

FINANCE BILL, 1973

(Bill No. 5 of 1973)

(As introduced in the Lok Sabha on February 28, 1973.)

A Bill to give effect to the financial proposals of the Central Government for the financial year 1973-74.

BE it enacted by Parliament in the Twenty-fourth 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, 1973.

(2) Save as otherwise provided in this Act, sections 2 to 23 shall be deemed to have come into force on the 1st day of April, 1973.

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, 1973, 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 and D of that Part apply, by a surcharge for purposes of the Union ;

(b) in the cases to which Paragraph C of that Part applies, by a surcharge for purposes of the Union and a special surcharge for purposes of the Union ; and

(c) in the cases to which Paragraphs E and F of that Part apply, by a surcharge,

calculated in each case in the manner provided therein.

(2) In making any assessment for the assessment year commencing on the 1st day of April, 1973, where the total income of a company, other than the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956 (31 of 1956), includes any profits and gains from life insurance business, the income-tax payable by it shall be the aggregate of the income-tax calculated—

(i) on the amount of profits and gains from life insurance business so included, at the rate applicable in the case of the Life Insurance Corporation of India, in accordance with Paragraph E of Part I of the First Schedule, to that part of its total income which consists of profits and gains from life insurance business; and

(ii) on the remaining part of its total income, at the rate applicable to the company on its total income.

(3) In cases to which Chapter XII or section 164 of the Income-tax Act, 1961 (43 of 1961) (hereinafter referred to as the Income-tax Act) applies, 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, 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 respect of any income chargeable to tax under section 164 of the Income-tax Act at the rate of sixty-five per cent., "advance tax" shall be computed at that rate.

(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, in addition to total income, and the total income exceeds five 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 the first five 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 ;

(ii) the net agricultural income shall be increased by a sum of five 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 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 ;

(iii) the amount by which income-tax or, as the case may be, "advance tax" determined in accordance with sub-clause (i) exceeds the amount of income-tax or "advance tax" determined in accordance with sub-clause (ii) shall be the income-tax or "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, 1973, 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 the 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 and 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 2.—In section 2 of the Income-tax Act,—

(a) in clause (37A), in sub-clause (ii), after the figures and letter “194B”, the figures and letter “194D” shall be inserted;

(b) in clause (42A), for the portion beginning with the words “short-term capital asset” means a capital asset’ and ending with the words “notwithstanding that such capital asset has been held by the assessee for not more than twenty-four months immediately preceding the date of its transfer.”, the following shall be substituted with effect from the 1st day of April, 1974, namely :—

“short-term capital asset” means a capital asset held by an assessee for not more than sixty months immediately preceding the date of its transfer.’

4. Amendment of section 28.—In section 28 of the Income-tax Act, in clause (ii), after sub-clause (c), the following sub-clause shall be inserted, and shall be deemed to have been inserted, with effect from the 1st day of April, 1972, namely :—

“(d) any person, for or in connection with the vesting in the Government, or in any Corporation owned or controlled by the Government, under any law for the time being in force, of the management of any property or business;”.

5. Amendment of section 35B.—In section 35B of the Income-tax Act, in sub-section (1),—

(a) the *Explanation* shall be numbered, and shall be deemed to have been numbered, as *Explanation 1*, with effect from the 1st day of April, 1968; and

(b) after *Explanation 1* as so numbered, the following *Explanation* shall be inserted, and shall be deemed to have been inserted, with effect from the 1st day of April, 1968, namely :—

“*Explanation 2.*—For the purposes of sub-clause (iii) and sub-clause (viii) of clause (b), expenditure incurred by an assessee engaged in the business of—

(i) operation of any ship or other vessel, aircraft or vehicle, or

(ii) carriage of, or making arrangements for carriage of, passengers, livestock, mail or goods,

on or in relation to such operation or carriage or arrangements for carriage (including in each case expenditure incurred on the provision of any benefit, amenity or facility to the crew, passengers or livestock) shall not be regarded as expenditure incurred by the assessee on the supply outside India of services or facilities.”.

