
FINANCE ACT, 1989

13 of 1989

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FINANCE ACT, 1989

13 of 1989

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An Act to give effect to the financial proposals of the Central Government for the financial year 1989-90 BE it enacted by Parliament in the Fortieth 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, 1989.
- (2) Save as otherwise provided In this Act. section 2 to section 33 shall be deemed to have come into force on the 1st day of April, 1989.

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, 1989, 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 applies, by 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.---

(i) in a case to which the said Sub-Paragraph I applies, eighteen thousand rupees, and

(ii) in a case to which the said Sub-Paragraph II applies, 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,---

(i) in a case to which the said Sub-Paragraph I applies, the first eighteen thousand rupees, and

(ii) in a case to which the said Sub-Paragraph II applies, the first twelve 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;

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

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

(B) in a case to which the said Sub-Paragraph II applies, by a sum of twelve 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;

(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) and the sum so arrived at shall be the income-tax in respect of the total income. Provided that the amount of income-tax so arrived at shall, in the case of every person having a total income exceeding fifty thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of five 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 12 or Chapter 12A or sub-section (1A) of section 161 or section 164 or section 164A or S.167B 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: Provided that in respect of any income chargeable to tax under section 115B or Section 115BB of the Income tax Act, 1961, the income-tax computed under section 115B or section 115BB shall be increased by a surcharge for purposes of the Union- calculated at the rate of five per cent. of such income-tax.

(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 and shall be increased.--

(a) in the cases to which the provisions of sub-item (a) of item I of that Part apply, by a surcharge for purposes of the Union, and

(b) in the cases to which the provisions of sub-item (a) of item 2 of that Part apply, by a surcharge, calculated in each case in the manner provided therein.

(5) In cases in which tax has to be deducted under Section 194C of the Income tax Act, 1961, the deduction shall be made at the rates specified in that section and shall be increased by a surcharge for purposes of the Union calculated at the rate of eight per cent. of such deduction.

(6) In cases in which tax has to be collected under Section 206C of the Income tax Act, 1961, the collection shall be made at the rate specified in that section and shall be increased by a surcharge for purposes of the Union calculated at the rate of eight per cent. of such collection.

(7) Subject to the provisions of sub-section (8), in cases in which income-tax has to be calculated under the first proviso to the 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 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 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; Provided that in cases to which the provisions of Chapter XII or Chapter XII-A or sub-section (1A) of section 161 or section 164 or section 164A or Section 167B 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: Provided further that in respect of any income chargeable to tax under Section 115B of the Income tax Act, 1961, the "advance tax" computed under the first proviso shall be increased by a surcharge for purposes of the Union calculated at the rate of eight per cent. of such "advance tax".

(8) 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, eighteen 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 eighteen thousand rupees, and

(ii) in a case to which the said Sub-Paragraph II applies, the first twelve 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;

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

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

(B) in a case to which the said Sub-Paragraph II applies, by a sum of twelve 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;

(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) 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. Provided that the amount of income-tax or "advance tax" so arrived at shall, in the case of every person having a total income exceeding fifty thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of eight 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.

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

(a) "company in which the public are substantially interested" means a company within the meaning of clause (18) of Section 2 of the Income tax Act, 1961 , and includes a subsidiary of such company if the whole of the share capital of such subsidiary company has been held by the parent company or by its nominees throughout the previous year;

(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, 1989, 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 the Act;

(c) "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);

(d) "investment company" means a company whose gross total income (as defined in Section 80B of the Income tax Act, 1961) consists mainly of income which is chargeable under the heads "Income from house property", "Capital

gains" and "Income from other sources" or of income by way of interest on securities;

(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) "trading company" means a company whose business consists mainly in dealing in goods or merchandise manufactured, produced or processed by a person other than that company and whose income attributable to such business included in its gross total income (as defined in Section 80B of the Income tax Act, 1961) is not less than fifty-one per cent. of the amount of such gross total income;

(h) 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 the following sections of the Income-tax Act, which are being incorporated in the principal Act hence not printed here at. Sections affected are Section 2 OF THE INCOME TAX ACT, 1961 , Section 10OF THE INCOME TAX ACT, 1961 , Section 16 OF THE INCOME TAX ACT, 1961 ,Section 17 OF THE INCOME TAX ACT, 1961 , 32AB, 36, 43B, 44BBB (ins.)48, 54(E), 57, 80C, 80CC, 80JJ (ins.), 80A, 115B; 115J, 153, 192, 193,263, 285B, S. 25 made consequential amendments to certain sections].

4. :-

Amended the following sections of the Income-tax Act, which are being incorporated in the principal Act hence not printed here at. Sections affected are Section 2 OF THE INCOME TAX ACT, 1961 , Section 10OF THE INCOME TAX ACT, 1961 , Section 16 OF THE INCOME TAX ACT, 1961 ,Section 17 OF THE INCOME TAX ACT, 1961 , 32AB, 36, 43B, 44BBB (ins.)48, 54(E), 57, 80C, 80CC, 80JJ (ins.), 80A, 115B; 115J, 153, 192, 193,263, 285B, S. 25 made consequential amendments to certain sections].

5. :-

Amended the following sections of the Income-tax Act, which are being incorporated in the principal Act hence not printed here at. Sections affected are Section 2 OF THE INCOME TAX ACT, 1961 , Section 10OF THE INCOME TAX ACT, 1961 , Section 16 OF THE INCOME TAX ACT, 1961 ,Section 17 OF THE INCOME TAX ACT, 1961 , 32AB, 36, 43B, 44BBB (ins.)48, 54(E), 57, 80C, 80CC, 80JJ (ins.), 80A, 115B; 115J, 153, 192, 193,263, 285B, S. 25 made consequential amendments to certain sections].

6. . :-

Amended the following sections of the Income-tax Act, which are being incorporated in the principal Act hence not printed here at. Sections affected are Section 2 OF THE INCOME TAX ACT, 1961 , Section 10OF THE INCOME TAX ACT, 1961 , Section 16 OF THE INCOME TAX ACT, 1961 ,Section 17 OF THE INCOME TAX ACT, 1961 , 32AB, 36, 43B, 44BBB (ins.)48, 54(E), 57, 80C, 80CC, 80JJ (ins.), 80A, 115B; 115J, 153, 192, 193,263, 285B, S. 25 made consequential amendments to certain sections].

