

THE FINANCE BILL, 1982

(No. 14 OF 1982)

[As introduced in Lok Sabha on 27th February, 1982.]

A Bill to give effect to the financial proposals of the Central Government for the financial year 1982-83.

BE it enacted by Parliament in the Thirty-third 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, 1982.

(2) Sections 2 to 29, sections 31 to 42 and sections 55 to 57 shall, save as otherwise provided in this Act, be deemed to have come into force on the 1st day of April, 1982; and section 30 shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

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 day of April, 1982, 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.

(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 ten 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 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 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.

(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 pur-

poses of the Union calculated at the rate of ten 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) 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, 1982, 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 construction of ships or in the manufacture or processing of goods or in mining.

Explanation.—For the purposes of this clause, 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 construction of ships 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 Chapter VIA of the Income-tax Act) is not less than fifty-one per cent. of such total income;

(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 6.**—In section 6 of the Income-tax Act, in clause (1), with effect from the 1st day of April, 1983,—

(i) sub-clause (b) shall be omitted ;

(ii) for the *Explanation*, the following *Explanation* shall be substituted, namely :—

Explanation.—In the case of an individual, being a citizen of India,—

(a) who leaves India in any previous year for the purposes of employment outside India, the provisions of sub-clause (c) shall apply in relation to that year as if for the words “sixty days”, occurring therein, the words “one hundred and eighty-two days” had been substituted ;

(b) who, being outside India, comes on a visit to India in any previous year, the provisions of sub-clause (c) shall apply in relation to that year as if for the words “sixty days”, occurring therein, the words “ninety days” had been substituted. ’

4. Amendment of section 10.—In section 10 of the Income-tax Act,—

(a) for clause (4A), the following clause shall be substituted, namely :—

‘(4A) in the case of a person resident outside India, any income from interest on moneys standing to his credit in a Non-resident (External) Account in any bank in India in accordance with the Foreign Exchange Regulation Act, 1973 (46 of 1973), and any rules made thereunder.

Explanation.—In this clause, “person resident outside India” shall have the meaning assigned to it in clause (q) of section 2 of the Foreign Exchange Regulation Act, 1973 (46 of 1973) ;’

(b) after clause (4A), the following clause shall be inserted with effect from the 1st day of April, 1983, namely :—

‘(4B) in the case of an individual, being a citizen of India or a person of Indian origin, who is a non-resident, any income from interest on such savings certificates issued by the Central Government as that Government may, by notification in the Official Gazette, specify in this behalf :

Provided that the individual has subscribed to such certificates in foreign currency or other foreign exchange remitted from a country outside India in accordance with the provisions of the Foreign Exchange Regulation Act, 1973 (46 of 1973), and any rules made thereunder.

Explanation.—For the purposes of this clause,—

(a) a person shall be deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, was born in undivided India ;

(b) “foreign currency” and “foreign exchange” have the meanings respectively assigned to them in the Foreign Exchange Regulation Act, 1973 (46 of 1973) ;’ ;

(c) after clause (10A), the following clause shall be inserted, namely :—

‘(10AA) (i) any payment received by an employee of the Central Government or a State Government as the cash equivalent of the leave

salary in respect of the period of earned leave at his credit at the time of his retirement on superannuation or otherwise ;

(ii) any payment of the nature referred to in sub-clause (i) received by an employee, other than an employee of the Central Government or a State Government, in respect of so much of the period of earned leave at his credit at the time of his retirement on superannuation or otherwise as does not exceed six months, calculated on the basis of the average salary drawn by the employee during the period of ten months immediately preceding his retirement on superannuation or otherwise, or rupees twenty-five thousand five hundred, whichever is less :

Provided that where any such payments are received by an employee from more than one employer in the same previous year, the aggregate amount exempt from income-tax under this sub-clause shall not exceed rupees twenty-five thousand five hundred :

Provided further that where any such payment or payments was or were received in any one or more earlier previous years also and the whole or any part of the amount of such payment or payments was or were not included in the total income of the assessee of such previous year or years, the amount exempt from income-tax under this sub-clause shall not exceed rupees twenty-five thousand five hundred, as reduced by the amount or, as the case may be, the aggregate amount not included in the total income of any such previous year or years :

Provided also that the Central Government may, having regard to the maximum amount which may for the time being be exempt under sub-clause (i), increase by notification in the Official Gazette, the limit of rupees twenty-five thousand and five hundred, for all the three purposes for which it has been mentioned in the foregoing provisions of this sub-clause, up to such maximum amount.

Explanation.—For the purposes of sub-clause (ii),—

(i) the entitlement to earned leave of an employee shall not exceed thirty days for every year of actual service rendered by him as an employee of the employer from whose service he has retired ;

(ii) “ salary ” shall have the meaning assigned to it in clause (h) of rule 2 of Part A of the Fourth Schedule ; ’ ;

(d) in clause (15), after sub-clause (iia), the following sub-clause shall be inserted with effect from the 1st day of April, 1983, namely :—

“ (iib) interest on such Capital Investment Bonds as the Central Government may, by notification in the Official Gazette, specify in this behalf ; ”.

5. Amendment of section 13.—In section 13 of the Income-tax Act,—

(a) in sub-section (1), in clause (d),—

(i) for the figures, letters and words “ 1st day of April, 1982 ”, the figures, letters and words “ 1st day of April, 1983 ”, shall be substituted ;

(ii) for the figures, letters and words “ 1st day of April, 1981 ”, the figures, letters and words “ 1st day of April, 1982 ”, shall be substituted ;

(b) in sub-section (5),—

(i) in clause (a), after sub-clause (i), the following sub-clause shall be inserted, namely :—

‘(ia) investment in immovable property.

Explanation.—“Immovable property” does not include any machinery or plant even though attached to, or permanently fastened to anything attached to, the earth ;’

(ii) in clause (c), after the word, brackets and figure “sub-clause (i),”, the word, brackets, figure and letter “sub-clause (ia),” shall be inserted.

6. Amendment of section 16.—In section 16 of the Income-tax Act, in clause (i), for the words “twenty per cent.”, the words “twenty-five per cent.” shall be substituted with effect from the 1st day of April, 1983.

7. Amendment of section 23.—In section 23 of the Income-tax Act, with effect from the 1st day of April, 1983,—

(a) in sub-section (1), in the second proviso,—

(i) in clause (c), for the words, figures and letters “completed after the 31st day of March, 1978”, the words figures and letters “completed after the 31st day of March, 1978, but before the 1st day of April, 1982” shall be substituted ;

(ii) for the words, brackets and letters “so, however, that the income in respect of any residential unit referred to in clause (a) or clause (b) or clause (c) is in no case a loss.”, the following shall be substituted, namely :—

“(d) in the case of a building comprising one or more residential units, the erection of which is completed after the 31st day of March, 1982, for a period of five years from the date of completion of the building, be reduced by a sum equal to the aggregate of—

(i) in respect of any residential unit whose annual value as so determined does not exceed three thousand six hundred rupees, the amount of such annual value ;

(ii) in respect of any residential unit whose annual value as so determined exceeds three thousand six hundred rupees, an amount of three thousand six hundred rupees,

so, however, that the income in respect of any residential unit referred to in clause (a) or clause (b) or clause (c) or clause (d) is in no case a loss.” ;

(b) in sub-section (2), in clause (i), for the words “one thousand and eight hundred rupees”, the words “three thousand six hundred rupees” shall be substituted.

