

BILL

FINANCE BILL, 2009

*Finance Bill, 2009**

[6 OF 2009]

A Bill to continue the existing rates of income-tax for the financial year 2009-10.

Be it enacted by Parliament in the Sixtieth Year of the Republic of India as follows :—

Short title and commencement

1. (1) This Act may be called the Finance Act, 2009.

(2) Section 2 shall come into force on the 1st day of April, 2009.

Income-tax

2. The provisions of section 2 of, and the First Schedule to, the Finance Act, 2008 (18 of 2008), 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, 2009, 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, 2008, with the following modifications, namely :—

(a) in section 2,—

(i) for sub-section (1), the following sub-section shall be substituted, namely :—

“(1) Subject to the provisions of sub-sections (2) and (3), for the assessment year commencing on the 1st day of April, 2009, income-tax shall be charged at the rates specified in Part I of the First Schedule and such tax shall be increased by a surcharge, for purposes of the Union, calculated in each case in the manner provided therein.”;

(ii) in sub-section (2),—

(A) in the opening portion and in clause (a) and sub-clause (ii) of clause (b), for the words “one lakh ten thousand rupees”, the words “one lakh fifty thousand rupees” shall be substituted;

(B) in the first proviso,—

(i) for the words “one lakh ten thousand rupees”, the words “one lakh fifty thousand rupees” shall be substituted;

(ii) for the words “one lakh forty-five thousand rupees”, the words “one lakh eighty thousand rupees” shall be substituted;

(C) in the second proviso,—

(i) for the words “one lakh ten thousand rupees”, the words “one lakh fifty thousand rupees” shall be substituted;

(ii) for the words “one lakh ninety-five thousand rupees”, the words “two lakh twenty-five thousand rupees” shall be substituted;

(D) in the third proviso, the words, figures and letter “as reduced by the amount of rebate of income-tax calculated under Chapter VIII-A of the Income-tax Act”, shall be omitted;

(iii) in sub-section (3), in the opening portion, for the words “the Income-tax Act”, the words, figures and brackets “the Income-tax Act, 1961 (43 of 1961) (hereinafter referred to as the Income-tax Act)” shall be substituted;

(iv) in sub-section (13), in clause (a), for the figures “2008”, the figures “2009” 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

(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. Nil;
1,50,000
- (2) where the total income exceeds Rs. 1,50,000 10 per cent of the amount by which the total income but does not exceed Rs. 3,00,000 exceeds Rs. 1,50,000;
- (3) where the total income exceeds Rs. 3,00,000 Rs. 15,000 plus 20 per cent of the amount by which the but does not exceed Rs. 5,00,000 total income exceeds Rs. 3,00,000;
- (4) where the total income exceeds Rs. 5,00,000 Rs. 55,000 plus 30 per cent of the amount by which the total income exceeds Rs. 5,00,000.

(II) In the case of every individual, being a woman resident in India, and below the age of sixty-five years at any time during the previous year,—

Rates of income-tax

- (1) where the total income does not exceed Rs. Nil;
1,80,000
- (2) where the total income exceeds Rs. 1,80,000 10 per cent of the amount by which the total income but does not exceed Rs. 3,00,000 exceeds Rs. 1,80,000;
- (3) where the total income exceeds Rs. 3,00,000 Rs. 12,000 plus 20 per cent of the amount by which the but does not exceed Rs. 5,00,000 total income exceeds Rs. 3,00,000;
- (4) where the total income exceeds Rs. 5,00,000 Rs. 52,000 plus 30 per cent of the amount by which the total income exceeds Rs. 5,00,000.

