

INVESTMENT DEPOSIT ACCOUNT SCHEME, 1986

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INVESTMENT DEPOSIT ACCOUNT SCHEME, 1986

¹1. This Scheme has been framed for the purpose of section 32AB of the Income-tax Act, 1961. However, the allowance under this section is not available from assessment year 1991-92 and onwards. ¹1. This Scheme has been framed for the purpose of section 32AB of the Income-tax Act, 1961. However, the allowance under this section is not available from assessment year 1991-92 and onwards. In exercise of the powers conferred by sub-section (1) of section 32AB of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby frames the following Scheme, namely.-

1. Short title and application :-

(1) This Scheme may be called the Investment Deposit Account Scheme, 1986.

(2) It applies to all the assesseees who are eligible for the deduction under section 32AB of the Income-tax Act, 1961 (43 of 1961), other than the assesseees carrying on the business of growing and manufacturing tea in India.

2. Definitions :-

(1) In this Scheme, unless the context otherwise requires-

(a) "account" means a deposit account under this Scheme;

(b) "deposit office" means any office of the Development Bank

where the account is maintained;

(c) "depositor" means an assessee who is eligible to make a deposit under section 32AB of the Income-tax Act;

(d) "designated account" means an account of the depositor exclusively for the purposes of the scheme opened with a scheduled bank;

(e) "Income-tax Act" means the Income-tax Act, 1961 (43 of 1961);

(f) "paragraph" means a paragraph of this Scheme and "sub-paragraph" means a sub-paragraph of the paragraph in which it occurs;

(g) "scheduled bank" means the State Bank of India constituted under State Bank of India Act, 1955, a subsidiary bank as defined in State Bank of India (Subsidiary Banks) Act, 1959, a corresponding new bank constituted under S.3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, or under S.3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980, or any other bank being a bank included in Second Schedule to the Reserve Bank of India Act, 1934.

(2) All references to "Forms" in this Scheme shall be construed as references to the forms set out in the Appendix to this Scheme.

3. Deposit how to be made :-

(1) A deposit under the provisions of section 32AB of the income-tax Act may be made by any depositor in accordance with the provisions of this Scheme.

(2) Such deposit may be made in one lump sum or in instalments in multiples of one thousand rupees (not exceeding four instalments in each financial year).

4. Manner of deposit :-

(1) Every depositor making a deposit shall apply to the deposit office in Form A, or as near thereto as may be, together with the amount of deposit payable in the manner specified in sub-paragraph (3).

(2) On receipt of an application for the first time under sub-

paragraph (1), the deposit office shall open an account in the name of the depositor.

(3) Every subsequent deposit shall be made into the deposit office at which the account stands by a crossed cheque or demand draft drawn in favour of such office on a bank situated at the place where the deposit office is situated.

(4) Every deposit shall be evidenced by a receipt issued in Form B, or as near thereto as may be, by the deposit office.

(5) The deposit office shall issue to the depositor a statement of account in Form C, or as near thereto as may be, on the expiry of each quarter ending on 30th June, 30th September, 31st December and 31st March in a year showing the amount of deposits made during the quarter previous to the quarter to which the statement relates.

5. Issue of duplicate statement :-

In the event of loss or destruction of the receipt or statement of account referred to in sub-paragraph (4) or sub-paragraph (5) of paragraph 4, the deposit office may, on an application made to it in this behalf, issue a duplicate thereof.

6. Transfer of the account :-

A depositor may apply for the transfer of the account from one deposit office to another deposit office.

7. Interest :-

(1) Subject to sub-paragraph (2) the deposit shall carry simple interest at the rate of 10 per cent per annum for the financial year ending with the 31st March, 1987, and thereafter at such rates as may be specified by the Development Bank for each subsequent year to be calculated from the first day of the month immediately following the month in which the amount of deposit is credited to the account.

(2) Where during any financial year any part of the deposit is withdrawn, the interest payable on the deposits shall be calculated on the basis of minimum monthly balance in the account during that financial year.

(3) The interest payable for any financial year or part thereof shall soon after the close of the financial year be credited to the designated account.

8. Charge or alienation :-

The amounts standing to the credit of any account shall not be placed or offered as security for any loan or guarantee and shall not be charged or alienated in any manner whatsoever except in favour of Development Bank.

9. Utilisation of the amounts for the purposes of section 32AB :-

(1) An assessee, whose total income includes income chargeable to tax under the head "Profits and gains of business or profession", may utilise-

(a) the whole or any part of the amount deposited by him in a deposit account under clause (a) of sub-section (1) of Section 32AB of the Income tax Act, 1961 , or

(b) any amount out of such income, without depositing the same under clause (a) of sub-section (1) of section 32AB of the Income-tax Act, in accordance with this scheme, for any of the following purposes, namely:

(i) purchase of new ship or new aircraft or new machinery or new plant for the purposes of the business or profession carried on by the depositor;

(ii) purchase of new computers to be installed either in the office or at a place where the depositor carries on business or profession;

(iii) repayment of the principal amount of term loans contracted after the 31st March, 1986, and taken for a period of three years or more from a financial corporation which is engaged in providing long-term finance for industrial development in India or from a scheduled bank or from any such other institution as the Central Government may, by notification in the Official Gazette, specify in this behalf.

(2)

(a) Withdrawal from the deposit may be made by a depositor not more than once in every three calendar months, by making an application in Form 'D': Provided that no such application shall be granted unless the depositor has, for a minimum period of one year prior to the date of such withdrawal, in his account a minimum balance of an amount which is not less than the amount to be withdrawn.

(b) On receipt of the request for withdrawal, the deposit office shall, as soon as may be, pay the amount to the depositor through a credit to the designated account.

(c) The amount credited to the designated account under clause (b) shall be utilised by the depositor within fifteen working days from the date of such credit for the purpose for which the amount has been withdrawn; and the amount or any part thereof which has not been so utilised shall be refunded to the Development Bank and on such refund, the amount or part thereof, as the case may be, shall be treated as a fresh deposit in the account for the purposes of withdrawal under clause (a) of sub-paragraph (2) of paragraph 9 above.

10. Closure of the account :-

(1) If a depositor desires to close the account, an application shall be made, with the approval of the Income-tax Officer or any other officer who has jurisdiction over the depositor, in Form 'E', or as near thereto as may be, and the deposit office shall, as soon as may be, subject to the provisions of paragraph 9 above, pay the amount of balance (including interest accrued as on the last day of the month preceding the month in which the said application under this paragraph has been made) lying to the credit of the depositor by means of a credit to the designated account.

(2) Where any person other than the depositor, acquires a right under clause (i) or clause (ii) of the proviso to sub-section (7) of section 32AB of the Income-tax Act to receive the amount lying to the credit of the account, the Development Bank shall pay such amount to the person if the Income-tax Officer or any other officer who has jurisdiction in the matter over the depositor certifies to this effect.