

FINANCE BILL, 1980

(Bill No. 38 of 1980)

(As introduced in Lok Sabha on March 11, 1980)

A Bill to continue for the financial year 1980-81 the existing rates of income-tax with certain modifications, to provide for certain exemptions from 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 Thirty-first Year of the Republic of India as follows:—

1. Short title and commencement.—(1) This Act may be called the **Finance Act, 1980**.

(2) Save as otherwise provided in this Act, sections 2 and 3 shall come into force on the 1st day of April, 1980.

2. Income-tax.—The provisions of section 2 of, and the First Schedule to, the Finance Act, 1979 (21 of 1979), 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, 1980, 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, 1979, with the following modifications, namely:—

(a) in section 2,—

(i) for the figures “1979”, wherever they occur, the figures “1980” shall be substituted;

(ii) in sub-section (2), in clause (b),—

(1) in sub-clause (iii), in the proviso, for the words “seventy per cent.”, the words “sixty per cent.” shall be substituted;

(2) in sub-clause (iv), for the words “fifteen per cent.”, the words “twenty per cent.” shall be substituted;

(b) in the First Schedule,—

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

PART I

INCOME-TAX AND SURCHARGE ON INCOME-TAX

Paragraph A

Sub-Paragraph I

In the case of every individual or Hindu undivided family or unregistered firm or other association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which Sub-Paragraph II of this Paragraph or any other Paragraph of this Part applies,—

Rates of income-tax

- (1) where the total income is Nil ;
- (2) where the total income exceeds Rs. 8,000 but does not exceed Rs. 15,000 15 per cent. of the amount by which the total income exceeds Rs. 8,000 ;
- (3) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000 Rs. 1,050 plus 18 per cent. of the amount by which the total income exceeds Rs. 15,000 ;
- (4) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000 Rs. 1,950 plus 25 per cent. of the amount by which the total income exceeds Rs. 20,000 ;
- (5) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000 Rs. 3,200 plus 30 per cent. of the amount by which the total income exceeds Rs. 25,000 ;
- (6) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000 Rs. 4,700 plus 40 per cent. of the amount by which the total income exceeds Rs. 30,000 ;
- (7) where the total income exceeds Rs. 50,000 but does not exceed Rs. 70,000 Rs. 12,700 plus 50 per cent. of the amount by which the total income exceeds Rs. 50,000 ;
- (8) where the total income exceeds Rs. 70,000 but does not exceed Rs. 1,00,000 Rs. 22,700 plus 55 per cent. of the amount by which the total income exceeds Rs. 70,000 ;
- (9) where the total income exceeds Rs. 1,00,000 Rs. 39,200 plus 60 per cent. of the amount by which the total income exceeds Rs. 1,00,000 ;

Provided that for the purposes of this Sub-Paragraph,—

(i) no income-tax shall be payable on a total income not exceeding Rs. 10,000 ;

(ii) where the total income exceeds Rs. 10,000 but does not exceed Rs. 12,000, the income-tax payable thereon shall not exceed thirty per cent. of the amount by which the total income exceeds Rs. 10,000.

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 twenty per cent. of such income-tax.

Sub-Paragraph II

In the case of every Hindu undivided family which at any time during the previous year has at least one member whose total income of the previous year relevant to the assessment year commencing on the 1st day of April, 1980, exceeds Rs. 10,000,—

Rates of income-tax

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| (1) where the total income does not exceed Rs. 8,000 | <i>Nil</i> ; |
| (2) where the total income exceeds Rs. 8,000 but does not exceed Rs. 15,000 | 18 per cent. of the amount by which the total income exceeds Rs. 8,000 ; |
| (3) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000 | Rs. 1,260 <i>plus</i> 25 per cent. of the amount by which the total income exceeds Rs. 15,000 ; |
| (4) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000 | Rs. 2,510 <i>plus</i> 30 per cent. of the amount by which the total income exceeds Rs. 20,000 ; |
| (5) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000 | Rs. 4,010 <i>plus</i> 40 per cent. of the amount by which the total income exceeds Rs. 25,000 ; |
| (6) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000 | Rs. 6,010 <i>plus</i> 50 per cent. of the amount by which the total income exceeds Rs. 30,000 ; |
| (7) where the total income exceeds Rs. 50,000 but does not exceed Rs. 70,000 | Rs. 16,010 <i>plus</i> 55 per cent. of the amount by which the total income exceeds Rs. 50,000 ; |
| (8) where the total income exceeds Rs. 70,000 | Rs. 27,010 <i>plus</i> 60 per cent. of the amount by which the total income exceeds Rs. 70,000 : |

Provided that for the purposes of this Sub-Paragraph,—

- (i) no income-tax shall be payable on a total income not exceeding Rs. 10,000 ;
- (ii) where the total income exceeds Rs. 10,000 but does not exceed Rs. 13,000, the income-tax payable thereon shall not exceed thirty per cent. of the amount by which the total income exceeds Rs. 10,000.

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 twenty per cent. of such income-tax.

