 2

THE SECOND SCHEDULE

(See section 3) Rates of Annuity Deposits (i) In the case of any depositor whose total income does not exceed Rs. 15,000... Nil. (ii) In the case of any depositor whose total income exceeds Rs. 15,000 but does not exceed Rs. 20,000-5 per cent of the adjusted total income: Provided that the annuity deposit to be made shall in no case exceed half the amount by which the total income exceeds Rs. 15,000. (iii) In the case of a depositor whose total income exceeds Rs. 20,000 but does not exceed Rs. 40,000-7 1/2 per cent of the adjusted total income: Provided that the annuity deposit to be made shall in no case exceed the aggregate of the following sums, namely:- (a) an amount calculated at five per cent on so much of the adjusted total income as does not exceed Rs. 20,000; (b) one-half of the amount by which the total income exceeds Rs. 20,000. (iv) In the case of a depositor whose total income exceeds Rs. 40,000 but does not exceed Rs. 70,000-10 per

cent of the adjusted total income: Provided that the annuity deposit to be made shall in no case exceed the aggregate of the following sums, namely:- (a) an amount calculated at seven and half per cent on so much of the adjusted total income as does not exceed Rs. 40,000; (b) one-half of the amount by which the total income exceeds Rs. 40,000; (v) In the case of a depositor whose total income exceeds Rs. 70,000-12 1/2 per cent of the adjusted total income: Provided that the annuity deposit to be made shall in no case exceed the aggregate of the following sums, namely:- (a) an amount calculated at ten per cent on so much of the adjusted total income as does not exceed Rs. 70,000; (b) one-half of the amount by which the total income exceeds Rs. 70,000. Explanation.- In this Schedule, "total income" means total income computed in the manner laid down in the Income-tax Act without making any allowance under section 280-0 of that Act.

SCHEDULE 3

THE THIRD SCHEDULE

(See section 56) [Note.- This Third Schedule amended First Schedule to Indian Tariff Act, 1934 which now stands repealed by the Customs Tariff Act, 1975.]