THE FINANCE BILL, 1984

(No. 11 of 1984)

[*As introduced in Lok Sabha on 29th February, 1984.*]

A Bill to give effect to the financial proposals of the Central Government for the financial year 1984-85.

BE it enacted by Parliament in the Thirty-fifth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

1. Short title and commencement.—(*1*) This Act may be called the Finance Act, 1984.

(*2*) Save as otherwise provided in this Act, sections 2 to 34 and section 54 shall be deemed to have come into force on the 1st day of April, 1984.

CHAPTER II

RATES OF INCOME-TAX

2. **Income-tax.**—(*1*) Subject to the provisions of sub-sections (*2*) and (*3*), for the assessment year commencing on the 1st of April, 1984, 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 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 where an assessee, being a company, has made, during the financial year commencing on the 1st day of April, 1983, any deposit with the Industrial Development Bank of India established under the Industrial Development Bank of India Act, 1964 (18 of 1964), under the Companies Deposits (Surcharge on Income-tax) Scheme, 1983, then, the surcharge on income-tax payable by the company,—

(*a*) in a case where the amount of the deposit so made is equal to, or exceeds, one-half of the amount of surcharge on income-tax payable by it, shall be reduced by one-half of the amount of surcharge payable by it; and

(*b*) in a case where the amount of the deposit so made falls short of one-half of the amount of surcharge on income-tax payable by it, shall be reduced by the amount of the deposit.

(*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, fifteen 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 fifteen thousand rupees, and

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

Provided that in a case referred to in the said Sub-Paragraph II, for the purpose of determining the amount of income-tax in accordance with this sub-clause, the provisions of clause (*ii*) of the proviso below Sub-Paragraph II and the provisions relating to surcharge on income-tax in the said Sub-Paragraph II shall not apply ;

(*ii*) the net agricultural income shall be increased,—

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

(*B*) in a case to which the said Sub-Paragraph II applies, by a sum of eight 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 :

Provided that in a case referred to in the said Sub-Paragraph II, for the purposes of determining the amount of income-tax in accordance with this sub-clause, the provisions of clause (*ii*) of the proviso below the said Sub-Paragraph II and the provisions relating to surcharge on income-tax in the said Sub-Paragraph II shall not apply ;

(*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*) :

Provided that in a case referred to in the said Sub-Paragraph II, where the sum so arrived at exceeds sixty per cent. of the amount by which the total income exceeds twelve thousand rupees, the excess shall be disregarded ;

(*iv*) the amount of income-tax determined in accordance with sub-clause (*iii*) shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve and a half 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 XII or Chapter XII-A or section 164 or section 164A or section 167A of the Income-tax Act, 1961 (43 of 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.

(*4*) In cases in which tax has to be deducted under sections 193, 194, 194A, 194B, 194BB, 194D and 195 of the Income-tax Act at the rates in force, the deduction shall be made at the rates specified in Part II of the First Schedule.

(*5*) Subject to the provisions of sub-section (*6*), in cases in which income-tax has to be calculated under the first proviso to sub-section (*5*) of section 132 of the Income-tax Act 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 deducted under sub-section (*9*) of section 80E of the said Act from any payment referred to in the said sub-section (*9*) 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 :

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 167A of the Income-tax Act 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 an assessee, being a company, may, in lieu of payment of the amount of surcharge on income-tax at the rate specified in Paragraph E of Part III of the First Schedule, make a deposit under the scheme framed under sub-section (*7*) before the last instalment of "advance tax" is due in its case, and where it does so, the surcharge on income-tax payable by the company,—

(*i*) in a case where the amount of the deposit so made is equal to or exceeds the amount of surcharge on income-tax payable by it, shall be *nil ;* and

(*ii*) in a case where the amount of the deposit so made falls short of the amount of surcharge on income-tax payable by it, shall be reduced by the amount of the deposit.

(*6*) 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, fifteen 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 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 fifteen thousand rupees, and

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

Provided that in a case referred to in the said Sub-Paragraph II, for the purposes of determining the amount of income-tax or "advance tax" in accordance with this sub-clause, the provisions of clause (*ii*) of the proviso below the said Sub-Paragraph II and the provisions relating to surcharge on income-tax in the said Sub-Paragraph II shall not apply;

(*ii*) the net agricultural income shall be increased,—

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

(*B*) in a case to which the said Sub-Paragraph II applies, by a sum of eight 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:

Provided that in a case referred to in the said Sub-Paragraph II, for the purposes of determining the amount of income-tax or "advance tax" in accordance with this sub-clause, the provisions of clause (*ii*) of the proviso below the said Sub-Paragraph II and the provisions relating to surcharge on income-tax in the said Sub-Paragraph II shall not apply;

(*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*):

Provided that in a case referred to in the said Sub-Paragraph II, where the sum so arrived at exceeds sixty per cent. of the amount by which the total income exceeds twelve thousand rupees, the excess shall be disregarded;

(*iv*) the amount of income-tax or "advance tax" determined in accordance with sub-clause (*iii*) shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve and a half 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.

(*7*) Where an assessee, being a company, makes, during the financial year commencing on the 1st day of April, 1984, any deposit with the Industrial Development Bank of India established under the Industrial Development Bank of India Act, 1964 (18 of 1964), under any such scheme as the Central Government may, by notification in the Official Gazette, frame in this behalf, then the surcharge on income-tax payable by the company for the assessment year commencing on the 1st day of April, 1985,—

(*i*) in a case where the amount of the deposit so made is equal to or exceeds the amount of surcharge on income-tax payable by it, shall be *nil*; and

(*ii*) in a case where the amount of the deposit so made falls short of the amount of surcharge on income-tax payable by it, shall be reduced by the amount of the deposit.

(*8*) For the purposes of this section and the First Schedule,—

(*a*) "company in which the public are substantially interested" means a company which is such a company as is referred to in section 108 of the Income-tax Act;

(*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, 1984, 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 that Act;

(*c*) "industrial company" means a company which is mainly engaged in the business of generation or distribution of electricity or any other form of power or in the carriage, by road or inland waterways, of passengers or goods or in the construction of ships or in the execution of projects or in the manufacture or processing of goods or in mining.

