

# THE FINANCE BILL, 1991

(Bill No. 29 of 1991)

[As introduced in Lok Sabha on 4th March, 1991.]

*A Bill to continue for the financial year 1991-92 the existing rates of income-tax and to provide for the continuance of the provisions relating to auxiliary duties of customs and special duties of excise for the said year.*

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

**1. Short title and commencement.**—(1) This Act may be called the **Finance Act, 1991**.

(2) Save as otherwise provided in this Act, section 2 shall come into force on the 1st day of April, 1991.

**2. Income-tax.**—The provisions of section 2 of, and the First Schedule to, the Finance Act, 1990 (12 of 1990), 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, 1991, 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, 1990, with the following modifications, namely :—

(a) in section 2,—

(i) for the figures “1990”, wherever they occur, the figures “1991” shall be substituted ;

(ii) in sub-section (1), after the words “the First Schedule and”, the words, figures, letter and brackets “such tax as reduced by the rebate of income-tax calculated under Chapter VIII-A of the Income-tax Act, 1961 (43 of 1961) (hereinafter referred to as the Income-tax Act)”, shall be inserted ;

(iii) in sub-section (2),—

(A) for the words “eighteen thousand rupees”, wherever they occur, the words “twenty-two thousand rupees” shall be substituted ;

(B) for the proviso, the following proviso shall be substituted, namely :—

“Provided that the amount of income-tax so arrived at, as reduced by the rebate of income-tax calculated under Chapter VIII-A of the Income-tax Act, shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax and the sum so arrived at shall be the income-tax in respect of the total income.” ;

(iv) in sub-section (3), —

(A) the figures, brackets and words “,1961 (43 of 1961), (hereinafter referred to as the Income-tax Act)” shall be omitted ;

(B) for the proviso, the following proviso shall be substituted, namely :—

“Provided that in respect of any income chargeable to tax under section 115B or section 115BB of the Income-tax Act,—

(a) the income-tax computed under section 115B shall be increased by a surcharge calculated at the rate of fifteen per cent. of such income-tax ; and

(b) the income-tax computed under section 115BB shall be increased,—

(i) in the case of a person other than a company, being a resident in India, by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax ; and

(ii) in the case of a domestic company, by a surcharge calculated at the rate of fifteen per cent. of such income-tax.” ;

(v) in sub-section (7), after the word, figures and letter “Chapter VIII-A”, the words “of the said Act” shall be inserted ;

(vi) in sub-section (8), for the proviso, the following proviso shall be substituted, namely :—

‘Provided that the amount of income-tax or “advance tax” so arrived at, as reduced by the rebate of income-tax calculated under Chapter VIII-A of the said Act, shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax or, as the case may be, “advance tax” and the sum so arrived at shall be the income-tax or, as the case may be, “advance tax” in respect of the total income.’ ;

(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 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. 22,000	Nil ;
(2) where the total income exceeds Rs. 22,000 but does not exceed Rs. 30,000	20 per cent. of the amount by which the total income exceeds Rs. 22,000 ;
(3) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000	Rs. 1,600 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 30,000 ;
(4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs. 7,600 <i>plus</i> 40 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. 27,600 <i>plus</i> 50 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, —

(i) In the case of every individual, Hindu undivided family or association of persons or body of individuals referred to in sections 88 and 88A having a total income exceeding seventy-five thousand rupees, be reduced by the amount of rebate of income-tax calculated under Chapter VIII-A, and the income-tax as so reduced ;

(ii) in the case of every person, other than those mentioned in item (i), having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax :

Provided that no such surcharge shall be payable by a non-resident.

### *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, 1991, exceeds Rs. 22,000,—

#### *Rates of income-tax*

- |  |   |
|--|---|
| (1) where the total income does not exceed Rs. 12,000                          | <i>Nil</i> ;  |
| (2) where the total income exceeds Rs. 12,000 but does not exceed Rs. 20,000   | 25 per cent. of the amount by which the total income exceeds Rs. 12,000 ;                         |
| (3) where the total income exceeds Rs. 20,000 but does not exceed Rs. 40,000   | Rs. 2,000 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 20,000 ;   |
| (4) where the total income exceeds Rs. 40,000 but does not exceed Rs. 60,000   | Rs. 8,000 <i>plus</i> 40 per cent. of the amount by which the total income exceeds Rs. 40,000 ;   |
| (5) where the total income exceeds Rs. 60,000 but does not exceed Rs. 1,00,000 | Rs. 16,000 <i>plus</i> 50 per cent. of the amount by which the total income exceeds Rs. 60,000 ;  |
| (6) where the total income exceeds Rs. 1,00,000                                | Rs. 36,000 <i>plus</i> 55 per cent. of the amount by which the total income exceeds Rs. 1,00,000. |

#### *Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be reduced by the amount of rebate of income-tax calculated under Chapter VIII-A and the income-tax as so reduced be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax :

Provided that no such surcharge shall be payable by a non-resident.

### *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 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.

### *Surcharge on income-tax*

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax :

#### *Paragraph C*

##### *Sub-Paragraph I*

In the case of every registered firm, not being a case to which Sub-Paragraph II of this Paragraph applies,—

##### *Rates of income-tax*

(1) where the total income does not exceed Rs. 15,000

*Nil* ;

(2) where the total income exceeds Rs. 15,000 but does not exceed Rs. 50,000

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

(3) 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 ;

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

Rs. 8,100 *plus* 18 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, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax.