8. Amendment of section 32A.—In section 32A of the Income-tax Act, in sub-section (2B), for the words, figures and letters “but before the 1st day of April, 1982”, the words, figures and letters “but before the 1st day of April, 1987”, shall be substituted.

9. Insertion of new section 35CCB.—In the Income-tax Act, after section 35CCA, the following section shall be inserted with effect from the 1st day of June, 1982, namely :—

“ 35CCB. *Expenditure by way of payment to associations and institutions for carrying out programmes of conservation of natural resources.*—
(1) Where an assessee incurs any expenditure by way of payment of any sum to an association or institution, which has as its object the undertaking of any programme of conservation of natural resources, to be used for carrying out any programme of conservation of natural resources approved by the prescribed authority, the assessee shall, subject to the provisions of sub-section (2), be allowed a deduction of the amount of such expenditure incurred during the previous year.

(2) The deduction under sub-section (1) shall not be allowed with respect to expenditure by way of payment of any sum to any association or institution, unless such association or institution is for the time being approved in this behalf by the prescribed authority :

Provided that the prescribed authority shall not grant such approval for more than three years at a time.

(3) Where a deduction under this section is claimed and allowed for any assessment year in respect of any expenditure referred to in sub-section (1), deduction shall not be allowed in respect of such expenditure under any other provision of this Act for the same or any other assessment year.”.

10. Amendment of section 36.—In section 36 of the Income-tax Act, in sub-section (1), with effect from the 1st day of April, 1983,—

(a) in clause (viii),—

(i) in the opening portion, for the words “ scheduled bank ”, the words “ scheduled bank or a non-scheduled bank ” shall be substituted ;

(ii) in the *Explanation*,—

(1) clause (i) shall be renumbered as clause (ia) and before clause (ia) as so renumbered, the following clause shall be inserted, namely:—

“(i) “ non-scheduled bank ” means a banking company as defined in clause (c) of section 5 of the Banking Regulation Act, 1949 (10 of 1949) which is not a scheduled bank ; ”

(2) in clause (ia) as so renumbered, for the words “ scheduled bank ”, the words “ scheduled bank or a non-scheduled bank ” shall be substituted ;

(b) after clause (viii), the following clause shall be inserted, namely:—

“(viii) in respect of any special reserve created by a scheduled bank (other than a bank incorporated by or under the laws of a country outside India) which is engaged in banking operations outside India, an amount not exceeding forty per cent. of the total income (computed before making any deduction under Chapter VIA) carried to such reserve account :

Provided that, having regard to its capital structure, the extent of its banking operations outside India, its need for resources for such operations outside India and other relevant factors, the bank is, for the time

being, approved by the Central Government for the purposes of this clause.

Explanation.—For the purposes of this clause, “scheduled bank” has the same meaning as in clause (ii) of the *Explanation* to clause (viii);’.

11. Amendment of section 54.—In section 54 of the Income-tax Act, with effect from the 1st day of April, 1983,—

(a) in sub-section (1),—

(i) for the portion beginning with the words “Where a capital gain arises from the transfer of a capital asset” and ending with the words “a house property for the purposes of his own residence, then”, the following shall be substituted, namely :—

‘Where, in the case of an assessee being an individual, the capital gain arises from the transfer of a “long-term capital asset” to which the provisions of section 53 are not applicable, being buildings or lands appurtenant thereto, and being a residential house, the income of which is chargeable under the head “Income from house property” (hereafter in this section referred to as the original asset), and the assessee has within a period of one year before or after the date on which the transfer took place purchased, or has within a period of three years after that date constructed, a residential house, then’;

(ii) in clause (i), for the words “the house property”, the words “the residential house” shall be substituted;

(iii) the following *Explanation* shall be inserted at the end, namely :—

‘*Explanation.*—For the purposes of this sub-section, “long-term capital asset” means a capital asset which is not a short-term capital asset.’;

(b) in sub-section (2), for the words “or has within a period of two years after that date constructed, a house property for the purposes of his own residence”, the words “or has within a period of three years after that date constructed, a residential house” shall be substituted.

12. Insertion of new section 54F.—In the Income-tax Act, after section 54E, the following section shall be inserted with effect from the 1st day of April, 1983, namely :—

‘54F. *Capital gain on transfer of certain capital assets not to be charged in case of investment in residential house.*—(1) Where, in the case of an assessee being an individual, the capital gain arises from the transfer of any long-term capital asset, not being buildings or land appurtenant thereto, the income of which is chargeable under the head “Income from house property” (hereafter in this section referred to as the original asset), and the assessee has, within a period of one year before or after the date on which the transfer took place purchased, or has within a period of three years after that date constructed, a residential house (hereafter in this section referred to as the new asset), the capital gain shall be dealt with in accordance with the following provisions of this section, that is to say,—

(a) if the cost of the new asset is not less than the net consideration in respect of the original asset, the whole of such capital gain shall not be charged under section 45 ;

(b) if the cost of the new asset is less than the net consideration in respect of the original asset, so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of the new asset bears to the net consideration, shall not be charged under section 45 :

Provided that nothing contained in this sub-section shall apply where the assessee owns on the date of the transfer of the original asset, or purchases, within the period of one year after such date, or constructs, within the period of three years after such date, any residential house, the income from which is chargeable under the head "Income from house property", other than the new asset.

Explanation.—For the purposes of this section,—

(i) "long-term capital asset" means a capital asset which is not a short-term capital asset ;

(ii) "net consideration", in relation to the transfer of a capital asset, means the full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

(2) Where the assessee purchases, within the period of one year after the date of the transfer of the original asset, or constructs, within the period of three years after such date, any residential house, the income from which is chargeable under the head "Income from house property", other than the new asset, the amount of capital gain arising from the transfer of the original asset not charged under section 45 on the basis of the cost of such new asset as provided in clause (a), or, as the case may be, clause (b), of sub-section (1), shall be deemed to be income chargeable under the head "Capital gains" relating to long-term capital assets of the previous year in which such residential house is purchased or constructed.

(3) Where the new asset is transferred within a period of three years from the date of its purchase or, as the case may be, its construction, the amount of capital gain arising from the transfer of the original asset not charged under section 45 on the basis of the cost of such new asset as provided in clause (a) or, as the case may be, clause (b), of sub-section (1) shall be deemed to be income chargeable under the head "Capital gains" relating to long-term capital assets of the previous year in which such new asset is transferred. '.

