

## **FINANCE ACT, 1971**

**14 of 1971**

**[7th April, 1971]**

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## **FINANCE ACT, 1971**

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An Act to continue for the financial year 1971-72 the existing rates of income-tax with certain modifications and to provide for the continuance of the provisions relating to special and regulatory duties of customs and excise and of certain commitments under the General Agreement on Tariffs and Trade and the discontinuance of the duty on salt for the said year. Be it enacted by Parliament in the Twenty-second Year of the Republic of India as follows :--

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

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(1) This Act may be called The Finance Act, 1971.

(2) Sections 2 , 5 and 8 shall be deemed to have come into force on the 1st day of April, 1971.

### **2. Income-tax :-**

The provisions of Section 2 of, and Finance Act, 1970 , shall apply in relation to income-tax for the assessment year or, as the case may be, the financial year commencing on the 1st day of April, 1971, as they apply in relation to income-tax for the assessment

year or. as the case may be the financial year commencing on the 1st day of April 1970. with the following modifications, namely:-

(a) in Section 2, -

(i) for the figures "1970" wherever they occur, the figures "1971" shall be substituted;

(ii) for sub-section (3), the following sub-section shall be substituted, namely :- "(3) In cases to which Chapter 12 or Section 164 of the Income tax Act, 1961 (hereinafter referred to as the Income-tax Act) applies, the tax chargeable shall be determined as provided in that chapter or that section, and with reference to the rates imposed by sub-section (1) or the rates as specified in that Chapter or section, as the case may be,";

(iii) in sub-section (5), the following proviso shall be inserted at the end, namely :- Provided that in respect of any income chargeable to tax under Section 164 of the Income tax Act, 1961 at the rate of sixty-five per cent., " advance tax" shall be computed at that rate;

(b) in the First Schedule,-

(i) in Part I, -

(1) for Paragraph A, the following Paragraph shall be substituted, namely :- Paragraph A In the case of every individual or Hindu undivided family or unregistered firm or other association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-el, (vii) of clause (31) of Section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies, - Provided that for the purposes of this Paragraph, in the case of a Hindu undivided family which at any time during the previous year satisfies either of the following two 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 :-- (i) no income-tax shall be payable on a total income not exceeding Rs. 7,000; (ii) where the total income exceeds Rupees 7,000 but does not exceed Rs. 7,660, the income-tax payable thereon shall not exceed forty per cent. of the amount by which the total income exceeds Rs. 7.000. Rates of Income-tax (1) where the total income does not exceed Nil, Rupees. 5,000 (2)

where the total income exceeds Rupees 10 per cent. of the amount by which the total income 5,000 hut (Joes not exceed Rs. 10.000 exceeds Rs. 5.000: (3) where the total income exceeds Rupees Rs. 500 plus 17 per cent. of the amount by which 10.000 hut docs not exceed Rs. 15.000 the total income exceeds Rupees 10.000: (4) where the total income exceeds Rupees Rs. 1.350 plus 23 per cent. of the amount by which 15.000 but does not exceed Rs. 20.000 the total income exceeds Rupees 15.000: (5) where the total income exceeds Rupees Rs. 2.500 plus 30 per cent. of the amount by which 20.000 hut does not exceed Rs. 25.000 the total income exceeds Rupees 20,000: (6) where the total income exceeds Rupees Rs. 4.000 plus 40 per cent. of the amount by which 25,000 but does not exceed Rs. 30.000 the total income exceeds Rupees 25.000: (7) where the total income exceeds Rupees Rs. 6,000 plus 50 per cent. of the amount by which 30.000 hut does not exceed Rs. 40.000 the total income exceeds Rupees 30.000: (8) where the total income exceeds Rupees Rs. 11.000 plus 60 per cent. of the amount hy which 40.000 but does not exceed Rs. 60.000 the total income exceeds Rupees 40.000: (9) where the total income exceeds Rupees Rs. 23.000 plus 70 per cent. of the amount hy which 60.000 but does not exceed Rs. 80.000 the total income exceeds Rupees 60,000: (10) where the total income exceeds Rupees Rs. 37.000 plus 75 per cent. of the amount by which 80,000 hut docs not exceed Rs. 1.00.000 the total income exceeds Rupees 80.000: (11) where the total income exceeds Rupees Rs. 52.000 plus 80 per cent. of the amount by which 1,00.000 but does not exceed Rs. 2.00.000 the total income exceeds Rupees 1.00.000: (12) where the total income exceeds Rupees Rs. 1.32,000 plus 85 per cent. of the amount hy which 2.00,000 the total income exceeds Rupees 2.00.000. Surcharge 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 purposes of the Union calculated at the rate of ten per cent. of such incon tax.":

