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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह वक्तव्य संकलन को कम में रखा जा सके।
Separate paging is given to this Part in order that it may be filed
as a separate compilation

LOK SABHA

The following Bill was introduced in Lok Sabha on the 27th February, 1982:—

BILL NO. 14 OF 1982

*A Bill to give effect to the financial proposals of the Central Government for
the financial year 1982-83.*

Be it enacted by Parliament in the Thirty-third Year of
the Republic of India as follows:—

**CHAPTER I
PRELIMINARY**

1. (1) This Act may be called the Finance Act, 1982.

Short title and
commencement.

(2) Sections 2 to 29, sections 31 to 42 and sections 55
to 57 shall, save as otherwise provided in this Act, be deemed
to have come into force on the 1st day of April, 1982; and
section 30 shall come into force on such date as the Central
Government may, by notification in the Official Gazette, appoint.

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CHAPTER II

RATES OF INCOME-TAX

2. (1) Subject to the provisions of sub-sections (2) and (3),
for the assessment year commencing on the 1st day of April,
1982, income-tax shall be charged at the rates specified in
Part I of the First Schedule and shall be increased, —

Income-tax.

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(a) in the cases to which Paragraphs A, B, C and D of
that Part apply, by a surcharge for purposes of the Union; and

(b) in the cases to which Paragraph E of that Part applies, by a surcharge,
calculated in each case in the manner provided therein.

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*See Corrigendum published in the Gazette of India Extraordinary,
Part II—Section 2, dated 2nd March, 1982.

(2) In the cases to which Sub-Paragraph I or Sub-Paragraph II of Paragraph A of Part I of the First Schedule applies, where the assessee has, in the previous year, any net agricultural income exceeding six hundred rupees, in addition to total income, and the total income exceeds, - 5

(i) in a case to which the said Sub-Paragraph I applies, fifteen thousand rupees, and

(ii) in a case to which the said Sub-Paragraph II applies, twelve thousand rupees,

then, - 10

(a) the net agricultural income shall be taken into account, in the manner provided in clause (b) (that is to say, as if the net agricultural income were comprised in the total income after, -

(i) in a case to which the said Sub-Paragraph I applies, 15 the first fifteen thousand rupees, and

(ii) in a case to which the said Sub-Paragraph II applies, the first eight thousand rupees,

of the total income but without being liable to tax), only for the purpose of charging income-tax in respect of the total income; and 20

(b) the income-tax chargeable shall be calculated as follows:—

(i) the total income and the net agricultural income shall be aggregated and the amount of income-tax shall be determined in respect of the aggregate income at the rates specified in Sub-Paragraph I or, as the case may be, Sub-Paragraph II of the said Paragraph A, as if such aggregate income were the total income: 25

Provided that in a case referred to in the said Sub-Paragraph II, for the purpose of determining the amount of income-tax in accordance with this sub-clause, the provisions of clause (ii) of the proviso below Sub-Paragraph II and the provisions relating to surcharge on income-tax in the said Sub-Paragraph II shall not apply; 30 35

(ii) the net agricultural income shall be increased, -

(A) in a case to which the said Sub-Paragraph I applies, by a sum of fifteen thousand rupees; and

(B) in a case to which the said Sub-Paragraph II applies, by a sum of eight thousand rupees, 40

and the amount of income-tax shall be determined in respect of the net agricultural income as so increased at the rates specified in Sub-Paragraph I or, as the case may be, Sub-Paragraph II of the said Paragraph A, 45

as if the net agricultural income as so increased were the total income:

5 Provided that in a case referred to in the said Sub-Paragraph II, for the purposes of determining the amount of income-tax in accordance with this sub-clause, the provisions of clause (ii) of the proviso below the said Sub-Paragraph II and the provisions relating to surcharge on income-tax in the said Sub-Paragraph II shall not apply;

10 (iii) the amount of income-tax determined in accordance with sub-clause (i) shall be reduced by the amount of income-tax determined in accordance with sub-clause (ii):

15 Provided that in a case referred to in the said Sub-Paragraph II, where the sum so arrived at exceeds sixty per cent. of the amount by which the total income exceeds twelve thousand rupees, the excess shall be disregarded;

20 (iv) the amount of income-tax determined in accordance with sub-clause (iii) shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax and the sum so arrived at shall be the income-tax in respect of the total income.

25 (3) In cases to which the provisions of Chapter XII or section 164 or section 164A or section 167A of the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act) apply, the tax chargeable shall be determined as provided in that Chapter or that section, and with reference to
43 of 1961 the rates imposed by sub-section (1) or the rates as specified in that Chapter or section, as the case may be,
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35 (4) In cases in which tax has to be deducted under sections 193, 194, 194A, 194B, 194BB, 194D and 195 of the Income-tax Act at the rates in force, the deduction shall be made at the rates specified in Part II of the First Schedule.

40 (5) Subject to the provisions of sub-section (6), in cases in which income-tax has to be calculated under the first proviso to sub-section (5) of section 132 of the Income-tax Act or charged under sub-section (4) of section 173 or sub-section (2) of section 174 or section 175 or sub-section (2) of section 176
45 of the said Act or deducted under section 192 of the said Act from income chargeable under the head "Salaries" or deducted under sub-section (9) of section 80E of the said Act from any payment referred to in the said sub-section (9) or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed, at the rate or rates in force, such income-tax or, as the case may be, "advance tax" shall be so calculated, charged, deducted or computed at the rate or rates specified in Part III of the First Schedule:

50 Provided that in cases to which the provisions of Chapter XII or section 164 or section 164A or section 167A of the Income-tax Act apply, "advance tax" shall be computed with

reference to the rates imposed by this sub-section or the rates as specified in that Chapter or section, as the case may be.

(6) In the cases to which Sub-Paragraph I or Sub-Paragraph II of Paragraph A of Part III of the First Schedule applies, where the assessee has, in the previous year 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 net agricultural income exceeding six hundred rupees, in addition to total income and the total income exceeds,—

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(i) in a case to which the said Sub-Paragraph I applies, fifteen thousand rupees, and

(ii) in a case to which the said Sub-Paragraph II applies, twelve thousand rupees;

then, in calculating income-tax under the first proviso to sub-section (5) of section 132 of the Income-tax Act or in charging income-tax under sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or in computing the "advance tax" payable under Chapter XVII-C of the said Act, at the rate or rates in force, —

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20

(a) the net agricultural income shall be taken into account, in the manner provided in clause (b) (that is to say, as if the net agricultural income were comprised in the total income after,—

(i) in a case to which the said Sub-Paragraph I applies, the first fifteen thousand rupees, and

(ii) in a case to which the said Sub-Paragraph II applies, the first eight thousand rupees,

of the total income but without being liable to tax), only for the purpose of calculating, charging or computing such income-tax or, as the case may be, "advance tax" in respect of the total income; and

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(b) such income-tax or, as the case may be, "advance tax" shall be so calculated, charged or computed as follows:—

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(i) the total income and the net agricultural income shall be aggregated and the amount of income-tax or "advance tax" shall be determined in respect of the aggregate income at the rates specified in Sub-Paragraph I or, as the case may be, Sub-Paragraph II of the said Paragraph A, as if such aggregate income were the total income;

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Provided that in a case referred to in the said Sub-Paragraph II, for the purposes of determining the amount of income-tax or "advance tax" in accordance with this sub-clause, the provisions of clause (ii) of the proviso below the said Sub-Paragraph II and the provisions

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relating to surcharge on income-tax in the said Sub-Paragraph II shall not apply;

(ii) the net agricultural income shall be increased,—

5 (A) in a case to which the said Sub-Paragraph I applies, by a sum of fifteen thousand rupees; and

(B) in a case to which the said Sub-Paragraph II applies, by a sum of eight thousand rupees,

10 and the amount of income-tax or "advance tax" shall be determined in respect of the net agricultural income as so increased at the rates specified in the said Sub-Paragraph I or, as the case may be, the said Sub-Paragraph II, as if the net agricultural income as so increased were the total income:

15 Provided that in a case referred to in the said Sub-Paragraph II, for the purposes of determining the amount of income-tax or "advance tax" in accordance with this sub-clause, the provisions of clause (ii) of the proviso below the said Sub-Paragraph II and the provisions relating to surcharge on income-tax in the said Sub-Paragraph II shall not apply;

20 (iii) the amount of income-tax or "advance tax" determined in accordance with sub-clause (i) shall be reduced by the amount of income-tax or, as the case may be, "advance tax" determined in accordance with sub-clause (ii):

25 Provided that in a case referred to in the said Sub-Paragraph II, where the sum so arrived at exceeds sixty per cent. of the amount by which the total income exceeds twelve thousand rupees, the excess shall be disregarded;

30 (iv) the amount of income-tax or "advance tax" determined in accordance with sub-clause (iii) shall be increased by a surcharge for purposes of the Union calculated at the rate of ten 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.

(7) For the purposes of this section and the First Schedule, —

40 (a) "company in which the public are substantially interested" means a company which is such a company as is referred to in section 108 of the Income-tax Act;

45 (b) "domestic company" means an Indian company, or any other company which, in respect of its income liable to income-tax under the Income-tax Act for the assessment year commencing on the 1st day of April, 1982, has made the prescribed arrangements for the declaration and payment within India of the dividends (including dividends on

preference shares) payable out of such income in accordance with the provisions of section 194 of that Act;

(c) "industrial company" means a company which is mainly engaged in the business of generation or distribution of electricity or any other form of power or in the construction of ships or in the manufacture or processing of goods or in mining. 5

Explanation. — For the purposes of this clause, a company shall be deemed to be mainly engaged in the business of generation or distribution of electricity or any other form of power or in the construction of ships or in the manufacture or processing of goods or in mining, if the income attributable to any one or more of the aforesaid activities included in its total income of the previous year (as computed before making any deduction under Chapter VIA of the Income-tax Act) is not less than fifty-one per cent. of such total income; 10 15

(d) "insurance commission" means any remuneration or reward, whether by way of commission or otherwise, for soliciting or procuring insurance business (including business relating to the continuance, renewal or revival of policies of insurance); 20

(e) "net agricultural income", in relation to a person, means the total amount of agricultural income, from whatever source derived, of that person computed in accordance with the rules contained in Part IV of the First Schedule; 25

(f) "tax-free security" means any security of the Central Government issued or declared to be income-tax free, or any security of a State Government issued income-tax free, the income-tax whereon is payable by the State Government; 30

(g) all other words and expressions used in this section or in the First Schedule but not defined in this subsection and defined in the Income-tax Act shall have the meanings respectively assigned to them in that Act. 35

CHAPTER III

DIRECT TAXES

Income-tax

Amendment of section 6.

3. In section 6 of the Income-tax Act, in clause (1), with effect from the 1st day of April, 1983, - 40

(i) sub-clause (b) shall be omitted;

(ii) for the *Explanation*, the following *Explanation* shall be substituted, namely:—

'Explanation :- In the case of an individual, being a citizen of India,—

5 (a) who leaves India in any previous year for the purposes of employment outside India, the provisions of sub-clause (c) shall apply in relation to that year as if for the words "sixty days", occurring therein, the words "one hundred and eighty-two days" had been substituted;

10 (b) who, being outside India, comes on a visit to India in any previous year, the provisions of sub-clause (c) shall apply in relation to that year as if for the words "sixty days", occurring therein, the words "ninety days" had been substituted, '.

4. In section 10 of the Income-tax Act,—

Amendment of section 10.

15 (a) for clause (4A), the following clause shall be substituted, namely:—

46 of 1973. 20 '(4A) in the case of a person resident outside India, any income from interest on moneys standing to his credit in a Non-resident (External) Account in any bank in India in accordance with the Foreign Exchange Regulation Act, 1973 and any rules made thereunder.

46 of 1973. 25 **Explanation.** - In this clause, "person resident outside India" shall have the meaning assigned to it in clause (q) of section 2 of the Foreign Exchange Regulation Act, 1973; ';

(b) after clause (4A), the following clause shall be inserted with effect from the 1st day of April, 1983, namely:—

30 (4B) in the case of an individual, being a citizen of India or a person of Indian origin, who is a non-resident, any income from interest on such savings certificates issued by the Central Government as that Government may, by notification in the Official Gazette, specify in this behalf:

35 Provided that the individual has subscribed to such certificates in foreign currency or other foreign exchange remitted from a country outside India in accordance with the provisions of the Foreign Exchange Regulation Act, 1973, and any rules made thereunder.

46 of 1973.

40 **Explanation.** - For the purposes of this clause,—

(a) a person shall be deemed to be of Indian origin if he, or either of his parents or any of his grandparents, was born in undivided India;

45 (b) "Foreign currency" and "foreign exchange" have the meanings respectively assigned to them in the Foreign Exchange Regulation Act, 1973; ';

46 of 1973.

(c) after clause (10A), the following clause shall be inserted, namely:-

(10AA) (i) any payment received by an employee of the Central Government or a State Government as the cash equivalent of the leave salary in respect of the period of earned leave at his credit at the time of his retirement on superannuation or otherwise; 5

(ii) any payment of the nature referred to in sub-clause (i) received by an employee, other than an employee of the Central Government or a State Government, in respect of so much of the period of earned leave at his credit at the time of his retirement on superannuation or otherwise as does not exceed six months, calculated on the basis of the average salary drawn by the employee during the period of ten months immediately preceding his retirement on superannuation or otherwise, or rupees twenty-five thousand five hundred, whichever is less; 10 15

Provided that where any such payments are received by an employee from more than one employer in the same previous year, the aggregate amount exempt from income-tax under this sub-clause shall not exceed rupees twenty-five thousand five hundred; 20

Provided further that where any such payment or payments was or were received in any one or more earlier previous years also and the whole or any part of the amount of such payment or payments was or were not included in the total income of the assessee of such previous year or years, the amount exempt from income-tax under this sub-clause shall not exceed rupees twenty-five thousand five hundred, as reduced by the amount or, as the case may be, the aggregate amount not included in the total income of any such previous year or years; 25 30

Provided also that the Central Government may, having regard to the maximum amount which may for the time being be exempt under sub-clause (i), increase, by notification in the Official Gazette, the limit of rupees twenty-five thousand and five hundred, for all the three purposes for which it has been mentioned in the foregoing provisions of this sub-clause, up to such maximum amount. 35 40

Explanation. - For the purposes of sub-clause (ii),

(i) the entitlement to earned leave of an employee shall not exceed thirty days for every year of actual service rendered by him as an employee of the employer from whose service he has retired; 45

(ii) "salary" shall have the meaning assigned to it in clause (h) of rule 2 of Part A of the Fourth Schedule; 1

(d) in clause (15), after sub-clause (ii d), the following sub-clause shall be inserted with effect from the 1st day of April, 1983, namely:—

- 5 "(iii b) interest on such Capital Investment Bonds as the Central Government may, by notification in the Official Gazette, specify in this behalf;".

6. In section 13 of the Income-tax Act, —

Amendment of section 13.