13. Amendment of section 80C.—In section 80C of the Income-tax Act, with effect from the 1st day of April, 1983,—

(a) for sub-section (1), the following sub-section shall be substituted, namely :—

"(1) In computing the total income of an assessee, there shall be deducted, in accordance with and subject to the provisions of this section, an amount calculated, with reference to the aggregate of the sums specified in sub-section (2), at the following rates, namely :—

(a) where such aggregate does not exceed Rs. 6,000	The whole of such aggregate ;
(b) where such aggregate exceeds Rs. 6,000 but does not exceed Rs. 12,000	Rs. 6,000 <i>plus</i> 50 per cent. of the amount by which such aggregate exceeds Rs. 6,000 ;
(c) where such aggregate exceeds Rs. 12,000	Rs. 9,000 <i>plus</i> 40 per cent. of the amount by which such aggregate exceeds Rs. 12,000. ” ;

(b) in sub-section (2), after clause (g), the following clause shall be inserted, namely :—

“(h) where the assessee is an individual or a Hindu undivided family or an association of persons or a body of individuals consisting only of husband and wife governed by the system of community of property in force in the Union territories of Dadra and Nagar Haveli and Goa, Daman and Diu, any sums paid in the previous year by the assessee out of his or its income chargeable to tax, as subscription to any such security of the Central Government as that Government may, by notification in the Official Gazette, specify in this behalf.” ;

(c) in sub-section (4), in clause (ii), clause (iii) and clause (iv), for the words “ thirty thousand rupees ”, the words “ forty thousand rupees ” shall be substituted ;

(d) after sub-section (5) and the *Explanation* thereto, the following sub-section and *Explanations* shall be inserted, namely :—

“(6) If the assessee, being—

(a) an individual, has effected or kept in force an insurance on the life of the assessee or on the life of the wife or husband or any child of the assessee ; or

(b) a Hindu undivided family, has effected or kept in force an insurance on the life of any member of the family ; or

(c) an association of persons or a body of individuals referred to in clause (g) of sub-section (2), has effected or kept in force an insurance on the life of any member of such association or body or on the life of any child of any of the members of such association or body,

terminates the contract of insurance (by notice to that effect or where the contract ceases to be in force by reason of failure to pay any premiums, by not reviving the contract of insurance) before premiums have been paid for two years, then—

(i) no deduction shall be allowed to the assessee under this section in respect of the premiums, if any, paid in the previous year in which the policy is so terminated ; and

(ii) the deduction allowed in respect of the premiums paid in the previous year preceding the previous year referred to in clause (i) shall be deemed to be the income of the assessee of that previous year and shall be chargeable to tax accordingly.

Explanation 1.—For the purposes of this sub-section, the deduction allowed under this section in respect of the premiums paid in any previous year shall be the amount by which the deduction allowed under this

section for that year exceeds the deduction which would have been allowed for that year if no such premiums had been paid during that year.

Explanation 2.—In a case where an assessee terminates his participation in the Unit-linked Insurance Plan in any previous year and also terminates a contract of insurance in that year, the deduction allowed under this section in respect of the contribution or premiums paid in any previous year shall, for the purposes of the *Explanation*, to sub-section (5) and *Explanation 1*, be the amount by which the deduction allowed under this section for that year exceeds the deduction which would have been allowed for that year if no such contribution or premiums had been paid during that year.”.

14. Amendment of section 80CC.—In section 80CC of the Income-tax Act, in sub-section (2), for the words “ten thousand rupees”, at both the places where they occur, the words “twenty thousand rupees” shall be substituted with effect from the 1st day of April, 1983.

15. Amendment of section 80G.—In section 80G of the Income-tax Act, in sub-section (2), in clause (a), after sub-clause (iiia), the following sub-clause shall be inserted with effect from the 1st day of April, 1983, namely:—

“(iiib) the National Children’s Fund; or”.

16. Amendment of section 80GG.—In section 80GG of the Income-tax Act, in the opening portion, for the words “three hundred rupees” the words “four hundred rupees” shall be substituted with effect from the 1st day of April, 1983.

17. Amendment of section 80GGA.—In section 80GGA of the Income-tax Act, in sub-section (2), after clause (b), the following clause shall be inserted with effect from the 1st day of June, 1982, namely:—

“(c) any sum paid by the assessee in the previous year to an association or institution, which has as its object the undertaking of any programme of conservation of natural resources, to be used for carrying out any programme of conservation of natural resources, approved for the purpose of section 35CCB :

Provided that the association or institution is for the time being approved for the purposes of sub-section (2) of section 35CCB.”.

18. Insertion of new section 80HHB.—In the Income-tax Act, after section 80HHA, the following section shall be inserted with effect from the 1st day of April, 1983, namely:—

‘**80HHB. Deduction in respect of profits and gains from projects outside India.**—(1) Where the gross total income of an assessee being an Indian company or a person (other than a company) who is resident in India includes any profits and gains derived from the business of—

(a) the execution of a project undertaken by the assessee in pursuance of a contract entered into by him, or

(b) the execution of any work undertaken by him and forming part of a foreign project undertaken by any other person in pursuance of a contract entered into by such other person,

with the Government of a foreign State or any statutory or other public authority or agency in a foreign State, or a foreign enterprise, there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction from such profits and gains of an amount equal to twenty-five per cent. thereof :

Provided that the consideration for the execution of such project or, as the case may be, of such work is payable in foreign currency.

(2) For the purposes of this section, " foreign project " means a project for—

(i) the construction of any building, road, dam, bridge or other structure outside India ;

(ii) the assembly or installation of any machinery or plant outside India ;

(iii) the execution of such other work (of whatever nature) as may be prescribed.

(3) The deduction under this section shall be allowed only if the following conditions are fulfilled, namely :—

(i) the assessee maintains separate accounts in respect of the profits and gains derived from the business of the execution of the foreign project, or, as the case may be, of the work forming part of the foreign project undertaken by him and, where the assessee is a person other than an Indian company or a co-operative society, such accounts have been audited by an accountant as defined in the *Explanation* below sub-section (2) of section 288 and the assessee furnishes, along with his return of income, the report of such audit in the prescribed form duly signed and verified by such accountant ;

(ii) an amount equal to twenty-five per cent. of the profits and gains referred to in sub-section (1) is debited to the profit and loss account of the previous year in respect of which the deduction under this section is to be allowed and credited to a reserve account (to be called the " Foreign Projects Reserve Account ") to be utilised by the assessee during a period of five years next following for the purposes of his business other than for distribution by way of dividends or profits ;

(iii) an amount equal to twenty-five per cent. of the profits and gains referred to in sub-section (1) is brought by the assessee within a period of six months from the end of the previous year referred to in clause (ii), in foreign exchange into India in accordance with the provisions of the Foreign Exchange Regulation Act, 1973 (46 of 1973), and any rules made thereunder :

Provided that where the amount credited by the assessee to the Foreign Projects Reserve Account in pursuance of clause (ii) or the amount brought into India by the assessee in pursuance of clause (iii) or each of the said amounts is less than twenty-five per cent. of the profits and gains referred to in sub-section (1), the deduction under that sub-section shall be limited to the amount so credited in pursuance of clause (ii) or the amount so brought into India in pursuance of clause (iii), whichever is less.

(4) If at any time before the expiry of five years from the end of the previous year in which the deduction under sub-section (1) is allowed, the assessee utilises the amount credited to the Foreign Projects Reserve Account for distribution by way of dividends or profits or for any other purpose which is not a purpose of the business of the assessee, the deduction originally allowed under sub-section (1) shall be deemed to have been wrongly allowed, and the Income-tax Officer may, notwithstanding anything contained in this Act, re-compute the total income of the assessee for the relevant previous year and make the necessary amendment; and the provisions of section 154 shall, so far as may be, apply thereto, the period of four years specified in sub-section (7) of that section being reckoned from the end of the previous year in which the money was so utilised.

