

**FINANCE ACT, 1965**

**10 of 1965**

**[11th May, 1965]**

CONTENTS

1. Short title and commencement
2. Income-tax
3. Annuity deposit
4. Amendments of Act 43 of 1961
5. .
6. .
7. .
8. .
9. .
10. .
11. .
12. .
13. .
14. .
15. .
16. .
17. .
18. .
19. .
20. .
21. .
22. .
23. .
24. .
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26. .
27. .
28. .
29. .
31. .
32. .
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54. .
55. .
56. .
57. .
58. .
59. .
60. .
61. .
62. .
63. .
64. .
65. .
66. .
67. .
68. Voluntary disclosure of income

69. Amendment of Act 4 of 13
70. Amendment of Act 27 of 1957
71. Amendment of Act 18 of 1958
72. Amendment of Act 63 of 1960
73. Amendment of Act 52 of 1963
74. Amendment of Act 7 of 1964
75. Amendment of Act 32 of 1934
76. Surcharge on duties of customs
77. Regulatory duty of customs
78. Amendment of Act 1 of 1949
79. Amendment of Act 1 of 1944
80. Special duty of excise on certain goods
81. Regulatory duty of excise
82. Discontinuance of salt duty
83. Amendment of Act 58 of 1957

**SCHEDULE 1 :- THE FIRST SCHEDULE**

**SCHEDULE 2 :- THE SECOND SCHEDULE**

**SCHEDULE 3 :- THE THIRD SCHEDULE**

**FINANCE ACT, 1965**

**10 of 1965**

**[11th May, 1965]**

An Act to give effect to the financial proposals of the Central Government for the financial year 1965-66. Be it enacted by Parliament in the Sixteenth Year of the Republic of India as follows :-

**1. Short title and commencement :-**

(1) This Act may be called the Finance Act, 1965.

(2) Save as otherwise provided in this Act, section 3 to section 67 and section 69 to section 74 shall be deemed to have come into force on the 1st day of April, 1965, and section 68 shall be deemed to have come into force on the 1st day of March, 1965.

**2. Income-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, 1965, 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 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, 1965, 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 and super-tax payable according to the rates applicable under the operation of Finance Act, 1964, 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, 1965, 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 the aggregate of the income-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 I 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 Income tax Act, 1961 (hereinafter referred to as 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, 1965-

(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 with which he is chargeable, of an amount equal to the income-tax calculated at one-tenth of the average rate of income-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-section (i) engaged in the manufacture of any articles in an

industry specified in the Industries (Development and Regulation) Act, 1951, has during the previous year exported such articles out of India, he shall be entitled, in addition to the deduction of income-tax referred to in sub-clause (i), to a further deduction, from the amount of income-tax with which he is chargeable for the assessment year, of an amount equal to the income-tax calculated at the average rate of income-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, during the previous year, sold 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 with which he is chargeable for the assessment year, of an amount equal to the income-tax calculated at the average rate of income-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 deductions under this sub-section shall in no case exceed the amount of income-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,

Industries (Development and Regulation) Act, 1951; or

(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 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 section 193, section 194 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 II of the First Schedule.

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

(i) the expressions "assessment year," "average rate of income-tax," "non-resident," "partner," and "total income" have, unless the context otherwise requires, the meanings respectively assigned to them under clauses (9), (10), (30), (23) and (45) of Section 2 of the Income tax Act, 1961 ;

(ii) the expression "earned income" means any income of an assessee who is an individual, Hindu undivided family, unregistered firm or other association of persons or body of individuals, whether incorporated or not, not being a company, a local authority, a registered firm or a firm assessed under clause (b) of section 183 of the said Act-

(a) which is chargeable under the head "Salaries"; or

(b) which is chargeable under the head "Profits and gains of business or profession" where the business or profession is carried on by the assessee or in the case of a firm, where the assessee is a partner actively engaged in the conduct of the business or profession; or

(c) which is chargeable under the head "Income from other sources" if it is immediately derived from personal exertion or represents a pension or superannuation or other allowance given to the assessee in respect of the past services of any deceased person, or which is chargeable under that head under clause (ia) of sub-section (2) of Section 56 of the Income tax Act, 1961 ; and includes any such income which, though it is the income of another person, is included in the assessee's income under the provisions of the Income-tax Act, but does not include any such income on which income-tax is not payable under clause (iii) or clause (v) of section 86 of that Act or which is exempted from tax under a Notification issued under S.60 of the Indian Income-tax Act, 1922, as continued in force

by clause (1) of sub-section (2) of Section 297 of the Income tax Act, 1961 ;

(iii) the expression "unearned income" means income which is not "earned income."