(2) in Paragraph C, the following Explanation shall be inserted at the end, namely :- 'Explanation.-" For the purposes of this Paragraph, "registered firm" includes an unregistered Firm assessed as a registered Firm under clause (b) of Section 183 of the Income tax Act, 1961 .';

(ii) in Pan III, -

(1) in the opening portion, after the words 'as the case may be. "advance tax",' the brackets, words and figures '(not being "advance tax" in respect of any income chargeable to tax under Section 164 of the Income tax Act, 1961 at the rate of sixty-five per cent.)' shall be inserted.

(2) in Paragraph A, for the figures "1971" occurring in the proviso, the Figures "1972" shall be substituted;

(3) in Paragraph C, the following Explanation shall be inserted at the end, namely :-

'Explanation.- For the purposes of the Paragraph, "registered firm" includes an unregistered firm assessed as a registered firm under clause (b) of Section 183 of the Income-tax Act'.

### **3. 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 Indian Tariff Act. 1934" (hereinafter referred to as the Tariff Act), or in that Schedule as amended from time to time, or in that Schedule read with any notiFication of the Central Government lor 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 10 per cent. of such amount : Provided that in computing the total amount so chargeable, any duty chargeable under S.2A of the Custam Tariff Act, 1975<sup>1</sup> or Section 4 of this Act shall not be included.

(2) Sub-section (1) shall cease to have effect after the 31st day of March. 1972, except as respects things done or omitted to be done before such cesser; and S.6 ofthe General Clauses Act, 1897, shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

1. This Act is now repealed and replaced by the Customs Tariff Act 1975 (51 of 1975).

### **4. Regulatory duties 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 ofthe goods mentioned in the First Schedule to the Tariff Act."

or in that Schedule as amended from time to time a regulatory duty of customs not exceeding -

(a) 25 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.6 of the General Clauses Act, 1897<sup>1</sup> ; or

(b) 10 per cent. of the value of the goods as determined in accordance with the provisions of S.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 come into force on the 16th day of May, 1971, and cease to have effect after the 15th day of May, 1972, 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 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.

1. This Act is now repealed and replaced by Customs Tariff Act 1975 (51 of 1975).

#### **5. Amendment of Act 1 of 1949 :-**

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

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

(1) When goods of the description mentioned in this section chargeable with a duty of excise under Central Excises and Salt Act,

1944, as amended from time to time (hereinafter referred to as the Central Excises 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-items (1) thereof. 23B. 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 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 II (1) and II (2) of 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 sub-item II (1) of Item No. 4 and Item Nos. 18, ISA (1). 18B. 20. 29A, 33A and sub-items (2) and (3) of Item No. 34 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. 1972, except as respects things done or omitted to be done before such cesser: and S.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 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.

## **7. 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, 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 come into force on the 16th day of May, 1971, and cease to have effect after the 15th day of May, 1972, 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 there- in 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.

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

For the year beginning on the 1st day of April, 1971, no duty under the Central Excises Act or the Tariff Act shall be levied in respect of salt manufactured in, or imported into, India.