19. Amendment of section 80L.—In section 80L of the Income-tax Act, in sub-section (1), for the portion beginning with the words “a deduction as specified hereunder” and ending with the words “in any other case, three thousand rupees”, the following shall be substituted with effect from the 1st day of April, 1983, namely:—

“a deduction as specified hereunder, namely:—

(1) in a case where the amount of such income does not exceed in the aggregate four thousand rupees, the whole of such amount; and

(2) in any other case, four thousand rupees.”

20. Amendment of section 80M.—In section 80M of the Income-tax Act, in sub-section (1), in clause (a), for the figures and word “27, 29 and 33”, the figures and word “27, 28, 29, 30 and 33”, shall be substituted with effect from the 1st day of April, 1983.

21. Amendment of section 80T.—In section 80T of the Income-tax Act, for clause (b), the following clause shall be substituted with effect from the 1st day of April, 1983, namely:—

“(b) in any other case, five thousand rupees as increased by a sum calculated—

(A) at such of the rates specified in column (2) in the Twelfth Schedule as is applicable, with reference to the amount by which the long-term capital gains relating to capital assets, being buildings or lands or any rights in buildings or lands, exceed five thousand rupees;

(B) at such of the rates specified in column (3) in the Twelfth Schedule as is applicable, with reference to the amount by which the long-term capital gains relating to any other capital assets exceed five thousand rupees:

Provided that where the long-term capital gains relate to—

(i) buildings or lands or any rights in buildings or lands;

(ii) gold, bullion or jewellery; and

(iii) any other capital asset,

or to any two of the categories of capital assets mentioned in the foregoing clauses of this proviso (the assets falling under each clause being treated as a separate category), the deduction of five thousand rupees

referred to in this clause shall be allowed in the following order, namely :—

(1) the deduction shall first be allowed against long-term capital gains relating to the assets mentioned in clause (i) ;

(2) next, where the amount of the long-term capital gains relating to the assets mentioned in clause (i) is less than five thousand rupees, a deduction equal to the amount of the difference between five thousand rupees and such capital gains shall be allowed against the long-term capital gains relating to the assets mentioned in clause (ii) ; and

(3) thereafter, the balance, if any, of the said five thousand rupees shall be allowed as a deduction against the long-term capital gains relating to the assets mentioned in clause (iii),

and the provisions of sub-clause (A) and sub-clause (B) of this clause shall apply as if the references to five thousand rupees therein were references to the amount of deduction allowed in accordance with clauses (1), (2) and (3) of this proviso :

Provided further that the aggregate amount of deduction under this section in relation to assets mentioned in clause (ii) of the preceding proviso shall, in no case, exceed fifty thousand rupees.”.

22. Insertion of new section 89A.—In Chapter VIII of the Income-tax Act, after section 89, the following section shall be inserted with effect from the 1st day of June, 1982, namely :—

‘89A. *Tax relief in relation to export turnover.*—(1) Where the export turnover of an assessee, being—

(a) an Indian company, or

(b) a person (other than a company) who is resident in India,

during any previous year relevant to an assessment year in relation to which this section applies, exceeds by more than ten per cent. his export turnover during the corresponding base year, the assessee shall be entitled to a deduction from the amount of income-tax otherwise payable for that assessment year of an amount calculated at the rate specified under sub-section (3) on the amount of such excess.

Explanation.—For the purposes of this sub-section,—

(a) “corresponding base year” in relation to any previous year, means the previous year immediately preceding that previous year ;

(b) “export turnover” means the sale proceeds of any goods or merchandise specified under sub-section (3) exported out of India, but does not include freight or insurance attributable to the transport of the goods or merchandise beyond the customs station as defined in the Customs Act, 1962 (52 of 1962).

(2) This section applies in relation to the assessment year commencing on the 1st day of April, 1983, and the four assessment years next following that year.

(3) The goods or merchandise referred to in the *Explanation* to sub-section (1) (including the destination of their export) and the rate at

which the amount of deduction under that sub-section shall be calculated, shall be such as may be specified by the Central Government in this behalf by notification in the Official Gazette.

(4) In specifying under sub-section (3) any goods or merchandise (including the destination of their export) and the rate at which the amount of deduction under sub-section (1) is to be calculated, the Central Government shall have regard to the following factors, namely:—

(a) the cost of manufacture or production of such goods or merchandise, and prices of similar goods or merchandise in the foreign markets;

(b) the need to develop foreign markets for such goods or merchandise;

(c) the need to earn foreign exchange;

(d) any other relevant factor.

(5) The deduction under sub-section (1) for any assessment year shall not exceed ten per cent. of the amount of income-tax otherwise payable by the assessee for that assessment year on the amount of profits and gains derived from the export of such goods or merchandise out of India.

Explanation.—For the purposes of this sub-section, the amount of income-tax otherwise payable by the assessee for an assessment year on the profits and gains derived from the export of such goods or merchandise out of India shall be—

(a) in a case where the total income for that assessment year consists only of such profits and gains, the amount of income-tax chargeable (without any deduction under this section) on the total income;

(b) in a case where the total income for that assessment year includes any other income, the amount which bears to the income-tax chargeable (without any deduction under this section) on the total income the same proportion as the amount of such profits and gains bears to the total income.

(6) For the purposes of sub-section (5), the amount of profits and gains derived from the export of any goods or merchandise out of India shall be computed in accordance with the rules made by the Board in this behalf.

23. Amendment of section 155.—In section 155 of the Income-tax Act, with effect from the 1st day of April, 1983,—

(a) in sub-section (8), for the words “within two years from that date constructs, a house property for the purpose of his own residence”, the words “within three years from that date constructs a residential house” shall be substituted;

(b) in sub-section (8A), for the words “within a period of two years after that date, a house property for the purposes of his own residence”, the words “within a period of three years after that date, a residential house shall be substituted;

(c) after sub-section (10B), the following sub-section shall be inserted, namely:—

“(10C) Where in the assessment for any year a capital gain arising from the transfer of any such capital asset as is referred to in section 54F is charged to tax and within a period of one year after the date of the transfer the assessee purchases, or within three years from that date constructs, a residential house, the Income-tax Officer shall amend the order of assessment so as to exclude the amount of the capital gain not chargeable to tax under the provisions of sub-section (1) of section 54F, and the provisions of section 154 shall, so far as may be, apply thereto, the period of four years specified in sub-section (7) of that section being reckoned from the date of the assessment.”.

24. Amendment of section 193.—In section 193 of the Income-tax Act, in the proviso, after clause (iii), the following clause shall be inserted with effect from the 1st day of June, 1982, namely :—

“(iiiia) any interest payable on such securities of the Central Government or a State Government, to such class of persons, and subject to such conditions, as the Central Government may, by notification in the Official Gazette, specify in this behalf ;”.

25. Amendment of section 194C.—In section 194C of the Income-tax Act, in sub-section (3), in clause (i), for the words “five thousand rupees”, the words “ten thousand rupees” shall be substituted with effect from the 1st day of June, 1982.