7. . :-

Amended the following sections of the Income-tax Act, which are being incorporated in the principal Act hence not printed here at. Sections affected are Section 2 OF THE INCOME TAX ACT, 1961 , Section 10OF THE INCOME TAX ACT, 1961 , Section 16 OF THE INCOME TAX ACT, 1961 ,Section 17 OF THE INCOME TAX ACT, 1961 , 32AB, 36, 43B, 44BBB (ins.)48, 54(E), 57, 80C, 80CC, 80JJ (ins.), 80A, 115B; 115J, 153, 192, 193,263, 285B, S. 25 made consequential amendments to certain sections].

8. . :-

Amended the following sections of the Income-tax Act, which are being incorporated in the principal Act hence not printed here at. Sections affected are Section 2 OF THE INCOME TAX ACT, 1961 , Section 10OF THE INCOME TAX ACT, 1961 , Section 16 OF THE INCOME TAX ACT, 1961 ,Section 17 OF THE INCOME TAX ACT, 1961 , 32AB, 36, 43B, 44BBB (ins.)48, 54(E), 57, 80C, 80CC, 80JJ (ins.), 80A, 115B; 115J, 153, 192, 193,263, 285B, S. 25 made consequential amendments to certain sections].

9. . :-

Amended the following sections of the Income-tax Act, which are being incorporated in the principal Act hence not printed here at. Sections affected are Section 2 OF THE INCOME TAX ACT, 1961 , Section 10OF THE INCOME TAX ACT, 1961 , Section 16 OF THE INCOME TAX ACT, 1961 ,Section 17 OF THE INCOME TAX ACT, 1961 , 32AB, 36, 43B, 44BBB (ins.)48, 54(E), 57, 80C, 80CC, 80JJ (ins.), 80A, 115B; 115J, 153, 192, 193,263, 285B, S. 25 made consequential amendments to certain sections].

10. . :-

Amended the following sections of the Income-tax Act, which are being incorporated in the principal Act hence not printed here at. Sections affected are Section 2 OF THE INCOME TAX ACT, 1961 , Section 10OF THE INCOME TAX ACT, 1961 , Section 16 OF THE INCOME TAX ACT, 1961 ,Section 17 OF THE INCOME TAX ACT, 1961 , 32AB, 36, 43B, 44BBB (ins.)48, 54(E), 57, 80C, 80CC, 80JJ (ins.), 80A, 115B; 115J, 153, 192, 193,263, 285B, S. 25 made consequential amendments to certain sections].

11. . :-

Amended the following sections of the Income-tax Act, which are being incorporated in the principal Act hence not printed here at. Sections affected are Section 2 OF THE INCOME TAX ACT, 1961 , Section 10OF THE INCOME TAX ACT, 1961 , Section 16 OF THE INCOME TAX ACT, 1961 ,Section 17 OF THE

INCOME TAX ACT, 1961 , 32AB, 36, 43B, 44BBB (ins.)48, 54(E), 57, 80C, 80CC, 80JJ (ins.), 80A, 115B; 115J, 153, 192, 193,263, 285B, S. 25 made consequential amendments to certain sections].

12. . :-

Amended the following sections of the Income-tax Act, which are being incorporated in the principal Act hence not printed here at. Sections affected are Section 2 OF THE INCOME TAX ACT, 1961 , Section 10OF THE INCOME TAX ACT, 1961 , Section 16 OF THE INCOME TAX ACT, 1961 ,Section 17 OF THE INCOME TAX ACT, 1961 , 32AB, 36, 43B, 44BBB (ins.)48, 54(E), 57, 80C, 80CC, 80JJ (ins.), 80A, 115B; 115J, 153, 192, 193,263, 285B, S. 25 made consequential amendments to certain sections].

13. . :-

Amended the following sections of the Income-tax Act, which are being incorporated in the principal Act hence not printed here at. Sections affected are Section 2 OF THE INCOME TAX ACT, 1961 , Section 10OF THE INCOME TAX ACT, 1961 , Section 16 OF THE INCOME TAX ACT, 1961 ,Section 17 OF THE INCOME TAX ACT, 1961 , 32AB, 36, 43B, 44BBB (ins.)48, 54(E), 57, 80C, 80CC, 80JJ (ins.), 80A, 115B; 115J, 153, 192, 193,263, 285B, S. 25 made consequential amendments to certain sections].

14. . :-

Amended the following sections of the Income-tax Act, which are being incorporated in the principal Act hence not printed here at. Sections affected are Section 2 OF THE INCOME TAX ACT, 1961 , Section 10OF THE INCOME TAX ACT, 1961 , Section 16 OF THE INCOME TAX ACT, 1961 ,Section 17 OF THE INCOME TAX ACT, 1961 , 32AB, 36, 43B, 44BBB (ins.)48, 54(E), 57, 80C, 80CC, 80JJ (ins.), 80A, 115B; 115J, 153, 192, 193,263, 285B, S. 25 made consequential amendments to certain sections].

15. . :-

Amended the following sections of the Income-tax Act, which are being incorporated in the principal Act hence not printed here at. Sections affected are Section 2 OF THE INCOME TAX ACT, 1961 , Section 10OF THE INCOME TAX ACT, 1961 , Section 16 OF THE INCOME TAX ACT, 1961 ,Section 17 OF THE INCOME TAX ACT, 1961 , 32AB, 36, 43B, 44BBB (ins.)48, 54(E), 57, 80C, 80CC, 80JJ (ins.), 80A, 115B; 115J, 153, 192, 193,263, 285B, S. 25 made consequential amendments to certain sections].

16. . :-

Amended the following sections of the Income-tax Act, which are being incorporated in the principal Act hence not printed here at. Sections affected are Section 2 OF THE INCOME TAX ACT, 1961 , Section 10OF THE INCOME TAX ACT, 1961 , Section 16 OF THE INCOME TAX ACT, 1961 ,Section 17 OF THE INCOME TAX ACT, 1961 , 32AB, 36, 43B, 44BBB (ins.)48, 54(E), 57, 80C, 80CC, 80JJ (ins.), 80A, 115B; 115J, 153, 192, 193,263, 285B, S. 25 made consequential amendments to certain sections].

17. . :-

Amended the following sections of the Income-tax Act, which are being in-

incorporated in the principal Act hence not printed here at. Sections affected are Section 2 OF THE INCOME TAX ACT, 1961 , Section 100F THE INCOME TAX ACT, 1961 , Section 16 OF THE INCOME TAX ACT, 1961 , Section 17 OF THE INCOME TAX ACT, 1961 , 32AB, 36, 43B, 44BBB (ins.)48, 54(E), 57, 80C, 80CC, 80JJ (ins.), 80A, 115B; 115J, 153, 192, 193,263, 285B, S. 25 made consequential amendments to certain sections].

