

FINANCE ACT, 1981

16 of 1981

[12th May, 1981]

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FINANCE ACT, 1981

16 of 1981

[12th May, 1981]

An act to give effect to the financial proposals of the Central Government for the financial year 1981-82 Be it enacted by Parliament in the Thirty-second Year of the Republic of India as follows

CHAPTER 1
PRELIMINARY

1. Short title and commencement :-

(1) This Act may be called The finance Act, 1981.

(2) Save as otherwise provided in this Act, section 2 to section 45 and section 53 shall be deemed to have come into force on the 1st day of April, 1981.

CHAPTER 2
RATES OF INCOME-TAX

2. Income-tax :-

(1) Subject to the provisions of sub-section (2) and (3), for the assessment year commencing on the 1st day of April, 1981, income-tax shall be charged at the rates specified in part I of the First Schedule and shall be increased,

(a) in the cases to which Paragraphs A, B, C and D of that Part apply, by a surcharge for purposes of the Union; and

(b) in the cases to which Paragraph E of that part applies, by a surcharge, calculated in each case in the manner provided therein.

(2) In the cases to which Sub-Paragraph I or Sub-Paragraph II of Paragraph A of Part I of the First Schedule applies, where the assessee has in the previous year, any net agricultural income exceeding six hundred rupees in addition to total income, and the total income exceeds twelve thousand rupees, then,-

(a) the net agricultural income shall be taken into account, in the manner provided in clause (b) (that is to say, as if the net agricultural income were comprised in the total income after the first eight thousand rupees of the total income but without being liable to tax), only for the purpose of charging income-tax in respect of the total income; and

(b) the income-tax chargeable shall be calculated as follows:-

(i) the total income and the net agricultural income shall be aggregated and the amount of income-tax shall be determined in respect of the aggregate income at the rates specified in sub-paragraph I or, as the case may be, sub-paragraph II of the said Paragraph A, as if such aggregate income were the total income: Provided that for the purpose of determining the amount of income-tax in accordance with this sub-clause, the provisions of clause (ii) of the proviso below sub-paragraph I or, as the case may be, sub-paragraph II of the said Paragraph A and the provisions relating to surcharge on income tax in the said sub-paragraphs shall not apply;

(ii) the net agricultural income shall be increased by a sum of eight thousand rupees and the amount of income-tax shall be determined in respect of the net agricultural income as so increased at the rates specified in sub-paragraph I or, as the case may be, sub-paragraph II of the said Paragraph A, as if the net agricultural income as so increased were the total income. Provided that for the purposes of determining the amount of income-tax in accordance with this sub-clause, the provisions of clause (i) and clause (ii) of the proviso below sub-paragraph I or, as the case may be, sub-paragraph II of the said Paragraph A and the provisions relating to surcharge on income-tax in the said sub-paragraphs shall not apply;

(iii) the amount of income-tax determined in accordance with sub-clause (i) shall be reduced by the amount of income-tax determined in accordance with sub-clause (ii): Provided that where the sum so arrived at exceeds sixty per cent. of the amount by which the total income exceeds twelve thousand rupees, the excess shall be disregarded;

(iv) the amount of income-tax determined in accordance with sub-clause (iii) shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax and the sum so arrived at shall be the income-tax in respect of the total income.

(3) In cases to which the provisions of Chapter XII or Section 164 or Section 164A or Section 167A of the Income tax Act, 1961 (hereinafter referred to as the Income-tax Act) apply, 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.

(4) In cases in which tax has to be deducted under sections 193. Section 194 of the Income Tax Act, 1961 , Section 194A of the Income Tax Act, 1961 , Section 194B of the Income Tax Act, 1961 , Section 194BB of the Income Tax Act, 1961 , Section 194D of the Income Tax Act, 1961 and 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.

(5) Subject to the provisions of sub-section (6). 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 XVII-C 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: Provided that in cases to which the provisions of Chapter XII or Section 164 or Section 164A or Section 167A of the Income tax Act, 1961 apply, "advance tax" shall be computed with reference to the rates imposed by this sub-section or the rates as specified in that Chapter or section, as the case may be.

