

THE FINANCE BILL, 1962.

(As introduced in Lok Sabha.)

A Bill to continue for the financial year 1962-63 the existing rates of income-tax and super-tax and to provide for the continuance of certain commitments under the General Agreement on Tariffs and Trade and the discontinuance of the duty on salt for the said year.

BE it enacted by Parliament in the Thirteenth Year of the Republic of India as follows :—

1. *Short title.*—This Act may be called the Finance Act, 1962.

2. *Income-tax and Super-tax.*—The provisions of section 2 of, and the First Schedule to, the Finance Act, 1961 (14 of 1961), shall apply in relation to income-tax and super-tax for the assessment year 1962-63 as they apply in relation to income-tax and super-tax for the financial year 1961-62 with the following modifications, namely :—

(i) in section 2,—

(a) for the figures “1960”, “1961”, and “1962”, wherever they occur, the figures “1961”, “1962” and “1963” shall respectively be substituted ;

(b) in clause (b) of sub-section (1), for the words and figures “section 55 of the Indian Income-tax Act, 1922 (11 of 1922)”, the words and figures “section 95 of the Income-tax Act, 1961 (43 of 1961)” shall be substituted ;

(c) in clause (b) of sub-section (2) for the words “Income-tax Act”, the words and figures “Indian Income-tax Act, 1922 (11 of 1922)” shall be substituted.

(d) in sub-section (4), for the word and figures “section 17”, the word and figures “Chapter XII” shall be substituted ; and for the words “that section”, the words “that Chapter” shall be substituted ;

(e) in sub-section (5), for the words and figures “section 18 of”, the words, letter and figures “part B of Chapter XVII of” shall be substituted ; and for the words “at the prescribed rates”, the words “at the rates in force” shall be substituted ;

(f) for sub-section (6), the following sub-section shall be substituted, namely :—

“(6) For the purposes of this section, and of the rates of tax imposed thereby, the expression ‘assessment year’ has the meaning assigned to it in clause (g) of section 2 of the Income-tax Act; the expression ‘total income’ means total income as determined for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of that Act, and the expression ‘earned income’ means any income of an assessee who is an individual, Hindu undivided family, unregistered firm or other association of persons or body of individuals, whether incorporated or not, not being a company, a local authority, a registered firm or a firm assessed under clause (b) of section 183 of the said Act—

(a) which is chargeable under the head ‘Salaries’; or

(b) which is chargeable under the head ‘Profits and gains of business or profession’ where the business or profession is carried on by the assessee or, in the case of a firm, where the assessee is a partner actively engaged in the conduct of the business or profession; or

(c) which is chargeable under the head ‘Income from other sources’ if it is immediately derived from personal exertion or represents a pension or superannuation or other allowance given to the assessee in respect of his past services or the past services of any deceased person; and includes any such income which, though it is the income of another person, is included in the assessee’s income under the provisions of the Income-tax Act, 1961 (43 of 1961), but does not include any such income on which tax is not payable under clause (iii) or clause (iv) or clause (v) of section 86 or clause (i) or clause (ii) of sub-section (1) of section 99 of the Act or which is exempted from tax under a notification issued under section 60 of the Indian Income-tax Act, 1922 (11 of 1922), as continued in force by clause (1) of sub-section (2) of section 297 of the Income-tax Act, 1961 (43 of 1961)”;

(ii) in the First Schedule,—

(A) for the words “other association of persons”, wherever they occur, the words, brackets and figures “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” shall be substituted;

(B) in Part II—

(i) in Paragraph C, for the words, brackets, figures and letter “clause (5B) of section 2”, the words, brackets and figures “clause (19) of section 2” shall be substituted:

(ii) in Paragraph D—

(1) in the first proviso, in clause (i)—

(a) in sub-clause (a), for the figures “1962”, the figures “1963” shall be substituted and for the words, brackets, figures and letter “sub-section (3D) of section 18”, the word and figures “section 194” shall be substituted;

(b) in sub-clause (b), for the words, brackets, figures and letter “sub-section (g) of section 23A”, the word and figures “section 108” shall be substituted;

(2) in the second proviso, for the figures "1960", the figures "1961" shall be substituted;

(c) in Part III, for the word and figures "section 18" wherever they occur, the words, letter and figures "Part B of Chapter XVII" shall be substituted; for the words "at the prescribed rates", the words "at the rates in force" shall be substituted; for the word and figures "section 17", the word and figures "section 113" shall be substituted; and for the word, figures and letter "section 56A", wherever they occur, the words, brackets and figures "clause (iv) of subsection (1) of section 99" shall be substituted.

3. *Amendment of Act I of 1949.*—In the Indian Tariff (Amendment) Act, 1949, in sections 4 and 5, for the figures "1962", the figures "1963" shall be substituted.

4. *Discontinuance of salt duty.*—For the year beginning on the first day of April, 1962, no duty under the Central Excises and Salt Act, 1944 (1 of 1944), or the Indian Tariff Act, 1934 (32 of 1934), shall be levied in respect of salt manufactured in, or imported into, India.

STATEMENT OF OBJECTS AND REASONS

Government do not at present intend to make any changes in the existing tax structure in relation to the next financial year. The object of this Bill is to ensure the levy of income-tax and super-tax at the rates at which they are now being levied under the Finance Act, 1961.

2. Clause 2 continues the existing rates of income-tax and super-tax. As a result of the passing of the Income-tax Act, 1961, certain modifications are necessary and those modifications have been indicated in this clause.

3. Clause 3 seeks to maintain for another year the status quo in regard to commitments under the General Agreement on Tariffs and Trade.

4. Clause 4, like section 17 of the Finance Act, 1961, provides that salt shall be duty free for another year.

Financial Memorandum.

This Bill does not seek to make any change in the levy of existing taxes. Accordingly, no additional expenditure will be involved in the collection of these taxes.

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