18. . :-

Amended the following sections of the Income-tax Act, which are being incorporated in the principal Act hence not printed here at. Sections affected are Section 2 OF THE INCOME TAX ACT, 1961 , Section 100F THE INCOME TAX ACT, 1961 , Section 16 OF THE INCOME TAX ACT, 1961 , Section 17 OF THE INCOME TAX ACT, 1961 , 32AB, 36, 43B, 44BBB (ins.)48, 54(E), 57, 80C, 80CC, 80JJ (ins.), 80A, 115B; 115J, 153, 192, 193,263, 285B, S. 25 made consequential amendments to certain sections].

19. . :-

Amended the following sections of the Income-tax Act, which are being incorporated in the principal Act hence not printed here at. Sections affected are Section 2 OF THE INCOME TAX ACT, 1961 , Section 100F THE INCOME TAX ACT, 1961 , Section 16 OF THE INCOME TAX ACT, 1961 , Section 17 OF THE INCOME TAX ACT, 1961 , 32AB, 36, 43B, 44BBB (ins.)48, 54(E), 57, 80C, 80CC, 80JJ (ins.), 80A, 115B; 115J, 153, 192, 193,263, 285B, S. 25 made consequential amendments to certain sections].

20. . :-

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21. . :-

Amended the following sections of the Income-tax Act, which are being incorporated in the principal Act hence not printed here at. Sections affected are Section 2 OF THE INCOME TAX ACT, 1961 , Section 100F THE INCOME TAX ACT, 1961 , Section 16 OF THE INCOME TAX ACT, 1961 , Section 17 OF THE INCOME TAX ACT, 1961 , 32AB, 36, 43B, 44BBB (ins.)48, 54(E), 57, 80C, 80CC, 80JJ (ins.), 80A, 115B; 115J, 153, 192, 193,263, 285B, S. 25 made consequential amendments to certain sections].

22. . :-

Amended the following sections of the Income-tax Act, which are being incorporated in the principal Act hence not printed here at. Sections affected are Section 2 OF THE INCOME TAX ACT, 1961 , Section 100F THE INCOME TAX ACT, 1961 , Section 16 OF THE INCOME TAX ACT, 1961 , Section 17 OF THE INCOME TAX ACT, 1961 , 32AB, 36, 43B, 44BBB (ins.)48, 54(E), 57, 80C, 80CC, 80JJ (ins.), 80A, 115B; 115J, 153, 192, 193,263, 285B, S. 25 made

consequential amendments to certain sections].

23. . :-

Amended the following sections of the Income-tax Act, which are being incorporated in the principal Act hence not printed here at. Sections affected are Section 2 OF THE INCOME TAX ACT, 1961 , Section 10OF THE INCOME TAX ACT, 1961 , Section 16 OF THE INCOME TAX ACT, 1961 ,Section 17 OF THE INCOME TAX ACT, 1961 , 32AB, 36, 43B, 44BBB (ins.)48, 54(E), 57, 80C, 80CC, 80JJ (ins.), 80A, 115B; 115J, 153, 192, 193,263, 285B, S. 25 made consequential amendments to certain sections].

24. . :-

Amended the following sections of the Income-tax Act, which are being incorporated in the principal Act hence not printed here at. Sections affected are Section 2 OF THE INCOME TAX ACT, 1961 , Section 10OF THE INCOME TAX ACT, 1961 , Section 16 OF THE INCOME TAX ACT, 1961 ,Section 17 OF THE INCOME TAX ACT, 1961 , 32AB, 36, 43B, 44BBB (ins.)48, 54(E), 57, 80C, 80CC, 80JJ (ins.), 80A, 115B; 115J, 153, 192, 193,263, 285B, S. 25 made consequential amendments to certain sections].

25. . :-

Amended the following sections of the Income-tax Act, which are being incorporated in the principal Act hence not printed here at. Sections affected are Section 2 OF THE INCOME TAX ACT, 1961 , Section 10OF THE INCOME TAX ACT, 1961 , Section 16 OF THE INCOME TAX ACT, 1961 ,Section 17 OF THE INCOME TAX ACT, 1961 , 32AB, 36, 43B, 44BBB (ins.)48, 54(E), 57, 80C, 80CC, 80JJ (ins.), 80A, 115B; 115J, 153, 192, 193,263, 285B, S. 25 made consequential amendments to certain sections].

26. Application of the Income-tax Act to the State of Sikkim :-

Notwithstanding anything contained in the notification of the Government of India in the Ministry of Home Affairs, No. S.O. 1028 (E), dated the 7th November, 1988, and the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. S.O 148 (E), dated the 23rd February, 1989 in so far as it relates to the commencement of Income tax Act, 1961 in the State of Sikkim, the provisions of Income tax Act, 1961 shall come into force in the State of Sikkim with effect from the previous year relevant to the assessment year commencing on the 1st day of April, 1990, and any law corresponding to Income tax Act, 1961 which, immediately before such commencement, was in force in the State of Sikkim shall be deemed never to have ceased to have effect in relation to the previous year beginning with the 1st day of April, 1988 and ending with the 31st day of March, 1989, and shall continue to be in force for the purposes of the levy, assessment and collection of income-tax or for the purpose of imposing any penalty or for any other purpose whatsoever connected with, or incidental to, any of the purposes aforesaid, under such law.

27. Amendment of section 5 :-

In S.5 of the Wealth-tax Act, 1957 (hereinafter referred to as the Wealth-tax Act),---

(a) in sub-section (1),---

(i) after clause (xxvb), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1988, namely:-- "(xxvc) the right or interest of the assessee in any annuity plan of the Life Insurance Corporation referred to in clause (ii) of sub-section (1) of Section 80CCA of the Income tax Act, 1961 ";

(ii) after clause (xxviib), the following clauses shall be inserted with effect from the 1st day of April, 1990, namely:- "(xxviic) any deposits made in accordance with the scheme referred to in item (i) of sub-clause (iv) of clause (15) of Section 10 of the Income tax Act, 1961 , by any employee of the Central Government or a State Government; (xxviid) any deposits made with the National Housing Bank established under Section 3 of the National Housing Bank Act, 1987 ";

(b) in sub-section (1A), after the brackets, figures and letter "(xxviib)", the brackets, figures and letter "(xxviid)," shall be inserted with effect from the 1st day of April, 1990.