(a) in sub-section (1), in clause (d), —

- 10 (i) for the figures, letters and words "1st day of April, 1982", the figures, letters and words "1st day of April, 1983" shall be substituted;

(ii) for the figures, letters and words "1st day of April, 1981", the figures, letters and words "1st day of April, 1982" shall be substituted;

- 15 (b) in sub-section (5), —

(i) in clause (a), after sub-clause (i), the following sub-clause shall be inserted, namely:—

'(ic) investment in immovable property.

- 20 Explanation. — "Immovable property" does not include any machinery or plant even though attached to, or permanently fastened to anything attached to, the earth;'

(ii) in clause (c), after the word, brackets and figure "sub-clause (i)", the word, brackets, figure and letter "sub-clause (ic)," shall be inserted.

- 25 8. In section 16 of the Income-tax Act, in clause (i), for the words "twenty per cent.", the words "twenty-five per cent." shall be substituted with effect from the 1st day of April, 1983.

Amendment of section 16.

9. In section 23 of the Income-tax Act, with effect from the 1st day of April, 1983, —

Amendment of section 23.

- 30 (a) in sub-section (1), in the second proviso, —

(i) in clause (c), for the words, figures and letters "completed after the 31st day of March, 1978", the words figures and letters "completed after the 31st day of March, 1978 but before the 1st day of April, 1982" shall be substituted;

35

(ii) for the words, brackets and letters "so, however, that the income in respect of any residential unit referred to in clause (a) or clause (b) or clause (c) is in no case a loss.", the following shall be substituted, namely:—

40

"(d) in the case of a building comprising one or more residential units, the erection of which is completed after the 31st day of March, 1982, for a period of five years from the date of completion of the building, be reduced by a sum equal to the aggregate of —

(i) in respect of any residential unit whose annual value as so determined does not exceed three thousand six hundred rupees, the amount of such annual value;

(ii) in respect of any residential unit whose annual value as so determined exceeds three thousand six hundred rupees, an amount of three thousand six hundred rupees, 5

so, however, that the income in respect of any residential unit referred to in clause (a) or clause (b) or clause (c) or clause (d) is in no case a loss. "; 10

(b) in sub-section(2), in clause (i), for the words "one thousand and eight hundred rupees", the words "three thousand six hundred rupees" shall be substituted.

Amendment of section 32A.

8. In section 32A of the Income-tax Act, in sub-section (2B), for the words, figures and letters "but before the 1st day of April, 1982", the words, figures and letters "but before the 1st day of April, 1987" shall be substituted. 15

Insertion of new section 35CCB.

2. In the Income-tax Act, after section 35CCA, the following section shall be inserted with effect from the 1st day of June, 1982, namely:— 20

Expenditure by way of payment to associations and institutions for carrying out programmes of conservation of natural resources.

"35CCB. (1) Where an assessee incurs any expenditure by way of payment of any sum to an association or institution, which has as its object the undertaking of any programme of conservation of natural resources, to be used for carrying out any programme of conservation of natural resources approved by the prescribed authority, the assessee shall, subject to the provisions of sub-section (2), be allowed a deduction of the amount of such expenditure incurred during the previous year. 25

(2) The deduction under sub-section (1) shall not be allowed with respect to expenditure by way of payment of any sum to any association or institution, unless such association or institution is for the time being approved in this behalf by the prescribed authority: 30

Provided that the prescribed authority shall not grant such approval for more than three years at a time. 35

(3) Where a deduction under this section is claimed and allowed for any assessment year in respect of any expenditure referred to in sub-section (1), deduction shall not be allowed in respect of such expenditure under any other provision of this Act for the same or any other assessment year. ". 40

Amendment of section 35.

20. In section 36 of the Income-tax Act, in sub-section (1), with effect from the 1st day of April, 1983, —

(a) in clause (vii), — 45

(i) in the opening portion, for the words "scheduled bank", the words "scheduled bank or a non-scheduled bank" shall be substituted;

(ii) In the Explanation

(1) clause (i) shall be renumbered as clause (ia) and before clause (ia) as so renumbered, the following clause shall be inserted, namely:—

5 (i) "non-scheduled bank" means a banking company as defined in clause (c) of section 5 of the
10 of 1949. Banking Regulation Act, 1949 which is not a scheduled bank;'

10 (2) in clause (ia) as so renumbered, for the words "scheduled bank", the words "scheduled bank or a non-scheduled bank" shall be substituted;

(b) after clause (viii), the following clause shall be inserted, namely:—

15 '(viiiia) In respect of any special reserve created by a scheduled bank (other than a bank incorporated by or under the laws of a country outside India) which is engaged in banking operations outside India, an amount not exceeding forty per cent. of the total income (computed before making any deduction under Chapter
20 VIA) carried to such reserve account:

Provided that, having regard to its capital structure, the extent of its banking operations outside India, its need for resources for such operations outside India and other relevant factors, the bank
25 is, for the time being, approved by the Central Government for the purposes of this clause.

Explanation. — For the purposes of this clause, "scheduled bank" has the same meaning as in clause (ii) of the Explanation to clause (vii a)';

30 11. In section 54 of the Income-tax Act, with effect from the 1st day of April, 1983, —

Amendment of section 54.

(a) in sub-section (1), —

35 (i) for the portion beginning with the words "Where a capital gain arises from the transfer of a capital asset" and ending with the words "a house property for the purposes of his own residence, then", the following shall be substituted, namely:—

Where, in the case of an assessee being an individual, the capital gain arises from the transfer of a "long-term capital asset" to which the provisions of section 53 are not applicable, being buildings or lands appurtenant thereto, and being a residential house, the income of which is chargeable under the head "Income from house property" (hereafter in this section referred to as the original asset), and the assessee has within
40 a period of one year before or after the date on which the transfer took place purchased, or has within a period of three years after that date constructed, a residential house, then';

50 (ii) in clause (i), for the words "the house property", the words "the residential house" shall be substituted;

(iii) the following **Explanation** shall be inserted at the end, namely:—

'**Explanation.** — For the purposes of this sub-section, "long-term capital asset" means a capital asset which is not a short-term capital asset.';

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(b) in sub-section (2), for the words "or has within a period of two years after that date constructed, a house property for the purposes of his own residence", the words "or has within a period of three years after that date constructed, a residential house" shall be substituted.

10

Insertion of new section 54F.

Capital gain on transfer of certain capital assets not to be charged in case of investment in residential house.

12. In the Income-tax Act, after section 54E, the following section shall be inserted with effect from the 1st day of April, 1983, namely:—

'54F. (1) Where, in the case of an assessee being an individual, the capital gain arises from the transfer of any long-term capital asset, not being buildings or land appurtenant thereto, the income of which is chargeable under the head "Income from house property" (hereafter in this section referred to as the original asset), and the assessee has, within a period of one year before or after the date on which the transfer took place purchased, or has within a period of three years after that date constructed, a residential house (hereafter in this section referred to as the new asset), the capital gain shall be dealt with in accordance with the following provisions of this section, that is to say, —

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(a) if the cost of the new asset is not less than the net consideration in respect of the original asset, the whole of such capital gain shall not be charged under section 45;

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(b) if the cost of the new asset is less than the net consideration in respect of the original asset, so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of the new asset bears to the net consideration, shall not be charged under section 45:

35

Provided that nothing contained in this sub-section shall apply where the assessee owns on the date of the transfer of the original asset, or purchases, within the period of one year after such date, or constructs, within the period of three years after such date, any residential house, the income from which is chargeable under the head "Income from house property", other than the new asset.

40

Explanation. — For the purposes of this section, —

(i) "long-term capital asset" means a capital asset which is not a short-term capital asset;

45

(ii) "net consideration", in relation to the transfer of a capital asset, means the full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

50

(2) Where the assessee purchases, within the period of one year after the date of the transfer of the original asset,

or constructs, within the period of three years after such date, any residential house, the income from which is chargeable under the head "Income from house property", other than the new asset, the amount of capital gain arising from the transfer of the original asset not charged under section 45 on the basis of the cost of such new asset as provided in clause (a), or, as the case may be, clause (b), of sub-section (1), shall be deemed to be income chargeable under the head "Capital gains" relating to long-term capital assets of the previous year in which such residential house is purchased or constructed.

(3) Where the new asset is transferred within a period of three years from the date of its purchase or, as the case may be, its construction, the amount of capital gain arising from the transfer of the original asset not charged under section 45 on the basis of the cost of such new asset as provided in clause (a) or, as the case may be, clause (b), of sub-section (1) shall be deemed to be income chargeable under the head "Capital gains" relating to long-term capital assets of the previous year in which such new asset is transferred.

12. In section 80C of the Income-tax Act, with effect from the 1st day of April, 1983, —

Amendment of section 80C.

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

"(1) In computing the total income of an assessee, there shall be deducted, in accordance with and subject to the provisions of this section, an amount calculated, with reference to the aggregate of the sums specified in sub-section (2), at the following rates, namely:—

30	(a) where such aggregate does not exceed Rs. 6,000	The whole of such aggregate;
35	(b) where such aggregate exceeds Rs. 6,000 but does not exceed Rs. 12,000	Rs. 6,000 plus 50 per cent. of the amount by which such aggregate exceeds Rs. 6,000;
40	(c) where such aggregate exceeds Rs. 12,000	Rs. 9,000 plus 40 per cent. of the amount by which such aggregate exceeds Rs. 12,000."

(b) in sub-section (2), after clause (g), the following clause shall be inserted, namely:—

"(h) where the assessee is an individual or a Hindu undivided family or an association of persons or a body of individuals consisting only of husband and wife governed by the system of community of property in force in the Union territories of Dadra and Nagar Haveli and Goa, Daman and Diu, any sums paid in the previous year by the assessee out of his or its income chargeable to tax, as subscription to any such security of the Central Government as that Government may, by notification in the Official Gazette, specify in this behalf."

(c) in sub-section (4), in clause (ii), clause (iii) and clause (iv), for the words "thirty thousand rupees", the words "forty thousand rupees" shall be substituted;

(d) after sub-section (5) and the Explanation thereto, the following sub-section and Explanations shall be inserted, namely:—

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"(6) If the assessee, being —

(a) an individual, has effected or kept in force an insurance on the life of the assessee or on the life of the wife or husband or any child of the assessee; or

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(b) a Hindu undivided family, has effected or kept in force an insurance on the life of any member of the family; or

(c) an association of persons or a body of individuals referred to in clause (g) of sub-section (2), has effected or kept in force an insurance on the life of any member of such association or body or on the life of any child of any of the members of such association or body,

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terminates the contract of insurance (by notice to that effect or where the contract ceases to be in force by reason of failure to pay any premiums, by not reviving the contract of insurance) before premiums have been paid for two years, then—

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(i) no deduction shall be allowed to the assessee under this section in respect of the premiums, if any, paid in the previous year in which the policy is so terminated; and

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(ii) the deduction allowed in respect of the premiums paid in the previous year preceding the previous year referred to in clause (i) shall be deemed to be the income of the assessee of that previous year and shall be chargeable to tax accordingly.

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Explanation 1. — For the purposes of this sub-section, the deduction allowed under this section in respect of the premiums paid in any previous year shall be the amount by which the deduction allowed under this section for that year exceeds the deduction which would have been allowed for that year if no such premiums had been paid during that year.

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Explanation 2. — In a case where an assessee terminates his participation in the Unit-linked Insurance Plan in any previous year and also terminates a contract of insurance in that year, the deduction allowed under this section in respect of the contribution or premiums paid in any previous year shall, for the purposes of the Explanation, to sub-section (5) and Explanation 1, be the amount by which the deduction allowed under this section for that year exceeds the deduction which would have been allowed for that year if no such contribution or premiums had been paid during that year."

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Amendment of
section 80CC.

24. In section 80CC of the Income-tax Act, in sub-section (2), for the words "ten thousand rupees", at both the places where they occur, the words "twenty thousand rupees" shall be substituted with effect from the 1st day of April, 1983.

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11. In section 80G of the Income-tax Act, in sub-section (2), in clause (a), after sub-clause (iii a), the following sub-clause shall be inserted with effect from the 1st day of April, 1983, namely:—
- Amendment of section 80G.
- 5 "(iii b) the National Children's Fund; or".
12. In section 80GG of the Income-tax Act, in the opening portion, for the words "three hundred rupees", the words "four hundred rupees" shall be substituted with effect from the 1st day of April, 1983.
- Amendment of section 80GG.
- 10 17. In section 80GGA of the Income-tax Act, in sub-section (2), after clause (b), the following clause shall be inserted with effect from the 1st day of June, 1982, namely:—
- Amendment of section 80GGA.
- 15 "(c) any sum paid by the assessee in the previous year to an association or institution, which has as its object the undertaking of any programme of conservation of natural resources, to be used for carrying out any programme of conservation of natural resources, approved for the purpose of section 35CCB:
- 20 Provided that the association or institution is for the time being approved for the purposes of sub-section (2) of section 35CCB."
13. In the Income-tax Act, after section 80HHA, the following section shall be inserted with effect from the 1st day of April, 1983, namely:—
- Insertion of new section 80HHB.
- 25 '80HHB. (1) Where the gross total income of an assessee being an Indian company or a person (other than a company) who is resident in India includes any profits and gains derived from the business of—
- Deduction in respect of profits and gains from projects outside India.
- 30 (a) the execution of a project undertaken by the assessee in pursuance of a contract entered into by him, or
- 35 (b) the execution of any work undertaken by him and forming part of a foreign project undertaken by any other person in pursuance of a contract entered into by such other person,
- 40 with the Government of a foreign State or any statutory or other public authority or agency in a foreign State, or a foreign enterprise, there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction from such profits and gains of an amount equal to twenty-five per cent. thereof:
- 45 Provided that the consideration for the execution of such project or, as the case may be, of such work is payable in foreign currency.
- (2) For the purposes of this section, "foreign project" means a project for —
- (i) the construction of any building, road, dam, bridge or other structure outside India;

(ii) the assembly or installation of any machinery or plant outside India;

(iii) the execution of such other work (of whatever nature) as may be prescribed.

(3) The deduction under this section shall be allowed only if the following conditions are fulfilled, namely:— 5

(i) the assessee maintains separate accounts in respect of the profits and gains derived from the business of the execution of the foreign project, or, as the case may be, of the work forming part of the foreign project undertaken by him and, where the assessee is a person other than an Indian company or a co-operative society, such accounts have been audited by an accountant as defined in the Explanation below sub-section (2) of section 288 and the assessee furnishes, along with his return of income, the report of such audit in the prescribed form duly signed and verified by such accountant; 10 15

(ii) an amount equal to twenty-five per cent. of the profits and gains referred to in sub-section (1) is debited to the profit and loss account of the previous year in respect of which the deduction under this section is to be allowed and credited to a reserve account (to be called the "Foreign Projects Reserve Account") to be utilised by the assessee during a period of five years next following for the purposes of his business other than for distribution by way of dividends or profits; 20 25

(iii) an amount equal to twenty-five per cent. of the profits and gains referred to in sub-section (1) is brought by the assessee within a period of six months from the end of the previous year referred to in clause (ii), in foreign exchange into India in accordance with the provisions of the Foreign Exchange Regulation Act, 1973 and any rules made thereunder; 30 46 of 1973.