26. Insertion of new section 197A.—In the Income-tax Act, after section 197, the following section shall be inserted with effect from the 1st day of June, 1982, namely :—

“197A. *No deduction to be made in certain cases.*—(1) Notwithstanding anything contained in section 193 or section 194 or section 194A, no deduction of tax shall be made under any of the said sections in the case of an individual, who is resident in India, if such individual furnishes to the person responsible for paying any income of the nature referred to in section 193 or section 194 or, as the case may be, section 194A, a declaration in writing in duplicate in the prescribed form and verified in the prescribed manner to the effect that his estimated total income of the previous year in which such income is to be included in computing his total income will be less than the minimum liable to income-tax.

(2) The person responsible for paying any income of the nature referred to in sub-section (1) shall deliver or cause to be delivered to the Commissioner one copy of the declaration referred to in sub-section (1) on or before the seventh day of the month next following the month in which the declaration is furnished to him.”.

27. Amendment of section 245B.—In section 245B of the Income-tax Act, after sub-section (2), the following sub-section shall be inserted, namely :—

“(2A) Notwithstanding anything contained in sub-section (2), when the post of one of the other members of the Settlement Commission is vacant for any reason, the Chairman and the other member of the Settlement Commission may function as, and exercise and discharge the powers and functions of, the Settlement Commission under this Chapter :

Provided that if in any case the Chairman and member so functioning differ on any point or points, they shall state the point or points on which they differ and refer the same, as soon as may be after the said vacancy is filled, to the member appointed to fill the vacancy for hearing on such point or points and such point or points shall be decided according to his opinion.”.

28. Amendment of section 245D.—In section 245D of the Income-tax Act, in sub-section (5), for the words “ The materials brought on record ” the words, brackets, figures and letters “ Subject to the provisions of sub-section (2A) of section 245B, the materials brought on record ” shall be substituted.

29. Amendment of section 272A.—In section 272A of the Income-tax Act, with effect from the 1st day of June, 1982,—

(a) in sub-section (2), after clause (b), the following clause shall be inserted, namely :—

“ (ba) to deliver or cause to be delivered in due time a copy of the declaration mentioned in section 197A ; or ” ;

(b) in sub-section (3),—

(i) in clause (a), the word “ and ” occurring at the end shall be omitted ;

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

“ (aa) in a case falling under clause (ba) of sub-section (2), by the Commissioner ; and ”.

30. Amendment of section 279.—In section 279 of the Income-tax Act, in sub-section (1), after the word, figures and letter “ section 276A, ”, the word, figures and letters “ section 276AA, ” shall be inserted.

31. Insertion of new Twelfth Schedule.—In the Income-tax Act after the Eleventh Schedule, the following Schedule shall be inserted with effect from the 1st day of April, 1983, namely :—

“ THE TWELFTH SCHEDULE

[See section 80T(b)]

The deduction in respect of long-term capital gains referred to in section 80T shall be allowed on the basis indicated hereunder, namely :—

Rate as percentage of the amount with reference to which the deduction is to be calculated under section 80T

(1)	(2)	(3)
	Where the capital gains relate to buildings or lands or any rights therein	Where the capital gains relate to any other capital assets
Where the capital asset has been held by the assessee for		
more than five years but not more than ten years ;	25%	40%
more than five years but not more than ten years ;	28%	45%
more than ten years but not more than fifteen years ;	33%	50%
more than fifteen years but not more than twenty years ;	37%	55%
more than twenty years.	40%	60% "

32. Consequential amendments to certain sections.—The following amendments (being amendments of a consequential nature) shall be made in the Income-tax Act with effect from the 1st day of April, 1983, namely :—

(i) in sub-section (1) of section 45, for the figures, letters and word "54D and 54E", the figures, letters and word "54D, 54E and 54F" shall be substituted ;

(ii) in sub-section (3) of section 80A, after the words, figures and letters "or section 80HHA", the words, figures and letters "or section 80HHB" shall be inserted ;

(iii) in sub-section (3) of section 80P,—

(a) after the words, figures and letters "or section 80HHA", the words, figures and letters "or section 80HHB" shall be inserted ;

(b) after the word, figures and letters "section 80HHA," the word, figures and letters "section 80HHB," shall be inserted.

Wealth-tax

33. Amendment of section 2.—In the Wealth-tax Act, 1957 (27 of 1957) (hereinafter referred to as the Wealth-tax Act), in section 2, in clause (c), in sub-clause (2), with effect from the 1st day of April, 1983,—

(a) in the first proviso, for the words "or any subsequent assessment year", the words, figures and letters "and the assessment year commencing on the 1st day of April, 1982" shall be substituted ;

(b) in the second proviso, for the words "Provided further that", the words "Provided also that" shall be substituted, and before the second proviso as so amended, the following proviso shall be inserted, namely:—

'Provided further that in relation to the assessment year commencing on the 1st day of April, 1983, or any subsequent assessment year, this sub-clause shall have effect subject to the modification that for item (i) thereof, the following item shall be substituted, namely:—

"(i) (a) agricultural land and growing crops (including fruits on trees), grass or standing trees on such land ;

(b) one building or one group of buildings owned or occupied by a cultivator of, or receiver of rent or revenue out of, agricultural land:

Provided that such building or group of buildings is on or in the immediate vicinity of the land and is a building which the cultivator or the receiver of rent or revenue by reason of his connection with the land requires as store-house or for keeping livestock ;

(c) animals ; " : ' .

34. Amendment of section 5.—In section 5 of the Wealth-tax Act, with effect from the 1st day of April, 1983,—

(a) in sub-section (1),—

(i) clauses (iva) and (ivb) shall be omitted ;

(ii) in clause (viii), in the second proviso, for the words " thirty thousand rupees ", the words " seventy-five thousand rupees " shall be substituted ;

(iii) clauses (viiia) and (viiib) shall be omitted ;

(iv) in clause (x), for the words " twenty thousand rupees ", the words " fifty thousand rupees " shall be substituted ;

(v) after clause (xvib), the following clauses shall be inserted, namely:—

'(xvic) in the case of an individual, being a citizen of India or a person of Indian origin, who is not resident in India, any such savings certificates issued by the Central Government as that Government may, by notification in the Official Gazette, specify in this behalf :

Provided that the individual has subscribed to such certificates in foreign currency or other foreign exchange remitted from a country outside India in accordance with the provisions of the Foreign Exchange Regulation Act, 1973 (46 of 1973), and any rules made thereunder.

Explanation.—For the purposes of this clause,—

(a) a person shall be deemed to be of Indian origin if he or either of his parents or any of his grandparents was born in undivided India ;

(b) " foreign currency " and " foreign exchange " have the meanings respectively assigned to them in the Foreign Exchange Regulation Act, 1973 (46 of 1973) ;

(xvid) such Capital Investment Bonds as the Central Government may, by notification in the Official Gazette, specify in this behalf ; ' ;

(b) in sub-section (1A),—

(i) for the words, brackets, figures and letter “in clauses (iv-a), (xv)”, the words, brackets and figures “in clauses (xv)” shall be substituted;

(ii) for the words “one hundred and fifty thousand rupees”, at both the places where they occur, the words “one hundred and sixty-five thousand rupees” shall be substituted.

