

INCOME TAX (DETERMINATION OF EXPORT PROFITS) RULES, 1965

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In exercise of the powers conferred by Cl (d) of sub-section (5) of Sec 2 of the Finance Act, 1965 (10 of 1965), the Central Board of Direct Taxes hereby makes the following rules, namely-

1. Short title :-

These rules may be called the Income-tax (Determination of Export Profits) Rules, 1965

2. Computation of qualifying income :-

(1) Where the total income of an assessee referred to in sub-clause (i) of Cl (a) of sub-section (5) of Sec 2 of the Finance Act, 1965 (10 of 1965) includes any profits and gains derived from the export of any goods or merchandise out of India, the amount of such profits and gains in respect of which deduction of income-tax is admissible under that sub-clause (hereinafter referred to as the qualifying income) shall be computed in accordance with 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 qualifying income shall be taken to be the amount by which the 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 exceed the aggregate of the amount of any portion thereof on which income-tax is not payable and the amount in respect of which a deduction of income-tax has been granted under any of the provisions of the Act.

(3) Where in the opinion of the Income-tax Officer the profits and

gains on such exports cannot be ascertained, the qualifying income shall be taken to be the amount which bears to 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 is not payable and the amount in respect of which a deduction of income-tax has been granted under any of the provisions of the Act), the same proportion as the value of the turn-over in respect of such exports bears to the turn-over of which such exports form a part.

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