(6) In the cases to which Sub-Paragraph I or Sub-Paragraph II of Paragraph A of Part III of the First Schedule applies, where the assessee has, in the previous year or, if by virtue of any provision of the Income-tax Act, income tax is to be charged in respect of the income of a period other than the previous year, in such other period, any net agricultural income, exceeding six hundred rupees, in addition to total income and the total income exceeds,-

(i) in a case to which the said sub-paragraph I applies, fifteen thousand rupees, and

(ii) in a case to which the said sub-paragraph II applies, twelve thousand rupees; then, in calculating income-tax under the first proviso to sub-section (5) of Section 132 of the Income tax Act, 1961 or in charging income-tax under sub-section (2) of Section 174 or Section 175 or sub-section (2) of Section 176 of the said Act or in computing the "advance tax" payable under Chapter XVII-C of the said Act, at the rate or rates in force, -

(a) the net agricultural income shall be taken into account, in the manner provided in Clause (b) (that is to say, as if the net agricultural income were comprised in the total income after -

(i) in a case to which the said sub-paragraph I applies, the first fifteen thousand rupees, and

(ii) in a case to which the said sub-paragraph II applies, the first eight thousand rupees, of the total income but without being liable to tax), only for the purpose of calculating, charging or computing such income-tax or, as the case may be, "advance tax" in respect of the total income; and

(b) such income-tax or, as the case may be, "advance tax" shall be so calculated, charged or computed as follows :-

(i) the total income and the net agricultural income shall be aggregated and the amount of income-tax or "advance tax" shall be determined in respect of the aggregate income at the rates specified in sub-paragraph I or, as the case may be, sub-paragraph II of the said Paragraph A, as if such aggregate income were the total income: Provided that in a case referred to in the said sub-paragraph II, for the purposes of determining the amount of income-tax or "advance tax" in accordance with this sub-clause, the provisions of Clause (ii) of the proviso below the said sub-paragraph II and the provisions relating to surcharge on income-tax in the said sub-paragraph II shall not apply,

(ii) the net agricultural income shall be increased,-

(A) in a case to which the said Sub-Paragraph I applies, by a sum of fifteen thousand rupees: and

(B) in a case to which the said Sub-Paragraph II applies, by a sum of eight thousand rupees, and the amount of income-tax or "advance tax" shall be determined in respect of the net agricultural income as so increased at the rates specified in the said Sub-Paragraph I or, as the case may be, the said Sub-Paragraph II, as if the net agricultural income as so increased were the total income: Provided that in a case referred to in the said Sub-Paragraph II, for the purposes of determining the amount of income-tax or "advance tax" in accordance with this sub-clause, the provisions of Cl. (ii) of the proviso below the said sub-Paragraph II and the provisions relating to surcharge on income-tax in the said Sub-Paragraph II shall not apply:

(iii) the amount of income-tax or "advance tax" determined in accordance with sub-clause (i) shall be reduced by the amount of income-tax or, as the case may be, "advance tax" determined in accordance with sub-clause (ii): Provided that in a case referred to in the said Sub-Paragraph II, where the sum so arrived at exceeds sixty per cent. of the amount by which the total income exceeds twelve thousand rupees, the excess shall be disregarded:

(iv) the amount of income-tax or "advance tax" determined in accordance with sub-clause (iii) shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax or, as the case may be, "advance tax" and the sum so arrived at shall be the income-tax or, as the case may be, "advance tax" in respect of the total income.

(7) 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 Act;

(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, 1981, 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-

Explanation. - For the purposes of this clause, a company shall be deemed to be 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, if the income attributable to any one or more of the aforesaid activities included in its total income of the previous year (as computed before making any deduction under Chapter VIA of the Income-tax Act) is not less than fifty-one per cent. of such total income;

(d) "insurance commission" means any remuneration or reward whether by way of commission or otherwise, for soliciting or procuring insurance business (including business relating to the continuance, renewal or revival of policies of insurance);

(e) "net agricultural income", in relation to a person means, the total amount of agricultural income, from whatever source derived, of that person computed in accordance with the rules contained in Part IV of the First Schedule;

(f) "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;

(g) all other words and expressions used in this section or in 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 DIRECT TAXES

3. . :-

Amended or inserted Ss. 10A, 16, 32A, 33A, 36, 46, 80D, 80HHA, 80M, 80QQ, 86, 164A, 167A, 208, 252, 253, 256, 269G, 293A. Ninth and Eleventh Schedules of the Income-tax Act, incorporated in the principal Act, Hence not printed hereat.

4. . :-

Amended or inserted Ss. 10A, 16, 32A, 33A, 36, 46, 80D, 80HHA, 80M, 80QQ, 86, 164A, 167A, 208, 252, 253, 256, 269G, 293A. Ninth and Eleventh Schedules of the Income-tax Act, incorporated in the principal Act, Hence not printed hereat.