Explanation.—For the purposes of this clause,—

(*i*) a company shall be deemed to be mainly engaged in the business of generation or distribution of electricity or any other form of power or in the carriage, by road or inland waterways, of passengers or goods or in the construction of ships or in the execution of projects or in the manufacture or processing of goods or in mining, if the income attributable to any one or more of the aforesaid activities included in its total income of the previous year (as computed before making any deduction under Chaper VI-A of the Income-tax Act) is not less than fifty-one per cent. of such total income;

(*ii*) " project " means a project for the construction of a building, road, dam, bridge or other structure or assembly or installation of any machinery or plant ;

(*d*) " 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) ;

(*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*) 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 III

DIRECT TAXES

Income-tax

3. Amendment of section 10.—In section 10 of the Income-tax Act, in clause (*30*), after the words " tea bushes ", the words " or for rejuvenation or consolidation of areas used for cultivation of tea ", shall be inserted with effect from the 1st day of April, 1985.

4. Amendment of section 11.—In section 11 of the Income-tax Act, in sub-section (*5*), after clause (*x*) and the *Explanation* thereto, the following clause shall be inserted with effect from the 1st day of April, 1985, namely:—

" (*xi*) deposits with the Industrial Development Bank of India established under the Industrial Development Bank of India Act, 1964 (18 of 1964) ; ".

5. Amendment of section 33B.—In section 33B of the Income-tax Act, before the *Explanation*, the following proviso shall be inserted with effect from the 1st day of April, 1985, namely :—

" Provided that no deduction under this section shall be allowed in relation to the assessment year commencing on the 1st day of April, 1985, or any subsequent assessment year.".

6. Amendment of section 35.—In section 35 of the Income-tax Act,—

(*a*) in sub-section (*2*), in clause (*ia*),—

(*i*) before the *Explanation*, the following proviso shall be inserted, namely :—

" Provided that no deduction shall be admissible under this clause in respect of any expenditure incurred on the acquisition of any

land whether the land is acquired as such or as part of any property, after the 29th day of February, 1984." ;

(*ii*) the *Explanation* shall be numbered as *Explanation 1* and after *Explanation 1* as so numbered, the following *Explanation* shall be inserted, namely :—

" *Explanation 2.*—For the purposes of this clause,—

(*a*) ' land ' includes any interest in land ; and

(*b*) the acquisition of any land shall be deemed to have been made by the assessee on the date on which the instrument of transfer of such land to him has been registered under the Registration Act, 1908 (16 of 1908), or where he has taken or retained the possession of such land or any part thereof in part performance of the contract of the nature referred to in section 53A of the Transfer of Property Act, 1882 (4 of 1882), the date on which he has so taken or retained possession of such land or part ; " ;

(*b*) in sub-section (*2A*), for the words " Where the assessee pays any sum ", the words, figures and letters " Where, before the 1st day of March, 1984, the assessee pays any sum ", shall be substituted ;

(*c*) in sub-section (*2B*), in clause (*a*), for the words " Where an assessee has incurred any expenditure ", the words, figures and letters " Where, before the 1st day of March, 1984, an assessee has incurred any expenditure ", shall be substituted.

7. **Amendment of section 35C.**—In section 35C of the Income-tax Act, in sub-section (*1*), in clause (*a*), after the words, figures and letters " after the 29th day of February, 1968 ", the words, figures and letters " but before the 1st day of March, 1984 ", shall be inserted.

8. **Amendment of section 36.**—In section 36 of the Income-tax Act, in sub-section (*1*), in clause (*iia*), after the words " payment of any salary ", the words, the figures and letters " for any period of employment before the 1st day of March, 1984, ", shall be inserted.

9. **Amendment of section 40.**—In section 40 of the Income-tax Act, in clause (c), with effect from the 1st day of April, 1985,—

(*a*) in sub-clause (A), for the words " seventy-two thousand rupees ", the words " one hundred and two thousand rupees " shall be substituted ;

(*b*) in sub-clause (B), for the words " six thousand rupees ", the words " eight thousand five hundred rupees " shall be substituted.

10. **Amendment of section 40A.**—In section 40A of the Income-tax Act,—

(*a*) in sub-section (5), in clause (c), in sub-clause (i), with effect from the 1st day of April, 1985,—

(*i*) for the words " five thousand rupees ", the words " seven thousand five hundred rupees " shall be substituted ;

(*ii*) for the words " sixty thousand rupees ", the words " ninety thousand rupees " shall be substituted ;

(*iii*) after the proviso, the following proviso shall be inserted, namely :—

" Provided further that in relation to any month or part thereof comprised in any such previous year as is relevant to the assessment year commencing on the 1st day of April, 1985, or any subsequent assessment year, the reference to " five thousand rupees " in the preceding proviso shall be construed as a reference to " seven thousand five hundred rupees ".' ;

(*b*) in sub-section (6), for the words " sixty thousand rupees ", the words " ninety thousand rupees " shall be substituted with effect from the 1st day of April, 1985 ;

(*c*) after sub-section (8), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1980, namely :—

" (9) No deduction shall be allowed in respect of any sum paid by the assessee as an employer towards the setting up of, or as contribution to, any fund or trust for any purpose, except where such sum is so paid, for the purposes and to the extent provided by or under clause (iv) or clause (v) of sub-section (1) of section 36 or, as required by or under any other law for the time being in force.".

11. Insertion of new section 44AB.—After section 44AA of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 1985, namely :—

'*44AB. Audit of accounts of certain persons carrying on business or profession.*—Every person,—

(*a*) carrying on business shall, if his total sales, turnover or gross receipts, as the case may be, in business exceed or exceeds twenty lakh rupees in any previous year or years relevant to the assessment year commencing on the 1st day of April, 1985, or any subsequent assessment year ; or

(*b*) carrying on profession shall, if his gross receipts in profession exceed ten lakh rupees in any previous year or years relevant to the assessment year commencing on the 1st day of April, 1985, or any subsequent assessment year,

get his accounts of such previous year or years audited by an accountant before the specified date and obtain before that date the report of such audit in the prescribed form duly signed and verified by such accountant and setting forth such particulars as may be prescribed :

Provided that in a case where such person is required by or under any other law to get his accounts audited by an accountant, it shall be sufficient compliance with the provisions of this section if such person gets the accounts of such business or profession audited under such law before the specified date and obtains before that date the report of the audit as required under such other law and a further report in the form prescribed under this section.

Explanation.—For the purposes of this section,—

(*i*) " accountant " shall have the same meaning as in the *Explanation* below sub-section (2) of section 288 ;

(*ii*) "specified date", in relation to the accounts of the previous year or years relevant to an assessment year, means the date of the expiry of four months from the end of the previous year or, where there is more than one previous year, from the end of the previous year which expired last before the commencement of the assessment year, or the 30th day of June of the assessment year, whichever is later.'.