6. Amendment of section 45.—In section 45 of the Income-tax Act as amended by section 8 of the Finance Act, 1972 (16 of 1972), for the words, figures and letters “sections 53, 54, 54B and 54C”, the words, figures and letter “sections 53, 54, 54B, 54C and 54D” shall be substituted with effect from the 1st day of April, 1974.

7. Insertion of new section 54D.—After section 54C (inserted by section 9 of the Finance Act, 1972 (16 of 1972), of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 1974, namely :—

“54D. *Capital gain on compulsory acquisition of lands and buildings not to be charged in certain cases.*—Where the capital gain arises from the transfer by way of compulsory acquisition under any law of a capital asset, being land or building or any right in land or building, forming part of an industrial undertaking, belonging to the assessee which, in the two years immediately preceding the date on which the transfer took place, was being used by the assessee for the purposes of the business of the said undertaking, and the assessee has within a period of three years after that date purchased any other land or building or any right in any other land or building or constructed any other building for the purposes of shifting or re-establishing the said undertaking or setting up another industrial undertaking, then, instead of the capital gain being charged to income-tax as the income of the previous year in which the transfer took place, it shall be dealt with in accordance with the following provisions of this section, that is to say,—

(i) if the amount of the capital gain is greater than the cost of the land, building or right so purchased or the building so constructed (such land, building or right being hereafter in this section referred to as the new asset), the difference between the amount of the capital gain and the cost of the new asset shall be charged under section 45 as the income of the previous year; and for the purpose of computing in respect of the new asset any capital gain arising from its transfer within a period of three years of its purchase or construction, as the case may be, the cost shall be *nil*; or

(ii) if the amount of the capital gain is equal to or less than the cost of the new asset, the capital gain shall not be charged under section 45; and for the purpose of computing in respect of the new asset any capital gain arising from its transfer within a period of three years of its purchase or construction, as the case may be, the cost shall be reduced by the amount of the capital gain.”.

8. Amendment of section 80C.—In section 80C of the Income-tax Act, with effect from the 1st day of April, 1974,—

(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. 2,000	The whole of such aggregate ;
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(b) where such aggregate exceeds Rs. 2,000 but does not exceed Rs. 5,000	Rs. 2,000 <i>plus</i> 50 per cent. of the amount by which such aggregate exceeds Rs. 2,000 ;
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(c) where such aggregate exceeds Rs. 5,000	Rs. 3,500 <i>plus</i> 40 per cent. of the amount by which such aggregate exceeds Rs. 5,000.” ;
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(b) in sub-section (2),—

(i) for sub-clause (ii) of clause (a), the following sub-clause shall be substituted, namely :—

“(ii) to effect or to keep in force a contract for a deferred annuity on the life of the assessee or on the life of the wife or husband or any child of the assessee :

Provided that such contract does not contain a provision for the exercise by the insured of an option to receive a cash payment in lieu of the payment of the annuity ;” ;

(ii) in sub-clause (g), for sub-item (2) of item (i), the following sub-item shall be substituted, namely :—

“(2) to effect or to keep in force a contract for a deferred annuity on the life of any member of such association or body or any child of any of the members of such association or body :

Provided that such contract does not contain a provision for the exercise by the insured of an option to receive a cash payment in lieu of the payment of the annuity ; or ”.

9. Amendment of section 80G.—In section 80G of the Income-tax Act, with effect from the 1st day of April, 1974,—

(a) in sub-section (5),—

(i) in clause (i), after the words, brackets, figures and letter “or clause (22A)”, the words, brackets and figures “or clause (23)” shall be inserted ;

(ii) in clause (v), after the words “or affiliated to any University established by law”, the following words, brackets and figures shall be inserted, namely :—

“, or is an institution approved by the Central Government for the purposes of clause (23) of section 10,” ;

(b) after *Explanation 3* below sub-section (5), the following *Explanation* shall be inserted, namely :—

“*Explanation 4.*—For the purposes of this section, an association approved by the Central Government for the purposes of clause (23) of section 10 shall also be deemed to be an institution, and every association or institution approved by the Central Government for the purposes of the said clause shall be deemed to be an institution established in India for a charitable purpose.”.

