

**FINANCE ACT, 1970**

**19 of 1970**

**[14th May, 1970]**

CONTENTS

**CHAPTER 1 :- PRELIMINARY**

1. Short title and commencement

**CHAPTER 2 :- RATES OF INCOME-TAX**

2. Income-tax

**CHAPTER 3 :- INCOME-TAX**

3. Note

4. Note

5. Note

6. Note

7. Note

8. Note

9. Note

10. Note

11. Note

12. Note

13. Note

14. Note

15. Note

16. Note

17. Note

18. Note

19. Note

20. Note

21. Note

22. Note

23. Note

24. Note

25. Note

**CHAPTER 4 :- OTHER DIRECT TAXES**

26. Note

27. Amendment of act 18 of 1958

**CHAPTER 5 :- INDIRECT TAXES**

28. Amendment of Act 32 of 1934

29. Special duties of customs

30. Regulatory duties of customs

31. Amendment of Act I of 1949

32. Amendment of Act I of 1944

33. Special duties of excise on certain goods

34. Regulatory duties of excise

35. Amendment of Act 58 of 1957

36. Discontinuance of salt duty

**CHAPTER 6 :- MISCELLANEOUS**

37. Amendment of Act 6 of 1898

38. Amendment of Act 52 of 1963

39. Amendment of Act 7 of 1964

**SCHEDULE 1 :- 1**

**SCHEDULE 2 :- 2**

**FINANCE ACT, 1970**

**19 of 1970**

**[14th May, 1970]**

An Act to give effect to the financial proposals of the Central Government for the financial year 1970-71. Be it enacted by Parliament in the Twenty-first Year of the Republic of India as follows :-

**CHAPTER 1**

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

(1) This Act may be called The Finance Act, 1970.

(2) Save as otherwise provided in this Act, section 2 to section 27 (both inclusive) and section 38 and section 39 shall be deemed to have come into force on the 1st day of April, 1970.

**CHAPTER 2**

**RATES OF INCOME-TAX**

**2. Income-tax :-**

(1) Subject to the provisions of sub-sections (2) and (3), for the assessment year commencing on the 1st day of April, 1970, 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 and in the cases to which Paragraph C applies, also by a special surcharge for purposes of the Union, calculated in each case in the manner provided therein.

(2) In making any assessment for the assessment year commencing on the 1st day of April, 1970, 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 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 in the case of the Life Insurance Corporation of India, in accordance with Paragraph E of Part I of the First Schedule, to that part of its total income which consists of profits and gains from the insurance business; and

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

(3) 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.

(4) In cases in which tax has to be deducted under sections 193, S.194 of the IncomeTax Act, 1961, S.194A of the IncomeTax Act, 1961 and S.195 of the IncomeTax Act, 1961 at the rates in force, the deduction shall be made at the rates specified in Part II of the First Schedule.

(5) In cases in which income-tax has to be calculated under the first proviso to sub-section (5) of Section 132 of the Income tax Act, 1961 or charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or deducted under section 192 of the said Act, from income chargeable under the head "Salaries" or deducted under sub-section (9) of section 80E of the said Act from any payment referred to in the said sub-section (9) or in which the "advance tax" payable under Chapter XVIIC of the said Act has to be computed, at the rate or rates in force, such income-tax or, as the case may be. "advance tax" shall be so calculated, charged, deducted or computed at the rate or rates specified in Part III of the First Schedule.

(6) For the purposes of this section and the First Schedule, -

(a) "company in which the public are substantially interested" means a company which is such a company as is referred to in Section 108 of the Income tax Act, 1961 ;

(b) "domestic company" means an Indian company, or any other company which, in respect of its income liable to income-tax under the Income-tax Act for the assessment year commencing on the 1st day of April, 1970, has made the prescribed arrangements for the declaration and payment within India of the dividends (including dividends on preference shares) payable out of such income in accordance with the provisions of section 194 of that Act;

(c) "industrial company" means a company which is mainly engaged in the business of generation or distribution of electricity or any other form of power or in the construction of ships or in the manufacture or processing of goods or in mining.

(d) "tax-free security" means any security of the Central Government issued or declared to be income-tax free, or any security of a State Government issued income-tax free, the income-tax whereon is payable by the State Government;

(e) all other words and expressions used in this section and the First Schedule but not defined in this sub-section and defined in the Income-tax Act shall have the meanings, respectively, assigned to them in that Act

**CHAPTER 3**

**INCOME-TAX**

**3. Note :-**

These sections amend various provisions of the Income-tax Act, 1961. The amendments made by these sections were incorporated in that Act then.]

**4. Note :-**

These sections amend various provisions of the Income-tax Act, 1961. The amendments made by these sections were incorporated in that Act then.]



#### **24. Note :-**

These sections amend various provisions of the Income-tax Act, 1961. The amendments made by these sections were incorporated in that Act then.]