5. . :-

Amended or inserted Ss. 10A, 16, 32A, 33A, 36, 46, 80D, 80HHA, 80M, 80QQ, 86, 164A, 167A, 208, 252, 253, 256, 269G, 293A. Ninth and Eleventh Schedules of the Income-tax Act, incorporated in the principal Act, Hence not printed hereat.

6. . :-

Amended or inserted Ss. 10A, 16, 32A, 33A, 36, 46, 80D, 80HHA, 80M, 80QQ, 86, 164A, 167A, 208, 252, 253, 256, 269G, 293A. Ninth and Eleventh Schedules of the Income-tax Act, incorporated in the principal Act, Hence not printed hereat.

7. . :-

Amended or inserted Ss. 10A, 16, 32A, 33A, 36, 46, 80D, 80HHA, 80M, 80QQ, 86, 164A, 167A, 208, 252, 253, 256, 269G, 293A. Ninth and Eleventh Schedules of the Income-tax Act, incorporated in the principal Act, Hence not printed hereat.

8. . :-

Amended or inserted Ss. 10A, 16, 32A, 33A, 36, 46, 80D, 80HHA, 80M, 80QQ, 86, 164A, 167A, 208, 252, 253, 256, 269G, 293A. Ninth and Eleventh Schedules of the Income-tax Act, incorporated in the principal Act, Hence not printed hereat.

9. . :-

Amended or inserted Ss. 10A, 16, 32A, 33A, 36, 46, 80D, 80HHA, 80M, 80QQ, 86, 164A, 167A, 208, 252, 253, 256, 269G, 293A. Ninth and Eleventh Schedules of the Income-tax Act, incorporated in the principal Act, Hence not printed hereat.

10. . :-

Amended or inserted Ss. 10A, 16, 32A, 33A, 36, 46, 80D, 80HHA, 80M, 80QQ, 86, 164A, 167A, 208, 252, 253, 256, 269G, 293A. Ninth and Eleventh Schedules of the Income-tax Act, incorporated in the principal Act, Hence not printed hereat.

11. . :-

Amended or inserted Ss. 10A, 16, 32A, 33A, 36, 46, 80D, 80HHA, 80M, 80QQ, 86, 164A, 167A, 208, 252, 253, 256, 269G, 293A. Ninth and Eleventh Schedules of the Income-tax Act, incorporated in the principal Act, Hence not printed hereat.

Amendments incorporated in the Wealth-tax Act, 1957 (27 of 1957).

28. . :-

Amendments incorporated in the Wealth-tax Act, 1957 (27 of 1957).

29. . :-

Amendments incorporated in the Wealth-tax Act, 1957 (27 of 1957).

30. . :-

Amendments incorporated in the Wealth-tax Act, 1957 (27 of 1957).

31. . :-

Amendments incorporated in the Wealth-tax Act, 1957 (27 of 1957).

32. . :-

Amendment Ss 23, 25,26, of the Gift Tax Act, which have been incorporated in that Act, Hence not printed here.

33. . :-

Amendment Ss 23, 25,26, of the Gift Tax Act, which have been incorporated in that Act, Hence not printed here.

34. . :-

Amendment Ss 23, 25,26, of the Gift Tax Act, which have been incorporated in that Act, Hence not printed here.

35. . :-

Amended the provisions of Companies (Profits) Sur-lax Act, 1964, have been incorporated in that Act.

36. . :-

Amended the provisions of Companies (Profits) Sur-lax Act, 1964, have been incorporated in that Act.

37. . :-

Amended the provisions of Companies (Profits) Sur-lax Act, 1964, have been incorporated in that Act.

38. . :-

Amended the provisions of Companies (Profits) Sur-lax Act, 1964, have been incorporated in that Act.

39. . :-

Amended the provisions of Companies (Profits) Sur-lax Act, 1964, have been incorporated in that Act.

40. . :-

Amended the provisions of Companies (Profits) Sur-lax Act, 1964, have been incorporated in that Act.

41. . :-

Amended the provisions of Companies (Profits) Sur-lax Act, 1964, have been incorporated in that Act.

42. . :-

Amended the provisions of Companies (Profits) Sur-lax Act, 1964, have been incorporated in that Act.

43. . :-

Amended the provisions of Companies (Profits) Sur-lax Act, 1964, have been incorporated in that Act.

44. Amendment of Act 45 of 1974 :-

Incorporated in the Act.]

45. Amendment of Act 54 of 1980 :-

Incorporated in the Act.]

CHAPTER 4

INDIRECT TAXES

46. Amendment of Act 51 of 1975 :-

Incorporated in the Act.]

