

INCOME TAX (DETERMINATION OF EXPORT PROFITS) RULES, 1963

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S.O.1981, dated 9/7/1963.-In exercise of the powers conferred by Cl. (vi) of sub-section (5) of Sec. 2 of the Finance Act, 1963 (13 of 1963), the Central Board of Revenue hereby makes the following rules, namely :-

1. Short title :-

These rules may be called the Income-tax (Determination of Export Profits) Rules, 1963.

2. Computation of qualifying income :-

(1) Where an assessee referred to in Cl. (i) of sub-section (5) of Sec. 2 of the Finance Act, 1963 (13 of 1963) exports any goods or merchandise out of India, the amount of the profits and gains derived from such exports with reference to which deduction of tax is admissible under that sub-section (hereinafter referred to as the qualifying income) shall be computed in accordance with the provisions of sub-rule (2) or sub-rule (3) or sub-rule (4) of this rule, as the case may be.

(2) Where in the opinion of the Income-tax Officer it is possible to ascertain the profits and gains on such exports, the amount of the qualifying income shall be taken as the excess of the amount of profits and gains so ascertained in accordance with the provisions of the Income tax Act, 1961 (43 of 1961) (hereinafter referred to as the Act) and included in the total income over the aggregate of the amount of any portion thereof on which income-tax or super-tax is not payable and the amount in respect of which a deduction of income-tax or super-tax has been granted under any of the provisions of the Act.

(3) Wherein the opinion of the Income-tax Officer the profits and gains on such exports cannot be ascertained, the amount of the qualifying income shall be taken as a fraction of the profits and gains of the whole business of which such exports form a part and included in the total income (as reduced by the aggregate of the amount of any portion thereof on which income-tax and super-tax is not payable and the amount in respect of which a deduction of income-tax or super-tax has been granted under any of the provisions of the Act), the fraction being proportional to the value of the turn-over of such exports in relation to the total turn-over of the business of which such exports form a part.

(4) Where in the opinion of the Income-tax Officer the computation of such profits and gains in the manner indicated in sub-rule (3) presents exceptional difficulties, the amount of the qualifying income shall be taken as the excess of such profits and gains ascertained by the Income-tax Officer on any other reasonable basis on the data available and included in the total income over the aggregate of the amount of any portion thereof on which income-tax or super-tax is not payable and the amount in respect of which a deduction of income-tax or super-tax has been granted under any of the provisions of the Act.