#### **25. Note :-**

These sections amend various provisions of the Income-tax Act, 1961. The amendments made by these sections were incorporated in that Act then.]

#### **CHAPTER 4**

#### **OTHER DIRECT TAXES**

#### **26. Note :-**

This section amends the Wealth-tax 1957 (22 of 1957). The amendments made were incorporated in the principal Act.]

#### **27. Amendment of act 18 of 1958 :-**

Note.-This section amends the Gift-tax Act, 1958 (18 of 1958). The amendments made by it were incorporated in that Act.]

#### **CHAPTER 5**

#### **INDIRECT TAXES**

#### **28. Amendment of Act 32 of 1934 :-**

The Indian Tariff Act, 1934 now stands repealed and replaced by the Customs Tariff Act 1975 (51 of 1975).]

#### **29. Special 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, or in that Schedule as amended by this Act or a subsequent Central Act, if any, 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 special duty of customs equal to ten per cent of such amount : Provided that in computing the total amount so chargeable, any duty chargeable under section 2A of the Tariff Act or section 30 of this Act shall not be included.

(2) Sub-section (1) shall cease to have effect after the 31st day of March, 1971, 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.

#### **30. Regulatory duties of customs :-**

(1) With a view to regulating or bringing ^nter economy in imports, there shall be levied and collected, with effect from such d.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, or in that Schedule as amended by this Act or a subsequent Central Act, if any, a regulatory duty of customs not exceeding-

(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-sec. (1) of section 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 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, 1971, except as respect 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 the Customs Act, 1962.

(4) The 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.

#### **31. Amendment of Act I of 1949 :-**

This Act stands repealed by Act 51 of 1975.

#### **32. Amendment of Act I of 1944 :-**

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

#### **33. Special duties of excise on certain goods :-**

(1) When goods of the description mentioned in this section chargeable with a duty of excise under the Central

Excise Act (as amended by this Act or any subsequent Central Act) 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, 14D, 22A, 23A, 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 ten per cent of the total amount so chargeable on such goods;

(b) as respects goods comprised in Items Nos. 2,3 (1), sub-items I, II (2) and II (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 sub-items 11(1) and II (2) of Item No. 37 of that Schedule, a special duty of excise equal to twenty per cent of the total amount so chargeable on such goods; and

(c) as respects goods comprised in sub-item II (1) of Item No. 4 and Items Nos. 18, 18A (1), 18B, 20, 29A, 33A and sub-items (2) and (3) of Item No. 34 of the Schedule, a special duty of excise equal to  $33 \frac{1}{3}$  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, 1971, 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 duties of excise leviable under this section in respect of any goods as they apply in relation to the levy and collection of duties of excise on such goods under that Act or those rules.

#### **34. Regulatory duties 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 Central Act, a regulatory duty of excise which shall not exceed 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 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, 1971, 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 duties 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.

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

Note.- This section amended Additional Duties of Excise (Goods of Special Importance) Act, 1957. These amendments were incorporated in that Act.]

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

For the year beginning on the 1st day of April, 1970, no duty under the Central Excises Act or the Tariff Act shall be levied in respect of salt manufactured in, or imported into, India.

#### **CHAPTER 6 MISCELLANEOUS**

#### **37. Amendment of Act 6 of 1898 :-**

Note.- This section amended Indian Post Office Act, 1898. These amendments were incorporated in that Act.]

#### **38. Amendment of Act 52 of 1963 :-**

Note.- This section amended Unit Trust of India Act, 1963. These amendments were incorporated in that Act.]

#### **39. Amendment of Act 7 of 1964 :-**

Note.- This section amended Companies (Profits) Sur-tax Act, 1964. These amendments were incorporated in that Act.]