Provided that where the amount credited by the assessee to the Foreign Projects Reserve Account in pursuance of clause (ii) or the amount brought into India by the assessee in pursuance of clause (iii) or each of the said amounts is less than twenty-five per cent. of the profits and gains referred to in sub-section (1), the deduction under that sub-section shall be limited to the amount so credited in pursuance of clause (ii) or the amount so brought into India in pursuance of clause (iii), whichever is less. 35 40

(4) If at any time before the expiry of five years from the end of the previous year in which the deduction under sub-section (1) is allowed, the assessee utilises the amount credited to the Foreign Projects Reserve Account for distribution by way of dividends or profits or for any other purpose which is not a purpose of the business of the assessee, the deduction originally allowed under sub-section (1) shall be deemed to have been wrongly allowed, and the Income-tax Officer may, 45 50

notwithstanding anything contained in this Act, re-compute the total income of the assessee for the relevant previous year and make the necessary amendment; and the provisions of section 154 shall, so far as may be, apply thereto, the period of four years specified in sub-section (7) of that section being reckoned from the end of the previous year in which the money was so utilised.'

10 28. In section 80L of the Income-tax Act, in sub-section (1) for the portion beginning with the words "a deduction as specified hereunder" and ending with the words "in any other case, three thousand rupees.", the following shall be substituted with effect from the 1st day of April, 1983, namely:—

Amendment of section 80L.

"a deduction as specified hereunder, namely:—

15 (1) in a case where the amount of such income does not exceed in the aggregate four thousand rupees, the whole of such amount; and

(2) in any other case, four thousand rupees."

20 29. In section 80M of the Income-tax Act, in sub-section (1), in clause (a), for the figures and word "27, 28 and 33", the figures and word "27, 28, 29, 30 and 33" shall be substituted with effect from the 1st day of April, 1983.

Amendment of section 80M.

31. In section 80T of the Income-tax Act, for clause (b), the following clause shall be substituted with effect from the 1st day of April, 1983, namely:—

Amendment of section 80T.

25 "(b) in any other case, five thousand rupees as increased by a sum calculated —

30 (A) at such of the rates specified in column (2) in the Twelfth Schedule as is applicable, with reference to the amount by which the long-term capital gains relating to capital assets, being buildings or lands or any rights in buildings or lands, exceed five thousand rupees;

35 (B) at such of the rates specified in column (3) in the Twelfth Schedule as is applicable, with reference to the amount by which the long-term capital gains relating to any other capital assets exceed five thousand rupees:

Provided that where the long-term capital gains relate to—

- 40 (i) buildings or lands or any rights in buildings or lands;
- (ii) gold, bullion or jewellery; and
- (iii) any other capital asset,

or to any two of the categories of capital assets mentioned in the foregoing clauses of this proviso (the assets falling under each clause being treated as a separate

'category), the deduction of five thousand rupees referred to in this clause shall be allowed in the following order, namely:—

(1) the deduction shall first be allowed against long-term capital gains relating to the assets mentioned in clause (i); 5

(2) next, where the amount of the long-term capital gains relating to the assets mentioned in clause (i) is less than five thousand rupees, a deduction equal to the amount of the difference between five thousand rupees and such capital gains shall be allowed against the long-term capital gains relating to the assets mentioned in clause (ii); and 10

(3) thereafter, the balance, if any, of the said five thousand rupees shall be allowed as a deduction against the long-term capital gains relating to the assets mentioned in clause (iii), 15

and the provisions of sub-clause (A) and sub-clause (B) of this clause shall apply as if the references to five thousand rupees therein were references to the amount of deduction allowed in accordance with clauses (1), (2) and (3) of this proviso: 20

Provided further that the aggregate amount of deduction under this section in relation to assets mentioned in clause (ii) of the preceding proviso shall, in no case, exceed fifty thousand rupees. 25

Insertion of
new section
89A.

22. In Chapter VIII of the Income-tax Act, after section 89, the following section shall be inserted with effect from the 1st day of June, 1982, namely:—

Tax relief
in relation
to export
turnover.

'89A. (1) Where the export turnover of an assessee, being - 30

- (a) an Indian company, or
- (b) a person (other than a company) who is resident in India,

during any previous year relevant to an assessment year in relation to which this section applies, exceeds by more than ten per cent. his export turnover during the corresponding base year, the assessee shall be entitled to a deduction from the amount of income-tax otherwise payable for that assessment year of an amount calculated at the rate specified under sub-section (3) on the amount of such excess. 35 40

Explanation. — For the purposes of this sub-section, —

- (a) "corresponding base year" in relation to any previous year, means the previous year immediately preceding that previous year; 45

52 of 1962. 5 (b) "export turnover" means the sale proceeds of any goods or merchandise specified under sub-section (3) exported out of India, but does not include freight or insurance attributable to the transport of the goods or merchandise beyond the customs station as defined in the Customs Act, 1962.

(2) This section applies in relation to the assessment year commencing on the 1st day of April, 1983 and the four assessment years next following that year.

10 (3) The goods or merchandise referred to in the Explanation to sub-section (1) (including the destination of their export) and the rate at which the amount of deduction under that sub-section shall be calculated, shall be such as may be specified by the Central Government in this behalf by notification in the Official Gazette.

15 (4) In specifying under sub-section (3) any goods or merchandise (including the destination of their export) and the rate at which the amount of deduction under sub-section (1) is to be calculated, the Central Government shall have regard to the following factors, namely:-

(a) the cost of manufacture or production of such goods or merchandise, and prices of similar goods or merchandise in the foreign markets;

25 (b) the need to develop foreign markets for such goods or merchandise;

(c) the need to earn foreign exchange;

(d) any other relevant factor.

30 (5) The deduction under sub-section (1) for any assessment year shall not exceed ten per cent. of the amount of income-tax otherwise payable by the assessee for that assessment year on the amount of profits and gains derived from the export of such goods or merchandise out of India.

35 Explanation. - For the purposes of this sub-section, the amount of income-tax otherwise payable by the assessee for an assessment year on the profits and gains derived from the export of such goods or merchandise out of India shall be—

40 (a) in a case where the total income for that assessment year consists only of such profits and gains, the amount of income-tax chargeable (without any deduction under this section) on the total income;

45 (b) in a case where the total income for that assessment year includes any other income, the amount which bears to the income-tax chargeable (without any deduction under this section) on the total income the same proportion as the amount of such profits and gains bears to the total income.

50 (6) For the purposes of sub-section (5), the amount of profits and gains derived from the export of any

goods or merchandise out of India shall be computed in accordance with the rules made by the Board in this behalf. '

Amendment of section 155.	21. In section 155 of the Income-tax Act, with effect from the 1st day of April, 1983, —	5
	(a) in sub-section (8), for the words "within two years from that date constructs, a house property for the purpose of his own residence", the words "within three years from that date constructs a residential house" shall be substituted;	10
	(b) in sub-section (8A), for the words "within a period of two years after that date, a house property for the purposes of his own residence", the words "within a period of three years after that date, a residential house" shall be substituted;	16
	(c) after sub section (10B), the following sub-section shall be inserted, namely:—	
	"(10C) Where in the assessment for any year a capital gain arising from the transfer of any such capital asset as is referred to in section 54F is charged to tax and within a period of one year after the date of the transfer the assessee purchases, or within three years from that date constructs, a residential house, the Income-tax Officer shall amend the order of assessment so as to exclude the amount of the capital gain not chargeable to tax under the provisions of sub-section (1) of section 54F, and the provisions of section 154 shall, so far as may be, apply thereto, the period of four years specified in sub-section (7) of that section being reckoned from the date of the assessment. "	20
		25
		30
Amendment of section 193.	24. In section 193 of the Income-tax Act, in the proviso, after clause (iii), the following clause shall be inserted with effect from the 1st day of June, 1982, namely:—	
	"(iiia) any interest payable on such securities of the Central Government or a State Government, to such class of persons, and subject to such conditions, as the Central Government may, by notification in the Official Gazette, specify in this behalf; "	35
Amendment of section 194C.	25. In section 194C of the Income-tax Act, in sub-section (3), in clause (i), for the words "five thousand rupees", the words "ten thousand rupees" shall be substituted with effect from the 1st day of June, 1982.	40
Insertion of new section 197A.	26. In the Income-tax Act, after section 197, the following section shall be inserted with effect from the 1st day of June, 1982, namely:—	45
No deduction to be made in certain cases.	"197A. (1) Notwithstanding anything contained in section 193 or section 194 or section 194A, no deduction of tax shall be made under any of the said sections in the case of an individual, who is resident in India, if such individual furnishes to the person responsible for paying any income of the nature referred to in section 193 or section 194 or, as	50

the case may be, section 194A, a declaration in writing in duplicate in the prescribed form and verified in the prescribed manner to the effect that his estimated total income of the previous year in which such income is to be included in computing his total income will be less than the minimum liable to income-tax.

(2) The person responsible for paying any income of the nature referred to in sub-section (1) shall deliver or cause to be delivered to the Commissioner one copy of the declaration referred to in sub-section (1) on or before the seventh day of the month next following the month in which the declaration is furnished to him."

27. In section 245B of the Income-tax Act, after sub-section (2), the following sub-section shall be inserted, namely:—

Amendment of section 245B.

"(2A) Notwithstanding anything contained in sub-section (2), when the post of one of the other members of the Settlement Commission is vacant for any reason, the Chairman and the other member of the Settlement Commission may function as, and exercise and discharge the powers and functions of, the Settlement Commission under this Chapter:

Provided that if in any case the Chairman and member so functioning differ on any point or points, they shall state the point or points on which they differ and refer the same, as soon as may be after the said vacancy is filled, to the member appointed to fill the vacancy for hearing on such point or points and such point or points shall be decided according to his opinion."

28. In section 245D of the Income-tax Act, in sub-section (5), for the words "The materials brought on record", the words, brackets, figures and letters "Subject to the provisions of sub-section (2A) of section 245B, the materials brought on record" shall be substituted.

Amendment of section 245D.

29. In section 272A of the Income-tax Act, with effect from the 1st day of June, 1982, —

Amendment of section 272A.

(a) in sub-section (2), after clause (b), the following clause shall be inserted, namely:—

"(ba) to deliver or cause to be delivered in due time a copy of the declaration mentioned in section 197A; or";

(b) in sub-section (3), —

(i) in clause (a), the word "and" occurring at the end shall be omitted;

(ii) after clause (a), the following clause shall be inserted, namely:—

"(aa) in a case falling under clause (ba) of sub-section (2), by the Commissioner; and"

Amendment of
section 279.

30. In section 279 of the Income-tax Act, in sub-section (1), after the word, figures and letter "section 276A," the word, figures and letters "section 276AA," shall be inserted.

Insertion of
new Twelfth
Schedule.

31. In the Income-tax Act, after the Eleventh Schedule, the following Schedule shall be inserted with effect from the 1st day of April, 1983, namely:—

5

"THE TWELFTH SCHEDULE

[See section 80T(b)]

The deduction in respect of long-term capital gains referred to in section 80T shall be allowed on the basis indicated hereunder, namely:—

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		Rate as percentage of the amount with reference to which the deduction is to be calculated under section 80T	
(1)	(2)	(3)	
	Where the capital gains relate to buildings or lands or any rights therein	Where the capital gains relate to any other capital assets	15

Where the capital asset has been held by the assessee for

20

more than five years but not more than ten years;

25%

40%

more than five years but not more than ten years;

28%

45%

25

more than ten years but not more than fifteen years;

33%

50%

30

more than fifteen years but not more than twenty years;

37%

55%

more than twenty years.

40%

60%

Consequential
amendments to
certain sections.

32. The following amendments (being amendments of a consequential nature) shall be made in the Income-tax Act with effect from the 1st day of April, 1983, namely:—

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(i) in sub-section (1) of section 45, for the figures, letters and word "54D and 54E", the figures, letters and word "54D, 54E and 54F" shall be substituted;

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(ii) in sub-section (3) of section 80A, after the words, figures and letters "or section 80HHA", the words, figures and letters "or section 80HHB" shall be inserted;

(iii) in sub-section (3) of section 80P,--

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(a) after the words, figures and letters "or section 80HHA", the words, figures and letters "or section 80HHB" shall be inserted;

(b) after the word, figures and letters "section 80HHA", the word, figures and letters "section 80HHB" shall be inserted.

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Wealth tax

27 of 1957.

33. In the Wealth-tax Act, 1957 (hereinafter referred to as the Wealth-tax Act), in section 2, in clause (e), in sub-clause (2), with effect from the 1st day of April, 1983, —

Amendment of
section 2

5 (a) in the first proviso, for the words ", or any subsequent assessment year", the words, figures and letters "and the assessment year commencing on the 1st day of April, 1982" shall be substituted;

10 (b) in the second proviso, for the words "Provided further that", the words "Provided also that" shall be substituted, and before the second proviso as so amended, the following proviso shall be inserted, namely:—

15 'Provided further that in relation to the assessment year commencing on the 1st day of April, 1983 or any subsequent assessment year, this sub-clause shall have effect subject to the modification that for item (i) thereof, the following item shall be substituted, namely:—

20 "(i) (a) agricultural land and growing crops (including fruits on trees), grass or standing trees on such land;

(b) one building or one group of buildings owned or occupied by a cultivator of, or receiver of rent or revenue out of, agricultural land:

25 Provided that such building or group of buildings is on or in the immediate vicinity of the land and is a building which the cultivator or the receiver of rent or revenue by reason of his connection with the land requires as store-house or for keeping livestock:

(c) animals;".

30 34. In section 5 of the Wealth-tax Act, with effect from the 1st day of April, 1983, —

Amendment of
section 5.

(a) in sub-section (1), —

(i) clauses (iva) and (ivb) shall be omitted;

35 (ii) in clause (viii), in the second proviso, for the words "thirty thousand rupees", the words "seventy-five thousand rupees" shall be substituted;

(iii) clauses (viii a) and (viii b) shall be omitted;

40 (iv) in clause (x), for the words "twenty thousand rupees", the words "fifty thousand rupees" shall be substituted;

(v) after clause (xvib), the following clauses shall be inserted, namely:—

'(xvic) in the case of an individual, being a citizen of India or a person of Indian origin, who is not

resident in India, any such savings certificates issued by the Central Government as that Government may, by notification in the Official Gazette, specify in this behalf:

Provided that the individual has subscribed to such certificates in foreign currency or other foreign exchange remitted from a country outside India in accordance with the provisions of the Foreign Exchange Regulation Act, 1973 and any rules made thereunder, 46 of 1973.