12. Amendment of section 80CC.—In section 80CC of the Income-tax Act, in sub-section (3), for clause (c), the following clause shall be substituted, namely :—

"(*c*) the shares forming part of the issue are offered for subscription to the public and such offer for subscription is made by the company before the 1st day of March, 1984 ;".

13. Omission of section 80D.—Section 80D of the Income-tax Act shall be omitted with effect from the 1st day of April, 1985.

14. Amendment of section 80E.—In section 80E of the Income-tax Act, in sub-section (*1*), after the words "he has paid", the words, figures and letters", before the 1st day of March, 1984,", shall be inserted.

15. Amendment of section 80L.—In section 80L of the Income-tax Act, in sub-section (*1*), with effect from the 1st day of April, 1985,—

(*a*) after clause (*ii*), the following clause shall be inserted, namely :—

"(*iia*) interest on deposits under such National Deposit Scheme as may be framed by the Central Government and notified by it in this behalf in the Official Gazette ;" ;

(*b*) in clause (*iii*), for the words "under any scheme", the words "under any other scheme", shall be substituted ;

(*c*) the following proviso shall be inserted at the end, namely :—

"Provided that where the gross total income of the assessee includes any income by way interest on any deposits referred to in clause (*iia*) or income in respect of units referred to in clause (*v*) there shall be allowed in computing the total income of the assessee a further deduction of an amount equal to so much of such income as has not been allowed by way of deduction under the foregoing provisions of this sub-section ; so, however, that the amount of such further deduction shall not exceed three thousand rupees.".

16. Amendment of section 80M.—In section 80M of the Income-tax Act, in sub-section (*1*), with effect from the 1st day of April, 1985,—

(*a*) for the words "an amount equal to—", the words "an amount equal to sixty per cent. of such income," shall be substituted ;

(*b*) clauses (*a*) and (*b*) shall be omitted.

17. Amendment of section 80N.— In section 80N of the Income-tax Act, for the words "a deduction of the whole of the income", the words "a deduction of an amount equal to fifty per cent. of the income" shall be substituted with effect from the 1st day of April, 1985.

18 Amendment of section 80-O.—In section 80-O of the Income-tax Act, for the words "a deduction of the whole of the income", the words "a deduction of an amount equal to fifty per cent. of the income" shall be substituted with effect from the 1st day of April, 1985.

19. Amendment of section 80U.—Section 80U of the Income-tax Act shall be numbered as sub-section (*1*) with effect from the 1st day of April, 1985, and,—

(*a*) in sub-section (*1*) as so numbered, in clause (*ii*), after the words and brackets "a permanent physical disability (other than blindness)", the words "being a permanent physical disability specified in the rules made in this behalf by the Board, and" shall be inserted with effect from the 1st day of April, 1985;

(*b*) after sub-section (*1*) as so numbered, the following sub-section shall be inserted with effect from the 1st day of April, 1985, namely:—

"(2) The Board shall, in making any rules for specifying any disability for the purposes of clause (*ii*) of sub-section (*1*), have regard to the nature of such disability and the effect which such disability is likely to have on the capacity of a person subject thereto, or suffering therefrom, to engage in a gainful employment or occupation.".

20. Amendment of section 161.—In section 161 of the Income-tax Act, after sub-section (*1*), the following sub-section shall be inserted with effect from the 1st day of April, 1985, namely:—

'(*1A*) Notwithstanding anything contained in sub-section (*1*), where any income in respect of which the person mentioned in clause (*iv*) of sub-section (*1*) of section 160 is liable as representative assessee consists of, or includes, profits and gains of business, tax shall be charged on the whole of the income in respect of which such person is so liable at the maximum marginal rate:

Provided that the provisions of this sub-section shall not apply where such profits and gains are receivable under a trust declared by any person by will exclusively for the benefit of any relative dependent on him for support and maintenance, and such trust is the only trust so declared by him.

Explanation.—For the purposes of this sub-section, "maximum marginal rate" shall have the meaning assigned to it in *Explanation 2* below sub-section (*3*) of section 164.'.

21. Amendment of section 164.—In section 164 of the Income-tax Act, with effect from the 1st day of April, 1985,—

(*a*) in sub-section (*1*), after the proviso, the following proviso shall be inserted, namely:—

"Provided further that where any income in respect of which the person mentioned in clause (*iv*) of sub-section (*1*) of section 160 is liable as representative assessee consists of, or includes, profits and gains of business, the preceding proviso shall apply only if such profits and gains are receivable under a trust declared by any person by will exclusively for the benefit of any relative dependent on him for support and maintenance, and such trust is the only trust so declared by him.";

(*b*) to sub-section (*2*), the following proviso shall be added, namely :—

"Provided that in a case where the whole or any part of the relevant income is not exempt under section 11 or section 12 by virtue of the provisions contained in clause (*c*) or clause (*d*) of sub-section (*1*) of section 13, tax shall be charged on the relevant income or part of the relevant income at the maximum marginal rate.";

(*c*) in sub-section (*3*), after the proviso and before *Explanation 1*, the following provisos shall be inserted, namely :—

"Provided further that where the relevant income consists of, or includes, profits and gains of business, the preceding proviso shall apply only if the income is receivable under a trust declared by any person by will exclusively for the benefit of any relative dependent on him for support and maintenance, and such trust is the only trust so declared by him :

Provided also that in a case where the whole or any part of the relevant income is not exempt under section 11 or section 12 by virtue of the provisions contained in clause (*c*) or clause (*d*) of sub-section (*1*) of section 13, tax shall be charged on the relevant income or part of relevant income at the maximum marginal rate.".

22. Amendment of section 193.—In section 193 of the Income-tax Act, in the proviso, after clause (*iv*), the following clause shall be inserted with effect from the 1st day of June, 1984, namely :—

"(*v*) any interest payable to an individual, who is resident in India, on debentures issued by a company in which the public are substantially interested, being debentures listed on a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956), and any rules made thereunder, if—

(*a*) the interest is paid by the company by an account payee cheque ; and

(*b*) the amount of such interest or, as the case may be, the aggregate of the amounts of such interest paid or likely to be paid during the financial year by the company to such individual does not exceed one thousand rupees.".