35. Amendment of section 6.—In section 6 of the Wealth-tax Act, after *Explanation 1*, the following *Explanation* shall be inserted, namely:—

“*Explanation 1A.*—Where in the case of an individual the value of an asset in India is represented by any debt owing to him, being any moneys to his credit in a Non-resident (External) Account, the interest payable on which is not to be included in his total income under clause (4A) of section 10 of the Income-tax Act, the provisions of this section shall, in relation to such asset, apply subject to the modification that the reference in this section to an individual not resident in India shall be construed as a reference to a person resident outside India as defined in clause (g) of section 2 of the Foreign Exchange Regulation Act, 1973 (46 of 1973).”

36. Amendment of section 22B.—In section 22B of the Wealth-tax Act, after sub-section (2), the following sub-section shall be inserted, namely:—

“(2A) Notwithstanding anything contained in sub-section (2), when the post of one of the other members of the Settlement Commission is vacant for any reason, the Chairman and the other member of the Settlement Commission may function as, and exercise and discharge the powers and functions of, the Settlement Commission under this Chapter:

Provided that if in any case the Chairman and member so functioning differ on any point or points, they shall state the point or points on which they differ and refer the same, as soon as may be after the said vacancy is filled, to the member appointed to fill the vacancy for hearing on such point or points and such point or points shall be decided according to his opinion.”

37. Amendment of section 22D.—In section 22D of the Wealth-tax Act, in sub-section (5), for the words “The materials brought on record”, the words, brackets, figures and letters “Subject to the provisions of sub-section (2A) of section 22B, the materials brought on record” shall be substituted.

Gift-tax

38. Amendment of section 5.—In section 5 of the Gift-tax Act, 1958 (18 of 1958) (hereinafter referred to as the Gift-tax Act), in sub-section (1), with effect from the 1st day of April, 1983,—

(a) after clause (iia), the following clauses shall be inserted, namely:—

‘(iib) being a person resident outside India, out of the moneys standing to his credit in a Non-resident (External) Account in any bank in India in accordance with the provisions of the Foreign Exchange Regulation Act, 1973 (46 of 1973), and any rules made thereunder.

Explanation.—For the purposes of this clause, “person resident outside India” has the meaning assigned to it in clause (q) of section 2 of the Foreign Exchange Regulation Act, 1973 (46 of 1973);

(iic) being a citizen of India, or a person of Indian origin, who is not resident in India, to any relative of such person in India, of foreign currency or other foreign exchange remitted from a country outside India in accordance with the provisions of the Foreign Exchange Regulation Act, 1973 (46 of 1973), and any rules made thereunder.

Explanation.—For the purposes of this clause,—

(a) a person shall be deemed to be of Indian origin if he or either of his parents or any of his grandparents was born in undivided India;

(b) “foreign currency” and “foreign exchange” have the meanings respectively assigned to them in the Foreign Exchange Regulation Act, 1973 (46 of 1973);

(c) “relative” has the meaning assigned to it in clause (41) of section 2 of the Income-tax Act;

(iid) being a citizen of India or a person of Indian origin, who is not resident in India, to any relative of such person in India of property in the form of savings certificates issued by the Central Government, which that Government may, by notification in the Official Gazette, specify in this behalf:

Provided that such person has subscribed to such certificates in foreign currency or other foreign exchange remitted from a country outside India in accordance with the provisions of the Foreign Exchange Regulation Act, 1973 (46 of 1973), and any rules made thereunder.

Explanation.—For the purposes of this clause,—

(a) a person shall be deemed to be of Indian origin if he or either of his parents or any of his grandparents was born in undivided India;

(b) “foreign currency” and “foreign exchange” have the meanings respectively assigned to them in the Foreign Exchange Regulation Act, 1973 (46 of 1973);

(c) “relative” has the meaning assigned to it in clause (41) of section 2 of the Income-tax Act;’;

(b) after clause (iiib), the following clause shall be inserted, namely:—

“(iiic) of property in the form of such Capital Investment Bonds as the Central Government may, by notification in the Official Gazette, specify in this behalf subject to a maximum of rupees ten lakhs in value in the aggregate in one or more previous years:

Provided that the exemption conferred by this clause shall be available only to a person who has initially subscribed to the said Bonds;”.

39. Substitution of new section for section 18A.—In the Gift-tax Act, for section 18A, the following section shall be substituted with effect from the 1st day of April, 1983, namely:—

"18A. Credit for stamp duty paid on instrument of gift.—Where any stamp duty has been paid under any law relating to stamp duty in force in any State on an instrument of gift of property, the assessee shall be entitled to a deduction from the gift-tax payable by him of an amount equal to the stamp duty so paid or one-half of the gift-tax payable, before making the deduction under this section, whichever is less."

Interest-tax

40. Amendment of Act 45 of 1974.—In section 2 of the Interest-tax Act, 1974, in clause (7), after sub-clause (iii), the following sub-clauses shall be inserted with effect from the 1st day of April, 1983, namely:—

"(iv) interest on any deferred credit (that is to say, credit on the terms that the payment is to be deferred) sanctioned by a scheduled bank in connection with the export of capital plant and machinery outside India;

(v) interest on any loan in foreign currency sanctioned by any corporation or bank referred to in sub-clause (a) or sub-clause (b) or sub-clause (c) or sub-clause (d) of clause (9) for the import of capital plant and machinery from a country outside India;"

Hotel-Receipts tax

41. Amendment of section 6.—In section 6 of the Hotel-Receipts Tax Act, 1980 (54 of 1980) (hereinafter referred to as the Hotel-Receipts Tax Act), in sub-section (1), after the words "including such charges from persons not provided with such accommodation", the words and figures "but excluding such charges from persons within the purview of the Vienna Convention on Diplomatic Relations, 1961 or the Vienna Convention on Consular Relations, 1963" shall be inserted and shall be deemed always to have been inserted.

42. Amendment of section 7.—In section 7 of the Hotel-Receipts Tax Act, in sub-section (2), after the words "the end of the month in which this Act comes into force", the words, figures and letters "or after the 27th day of February, 1982" shall be inserted.

Provided that such packet shall not be delivered at any addressee's residence but shall be given to a recognised agent at the Post Office."

55. Amendment of Act 47 of 1961.—In section 30 of the Deposit Insurance and Credit Guarantee Corporation Act, 1961, in sub-section (2), for the words "and for four accounting years following that year", the words "for that accounting year and for eight accounting years following that year" shall be substituted.

56. Amendment of Act 52 of 1963.—In section 32 of the Unit Trust of India Act, 1963, in sub-section (1), with effect from the 1st day of April, 1983,—

(a) in clause (b), for the words "two thousand rupees", the words "three thousand rupees" shall be substituted;

(b) in clause (ba), for the words "twenty-five thousand rupees", the words "thirty-five thousand rupees" shall be substituted.

57. Bank of Bhutan to be exempt from liability to pay income-tax on certain income.—Notwithstanding anything contained in the Income-tax Act, the Bank of Bhutan constituted under the Royal Charter of the Bank of Bhutan, 1968, shall not be liable to pay any income-tax on the interest accruing during the period commencing on the 1st day of January, 1972, and ending with the 31st day of December, 1986, on the deposits made by that bank with the State Bank of India constituted under the State Bank of India Act, 1955 (23 of 1955).