Explanation. — For the purposes of this clause, — 10

(a) a person shall be deemed to be of Indian origin if he or either of his parents or any of his grandparents was born in undivided India;

(b) "foreign currency" and "foreign exchange" have the meanings respectively assigned to them in the Foreign Exchange Regulation Act, 1973; 15
46 of 1973.

(xiv) such Capital Investment Bonds as the Central Government may, by notification in the Official Gazette, specify in this behalf; ;

(b) in sub-section (1A), — 20

(i) for the words, brackets, figures and letter "in clauses (iv), (v)", the words, brackets and figures "in clauses (xv)" shall be substituted;

(ii) for the words "one hundred and fifty thousand rupees", at both the places where they occur, the words "one hundred and sixty-five thousand rupees" shall be substituted. 25

Amendment of section 6.

25. In section 6 of the Wealth-tax Act, after Explanation 1, the following Explanation shall be inserted, namely:—

"Explanation 1A. — Where in the case of an individual the value of an asset in India is represented by any debt owing to him, being any moneys to his credit in a Non-resident (External) Account, the interest payable on which is not to be included in his total income under clause (4A) of section 10 of the Income-tax Act, the provisions of this section shall, in relation to such asset, apply subject to the modification that the reference in this section to an individual not resident in India shall be construed as a reference to a person resident outside India as defined in clause (q) of section 2 of the Foreign Exchange Regulation Act, 1973." 30
35
46 of 1973.

Amendment of section 22B.

25. In section 22B of the Wealth-tax Act, after sub-section (2), the following sub-section shall be inserted, namely:— 40

"(2A) Notwithstanding anything contained in sub-section (2), when the post of one of the other members of the Settlement Commission is vacant for any reason, the

Chairman and the other member of the Settlement Commission may function as, and exercise and discharge the powers and functions of, the Settlement Commission under this Chapter:

5 Provided that if in any case the Chairman and member so
functioning differ on any point or points, they shall state
the point or points on which they differ and refer the same,
as soon as may be after the said vacancy is filled, to the
10 member appointed to fill the vacancy for hearing on such
point or points and such point or points shall be decided
according to his opinion."

15 37. In section 22D of the Wealth-tax Act, in sub-section
(5) for the words "The materials brought on record", the
words, brackets, figures and letters "Subject to the
provisions of sub-section (2A) of section 22B, the
materials brought on record" shall be substituted.

Amendment of
section 22D.

Gift-tax

18 of 1958. 38. In section 5 of the gift tax Act, 1958 (hereinafter
referred to as the Gift-tax Act), in sub-section (1), with
20 effect from the 1st day of April, 1983,—

Amendment of
section 5.

(a) after clause (iia), the following clauses shall be
inserted, namely:—

25 '(iib) being a person resident outside India, out of the
moneys standing to his credit in a Non-resident (External)
Account in any bank in India in accordance with the
46 of 1973. provisions of the Foreign Exchange Regulation Act, 1973,
and any rules made thereunder.

30 Explanation. - For the purposes of this clause,
"person resident outside India" has the meaning
assigned to it in clause (g) of section 2 of the Foreign
46 of 1973. Exchange Regulation Act, 1973;

35 '(ic) being a citizen of India, or a person of Indian
origin, who is not resident in India, to any relative of
such person in India, of foreign currency or other
foreign exchange remitted from a country outside India
in accordance with the provisions of the Foreign Exchange
46 of 1973. Regulation Act, 1973, and any rules made thereunder.

Explanation. - For the purposes of this clause, -

40 (a) a person shall be deemed to be of Indian origin
if he or either of his parents or any of his grand-
parents was born in undivided India;

46 of 1973 (b) "foreign currency" and "foreign exchange" have
the meanings respectively assigned to them in the
Foreign Exchange Regulation Act, 1973;

45 (c) "relative" has the meaning assigned to it in
clause (41) of section 2 of the Income-tax Act;

(id) being a citizen of India or a person of Indian origin,
who is not resident in India, to any relative of such person

in India of property in the form of savings certificates issued by the Central Government, which that Government may, by notification in the Official Gazette, specify in this behalf:

Provided that such person has subscribed to such certificates in foreign currency or other foreign exchange remitted from a country outside India in accordance with the provisions of the Foreign Exchange Regulation Act, 1973, and any rules made thereunder.

Explanation. - For the purposes of this clause, -

(a) a person shall be deemed to be of Indian origin if he or either of his parents or any of his grandparents was born in undivided India; 10

(b) "foreign currency" and "foreign exchange" have the meanings respectively assigned to them in the Foreign Exchange Regulation Act, 1973; 15 46 of 1973.

(c) "relative" has the meaning assigned to it in clause (41) of section 2 of the Income-tax Act;'

(b) after clause (iiib), the following clause shall be inserted, namely:-

"(iiic) of property in the form of such Capital Investment Bonds as the Central Government may, by notification in the Official Gazette, specify in this behalf subject to a maximum of rupees ten lakhs in value in the aggregate in one or more previous years: 20

Provided that the exemption conferred by this clause shall be available only to a person who has initially subscribed to the said Bonds;". 25

Substitution of new section for section 18A.

38. In the Gift-tax Act, for section 18A, the following section shall be substituted with effect from the 1st day of April, 1983, namely:- 30

Credit for stamp duty paid on instrument of gift.

"18A. Where any stamp duty has been paid under any law relating to stamp duty in force in any State on an instrument of gift of property, the assessee shall be entitled to a deduction from the gift-tax payable by him of an amount equal to the stamp duty so paid or one-half of the gift-tax payable, before making the deduction under this section, whichever is less. ". 35

Interest-tax

Amendment of Act 45 of 1974.

48. In section 2 of the Interest-tax Act, 1974, in clause (7), after sub-clause (iii), the following sub-clauses shall be inserted with effect from the 1st day of April, 1983, namely:- 40

"(iv) interest on any deferred credit (that is to say, credit on the terms that the payment is to be deferred) sanctioned by a scheduled bank in connection with the export of capital plant and machinery outside India; 45

(v) interest on any loan in foreign currency sanctioned by any corporation or bank referred to in sub-clause (a) or sub-clause (b) or sub-clause (c) or sub-clause (d) of clause (9) for the import of capital plant and machinery from a country outside India;"

Hotel-receipts tax

54 of 1980 41. In section 6 of the Hotel-Receipts Tax Act, 1980 (hereinafter referred to as the Hotel-Receipts Tax Act), in sub-section (1), after the words "including such charges from persons not provided with such accommodation", the words and figures "but excluding such charges from persons within the purview of the Vienna Convention on Diplomatic Relations, 1961 or the Vienna Convention on Consular Relations, 1963" shall be inserted and shall be deemed always to have been inserted.

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15

Amendment of section 6.

42. In section 7 of the Hotel-Receipts Tax Act, in sub-section (2), after the words "the end of the month in which this Act comes into force", the words, figures and letters "or after the 27th day of February, 1982" shall be inserted.

Amendment of section 7.

20 CHAPTER IV

INDIRECT TAXES

Customs

43. The Customs Tariff Act, 1975 (hereinafter referred to as the Customs Tariff Act), shall be amended in the manner specified in the Second Schedule.

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Amendment of Act 51 of 1975.

44. (1) In the case of goods mentioned in the First Schedule to the Customs Tariff Act, 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 thirty per cent. of the value of the goods as determined in accordance with the provisions of section 14 of the Customs Act, 1962 (hereinafter referred to as the Customs Act).

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52 of 1962.

Auxiliary duties of customs.

(2) Sub-section (1) shall cease to have effect after the 31st day of March, 1983, except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897, shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

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10 of 1897.

(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.

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(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

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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.

Amendment of
Act 52 of 1962.

48. In sub-section (1) of section 20 of the Customs Act, 1962, —

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(a) in the proviso, after the words "such importation", the words "other than importation of goods produced or manufactured in a free trade zone" shall be inserted;

(b) the following Explanations shall be inserted at the end, namely:—

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'Explanation 1.— Where in respect of any goods produced or manufactured in a free trade zone, any duty leviable under this sub-section is leviable at different rates, then, such duty shall be leviable at the highest of those rates.

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Explanation 2.— For the purposes of this sub-section, "free trade zone" has the same meaning as in Explanation 2 to sub-section (1) of section 3 of the Central Excises and Salt Act, 1944.

1 of 1944.

Excise

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Amendment of
section 3.

49. In section 3 of the Central Excises and Salt Act, 1944 (hereinafter referred to as the Central Excises Act), after sub-section (1), the following proviso and Explanations shall be inserted, namely:—

1 of 1944.

'Provided that the duties of excise which shall be levied and collected on any excisable goods which are produced or manufactured in a free trade zone and brought to any other place in India shall be an amount equal to the aggregate of the duties of customs which would be leviable under section 12 of the Customs Act, 1962 on like goods produced or manufactured outside India if imported into India, and where the said duties of customs are chargeable by reference to their value, the value of such excisable goods shall, notwithstanding anything contained in any other provision of this Act, be determined in accordance with the provisions of the Customs Act, 1962 and the Customs Tariff Act, 1975.

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30 52 of 1962

35 52 of 1962.
51 of 1975.

Explanation 1.— Where in respect of any such like goods, any duty of customs leviable under the said section 12 is leviable at different rates, then, such duty shall, for the purposes of this proviso, be deemed to be leviable under the said section 12 at the highest of those rates.

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Explanation 2.— In this proviso, "free trade zone" means the Kandla Free Trade Zone and the Santa Cruz Electronics Export Processing Zone and includes any other free trade zone which the Central Government may, by notification in the Official Gazette, specify in this behalf.

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47. (1) In section 4 of the Central Excises Act, in clause (d) of sub-section (4), in sub-clause (ii), the following Explanation shall be inserted and shall be deemed to have been inserted with effect from the 1st day of October, 1975, namely:—

Amendment of section 4 and validation.

" Explanation. — For the purposes of this sub-clause, the amount of the duty of excise payable on any excisable goods shall be the sum total of —

(a) the effective duty of excise payable on such goods under this Act; and

(b) the aggregate of the effective duties of excise payable under other Central Acts, if any, providing for the levy of duties of excise on such goods,

and the effective duty of excise on such goods under each Act referred to in clause (a) or clause (b) shall be, —

(i) in a case where a notification or order providing for any exemption (not being an exemption for giving credit with respect to, or reduction of duty of excise on such goods equal to, any duty of excise already paid on the raw material or component parts used in the production or manufacture of such goods) from the duty of excise under such Act is for the time being in force, the duty of excise computed with reference to the rate specified in such Act in respect of such goods as reduced so as to give full and complete effect to such exemption; and

(ii) in any other case, the duty of excise computed with reference to the rate specified in such Act in respect of such goods. "

(2) Any action or thing taken or done or purporting to have been taken or done at any time during the period commencing on the 1st day of October, 1975 and ending with the 27th day of February, 1982 (hereafter in this sub-section referred to as the said period) under the Central Excises Act, shall be deemed to be and to have always been, for all purposes, as validly and effectively taken or done as if the amendment made by sub-section (1) had been in force at all material times and, accordingly, notwithstanding anything contained in any judgment, decree or order of any court, tribunal or other authority, —

(a) all duties of excise levied, assessed or collected during the said period on any excisable goods under the Central Excises Act, shall be deemed to be and shall be deemed always to have been, as validly levied, assessed or collected as if the amendment made by sub-section (1) had been in force at all material times;

(b) no suit or other proceeding shall be maintained or continued in any court for the refund of, and no enforcement shall be made by any court of any decree or order directing the refund of, any such duties of excise which have been

collected and which would have been validly collected if the amendment made by sub-section (1) had been in force at all material times;

(c) refund shall be made of all such duties of excise which have been collected but which would not have been so collected if the amendment made by sub-section (1) had been in force at all material times; 5

(d) recovery shall be made of all such duties of excise which have not been collected or, as the case may be, which have been refunded but which would have been collected or, as the case may be, would not have been refunded, if the amendment made by sub-section (1) had been in force at all material times. 10

Explanation.— For the removal of doubts, it is hereby declared that no act or omission on the part of any person shall be punishable as an offence which would not have been so punishable if this section had not come into force. 15

Amendment of section 37.

48. In section 37 of the Central Excises Act, in sub-section (2), after clause (xvii), the following clause shall be inserted, namely:— 20

"(xviii) provide incentives for increased production or manufacture of any goods by way of remission of, or any concession with respect to, duty payable under this Act;"

Amendment of the First Schedule.

49. The First Schedule to the Central Excises Act shall be amended in the manner specified in the Third Schedule. 25

Special duties of excise.

50. (1) In the case of goods chargeable with a duty of excise under the Central Excises Act, as amended from time to time, 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 ten per cent. of the amount so chargeable on such goods. 30

(2) Sub-section (1) shall cease to have effect after the 31st day of March, 1983, except as respects things done or omitted to be done before such cesser; and section 6 of the General Clauses Act, 1897, shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act. 35
10 of 1897.

(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. 40

(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. 45

51. (1) The amendments made in rules 9 and 49 of the Central Excise Rules, 1944 by the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. G. S. R. 74(E) dated the 20th day of February, 1982, shall be deemed to have, and to have always had effect on and from the date on which the Central Excise Rules, 1944 came into force,

Retrospective effect for certain amendments to Central Excise Rules and validation.

(2) Any action or thing taken or done or purporting to have been taken or done before the 20th day of February, 1982 under the Central Excises Act and the Central Excise Rules, 1944 shall be deemed to be, and to have always been, for all purposes, as validly and effectively taken or done as if the amendments referred to in sub-section (1) had been in force at all material times and, accordingly, notwithstanding anything contained in any judgment, decree or order of any court, tribunal or other authority, -

(a) all duties of excise levied, assessed or collected or purporting to have been levied, assessed or collected before the 20th day of February, 1982 on any excisable goods under the Central Excises Act, shall be deemed to be, and shall be deemed to have always been, as validly levied, assessed or collected as if the amendments referred to in sub-section (1) had been in force at all material times;

(b) no suit or other proceeding shall be maintained or continued in any court for the refund of, and no enforcement shall be made by any court of any decree or order directing the refund of, any such duties of excise which have been collected and which would have been validly collected if the amendments referred to in sub-section (1) had been in force at all material times;

(c) refund shall be made of all such duties of excise which have been collected but which would not have been so collected if the amendments referred to in sub-section (1) had been in force at all material times;

(d) recovery shall be made of all such duties of excise which have not been collected or, as the case may be, which have been refunded but which would have been collected or, as the case may be, would not have been refunded, if the amendments referred to in sub-section (1) had been in force at all material times.

Explanation. - For the removal of doubts, it is hereby declared that no act or omission on the part of any person shall be punishable as an offence which would not have been so punishable if this section had not come into force.