**3. Annuity deposit :-**

(1) Save as otherwise provided in Income tax Act, 1961 , annuity deposit for the assessment year commencing on the 1st day of April, 1965, 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 sections amend various sections of Income tax Act, 1961 . These will be found incorporated in that Act.]

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**68. Voluntary disclosure of income :-**

(1) Where any person makes a declaration in accordance with sub-section (2) in respect of the amount representing income-

(a) which he has failed to disclose in a return of income for any assessment year filed by him before the 1st day of March, 1965, under the Indian Income-tax Act, 1922, or Income tax Act, 1961, or

(b) which has escaped assessment for any assessment year for which an assessment has been made before the 1st day of March, 1965, under either of the said Acts, or

(c) for the assessment of which no proceeding under either of the said Acts has been taken before the 1st day of March, 1965, he shall, notwithstanding anything contained in the said Acts, be charged income-tax at the rate specified in sub-section (3) in respect of the amount so declared if he.-

(i) pays the amount of income-tax as computed at the said rate, or

(ii) furnishes adequate security for the payment thereof in accordance with sub-section (4) and undertakes to pay such income-tax within a period, not exceeding six months, from the date of the declaration as may be specified by him therein, or

(iii) on or before the 31st day of May, 1965, pays such amount as is not less than one-half of the amount of income-tax as computed at the said rate or furnishes adequate security for the payment thereof in accordance with sub-section (4) and in either case assigns any shares in, or debentures of, a joint stock company or mortgages any immovable property, in favour of the President of India by way of security for the payment of the balance, and undertakes to pay such balance within the period referred to in clause (ii).

(2) The declaration shall be made to the Commissioner, and shall specify the period required to be specified under clause (ii) of sub-section (1), contain the name address and signature of the person making the declaration and also full information in respect of the following matters, namely :-

(a) Whether he was assessed to income-tax or not and, if assessed, the name of the Income-tax Circle in which he was assessed.

(b) The amount of income declared, giving where available, details of the financial year or years in which the income was earned and the amount pertaining to each such year.

(c) Whether the amount declared is represented by cash (including bank deposits), bullion, investments in shares, debts due from other persons, commodities, or any other assets, and the name in which it is held and location thereof: Provided that the declaration shall be of no effect unless it is made after the 28th day of February, 1965 and before the 1st day of June, 1965.

(3) The rate of income-tax chargeable in respect of the amount referred to in sub- section (1) shall be sixty per cent of such amount : Provided that if before the 1st day of April, 1965, the tax on the amount declared is paid by the declarant at the rate of fifty-seven per cent of such amount he shall not be liable to pay any further tax on such amount.

(4) A person shall not be considered to have furnished adequate security for the payment of the tax for the purposes of sub-section ( 1 ) unless the payment is guaranteed by a Scheduled Bank or the person makes an assignment, in favour of the President of India, of any security of the Central or State Government.

Explanation.- For the purposes of this sub-section, where an assignment of Government securities is made in favour of the President, the amount covered by such assignment shall be the market value of the securities on the date of the assignment.

(5) Any amount of income-tax paid in pursuance of a declaration made under this section shall not be refundable in any circumstances, and no person who has made the declaration shall be entitled, in respect of any amount so declared or any amount of tax so paid, to reopen any assessment or reassessment made under the Indian Income-tax Act, 1922, or Income tax Act, 1961 , or Excess Profits Tax Act, 1940, or Business Profits Tax Act 1947, or Super Profits Tax Act, 1963 , or Companies (Profits) Surtax Act, 1964 , or claim any set off or relief in any appeal, reference, revision or other proceeding in relation to any such assessment or reassessment.

(6)

(a) Any amount declared by any person under this section in respect of which the tax referred to in sub-section (3) is paid shall not be included in his total income for any assessment under any of the Acts mentioned in sub-section (5) if the credits in the books of account, if any, maintained by him for any source of income or in any other record, the amount declared as reduced by the tax paid thereon under this section.

(b) A credit made under clause (a) shall be intimated to the Income-tax Officer.

(7)

(a) The Commissioner shall grant a certificate to every person who has made a declaration under this section and paid the income-tax under this section.

(b) The certificate shall set forth the particulars of the amount stated in the declaration. the amount of income-tax paid in respect of the same and the date of payment.