SCHEDULE 1

1

(See section 2 ) PART 1 Income-tax and Surcharges on Income-tax Paragraph A In the case of every individual or Hindu undivided family unregistered firm or other association of persons or body of individuals, whether incorporated or not, or every artificial juridical person re in sub-clause (vii) of clause (31) of S.2 of the Income tax Act, 1961, not being a case to which any other Paragraph of this Part applies, - where the total income does not exceed Rs. 5,000. 5 per cent. of the total income; (2) where the total income exceeds Rupees 5,000 but does not exceed Rs. 10,000. total income exceeds Rupees 5,000; (3) where the total income exceeds Rs. 10,000 but does Rs. 15,000 but does Rs. 1,600 plus 23 per cent. of the amount by which the not exceed Rs. 20,000. total income exceeds Rupees 15,000; (5) where the total income exceeds Rs. 20,000 but does Rs. 2,750 plus 30 per cent. of the amount by which the not exceed Rs. 25,000. total income exceeds Rupees 20,000; (6) where the total income exceeds Rs. 25,000 but does Rs. 4,250 plus 40 per cent. of the amount by which the not exceed Rs. 30,000. total income exceeds Rupees 25,000; (7) where the total income exceeds Rs. 30,000 but does Rs. 6,500 plus 50 per cent. of the amount by which the not exceed Rs. 50,000. total income exceeds Rupees 30,000; (8) where the total income exceeds Rs. 50,000 but does Rs. 16,250 plus 60 per cent. of the amount by which the not exceed Rs. 70,000. total income exceeds Rupees 50,000; (9) where the total income exceeds Rs. 70,000 but does Rs. 28,250 plus 65 per cent. of the amount by which the not exceed Rs. 1,00,000. total income exceeds Rupees 70,000; (10) where the total income exceeds Rs. 1,00,000 but does Rs. 47,750 plus 70 per cent. of the amount by which the not exceed Rs. 2,50,000. total income exceeds Rupees 1,00,000; (11) where the total income exceeds Rs. 2,50,000 Rs. 1,52,750 plus 75 per cent. of the amount by which the total income exceeds Rupees 2,50,000; Provided that for the purposes of this Paragraph, in the case of a person being a non-resident- (i) no income-tax shall be payable on a total income not exceeding the following limit, namely :- (a) Rs. 7,000 in the case of every Hindu undivided family which, at any time during the previous year satisfies either of the following two conditions, namely:- (1) that it has at least two members entitled to claim partition who are not less than eighteen years of age; or (2) 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; (b) Rs. 4,000 in every other case; (ii) where such person is an individual whose total income does not exceed Rs. 10,000 and who has, during the previous year, incurred any expenditure for the maintenance of any one or more of his parents or grand-parents mainly dependent on him, the income-tax computed at the rate hereinbefore specified shall be reduced by so much of the amount specified hereunder, as does not exceed the amount of income-tax so computed:- (a) Rs. 145 in the case of an unmarried individual; (b) Rs. 220 in the case of a married individual who has no child mainly dependent on him; (c) Rs. 240 in the case of a married individual who has one child mainly dependent on him; (d) Rs. 260 in the case of a married individual who has more than one child mainly dependent on him; so, however, that in the case of a married individual whose spouse has a total income exceeding Rs. 4,000, this clause shall have effect as if for the amounts of Rs. 220, Rs. 240 and Rs. 260, the amounts of Rs. 145, Rs. 165 and Rs. 185 had, respectively, been substituted; (iii) where such person is an individual not falling under clause (ii) or a Hindu undivided family, the income-tax computed at the rate hereinbefore specified shall be reduced by so much of the amount specified hereunder, as does not exceed the amount of income-tax so computed :- (a) Rs. 125 in the case of an unmarried individual; (b) Rs. 200 in the case of a married individual who has no child mainly dependent on him or a Hindu undivided family which has no minor coparcener; (c) Rs. 220 in the case of a married individual who has one child mainly dependent on him or a Hindu undivided family which has one minor coparcener mainly supported from the income of such family; (d) Rs. 240 in the case of a married individual who has more than one child mainly dependent on him or a Hindu undivided family which has more than one minor coparcener mainly supported from the income of such family; so, however, that in the case of a married individual whose spouse has a total income exceeding Rs. 4,000, this clause shall have effect as if for the amounts of Rs. 200, Rs. 220, Rs. 240, the amounts of Rs. 125, Rs. 145 and Rs. 165 had, respectively, been substituted; (iv) (A) where such person is an individual whose total income exceeds Rs. 10,000 but does not exceed Rs. 20,000 and who has, during the previous year, incurred any expenditure for the maintenance of any one or more of his parents or grand-parents mainly dependent on him, the income-tax payable by him in respect of such total income shall not exceed the aggregate of- (1) the income-tax which would have been payable by the individual if his total income had been Rs. 10,000 plus forty per cent. of the amount by which the total income of the individual exceeds Rs. 10,000; (B) where such person is not an individual whose total income falls under sub-clause (A) and the total income of such person does not exceed Rs. 20,000, the income-tax payable thereon shall not exceed the aggregate of- (1) the income-tax which would have been payable by the individual if his total income had been Rs. 10,000 plus forty per cent. of the amount by which the total income exceeds the limit specified in sub-clause (a) or, as the case may be, sub-clause (b) of this proviso. Explanation.