#### *Sub-Paragraph II*

In the case of every registered firm, whose total income includes income derived from a profession carried on by it and the income so included is not less than fifty-one per cent. of such total income,—

##### *Rates of income-tax*

(1) where the total income does not exceed Rs. 15,000

*Nil* ;

(2) where the total income exceeds Rs. 15,000 but does not exceed Rs. 50,000

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

(3) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000

Rs. 1,750 *plus* 10 per cent. of the amount by which the total income exceeds Rs. 50,000 ;

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

Rs. 6,750 *plus* 15 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, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax :

*Explanation.*—For the purposes of this Paragraph, “registered firm” includes an unregistered firm assessed as a registered firm under clause (b) of section 183 of the Income-tax Act.

### *Paragraph D*

In the case of every local authority,—

#### *Rate of income-tax*

On the whole of the total income 50 per cent.

#### *Surcharge on income-tax*

The amount of income-tax computed at the rate hereinbefore specified shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax.

### *Paragraph E*

In the case of a company,—

#### *Rates of income-tax*

I. In the case of a domestic company,—

(1) where the company is a company in which the public are substantially interested 40 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 a trading company or an investment company 50 per cent. of the total income ;

(ii) in any other case 45 per cent. of the total income.

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

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

(a) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961, but before the 1st day of April, 1976, or

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

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

50 per cent. ;

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

65 per cent.

#### *Surcharge on income-tax*

The amount of income-tax computed in accordance with the provisions of item I of this Paragraph shall, in the case of every person 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. ;

(i) in Part II, for the heading "*Surcharge on income-tax*" and the entries thereunder, the following shall be substituted, namely :—

#### *"Surcharge on income-tax*

The amount of income-tax deducted in accordance with the provisions of —

(a) sub-item (a) of item 1 of this Part shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve per cent. of such income-tax, and

(b) sub-item (a) of item 2 of this Part shall be increased by a surcharge calculated at the rate of fifteen per cent. of such income-tax. ;

(iii) in Part III, in Sub-Paragraph II of Paragraph A, for the figures "1991", the figures "1992" shall be substituted ;

(iv) in Part IV, in rule 9, —

(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, 1991, 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, 1983, or the 1st day of April, 1984, or the 1st day of April, 1985, or the 1st day of April, 1986, or the 1st day of April, 1987, or the 1st day of April, 1988, or the 1st day of April, 1989, or the 1st day of April, 1990, 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, 1983, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1984, or the 1st day of April, 1985, or the 1st day of April, 1986, or the 1st day of April, 1987, or the 1st day of April, 1988, or the 1st day of April, 1989, or the 1st day of April, 1990,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1984, 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, 1985, or the 1st day of April, 1986, or the 1st day of April, 1987, or the 1st day of April, 1988, or the 1st day of April, 1989, or the 1st day of April, 1990,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1985, 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, 1986, or the 1st day of April, 1987, or the 1st day of April, 1988, or the 1st day of April, 1989, or the 1st day of April, 1990,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1986, 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, 1987, or the 1st day of April, 1988, or the 1st day of April, 1989, or the 1st day of April, 1990,

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1987, 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, 1988, or the 1st day of April, 1989, or the 1st day of April, 1990,



(vi) 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,

(vii) 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, and

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1990,

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, 1991.

(2) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1992, 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, 1984, or the 1st day of April, 1985, or the 1st day of April, 1986, or the 1st day of April, 1987, or 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, 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, 1984, 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, 1985, or the 1st day of April, 1986, or the 1st day of April, 1987, or 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,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1985, 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, 1986, or the 1st day of April, 1987, or 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,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1986, 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, 1987, or 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,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1987, 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, 1988, or the 1st day of April, 1989, or the 1st day of April, 1990, or the 1st day of April, 1991,

(v) 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,

(vi) 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,

(vii) 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, and

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1991.

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, 1992.” ;

(B) for sub-rule (5), the following sub-rule shall be substituted, namely :—

“(5) 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, 1983 (11 of 1983), or of the First Schedule to the Finance Act, 1984 (21 of 1984), or of the First Schedule to the Finance Act, 1985 (32 of 1985), or of the First Schedule to the Finance Act, 1986 (23 of 1986), or of the First Schedule to the Finance Act, 1987 (11 of 1987), or 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), shall be set off under sub-rule (1) or, as the case may be, sub-rule (2).”.

## *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 3 and 4 of this Bill shall have immediate effect under the Provisional Collection of Taxes Act, 1931 (16 of 1931).

### STATEMENT OF OBJECTS AND REASONS

The object of this short Bill is to continue for the financial year 1991-92 the existing rates of income-tax with certain modifications and to provide for the continuance of the provisions relating to auxiliary duties of customs and special duties of excise for the said year.

2. Clause 2 of the Bill deals with 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, 1990, for the purpose of deduction of tax at source from salaries during the financial year 1990-91, 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 1991-92. 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 1991-92, 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 1990-91 from incomes other than salaries, specified in Part II of the First Schedule to the Finance Act, 1990, are also proposed to be continued for deduction of tax at source from such incomes during the financial year 1991-92.

4. Clause 2 of the Bill accordingly proposes to apply to the financial year 1991-92, the provisions of section 2 of, and the First Schedule to, the Finance Act, 1990, with consequential and other necessary modifications.