28. Amendment of section 17A :-

In S.17A of the Wealth-tax Act, 1957 [as amended by section 140 of the Direct Tax Laws (Amendment) Act, 1987], in sub-section (1), for the proviso, the following proviso shall be substituted, namely:-- "Provided that,---

(a) where the net wealth was first assessable in the assessment year commencing on the 1st day of April, 1987, or any earlier assessment year, such assessment may be made on or before the 31st day of March, 1991;

(b) where the net wealth was first assessable in the assessment year commencing on the 1st day of April, 1988, such assessment may be made on or before the 31st day of March, 1992".

29. Amendment of section 21AA :-

In S.21AA of the Wealth-tax Act, 1957, in sub-section (1), after the words "or co-operative society", the words and figures "or society registered under Societies Registration Act, 1860 or under any law corresponding to that Act in force in any part of India" shall be inserted.

30. Amendment of section 25. :-

In S.25 of the Wealth-tax Act, 1957, in sub-section (2), in the Explanation.---

(i) in clause (a), after the words "an order passed", the words, figures and letters "on or before or after the 1st day of June, 1988", shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1988;

(ii) in clause (b), for the word "includes", the words "shall include and shall be deemed always to have included" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of June, 1988;

(iii) in clause (c),---

(a) After the words "of any appeal", the words, figures and letters "filed on or before or after the 1st day of June, 1988" shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1988;

(b) after the words "shall extend", the words, "and shall be deemed always to have extended" shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1988.

31. . :-

Amendments to Gift tax Act incorporated in the Act not printed therefore].

32. . :-

Amendments to Gift tax Act incorporated in the Act not printed therefore].

33. 33 :-

Amendments to Expenditure-tax Act incorporated in the principal Act.]

CHAPTER 4

INDIRECT TAXES

34. 34 :-

Amendments incorporated in the Customs Tariff Act, 1975].

35. Auxiliary duties of customs :-

(1) In the case of goods mentioned in the Customs Tariff Act, 1975 , 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 fifty per cent. of the value of goods as determined in accordance with the provisions of Section 14 of the 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, 1990, 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 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.

36. 36 :-

Central Excise Tariff Act, 1986 shall be amended in the manner specified in the fourth schedule.

37. Special duties of excise :-

(1) In the case of goods chargeable with a duty of excise under Central Excises

and Salt Act, 1944 (hereinafter referred to as 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, (not being a notification providing for any exemption for giving credit with respect to, or reduction of duty of excise under the said Act on such goods equal to any duty of excise under the said Act, or the additional duty under Section 3 of the Customs Tariff Act, 1975 , already paid on the raw material or component parts used in the production or manufacture of such goods), there shall be levied and collected a special duty of excise equal to five 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, 1990 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 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.

38. Amendment of Act 58 of 1957 :-

Additional Duties of Excise (Goods of Special Importance) Act, 1957 (hereinafter referred to as the Additional Duties of Excise Act), shall be amended in the manner specified in the Fifth Schedule.

39. 39 :-

Amendments incorporated in Medicinal and Toilet Preparations (Excise Duties) Act, 1955].

CHAPTER 5

INLAND AIR TRAVEL TAX

40. Extent and commencement :-

(1) This Chapter extends to the whole of India.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint

41. Definitions :-

In this Chapter, unless the context otherwise requires,---

(a) "aerodrome" means any aerodrome as defined in clause (2) of S.2 of the Aircraft Act, 1934, which is situated in India;

(b) "aircraft" means any aircraft as defined in clause (1) of S.2 of the Aircraft Act, 1934, which is used (whether exclusively or not) for the carriage of

passengers;

(c) "carrier" means the person or authority undertaking the carriage of a passenger on an inland journey and includes any agent, representative or other person acting on behalf of such person or authority;

¹ [(d) "fare" means the total amount of all charges of whatever nature (including charges, if any, for provision of food or accommodation) payable to the carrier by or on behalf of a passenger in respect of his inland journey];

(i) fuel surcharge, if any, payable, and

(ii) fee, if any, payable for the amenities given to the passengers and visitors at any aerodrome;

(e) "inland journey", in relation to a passenger; means his journey from any aerodrome on board any aircraft to another aerodrome;

(f) "passenger" means any person boarding, 'at any aerodrome, an aircraft for performing an inland journey, but does not include ---

(i) a person who performs an inland journey on a through international ticket and which precedes, or forms part of a series of journeys preceding, or follows, or forms part of a series of journeys following, a journey to or from a place outside India on the same ticket; or

(ii) a person employed or engaged in any capacity on board the aircraft on the business thereof.

1. Inserted by the Finance Act, (32 of 1994), 98 (c).

42. Inland air travel tax :-

(1) With effect from the date of commencement of this Chapter, there shall be levied on all passengers embarking on every inland journey, ¹ [* * *] a tax (hereafter in this Chapter referred to as the inland air travel tax) at the rate of [fifteen per cent.], of the fare paid by such passengers for every such journey.

Explanation.--- When a passenger performs an inland journey at a concessional rate or without being charged any fare, the fare ordinarily payable for the journey shall, for the purposes of this section, be deemed to have been paid by such passenger,

(2) In accordance with the rules made under this Chapter, the inland air travel tax shall be collected by the officers of customs appointed under Customs Act, 1962 , or the Central Excise Officers appointed under Central Excises and Salt Act, 1944, or such officers of the Central Government or the State Government or the International Airports Authority of India constituted under International Airports Authority Act, 1971, or the National Airports Authority constituted under National Airports Authority Act, 1985 , or such carriers, as may be authorised in this behalf by the Central Government by notification in the Official Gazette and paid to the credit of the Central Government.

1. Inserted by the Finance Act, (32 of 1994), 98 (c).

43. Rounding off of inland air travel tax :-

In computing the inland air travel tax, wherever necessary, the tax leviable shall be rounded off to the nearest rupee, fifty paise and over being counted as one rupee and less than fifty paise being disregarded.

43A. Interest for default in payment of inland air travel tax :-

1 ".-

(1) Where any carrier or other person fails to pay the inland air travel tax to the credit of the Central Government under sub-section (2) of section 42, in accordance with the rules made under this Chapter, he shall pay an interest on the amount of tax not so paid for the entire period for which payment or such tax has been delayed, at such rate, not below twenty per cent. and not exceeding thirty per cent. per annum, as the Central Government may, by notification in the Official Gazette, specify in this behalf.

(2) Where, on or before the date of commencement of S.98 of the Finance Act, 1994, the inland air travel tax had not been paid by any carrier or other person to the credit of the Central Government, in accordance with the rules made under this Chapter, the carrier or other person shall pay the amount of such tax within a period of thirty days of such commencement, failing which he shall be liable to pay the interest in accordance with the provisions of sub-section (1)".