10. Amendment of section 80J.—In section 80J of the Income-tax Act, clause (c) of sub-section (6) shall be omitted with effect from the 1st day of April, 1974.

11. Amendment of section 80S.—In section 80S of the Income-tax Act, for the words, brackets and figures “provisions of clause (ii) of section 28,” the words, brackets, letters and figures “provisions of sub-clause (a) or sub-clause (b) or sub-clause (c) of clause (ii) of section 28,” shall be substituted, and shall be deemed to have been substituted, with effect from the 1st day of April, 1972.

12. Amendment of section 104.—In section 104 of the Income-tax Act, with effect from the 1st day of April, 1974,—

(a) in sub-section (1), after the words “the amount of dividends actually distributed, if any”, the words “within the said period of twelve months” shall be inserted ;

(b) in sub-section (2), in clauses (i) and (ii), after the words “the payment of a dividend or a larger dividend than that declared”, the words, brackets and figure “within the period of twelve months referred to in sub-section (1)” shall be inserted,

13. Amendment of section 105.—In section 105 of the Income-tax Act, in sub-section (I), with effect from the 1st day of April, 1974,—

(a) in clause (i), after the words “has distributed”, the words, brackets and figures “, within the period of twelve months referred to in sub-section (I) of section 104,” shall be inserted;

(b) in clause (ii), after the words “whose distribution”, the words, brackets and figures “, within the period of twelve months referred to in sub-section (I) of section 104,” shall be inserted;

(c) in clause (iii), after the words “has distributed”, the words, brackets and figures “, within the period of twelve months referred to in sub-section (I) of section 104,” shall be inserted;

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

‘*Explanation.*—For the purposes of clause (iv) of this sub-section, “the sum distributed as dividends” means,—

(a) where in relation to the assessment made under section 143 or section 144, any further distribution of dividends was made by the company in pursuance of a notice under this sub-section, the aggregate of the following sums, namely:—

(i) the sum distributed as dividends within the period of twelve months referred to in sub-section (1) of section 104, and

(ii) the sum distributed as dividends within the period of three months from the receipt of the said notice;

(b) where an order under section 107A has been made by the Board in relation to the assessment made under section 143 or section 144, the sum distributed as dividends within the period determined by the Board under the provisions of sub-section (4) of section 107A;

(c) in any other case, the sum distributed as dividends within the period of twelve months referred to in sub-section (I) of section 104.”.

14. Amendment of section 112A.—In section 112A of the Income-tax Act, in clause (b), for the words, brackets and figures “clause (ii) of section 28”, the words, brackets, letters and figures “sub-clause (a) or sub-clause (b) or sub-clause (c) of clause (ii) of section 28” shall be substituted, and shall be deemed to have been substituted, with effect from the 1st day of April, 1972.

15. Amendment of section 155.—In section 155 of the Income-tax Act,—

(a) after sub-section (8), the following sub-section shall be inserted, and shall be deemed to have been inserted, with effect from the 1st day of April, 1970, namely:—

“(9) 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 54B is charged to tax and within a period of two years after the date of the transfer the assessee purchases any other land for being used for agricultural purposes, 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 section 54B 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.”;

(b) after sub-section (9) as so inserted, the following sub-section shall be inserted, with effect from the 1st day of April, 1974, namely:—

“(10) Where in the assessment for any year, a capital gain arising from the transfer by way of compulsory acquisition of any such capital asset as is referred to in section 54D is charged to tax and within a period of three years after the date of the transfer, the assessee purchases any other land or building or any right in any other land or building or constructs any other building for the purposes of shifting or re-establishing the industrial undertaking referred to in that section or setting up another industrial undertaking, 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 section 54D, 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.”.