Paragraph B

In the case of every co-operative society,—

Rates of income-tax

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| (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 *plus* 40 per cent. of the amount by which the total income exceeds Rs. 20,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of twenty per cent. of such income-tax.

Paragraph C.

Sub-Paragraph I

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

Rates of income-tax

- (1) where the total income does not exceed Rs. 10,000 *Nil*;
- (2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 25,000 5 per cent. of the amount by which the total income exceeds Rs. 10,000;
- (3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000 Rs. 750 *plus* 7 per cent. of the amount by which the total income exceeds Rs. 25,000;
- (4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000 Rs. 2,500 *plus* 15 per cent. of the amount by which the total income exceeds Rs. 50,000;
- (5) where the total income exceeds Rs. 1,00,000 Rs. 10,000 *plus* 24 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of twenty per cent. of such income-tax.

Sub-Paragraph II

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

Rates of income-tax

- (1) where the total income does not exceed Rs. 10,000 *Nil*;
- (2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 25,000 4 per cent. of the amount by which the total income exceeds Rs. 10,000;

(3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000

Rs. 600 *plus* 7 per cent. of the amount by which the total income exceeds Rs. 25,000 ;

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

Rs. 2,350 *plus* 13 per cent. of the amount by which the total income exceeds Rs. 50,000 ;

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

Rs. 8,850 *plus* 22 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of twenty per cent. of such income-tax.

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

Paragraph D

In the case of every local authority,—

Rate of income-tax

On the whole of the total income 50 per cent.

Surcharge on income-tax

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

Paragraph E

In the case of a company,—

Rates of income-tax

I. In the case of a domestic company,—

(1) where the company is a company in which the public are substantially interested,—

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

(ii) in a case where the total income exceeds Rs. 1,00,000 55 per cent. of the total income ;

(2) where the company is not a company in which the public are substantially interested,—

(i) in the case of an industrial company,—

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

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

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

Provided that—

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

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

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

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

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

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

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

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

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

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

and where such agreement has, in either case, been approved by the Central Government 50 per cent. ;

(ii) on the balance, if any, of the total income 70 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge calculated at the rate of seven and a half per cent. of such income-tax. ;

(ii) in Part III, in Sub-Paragraph II of Paragraph A, for the figures "1980", the figures "1981" shall be substituted ;

(iii) 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, 1980, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 1974, or the 1st day of April, 1975, or the 1st day of April, 1976, or the 1st day of April, 1977, or the 1st day of April, 1978, or the 1st day of April, 1979, is a loss, then, for the purposes of sub-section (2) of section 2 of this Act,—

(i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1974, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1975, or the 1st day of April, 1976, or the 1st day of April, 1977, or the 1st day of April, 1978, or the 1st day of April, 1979,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1975, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1976, or the 1st day of April, 1977, or the 1st day of April, 1978, or the 1st day of April, 1979,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1976, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1977, or the 1st day of April, 1978, or the 1st day of April, 1979,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1977, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1978, or the 1st day of April, 1979,

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1978, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1979, and

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1979,

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, 1980.

Explanation.—In this sub-rule and sub-rule (2), the expression "section 2 of this Act" means section 2 of the Finance Act, 1979 (21 of 1979), as applied for the purposes of this Act.

(2) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1981 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, 1974, or the 1st day of April, 1975, or the 1st day of April, 1976, or the 1st day of April, 1977, or the 1st day of April, 1978, or the 1st day of April, 1979, or the 1st day of April, 1980, is a loss, then, for the purposes of sub-section (6) of section 2 of this Act,—

(i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1974, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1975, or the 1st day of April, 1976, or the 1st day of April, 1977, or the 1st day of April, 1978, or the 1st day of April, 1979, or the 1st day of April 1980,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1975, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1976, or the 1st day of April, 1977, or the 1st day of April, 1978, or the 1st day of April, 1979, or the 1st day of April, 1980,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1976, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1977, or the 1st day of April, 1978, or the 1st day of April, 1979, or the 1st day of April, 1980,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1977, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1978, or the 1st day of April, 1979, or the 1st day of April, 1980,

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1978, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1979, or the 1st day of April, 1980.

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1979, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1980, and

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1980,

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, 1981, or the period aforesaid.;

(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 Income-tax Officer under the provisions of these rules or the rules contained in Part IV of the First Schedule to the Finance Act, 1974 (20 of 1974), or of the First Schedule to the Finance Act, 1975 (25 of 1975), or of the First Schedule to the Finance Act, 1976 (66 of 1976), or of the First Schedule to the Finance (No. 2) Act, 1977 (29 of 1977), or of the Schedule to the Finance Act, 1978 (19 of 1978), or of the First Schedule to the Finance Act, 1979 (21 of 1979), shall be set off under sub-rule (1) or, as the case may be, sub-rule (2).”