23. Amendment of section 194.—In section 194 of the Income-tax Act, for the first proviso, the following proviso shall be substituted with effect from the 1st day of June, 1984, namely :—

"Provided that no such deduction shall be made in the case of a shareholder, being an individual, who is resident in India, of a company in which the public are substantially interested, if—

(*a*) the dividend is paid by such company by an account payee cheque ; and

(*b*) the amount of such dividend or, as the case may be, the aggregate of the amounts of such dividend distributed or paid or likely to be distributed or paid during the financial year by the company to the shareholder does not exceed one thousand rupees :".

24. Amendment of section 252.—In section 252 of the Income-tax Act,—

(*a*) after sub-section (*4*), the following sub-section shall be inserted, namely :—

"(*4A*) The Central Government may appoint one of the Vice-Presidents of the Appellate Tribunal to be the Senior Vice-President thereof.";

(*b*) in sub-section (*5*), for the words "A Vice-President", the words "The Senior Vice-President or a Vice-President" shall be substituted.

25. Amendment of section 269C.—In section 269C of the Income-tax Act, in sub-section (*1*), for the words "twenty-five thousand rupees", the words "fifty thousand rupees" shall be substituted with effect from the 1st day of June, 1984.

26. Amendment of section 269F.—In section 269F of the Income-tax Act, in sub-section (*6*), in clause (*a*), for the words "twenty-five thousand rupees", the words "fifty thousand rupees" shall be substituted with effect from the 1st day of June, 1984.

27. Amendment of section 269P.—In section 269P of the Income-tax Act, in sub-section (*1*), in the proviso, for the words "ten thousand rupees", the words "twenty-five thousand rupees" shall be substituted with effect from the 1st day of June, 1984.

28. Insertion of new section 269SS.—In Chapter XXB of the Income-tax Act,—

(*a*) in the heading, for the words "MODE OF REPAYMENT", the words "MODE OF ACCEPTANCE, PAYMENT OR REPAYMENT" shall be substituted ;

(*b*) before section 269T, the following section shall be inserted, namely :—

'269SS.—*Mode of taking or accepting certain loans and deposits.*—No person shall, after the 30th day of June, 1984, take or accept from any other person (hereafter in this section referred to as the depositor) any loan or deposit otherwise than by an account payee cheque or account payee bank draft if,—

(*a*) the amount of such loan or deposit or the aggregate amount of such loan and deposit ; or

(*b*) on the date of taking or accepting such loan or deposit, any loan or deposit taken or accepted earlier by such person from the depositor is remaining unpaid (whether repayment has fallen due or not), the amount or the aggregate amount remaining unpaid ; or

(*c*) the amount or the aggregate amount referred to in clause (*a*) together with the amount or the aggregate amount referred to in clause (*b*),

is ten thousand rupees or more :

Provided that the provisions of this section shall not apply to any loan or deposit taken or accepted from, or any loan or deposit taken or accepted by,—

(*a*) Government ;

(*b*) any banking company, post office savings bank or co-operative bank ;

(*c*) any corporation established by a Central, State or Provincial Act ;

(*d*) any Government company as defined in section 617 of the Companies Act, 1956 (1 of 1956) ;

(*e*) such other institution, association or body or class of institutions, associations or bodies which the Central Government may, for reasons to be recorded in writing, notify in this behalf in the Official Gazette.

Explanation.—For the purposes of this section,—

(*i*) " banking company " shall have the meaning assigned to it in clause (*a*) of the *Explanation* to sub-section (*8*) of section 40A ;

(*ii*) " co-operative bank " shall have the meaning assigned to it in Part V of the Banking Regulation Act, 1949 (10 of 1949) ;

(*iii*) " loan or deposit " means loan or deposit of money. '.

29. Amendment of section 269T.—In section 269T of the Income-tax Act, in the *Explanation*, after clause (*i*), the following clause shall be inserted, namely :—

'(*ia*) " co-operative bank " shall have the meaning assigned to it in Part V of the Banking Regulation Act, 1949 (10 of 1949) ; '.

30. Insertion of new section 271B.—In the Income-tax Act, after section 271A, the following section shall be inserted with effect from the 1st day of April, 1985, namely :—

" *271B. Failure to get accounts audited.*—If any person fails, without reasonable cause, to get his accounts audited in respect of any previous year or years relevant to an assessment year or obtain a report of such audit as required under section 44AB, the Income-tax Officer may direct that such person shall pay, by way of penalty, a sum equal to one-half per cent. of the total sales, turnover or gross receipts, as the case may be, in business, or of the gross receipts in profession, in such previous year or years or a sum of one hundred thousand rupees, whichever is less. ".

31 Insertion of new section 276DD.—In the Income-tax Act, after section 276D, the following section shall be inserted, namely :—

" *276DD.—Penalty for contravention of section 269SS.*—If a person, without reasonable cause or excuse, takes or accepts any loan or deposit in contravention of the provisions of section 269SS, he shall be punishable with imprisonment for a term which may extend to two years and shall also be liable to fine equal to the amount of such loan or deposit. ".

32. Amendment of section 281A.—In section 281A of the Income-tax Act,—

(*a*) in sub-section (*1*), for the portion beginning with the words "the real owner of such property unless,—" and ending with the words "to the Income-tax Officer.", the following shall be substituted, namely :—

"the real owner of such property unless notice in the prescribed form and containing the prescribed particulars in respect of the property has been given by the claimant within a period of one year from the date of acquisition of the property to the Commissioner." ;

(*b*) after sub-section (*1*), the following sub-sections shall be inserted, namely :—

"(*1A*) Where any such property is acquired by the claimant before the 1st day of March, 1984, the provisions of sub-section (*1*) shall be deemed to have been fulfilled if notice in the prescribed form and containing the prescribed particulars in respect of the property is given by the claimant, within a period of one year from the said date, to the Commissioner.

(*1B*) Notwithstanding anything contained in sub-section (*1*) or sub-section (*1A*), in relation to any suit relating to any immovable property of a value not exceeding fifty thousand rupees, the provisions of sub-section (*1*) or, as the case may be, sub-section (*1A*) shall be deemed to have been fulfilled if, at any time before the suit, notice in the prescribed form and containing the prescribed particulars in respect of the property has been given by the claimant to the Commissioner." ;

(*c*) for sub-section (*2*), the following sub-section shall be substituted, namely :—

"(*2*) The Commissioner shall, on an application made in the prescribed manner, by the claimant or any person acting on his behalf or claiming under him, and on payment of the prescribed fees, issue, for the purposes of a suit referred to in sub-section (*1*), a certified copy of any notice given by the claimant under sub-section (*1*) or sub-section (*1A*) or sub-section (*1B*), within fourteen days from the date of receipt of the application.".