16. Amendment of section 194C.—In section 194C of the Income-tax Act,—

(a) in sub-section (1),—

(i) in clause (d), for the word “company,”, the words “company ; or ” shall be substituted ;

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

“ (e) any co-operative society,” ;

(b) in sub-section (3),—

(i) in clause (ii), for the word and figures “ June, 1972.”, the words and figures “ June, 1972 ; or ” shall be substituted ;

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

“(iii) any sum credited or paid before the 1st day of June, 1973, in pursuance of a contract between the contractor and a co-operative society or in pursuance of a contract between such contractor and the sub-contractor in relation to any work (including supply of labour for carrying out any work) undertaken by the contractor for the co-operative society.”.

17. Insertion of new section 194D.—After section 194C of the Income-tax Act, the following section shall be inserted, namely :—

“ 194D. *Insurance commission.*—Any person responsible for paying to a resident any income by way of 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) shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rates in force :

Provided that no deduction shall be made under this section from any such income credited or paid before the 1st day of June, 1973.”.

18. Amendment of section 197.—In section 197 of the Income-tax Act, in clause (a) of sub-section (1), after the figures and letter “ 194B ”, the figures and letter “,194D ” shall be inserted.

19. Amendment of sections 198, 199, 200, 202, 203, 204, 205, 209 and 215.—In sections 198, 199, 200, 202, 203, 204 and 205, in sub-clause (iii) of clause (a) of section 209, and in sub-section (5) of section 215, of the Income-tax Act, after the word, figures and letter “section 194C”, the word, figures and letter “,section 194D ” shall be inserted.

Wealth-tax

20. Amendment of Act 27 of 1957.—In the Schedule to the Wealth-tax Act, 1957, in Paragraph A of Part I, with effect from the 1st day of April, 1974,—

(a) in item (I), for the words “In the case of every individual or Hindu undivided family—”, the words, brackets, figure and letter “In the case of every individual or Hindu undivided family, not being a Hindu undivided family to which item (1A) of this Paragraph applies—” shall be substituted ;

(b) after item (I), the following item shall be inserted, namely :—

“(1A) In the case of every Hindu undivided family which has at least one member whose net wealth assessable for the assessment year exceeds Rs. 1,00,000—

Rate of tax

(a) where the net wealth does not exceed Rs. 5,00,000

2 per cent. of the net wealth ;

(b) where the net wealth exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000

Rs. 10,000 *plus* 3 per cent. of the amount by which the net wealth exceeds Rs. 5,00,000 ;

(c) where the net wealth exceeds Rs. 10,00,000

Rs. 25,000 *plus* 8 per cent. of the amount by which the net wealth exceeds Rs. 10,00,000 :

Provided that for the purposes of this item,—

(i) no wealth-tax shall be payable where the net wealth does not exceed Rs. 2,00,000 ;

(ii) the wealth-tax payable shall, in no case, exceed 10 per cent. of the amount by which the net wealth exceeds Rs. 2,00,000. ”.

Gift-tax

21. Amendment of Act 18 of 1958.—In section 5 of the Gift-tax Act, 1958, in clause (v) of sub-section (I), after the words “fund established”, the words “or deemed to be established” shall be inserted with effect from the 1st day of April, 1974.

Surtax

22. Amendment of Act 7 of 1964.—In the Companies (Profits) Surtax Act, 1964, with effect from the 1st day of April, 1974,—

(a) in the First Schedule, in clause (i) of rule 3, for the words “its debentures”, the words, brackets and figures “the debentures referred to in clause (iv),” shall be substituted ;

(b) in the Second Schedule,—

(i) in rule 1, for clause (iv), the following clause shall be substituted, namely :—

“(iv) the debentures, if any, issued by it to the public :

Provided that according to the terms and conditions of issue of such debentures, they are not redeemable before the expiry of a period of seven years from the date of issue thereof ; and ” ;

(ii) in rule 3, for the words, brackets and figures “issue of debentures or borrowing of any moneys referred to in clause (v) of rule 1 or is reduced by

any amount on account of reduction of paid-up share capital or redemption of any debentures", the words, brackets and figures "issue of the debentures referred to in clause (iv), or borrowing of any moneys referred to in clause (v), of rule 1 or is reduced by any amount on account of reduction of paid-up share capital or redemption of such debentures" shall be substituted.