52. (1) The notification of the Government of India in the Ministry of Finance (Department of Revenue) No. G. S. R. 77(E) dated the 23rd day of February, 1982, which was issued in exercise of the powers conferred by sub-rule (1) of rule 8 of the Central Excise Rules, 1944 to provide for certain exemptions from duty in relation to matches

Provisions as to duties of excise on matches in relation to a certain period and validation.

shall, subject to the modifications specified in the Fourth Schedule -

(a) be deemed to have, and to have always had, effect on and from the 19th day of June, 1980; and

(b) be deemed to prevail, and to have always prevailed, over all notifications issued on or after the 19th day of June, 1980 but before the 23rd day of February, 1982 under sub-rule (1) of the said rule 8 in relation to matches. 5

Explanation. - For the purposes of this section, "matches" means matches falling under Item No. 38 of the First Schedule to the Central Excises Act. 10

(2) Any action or thing taken or done or purported to have been taken or done on or after the 19th day of June, 1980 and before the 23rd day of February, 1982 in relation to matches, under the Central Excises Act and the Central Excise Rules, 1944, read with notifications referred in clause (b) of sub-section (1), shall be deemed to be, and to have always been, for all purposes as validly and effectively taken or done as if the provisions of sub-section (1) had been in force at all material times and such action or thing had been taken or done under the Central Excises Act and the Central Excise Rules, 1944, read with the notification dated the 23rd day of February, 1982, referred to in sub-section (1), and, accordingly, notwithstanding anything contained in any judgment, decree or order of any court, tribunal or other authority, - 15 20 25

(a) all duties of excise levied, assessed or collected or purporting to have been levied, assessed or collected on or after the 19th day of June, 1980 and before the 23rd day of February, 1982 on matches, shall be deemed to be, and shall be deemed to have always been, as validly levied, assessed or collected as if the provisions of this section had been in force at all material times; 30

(b) no suit or other proceeding shall be maintained or continued in any court for the refund of, and no enforcement shall be made by any court of any decree or order directing the refund of, any such duties of excise which have been collected and which would have been validly collected if the provisions of this section had been in force at all material times; 35 40

(c) refund shall be made of all such duties of excise which have been collected but which would not have been so collected if the provisions of this section had been in force at all material times;

(d) recovery shall be made of all such duties of excise which have not been collected or, as the case may be, which have been refunded but which would have been collected or, as the case may be, would not have been refunded, if the provisions of this section had been in force at all material times. 45 50

Explanation. - For the removal of doubts, it is hereby declared that no act or omission on the part of any person shall be punishable as an offence which would not have been so punishable if this section had not come into force.

53. In the Schedule to the Medicinal and Toilet Preparations (Excise Duties) Act, 1885, in Item No. 4, for the entry in the third column, the entry "One hundred per cent. *ad valorem* or rupees thirteen and twenty paise per litre of pure alcohol content, whichever is higher." shall be substituted.

Amendment of Act 16 of 1955.

CHAPTER V

MISCELLANEOUS

54. In the First Schedule to the Indian Post Office Act, 1898, —

Amendment of Act 6 of 1898.

(a) for the sub-headings "Letters" and "Letter-cards" and the entries under those sub-headings, the following shall be substituted, namely:—

"Letters"

For a weight not exceeding ten grams 50 paise.

For every ten grams or fraction thereof, exceeding ten grams

"Letter-cards"

For a letter-card 35 paise."

(b) for the sub-headings "Post-cards containing printed communication", "Book, Pattern and Sample packets" and "Registered Newspapers" and the entries under those sub-headings, the following shall be substituted, namely:—

"Post cards containing printed communication"

For a post card 25 paise.

Explanation.—A post-card shall be deemed to contain a printed communication, if any matter (except the name and address of, and other particulars relating to, the sender and the place and date of despatch) is recorded by printing or by cyclostyling or by any other mechanical process, not being typewriting, on any part of the post card except the righthand half of the address-side thereof.

Book, Pattern and Sample packets

For the first fifty grams or fraction thereof 30 paise.

For every additional twenty-five grams or fraction thereof, in excess of fifty grams 15 paise.

Registered Newspapers

For a weight not exceeding fifty grams 5 paise.

For a weight exceeding fifty grams but not exceeding one hundred grams 15 paise.

For every additional one hundred grams
or fraction thereof, exceeding one hundred
grams 10 paise.

In the case of more than one copy of the
same issue of a registered newspaper being
carried in the same packet 5

for a weight not exceeding one hundred grams 15 paise;

for every additional one hundred grams
or fraction thereof, in excess of one
hundred grams 10 paise: 10

Provided that such packet shall not be delivered at any
addressee's residence but shall be given to a recognised
agent at the Post Office. "

Amendment of
Act 47 of 1961.

35. In section 30 of the Deposit Insurance and Credit
Guarantee Corporation Act, 1961, in sub-section (2), for
the words "and for four accounting years following that
year", the words "for that accounting year and for eight
accounting years following that year" shall be substituted. 15

Amendment of
Act 52 of 1961.

36. In section 32 of the Unit Trust of India Act, 1963, in
sub-section (1), with effect from the 1st day of April, 1963, — 20

(a) in clause (b), for the words "two thousand rupees",
the words "three thousand rupees" shall be substituted;

(b) in clause (b a), for the words "twenty-five thousand
rupees", the words "thirty-five thousand rupees" shall
be substituted. 25

Bank of Bhutan
to be exempt
from liability
to pay income-
tax on certain
income.

37. Notwithstanding anything contained in the Income-tax
Act, the Bank of Bhutan constituted under the Royal Charter
of the Bank of Bhutan, 1963, shall not be liable to pay any
income-tax on the interest accruing during the period
commencing on the 1st day of January, 1972 and ending with
the 31st day of December, 1980, on the deposits made by
that bank with the State Bank of India constituted under the
State Bank of India Act, 1955. 30
23 of 1970.

Declaration under the Provisional Collection of Taxes Act, 1931.

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It is hereby declared that it is expedient in the public
interest that the provisions of clauses 43, 44, 45, 46, 47, 49, 50,
51, 52 and 53 of this Bill shall have immediate effect under
the Provisional Collection of Taxes Act, 1931.

16 of 1931.

THE FIRST SCHEDULE

(See section 2)

PART I

INCOME-TAX AND SURCHARGE ON INCOME-TAX

5

Paragraph A

Sub-Paragraph I

10 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

15	(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. 25,000	30 per cent. of the amount by which the total income exceeds Rs. 15,000;
20	(3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000	Rs. 3,000 plus 34 per cent. of the amount by which the total income exceeds Rs. 25,000;
25	(4) 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;
30	(5) 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;
35	(6) 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;
40	(7) 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.

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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 ten 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, 1982 exceeds Rs. 15,000, 5

Rates of income-tax

(1) where the total income does not exceed Rs. 8,000	Nil;	
(2) where the total income exceeds Rs. 8,000 but does not exceed Rs. 15,000	22 per cent. of the amount by which the total income exceeds Rs. 8,000	10
(3) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000	Rs. 1,540 plus 27 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. 2,890 plus 35 per cent. of the amount by which the total income exceeds Rs. 20,000;	15
(5) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000	Rs. 4,640 plus 40 per cent. of the amount by which the total income exceeds Rs. 25,000;	20
(6) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000	Rs. 9,640 plus 50 per cent. of the amount by which the total income exceeds Rs. 30,000;	
(7) where the total income exceeds Rs. 50,000	Rs. 16,640 plus 60 per cent. of the amount by which the total income exceeds Rs. 50,000;	25

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

(i) no income-tax shall be payable on a total income not exceeding Rs. 18,000

(ii) where the total income exceeds Rs. 12,000 but does not exceed Rs. 17,810, the income-tax payable thereon shall not exceed forty per cent. of the amount by which the total income exceeds Rs. 12,000.

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 ten per cent. of such income-tax. 35

Paragraph B

In the case of every co-operative society, 40

Rates of income-tax.

(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 plus 25 per cent. of the amount by which the total income exceeds Rs. 10,000; |
| 5 | (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

- 10 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 ten per cent. of such income-tax.

Paragraph C

Sub-Paragraph I

- 15 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; |
| 20 | (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; |
| 25 | (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; |
| 30 | (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

- 35 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 ten 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;	5
(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;	10
(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.	15

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 ten per cent. of such income-tax. 20

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, —

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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 ten per cent. of such income-tax 30

Paragraph E

In the case of a company, —

Rates of income-tax

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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; 40

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

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

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

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

15 (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—

20 (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—

25 (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;

30 (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—

35 (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

40 (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, —

45 (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

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(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,

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

50 per cent.

70 per cent. a

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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 two and a half per cent. of such income-tax.

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PART II

Rate for reduction of tax at source in certain cases

In every case in which under the provisions of sections 193, 194, 194A, 194B, 194BB, 194D and 195 of the Income-tax Act, tax is to be deducted at the rate in force, deduction shall be made from the income subject to deduction at the following rates:—

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Income-tax	
Rate of income-tax	Rate of surcharge

I. In the case of a person other than a company—

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(a) where the person is resident in India—

(i) on income by way of interest other than "interest on securities"

10 per cent.

Nil

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(ii) on income by way of winnings from lotteries and crossword puzzles

30 per cent.

3 per cent.

(iii) on income by way of winnings from horse races

30 per cent.

3 per cent. 45

		Income-tax	
		Rate of income-tax	Rate of surcharge
5	(iv) on income by way of insurance commission	10 per cent.	Nil
	(v) on income by way of interest payable on	10 per cent.	Nil
10	(A) any security, other than a tax-free security, of the Central or a State Government;		
15	(B) any debentures or other securities for money issued by or on behalf of any local authority or a corporation established by a Central, State or Provincial Act;		
20	(C) any debentures issued by a company where such debentures are listed in a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956, and any rules made thereunder		
25 42 of 1956	(vi) on any other income (excluding interest payable on a tax-free security)	20 per cent.	2 per cent.
30	(b) where the person is not resident in India—		
35	(i) on the whole income (excluding interest payable on a tax-free security)	income-tax at 30 per cent. and surcharge at 3 per cent. of the amount of the income,	
		or	
40		income-tax and surcharge on income-tax in respect of the income at the rates prescribed in Sub-Paragraph I of Paragraph A of Part III of this Schedule, if such income had been the total income,	
		whichever is higher;	
45	(ii) on income by way of interest payable on a tax-free security	15 per cent.	1.5 per cent.

	Income-tax		
	Rate of income-tax	Rate of surcharge	
2. In the case of a company—			
(a) where the company is a domestic company—			5
(i) on income by way of interest other than "Interest on securities"	20 per cent.	0.5 per cent.	
(ii) on any other income (excluding interest payable on a tax-free security)	21.5 per cent.	0.5 per cent.	10
(b) where the company is not a domestic company—			
(i) on income by way of dividends payable by any domestic company	25 per cent.	Nil	15
(ii) on income by way of royalty payable by an Indian concern in pursuance of an agreement made by it with the Indian concern after the 31st day of March, 1976, where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the proviso to sub-section (1A) of section 115A of the Income-tax Act, to the Indian concern	40 per cent.	Nil	20
(iii) on income by way of royalty [not being royalty of the nature referred to in sub-item (b) (ii)] payable by an Indian concern in pursuance of an agreement made by it with the Indian concern and which has been approved by the Central Government, —			25
			30
			35
			40
(A) where the agreement is made after the 31st day	50 per cent.	1.25 per cent.	45

		Income-tax	
		Rate of income-tax	Rate of surcharge
5	of March, 1961 but before the 1st day of April, 1976		
	(B) where the agreement is made after the 31st day of March, 1976—		
10	(1) on so much of the amount of such income as consists of lump sum con- sideration for the transfer outside India of, or the imparting of information outside India in respect	20 per cent.	Nil
15	of, any data, documenta- tion, drawing or specifi- cation relating to any		
20	patent, invention, model, design, secret formula or process, or trade mark or similar property		
	(2) on the balance, if any, of such income	40 per cent.	Nil
25	(iv) on income by way of fees for technical services payable by an Indian concern in pursuance of an agreement made by it with the Indian		
30	concern and which has been approved by the Central Government—		
35	(A) where the agreement is made after the 29th day of February, 1964 but before the 1st day of April, 1976	50 per cent.	1.25 per cent.
40	(B) where the agreement is made after the 31st day of March, 1976	40 per cent.	Nil
	(v) on income by way of interest payable on a tax- free security	44 per cent.	1.1 per cent.
	(vi) on any other income	70 per cent.	1.75 per cent

PART III

Rates for calculating or charging income-tax in certain cases, deducting income-tax from income chargeable under the head "Salaries" or any payment referred to in sub-section (9) of section 80E and computing "advance tax".

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In cases in which income-tax has to be calculated under the first proviso to sub-section (5) of section 132 of the Income-tax Act or charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or deducted under section 192 of the said Act from income chargeable under the head "Salaries" or deducted under sub-section (9) of section 80E of the said Act from any payment referred to in the said sub-section (9) or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed, at the rate or rates in force, such income-tax or, as the case may be, "advance tax" (not being "advance tax" in respect of any income chargeable to tax under Chapter XII or section 164 or section 164A or section 167A of the Income-tax Act at the rates as specified in that Chapter or section), shall be so calculated, charged, deducted or computed at the following rate or rates:—

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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,—

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Rates of income-tax

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(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. 25,000	30 per cent. of the amount by which the total income exceeds Rs. 15,000;	35
(3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000	Rs. 3,000 plus 34 per cent. of the amount by which the total income exceeds Rs. 25,000;	
(4) 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;	40
(5) where the total income exceeds Rs. 50,000 but does not exceed Rs. 60,000	Rs. 12,700 plus 50 per cent. of the amount by which the total income exceeds Rs. 50,000;	45

	(6) where the total income exceeds Rs. 60,000 but does not exceed Rs. 70,000	Rs. 17,700 plus 52.5 per cent. of the amount by which the total income exceeds Rs. 60,000;
5	(7) where the total income exceeds Rs. 70,000 but does not exceed Rs. 85,000	Rs. 22,950 plus 55 per cent. of the amount by which the total income exceeds Rs. 70,000;
10	(8) where the total income exceeds Rs. 85,000 but does not exceed Rs. 1,00,000	Rs. 31,200 plus 57.5 per cent. of the amount by which the total income exceeds Rs. 85,000;
15	(9) where the total income exceeds Rs. 1,00,000	Rs. 39,825 plus 60 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 ten 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, 1983 exceeds Rs. 15,000, —

Rates of income-tax

	(1) where the total income does not exceed Rs. 8,000	Nil;
30	(2) where the total income exceeds Rs. 8,000 but does not exceed Rs. 15,000	22 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. 1,540 plus 27 per cent. of the amount by which the total income exceeds Rs. 15,000;
35	(4) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000	Rs. 2,890 plus 35 per cent. of the amount by which the total income exceeds Rs. 20,000;
40	(5) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000	Rs. 4,640 plus 40 per cent. of the amount by which the total income exceeds Rs. 25,000;
45	(6) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000	Rs. 6,640 plus 50 per cent. of the amount by which the total income exceeds Rs. 30,000;

(7) where the total income exceeds Rs. 50,000	Rs. 16,640 plus 60 per cent. of the amount by which the total income exceeds Rs. 50,000:
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Provided that for the purposes of this Sub-Paragraph, —

(i) no income-tax shall be payable on a total income not exceeding Rs. 12,000; 5

(ii) where the total income exceeds Rs. 12,000 but does not exceed Rs. 17,610, the income-tax payable thereon shall not exceed forty per cent. of the amount by which the total income exceeds Rs. 12,000. 10

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 ten per cent. of such income-tax. 15

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 15 per cent. of the total income; 20

(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000 Rs. 1,500 plus 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. 25

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 ten per cent. of such income-tax. 30

Paragraph C

Sub-Paragraph I 35

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 40

	(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;
5	(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;
10	(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.