1. Inserted by the Finance Act, (32 of 1994), 98 (c).

44. Power to exempt :-

Notwithstanding anything contained in this Chapter, the Central Government may, by notification in the Official Gazette, and subject to such conditions and limitations as may be specified therein, exempt, wholly or to such extent as may be specified in the notification any class or classes of passengers or any category or categories of passengers under any such class from the payment of inland air travel tax if that Government is satisfied that it is necessary or expedient so to do, having regard to the place of destination, purposes of the journey or any other special circumstances.

45. Passengers not to be permitted to board aircraft without payment of inland air travel tax :-

No carrier or other person in charge of an aircraft shall allow any passenger to board the aircraft unless such passenger has paid the inland air travel tax.

46. Penalties :-

(1) Every passenger who embarks or attempts to embark on an inland journey without paying the inland air travel tax shall, in addition to his liability to pay the inland air travel tax, be liable to a penalty not exceeding twice the amount of the inland air travel tax.

(2) Every carrier or other person in charge of an aircraft, who, in contravention of the provisions of section 45, allows any passenger or passengers to board

the aircraft, shall be liable to a penalty not exceeding three times the amount or the aggregate amount of the inland air travel tax payable by the passenger or passengers so allowed to board the aircraft.

¹ [(3). Every carrier or other person who fails to pay the inland air travel tax to the credit of the Central Government under sub-section (2) of section 42 shall, in addition to the payment of such tax and the interest leviable thereon, be liable to pay penalty which shall not be less than one-fifth but which may extend to three times of the amount of the tax not so paid to the credit of the Central Government.

(4) Any rule made under this Chapter may provide that in case of breach thereof by the carrier or other person, he shall be liable to a penalty which shall not be less than five hundred rupees but which may extend to fifty thousand rupees, and where the breach is a continuing one, with further penalty which may extend to five hundred rupees for every day after the first during which such breach continues.

(5) Any penalty under this section may be adjudged, collected and paid to the credit of the Central Government by such authority and in such manner as may be specified in the rules made under this Chapter : Provided that no order for imposing a penalty shall be passed by such authority unless the carrier or other person on whom the penalty is proposed to be imposed is given an opportunity of being heard in the matter by such authority.

1. Inserted by the Finance Act, (32 of 1994), 98 (c).

46A. Modes of recovery :-

"1 .---"

(1) Where the inland air travel tax or interest or penalty is not paid by a carrier or other person as required under the provisions of sub-section (2) of section 42 , section 43A or section 46 , the authority specified in the rules (hereinafter referred to as the authority) may after the tax, interest or penalty has been determined under the rules proceed to recover the amount of such tax, interest or penalty by one or more of the modes specified in sub-section (2), sub-section (3) or sub-section (4).

(2) The authority may require any person, from whom any amount is due to the carrier or other person, to deduct the tax, interest or penalty so determined from the said amount and such person shall comply with any requisition by the authority and shall pay the amount so deducted to the credit of the Central Government : Provided that nothing in this sub-section shall apply to any part of the amount exempt from attachment in execution of a decree of a civil court under Section 60 of the Code of Civil Procedure, 1908 .

(3) The authority may prepare a certificate signed by it specifying the amount due and send it to the Collector of the district in which the carrier or other person owns property or resides or carries on business and the said Collector, on receipt of such certificate, shall proceed to recover from the said carrier or other person, the amount specified thereunder as if it were an arrear of land

revenue.

(4) The authority may distrain or arrest any aircraft and any other property belonging to, or under the control of, the carrier or other person, as the case may be, and detain the same until the tax, interest or penalty so determined is paid; and in case any part of the tax, interest or penalty or of the cost of the distress or arrest or of the keeping of the aircraft or other property distrained or arrested, remains unpaid for the space of thirty days next after any such distress or arrest, may cause the said aircraft or other property to be sold and with the proceeds of such sale may satisfy the tax, interest or penalty and the costs including the cost of sale remaining unpaid, and shall render the surplus, if any, to the carrier or other person".

1. Inserted by the Finance Act, (32 of 1994), 98 (c).

46B. Penalty for failure to pay inland air travel tax to credit of Central Government :-

1 .-If any carrier fails to pay to the credit of the Central Government, the inland air travel tax collected by him as required under the provisions of section 42 , he shall be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to seven years and with fine.

1. Section 46B and 46C, shall be inserted by Finance Act, 2003(Act 32 of 2003), Published in the Gazette of India, Extra, Part II, Section 1, dated 14th May,2003,pp.1-112, No.35, with effect from 1st June,2003

46C. Offences by companies :-

1 .-

(1) Where any offence under section 46B has been committed by a company, every person who, at the time the offence was committed, was directly in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment provided in the said section, if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in sub-section (1), where an offence under section 46B has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any negligence on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Explanation.-For the purposes of this section,- (a) "company" means any body corporate and includes a firm or other association of individuals; and (b)

"director", in relation to a firm, means a partner in the firm.'

1. Section 46B and 46C, shall be inserted by Finance Act, 2003(Act 32 of 2003), Published in the Gazette of India, Extra, Part II, Section 1, dated 14th May,2003,pp.1-112, No.35, with effect from 1st June,2003

47. Protection of action taken in good faith :-

No suit or other legal proceeding shall lie against the Central Government and no suit, prosecution or other legal proceeding shall lie against any officer of the Central Government or the State Government or the International Airports Authority of India or the National Airports Authority referred to in sub-section (2) of section 42 for anything in good faith done or intended to be done in pursuance of this Chapter or the rules made thereunder.

48. Power to make rules :-

(1) The Central Government may, by notification in the Official Gazette, make rules for carrying out the provisions of this Chapter.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for---

(a) the collection of the inland air travel tax including the charges for collection payable to any State Government or the International Airports Authority of India or the National Airports Authority referred to in sub-section (2) of section 42 , or any carrier, the authorities by whom adjudication of penalties or other functions under this Chapter shall be discharged, the manner in which the inland air travel tax, penalties or other sums due under this Chapter shall be payable, the manner in which the inland air travel tax, penalties or other sums shall be collected and paid to the credit of the Central Government and the procedure for claiming refund of any amount paid under this Chapter;

(b) the powers of officers authorised under sub-section (2) of section 42 to enter, inspect and search any aircraft for the purpose of carrying on any duty imposed on such officer by or under this Chapter : Provided that the provisions of Code of Criminal Procedure, 1973 , relating to searches, shall, so far as they are applicable, apply in relation to searches under rules made under this clause;

(c) the procedure for adjudication of penalties;

(d) appeals .'.gainst orders made under this Chapter, the manner in which and the time within which such appeals may be preferred and the fees payable therefor;

(e) the returns and other particulars and information which may be required to be furnished for the purposes of this Chapter, the persons or authorities by or to whom or which, and the intervals at which such returns, particulars and information shall be furnished;

(f) any other matter which is to be, or may be, provided for by rules under this Chapter.