47. Auxiliary duties of customs :-

(1) In the case of goods mentioned in the First Schedule to the Customs Tariff Act, or in that Schedule, as amended from time to time, there shall be levied and collected as an auxiliary duty of customs an amount equal to twenty-five per cent. of the value of goods as determined in accordance with the provisions of Section 14 of Customs Act, 1962 (hereinafter referred to as the Customs Act).

(2) Sub-section (1) shall cease to have effect after the 31st day of March, 1982, except as respects things done or omitted to be done before such cesser; and section 6 of 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 auxiliary duties of customs referred to in sub-section (1) shall be in addition to any duties of customs chargeable on such goods under the Customs Act, or any other law for the time being in force.

(4) The provisions of the Customs Act. 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 auxiliary duties 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, as the case may be.

48. Amendment of Act 1 of 1944 :-

Central Excises and Salt Act, 1944 (hereinafter referred to as the Central Excises Act), amended in the manner specified in the third Schedule. [Amendments incorporated in the Principal Act.]

49. Special duties of excise :-

(1) In the case of goods chargeable with a duty of excise under the Central Excises Act as amended from time to time, read with any notification for the time being in force issued by the Central Government in relation to the duty so chargeable there shall be levied and collected a special duty of excise equal to ten per cent. of the amount so chargeable on such goods.

(2) Sub-section (1) shall cease to have effect after the 31st day of March, 1982, except as respects things done or omitted to be done before such cesser, and section 6 of 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 special duties of excise referred to in sub-section (1) shall be in addition to any duties of excise chargeable on such goods under the Central Excises' Act or any other law for the time being in force.

(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 special 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, as the case may be.

50. Amendment of Act 58 of 1957 :-

Incorporated in the Principal Act]

51. Amendment of Act 40 of 1978 :-

Incorporated in the Principal Act]

52. Amendment of Act 16 of 1955 :-

Incorporated in the Principal Act]

CHAPTER 5

MISCELLANEOUS

53. Amendment of Act 38 of 1974 :-

Incorporated in the Principal Act]

SCHEDULE 1

1

(See section 2) PART I INCOME-TAX AND SURCHARGE ON INCOME-TAX Paragraph A Sub-Paragraph I In the case every individual or Hindu undivided family or unregistered firm or other association of persons or body of individuals, whether incorporated or not every artificial juristic person referred to in sub-clause (vii) of clause (31) of Section 2 of the Income-tax Act, not being a case to which sub-paragraph II of this Paragraph or any other Paragraph of this Part applies. Rates of income-tax

(1) where the total income does not exceed Nil; Rs. 8,000 (2) where the total income exceeds Rs. 8,000 15 per cent. of the amount by which the total income but does not exceed Rs. 15,000 exceeds Rupees 8,000; (3) where the total income exceeds Rs. 15,000 Rs. 1,050 plus 18 per cent. of the amount by which but does not exceed Rs. 20,000 the total income exceeds Rupees 15,000; (4) where the total income exceeds Rs. 20,000 Rs. 1,950 plus 25 per cent. of the amount by which but does not exceed Rs. 25,000 the total income exceeds Rupees 20,000; (5) where the total income exceeds Rs. 25,000 Rs. 3,200 plus 30 per cent. of the amount by which but does not exceed Rs. 30,000 the total income exceeds Rupees 25,000; (6) where the total income exceeds Rs. 30,000 Rs. 4,700 plus 40 per cent. of the amount by which but does not exceed Rs. 50,000 the total income exceeds Rupees 30,000; (7) where the total income exceeds Rs. 50,000 Rs. 12,700 plus 50 per cent. of the amount by which but does not exceed Rs. 70,000 the total income exceeds Rupees 50,000; (8) where the total income exceeds Rs. 70,000 Rs. 22,700 plus 55 per cent. of the amount by which but does not exceed Rs. 1,00,000 the total income exceeds Rupees 70,000; (9) where the total income exceeds Rs. 1,00,000 Rs. 39,200 plus 60 per cent. of the amount by which the total income exceeds Rupees 1,00,000.