3. Amendment of section 10 of Act 43 of 1961.—In section 10 of the Income-tax Act, 1961,—

(a) in clause (17A), for the words “awards for literary, scientific and artistic work or attainment”, the words “awards for literary, scientific or artistic work or attainment or for service for alleviating the distress of the poor, the weak and the ailing” shall be substituted;

(b) in clause (26A), for the figures, letters and words “1st day of April, 1980”, the figures, letters and words “1st day of April, 1983” shall be substituted;

(c) after clause (26A), the following clause shall be inserted, and shall be deemed to have been inserted, with effect from the 1st day of April, 1972, namely:—

“(26B) any income of a corporation established by a Central, State or Provincial Act or of any other body, institution or association (being a body, institution or association wholly financed by Government) where such corporation or other body or institution or association has been established or formed for promoting the interests of the members of either the Scheduled Castes or the Scheduled Tribes or of both.

Explanation.—For the purposes of this clause, “Scheduled Castes” and “Scheduled Tribes” shall have the meanings respectively assigned to them in clauses (24) and (25) of article 366 of the Constitution;”

4. Auxiliary duties of customs.—(1) In the case of goods mentioned in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), or in that Schedule, as amended from time to time, there shall be levied and collected as an auxiliary duty of customs an amount equal to twenty per cent. of

the value of the goods as determined in accordance with the provisions of section 14 of the Customs Act, 1962 (52 of 1962) (hereinafter referred to as the Customs Act).

(2) Sub-section (1) shall cease to have effect after the 31st day of March, 1981, except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897 (10 of 1897), shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

(3) The auxiliary duties of customs referred to in sub-section (1) shall be in addition to any duties of customs chargeable on such goods under the Customs Act, or any other law for the time being in force.

(4) The provisions of the Customs Act and the rules and regulations made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the auxiliary duties of customs leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of customs on such goods under that Act or those rules and regulations, as the case may be.

5. Special duties of excise.—(1) In the case of goods chargeable with a duty of excise under the Central Excises and Salt Act, 1944 (1 of 1944), as amended from time to time (hereinafter referred to as the Central Excises Act), read with any notification for the time being in force issued by the Central Government in relation to the duty so chargeable, there shall be levied and collected a special duty of excise equal to five per cent. of the amount so chargeable on such goods.

(2) Sub-section (1) shall cease to have effect after the 31st day of March, 1981, except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897 (10 of 1897), shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

(3) The special duties of excise referred to in sub-section (1) shall be in addition to any duties of excise chargeable on such goods under the Central Excises Act, or any other law for the time being in force.

(4) The provisions of the Central Excises Act and the rules made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the special duties of excise leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of excise on such goods under that Act or those rules, as the case may be.

*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 4 and 5 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 1980-81 the existing rates of income-tax with certain modifications, to provide for certain exemptions from 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.

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, 1979, for the purpose of deduction of tax at source from salaries during the financial year 1979-80, 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 1980-81. 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 1980-81, for computing the "advance tax" payable during that financial year on current incomes, and also for the said special purposes.

3. Under the provisions of the Finance Act, 1979, the net agricultural income (as computed in accordance with the rules contained in Part IV of the First Schedule to that Act) in the case of individuals, Hindu undivided families, etc., is taken into account for determining the rates of income-tax applicable to their non-agricultural income. These provisions are proposed to be continued for the purposes of determining the rates of income-tax applicable to the non-agricultural income for the assessment year 1980-81, as also for computation of the "advance tax" and charging of income-tax on current incomes in cases where accelerated assessments are required to be made during the financial year 1980-81. The rules relating to computation of net agricultural income are proposed to be modified to secure that the unabsorbed loss in agriculture for the previous year relevant to the assessment year 1979-80 is also set off against the agricultural income for the previous year relevant to the assessment year 1980-81 and the unabsorbed loss in respect of the previous year relevant to the assessment year 1980-81 is set off in determining the net agricultural income for the purposes of payment of "advance tax" during the financial year 1980-81.

4. The rates for deduction of tax at source during the financial year 1979-80 from incomes other than salaries, specified in Part II of the First Schedule to the Finance Act, 1979, are also proposed to be continued for deduction of tax at source from such incomes during the financial year 1980-81.

5. Clause 2 of the Bill accordingly proposes to apply to the financial year 1980-81 the provisions of section 2 of, and the First Schedule to, the Finance Act, 1979, with consequential and other necessary modifications.

6. Clause 3 of the Bill seeks to extend the exemption from income-tax in the case of residents of Ladakh for a further period of three years and to exempt from income-tax awards for service for alleviating the distress of the poor, the weak and the ailing and income of corporations or other

bodies, associations or institutions established for promoting the interests of members of the Scheduled Castes or the Scheduled Tribes.

7. Clause 4 of the Bill seeks to levy up to the 31st day of March, 1981, auxiliary duties of customs on all imported goods at the rate of twenty per cent. of their value.

8. Clause 5 of the Bill seeks to levy up to the 31st March, 1981, special duties of excise on all excisable goods at the rate of five per cent. of the duty leviable under the Central Excises Act, read with any notification for the time being in force issued under the said Act or the rules made thereunder.

NEW DELHI :

R. VENKATARAMAN.

The 11th March, 1980.