(8)

(a) All particulars contained in any declaration made under this section or record of any proceeding under this section shall be treated as confidential and, notwithstanding anything contained in any law for the time being in force, no Court shall be entitled to require any public servant to produce before it any such declaration or record or any part thereof or to give evidence before it in respect thereof.

(b) No public servant shall disclose any particulars contained in any such declaration or record except to any officer employed in the execution of any of the Acts mentioned in sub-section (5) or to any officer appointed by the Comptroller and Auditor-General of India or the Board to audit income-tax receipts or refunds.

(9) Any payment of income-tax under this section shall be made by depositing the amount to the credit of the Central Government at a Government treasury or sub-treasury, or at any branch of the Reserve Bank of India, or at any branch of the State Bank of India or at any of its agencies conducting Government treasury business.

(10) In this section,-

(i) "Board" means the Central Board of Direct Taxes constituted under Central Boards of Revenue Act, 1963;

(ii) "Commissioner" means the Commissioner of Income-tax appointed under the Income tax Act, 1961 , having for the time being jurisdiction for the purposes of that Act over the person who makes a declaration under this section.

#### **69. Amendment of Act 4 of 13 :-**

Note.-This section amends sections 9, 10, 11, 12, 22 and inserts section 29A after section 29 of Estate Duty Act, 1953 . These amendments will be found incorporated in that Act.]

**70. Amendment of Act 27 of 1957 :-**

Note.- This section amends Wealth-tax Act, 1957. These amendments will be found incorporated in that Act.]

**71. Amendment of Act 18 of 1958 :-**

Note.- This section amends Gift-tax Act, 1958. These amendments will be found incorporated in that Act.]

**72. Amendment of Act 63 of 1960 :-**

Note.- This section amends Preference Shares (Regulation of Dividends) Act, 1960. These amendments will be found incorporated in that Act.]

**73. Amendment of Act 52 of 1963 :-**

Note.- This section amends Unit Trust of India Act, 1963 . These amendments will be found incorporated in that Act.]

**74. Amendment of Act 7 of 1964 :-**

Note.- This section amends Companies (Profits) Sur-tax Act, 1964. These amendments will be found incorporated in that Act.]

**75. Amendment of Act 32 of 1934 :-**

Note.- This section amends Tariff Act, 1934. These amendments will be found incorporated in that Act.]

**76. Surcharge on duties of customs :-**

(1) In the case of goods chargeable with a duty of customs which is specified in the Tariff Act, 1934 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, 1934 or section 77 of this Act shall not be included.

(2) Sub-section (1) shall cease to have effect after the 31st day of March, 1966 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.

**77. Regulatory duty of customs :-**

(1) With a view to regulating, or bringing greater economy in imports, there shall be levied and collected, with effect from such date, and at such rate, as may be specified in this behalf by the Central Government by Notification in the Official Gazette, on all or any of the 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 not exceeding-

(a) 25 per cent of the rate, if any, specified in the First Schedule read with any notifications issued under section 3A or sub-section (1) of S.4 of the Tariff Act, 1934; 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 and different rates may be specified by the Central Government for different kinds of goods.

(2) Sub-section (1) shall cease to have effect after the 15th day of May, 1966 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 regulatory 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) 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.

(6) All regulatory duties of customs levied under sub-section (1) of Section 59 of the Finance Act, 1964 , shall, subject to any Notification issued under Section 25 of the Customs Act, 1962 read with sub-section (4) of the said section 58 , continue to have effect until the other provisions of this section come into force.

**78. Amendment of Act 1 of 1949 :-**

In the Indian Tariff (Amendment) Act, 1949, in sections 4 and 5, for the figures "1965", the figures "1966" shall be substituted.

**79. Amendment of Act 1 of 1944 :-**

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

**80. Special duty of excise on certain goods :-**

(1) When goods of the description mentioned in this section chargeable with a duty of excise under Central Excises Act, 1944 (as amended by this Act or any subsequent Act of Parliament) read with any notification for the time being in force issued by the Central Government in relation to the duty so chargeable, are assessed to duty, there shall be levied and collected-

(a) as respects goods comprised in Items Nos. 6,8,9, 14-D,22-A,23-A except sub-item (1) thereof, 23-B, 28,29, sub-items (2) and (3) of Item No. 31 and Item No. 32 of the First Schedule to the Central Excises Act, 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, 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. 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 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, 1966, 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 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 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.

### **81. Regulatory duty of excise :-**

(1) With a view to regulating or bringing greater economy in consumption, there shall be levied and collected, with effect from such date, and at such rate, as may be specified in this behalf by the Central Government by Notification in the Official Gazette, on all or any of the 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 not exceed 15 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 and different rates may be specified by the Central Government for different kinds of goods.