Provided that for the purposes of the sub-paragraph - (i) no income-tax shall be payable on a total income not exceeding Rs. 12,000; (ii) where the total income exceeds Rs. 12,000 but does not exceed Rs. 16,250, the income-tax payable thereon shall not exceed thirty per cent. of the amount by which the total income exceeds Rs. 12,000. Surcharge on income-tax The amount of income-tax computed in accordance with preceding provisions of this sub-paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. on such income-tax. Sub-paragraph II In the case of every Hindu undivided family which at any time during the previous year has at least one member whose total income of the previous year relevant to the assessment year commencing on the 1st day of April, 1981 exceeds Rs. 12,000.- Rates of income-tax

(1) where the total income does not exceed Nil; Rs. 8,000 (2) where the total income exceeds Rs. 8,000 22 per cent. of the amount by which the total income but does not exceed Rs. 15,000 exceeds Rs. 8,000; (3) where the total income exceeds Rs. 15,000 Rs. 1,540 plus 27 per cent. of the amount by which but does not exceed Rs. 20,000 the total income exceeds Rupees 15,000; (4) where the total income exceeds Rs. 20,000 Rs. 2,890 plus 35 per cent. of the amount by which but does not exceed Rs. 25,000 the total income exceeds Rupees 20,000; (5) where the total income exceeds Rs. 25,000 Rs. 4,640 plus 40 per cent. of the amount by which but does not exceed Rs. 30,000 the total income exceeds Rupees 25,000; (6) where the total income exceeds Rs. 30,000 Rs. 6,640 plus 50 per cent. of the amount by which but does not exceed Rs. 50,000 the total income exceeds Rupees 30,000. (7) where the total income exceeds Rs. 50,000 Rs. 16,640 plus 60 per cent. of the amount by which the total income exceeds Rupees 50,000.

Provided that for the purposes of the Sub-Paragraph.- (i) no income-tax shall be payable on a total income not exceeding Rs. 12,000; (ii) where the total income exceeds Rs. 12,000 but does not exceed Rs. 17,610, the income-tax payable thereon shall not exceed forty per cent. of the amount by which the total income exceeds Rs. 12,000. Surcharge on income-tax The amount of income-tax computed in accordance with preceding provisions of this sub-paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. on 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 15 per cent. of the total income; Rs. 10,000 (2) where the total income exceeds Rs. 10,000

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 80F, of the said Act from any payment referred to in that sub-section (9) or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed, at the rate or rates in force for such income-tax or, as the case may be, "advance tax" (not being "advance tax" in respect of any income chargeable to tax under Chapter Section 164 or Section 164A or Section 167A of the Income tax Act, 1961 at the rates as specified in that Chapter or section), shall be so calculated, charged, deducted or computed at the following rate or rates. Paragraph A Sub-paragraph I In the case of every individual or 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-clause (vii) of cl. (31) of Section 2 of the Income-tax Act, not being a case to which Sub- Paragraph II Paragraph or any other Paragraph of this Part applies, --- Rates of income-tax

(1) where the total income does not exceed Nil: Rs. 15,000 (2) where the total income exceeds Rs. 15,000 30 per cent. of the amount by which the total income but does not exceed Rs. 25,000 exceeds Rs. 15,000. (3) where the total income exceeds Rs. 25,000 Rs. 3,000 plus 34 per cent. of the amount by but does not exceed Rs. 30,000 which the total income exceeds Rupees 25,000; (4) where the total income exceeds Rs. 30,000 4,700 plus 40 per cent. of the amount by but does not exceed Rs. 50,000 which the total income exceeds Rupees 30,000: (5) where the total income exceeds Rs. 50,000 Rs. 12,700 plus 50 per cent. of the amount by but does not exceed Rs. 70,000 which the total income exceeds Rupees 50,000: (6) where the total income exceeds Rs. 70,000 Rs. 22,700 plus 55 per cent. of the amount by but does not exceed Rs. 1,00,000 which the total income exceeds Rupees 70,000; (7) where the total income exceeds Rs. 1,00,000 Rs. 39,200 plus 60 per cent. of the amount by which the total income exceeds Rupees 1,00,000. Surecharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this sub-paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax. Sub-Paragraph II In the case of every Hindu undivided family which at any time during the previous year has at least one member whose total income of the previous year relevant to the assessment year commencing on 1st day of April, 1979 exceeds Rs. 15,000,- Rates of income-tax