MISCELLANEOUS

23. Credit Guarantee Corporation of India Limited to be exempt for a certain period from liability to pay income-tax and surtax.—Notwithstanding anything contained in the Income-tax Act or the Companies (Profits) Surtax Act, 1964 (7 of 1964), the Credit Guarantee Corporation of India Limited (a company formed and registered under the Companies Act, 1956 (1 of 1956)), shall not be liable to pay any tax, under either of the two Acts first mentioned, on its income, profits or gains for the previous year relevant to the assessment year commencing on the 1st day of April, 1972, and for the four previous years next following that previous year.

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 24, 25, 26, 27, 28 and 29 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 surcharges on income-tax

PARAGRAPH A

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 any other paragraph of this Part applies,—

Rates of income-tax

(1) where the total income does
not exceed Rs. 5,000

Nil ;

(2) where the total income exceeds Rs. 5,000 but does not exceed Rs. 10,000

10 per cent. of the amount by which the total income exceeds Rs. 5,000 ;

(3) where the total income exceeds Rs. 10,000 but does not exceed Rs. 15,000

Rs. 500 *plus* 17 per cent. of the amount by which the total income exceeds Rs. 10,000 ;

(4) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000

Rs. 1,350 *plus* 23 per cent. of the amount by which the total income exceeds Rs. 15,000 ;

(5) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000

Rs. 2,500 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 20,000 ;

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

Rs. 4,000 *plus* 40 per cent. of the amount by which the total income exceeds Rs. 25,000 ;

(7) where the total income exceeds Rs. 30,000 but does not exceed Rs. 40,000

Rs. 6,000 *plus* 50 per cent. of the amount by which the total income exceeds Rs. 30,000 ;

(8) where the total income exceeds Rs. 40,000 but does not exceed Rs. 60,000

Rs. 11,000 *plus* 60 per cent. of the amount by which the total income exceeds Rs. 40,000 ;

(9) where the total income exceeds Rs. 60,000 but does not exceed Rs. 80,000

Rs. 23,000 *plus* 70 per cent. of the amount by which the total income exceeds Rs. 60,000 ;

(10) where the total income exceeds Rs. 80,000 but does not exceed Rs. 1,00,000

Rs. 37,000 *plus* 75 per cent. of the amount by which the total income exceeds Rs. 80,000 ;

(11) where the total income exceeds Rs. 1,00,000 but does not exceed Rs. 2,00,000

Rs. 52,000 *plus* 80 per cent. of the amount by which the total income exceeds Rs. 1,00,000 ;

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

Rs. 1,32,000 *plus* 85 per cent. of the amount by which the total income exceeds Rs. 2,00,000 :

Provided that for the purposes of this Paragraph, in the case of a Hindu undivided family which at any time during the previous year satisfies either of the following two conditions, namely :—

(a) that it has at least two members entitled to claim partition who are not less than eighteen years of age, or

(b) that it has at least two members entitled to claim partition who are not lineally descended one from the other and who are not lineally descended from any other living member of the family,—

(i) no income-tax shall be payable on a total income not exceeding Rs. 7,000 ;

(ii) where the total income exceeds Rs. 7,000 but does not exceed Rs. 7,660, the income-tax payable thereon shall not exceed forty per cent. of the amount by which the total income exceeds Rs. 7,000.

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 following rates, namely:—

(a) in a case where the total income does not exceed Rs. 15,000 10 per cent. ;

(b) in any other case 15 per cent. :

Provided that the amount of surcharge payable shall, in no case, exceed the aggregate of the following sums, namely:—

(i) an amount calculated at the rate of 10 per cent. on the amount of income-tax on an income of Rs. 15,000, if such income had been the total income (the income of Rs. 15,000 for this purpose being computed as if such income included income from various sources in the same proportion as the total income of the person concerned) ; and

(ii) 40 per cent. of the amount by which the total income exceeds Rs. 15,000.