(2) Sub-section (1) shall cease to have effect after the 15th day of May, 1966, 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.

(6) All regulatory duties of excise levied under sub-section (1) of Section 62 of the Finance Act, 1964, shall, subject to any Notification issued under R.8 of the Central Excise Rules, 1944, read with sub-section (4) of the said section, continue to have effect until the other provisions of this section come into force.

### **82. Discontinuance of salt duty :-**

For the year beginning on the 1st day of April, 1965, no duty under Central Excises Act, 1944, or Tariff Act, 1934 shall be levied in respect of salt manufactured in, or imported into, India.

### **83. Amendment of Act 58 of 1957 :-**

Note.-This section amends Additional Duties of Excise (Goods of Special Importance) Act, 1957. These amendments will be found incorporated in that Act.]

## **SCHEDULE 1** **THE FIRST SCHEDULE**

(See section 2) \ \ \ \ \ PART I \ \ \ \ Income-tax and surcharge on income-tax \ \ \ \ \ Paragraph A \ In the case of every individual c



the amount of rebate arrived at under the preceding proviso in the case of a company referred to in item I or item II of that proviso shall sum, if any, equal to the amount or the aggregate of the amounts, as the case may be. computed as hereunder :--- (a) on the aggregate computed in the manner provided in clause (i) of the second at the rate of 100 proviso to Paragraph D of Part II of the Finance Act, 1964 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 the rebate mentioned in clause (i) of the said proviso to nil. (b) on the amount representing the face value of any bonus shares or the am rate of bonus issued to its shareholders during the previous year with a view to increasing the 12.5 per cent paid-up capital except where or bonus have been issued wholly out of the share premium account of the company after the 31st day of March, 1964: and (c) in addition company as is referred to in S.108 of the Income tax Act, 1961, or (ii) a company as is referred to in clause (iii) or sub-section (2) or sub Section 104 of the said act. or (iii) such a company as is exempt from the operation of Section 104 of the said act by a notification issued provisions of sub-section (3) of that section. which has declared or distributed to its shareholders during the previous year any dividends on preference shares- (A) in the case of a company which since the date of the commencement of its activities

Rate of Rebate to be allowed

distributed any dividends for the first time during the previous year or any one of the four previous years immediately preceding such part of the dividends other than dividends on preference shares which exceeds at the rate of ten per cent of the paid-up equity capital 7.5 other case- on the whole amount of the dividends other than dividends on preference shares at the rate of 7.5 percent.

arrived at in accordance with clause (i) of this proviso exceeds the amount of the rebate arrived at under the preceding proviso only so m of reduction mentioned in sub-clauses ?business of generation or distribution of electricity or any other form of power or in the constructi manufacture or processing of goods or in mining, if the income attributable to any of the aforesaid activities included in its total income fi is not less than fifty-one per cent of such total income. Explanation 2.- For the purposes of this Paragraph, where a part of the income ol included in its total income because it is agricultural income, the amount declared or distributed as dividends (other than dividends on pr amount representing the face value of any bonus shares and the amount of any bonus issued to its shareholders shall each bedeeded to t thereof as the sum specified in clause (a) bears to the sum specified in clause (b), such sums being- (a) the average amount of the total comapny in the five previous years in which it has been in receipt of taxable income immediately preceding the relevant previous year: a amount of the total profits and gains (excluding capital receipts) of the company for the five previous years referred to in clause (a) redu .allowances as may be admissible under the Income-tax Act but which have not been into account by the company in its profit and loss a five previous years. Explanation 3.- For the purpose of sub-clause (b) of clause (i) of the second proviso, "share premium account" mean: a separate and identifiable part of the reserves of a company to which has been transferred a sum equal to the aggregate amount or value shares issued by the company. Explanation 4.- For the removal of doubts it is hereby declared that where any dividends were declared by the commencement of the previous year and are distributed by it during that year, no reduction in the rebate shall be made under sub-cla of the second proviso in respect of such dividends. PART II Rates for deduction of tax at source in certain cases In every the provisions of Section 193Section 194S.195 of the Income tax Act, 1961, tax is to be deducted at the rates in force, deduction shall be income subject to deduction, at the following rates :--