15

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 ten per cent. of such income-tax.

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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, —

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Rates of income-tax

	(1) where the total income does not exceed Rs. 10,000	Nil
30	(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;
35	(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;
40	(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 ten per cent. of such income-tax.

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*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, —

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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 ten per cent. of such income-tax.

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Paragraph E

In the case of a company, —

Rates of income-tax

I. In the case of a domestic company, —

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(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;

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(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, —

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(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;

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(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 —

5 (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 —

10 (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;

15 (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—

20 (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, —

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

30 (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

35 (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,

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

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

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 two and a half per cent. of such income-tax.

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PART IV

[See section 2(7)(e)]

RULES FOR COMPUTATION OF NET AGRICULTURAL INCOME

Rule 1. — Agricultural income of the nature referred to in sub-clause (a) of clause (1) of section 2 of the Income-tax Act shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from other sources" and the provisions of sections 57 to 59 of that Act shall, so far as may be, apply accordingly:

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Provided that sub-section (2) of section 58 shall apply subject to the modification that the reference to section 40A therein shall be construed as not including a reference to sub-sections (3) and (4) of section 40A.

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Rule 2. — Agricultural income of the nature referred to in sub-clause (b) or sub-clause (c) of clause (1) of section 2 of the Income-tax Act [other than income derived from any building required as a dwelling house by the receiver of the rent or revenue or the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c)] shall be computed as if it were income chargeable to income-tax under that Act under the head "Profits and gains of business or profession" and the provisions of sections 30, 31, 32, 34, 36, 37, 38, 40, 40A [other than sub-sections (3) and (4) thereof], 41, 43 and 43A of the Income-tax Act shall, so far as may be, apply accordingly.

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Rule 3. — Agricultural income of the nature referred to in sub-clause (c) of clause (1) of section 2 of the Income-tax Act, being income derived from any building required as a dwelling house by the receiver of the rent or revenue or the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c) shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from house property" and the provisions of sections 23 to 27 of that Act shall, so far as may be, apply accordingly:

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Provided that sub-section (2) of the said section 23 shall apply subject to the modifications that the references to "total income" therein shall be construed as references to net agricultural income and that the words, figures and letter "and before making any deduction under Chapter VIA" shall be omitted.

40

Rule 4. — Notwithstanding anything contained in any other provisions of these rules, in a case where the assessee derives income from sale of tea grown and manufactured by him in

45

India, such income shall be computed in accordance with rule 8 of the Income-tax Rules, 1962, and sixty per cent. of such income shall be regarded as the agricultural income of the assessee.

5 Rule 5 — Where the assessee is a partner of a registered firm or an unregistered firm assessed as a registered firm under clause (b) of section 183 of the Income-tax Act, which in the previous year has any agricultural income, or is a partner of an unregistered firm which has not been assessed
10 as a registered firm under clause (b) of the said section 183 and which in the previous year has either no income chargeable to tax under the Income-tax Act or has total income not exceeding the maximum amount not chargeable to tax in the case of an unregistered firm but has any agricultural income,
15 then, the agricultural income or loss of the firm shall be computed in accordance with these rules and his share in the agricultural income or loss of the firm shall be computed in the manner laid down in sub-section (1), sub-section (2) and sub-section (3) of section 67 of the Income-tax Act and the
20 share so computed shall be regarded as the agricultural income or loss of the assessee.

Rule 6. — Where the assessee is a member of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) which in the previous year has
25 either no income chargeable to tax under the Income-tax Act or has total income not exceeding the maximum amount not chargeable to tax in the case of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) but has any agricultural income, then, the agricul-
30 tural income or loss of the association or body shall be computed in accordance with these rules and the share of the assessee in the agricultural income or loss so computed shall be regarded as the agricultural income or loss of the assessee.

Rule 7. — Where the result of the computation for the previous
35 year in respect of any source of agricultural income is a loss, such loss shall be set off against the income of the assessee, if any, for that previous year from any other source of agricultural income:

40 Provided that where the assessee is a partner of an unregistered firm which has not been assessed as a registered firm under clause (b) of section 183 of the Income-tax Act or is a member of an association of persons or a body of individuals and the share of the assessee in the agricultural income of the firm, association or body, as the case may be,
45 is a loss, such loss shall not be set off against any income of the assessee from any other source of agricultural income.

Rule 8. — Any sum payable by the assessee on account of any tax levied by the State Government on the agricultural income shall be deducted in computing the agricultural income.

50 Rule 9. — (1) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April,

1982, 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 or the 1st day of April, 1981, 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 or the 1st day of April, 1980 or the 1st day of April, 1981, 10 15

(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 or the 1st day of April, 1981, 20

(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 or the 1st day of April, 1981, 25 30

(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 or the 1st day of April, 1981, 35

(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 or the 1st day of April, 1981, 40 45

(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 or the 1st day of April, 1981, 50

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1980, 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, 1981, and

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1981,

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, 1982.

(2) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1983 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 or the 1st day of April, 1981 or the 1st day of April, 1982, 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 or the 1st day of April, 1981 or the 1st day of April, 1982,

(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 or the 1st day of April, 1981 or the 1st day of April, 1982,

(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 or the 1st day of April, 1981 or the 1st day of April, 1982,

(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 or the 1st day of April, 1981 or the 1st day of April, 1982, 5

(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 or the 1st day of April, 1981 or the 1st day of April, 1982, 15

(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 or the 1st day of April, 1981 or the 1st day of April, 1982, 20

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1980, 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, 1981 or the 1st day of April, 1982, 25

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1981, 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, 1982, and 30

(ix) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1982, 35

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, 1983, or the period aforesaid. 40

(3) Where a change has occurred in the constitution of a firm, nothing in sub-rule (1) or sub-rule (2) shall entitle the firm to set off so much of the loss proportionate to the share of a retired or deceased partner computed in the manner laid down in sub-section (1), sub-section (2) and sub-section (3) of section 67 of the Income-tax Act as exceeds his share of profits, if any, of the previous year in the firm, or entitle any partner to the benefit of any portion of the said loss (computed in the manner aforesaid) which is not apportionable to him. 45 50

(4) Where any person deriving any agricultural income from any source has been succeeded in such capacity by another person, otherwise than by inheritance, nothing in sub-rule (1) or sub-rule (2) shall entitle any person, other than the person incurring the loss, to have it set off under sub-rule (1) or, as the case may be, sub-rule (2).

26 of 1974.

28 of 1975.

66 of 1976.

29 of 1977.

19 of 1978.

21 of 1979.

44 of 1980.

16 of 1981

(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, or of the First Schedule to the Finance Act, 1975, or of the First Schedule to the Finance Act, 1976, or of the First Schedule to the Finance (No.2) Act, 1977, or of the First Schedule to the Finance Act, 1978, or of the First Schedule to the Finance Act, 1979, or of the First Schedule to the Finance (No. 2) Act, 1980, or of the First Schedule to the Finance Act, 1981, shall be set off under sub-rule (1) or, as the case may be, sub-rule (2).

Rule 10. — Where the net result of the computation made in accordance with these rules is a loss, the loss so computed shall be ignored and the net agricultural income shall be deemed to be nil.

Rule 11. — The provisions of the Income-tax Act relating to procedure for assessment (including the provisions of section 288A relating to rounding off of income) shall, with the necessary modifications, apply in relation to the computation of the net agricultural income of the assessee as they apply in relation to the assessment of the total income.

Rule 12. — For the purposes of computing the net agricultural income of the assessee, the Income-tax Officer shall have the same powers as he has under the Income-tax Act for the purposes of assessment of the total income.

THE SECOND SCHEDULE

(See section 43)

PART I

In the First Schedule to the Customs Tariff Act, —

(i) in Chapter 27, —

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(1) for Note 5, the following Note shall be substituted, namely:—

'5. "Flash point" shall be determined in accordance with the tests prescribed in this behalf in the rules made under the Petroleum Act, 1934 (30 of 1934)'; 10

(2) after Note 6, the following Note shall be inserted, namely:—

'7. "Carbon residue" and "colour comparison test" shall be determined or done in the manner prescribed in this behalf by the Central Government by notification in the Official Gazette.'; 15

(3) in Heading No. 27.10, —

(a) in sub-heading No. (2), in column (2), for the words and figures "which has its flashing point below 24.4° Centigrade", the words and figures "which has its flash point below 25° Centigrade" shall be substituted; 20

(b) in sub-heading No. (3), in column (2), for the words "which has a smoke point of twenty millimetres or more", the words "which has a smoke point of eighteen millimetres or more" shall be substituted: 25

(c) in sub-heading No. (5), in column (2), —

(1) the words "and vaporising oil" shall be omitted;

(2) for the words and figures "which has its flashing point at or above 24.4° Centigrade", the words and figures "which has its flash point at or above 25° Centigrade" shall be substituted;

(3) for clauses (i) and (ii), the following clauses shall be substituted, namely:— 35

"(i) the oil has a smoke point of 10 millimetres or more but less than 20 millimetres, or

(ii) the oil has a smoke point of less than 10 millimetres but has a viscosity of less than 50

seconds by Redwood I Viscometer at 37.8°
Centigrade and satisfies the following conditions :

5 (a) leaves carbon residue of less than $\frac{1}{4}$ per cent.
by weight when tested by Ramsbottom Carbon
Residue Apparatus, and

(b) is lighter in colour than 0.04 Normal
Iodine solution when tested by colour comparison
test. ";

(d) in sub-heading No. (6), in column (2), -

10 (1) for clauses (i) to (iii), the following clauses
shall be substituted, namely:—

"(i) has its flash point at or above 66° Centigrade,

(ii) has a smoke point of less than 10
millimetres,

15 (iii) leaves carbon residue of not less than $\frac{1}{4}$ per
cent. by weight when tested by Ramsbottom
Carbon Residue Apparatus,

(iv) is as dark as, or darker than, 0.04 Normal
Iodine solution when tested by colour comparison
20 test, and";

(2) clause (iv) shall be renumbered as clause (v);

(e) in sub-heading No. (7), in column (2), -

(1) for clauses (i) to (iii), the following clauses
shall be substituted, namely:—

25 "(i) has its flash point at or above 66°
Centigrade,

(ii) has a smoke point of less than 10
millimetres,

30 (iii) leaves carbon residue of not less than $\frac{1}{4}$ per
cent. by weight when tested by Ramsbottom
Carbon Residue Apparatus,

(iv) is as dark as, or darker than, 0.04
Normal Iodine solution when tested by colour
comparison test, and";

35 (2) clause (iv) shall be renumbered as clause (v);

(f) in sub-heading No. (8), in column (2), for the
words "flashing point", the words "flash point"
shall be substituted;

40 (g) in sub-heading No. (9), in column (2), for the
words "flashing point", the words "flash point"
shall be substituted;

(ii) in Heading No. 32.04/12, -

(1) in sub-heading No. (1), for the entry in column (3),
the entry "150%" shall be substituted;

- (2) in sub-heading No. (2), for the entry in column (3), the entry "150%" shall be substituted;
- (3) in sub-heading No. (3), for the entry in column (3), the entry "100%" shall be substituted;
- (4) in sub-heading No. (4), for the entry in column (3), the entry "100%" shall be substituted; 5
- (5) in sub-heading No. (5), for the entry in column (3), the entry "100%" shall be substituted;
- (6) in sub-heading No. (6), for the entry in column (3), the entry "100%" shall be substituted; 10
- (7) in sub-heading No. (7), for the entries in columns (3) and (4), the entries "100%" and "90%" shall, respectively, be substituted;
- (iii) in Heading No. 39.01/06, for the entry in column (3), the entry "150%" shall be substituted; 15
- (iv) in Heading No. 45.01/04, for the entry in column (3), the entry "60%" shall be substituted;
- (v) in sub-heading No. (2) of Heading No. 48.01/21, for the entry in column (3), the entry "40% plus Rs. 1000 per tonne" shall be substituted; 20
- (vi) in Heading No. 73.03/06, for the entry in column (3), the entry "60%" shall be substituted;
- (vii) in Heading No. 73.13, —
- (1) in sub-heading No. (1), for the entry in column (3), the entry "60%" shall be substituted; 25
- (2) in sub-heading No. (2), for the entry in column (3), the entry "60%" shall be substituted;
- (viii) in sub-heading No. (2) of Heading No. 74.07/08, for the entry in column (3), the entry "100%" shall be substituted; 30
- (ix) in sub-heading No. (2) of Heading No. 79.01, for the entry in column (3), the entry "60%" shall be substituted;
- (x) in sub-heading No. (2) of Heading No. 84.51/56, for the entry in column (3), the entry "100%" shall be substituted; 35
- (xi) in Heading No. 85.16, for the entry in column (3), the entry "100%" shall be substituted;
- (xii) in Heading No. 85.17, for the entry in column (3), the entry "100%" shall be substituted;

(xiii) in Heading No. 85.28, for the entry in column (3), the entry "100%" shall be substituted;

5 (xiv) in sub-heading No. (1) of Heading No. 90.08, for the entry in column (3), the entry "100%" shall be substituted;

(xv) in Heading No. 90.13, for the entry in column (3), the entry "100%" shall be substituted;

10 (xvi) in sub-heading No. (2) of Heading No. 90.29, in column (2), for the words "similar semi-conductor devices or electronic microcircuits", the words "similar semi-conductor devices or light emitting diodes or electronic microcircuits" shall be substituted.

PART II

Heading No.	Sub-heading No. and description of article	Rate of duty		Duration when rates of duty are protective
		Standard	Preferential Areas	
(1)	(2)	(3)	(4)	(5)

20 In the First Schedule to the Customs Tariff Act, in Heading No. 29.01/45, after sub-heading No. (21), the following sub-heading shall be inserted, namely:—

"(22) Aniline (aniline oil)	100%	..	..".
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PART III

In the Second Schedule to the Customs Tariff Act, in Heading No. 12, for each of the entries in column (3), the entry "10%" shall be substituted.

