

FINANCE BILL, 1996

[BILL NO. 7 OF 1996]

[As introduced in the Lok Sabha on 28th February, 1996.]

A Bill to continue the existing rates of income-tax for the financial year 1996-97.

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

1. Short title and commencement.—(1) This Act may be called the **Finance Act, 1996.**

(2) It shall come into force on the 1st day of April, 1996.

2. Income-tax.—The provisions of section 2 of, and the First Schedule to, the Finance Act, 1995 (22 of 1995), shall 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, 1996, 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, 1995, with the following modifications, namely :—

(a) in section 2, —

(i) for the figures “1995”, wherever they occur, the figures “1996” shall be substituted ;

(ii) in sub-section (2), for the words “thirty-five thousand rupees”, wherever they occur, the words “forty thousand rupees” shall be substituted ;

(iii) in the first proviso to sub-section (3), for the words and figures “section 112”, the words and figures “sections 112 and 113 of the Income-tax Act” shall be substituted ;

(b) in the First Schedule,—

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

“PART I

INCOME-TAX

Paragraph A

Sub-Paragraph I

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, 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. 40,000 | Nil ; |
| (2) where the total income exceeds Rs. 40,000 but does not exceed Rs. 60,000 | 20 per cent. of the amount by which the total income exceeds Rs. 40,000 ; |
| (3) where the total income exceeds Rs. 60,000 but does not exceed Rs. 1,20,000 | Rs. 4,000 plus 30 per cent. of the amount by which the total income exceeds Rs. 60,000 ; |
| (4) where the total income exceeds Rs. 1,20,000 | Rs. 22,000 plus 40 per cent. of the amount by which the total income exceeds Rs. 1,20,000. |

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, 1996, exceeds Rs. 40,000,—

Rates of income-tax

- | | |
|--|---|
| (1) Where the total income does not exceed Rs. 18,000 | Nil ; |
| (2) where the total income exceeds Rs. 18,000 but does not exceed Rs. 1,00,000 | 30 per cent. of the amount by which the total income exceeds Rs. 18,000 ; |
| (3) where the total income exceeds Rs. 1,00,000 | Rs. 24,600 plus 40 per cent. of the amount by which the total income exceeds Rs. 1,00,000 |

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 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 plus 20 per cent. of the amount by which the total income exceeds Rs. 10,000 ;
- (3) where the total income exceeds Rs. 20,000 Rs. 3,000 plus 35 per cent. of the amount by which the total income exceeds Rs. 20,000.

Paragraph C

In the case of every firm,—

Rate of income-tax

On the whole of the total income 40 per cent.

Paragraph D

In the case of every local authority,—

Rate of income-tax

On the whole of the total income 30 per cent.

Paragraph E

In the case of a company,—

Rates of income-tax

I. In the case of a domestic company 40 per cent. of the total income ;

II. In the case of a company other than a domestic company,—

(i) on so much of the total income as consists of—

(a) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of

March, 1961, but before the 1st day of April, 1976, or

(b) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964, but before the 1st day of April, 1976,

and where such agreement has, in either case, been approved by the Central Government

(ii) on the balance, if any, of the total income

Surcharge on income-tax

The amount of income-tax computed in accordance with the provisions of this Paragraph or sections 112 and 113 of the Income-tax Act shall, in the case of every domestic company having a total income exceeding seventy-five thousand rupees, be increased by a surcharge calculated at the rate of fifteen per cent. of such income-tax.” ;

(ii) in Part III, in Sub-Paragraph II of Paragraph A, for the figures “1996”, the figures “1997” shall be substituted ;