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

Rates of income-tax

- (1) where the total income does not exceed Rs. Nil;
2,25,000
- (2) where the total income exceeds Rs. 2,25,000 10 per cent of the amount by which the total income but does not exceed Rs. 3,00,000 exceeds Rs. 2,25,000;
- (3) where the total income exceeds Rs. 3,00,000 Rs. 7,500 plus 20 per cent of the amount by which the total but does not exceed Rs. 5,00,000 income exceeds Rs. 3,00,000;
- (4) where the total income exceeds Rs. 5,00,000 Rs. 47,500 plus 30 per cent of the amount by which the total income exceeds Rs. 5,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this paragraph, or in section 111A or section 112, shall,—

(i) in the case of every individual or Hindu undivided family or association of persons or body of individuals having a total income exceeding ten lakh rupees, be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent of such income-tax;

(ii) in the case of every person, other than those mentioned in item (i), be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent of such income-tax :

Provided that in case of persons mentioned in item (i) above having a total income exceeding ten lakh 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 ten lakh rupees by more than the amount of income that exceeds ten lakh 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
10,000

(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 30 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 30 per cent

Surcharge on income-tax

The amount of income-tax computed at the rate hereinbefore specified, or in 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 purposes of the Union calculated at the rate of ten per cent of such income-tax :

Provided that in the case of every firm having a 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

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 either case, been 50 per cent; approved by the Central Government

(ii) on the balance, if any, of the total income 40 per cent

Surcharge on income-tax

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

(i) in the case of every domestic company having a total income exceeding one 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 having a total income exceeding one crore rupees, at the rate of two and one-half per cent :

Provided that in the case of every company having a 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.”;

(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, 2009, 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 year commencing on the 1st day of April, 2001 or the 1st day of April, 2002 or the 1st day of April, 2003 or the 1st day of April, 2004 or the 1st day of April, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008, 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, 2001, 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, 2002 or the 1st day of April, 2003 or the 1st day of April, 2004 or the 1st day of April, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2002, 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, 2003 or the 1st day of April, 2004 or the 1st day of April, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2003, 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, 2004 or the 1st day of April, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2004, 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, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008,

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2005, 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, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008,

(vi) 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,

(vii) 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,

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2008,

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, 2009.

(2) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 2010, 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 year commencing on the 1st day of April, 2002 or the 1st day of April, 2003 or the 1st day of April, 2004 or the 1st day of April, 2005 or 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, 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, 2002, 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, 2003 or the 1st day of April, 2004 or the 1st day of April, 2005 or 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,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2003, 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, 2004 or the 1st day of April, 2005 or 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,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2004, 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, 2005 or 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,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2005, 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, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009,

(v) 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,

(vi) 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,

(vii) 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,

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2009,

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, 2010.”;

(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, 2001 (14 of 2001), or of the First Schedule to the Finance Act, 2002 (20 of 2002), or of the First Schedule to the Finance Act, 2003 (32 of 2003), or of the First Schedule to the Finance (No. 2) Act, 2004 (23 of 2004), or of the First Schedule to the Finance Act, 2005 (18 of 2005), or 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) shall be set off under sub-rule (1) or, as the case may be, sub-rule (2).”.

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STATEMENT OF OBJECTS AND REASONS

The object of this short Bill is to continue the existing rates of income-tax for the financial year 2009-10.

2. Clause 2 of the Bill deals with the rates of income-tax. The rates of income-tax which were specified in Part III of the First Schedule to the Finance Act, 2008, for the purpose of deduction of tax at source from salaries during the financial year 2008-09, 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 2009-10. 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 2009-10, 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 2008-09 from incomes other than salaries, specified in Part II of the First Schedule to the Finance Act, 2008, are also proposed to be continued for deduction of tax at source from such incomes during the financial year 2009-10.

4. Clause 2 of the Bill, accordingly, proposes to apply to the assessment year or, as the case may be, to the financial year 2009-10, the provisions of section 2 of, and the First Schedule to, the Finance Act, 2008, with consequential and other necessary modifications.

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

[Copy of letter No. 2(10)-B(D)/2009, dated the 16th February, 2009 from Shri Pranab Mukherjee, Minister of Finance, to the Secretary-General, Lok Sabha.]

The President, having been informed of the subject matter of the proposed Bill, recommends under clauses (1) and (3) of article 117, read with clause (1) of article 274, of the Constitution of India, the introduction of the Finance Bill, 2009 to the Lok Sabha and also recommends to the Lok Sabha the consideration of the Bill.

2. The Bill will be introduced in the Lok Sabha immediately after the presentation of the Budget on the 16th February, 2009.