49. Rules and notifications to be laid before Parliament :-

Every rule made under this Chapter and every notification issued under section 44 shall be laid, as soon as may be after it is made or issued, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions. and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or notification or both Houses agree that the rule should not be made or the notification should not be issued, the rule or notification shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule or notification.

CHAPTER 6
MISCELLANEOUS

50. 50 :-

Amendments incorporated in the Central Sales Tax Act, 1956].

51. Amendment of Act 21 of 1979 :-

amendments incorporated in the principal Act].

SCHEDULE 1
SCHEDULE

(See section 2) PART 1 INCOME-TAX Paragraph A Sub-Paragraph I 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-clause (vii) of clause (31) of S.2 of the Income tax Act, 1961. 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. 18,000 (2) where the total income .exceeds Rs. 18,000 25 per cent. of the amount by which the total income but does not exceed Rs. 25,000 exceeds Rs. 18,000; (3) where the total income exceeds Rs. 25,000 Rs.1,750 plus 30 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 Rs. 9,250 plus 40 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. 29,250 plus 50 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, in the case of every person, having a total income exceeding fifty thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of five per cent. of such income-tax: Provided that no such surcharge shall be payable by a non-resident. 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, 1989 exceeds Rs. 18,000,--- Rates of Income-tax (1) where the total income does not exceed Nil; Rs. 12,000 (2) where the total income exceeds Rs. 12,000 25 per cent. of the amount by which the total income but does not exceed Rs. 20,000 total income exceeds Rs. 12,000; (3) where the total income exceeds Rs. 20,000 Rs. 2,000 plus 30 per cent. of the amount by which but does not exceed Rs, 40,000 the total income exceeds Rupees 20,000; (4) where the total income exceeds Rs. 40,000 Rs. 8,000 plus 40 per cent. of the amount by which but does not exceed Rs. 60,000 the total income exceeds Rupees 40,000; (5) where the total income exceeds Rs. 60,000 Rs. 16,000 plus 50 per cent. of the amount by which but does not exceed Rs. 1,00,000 the total income exceeds Rupees 60,000; (6) where the total income exceeds Rs. 1,00,000 Rs. 36,000 plus 55 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, in the case of every person having a total income exceeding fifty thousand rupees, be increased by a surcharge for purposes of the Union calculated at the

rate of five per cent. of such income-tax. Provided that no such surcharge shall be payable by a non-resident. Paragraph B In the case of every co-operative society, --- Rates of Income-tax (1) where the total income does not exceeds 15 per cent. of the total income; Rs. 10,000 (2) where the total income exceeds Rs. 10,000 Rs. 1,500 plus 25 per cent. of the amount by which but does not exceed Rs. 20,000 the total income exceeds Rupees 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, in the case of every person having a total income exceeding fifty thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of five 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? 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 Rs. 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, in the case of every person having a total income exceeding fifty thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of five 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-one 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. 600 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 Rs. 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, in the case of every person having a total income exceeding fifty thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of five 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 S.183 of the Income tax Act, 1961. Paragraph D In the case of every local authority, --- Rate 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 rate hereinbefore specified shall, in the case of every person having a total income exceeding fifty thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of five per cent. of such income-tax. In the case of a company,--- Paragraph E Rates of income-tax I. In the case of a domestic company,--- (1) where the company is a company in which 50 per cent. of the total income; the public are substantially interested,--- (2) where the company is not a company in which the public are substantially interested--- (i) in the case of a trading company or 60 per cent. of the total income; an investment company (ii) in any other case 55 per cent. of the total income; II. 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 Government or an Indian concern in pursuance of an agreement made by it with the Government or 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 Government or an Indian concern in pursuance of agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976, and where such agreement has, in either 50 per cent.; case, been approved by the Central Government (ii) on the balance, if any, of the total income 65 per cent.; Surcharge on income-tax The amount of income-tax computed in accordance with the provisions of item I of this Paragraph shall, in the case of every person having a total income exceeding fifty thousand rupees be increased by a surcharge calculated at the rate of five per cent. of such income-tax. PART 2 Rates for deduction of tax at source in

certain cases In every case in which under the provisions of sections 193, S.194 OF THE INCOME TAX ACT, 1961, S.194A OF THE INCOME TAX ACT, 1961, S.194B OF THE INCOME TAX ACT, 1961, S.194BB OF THE INCOME TAX ACT, 1961, S.194D OF THE INCOME TAX ACT, 1961 and S.195 OF THE INCOME TAX ACT, 1961 is to be deducted at the rates in force, deduction shall be made from the income subject to deduction at the following rates :---

Rates of Income-tax I. In the case of a person other than a company

--- (a) where the person is resident in India---

(i) on income by way of interest other 10 per cent.; than "Interest on securities" (ii) on income by way of winnings from 40 per cent.; lotteries and crossword puzzles (iii) on income by way of winnings from 40 per cent.; horse races (iv) on income by way of insurance 10 per cent.; commission (v) on income by way of interest payable 10 per cent.; on --- (A) any security, other than a tax-free security, of the Central or a State Government; (B) any debentures or other securities for money issued by or on behalf of any local authority or a corporation established by a Central, State or Provincial Act; (C) any debentures issued by a company where such debentures are listed on a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and any rules made thereunder. (vi) on any other income (excluding 20 per cent.; interest payable on a tax-free security) (b) where the person is not resident in India-

(i) in the case of a non-resident Indian---

(A) on investment income and long- 20 per cent; term capital gains (B) on income by way of interest 15 per cent.; payable on a tax-free security (C) on income by way of winnings 40 per cent.; from lotteries and crossword puzzles (D) on income by way of winnings 40 per cent.; from horse races (E) on the whole of the other income (ii) in the case of any other person-

(A) on income by way of interest 15 per cent.; payable on a tax-free security (B) on income by way of winnings 40 per cent.; from lotteries and crossword puzzles (C) on income by way of winnings 40 per cent.; from horse races (D) on the whole of the other income income-tax at 30 per cent. of the amount of income, 2. In the case of a company --- (a) where the company is a domestic company-