*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 43, 44, 45, 46, 47, 49, 50, 51, 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 Nil;
does not exceed Rs. 15,000

(2) where the total income exceeds Rs. 15,000 but does not exceed Rs. 25,000

(3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000

(4) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000

(5) where the total income exceeds Rs. 50,000 but does not exceed Rs. 70,000

(6) where the total income exceeds Rs. 70,000 but does not exceed Rs. 1,00,000

(7) where the total income exceeds Rs. 1,00,000

30 per cent. of the amount by which the total income exceeds Rs. 15,000 ;

Rs. 3,000 *plus* 34 per cent. of the amount by which the total income exceeds Rs. 25,000 ;

Rs. 4,700 *plus* 40 per cent. of the amount by which the total income exceeds Rs. 30,000 ;

Rs. 12,700 *plus* 50 per cent. of the amount by which the total income exceeds Rs. 50,000 ;

Rs. 22,700 *plus* 55 per cent. of the amount by which the total income exceeds Rs. 70,000 ;

Rs. 39,200 *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 ten 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, 1982, 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 ten 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 ten 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 ten 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 ten 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 at the rate hereinbefore specified shall be increased by a surcharge for purposes of the Union calculated at the rate of ten 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,—

(i) in a case where the total income does not exceed Rs. 1,00,000 45 per cent. of the total income ;

(ii) in a case where the total income exceeds Rs. 1,00,000 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,—

(a) where the total income does not exceed Rs. 2,00,000 55 per cent. of the total income ;

(b) where the total income exceeds Rs. 2,00,000 60 per cent. of the total income ;

(ii) in any other case 65 per cent. of the total income :

Provided that—

(i) the income-tax payable by a domestic company, being a company in which the public are substantially interested, the total income of which exceeds Rs. 1,00,000, shall not exceed the aggregate of—

(a) the income-tax which would have been payable by the company if its total income had been Rs. 1,00,000 (the income of Rs. 1,00,000 for this purpose being computed as if such income included income from various sources in the same proportion as the total income of the company) ; and

(b) eighty per cent. of the amount by which its total income exceeds Rs. 1,00,000 ;

(ii) the income-tax payable by a domestic company, not being a company in which the public are substantially interested, which is an industrial company and the total income of which exceeds Rs. 2,00,000, shall not exceed the aggregate of—

(a) the income-tax which would have been payable by the company if its total income had been Rs. 2,00,000 (the income of Rs. 2,00,000 for this purpose being computed as if such income included income from various sources in the same proportion as the total income of the company); and

(b) eighty per cent. of the amount by which its total income exceeds Rs. 2,00,000.

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 an Indian concern in pursuance of an agreement made by it with 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 an Indian concern in pursuance of an agreement made by it with 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 two and a half per cent. of such of 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

I. In the case of a person other than a company—

	Income-tax	
	Rate of income-tax	Rate surcharge
(a) where the person is resident in India—		
(i) on income by way of interest other than “Interest on securities”	10 per cent.	<i>Nil</i> ;
(ii) on income by way of winnings from lotteries and cross-word puzzles	30 per cent.	3 per cent. ;
(iii) on income by way of winnings from horse races	30 per cent.	3 per cent. ;
(iv) on income by way of insurance commission	10 per cent.	<i>Nil</i> ;
(v) on income by way of interest payable on	10 per cent.	<i>Nil</i> ;
(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 in 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 per cent. ;
(b) where the person is not resident in India—		
(i) on the whole income (excluding interest payable on a tax-free security)	income-tax at 30 per cent. and surcharge at 3 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 Sub-Paragraph I of Paragraph A	

Income-tax		
	Rate of income-tax	Rate of surcharge
	of Part III of this Schedule, if such income had been the total income, whichever is higher ;	
(ii) on income by way interest payable on a tax-free secu- rity	15 per cent.	1·5 per cent.
2. In the case of a company—		
(a) where the company is a domestic company—		
(i) on income by way of interest other than “Interest on securities”	20 per cent.	0·5 per cent. ;
(ii) on any other income (excluding interest payable on a tax- free security)	21·5 per cent.	0·5 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 royalty payable by an Indian con- cern in pursuance of an agreement made by it with the Indian concern after the 31st day of March, 1976, where such royalty is in considera- tion 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 ;
(iii) on income by way of royalty [not being royalty of the nature referred to in sub-item (b) (ii)] payable by an Indian concern in pursuance of an agreement made by it with the Indian concern and which has been approved by the Central Government.—		

Income-tax

	Rate of income-tax	Rate of surcharge
(A) where the agreement is made after the 31st day of March, 1961, but before the 1st day of April, 1976	50 per cent.	1·25 per cent. ;
(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.	<i>Nil</i> ;
(2) on the balance, if any, of such income	40 per cent.	<i>Nil</i> ;
(iv) on income by way of fees for technical services payable by an Indian concern in pursuance of an agreement made by it with 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.	1·25 per cent. ;
(B) where the agreement is made after the 31st day of March, 1976	40 per cent.	<i>Nil</i> ;
(v) on income by way of interest payable on a tax-free security	44 per cent.	1·1 per cent. ;
(vi) on any other income	70 per cent.	1·75 per cent.

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 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	<i>Nil</i> ;
(2) where the total income exceeds Rs. 15,000 but does not exceed Rs. 25,000	30 per cent. of the amount by which the total income exceeds Rs. 15,000 ;
(3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000	Rs. 3,000 <i>plus</i> 34 per cent. of the amount by which the total income exceeds Rs. 25,000 ;
(4) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000	Rs. 4,700 <i>plus</i> 40 per cent. of the amount by which the total income exceeds Rs. 30,000 ;
(5) where the total income exceeds Rs. 50,000 but does not exceed Rs. 60,000	Rs. 12,700 <i>plus</i> 50 per cent. of the amount by which the total income exceeds Rs. 50,000 ;
(6) where the total income exceeds Rs. 60,000 but does not exceed Rs. 70,000	Rs. 17,700 <i>plus</i> 52·5 per cent. of the amount by which the total income exceeds Rs. 60,000 ;
(7) where the total income exceeds Rs. 70,000 but does not exceed Rs. 85,000	Rs. 22,950 <i>plus</i> 55 per cent. of the amount by which the total income exceeds Rs. 70,000 ;
(8) where the total income exceeds Rs. 85,000 but does not exceed Rs. 1,00,000	Rs. 31,200 <i>plus</i> 57·5 per cent. of the amount by which the total income exceeds Rs. 85,000 ;

(9) where the total income exceeds Rs. 1,00,000

Rs. 39,825 *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 ten 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, 1983 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 ten 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 <i>plus</i> 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 <i>plus</i> 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 ten 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 | <i>Nil</i> ; |
| (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 <i>plus</i> 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 <i>plus</i> 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 <i>plus</i> 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 ten 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 <i>plus</i> 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 <i>plus</i> 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 <i>plus</i> 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 ten 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 at the rate hereinbefore specified shall be increased by a surcharge for purposes of the Union calculated at the rate of ten 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,—

