

Finance Bill, 2014

[BILL NO. 7 OF 2014*]

A Bill to continue the existing rates of income-tax for the financial year 2014-2015.

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

CHAPTER I

PRELIMINARY

Short title and commencement

1. (1) This Act may be called the Finance Act, 2014.
- (2) Section 2 shall come into force on the 1st day of April, 2014.

CHAPTER II

RATES OF INCOME-TAX

Income-tax

2. The provisions of section 2 of, and the First Schedule to, the Finance Act, 2013 (17 of 2013), shall apply in Income-tax. relation to income-tax for the assessment year or, as the case may be, the financial year commencing on the 1st day of April, 2014, as they apply in relation to income-tax for the assessment year or, as the case may be, the financial year commencing on the 1st day of April, 2013, with the following modifications, namely:-

- (a) in section 2,-
 - (i) in sub-section (1), for the figures "2013", the figures "2014" shall be substituted;
 - (ii) in sub-section (3), for the first, second and third provisos, the following provisos shall be substituted, namely:-

"**Provided** that the amount of income-tax computed in accordance with the provisions of section 111A or section 112 shall be increased by a surcharge, for purposes of the Union, as provided in Paragraphs A, B, C, D or Paragraph E of Part I of the First Schedule:

Provided further that in respect of any income chargeable to tax under sections 115A, 115AB, 115AC, 115ACA, 115AD, 115B, 115BB, 115BBA, 115BBC, 115BBD, 115BBE, 115E, 115JB or section 115JC of the Income-tax Act, the amount of income-tax computed under this sub-section shall be increased by a surcharge, for purposes of the Union, calculated,-

- (A) in the case of every individual or Hindu undivided family or 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, or co-operative society or firm or local authority, at the rate of ten per cent, of such income-tax, where the total income exceeds one crore rupees;
- (B) in the case of every domestic company,-
 - (i) at the rate of five per cent, of such income-tax, where the total income exceeds one crore rupees but does not exceed ten crore rupees;
 - (ii) at the rate of ten per cent, of such income-tax, where the total income exceeds ten crore rupees;
- (C) in the case of every company, other than a domestic company,-
 - (i) at the rate of two per cent, of such income-tax, where the total income exceeds one

- crore rupees but does not exceed ten crore rupees;
- (ii) at the rate of five per cent, of such income-tax, where the total income exceeds ten crore rupees:

Provided also that in the case of persons mentioned in item (A) of second proviso, having total income chargeable to tax under section 115JC of the Income-tax Act, and such income exceeds one crore rupees, the total amount payable as income-tax on such income and surcharge thereon shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees:

Provided also that in the case of every company having total income chargeable to tax under section 115JB of the Income-tax Act, and such income exceeds one crore rupees but does not exceed ten crore rupees, the total amount payable as income-tax on such income and surcharge thereon, shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees:

Provided also that in the case of every company having total income chargeable to tax under section 115JB of the Income-tax Act, and such income exceeds ten crore rupees, the total amount payable as income-tax on such income and surcharge thereon, shall not exceed the total amount payable as income-tax and surcharge on a total income of ten crore rupees by more than the amount of income that exceeds ten crore rupees.";

- (iii) in sub-section (13), in clause (a), for the figures "2013", the figures "2014" shall be substituted;

(b) in the First Schedule,-

- (i) for Part I, the following Part I shall be substituted, namely:-

"PART I

INCOME-TAX

Paragraph A

- (I) In the case of every individual other than the individual referred to in items (II) and (III) of this Paragraph or Hindu undivided family or 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. 2,00,000 | <i>Nil;</i> |
| (2) where the total income exceeds Rs. 2,00,000 but does not exceed Rs. 5,00,000 | 10 per cent. of the amount by which the total income exceeds Rs. 2,00,000; |
| (3) where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000 | Rs. 30,000 <i>plus</i> 20 per cent. of the amount by which the total income exceeds Rs. 5,00,000; |
| (4) where the total income exceeds Rs. 10,00,000 | Rs. 1,30,000 <i>plus</i> 30 per cent. of the amount by which the total income |

exceeds Rs. 10,00,000.