(i) on income by way of interest other 20 per cent.; than "Interest on securities" (ii) on income by way of winnings from 40 per cent.; lotteries and crossword puzzles (iii) on income by way of winnings from 40 per cent.; horse races (iv) on any other income (excluding 21.5 per cent.; interest payable on tax-free security) (b) where the company is not a domestic company---

(i) on income by way of dividends 25 per cent.; payable by any domestic company (ii) on income by way of winnings from 40 per cent.; lotteries and crossword puzzles (iii) on income by way of winnings from 40 per cent.; horse races (iv) on income by way of interest 25 per cent.; payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency (v) on income by way of royalty 30 per cent.; payable by Government of an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1976, where such royalty is in consideration for the transfer of all or any rights (including the) granting of a licence) in respect of copyright in any book on a subject referred to in the proviso to sub-section (1A) of S.115A of the Income Tax Act, 1961, to the Indian concern (vi) on income by way of royalty, [not being royalty of the nature referred to in sub-item (b) (v)] payable by Government or an Indian concern in pursuance of an agreement made by it With the Government or the Indian concern and which has been approved by the Central Government,---

(A) where the agreement is made 40 per cent.; after the 31st day of March, 1961 but before the 1st day of April, 1976 (B) where the agreement is made 30 per cent.; after the 31st day of March, 1976---

(vii) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of all agreement made by it with the Government or the Indian concern and which has been approved by the Central Government---

(A) where the agreement is made 50 per cent.; after the 29th day of February, 1964 but before the 1st day of April, 1976 (B) where the agreement is made 30 per cent.; after the 31st day of March, 1976 (viii) on income by way of interest payable 44 per cent.; on a tax-free security (ix) on any other income

Explanation.-- For the purposes of this Part, "investment income", "long-term capital gains" and "non-resident Indian" shall have the meanings assigned to them in Chapter XII-A of the Income-tax Act. Surcharge on income-tax The amount of income-tax deducted in accordance with the provisions of (a) sub-item (a) of item I of this Part shall be increased by a surcharge for purposes of the Union, and (b) sub-item (a) of item 2 of this Part shall be increased by a surcharge, calculated at the rate of eight per cent. of such income -tax

PART 3 RATES FOR CALCULATING OR CHARGING INCOME-TAX IN CERTAIN CASES, DEDUCTING INCOME-TAX FROM INCOME CHARGEABLE UNDER THE HEAD "SALARIES" AND COMPUTING "ADVANCE TAX" In cases in which income-tax has to be calculated under the first proviso to sub-section (5) of S.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 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" (not being "advance tax" in respect of any income chargeable to tax under Chapter 12 or Chapter 12A or sub-section (IA) of section 161 or section 164 or Section 164A or S.167B of the Income tax Act, 1961 at the rates as specified in that Chapter or section or surcharge on such "advance tax" in respect of any income chargeable to tax under section 115B), 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 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-clause (vii) of clause (31) of S.2 of the Income tax Act, 1961, 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. 18,000 (2) where the total income exceeds Rs. 18,000 25 per cent. of the amount by which the total income but does not exceed Rs. 25,000 exceeds Rs. 18,000; (3) where the total income exceeds Rs. 25,000 Rs. 1,400 plus 30 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 Rs. 8,900 plus 40 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.28,900 plus 50 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, in the case of every person having a total income exceeding fifty thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of eight per cent. of such income-tax: Provided that no such surcharge shall be payable by a non-resident.

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, 1990 exceeds Rs. 18,000,---

Rates of income-tax (1) where the total income does not exceed Nil; Rs.12,000 (2) where the total income exceeds Rs. 12,000 25 per cent. of the amount by which the total income but does not exceed Rs. 20,000 exceeds Rs. 12,000; (3) where the total income exceeds Rs. 20,000 Rs. 2,000 plus 30 per cent of the amount by which but does not exceed Rs. 40,000 the total income exceeds Rupees 20,000; (4) where the total income exceeds Rs. 40,000 Rs. 8,000 plus 40 per cent. of the amount by which but does not exceed Rs. 60,000 the total income exceeds Rupees 40,000; (5) where the total income exceeds Rs. 60,000 Rs. 16,000 plus 50 per cent. of the amount by which but does not exceed Rs. 1,00,000 the total income exceeds Rupees 60,000; (6) where the total income exceeds Rs. 1,00,000 Rs. 36,000 plus 55 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, in the case of every person having a total income exceeding fifty thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of eight per cent. of such income-tax.. Provided that no such surcharge shall be payable by a non-resident.

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 Rs. 1,500 plus 25 per cent. of the amount by which but does not exceed Rs. 20,000 the total income exceed Rupees 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 on Income-tax** The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall, in the case of every person having a total income exceeding fifty thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of eight 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,---

Rate 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 Rs. 2,500 plus If per cent. of the amount by which but does not exceed Ri. 1,00,000 the total income exceeds Rupees 50,000; (5) where the total income exceeds Rg. 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 in the case of every person having a total income exceeding fifty thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of eight 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 one 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 Rs. 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, in the case of every person having a total income exceeding fifty thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of eight percent, of such income-tax. I Explanation --- For the purposes of this Paragraph "registered firm includes an unregistered firm assessed as a registered firm under Clause (b) of S.183 of the Income tax Act, 1961. Paragraph D In the case of every total authority,--- Rates of income income-tax On the whole of the total income 50 per cent. Surcharge on income-tax The amount of income-tax computed at the rate hereinbefore specified Shall, in the case of every person having a total income exceeding fifty thousand rupees, increased by a surcharge for purposes of the Union calculated at the rate of eight per cent. of such income-tax. Paragraph E In the case of a company,--- Rates of income-tax I. In the case of a domestic company,--- (1) where the company is a company in which 50 per cent. of the total income; the public are substantially interested,--- (2) where the company is a company in which the public are substantially interested--- (i) in the case of a trading company or 60 per cent. of the total income; an investment company (ii) in any other case 65 per cent. of the total income; II. 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 Government or an Indian concern in pursuance of an agreement made by it with the Government or 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 Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February 1964 but before the 1st day of April, 1976, and where such agreement has, in either 50 per cent.; case, been approved by the Central Government (ii) on the balance, if any, of the total income 65 per cent.; Surcharge on Income-tax The amount of income-tax computed in accordance with the provisions of item 1 of this Paragraph shall, in the case of every person having a total income exceeding fifty thousand rupees, be increased by a surcharge calculated at the rate of eight per cent. of such income-tax. PART 4 [See section 2(9)(e)] RULES FOR COMPUTATION OF NET AGRICULTURAL INCOME Rule 1. --- Agricultural income of the nature referred to in sub-clause (a) of clause (1 A) of Section 2 of the Income tax Act, 1961 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 THE INCOME TAX ACT, 1961 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 (1A) of Section 2 of the Income tax Act, 1961 [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 (c)] 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 sections 30 , Section 31 OF THE INCOME TAX ACT, 1961 , Section 32 OF THE INCOME TAX ACT, 1961 , Section 36 OF THE INCOME TAX ACT, 1961 , Section 37 OF THE INCOME TAX ACT, 1961 , Section 38 OF THE INCOME TAX ACT, 1961 , Section 40 OF THE INCOME TAX ACT, 1961 , Section 40A OF THE INCOME TAX ACT, 1961 [other than sub-sections (3) and (4) thereof), Section 41 OF THE INCOME TAX ACT, 1961 , Section 43 OF THE INCOME TAX ACT, 1961 , Section 43A OF THE INCOME TAX ACT, 1961 ,