(iii) 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, 1996, 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, 1988, or the 1st day of April, 1989, or the 1st day of April, 1990, or the 1st day of April, 1991, or the 1st day of April, 1992, or the 1st day of April, 1993, or the 1st day of April, 1994, or the 1st day of April, 1995, 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, 1988, 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, 1989, or the 1st day of April, 1990, or the 1st day of April 1991, or the 1st day of April, 1992, or the 1st day of April, 1993, or the 1st day of April, 1994, or the 1st day of April, 1995,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1989, 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, 1990, or the 1st day of April, 1991, or the 1st day of April, 1992, or the 1st day of April, 1993, or the 1st day of April, 1994, or the 1st day of April, 1995,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1990, 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, 1991, or the 1st day of April, 1992, or the 1st day of April, 1993, or the 1st day of April, 1994, or the 1st day of April, 1995,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1991, 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, 1992, or the 1st day of April, 1993, or the 1st day of April, 1994, or the 1st day of April, 1995,

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1992, 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, 1993, or the 1st day of April, 1994, or the 1st day of April, 1995,

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1993, 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, 1994, or the 1st day of April, 1995,

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1994, 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, 1995,

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1995,

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, 1996.

(2) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day April, 1997, or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than that previous year, in such other period, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 1989, or the 1st day of April, 1990, or the 1st day of April, 1991, or the 1st day of April, 1992 or the 1st day of April, 1993, or the 1st day of April, 1994, or the 1st day of April, 1995, or the 1st day of April, 1996, is a loss, then, for the purposes of sub-section (8) 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, 1989, 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, 1990, or the 1st day of April, 1991, or the 1st day of April, 1992, or the 1st day of April, 1993, or the 1st day of April, 1994, or the 1st day of April, 1995, or the 1st day of April, 1996,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1990, 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, 1991, or the 1st day of April, 1992, or the 1st day of April, 1993, or the 1st day of April, 1994, or the 1st day of April, 1995, or the 1st day of April, 1996,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1991, 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, 1992, or the 1st day of April, 1993, or the 1st day of April, 1994, or the 1st day of April, 1995, or the 1st day of April, 1996,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1992, 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, 1993, or the 1st day of April, 1994, or the 1st day of April, 1995, or the 1st day of April, 1996,

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1993, 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, 1994, or the 1st day of April, 1995, or the 1st day of April, 1996,

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1994, 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, 1995, or the 1st day of April, 1996,

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1995, 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, 1996,

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1996,

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, 1997.” ;

(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, 1988 (26 of 1988), or of the First Schedule to the Finance Act, 1989 (13 of 1989), or of the First Schedule to the Finance Act, 1990 (12 of 1990), or of the First Schedule to the Finance (No. 2) Act, 1991 (49 of 1991), or of the First Schedule to the Finance Act, 1992 (18 of 1992), or of the First Schedule to the Finance Act, 1993 (38 of 1993), or of the First Schedule to the Finance Act, 1994 (32 of 1994), or of the First Schedule to the Finance Act, 1995 (22 of 1995), 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 short Bill is to continue for the financial year 1996-97 the existing rates of income-tax with certain modifications.

2. Clause 2 of the Bill deals with the rates of income-tax. The rates of income-tax and surcharge which were specified in Part III of the First Schedule to the Finance Act, 1995, for the purpose of deduction of tax at source from salaries during the financial year 1995-96, 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 1996-97. Further, the same rates are proposed to be continued also for the purpose of deduction of tax at source from salaries during the financial year 1996-97, for computing the "advance tax" payable during that financial year on current incomes, and also for the said special purposes.

3. The rates for deduction of tax at source during the financial year 1995-96 from incomes other than salaries, specified in Part II of the First Schedule to the Finance Act, 1995, are also proposed to be continued for deduction of tax at source from such incomes during the financial year 1996-97.

4. Clause 2 of the Bill accordingly proposes to apply to the financial year 1996-97 the provisions of section 2 of, and the First Schedule to, the Finance Act, 1995, with consequential and other necessary modifications.

NEW DELHI,

MANMOHAN SINGH

The 28th February, 1996.

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

[Copy of letter No. F. 3(1)-B(D)/96, dated the 28th February, 1996 from Shri Manmohan Singh, Minister of Finance, to the Secretary-General, 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, 1996, to the Lok Sabha.

2. The Bill will be introduced in the Lok Sabha immediately after the presentation of the Budget on the 28th February, 1996.