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 at the rate hereinbefore specified shall be increased by a surcharge for purposes of the Union calculated at the rate of fifteen per cent. of such income-tax.

PARAGRAPH C

In the case of every registered firm,—

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* 6 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. 2,100 *plus* 12 per cent. of the amount by which the total income exceeds Rs. 50,000 ;

(5) where the total income exceeds Rs. 8,100 plus 20 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharges on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall be increased by the aggregate of surcharges for purposes of the Union calculated as specified hereunder :—

(a) in the case of a 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, a surcharge calculated at the rate of ten per cent. of the amount of income-tax computed at the rate hereinbefore specified ;

(b) in the case of any other registered firm, a surcharge calculated at the rate of twenty per cent. of the amount of income-tax computed at the rate hereinbefore specified ; and

(c) a special surcharge calculated at the rate of fifteen per cent. on the aggregate of the following amounts, namely :—

(i) the amount of income-tax computed at the rate hereinbefore specified ; and

(ii) the amount of the surcharge calculated in accordance with clause (a) or, as the case may be, clause (b).

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 fifteen per cent. of such income-tax.

PARAGRAPH E

In the case of the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956 (31 of 1956),—

Rates of income-tax

(i) on that part of its total income which consists of profits and gains from life insurance business 52·5 per cent. ;

(ii) on the balance, if any, of the total income the rate of income-tax applicable, in accordance with Paragraph F of this Part, to the total income of a domestic company which is a company in which the public are substantially interested.

Surcharge on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall be increased by a surcharge calculated at the rate of five per cent. of such income-tax.

PARAGRAPH F

In the case of a company, other than the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956 (31 of 1956),—

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. 50,000 45 per cent. of the total income ;

(ii) in a case where the total income exceeds Rs. 50,000 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) on so much of the total income as does not exceed Rs. 10,00,000 55 per cent. ;

(b) on the balance, if any, of the total income 60 per cent. ;

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

Provided that 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. 50,000, 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. 50,000 (the income of Rs. 50,000 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. 50,000.

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, 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,

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 at the rate hereinbefore specified shall be increased by a surcharge calculated at the rate of five per cent. of such income-tax.

PART II

Rates for deduction of tax at source in certain cases

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

	Income-tax	
	Rate of income-tax	Rate of surcharge
1. In the case of a person other than a company—		
(a) where the person is resident—		
(i) on income by way of interest other than "Interest on securities"	10 per cent.	Nil ;
(ii) on income by way of winnings from lotteries and crossword puzzles	30 per cent.	4·5 per cent. ;
(iii) on income by way of insurance commission	10 per cent.	Nil ;
(iv) on any other income (excluding interest payable on a tax-free security)	20 per cent.	3 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 4·5 per cent. of the amount of the income,	
	<i>or</i>	
	income-tax and surcharge on income-tax in respect of the income at the rates prescribed in sub-Paragraph I of Paragraph A of Part III of this Schedule, if such income had been the total income, whichever is higher ;	
(ii) on income by way of interest payable on a tax-free security	15 per cent.	2·25 per cent.