(i) in a case where the total income does not exceed Rs. 1,00,000

45 per cent. of the total income ;

(ii) in a case where the total income exceeds Rs. 1,00,000

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,—

(a) where the total income does not exceed Rs. 2,00,000

55 per cent. of the total income ;

(b) where the total income exceeds Rs. 2,00,000

60 per cent. of the total income ;

(ii) in any other case

65 per cent. of the total income :

Provided that—

(i) the income-tax payable by a domestic company, being a company in which the public are substantially interested, the total income of which exceeds Rs. 1,00,000, shall not exceed the aggregate of—

(a) the income-tax which would have been payable by the company if its total income had been Rs. 1,00,000 (the income of Rs. 1,00,000 for this purpose being computed as if such income included income from various sources in the same proportion as the total income of the company); and

(b) eighty per cent. of the amount by which its total income exceeds Rs. 1,00,000 ;

(ii) the income-tax payable by a domestic company, not being a company in which the public are substantially interested, which is an industrial company and the total income of which exceeds Rs. 2,00,000, shall not exceed the aggregate of—

(a) the income-tax which would have been payable by the company if its total income had been Rs. 2,00,000 (the income of Rs. 2,00,000 for this purpose being computed as if such income included income from various sources in the same proportion as the total income of the company); and

(b) eighty per cent. of the amount by which its total income exceeds Rs. 2,00,000.

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 an Indian concern in pursuance of an agreement made by it with the Indian concern

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 an Indian concern in pursuance of an agreement made by it with 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 two and a half per cent. of such income-tax.

PART IV

[See section 2(7)(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 VIA" 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, 1982, 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, 1974, or the 1st day of April, 1975, or 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, 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, 1974, 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, 1975, or 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,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1975, 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, 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,

(iii) 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,

(iv) 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,

(v) 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 from 1st day of April, 1979, or the 1st day of April, 1980, or the 1st day of April, 1981,

(vi) 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,

(vii) 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, and

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1981,

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, 1982.

(2) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1983, 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 or more of the previous years relevant to the assessment years commencing on the 1st day of April, 1974, or the 1st day of April, 1975, or 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, 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, 1974, 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, 1975, or 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,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1975, 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, 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,

(iii) 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,

(iv) 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,

(v) 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,

(vi) 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,

(vii) 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,

(viii) 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, and

(ix) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1982,

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, 1983, 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, 1974 (20 of 1974), or of the First Schedule to the Finance Act, 1975 (25 of 1975), or 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), 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 1982-83. The Notes on Clauses explain the various provisions contained in the Bill.

NEW DELHI :

PRANAB MUKHERJEE.

The 27th February, 1982.

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

[Copy of letter No. F. 3(1)-B(D)/82 dated the 27th February, 1982, from Shri Pranab Mukherjee, Minister of Finance, to the Secretary, Lok Sabha.]

The President, having been informed of the subject-matter of the proposed Bill, recommends under clause (1) of article 117, read with clause (1) of article 274, of the Constitution of India, the introduction of the Finance Bill, 1982 to the Lok Sabha.

2. The Bill will be introduced in the Lok Sabha immediately after the presentation of the Budget on the 27th February, 1982.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Sub-clause (c) of clause 4 of the Bill seeks to insert a new clause (10AA) in section 10 of the Income-tax Act. This new clause seeks to provide for exemption from income-tax of the cash equivalent of leave salary payable to an employee of the Central Government or the State Government in respect of the earned leave at his credit at the time of his retirement on superannuation or otherwise. Sub-clause (ii) of clause (10AA) seeks to provide for exemption in respect of cash equivalent of earned leave to the credit of an employee other than an employee of the Central Government or the State Government subject to the maximum of six months' salary on the basis of average salary drawn by the employee during the ten months preceding his retirement on superannuation or otherwise or 25,500, whichever is less. The Central Government has been empowered to increase the limit of exemption of Rs. 25,500 to a higher amount by notification in the Official Gazette having regard to the maximum amount of exemption in the case of Government servants.

Clause 9 seeks to insert a new section 35CCB in the Income-tax Act. The new section provides for the deduction of an expenditure incurred by an assessee engaged in a business or profession by way of payment of any sum to an association or institution having the object of undertaking any programmes of conservation of natural resources to be used for the purposes of carrying out such programmes. The deduction will be available only in cases where such associations or institutions and such programmes of conservation of natural resources are approved by the authority prescribed in that behalf by rules made under section 295 of the Income-tax Act.

Clause 18 of the Bill seeks to insert a new section 80HHB in the Income-tax Act. The new section provides for deduction of 25% of profits and gains derived by an Indian company or a non-corporate assessee resident in India from the business of execution of projects undertaken by it and forming part of the foreign project undertaken in pursuance of a contract with the Government of a foreign State, any statutory or public authority or agency in the foreign State or a foreign enterprise. Under sub-section (3) of that section, no deduction shall be allowed in respect of such profits and gains unless the assessee, other than a company or a co-operative society, furnishes along with the return of income for the assessment year for which the deduction is claimed, a report of audit of the accounts relating to the project in the form to be prescribed by rules duly signed and verified by an accountant as defined in the *Explanation* below sub-section (2) of section 288.

Clause 22 of the Bill seeks to insert a new section 89A in the Income-tax Act relating to tax relief in relation to export turnover. The new section 89A provides that where the export turnover of an Indian company or other non-corporate assessee resident in India during the relevant assessment year exceeds the export turnover of the corresponding base year by more than ten per cent., he will be entitled to deduction from the amount of income-tax payable by him for that assessment year of the amount specified in sub-section (3). Sub-section (3) of the new section provides that the goods or merchandise and the rate at which the amount of deduction under sub-section (1) will be calculated will be specified by the Central Government by notification in the Official Gazette. Further, under sub-section (5) of the new section, the amount of such deduction for any assessment year shall not exceed ten per cent. of the amount of income-tax otherwise payable by the assessee for that year on the amount of profits and gains derived from the export of such goods or merchandise and such amount of profits and gains shall be computed in accordance with the rules to be made under section 295 of the Act.

Clause 24 of the Bill seeks to insert a new clause (iiia) in the proviso to section 193 of the Income-tax Act. The proposed amendment seeks to provide that no tax will be deducted at source from any interest payable on such securities of the Central Government or a State Government to such class of persons and subject to such conditions as may be specified in this behalf by the Central Government by notification in the Official Gazette.

Clause 26 of the Bill seeks to insert a new section 197A in the Income-tax Act. Sub-section (1) of the new section provides that no deduction of income-tax will be made from income from interest on securities, dividends or interest other than interest on securities in the case of a resident individual if he furnishes a declaration in writing in duplicate in the form to be prescribed by rules and verified in the manner to be prescribed by rules to the payer of such income to the effect that his estimated total income of the previous year in which such income is to be included for computing his total income will not exceed the exemption limit.

Clause 48 of the Bill seeks to amend section 37 of the Central Excises and Salt Act, so as to empower the Central Government to make rules for providing incentives for increased production or manufacture of excisable goods by way of remission of, or any concession with respect to, duty of excise payable thereon.

The delegation of legislative power under the aforementioned 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.