33. Amendment of Ninth Schedule.—In the Ninth Schedule to the Income-tax Act, for the brackets, words, figures and letters "[*See* section 32(*1*)(*vi*) and section 80M(*1*)(*a*)(*i*)]", the brackets, words and figures "[*See* section 32(*1*)(*vi*)]" shall be substituted with effect from the 1st day of April, 1985.

Wealth-tax

34. Amendment of Act 27 of 1957.—In the Wealth-tax Act, 1957, with effect from the 1st day of April, 1985,—

(*a*) in section 5,—

(*i*) in sub-section (*1*),—

(*1*) in clause (*iv*), in the proviso, for the words "one hundred thousand rupees", at both the places where they occur, the words "two hundred thousand rupees" shall be substituted ;

(*2*) after clause (*xxv*), the following clause shall be inserted, namely :—

(*xxva*) any deposits under such National Deposit Scheme as may be framed by the Central Government and notified by it in this behalf in the Official Gazette ; " ;

(*3*) after clause (*xxvii*), the following clause shall be inserted, namely :—

" (*xxviia*) any deposits with the Industrial Development Bank of India established under the Industrial Development Bank of India Act, 1964 (18 of 1964) ; " ;

(*ii*) in sub-section (*1A*),—

(*1*) for the brackets and figures " (*xxvi*), (*xxvii*)," , the brackets, figures and letters " (*xxva*), (*xxvi*), (*xxvii*), (*xxviia*), " shall be substituted ;

(*2*) for the words " one hundred and sixty-five thousand rupees ", at both the places where they occur, the words " two hundred and sixty-five thousand rupees " shall be substituted ;

(*3*) after the proviso, the following proviso shall be inserted, namely :—

" Provided further that where the assets of the assessee include any assets, being units referred to in clause (*xxv*) or any deposits referred to in clause (*xxva*), wealth-tax shall not be payable by the assessee in respect of, and there shall not be included in the net wealth of the assessee, so much of the value of such assets as has not been excluded from the net wealth of the assessee under this sub-section ; so, however, that the value of the assets excluded under this proviso shall not exceed thirty-five thousand rupees." ;

(*iii*) in sub-section (*3*), for the brackets and figures " (*xxvi*), (*xxvii*), ", the brackets, figures and letters " (*xxva*), (*xxvi*), (*xxvii*), (*xxviia*)," shall be substituted ;

(*b*) in section 21A,—

(*1*) for the portion beginning with the brackets, figure and words " (*i*) any part of such property " and ending with the words " beneficial to the revenue : ", the following shall be substituted, namely :—

" (*i*) any part of such property or any income of such trust [whether derived from such property or from voluntary contributions referred to in sub-clause (*iia*) of clause (*24*) of section 2 of the Income-tax Act] is used or applied, directly or indirectly, for the benefit of any person referred to in sub-section (*3*) of section 13 of the Income-tax Act, or

(*ii*) any part of the income of the trust [whether derived from such property or from voluntary contributions referred to in sub-clause (*iia*) of clause (*24*) of section 2 of the Income-tax Act], being a trust created on or after the 1st day of April, 1962, enures, directly or indirectly, for the benefit of any person referred to in sub-section (*3*) of section 13 of the said Act, or

(*iii*) any funds of the trust are invested or deposited, or any shares in a company are held by the trust, in contravention of the provisions of clause (*d*) of sub-section (*1*) of section 13 of the Income-tax Act,

wealth-tax shall be leviable upon, and recoverable from, the trustee or manager (by whatever name called) in respect of the property held by him under trust at the maximum marginal rate : " ;

(*2*) in the *Explanation* below the second proviso, after clause (*a*), the following clause shall be inserted, namely :—

' (*aa*) " maximum marginal rate " means the rate of wealth-tax applicable in relation to the highest slab of wealth in the case of an individual as specified in Part I of Schedule I ; '.

Declaration under the Provisional Collection of Taxes Act, 1931.

It is hereby declared that it is expedient in the public interest that the provisions of clauses 35, 36, 44 and 46, sub-clause (*a*) of clause 51 (except Part I of the Third Schedule) and clauses 52 and 53 of this Bill shall have immediate effect under the Provisional Collection of Taxes Act, 1931 (16 of 1931).

THE FIRST SCHEDULE

(*See* section 2)

PART I

INCOME-TAX AND SURCHARGE ON 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 section 2 of the Income-tax Act, 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 Rs. 15,000	*Nil ;*
(2) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000	25 per cent. of the amount by which the total income exceeds Rs. 15,000 ;
(3) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000	Rs. 1,250 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 20,000 ;
(4) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000	Rs. 2,750 *plus* 35 per cent. of the amount by which the total income exceeds Rs. 25,000 ;
(5) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000	Rs. 4,500 *plus* 40 per cent. of the amount by which the total income exceeds Rs. 30,000 ;
(6) where the total income exceeds Rs. 50,000 but does not exceed Rs. 60,000	Rs. 12,500 *plus* 50 per cent. of the amount by which the total income exceeds Rs. 50,000 ;
(7) where the total income exceeds Rs. 60,000 but does not exceed Rs. 70,000	Rs. 17,500 *plus* 52·5 per cent. of the amount by which the total income exceeds Rs. 60,000 ;
(8) where the total income exceeds Rs. 70,000 but does not exceed Rs. 85,000	Rs. 22,750 *plus* 55 per cent. of the amount by which the total income exceeds Rs. 70,000 ;

(9) where the total income exceeds Rs. 85,000 but does not exceed Rs. 1,00,000	Rs. 31,000 *plus* 57·5 per cent. of the amount by which the total income exceeds Rs. 85,000 ;
(10) where the total income exceeds Rs. 1,00,000	Rs. 39,625 *plus* 60 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve and a half per cent. of such income-tax.