	Income-tax	
	Rate of income-tax	Rate of surcharge
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.	1 per cent. ;
(ii) on any other income (excluding interest payable on a tax-free security)	22 per cent.	1 per cent. ;
(b) where the company is not a domestic company—		
(i) on income by way of dividends payable by any domestic company	24·5 per cent.	1·225 per cent. ;
(ii) on income by way of royalties payable by an Indian concern in pursuance of an agreement made by it with the Indian concern after the 31st day of March, 1961, and which has been approved by the Central Government	50 per cent.	2·5 per cent. ;
(iii) on income by way of fees payable by an Indian concern for rendering technical services in pursuance of an agreement made by it with the Indian concern after the 29th day of February, 1964, and which has been approved by the Central Government	50 per cent.	2·5 per cent. ;
(iv) on income by way of interest payable on a tax-free security	44 per cent.	2·2 per cent. ;
(v) on any other income	70 per cent.	3·5 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 section 164 of the Income-tax Act at the rate of sixty-five per cent.) 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. 5,000	<i>Nil</i> ;
(2) where the total income exceeds Rs. 5,000 but does not exceed Rs. 10,000	10 per cent. of the amount by which the total income exceeds Rs. 5,000 ;
(3) where the total income exceeds Rs. 10,000 but does not exceed Rs. 15,000	Rs. 500 <i>plus</i> 17 per cent. of the amount by which the total income exceeds Rs. 10,000 ;
(4) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000	Rs. 1,350 <i>plus</i> 23 per cent. of the amount by which the total income exceeds Rs. 15,000 ;
(5) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000	Rs. 2,500 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 20,000 ;
(6) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000	Rs. 4,000 <i>plus</i> 40 per cent. of the amount by which the total income exceeds Rs. 25,000 ;
(7) where the total income exceeds Rs. 30,000 but does not exceed Rs. 40,000	Rs. 6,000 <i>plus</i> 50 per cent. of the amount by which the total income exceeds Rs. 30,000 ;
(8) where the total income exceeds Rs. 40,000 but does not exceed Rs. 60,000	Rs. 11,000 <i>plus</i> 60 per cent. of the amount by which the total income exceeds Rs. 40,000 ;
(9) where the total income exceeds Rs. 60,000 but does not exceed Rs. 80,000	Rs. 23,000 <i>plus</i> 70 per cent. of the amount by which the total income exceeds Rs. 60,000 ;
(10) where the total income exceeds Rs. 80,000 but does not exceed Rs. 1,00,000	Rs. 37,000 <i>plus</i> 75 per cent. of the amount by which the total income exceeds Rs. 80,000 ;
(11) where the total income exceeds Rs. 1,00,000 but does not exceed Rs. 2,00,000	Rs. 52,000 <i>plus</i> 80 per cent. of the amount by which the total income exceeds Rs. 1,00,000 ;
(12) where the total income exceeds Rs. 2,00,000	Rs. 1,32,000 <i>plus</i> 85 per cent. of the amount by which the total income exceeds Rs. 2,00,000.

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 following rates, namely :—

(a) in a case where the total income does not exceed Rs. 15,000 10 per cent.;

(b) in any other case 15 per cent.:

Provided that the amount of surcharge payable shall, in no case, exceed the aggregate of the following sums, namely:—

(i) an amount calculated at the rate of 10 per cent. on the amount of income-tax on an income of Rs. 15,000, if such income had been the total income (the income of Rs. 15,000 for this purpose being computed as if such income included income from various sources in the same proportion as the total income of the person concerned); and

(ii) 40 per cent. of the amount by which the total income exceeds Rs. 15,000.

Sub-paragraph II

In the case of every Hindu undivided family which has at least one member whose total income of the previous year relevant to the assessment year commencing on the 1st day of April, 1974, exceeds Rs. 5,000,—