(1) where the total income does not exceed Nil. Rs. 8,000 (2) where the total income exceeds Rs. 8,000 22 per cent. of the amount by which the total income but does not exceed Rs. 15,000 exceeds Rs. 8,000-. (3) where the total income exceeds Rs. 15,000 Rs. 1,540 plus 27 per cent. of the amount by but does not exceed Rs. 20,000 which the total income exceeds Rupees 15,000. (4) where the total income exceeds Rs. 20,000 2,890 plus 35 per cent. of the amount by but does not exceed Rs. 25,000 which the total income exceeds Rupees 20,000. (5) where the total income exceeds Rs. 25,000 Rs. 4,640 plus 40 per cent. of the amount by but does not exceed Rs. 30,000 which the total income exceeds Rupees 25,000; (6) where the total income exceeds Rs. 30,000 Rs. 6,640 plus 50 per cent. of the amount by but does not exceed Rs. 50,000 which the total income exceeds Rupees 30,000: (7) where the total income exceeds Rs. 50,000 Rs. 16,640 plus 60 per cent. of the amount by which the total income exceeds Rupees 50,000. Provided that for the purposes of this sub-paragraph.---

(i) no income-tax shall be payable on a total income not exceeding Rs. 12,000; (ii) where the total income exceeds Rs. 12,000 but does not exceed Rs. 17,610, the income-tax payable thereon shall not exceed forty per cent. of the amount by which the total income exceeds Rs. 12,000. Surcharge on income-tax The amount of income-tax computed in accordance with the preceding provisions of this sub-paragraph shall be increased by a surcharge for 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 Nil; Rs. 10,000 (2) where the total income exceeds Rs. 10,000 Rs. 1,500 plus 15 per cent. of the amount by which but does not exceed Rs. 20,000 total income exceeds Rs. 10,000. (3) where the total income exceeds Rs. 20,000 Rs. 4,000 plus 40 per cent. of the amount by which the total income exceeds Rupees 20,000;

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 income-tax. Paragraph C .Sub-paragraph I In the case of every registered firm, not being a case to which sub-paragraph. II of this Paragraph applies,- Rates of income-tax

(1) where the total income does not exceed Nil; Rs. 10,000 (2) where the total income exceeds Rs. 10,000 5 per cent. of the amount by which the total income but does not exceed Rs. 25,000 exceeds Rs. 10,000: (3) where the total income exceeds Rs. 25,000 Rs. 750 plus 7 per cent. of the amount by which but does not exceed Rs. 50,000 the total income exceeds Rupees 25,000; (4) where the total income exceeds Rs. 50,000 2,500 plus 15 per cent. of the amount by which but does not exceed Rs. 1,00,000 the total income exceeds Rupees 50,000; (5) where the total income exceeds Rs. 1,00,000 Rs. 10,000 plus 24 per cent. of the amount by which the total income exceeds Rupees 1,00,000;

Surcharge on income-tax The amount of income-tax computed in accordance with the preceding provisions of this sub-paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax. Sub-Paragraph II In the case of every registered firm whose total income includes income derived from a profession carried on by it and the income so included is not less than fifty per cent. of such total income,--- Rates of income-tax

(1) where the total income does not exceed Nil; Rs. 10,000 (2) where the total income exceeds Rs. 10,000 4 per cent. of the amount by which the total income but does not exceed Rs. 25,000 exceeds Rs. 10,000: (3) where the total income exceeds Rs. 25,000 Rs. 6,00 plus 7 per cent. of the amount by which but does not exceed Rs. 50,000 the total income exceeds Rupees 25,000; (4) where the total income exceeds Rs. 50,000 2,350 plus 13 per cent. of the amount by which but does not exceed Rs. 1,00,000 the total income exceeds Rupees 50,000: (5) where the total income exceeds Rs. 1,00,000 Rs. 8,850 plus 22 per cent. of the amount by which the total income exceeds Rupees 1,00,000.

Surcharge on income-tax The amount of income-tax computed in accordance with the preceding provisions of this sub-paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax. 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.--- Paragraph D In the case of every total authority.--- Rates of income-tax On the whole of the total income 50 per cent. Surcharge on income-tax The amount of income-tax computed at the rates 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 a company.-- 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 45 per cent. of the total income; does not exceed Rupees 1,00,000, (ii) in a case where the total income 55 per cent. of the total income; exceeds Rs. 1,00,000 (2) where the company is not a company in which the public are substantially interested, (i) in the case of an industrial company.--- (a) where the total income does 55 per cent. of the total income; not exceed Rupees 2,00,000 (b) where the total income 60 per cent. of the total income; exceed Rs. 2,00,000 (ii) in any other case 65 per cent. of the total income;

Provision that - - (1) the income-tax payable by a domestic company, being a company in which the public are substantially interested the total income of which exceeds Rs. 1,00,000, 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. 1,00,000 (the income of Rs. 1,00,000 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. 1,00,000; (ii) the income-tax payable by a domestic company, not being a company in which the public are substantially interested which is an industrial company and the total income of which exceeds Rs. 2,00,000 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. 2,00,000 (the income of Rs. 2,00,000 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. 2,00,000. II. In the case of a company other than a domestic company,--