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, 1984, exceeds Rs. 15,000,—

Rates of income-tax

(1) where the total income does not exceed Rs. 8,000	*Nil ;*
(2) where the total income exceeds Rs. 8,000 but does not exceed Rs. 15,000	22 per cent. of the amount by which the total income exceeds Rs. 8,000 ;
(3) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000	Rs. 1,540 *plus* 27 per cent. of the amount by which the total income exceeds Rs. 15,000 ;
(4) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000	Rs. 2,890 *plus* 35 per cent. of the amount by which the total income exceeds Rs. 20,000 ;
(5) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000	Rs. 4,640 *plus* 40 per cent. of the amount by which the total income exceeds Rs. 25,000 ;
(6) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000	Rs. 6,640 *plus* 50 per cent. of the amount by which the total income exceeds Rs. 30,000 ;
(7) where the total income exceeds Rs. 50,000	Rs. 16,640 *plus* 60 per cent. of the amount by which the total income exceeds Rs. 50,000 :

Provided that for the purposes of this Sub-Paragraph,—

(*i*) no income-tax shall be payable on a total income not exceeding Rs. 12,000 ;

(*ii*) where the total income exceeds Rs. 12,000 but does not exceed Rs. 17,610, the income-tax payable thereon shall not exceed forty per cent. of the amount by which the total income exceeds Rs. 12,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve and a half per cent. of such income-tax.

Paragraph B

In the case of every co-operative society,—

Rates of income-tax

(1) where the total income does not exceed Rs. 10,000	15 per cent. of the total income;
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000	Rs. 1,500 *plus* 25 per cent. of the amount by which the total income exceeds Rs. 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 Rs. 20,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve and a half 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 Rs. 10,000	*Nil;*
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 25,000	5 per cent. of the amount by which the total income exceeds Rs. 10,000;
(3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000	Rs. 750 *plus* 7 per cent. of the amount by which the total income exceeds Rs. 25,000;
(4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs. 2,500 *plus* 15 per cent. of the amount by which the total income exceeds Rs. 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 Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for

purposes of the Union calculated at the rate of twelve and a half 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 Rs. 10,000	*Nil;*
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 25,000	4 per cent. of the amount by which the total income exceeds Rs. 10,000;
(3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000	Rs. 600 *plus* 7 per cent. of the amount by which the total income exceeds Rs. 25,000;
(4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs. 2,350 *plus* 13 per cent. of the amount by which the total income exceeds Rs. 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 Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve and a half 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 section 183 of the Income-tax Act.

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 in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve and a half 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 the public are substantially interested	55 per cent. of the total income;
(2) where the company is not a company in which the public are substantially interested—	
(*i*) in the case of an industrial company	60 per cent. of the total income;
(*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 case, been approved by the Central Government	50 per cent.;
(*ii*) on the balance, if any, of the total income	70 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge calculated at the rate of five per cent. of such income-tax.

PART II

Rates for deduction of tax at source in certain cases

In every case in which under the provisions of sections 193, 194, 194A, 194B, 194BB, 194D and 195 of the Income-tax Act, tax is to be deducted at the rates in force, deduction shall be made from the income subject to deduction at the following rates :—

	Income-tax	
	Rate of income-tax	Rate of surcharge
1. 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 than "Interest on securities"	10 per cent.	*Nil ;*
(*ii*) on income by way of winnings from lotteries and cross-word puzzles	30 per cent.	3·75 per cent. ;
(*iii*) on income by way of winnings from horse races	30 per cent.	3·75 per cent. ;
(*iv*) on income by way of insurance commission	10 per cent.	*Nil ;*
(*v*) on income by way of interest payable on	10 per cent.	*Nil ;*
(*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 (42 of 1956), and any rules made thereunder		
(*vi*) on any other income (excluding interest payable on a tax-free security)	20 per cent.	2·5 per cent. ;

	Income-tax	
	Rate of income-tax	Rate of surcharge
(*b*) where the person is not resident in India—		
(*i*) in the case of a non-resident Indian—		
(*A*) on investment income and long-term capital gains	20 per cent.	2·5 per cent.;
(*B*) on income by way of interest payable on a tax-free security	15 per cent.	1·875 per cent.;
(*C*) on the whole of the other income	income-tax at 30 per cent. and surcharge at 3·75 per cent. of the amount of the income, or income-tax and surcharge on income-tax in respect of the income at the rates prescribed in in Sub-Paragraph I of Paragraph A of Part III of this Schedule, if such income had been the total income, whichever is higher ;	
(*ii*) in the case of any other person—		
(*A*) on the whole of the income (excluding interest payable on a tax-free security)	income-tax at 30 per cent. and surcharge at 3·75 per cent. of the amount of income, or income-tax and surcharge on income-tax in respect of the income at the rates prescribed in Sub-Paragraph I of Paragraph A of Part III of this Schedule, if such income had been the total income, whichever is higher ;	
(*B*) on income by way of interest payable on a tax-free security	15 per cent.	1·875 per cent.
2. In the case of a company—		
(*a*) where the company is a domestic company—		

	Income-tax	
	Rate of income-tax	Rate of surcharge
(*i*) on income by way of interest other than "Interest on securities"	20 per cent.	1 per cent.;
(*ii*) on any other income (excluding interest payable on a tax-free security)	21·5 per cent.	1·075 per cent.;
(*b*) where the company is not a domestic company—		
(*i*) on income by way of dividends payable by any domestic company	25 per cent.	*Nil*;
(*ii*) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency	25 per cent.	*Nil*;
(*iii*) on income by way of royalty payable by 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, 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 section 115A of the Income-tax Act, to the Indian concern	40 per cent.	*Nil*;
(*iv*) on income by way of royalty [not being royalty of the nature referred to in sub-item (*b*) (*iii*)] 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 after the 31st day of March,	50 per cent.	2·5 per cent.;

	Income-tax	
	Rate of income-tax	Rate of surcharge
1961, but before the 1st day of April, 1976		
(*B*) where the agreement is made after the 31st day of March, 1976—		
(1) on so much of the amount of such income as consists of lump sum consideration for the transfer outside India of, or the imparting of information outside India in respect of, any data, documentation, drawing or specification relating to any patent, invention, model, design, secret formula or process, or trade mark or similar property	20 per cent.	*Nil ;*
(2) on the balance, if any, of such income	40 per cent.	*Nil ;*
(*v*) on income by way of fees for technical services 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 after the 29th day of February, 1964, but before the 1st day of April, 1976	50 per cent.	2·5 per cent. ;
(*B*) where the agreement is made after the 31st day of March, 1976	40 per cent.	*Nil ;*
(*vi*) on income by way of interest payable on a tax-free security	44 per cent.	2·2 per cent. ;
(*vii*) on any other income	70 per cent.	3·5 per cent.

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.

PART III

Rates for calculating or charging income-tax in certain cases, deducting income-tax from income chargeable under the head "Salaries" or any payment referred to in sub-section (9) of section 80E and computing "advance tax".