THE THIRD SCHEDULE

(See section 49)

Item No.	Description of goods	Rate of duty
(1)	(2)	(3)

In the First Schedule to the Central Excises Act, —

5

(i) In Item No. 6, in the entry in the second column, —

(a) for the words "which has its flashing point below seventy-six degrees of Fahrenheit's thermometer", the words "which has its flash point below twenty-five degrees of Centigrade thermometer" shall be substituted;

10

(b) for Explanation II, the following Explanation shall be substituted, namely:—

Explanation II. — "Flash point" shall be determined in accordance with the tests specified in this behalf in the rules made under the Petroleum Act, 1934 (30 of 1934). ;

15

(ii) for Item No. 7, the following Item shall be substituted, namely:—

7. KEROSENE (WHICH IS ORDINARILY USED AS AN ILLUMINANT IN OIL BURNING LAMPS), AND AVIATION TURBINE FUEL, that is to say, any mineral oil (excluding mineral colza oil and turpentine substitute) which has a smoke point of eighteen millimetres or more and has a final boiling point not exceeding three hundred degrees of Centigrade thermometer —

20

25

(i) Aviation Turbine Fuel.

Five hundred rupees per kilolitre at fifteen degrees of Centigrade thermometer.

30

(ii) Others.

Five hundred rupees per kilolitre at fifteen degrees of Centigrade thermometer.

35

Explanation I. — The expression "mineral oil" has the meaning assigned to it in Explanation I to Item No. 6.

Explanation II. — "Smoke point" shall be determined in the apparatus known as the Smoke Point Lamp in the manner specified in this behalf by the Central Government by notification in the Official Gazette.

40

(1)

(2)

(3)

Explanation III. — "Final boiling point" shall be determined in the manner specified in this behalf by the Central Government by notification in the Official Gazette.;

- 5 (iii) for Item NO. 8, the following Item shall be substituted, namely:—

- | | | |
|----|---|---|
| 8. | REFINED DIESEL OILS, that is to say, any mineral oil (excluding mineral colza oil and turpentine substitute), which has its flash point at or above twenty-five degrees of Centigrade thermometer, and satisfies either of the following requirements:— | One thousand rupees per kilolitre at fifteen degrees of Centigrade thermometer. |
|----|---|---|

10

- (i) the oil has a smoke point of ten millimetres or more but less than twenty millimetres; or

15

- (ii) the oil has a smoke point of less than ten millimetres but has a viscosity of less than fifty seconds by Redwood I Viscometer at 37.8 degrees of Centigrade thermometer and satisfies the following conditions:—

20

- (a) the oil leaves carbon residue of less than $\frac{1}{4}$ per cent. by weight when tested by Ramsbottom Carbon Residue Apparatus, and

25

- (b) the oil is lighter in colour than 0.04 Normal Iodine solution when tested by colour comparison test.

30

Explanation I. — The expressions "mineral oil" and "flash point" have the meanings respectively assigned to them in Explanations I and II to Item No. 6, and the expression "smoke point" has the meaning assigned to it in Explanation II to Item No. 7.

Explanation-II. — "Carbon residue" and "colour comparison test" shall be determined or done in the manner specified in this behalf by the Central Government by notification in the Official Gazette.

Explanation III. — This Item does not include —

35

- (a) base mineral oils (suitable for use in the manufacture of lubricating oils and greases), including mineral oils commonly known as Transformer oil base stock or Transformer oil feed stock; and

- (b) lubricating oils including spindle oils, flushing oils and jute batching oils.;

40

- (iv) for Item No. 9, the following Item shall be substituted, namely:—

- '9. DIESEL OIL, NOT OTHERWISE SPECIFIED, that is to say, any mineral oil which —

45

- (i) has a smoke point of less than ten millimetres,

Two hundred rupees per kilolitre at fifteen degrees of Centigrade thermometer.

(1)	(2)	(3)
	(ii) possesses a viscosity of less than one hundred seconds by Redwood I Viscometer at 37.8 degrees of Centigrade thermometer.	
	(iii) leaves carbon residue of not less than $\frac{1}{4}$ per cent. by weight when tested by Ramsbottom Carbon Residue Apparatus, and	5
	(iv) is as dark as, or darker than, 0.04 Normal Iodine solution when tested by colour comparison test.	10
Explanation. — The expressions "mineral oil" and "smoke point" have the meanings respectively assigned to them in <i>Explanation I</i> to Item No. 6 and <i>Explanation II</i> to Item No. 7, and the expressions "carbon residue" and "colour comparison test" have the meanings assigned to them in <i>Explanation II</i> to Item No. 8.;		
(v) for Item No. 10, the following Item shall be substituted, namely:—		
'10. FURNACE OIL, that is to say, any mineral oil which —	One hundred and fifty rupees per kilolitre at fifteen degrees of Centigrade thermometer.	20
(i) has a smoke point of less than ten millimetres,		
(ii) possesses a viscosity of one hundred seconds or more by Redwood I Viscometer at 37.8 degrees of Centigrade thermometer,		25
(iii) leaves carbon residue of not less than $\frac{1}{4}$ per cent. by weight when tested in Ramsbottom Carbon Residue Apparatus, and		30
(iv) is as dark as, or darker than, 0.04 Normal Iodine solution when tested by colour comparison test.		
Explanation I .- The expressions "mineral oil" and "smoke point" have the meanings respectively assigned to them in <i>Explanation I</i> to Item No. 6 and <i>Explanation II</i> to Item No. 7, and the expressions "carbon residue" and "colour comparison test" have the meanings assigned to them in <i>Explanation II</i> to Item No. 8.		
Explanation II .- This Item does not include —		
(a) base mineral oils suitable for use in the manufacture of lubricating oils and greases; and		40
(b) lubricating oils including axle oil.;		

(1)	(2)	(3)
(vi) for Item No. 11, the following Item shall be substituted, namely:—		
'11. COAL (EXCLUDING LIGNITE) AND COKE ALL SORTS, INCLUDING CALCINED PETROLEUM COKE; ASPHALT, BITUMEN AND TAR —		
5	(1) Coal and coke not elsewhere specified.	Ten rupees per metric tonne.
	(2) Petroleum coke, other than calcined petroleum coke.	Twenty per cent. <i>ad valorem</i> plus two thousand rupees per metric tonne.
	(3) Calcined petroleum coke.	Twenty per cent. <i>ad valorem</i> .
10	(4) Asphalt and bitumen (including cutback bitumen and asphalt) natural or produced from petroleum or shale.	Two hundred rupees per metric tonne.
15	(5) Tar distilled from coal or lignite and other mineral tars, including partially distilled tars and blends of pitch with creosote oils or with other coal tar distillation products.	One hundred rupees per metric tonne.' ;
20	(vi) for Item No. 11A, the following Item shall be substituted, namely:—	
25 "11A.	ALL PRODUCTS DERIVED FROM REFINING OF CRUDE PETROLEUM OR SHALE (WHETHER LIQUID, SEMI-SOLID OR SOLID IN FORM), NOT OTHERWISE SPECIFIED, INCLUDING LUBRICATING OILS AND GREASES AND WAXES —	
30	(1) Mineral turpentine oil.	Twenty per cent. <i>ad valorem</i> plus four hundred rupees per metric tonne.
35	(2) Waxes.	Twenty per cent. <i>ad valorem</i> plus six hundred rupees per metric tonne.
40	(3) (a) Base mineral oils (suitable for use in the manufacture of lubricating oils and greases), including mineral oils commonly known as Transformer oil base stock or Transformer oil feed stock;	Three thousand and five hundred rupees per metric tonne.

(1)	(2)	(3)
(b) Lubricating oils (including spindle oils, flushing oils, jute batching oils and axle oil) and lubricating greases.	Three thousand and five hundred rupees per metric tonne.	5
(4) Others.	Twenty per cent. <i>ad valorem</i> , plus two thousand rupees per metric tonne.";	
(viii) after Item No. 11A, the following Item shall be inserted, namely:—		10
"11AA. PETROLEUM GASES —		
(1) Liquified petroleum gases.	Four hundred rupees per metric tonne.	
(2) Other petroleum gases and gaseous hydrocarbons derived from refining of crude petroleum or shale.	Twenty per cent. <i>ad valorem</i> plus two thousand rupees per metric tonne.";	15
(ix) Item No. 11C shall be omitted		
(x) Item No. 11D shall be omitted		20
(xi) for Item No. 15A, the following Item shall be substituted, namely:—		
'15A, ARTIFICIAL OR SYNTHETIC RESINS AND PLASTIC MATERIALS; AND OTHER MATERIALS AND ARTICLES SPECIFIED BELOW —		
(1) Condensation, polycondensation and polyaddition products, whether or not modified or polymerised, and whether or not linear (for example, pheno-plasts, amino-plasts, alkyds, polyallyl esters and other unsaturated polyesters, silicones); polymerisation and co-polymerisation products (for example, polyethylene, polytetrahaloethylenes, polyisobutylene, polystyrene, polyvinyl chloride, polyvinyl acetate, polyvinyl chloroacetate and other polyvinyl derivatives, polyacrylic and polymethacrylic derivatives, coumarone-indene resins); regenerated cellulose; cellulose nitrate, cellulose acetate and other cellulose esters, cellulose ethers and other chemical derivatives of cellulose, plasticised or not (for example, collodions, celluloid); vulcanised fibre; hardened proteins (for example, hardened casein and hardened gelatin); natural resins modified by fusion	Fifty per cent. <i>ad valorem</i> .	25
		30
		35
		40
		45

(1)	(2)	(3)
-----	-----	-----

- (run gums); artificial resins obtained by esterification of natural resins or of resinic acids (ester gums); chemical derivatives of natural rubber (for example, chlorinated rubber, rubber hydrochloride, oxidised rubber, cyclised rubber); other high polymers, artificial resins and artificial plastic materials, including alginic acid, its salts and esters; linoxyn.

(2) Articles of materials described in sub-Item (1), the following, namely:—

- | | | |
|----|--|--|
| 15 | Boards, sheeting, sheets and films, whether lacquered or metallised or laminated or not; lay flat tubings not containing any textile material. | Fifty per cent.
<i>ad valorem</i> . |
| 20 | (3) Polyurethane foam.
(4) Articles made of polyurethane foam. | Seventy-five per cent. <i>ad valorem</i> .
Seventy-five per cent. <i>ad valorem</i> . |

Explanation I.—Sub-Item (1) does not include, —

- (i) polyurethane foam;
- (ii) artificial waxes;
- (iii) starches (including dextrin and other forms of modified starches).

Explanation II.—In sub-Item (1), "condensation, polycondensation, polyaddition, polymerisation and co-polymerisation products" are to be taken to apply only to goods of a kind produced by chemical synthesis answering to one of the following descriptions:—

- (a) artificial plastics, including artificial resins;
- (b) silicones;
- (c) resols, liquid polyisobutylene, and similar artificial polycondensation or polymerisation products.

Explanation III.—Sub-Item (1) is to be taken to apply to materials in the following forms only:—

- (a) liquid or pasty (including emulsions, dispersions and solutions);
- (b) blocks, lumps, powders (including moulding powders), granules, flakes and similar bulk forms;

(1)	(2)	(3)
-----	-----	-----

(c) waste and scrap. ;

(xii) Item No. 15B shall be omitted;

(xiii) Item No. 15 BB shall be omitted;

(xiv) In Item No. 16A, after sub-Item (1), the following Explanation shall be inserted, namely:—

5

"Explanation. — This sub-Item includes articles made of latex foam sponge.";

(xv) for Item No. 16B, the following Item shall be substituted, namely:—

10

'16B. WOOD AND ARTICLES OF WOOD, THE FOLLOWING, NAMELY:—

Thirty- per cent.
ad valorem;

PLYWOOD, BLOCK BOARD (INCLUDING FLUSH DOORS), LAMINBOARD, BATTEN BOARD, HARD OR SOFT WALL BOARDS OR INSULATING BOARD AND VENEERED PANELS, WHETHER OR NOT CONTAINING ANY MATERIAL OTHER THAN WOOD; CELLULAR WOOD PANELS; BUILDING BOARDS OF WOOD PULP OR OF VEGETABLE FIBRE, WHETHER OR NOT BONDED WITH NATURAL OR ARTIFICIAL RESINS OR WITH SIMILAR BINDERS; ARTIFICIAL OR RE-CONSTITUTED WOOD BEING WOOD SHAVINGS, WOOD CHIPS, SAWDUST, WOOD FLOUR OR OTHER LIGNEOUS WASTE AGGLOMERATED WITH NATURAL OR ARTIFICIAL RESINS OR OTHER ORGANIC BINDING SUBSTANCES, IN SHEETS, BLOCKS, BOARDS OR THE LIKE; AND IMPROVED WOOD, ALL SORTS, WHETHER IN SHEETS, BLOCKS OR IN ANY OTHER FORM, INCLUDING ARTICLES OF IMPROVED WOOD.

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Explanation. — In this Item, "Improved wood" means wood which has been subjected to chemical or physical treatment (being, in the case of 35 layers bonded together, treatment in excess of that needed to ensure a good bond), and which has thereby acquired increased density or hardness together with improved mechanical strength or resistance to chemical or electrical agencies.;

(xvi) for Item No. 17, the following Item shall be substituted, namely:—

40.

'17. PAPER AND PAPER BOARD, ALL SORTS (including pasteboard, millboard, straw-board, cardboard and corrugated board), AND ARTICLES THEREOF SPECIFIED BELOW,

45

(1)	(2)	(3)
	In or in relation to the manufacture of which any process is ordinarily carried on with the aid of power —	
5	(1) Uncoated and coated printing and writing paper (other than poster paper).	Twenty-five per cent. <i>ad valorem</i> .
10	(2) Paper board and all other kinds of paper (including paper or paper boards which have been subjected to various treatments such as coating, impregnating, corrugation, creping and design printing), not elsewhere specified —	
15	(a) All sorts of paper commonly known as kraft paper, including paper and paper board of the type known as Kraft liner or corrugating medium, of a substance equal to or exceeding 65 grams per square metre in each case.	Forty per cent. <i>ad valorem</i> .
20	(b) Others	Thirty-two and a half per cent. <i>ad valorem</i> .
25	(3) Carbon and other copying papers (including duplicator stencils) and transfer papers, whether or not cut to size and whether or not put up in boxes.	Thirty-two and a half per cent. <i>ad valorem</i> .
30	(4) Boxes, cartons, bags and other packing containers (including flattened or folded boxes and flattened or folded cartons), whether or not printed and whether in assembled or unassembled condition.	Thirty-two and a half per cent. <i>ad valorem</i> ."
	(xvi) In sub-Item III of Item No. 18, in the second column, for entries (i) and (ii), the following entries shall be substituted, namely:—	
35	"(i) not containing any man-made fibres of non-cellulosic origin.	
	(ii) containing man-made fibres of non-cellulosic origin.";	
40	(xvii) In Item No. 18A, in the second column, for entries (i) and (ii), the following entries shall be substituted, namely:—	
	"(i) not containing any man-made fibres of non-cellulosic origin.	

