

## **Finance Act, 1998**

### **1 of 1998**

**[29th March, 1998]**

#### CONTENTS

1. Short title and commencement
2. Income Tax

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An Act to continue the existing rates of Income Tax for the Financial Year 1998-99 Be it enacted by Parliament in the Forty-ninth Year of the Republic of India as follows:-

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

- (1) This Act may be called the Finance Act, 1998.
- (2) It shall come into force on the 1st day of April, 1998.

#### **2. Income Tax :-**

The provisions of Section 2 of, and the First Schedule to, the Finance Act, 1997 , shall apply in relation to income tax for the assessment year or, as the case may be, the financial year commencing on the 1st day of April, 1998, as they apply in relation to income tax for the assessment year or, as the case may be, the financial year commencing on the 1st day of April, 1997, with the following modifications, namely :-

(a) in Section 2 ,-

(i) for the figures "1997", wherever they occur, the figures "1998" shall be substituted,

(ii) in sub-section (1), the words and letter "and such tax shall be increased in the cases to which Paragraph E of that Part applies, by a surcharge, calculated in the manner provided therein" shall be

omitted,

(iii) in sub-section (3), the first and second provisos shall be omitted;

(b) in the First Schedule,-

(i) for Part I, the following Part shall be substituted, namely;-  
Section 2 of the Income tax Act, 1961 , not being a case to which any other Paragraph of this Part applies,- \ \ \ \ Rates of Income Tax (1) where the total income does \ \ Nil, not exceed Rs 40,000 (2) where the total income exceeds \ \ 10 per cent of the amount by which Rs 40,000 but does not exceed \ \ the total income exceeds Rs 40,000; Rs 60,000 (3) where the total income exceeds \ \ Rs 2000 plus 20 per cent of the Rs 60,000 but does not exceed \ \ amount by which the total income Rs 1,50,000 \ \ exceeds Rs 60,000; (4) where the total income exceeds \ \ Rs 20,000 plus 30 per cent of the Rs 1,50,000 \ \ amount by which the total income \ \ \ \ \ exceeds Rs 1,50,000. \ \ \ \ Paragraph B In the case of every cooperative society,- \ \ \ \ Rates of Income Tax (1) where the total income does \ \ 10 per cent of the total income; not exceed Rs 10,000 (2) where the total income \ \ Rs 1000 plus 20 per cent of the exceeds Rs 10,000 but does \ \ amount by which the total income not exceed Rs 20,000 \ \ exceeds Rs 10,000; (3) where the total income \ \ Rs 3000 plus 35 per cent of the exceeds Rs 20,000 \ \ amount by which the total income \ \ \ \ \ exceeds Rs 20,000. \ \ \ \ Paragraph C In the case of every firm.- \ \ \ \ Rate of Income Tax On the whole of the total income 35 per cent. \ \ \ \ Paragraph D In the case of every local authority,- \ \ \ \ Rate of Income Tax On the whole of the total income 30 per cent. \ \ \ \ Paragraph E In the case of a company,- \ \ \ \ Rates of Income Tax I. In the case of a domestic company 35 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 case, \ \ 50 per cent; been approved by

the Central Government (ii) on the balance, if any, of the total income \48 per cent.";

(ii) in Part IV, in Rule 8-

(A) for sub-rules (1) and (2), the following sub-rules shall be substituted, namely:-

"(1) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1998, 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, 1990 or the 1st day of April, 1991 or the 1st day of April, 1992 or the 1st day of April, 1993 or the 1st day of April, 1994 or the 1st day of April, 1995 or the 1st day of April, 1996 or the 1st day of April, 1997, 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, 1990, 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, 1991 or the 1st day of April, 1992 or the 1st day of April, 1993 or the 1st day of April, 1994 or the 1st day of April, 1995 or the 1st day of April, 1996 or the 1st day of April, 1997,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1991, 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, 1992 or the 1st day of April, 1993 or the 1st day of April, 1994 or the 1st day of April, 1995 or the 1st day of April, 1996 or the 1st day of April, 1997,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1992, 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, 1993 or the 1st day of April, 1994 or the 1st day of April, 1995 or the 1st day of April, 1996 or the 1st day of April, 1997,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1993, 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, 1994 or the 1st day of April, 1995 or the 1st day of April, 1996 or the 1st day of April, 1997,

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1994, 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, 1995 or the 1st day of April, 1996 or the 1st day of April, 1997,

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1995, 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, 1996 or the 1st day of April, 1997,

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1996, 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, 1997,

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1997,

(2) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1999 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, 1991 or the 1st day of April, 1992 or the 1st day of April, 1993 or the 1st day of April, 1994 or the 1st day of April, 1995 or the 1st day of April, 1996 or the 1st day of April, 1997 or the 1st day of April, 1998, is a loss, then, for the purposes of sub-section (9) 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, 1991, 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, 1992 or the 1st day of April, 1993 or the 1st day of April, 1994 or the 1st day of April, 1995 or the 1st day of April, 1996 or the 1st day of April, 1997 or the 1st day of April, 1998,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1992, 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, 1993 or the 1st day of April, 1994 or the 1st day of April, 1995 or the 1st day of April, 1996 or the 1st day of April, 1997 or the 1st day of April, 1998,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1993, 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, 1994 or the 1st day of April, 1995 or the 1st day of April, 1996 or the 1st day of April, 1997 or the 1st day of April, 1998,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1994, 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, 1995 or the 1st day of April, 1996 or the 1st day of April, 1997 or the 1st day of April, 1998,

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1995, 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, 1996 or the 1st day of April, 1997 or the 1st day of April, 1998,

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1996, 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, 1997 or the 1st day of April, 1998,

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1997, 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, 1998,

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1998,

(B) for sub-rule (4), the following sub-rule shall be substituted, namely:- "(4) 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 First Schedule to the Finance Act, 1990, or of First Schedule to the Finance (No. 2) Act, 1991, or of First Schedule to the Finance Act, 1992, or of First Schedule to the Finance Act, 1993, or of First Schedule to the Finance Act, 1994, or of First Schedule to the Finance Act, 1995, or of First Schedule to the Finance (No. 2) Act, 1996, or of First Schedule to the Finance Act, 1997, shall be set off under sub-rule (1) or, as the case may be, sub-rule (2).".