In cases in which income-tax has to be calculated under the first proviso to sub-section (*5*) of section 132 of the Income-tax Act 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 deducted under sub-section (*9*) of section 80E of the said Act from any payment referred to in the said sub-section (*9*) 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 XII or Chapter XII-A or sub-section (*1A*) of section 161 or section 164 or section 164A or section 167A of the Income-tax Act at the rates as specified in that Chapter or section], 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 section 2 of the Income-tax Act, 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 Rs. 15,000	*Nil ;*
(2) where the total income exceeds Rs. 15,000 but does not Rs. 20,000	20 per cent. of the amount by which the total income exceeds Rs. 15,000 ;
(3) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000	Rs. 1,000 *plus* 25 per cent. of the amount by which the total income exceeds Rs. 20,000 ;
(4) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000	Rs. 2,250 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 25,000 ;
(5) where the total income exceeds Rs. 30,000 but does not exceed Rs. 40,000	Rs. 3,750 *plus* 35 per cent. of the amount by which the total income exceeds Rs. 30,000 ;
(6) where the total income exceeds Rs. 40,000 but does not exceed Rs. 50,000	Rs. 7,250 *plus* 40 per cent. of the amount by which the total income exceeds Rs. 40,000 ;

(7) where the total income exceeds Rs. 50,000 but does not exceed Rs. 70,000	Rs. 11,250 *plus* 45 per cent. of the amount by which the total income exceeds Rs. 50,000 ;
(8) where the total income exceeds Rs. 70,000 but does not exceed Rs. 1,00,000	Rs. 20,250 *plus* 50 per cent. of the amount by which the total income exceeds Rs. 70,000 ;
(9) where the total income exceeds Rs. 1,00,000	Rs. 35,250 *plus* 55 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve and a half per cent. of such income-tax.

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, 1985, exceeds Rs. 15,000,—

Rates of income-tax

(1) where the total income does not exceed Rs. 8,000	*Nil ;*
(2) where the total income exceeds Rs. 8,000, but does not exceed Rs. 15,000	22 per cent. of the amount by which the total income exceeds Rs. 8,000 ;
(3) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000	Rs. 1,540 *plus* 27 per cent. of the amount by which the total income exceeds Rs. 15,000 ;
(4) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000	Rs. 2,890 *plus* 35 per cent. of the amount by which the total income exceeds Rs. 20,000 ;
(5) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000	Rs. 4,640 *plus* 40 per cent. of the amount by which the total income exceeds Rs. 25,000 ;
(6) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000	Rs. 6,640 *plus* 50 per cent. of the amount by which the total income exceeds Rs. 30,000 ;
(7) where the total income exceeds Rs. 50,000	Rs. 16,640 *plus* 60 per cent. of the amount by which the total income exceeds Rs. 50,000 :

Provided that for the purposes of this Sub-Paragraph,—

(*i*) no income-tax shall be payable on a total income not exceeding Rs. 12,000 ;

(*ii*) where the total income exceeds Rs. 12,000 but does not exceed Rs. 17,610, the income-tax payable thereon shall not exceed forty per cent. of the amount by which the total income exceeds Rs. 12,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve and a half per cent. of such income-tax.

Paragraph B

In the case of every co-operative society,—

Rates of income-tax

(1) where the total income does not exceed Rs. 10,000	15 per cent. of the total income ;
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000	Rs. 1,500 *plus* 25 per cent. of the amount by which the total income exceeds Rs. 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 Rs. 20,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve and a half 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 Rs. 10,000	*Nil ;*
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 25,000	5 per cent. of the amount by which the total income exceeds Rs. 10,000 ;
(3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000	Rs. 750 *plus* 7 per cent. of the amount by which the total income exceeds Rs. 25,000 ;
(4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs. 2,500 *plus* 15 per cent. of the amount by which the total income exceeds Rs. 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 Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve and a half 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 Rs. 10,000	*Nil;*
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 25,000	4 per cent. of the amount by which the total income exceeds Rs. 10,000;
(3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000	Rs. 600 *plus* 7 per cent. of the amount by which the total income exceeds Rs. 25,000;
(4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs. 2,350 *plus* 13 per cent. of the amount by which the total income exceeds Rs. 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 Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve and a half 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 section 183 of the Income-tax Act.

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 in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve and a half 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 the public are substantially interested	55 per cent. of the total income ;
(2) where the company is not a company in which the public are substantially interested—	
(*i*) in the case of an industrial company	60 per cent. of the total income ;
(*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 case, been approved by the Central Government	50 per cent.
(*ii*) on the balance, if any, of the total income.	70 per cent.

Surcharge on Income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge calculated at the rate of five per cent. of such income-tax.

PART IV

[*See* section 2(*8*)(*e*)]

RULES FOR COMPUTATION OF NET AGRICULTURAL INCOME

Rule 1.—Agricultural income of the nature referred to in sub-clause (*a*) of clause (*1*) of section 2 of the Income-tax Act 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 sections 57 to 59 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 (*1*) of section 2 of the Income-tax Act [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, 31, 32, 34, 36, 37, 38, 40, 40A [other than sub-sections (*3*) and (*4*) thereof], 41, 43 and 43A of the Income-tax Act shall, so far as may be, apply accordingly.

Rule 3.—Agricultural income of the nature referred to in sub-clause (*c*) of clause (*1*) of section 2 of the Income-tax Act, 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 27 of that Act shall, so far as may be, apply accordingly :

Provided that sub-section (*2*) of the said section 23 shall apply subject to the modifications that the references to " total income " therein shall be construed as references to net agricultural income and that the words, figures and letter " and before making any deduction under Chapter VI-A " shall be omitted.

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, 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 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 the 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 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, 1984, 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, 1976, or the 1st day of April, 1977, or the 1st day of April, 1978, or the 1st day of April, 1979, or the 1st day of April, 1980, or the 1st day of April, 1981, or the 1st day of April, 1982, or the 1st day of April, 1983, 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, 1976, 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, 1977, or the 1st day of April, 1978, or the 1st day of April, 1979, or the 1st day of April, 1980, or the 1st day of April, 1981, or the 1st day of April, 1982, or the 1st day of April, 1983,

(*ii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1977, 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, 1978, or the 1st day of April, 1979, or the 1st day of April, 1980, or the 1st day of April, 1981, or the 1st day of April, 1982, or the 1st day of April, 1983,

(*iii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1978, 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, 1979, or the 1st day of April, 1980, or the 1st day of April, 1981, or the 1st day April, 1982, or the 1st day of April, 1983,

(*iv*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1979, 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, 1980, or the 1st day of April, 1981, or the 1st day of April, 1982, or the 1st day of April, 1983,

(*v*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1980, 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, 1981, or the 1st day of April, 1982, or the 1st day of April, 1983,

(*vi*) 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,

(*vii*) 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, and

(*viii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1983,

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, 1984.