(i) on 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 but before the 1st day of April, 1976, 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, 1964 but before the 1st day of April, 1976, and where such agreement has in 50 per cent.; either case, been approved by the Central Government. (ii) on the balance,

of the 70 per cent. total income

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on income-tax The amount of income-tax computed in accordance with) the preceding provisions of this Paragraph shall be increased by a surcharge calculated at the rate of two and a half per cent. of such income-tax. PART IV (See section 2 (7) (e)] RULES FOR COMPUTATION OF NET AGRICULTURAL INCOME Rule 1. -- Agricultural income of the nature referred to in sub-clause (a) of clause (1) of section 2 of the Income-tax Act shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from other sources" and the provisions of Section 57 to section 59 of that Act shall so far as may be, apply accordingly: Provided that sub-section (2) of Section 58 shall apply subject to the modification that the reference to Section 40A therein shall be construed as not including a reference to sub-sections (3) and (4) of Section 40A. Rule 2. -- Agricultural income of the nature referred to in sub-clause (b) or sub-clause (c) of Clause (1) of Section 2 of the Income-tax Act [other than income derived from any building required as a dwelling house by the receiver of the rent or revenue or the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (e)] shall be computed as if it were income chargeable to income-tax under that Act under the head "Profits and gains of business or profession" and the provisions of section 30, section 31, section 32, section 33, section 34, section 35, section 36, section 37, section 38, section 40, section 40A [other than sub-sections (3) and (4) thereof], section 41, section 43, and section 43A of the Income-tax Act shall, so far as may be, apply accordingly. Rule 3. -- Agricultural income of the nature referred to in sub-clause (c) of Clause (1) of section 2 of the Income-tax Act. being income derived from any building required as a dwelling house by the receiver of the rent or revenue or the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c) shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from house property" and the provisions of section 23 to section 27 of that Act shall, so far as may be, apply accordingly: provided that sub-section (2) of the said Section 23 shall apply subject to the modifications that the references to "total income" therein shall be construed as references to net agricultural income and that the words, figures and letters "an" before making any deduction under Chapter VIA" shall be omitted. Rule 4. - Notwithstanding anything contained in any other provisions or rules, in a case where the assessee derives income from sale of tea grown and manufactured by him in India, such income shall be computed in accordance with Rule 8 of the income-tax Rules, 1962. and sixty per cent. of such income shall be regarded as the agricultural income of the assessee. Rule 5. --- Where the assessee is a partner of a registered firm or an unregistered firm assessed as a registered firm under Clause (b) of Section 183 of the Income-tax Act. which in the previous year has any agricultural income, or is a partner of an unregistered firm which has not been assessed as a registered firm under Clause (b) of the said Section 183 and which in the previous year has either no income chargeable to tax under the Income-tax Act or has total income not exceeding the maximum amount not chargeable to tax in the case of an unregistered firm but has any agricultural income. then, the agricultural income or loss of the firm shall be computed in accordance with these rules and the share in the agricultural income or loss of the firm shall be computed in the manner laid down in sub-section (1), sub-section (2) and sub-section (3) of Section 67 of the Income-tax Act and the share so computed shall be regarded as the agricultural income or loss of the assessee. Rule 6. -- \\Where the assessee is a member of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) which in the previous year has either no income chargeable to tax under the income-tax Act or has total income not exceeding the maximum amount not chargeable to tax in the case of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) but has any agricultural income, then, the agricultural income or loss of the association or body shall be computed in accordance with these rules and the share of the assessee in the agricultural income or loss so computed shall be regarded as the agricultural income or loss of these assessee. Rule 7. --- Where the result of the computation for the previous year in respect of any source of agricultural income is a loss, such loss shall be set off against the income of the assessee, if any, for that previous year from any other source of agricultural income: Provided that where the assessee is a partner of an unregistered firm which has not been assessed as a registered firm under clause (b) of Section 183 of the Income tax Act, 1961 or is a member of an association of persons or a body of individuals and the result of the computation for the previous year in respect of the agricultural income of the firm, association or body, as the case may be, is a loss, such loss shall not be set off against any income of the assessee from any other source of agricultural income. Rule 8. -- Any sum payable by the assessee on account of any tax levied by the State Government on the agricultural income shall be deducted in computing the agricultural income. Rule 9. - (1) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1981, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 1974 or the 1st day of April, 1975 or the 1st day of April, 1976 or the 1st day of April, 1977, or the 1st day of April, 1978 or the 1st day of April, 1979 or the 1st day of April, 1980 is a loss, then, for the purposes of sub-section (2) of section 2 of this Act.--- (i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1974, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1975 or the 1st day of April, 1976 or the 1st day of April, 1977, or the 1st day of April, 1978 or the 1st day of April, 1979 or the 1st day of April, 1980, (ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1975, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1976 or the 1st day of April, 1977, or the 1st day of April, 1978 or the 1st day of April, 1979 or the 1st day of April, 1980, (iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1976, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1977, or the 1st day of April, 1978, or the 1st day of April, 1979 or the 1st day of April, 1980, (iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1977, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1978, or the 1st day of April, 1979 or the 1st day of April, 1980, (v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1978, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1979 or the 1st day of April, 1980, (vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1979, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1980, and (vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1980, shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 1981. (2) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1982 or if by virtue of the provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than that previous year, in such other period, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 1974 or the 1st day of April, 1975 or the 1st day of April, 1976 or the 1st day of April, 1977 or the 1st day of April, 1978 or the 1st day of April, 1979 or the 1st day of April, 1980 or the 1st day of April, 1981 is a loss, then, for the purposes of sub-section (6) of section 2 of this Act, --- (i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1974, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1975 or the 1st day of April, 1976 or the 1st day of April, 1977 or the 1st day of April, 1978, or the 1st day of April, 1979 or the 1st day of April, 1980 or the 1st day of April, 1981, (ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1975, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1976 or the 1st day of April, 1977 or the 1st day of April, 1978, or the 1st day of April, 1979 or the 1st day of April, 1980 or the 1st day of April, 1981, (iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1976, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1977 or the 1st day of April, 1978, or the 1st day of April, 1979 or the 1st day of April, 1980 or the 1st day of April, 1981, (iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1977, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1978, or the 1st day of April, 1979 or the 1st day of April, 1980 or the 1st day of April, 1981, (v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1978, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1979 or the 1st day of April, 1980 or the 1st day of April, 1981, (vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1979, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1980 or the 1st day of April, 1981, (vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1980, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1981, and (viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1981, shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 1982 or the aforesaid. (3) Where a change has occurred in the constitution of a firm, nothing in sub-rule (1) or sub-rule (2) shall entitle the firm to set