Rates of income-tax

(1) where the total income does not exceed Rs. 5,000	<i>Nil</i> ;
(2) where the total income exceeds Rs. 5,000 but does not exceed Rs. 10,000	17 per cent. of the amount by which the total income exceeds Rs. 5,000;
(3) where the total income exceeds Rs. 10,000 but does not exceed Rs. 15,000	Rs. 850 <i>plus</i> 23 per cent. of the amount by which the total income exceeds Rs. 10,000;
(4) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000	Rs. 2,000 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 15,000;
(5) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000	Rs. 3,500 <i>plus</i> 40 per cent. of the amount by which the total income exceeds Rs. 20,000;
(6) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000	Rs. 5,500 <i>plus</i> 50 per cent. of the amount by which the total income exceeds Rs. 25,000;
(7) where the total income exceeds Rs. 30,000 but does not exceed Rs. 40,000	Rs. 8,000 <i>plus</i> 60 per cent. of the amount by which the total income exceeds Rs. 30,000;
(8) where the total income exceeds Rs. 40,000 but does not exceed Rs. 60,000	Rs. 14,000 <i>plus</i> 70 per cent. of the amount by which the total income exceeds Rs. 40,000;
(9) where the total income exceeds Rs. 60,000 but does not exceed Rs. 80,000	Rs. 28,000 <i>plus</i> 75 per cent. of the amount by which the total income exceeds Rs. 60,000;
(10) where the total income exceeds Rs. 80,000 but does not exceed Rs. 1,00,000	Rs. 43,000 <i>plus</i> 80 per cent. of the amount by which the total income exceeds Rs. 80,000;
(11) where the total income exceeds Rs. 1,00,000	Rs. 59,000 <i>plus</i> 85 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 fifteen 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 at the rate hereinbefore specified shall be increased by a surcharge for purposes of the Union calculated at the rate of fifteen per cent. of such income-tax.

PARAGRAPH C

In the case of every registered firm,—

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 | 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> 6 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. 2,100 <i>plus</i> 12 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. 8,100 <i>plus</i> 20 per cent. of the amount by which the total income exceeds Rs. 1,00,000. |

Surcharges on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall be increased by the aggregate of surcharges for purposes of the Union calculated as specified hereunder :—

(a) in the case of a 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, a surcharge calculated at the rate of ten per cent. of the amount of income-tax computed at the rate hereinbefore specified ;

(b) in the case of any other registered firm, a surcharge calculated at the rate of twenty per cent. of the amount of income-tax computed at the rate hereinbefore specified ; and

(c) a special surcharge calculated at the rate of fifteen per cent. on the aggregate of the following amounts, namely :—

(i) the amount of income-tax computed at the rate hereinbefore specified ; and

(ii) the amount of the surcharge calculated in accordance with clause (a) or, as the case may be, clause (b).

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 fifteen per cent. of such income-tax.

PARAGRAPH E

In the case of the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956 (31 of 1956),—

Rates of income-tax

(i) on that part of its total income which consists of profits and gains from life insurance business 52·5 per cent. ;

(ii) on the balance, if any, of the total income the rate of income-tax applicable, in accordance with Paragraph F of this Part, to the total income of a domestic company which is a company in which the public are substantially interested.

Surcharge on income-tax

The amount of income-tax computed at the rate hereinbefore specified shall be increased by a surcharge calculated at the rate of five per cent. of such income-tax.

PARAGRAPH F

In the case of a company, other than the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956 (31 of 1956),—

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) on so much of the total income as does not exceed Rs. 2,00,000 55 per cent. ;

(b) on the balance, if any, of the total income 60 per cent. ;

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

Provided that 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. 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, 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,

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 at the rate hereinbefore specified shall be increased by a surcharge calculated at the rate of five per cent. of such income-tax.

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 five thousand rupees 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 five thousand rupees 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.—(1) Where the result of the computation for any assessment 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 assessment 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 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.

(2) Where the net result of the computation made in accordance with sub-rule (1) is a loss, the loss so computed shall be ignored and the net agricultural income shall be deemed to be *nil*.

Rule 8.—The provisions of the Income-tax Act relating to procedure for assessment 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 9.—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 1973-74. The notes on clauses explain the various provisions contained in the Bill.

NEW DELHI:

Y. B. CHAVAN.

The 28th February, 1973.

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

(Copy of letter No. F. 3(29)-B/73, dated the 28th February, 1973, from Shri Y. B. Chavan, Minister of Finance, to the Secretary, Lok Sabha).

The President, having been informed of the subject-matter of the proposed Bill, recommends under article 117(1) and (3) read with article 274(1) of the Constitution of India, the introduction of the Finance Bill, 1973, to the Lok Sabha and also recommends to the Lok Sabha the consideration of the Bill.

2. The Bill will be introduced in the Lok Sabha immediately after the presentation of the Budget on the 28th February, 1973.