(*2*) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1985, 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, 1977, or the 1st day of April, 1978, or the 1st day of April,

1979, or the 1st day of April, 1980, or 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, is a loss, then, for the purposes of sub-section (*6*) 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, 1977, 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, 1978, or the 1st day of April, 1979, or the 1st day of April, 1980, or 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,

(*ii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1978, 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, 1979, or the 1st day of April, 1980, or 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,

(*iii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1979, 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, 1980, or 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,

(*iv*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1980, 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, 1981, or the 1st day of April, 1982, or the 1st day of April, 1983, or the 1st day of April, 1984,

(*v*) 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,

(*vi*) 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,

(*vii*) 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, and

(*viii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1984,

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, 1985, or the period aforesaid.

(*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 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 Income-tax Officer under the provisions of these rules or the rules contained in Part IV of the First Schedule to the Finance Act, 1976 (66 of 1976), or of the First Schedule to the Finance (No. 2) Act, 1977 (29 of 1977), or of the Schedule to the Finance Act, 1978 (19 of 1978), or of the First Schedule to the Finance Act, 1979 (21 of 1979), or of the First Schedule to the Finance (No. 2) Act, 1980 (44 of 1980), or of the First Schedule to the Finance Act, 1981 (16 of 1981), or of the First Schedule to the Finance Act, 1982 (14 of 1982), or of the First Schedule to the Finance Act, 1983 (11 of 1983), 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 Income-tax Officer shall have the same powers as he has under the Income-tax Act for the purposes of assessment of the total income.

STATEMENT OF OBJECTS AND REASONS

The object of the Bill is to give effect to the financial proposals of the Central Government for the financial year 1984-85. The notes on clauses explain the various provisions contained in the Bill.

NEW DELHI ; PRANAB MUKHERJEE

The 29th February, 1984.

PRESIDENT'S RECOMMENDATION UNDER ARTICLES 117 AND 274 OF THE CONSTITUTION OF INDIA

[Copy of letter No. F. 3(1)-B(D)/84 dated the 29th February, 1984, from Shri Pranab Mukherjee, Minister of Finance, to the Secretary-General, Lok Sabha.]

The President, having been informed of the subject-matter of the proposed Bill, recommends under clauses (1) and (3) of article 117, read with clause (1) of article 274, of the Constitution of India, the introduction of the Finance Bill, 1984, to the Lok Sabha and also recommends to the Lok Sabha the consideration of the Bill.

2. The Bill will be introduced in the Lok Sabha immediately after the presentation of the Budget on the 29th February, 1984.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 2(7) of the Bill provides that if a company makes a deposit with the Industrial Development Bank of India in accordance with any scheme framed by the Central Government, the surcharge on income-tax payable by the company will be reduced to the extent mentioned in the said sub-clause. The scheme to be framed by the Central Government will contain details as to the manner of making such deposits, the period for which such deposits may be made and other connected matters of detail.

Clause 15(a) of the Bill seeks to insert a new clause (iia) in sub-section (1) of section 80L of the Income-tax Act, 1961, which seeks to include interest on deposits under such National Deposit Scheme framed by the Central Government as may be notified by it in the Official Gazette as one of the categories of income qualifying for deduction under this section.

Clause 19(a) of the Bill seeks to provide that the permanent physical disability which would entitle an assessee to get deduction under section 80U of the Income-tax Act will henceforth be only such permanent physical disability of a type as may be specified by the Central Board of Direct Taxes by rules made in this behalf. Sub-clause (b) of this clause also provides that in making any rules for specifying any disability under this section, the Board will take into account the nature of such disability and the effect which such disability is likely to have on the capacity of the person subject thereto or suffering therefrom to engage in a gainful employment or occupation.

Clause 28 of the Bill seeks to insert a new section 269SS in the Income-tax Act which provides that no person shall take or accept any loan or deposit otherwise than by an account payee cheque or account payee bank draft if the amount of such loan or deposit is ten thousand rupees or more. The provisions of this section shall not apply to any loan or deposit taken from or accepted by, Government, banking company, etc., and such institution, association or body, or class of institutions, associations or bodies which the Central Government may, for reasons to be recorded in writting, notify in this behalf in the Official Gazette.

Clause 32 of the Bill seeks to amend section 281A of the Income-tax Act relating to the effect of failure to furnish information in respect of properties held *benami*. By an amendment to sub-section (1) of this sec-

tion, it is proposed to replace the existing option of making a disclosure in the return of income or net wealth or giving a notice to the Income-tax Officer before instituting any suit in any court to enforce any right in respect of property held *benami* by a provision for giving notice within one year of the date of acquisition of the property to the Commissioner in the form to be prescribed by rules made by the Central Board of Direct Taxes under the Act and containing such particulars to be specified by the Board in such rules. New sub-section (1A) proposed to be inserted in this section provides that the prescribed notice containing the prescribed particulars required to be made under sub-section (1) aforesaid shall, in respect of any property acquired before 1st March, 1984, be deemed to have been fulfilled if such notice containing the particulars is given to the Commissioner within a period of one year from that date. New sub-section (1B) provides that the aforesaid provisions of sub-section (1) and sub-section (1A) shall be deemed to have been fulfilled in respect of any suit relating to any immovable property of a value not exceeding Rs. 50,000 if notice in the prescribed form containing prescribed particulars in respect of the property is given by the claimant to the Commissioner at any time before the suit. The new sub-section (2) to this section empowers the Commissioner, on an application made by the claimant in the manner prescribed by rules and on payment of the fees specified in such rules, to furnish a certified copy of any notice given by him under the aforesaid provisions.

Clause 34(a)(i)(2) of the Bill seeks to insert a new clause (xxva) in section 5(1) of the Wealth-tax Act. The new clause (xxva) proposes to provide for exemption in respect of any deposits under such National Deposit Scheme as may be framed by the Central Government and notified by it in this behalf in the Official Gazette.

The delegation of legislative power under the afore-mentioned provisions relates to matters of procedure or administrative detail or to matters in respect of which it is not practicable to make detailed provisions. Hence the delegation of legislative power is of a normal character.