so much of the loss proportionate to the share of a retired or deceased partner computed in the manner laid down in sub-section (1), sub-section (2) and sub-section (3) of S.67 of the Income-tax, 1961 Act as exceeds his share of profits, if any, of the previous year in the firm entitle any partner to the benefit of any portion of the said loss (computed in the manner aforesaid) which is not apportionable to him. (4) Where any person deriving any agricultural income from any source has been succeeded in such capacity by another person, otherwise than by inheritance, nothing in sub-rule (1) or sub-rule (2) shall entitle any person, other than the person incurring the loss, to have it set off under sub-rule (1) or, as the case may be, sub-rule (2). (5) Notwithstanding anything contained in this rule, no loss which has not been determined by the Income-tax Officer under the provisions of these rules, or the rules contained in Part IV of the First Schedule to Finance Act, 1974 or of the First Schedule to Finance Act, 1975 or the First Schedule to Finance Act, 1976 or of the First Schedule to Finance (No.2) Act, 1977 or of the First Schedule to Finance Act, 1978 or of the First Schedule to Finance Act, 1979 or of the First Schedule to Finance (No.2) Act, 1980 shall be set off under sub-rule (1) or, as the case may be, sub-rule (2). Rule 10. - Where the net result of the computation made in accordance with these rules is a loss, the loss so computed shall be ignored and the net agricultural income shall be deemed to be nil. Rule 11. --- The provisions of the Income-tax Act relating to procedure for assessment (including the provisions of section 288A relating to rounding off of income) shall, with necessary modifications, apply in relation to the computation of the net agricultural income of the assessee as they apply in relation to the assessment of the total income. Rule 12.-- For the purposes of computing the net agricultural income of the assessee, the Income-tax Officer shall have the same powers as he has under the Income-tax Act for the purposes of assessment of the total income.

SCHEDULE 2

2

(See Section 46) [Incorporated in the Act]

SCHEDULE 3

3

(See section 48) [Amendments incorporated in the Finance Act]

SCHEDULE 4

4

(See Section 52) [Amendments Incorporated in Medicinal and Toilet Preparations (Excise Duties) Act, 1955]