(II) In the case of every individual, being a resident in India, who is of the age of sixty years or more but less than eighty years at any time during the previous year,-

Rates of income-tax

- | | |
|---|--|
| (1) where the total income does not exceed Rs. 2,50,000 | <i>Nil</i> ; |
| (2) where the total income exceeds Rs. 2,50,000 but does not exceed Rs. 5,00,000 | 10 per cent. of the amount by which the total income exceeds Rs. 2,50,000; |
| (3) where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000 | Rs. 25,000 <i>plus</i> 20 per cent. of the amount by which the total income exceeds Rs. 5,00,000; |
| (4) where the total income exceeds Rs. 10,00,000 | Rs. 1,25,000 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 10,00,000. |

(III) In the case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the previous year,-

Rates of income-tax

- | | |
|---|--|
| (1) where the total income does not exceed Rs. 5,00,000 | <i>Nil</i> ; |
| (2) where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000 | 20 per cent. of the amount by which the total income exceeds Rs. 5,00,000; |
| (3) where the total income exceeds Rs. 10,00,000 | Rs. 1,00,000 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 10,00,000. |

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112, shall, in the case of every individual or Hindu undivided family or 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, having a total income exceeding one crore rupees, be increased by a surcharge for the purposes of the Union calculated at the rate of ten per cent, of such income-tax:

Provided that in the case of persons mentioned in this Paragraph, having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

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 | 10 per cent, of the total income; |
| (2) where the total income exceeds Rs.10,000 but does not exceed Rs. 20,000 | Rs. 1,000 <i>plus</i> 20 percent, of the amount by which the total income exceeds Rs.10,000; |
| (3) where the total income exceeds Rs. 20,000 | Rs. 3,000 <i>plus</i> 30 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, or the provisions of section 111A or section 112, shall, in the case of every co-operative society, having a total income exceeding one crore rupees, be increased by a surcharge for the purposes of the Union calculated at the rate of ten per cent, of such income-tax:

Provided that in the case of every co-operative society mentioned in this Paragraph, having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

Paragraph C

In the case of every firm,-

Rate of income-tax

On the whole of the total income 30 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112, shall, in the case of every firm, having a total income exceeding one crore rupees, be increased by a surcharge for the purposes of the Union calculated at the rate of ten per cent, of such income-tax:

Provided that in the case of every firm mentioned in this Paragraph, having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

Paragraph D

In the case of every local authority,-

Rate of income-tax

On the whole of the total income 30 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112, shall, in the case of every local authority, having a total income exceeding one crore rupees, be increased by a surcharge for the purposes of the Union calculated at the rate of ten per cent, of

such income-tax:

Provided that in the case of every local authority mentioned in this Paragraph, having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

Paragraph E

In the case of a company,-

Rates of income-tax

I. In the case of a domestic company 30 per cent, of the total income;

II. In the case of a company other than a domestic company-

- (i) on so much of the total income as consists of,-
 - (a) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976; or
 - (b) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976,
 - and where such agreement has, in 50 per cent.
 - either case, been approved by the
 - Central Government
 - (ii) on the balance, if any, of the total 40 per cent.
- income

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or the provisions of section 111A or section 112, shall, be increased by a surcharge for the purposes of the Union calculated,-

- (i) in the case of every domestic company,-
- (a) having a total income exceeding one crore rupees but not exceeding ten crore rupees, at the rate of five per cent, of such income-tax; and
- (b) having a total income exceeding ten crore rupees, at the rate of ten per cent, of such income-tax;
- (ii) in the case of every company other than a domestic company,-
- (a) having a total income exceeding one crore rupees but not exceeding ten crore rupees, at the rate of two per cent, of such income-tax; and
- (b) having a total income exceeding ten crore rupees, at the rate of five per cent, of such income-tax:

Provided that in the case of every company having a total income exceeding one crore rupees but not exceeding ten crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees:

Provided further that in the case of every company having a total income exceeding ten crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax and surcharge on a total income of ten crore rupees by more than the amount of income that exceeds ten crore rupees.";

- (ii) in Part IV, in Rule 8 -

(A) for sub-rules (1) and (2), the following sub-rules shall be substituted, namely:-

- "(1) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 2014, 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, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013, 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, 2006, 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, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013,
 - (ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2007, 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, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013,
 - (iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2008, 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, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013,
 - (iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2009, 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, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013,
 - (v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2010, 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, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013,
 - (vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2011, 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, 2012 or the 1st day of April, 2013,
 - (vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2012, 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, 2013,
 - (viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2013, 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, 2014.

- (2) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 2015, 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 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, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013 or the 1st day of April, 2014, is a loss, then, for the purposes of sub-section (10) 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, 2007, 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, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013 or the 1st day of April, 2014,
 - (ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2008, 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, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013 or the 1st day of April, 2014,
 - (iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2009, 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, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013 or the 1st day of April, 2014,
 - (iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2010, 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, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013 or the 1st day of April, 2014,
 - (v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2011, 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, 2012 or the 1st day of April, 2013 or the 1st day of April, 2014,
 - (vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2012, 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, 2013 or the 1st day of April, 2014,
 - (vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2013, 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, 2014,
 - (viii) the loss so computed for the previous year relevant to the assessment year

commencing on the 1st day of April, 2014, 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, 2015.";

(B) for sub-rule (4), the following sub-rule shall be substituted, namely:--

"(4) Notwithstanding anything contained in this rule, no loss which has not been determined by the Assessing Officer under the provisions of these rules or the rules contained in Part IV of the First Schedule to the Finance Act, 2006 (21 of 2006), or of the First Schedule to the Finance Act, 2007 (22 of 2007), or of the First Schedule to the Finance Act, 2008 (18 of 2008), or of the First Schedule to the Finance (No. 2) Act, 2009 (33 of 2009), or of the First Schedule to the Finance Act, 2010 (14 of 2010), or of the First Schedule to the Finance Act, 2011 (8 of 2011), or of the First Schedule to the Finance Act, 2012 (23 of 2012), or of the First Schedule to the Finance Act, 2013 (17 of 2013) shall be set off under sub-rule (1) or, as the case may be, sub-rule (2)."

STATEMENT OF OBJECTS AND REASONS

The object of this Bill is to continue the existing rates of income-tax for the financial year 2014-15.

2. Clause 2 of the Bill deals with the rates of income-tax and surcharge. The rates of income-tax and surcharge as specified in Part III of the First Schedule to the Finance Act, 2013 for the purpose of deduction of tax at source from salaries during the financial year 2013-14, for computing the "advance tax" payable during that financial year in relation to current incomes and for certain special purposes, are proposed to be continued for the purpose of assessments for the assessment year 2014-15. Further, the same rates are proposed to be continued for the purpose of deduction of tax at source from salaries during the financial year 2014-15, for computing the "advance tax" payable during that financial year on current incomes, and for the said special purposes.

3. The rates for deduction of tax at source during the financial year 2013-14 from incomes other than salaries specified in Part II of the First Schedule to the Finance Act, 2013, are also proposed to be continued for deduction of tax at source from such incomes during the financial year 2014-15.

4. Clause 2 of the Bill, accordingly, proposes to apply to the assessment year 2014-15 or, as the case may be, to the financial year 2014-15, the provisions of section 2 of, and the First Schedule to, the Finance Act, 2013, with consequential and other necessary modifications.

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*AS INTRODUCED IN LOK SABHA ON 17-2-2014