- For the purposes of clause (ii) and sub-clause (A) of clause (iv) of this proviso a parent or grand-parent of an individual shall not be treated as being mainly dependent on such individual if the income of the parent or, as the case may be, the grand-parent from all sources in respect of the previous year exceeds one thousand rupees. \ \ \ \ Surcharges on income-tax The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge for the purposes of the Union calculated at the rate of ten per cent. of such income-tax. \ \ Paragraph B \ \ In the case of every co-operative society,- \ \ \ \ Rates of income-tax (1) where the total income does not exceed Rs. 10,000 15 per cent. of the total income; (2) where the total income exceeds Rs. 10,000 but does Rs. 1,500 plus ten per cent. of the amount by which the total income exceeds Rupees 10,000 (3) where the total income exceeds Rs. 20,000 but does Rs. 4,000 plus 40 per cent. of the amount by which the total income exceeds Rupees 20,000; \ \ \ \ Surcharges on income-tax The amount of income-tax computed at the rate hereinbefore specified shall be increased by a surcharge for purpose of the Union calculated at the rate of ten per cent. of such income-tax. \ \ \ \ Paragraph C In the case of every registered firm,- \ \ \ \ Rates of income-tax (1) where the total income does not exceed Rs. 10,000 Nil; (2) where the total income exceeds Rs. 10,000 but does 4 per cent. of the amount by which the total income not exceed Rs. 25,000. exceeds Rs. 10,000; (3) where the total income exceeds Rs. 25,000 but does Rs. 600 plus 6 per cent. of the amount by which the total income exceeds Rs. 50,000. total income exceeds Rupees 25,000; (4) where the total income exceeds Rs. 50,000 but does Rs. 2,100 plus 12 per cent. of the amount by which the not exceed Rs. 1,00,000. total income exceeds Rupees 50,000; (5) where the total income exceeds Rs. 1,00,000 but does Rs. 8,100 plus 20 per cent. of the amount by which the total income exceeds Rupees 1,00,000; \ \ \ \ Surcharges on income-tax The amount of income-tax computed at the rate hereinbefore specified shall be increased by the aggregate of surcharges for purposes of the Union calculated at the rate hereinbefore specified hereunder:- (a) in the case of a registered firm whose total income includes income derived from profession carried on by it and such income so included is not less than fifty-one per cent. of such total income, a surcharge calculated at the rate of ten per cent. of the amount of income-tax computed at the rate hereinbefore specified; (b) in the case of any other registered firm, a surcharge calculated at the rate of ten per cent. of the amount of income-tax computed at the rate hereinbefore specified; and (c) a special surcharge calculated at the rate of ten per cent. on the aggregate of the following amounts, namely:- (i) the amount of income-tax computed at the rate hereinbefore specified; and (ii) the amount of the surcharge calculated in accordance with clause (a), or, as the case may be, clause (b), of this sub-paragraph. , \ \ \ \ Paragraph D In the case of every local authority,- \ \ \ \ Rates of income-tax Per cent. On the whole of the total income ... .. 50 \ \ \ \ Surcharges on income-tax The amount of income-tax computed at the rate hereinbefore specified shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax. \ \ \ \ Paragraph E In the case of the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956,- \ \ \ \ Rates of income-tax (i) on that part of its total income which consists of- (a) 52.5 per cent.; and gains from life insurance business (ii) on the balance, if any, of the total income, the rate of income-tax applicable, in accordance with Paragraph F of this Part, to the total income of a domestic company which is a company in which the public are substantially interested. \ \ \ \ Paragraph F In the case of a company, other than the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956,- Rates of income-tax 1. In the case of a domestic company- (1) where the company is a company in which the public are substantially interested.- (i) in a case where the total income does not exceed 45 per cent. of the total income; Rs. 50,000 (ii) in a case where the total income exceeds Rs. 50,000. 55 per cent. of the total income; (2) where the company is not a company in which the public are substantially interested,- (i) in the case of an industrial company- (a) on so much of the total income as does not exceed 55 per cent.; Rs. 10,00,000. on the balance, if any, of the total income. 60 per cent.; (ii) in any other case ..... 65 per cent. of the total income. 2. In the case of a company other than a domestic company, being a company in which the public are substantially interested, the total income which exceeds Rs. 50,000, shall not exceed the aggregate of- (a) the income-tax which would have been payable by the company if its total income had been Rs. 50,000 (the income of Rs. 50,000 for this purpose being computed as if such income included income from various sources in the same proportion as the total income of the company); and (b) eighty per cent. of the amount by which its total income exceeds Rs. 50,000. 3. In the case of a company other than a domestic company- (i) on so much of the total income as consists of- (a) royalties received from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 31st day of March, 1961, or (b) fees for rendering technical services received from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 29th day of February, 1961, and where such agreement has, in either case, been approved by the Central Government 50 per cent. (ii) on the balance, if any, of the total income which exceeds Rs. 50,000, shall not exceed the aggregate of- (a) the income-tax which would have been payable by the company if its total income had been Rs. 50,000 (the income of Rs. 50,000 for this purpose being computed as if such income included income from various sources in the same proportion as the total income of the company); and (b) eighty per cent. of the amount by which its total income exceeds Rs. 50,000.



(See section 28 ) [The Schedule amended the provisions of the Tariff Act, which is now repealed and replaced by Customs Tariff Act, 1975.]