Income-tax Rate of Rate of income-tax surcharge

person other than a company- (a) where the person is resident- on the whole income (excluding interest payable on any security of the 1: Central Government issued or declared to be income-tax free, and in- terest payable on any security of a State Government issued income income-lax whereon is payable by the State Government); (b) where the person is not resident in India- (i)on the whole income (excludir on any security of Income-tax at 25 per cent and sur- the Central Government issued or declared to be income-tax free, and charge at 5 p interest payable on any security of a State Government issued income- amount of the income tax free, the income-tax whereon is payable Govern- ment); or Income-tax and surcharge on in- come-tax in respect of the income rate prescribed in para- graph A of Part I of this Sche- dule, if such income had been the income. whichever is higher. (ii)on the income from interest payable on any security of the Central 12.5 percent 2.5 p issued or declared to be income-tax free, and interest payable on any security of a State Government issued income-tax free, the income- payable by the State Government. 2. In the case of a company (a) where the company is either an Indian company or a company which h prescribed arrangements for the declaration and payment of dividends within India, on the whole income (excluding interest payable on a Central Government issued or declared to be income-tax free, and in- terest payable on any security of a State Government issued income income-tax whereon is payable by the State Government): 20 per cent Nil (b) where the company is neither an Indian company nor a cor made the prescribed arrangements for the declaration and payment of dividends within India, (i) on the income from dividends payable b which is not such a company as is referred to in Section 108 of the Income- tax Act and which is wholly or mainly engaged in the busine: distribution of electricity or of construction, manu- facture or production of any one or more of the articles or things specified in the list ir Schedule; 15 per cent Nil (ii) on the income from dividends payable by any other Indian company or any company which has made the pr arrangements for the declaration and payment of dividends within India; 25 per cent Nil (iii) on the income from royalties payable by an I pur- suance 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 appro Government; 50 per cent Nil (iv)on the income from fees for rendering technical services received from an Indian concern in pursuance ol by it with the Indian concern after the 29th day of February, 1964 and which has been approved by the Central Government; (v) on the in payable on any security of the Central 50 per cent Nil Government issued or declared to be income-tax free, and interest , payable on any Government issued income-tax free, the income-tax whereon is payable by the State Government; and 40 per cent Nil (vi) on any other ir Nil PART III List of articles Mid things (1) Iron and steel (metal), ferro-alloys and special steels. (2) Aluminium, copper, lead (3) Coal, lignite, iron ore, bauxite, manganese ore, dolomite, limestone, magnesite and mineral oil. (4) Industrial machinery specified ur Industrial machinery", sub-heading "A. Major items of specialised equipment used in specific industries", of Industries (Development anc 1951. (5) Boilers and steam-generating plants, steam engines and turbines and internal combustion engines. (6) Flame and drip-proof r Equipment for the generation and transmission of electricity including transformers, cables and transmission towers. (8) Machine tools : (including their attachments and accessories, cutting tools and small tools), dies and jigs. (9) Tractors, earth-moving machinery and ag implements. (10) Motor trucks and buses. (11) Steel castings and forgings and malleable iron and steel castings, (12) Cement and refra Fertilisers, namely, ammonium sulphate, ammonium sulphate nitrate (double salt), ammonium nitrate, calcium ammonium nitrate (nitro- ammonium chloride, super phosphate, urea and complex fertilisers of synthetic origin containing both nitrogen and phosphorus, such as phosphate, ammonium sulphate phosphate and ammonium nitro phosphate. (14) Soda ash. (15) Pesticides. (16) Paper and pulp. (17) Electronic equipment, namely, radar equipment, computers, electronic accounting and business machines, electronic communication equip control instruments and basic components, such as valves, transistors, resistors, condensers, coils, magnetic materials and micro-wave c Petrochemicals including corresponding products manufactured from other basic raw materials like calcium carbide, ethyl alcohol or hydr sources. (20) Ships. (21) Automobile ancillaries. (22) Seamless tubes. (23) Gears. (24) Ball, roller and tapered bearings. (25) Coml articles mentioned in items Nos. (4), (5), (7) and (9), that is to say, such parts as are essential for the working of the machinery referre aforesaid and have been given for that purpose some special shape or quality which would not be essential for their use for any other pu complete finished form and ready for fitment. (26) Cotton-seed oil.

SCHEDULE 2  
THE SECOND SCHEDULE

(See Section 3) Rates of Annuity Deposits (i) in the case of any depositor whose total income exceeds 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- 7½ 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 a 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- \ 12½ 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 28-0 of that Act.

### SCHEDULE 3

#### THE THIRD SCHEDULE

\ \ \ \ (See Section 75 ) \ [Note.- This Third Schedule amended various items in Tariff Act, 1934. This Act is now repealed and replaced by Customs Tariff Act, 1975 .]