Section 43B OF THE INCOME TAX ACT, 1961 and Section 43C OF THE INCOME TAX ACT, 1961 shall, so far as may be, apply accordingly. Rule 3. --- Agricultural income of the nature referred to in sub-clause (c) of clause (1A) of Section 2 of the Income tax Act, 1961 , 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 sections 23 to Section 27 OF THE INCOME TAX ACT, 1961 of that Act shall, so far as may be, apply accordingly. Rule 4. --- Notwithstanding anything contained in any other provisions of these 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, 1961 , 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 his 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, 1961 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 share of the assessee in 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, 1989, 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 year relevant to the assessment years commencing on the 1st day of April, 1981 or the 1st day of April, 1982 or the 1st day of April, 1983 or the 1st day of April, 1984, or the 1st day of April, 1985 or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 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, 1981, 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, 1982 or the 1st day of April, 1983 or the 1st day of April, 1984, or the 1st day of April, 1984 or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988, (ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1982, 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. 1983, or the 1st day of April, 1984, or the 1st day of April, 1985, or the 1st day of April, 1986, or the 1st day of April. 1987, or the 1st day of April. 1988. (iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1983, 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, 1984, or the 1st day of April, 1985. or the 1st day of April. 1986, or the 1st day of April. 1987. or the 1st day of April. 1988. (iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April. 1984, 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. 1985, or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April. 1988, (v) the loss so computed for the previous year relevant to .the assessment year commencing on the 1st day of April, 1985. 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, 1986. or the 1st day of April. 1987 or the 1st day of April. 1988, (vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April. 1986, 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. 1987, or the 1st day of April, 1988. (vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1987. 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, 1988 and (viii)the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April. 1988. 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. 1989. (2) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April. 1990 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 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. 1982 or the 1st day of April. 1983. or the 1st day of April. 1984, or the 1st day of April. 1985. or the 1st day of April, 1986. or the 1st day of April. 1987 or the 1st day of April, 1988 or the 1st day of April. 1989 is a loss. then. for the purposes of sub-section (8) 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. 1982. 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. 1983 or the 1st day of April, 1984 or the 1st day of April. 1985 or the 1st day of April. 1986. or the 1st day of April. 1987, or the 1st day of April. 1988, or the 1st day of April. 1989. (ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April. 1983, 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 1984 or the 1st day of April. 1985 or the 1st day of April, 1986. or the 1st day of April. 1987 or the 1st day of April. 1988 or the 1st day of April. 1989. (iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April. 1984. 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. 1985 or the 1st day of April. 1986. or the 1st day of April. 1987 or the 1st day of April, 1988 or the 1st day of April. 1989. (iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April. 1985. 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. 1986. or the 1st day of April, 1987 or the 1st day of April. 1988 or the 1st day of April. 1989. (v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April. 1986. 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. 1987 or the 1st day of April. 1988 or the 1st day of April, 1989. (vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April. 1987. 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. 1988 or the 1st day of April, 1989, (vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April. 1988, 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, 1989, and (viii)the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1989, 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, 1990. (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 off 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 Section 67 of the Income tax Act, 1961 as exceeds his share of profits, if any, of the previous year in the firm. or 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 Assessing Officer under the provisions of these rules, or the rules contained in Part IV of the Finance Act, 1981 . or of the Finance Act, 1982 . or of the Finance Act, 1983 , or of the Finance Act, 1984 . or of the Finance Act, 1985 . or of the Finance Act, 1986, or of the Finance Act, 1987 , or of the Finance Act, 1988. 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 the 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 Assessing 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
SCHEDULE

[(See section 34 (a)] [Amendments incorporated in the Principal Act]

SCHEDULE 3
SCHEDULE

(See section 34 (b)) [Amendments incorporated in the Customs Tariff Act]

SCHEDULE 4
SCHEDULE

(See section 36) [Amendments incorporated in the Schedule to the Central Excise Tariff Act]

SCHEDULE 5
SCHEDULE

(See section 38) PART 1 In the First Schedule to the Additional Duties of Excise Act,--- (1) in sub-heading No. 1701.31. for the entry in column (4), the entry "Rs. 25 per quintal" shall be substituted; (2) in sub-heading No. 1701.39. for the entry in column (4). the entry "Rs. 45 per quintal" shall be substituted; (3) in sub-heading Nos. 5801.30, 5802.14 and 5804.12. for the entry in column (4). the entry "10% plus Rs. 2.10 per square metre" shall be substituted; (4) in sub-heading Nos. 5901.20 and 5905.20. for the entry in column (4). the entry "10% plus Rs. 2.10 per square metre" shall be substituted; (5) in sub-heading Nos. 5902.10 and 5902.20. for the entry in column (4), the entry "Rs. 4.20 per kilogram" shall be substituted; (6) in sub-heading No. 5902.30. for the entry in column (4), the entry "Rs. 2.10 per kilogram" shall be substituted; (7) in sub-heading No. 6001.12. for the entry in column (4). the entry "10% plus Rs. 2.10 per square metre" shall be substituted. PART 2

Heading	Sub-heading	Description of Goods	Rate of duty	No. No.
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(1)	(2)	(3)	(4)	
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In the First Schedule to the Additional Duties of Excise Act.--- 1. after sub-heading No.

2404.50. the following sub-heading shall be inserted, namely :--- "2404.60 -Preparations containing snuff of tobacco Nil". in any proportion 2.after heading No. 58.05. the following heading shall be inserted: namely:--- "58.06 5806.10 -Narrow woven fabrics of silk. wool. Nil". cotton or man-made textile materials

SCHEDULE 6

SCHEDULE

(See Section 39) [Amendments incorporated in the Schedule to the Medicinal and Toilet Preparations (Excise Duties) Act. 1955]