(1)	(2)	(3)
	(ii) containing man-made fibres of non-cellulosic origin.";	
	(xix) In Item No. 23, for the entry in the third column against sub-Item (1), the entry "Two hundred rupees per metric tonne." shall be substituted;	5
	(xx) In Item No. 23A, for the entry in the third column against sub-Item (1), the entry "Thirty-five per cent. <i>ad valorem</i> plus five rupees and fifty paise per millimetre thickness per square metre." shall be substituted;	10
	(xxi) In Item No. 26B, for the entries in the third column against sub-Items (1), (1a), (2), (2a) and (3), the entries "Three thousand two hundred and seventy-five rupees per metric tonne", "Three thousand two hundred and seventy-five rupees per metric tonne", "Three thousand eight hundred rupees per metric tonne.", "Four thousand seven hundred and fifty rupees per metric tonne." and "Forty-five per cent. <i>ad valorem</i> ." shall respectively be substituted;	15 20
	(xxii) In Item No. 27, for each of the entries in the third column, the entry "Fifty per cent. <i>ad valorem</i> plus four thousand rupees per metric tonne." shall be substituted;	25
	(xxiii) In Item No. 27A, for each of the entries in the third column against sub-Items (1) and (2), the entry "Eight hundred and forty rupees per metric tonne." shall be substituted;	30
	(xxiv) In Item No. 30, after Explanation II, the following Explanation shall be inserted, namely:—	35
	"Explanation III. — This Item includes motors equipped with gears or gear boxes.";	
	(xv) after Item No. 37B, the following Item shall be inserted, namely:—	
"37BB. TELEVISION IMAGE AND SOUND RECORDERS AND REPRODUCERS (INCLUDING VIDEO CASSETTE RECORDERS AND REPRODUCERS AND VIDEO CASSETTE DECKS), WHETHER OR NOT IN COMBINATION WITH ONE OR MORE OF THE FOLLOWING:—		Twenty-five 40 per cent. <i>ad valorem</i> ."; 45
(i) TELEVISION SETS,		

(1)	(2)	(3)
-----	-----	-----

(ii) RADIOS (INCLUDING
TRANSISTOR SETS),

(iii) TELEVISION CAMERAS
(INCLUDING VIDEO CAMERAS).

5

(xxvi) after Item No. 37C, the following
Item shall be inserted, namely:—

"37CC. TELEVISION CAMERAS (INCLUDING VIDEO CAMERAS).
Twenty-five per cent. *ad valorem*.";

10 (xxvii) for Item No. 39, the following Item
shall be substituted, namely:—

'39. LIGHTERS, NOT ELSEWHERE
SPECIFIED. Three rupees
per lighter.';

15 "Lighter" means : any mechanical,
chemical, electrical or electronic
(containing piezo-electric materials)
contrivance for causing ignition, which
is portable and which operates by producing
a spark or flame whether by itself or
when brought into contact with gas, and
20 includes a lighter issued from a factory
in an incomplete state or requiring for
its completion the addition of a flint.

25 (xxviii) after Item No. 46, the following Item
shall be inserted, namely:—

'47. ELECTRONIC MACHINES FOR GAMES OF
SKILL OR CHANCE (INCLUDING ELECTRONIC
MACHINES USED FOR TELEVISION GAMES
AND VIDEO GAMES). Forty per cent.
ad valorem.

30 *Explanation.* — "Electronic machines" means machines and
apparatus containing thermionic valves or transistors or similar
semi-conductor devices or light emitting diodes or electronic
microcircuits or capacitors other than paper capacitors.';

35 (xxix) after Item No. 58, the following Item
shall be inserted, namely:—

"59. ARTICLES OF A KIND USED FOR
SOUND OR SOUND AND IMAGE RECORDING,
WHETHER RECORDED OR NOT, NAMELY:—

40 (1) Magnetic tapes of width not exceeding
6.5 millimetres for sound recording, whether
in spools or in reels. Twenty-five
per cent.
ad valorem.

(2) Sound recorded magnetic tapes
of width not exceeding 6.5 millimetres,
whether in spools or in reels. Twenty-five
per cent.
ad valorem.

(1)	(2)	(3)
	(3) Cassette tapes for sound recording.	Twenty-five per cent. <i>ad valorem.</i>
	(4) Sound recorded cassette tapes.	Twenty-five per cent. <i>ad valorem.</i>
	(5) Prepared media for television image and sound recording such as video tapes and video discs.	Twenty-five per cent. <i>ad valorem.</i>
	(6) Television image and sound recorded media such as video tapes and video discs.	Twenty-five per cent. <i>ad valorem.</i>

THE FOURTH SCHEDULE

[See section 52]

Modifications to the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. G. S. R. 77(E) dated the 23rd day of February, 1982

(1) The opening paragraph of the notification shall have effect with respect to any period before the 1st day of April, 1981, as if—

(a) for the figures "120", the figures "93.50" had been substituted; and

(b) for the figures "150", occurring for the first time, the figures "116.65" had been substituted.

(2) The first proviso to the notification shall not have effect with respect to any period before the 1st day of October, 1981 and the said notification shall have effect with respect to any period before the 1st day of October, 1981 as if it contained the following proviso in place of the said first proviso, namely—

"Provided that, —

(a) in the case of matches packed in boxes in which both the outer slide as well as the inner slide are made of card board, the amount of exemption shall be increased by sixty paise per gross of boxes;

(b) in the case of matches packed in boxes in which the inner slide alone is made of card board, the amount of exemption shall be increased by twenty-four paise per gross of boxes;

(c) the amount of exemption shall be increased, or further increased, as the case may be, by fifty paise per gross of boxes if bamboo is used for the splints or for both splints and veneers;

(d) if the splints of such matches are made of bamboo and the matches are packed in boxes of 40 matches, the rate of duty shall be four-fifths of the rate applicable to matches of identical description produced in the same factory but packed in boxes of 50 matches and if such packing in boxes of 50 matches is not done, it shall be four-fifths of the notionally determined rate for matches packed in boxes of 50 matches."

(3) The second proviso and clauses (f) and (g) of the Explanation to the notification shall not have effect with respect to any period before the 1st day of October, 1981.

(4) Clauses (c), (d) and (e) of the Explanation to the notification shall not have effect with respect to any period before the 1st day of April, 1981.

STATEMENT OF OBJECTS AND REASONS

The object of the Bill is to give effect to the financial proposals of the Central Government for the financial year 1982-83. The notes on clauses explain the various provisions contained in the Bill.

NEW DELHI;
The 27th February, 1982.

PRANAB MUKHERJEE.

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

[Copy of letter No. F, 3(1)-B(D)/82 dated the 27th February, 1982 from Shri Pranab Mukherjee, Minister of Finance, to the Secretary, 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, 1982 to the Lok Sabha.

2. The Bill will be introduced in the Lok Sabha immediately after the presentation of the Budget on the 27th February, 1982.

Notes on clauses

Clause 2, read with the First Schedule to the Bill, seeks to prescribe the rates at which income-tax (including surcharge thereon) is to be levied on income chargeable to tax for the assessment year 1982-83. Further, it lays down the rates at which tax is to be deducted at source during the financial year 1982-83 from incomes subject to such deduction under the Income-tax Act; and the rates at which "advance tax" is to be paid and tax is to be calculated and charged in special cases for the financial year 1982-83.

Rates of income-tax for the assessment year 1982-83.—Part I of the First Schedule to the Bill specifies the rates of income-tax (including surcharge) on incomes liable to tax for the assessment year 1982-83. These rates are the same as those specified in Part III of the First Schedule to the Finance Act, 1981 for the purposes of deduction of tax at source from "Salaries" and for computation of "advance tax" payable during the financial year 1981-82.

Rates for deduction of tax at source during the financial year 1982-83 from incomes other than "Salaries".—Part II of the First Schedule to the Bill specifies the rates at which income-tax (including surcharge where applicable) is to be deducted at source during the financial year 1982-83 from incomes other than "Salaries" and retirement annuities under section 80E(9) of the Income-tax Act. The rates specified in this Part for deduction of tax at source are the same as those specified in Part II of the First Schedule to the Finance Act, 1981 for the purposes of deduction of tax at source during the financial year 1981-82.

Rates for deduction of tax at source from "Salaries" and retirement annuities, computation of "advance tax" and charging of income-tax in special cases during the financial year 1982-83.—Part III of the First Schedule to the Bill specifies the rates at which income-tax (including surcharge) is to be deducted at source from "Salaries" and retirement annuities referred to in section 80E(9) of the Income-tax Act, and also the rates at which "advance tax" is to be paid and income-tax is to be calculated or charged in special cases for the financial year 1982-83.

These rates are the same as those specified in Part I of the First Schedule to the Bill for the assessment of incomes liable to tax for the assessment year 1982-83 except for the modification that in the case of individuals, unspecified Hindu undivided families, unregistered firms, etc., the revised rates of income-tax will be in the slab of Rs. 60,001 to Rs. 70,000, 52.5 per cent. as against 50% at present, in the slab of Rs. 70,001 to Rs. 85,000, 55% as at present, and for the slab of Rs. 85,001 to Rs. 1,00,000, 57.5% as against 55% at present. For the slab of incomes exceeding Rs. 1,00,000, there is no change in the rate of income-tax.

Clause 3 seeks to amend clause (1) of section 6 of the Income-tax Act relating to residence in India.

Under the existing provisions, an individual is said to be a resident in India in any previous year if he —

(a) is in India in that year for a period or periods amounting in all to 182 days or more; or

(b) maintains or causes to be maintained for him a dwelling place in India for a period or periods amounting in all to 182 days or more in that year and has been in India for 30 days or more in that year; or

(c) having within the four years preceding that year been in India for a period or periods amounting in all to 365 days or more, is in India in that year for 60 days or more.

The Explanation to this clause provides that in the case of an individual, being a citizen of India who is rendering service outside India and who is in India on leave or vacation, the periods of 30 days and 60 days referred to in sub-clauses (b) and (c) above shall be taken as 90 days.

The proposed amendments seek to make the following changes in this clause:-

(i) sub-clause (b) of clause (1) of section 6 of the Income-tax Act relating to the maintenance of a dwelling place coupled with the stay of 30 days or more in India is proposed to be omitted and will no longer be a test of residence in India;

(ii) a new Explanation is proposed to be substituted for the Explanation below sub-clause (c) of clause (1) of section 6 of the Income-tax Act. Under the said sub-clause (c), an individual is said to be resident in India in any previous year if having been in India for at least 365 days during the four preceding years, he is in India for at least 60 days in that year.

Clause (a) of the new Explanation seeks to provide that where an individual citizen leaves India in any previous year for the purpose of employment outside India, the period of 60 days referred to in sub-clause (c) will, in the case of such Indian citizen, be extended to 182 days.

Clause (b) of the new Explanation seeks to provide that an Indian citizen who is outside India comes on a visit to India in the previous year, the period of 60 days referred to in sub-clause (c) will, in the case of such Indian citizens, be extended to 90 days.

These amendments will take effect from 1st April, 1983 and will accordingly apply in relation to the assessment year 1983-84 and subsequent years.

Clause 4 seeks to amend section 10 of the Income-tax Act.

Sub-clause (a) seeks to substitute clause (4A) of the Income-tax Act. Under the existing provisions, any income from interest on moneys standing to the credit of a non-resident in a Non-resident (External) Account in any bank in India in accordance with the Foreign Exchange Regulation Act is exempt from income-tax. This provision applies to a non-resident as defined in the Income-tax Act. Under the proposed amendment, the above exemption will be available to all assesseees who are persons resident outside India as defined in clause (q) of section 2 of the Foreign Exchange Regulation Act.

This amendment will take effect from 1st April, 1982.

Sub-clause (b) seeks to insert a new clause (4B) in section 10.

Under the proposed amendment, in the case of an individual being a citizen of India or a person of Indian origin who is a non-resident, the income from interest on such savings certificates of the Central Government as may be notified by that Government in the Official Gazette in this behalf will be exempt from income-tax provided such individual has subscribed to such certificates in foreign currency or other foreign exchange remitted from outside India through official channels.

This amendment will take effect from 1st April, 1983 and will accordingly apply in relation to the assessment year 1983-84 and subsequent years.

Sub-clause (c) seeks to insert a new clause (10AA) in section 10.

Sub-clause (i) of new clause (10AA) seeks to provide for exemption from income-tax of the cash equivalent of leave salary payable to an employee of the Central Government or the State Government in respect of the earned leave at his credit at the time of his retirement on superannuation or otherwise.

Sub-clause (ii) of clause (10AA) seeks to provide for exemption in respect of cash equivalent of earned leave to the credit of an employee other than an employee of the Central Government or State Government subject to the maximum of six months' salary on the basis of the average salary drawn by the employee during ten months preceding his retirement or superannuation or Rs. 25,500, whichever is less. Where the employee receives such payment from more than one employer in the same previous year, the maximum amount exempt under this sub-clause will not exceed Rs. 25,500.

Further, where such employee receives such payments in one or more previous years and such payment was exempt from income-tax in the respective years, the maximum amount of exemption from income-tax under this sub-clause will not exceed Rs. 25,500 as reduced by the amount which has already been exempted from income-tax in any earlier previous year. The Central Government has been empowered to increase the limit of exemption of Rs. 25,500 to a higher amount by notification in the Official Gazette having regard to the maximum amount exempt in the case of Government servants.

In the case of a non-Government servant, the entitlement to earned leave will not exceed 30 days for each year of actual service. Further, for the purpose of sub-clause (ii), salary will have the same meaning as in rule 2(h) of Part A of the Fourth Schedule.

This amendment will take effect from 1st April, 1982.

Sub-clause (d) seeks to insert a new sub-clause (iib) in clause (15) of section 10 of the Income-tax Act.

Under the proposed amendment, interest payable on such Capital Investment Bonds as may be notified by the Central Government in this behalf will not be included in computing the total income of the recipient of the interest.

This amendment will take effect from 1st April, 1983 and will accordingly apply in relation to the assessment year 1983-84 and subsequent years.

Clause 5 seeks to amend section 13 of the Income-tax Act.

Sub-clause (a) seeks to amend sub-section (1) of section 13.

Under the existing provisions, if any funds of a charitable or religious trust or institution are invested or deposited or remain invested or deposited in any forms or modes other than those specified in sub-section (5) of section 13, such trust or institution will forfeit exemption from income-tax for the assessment year 1982-83. The effect of the proposed amendment will be that charitable or religious trusts or institutions would forfeit exemption from income-tax for failure to comply with the provisions of sub-section (5) of section 13 only in relation to any assessment year commencing on or after 1st April, 1983.

Sub-clause (b) seeks to amend sub-section (5) of section 13.

Under the existing provisions, immovable property does not constitute an approved form or mode of investment in respect of certain categories of funds of charitable or religious trusts or institutions. The effect of the proposed amendment will be that investment in immovable property will also constitute an approved form or mode of investment of funds by charitable or religious trusts or institutions.

These amendments will take effect from 1st April, 1982.

Clause 6 seeks to make an amendment in clause (1) of section 16 of the Income-tax Act relating to standard deduction in the case of salaried assesseees.

Under the existing provisions, a standard deduction is granted to salaried assesseees at a uniform rate of twenty per cent. of such salary, subject to a maximum of Rs. 5,000.

Under the proposed amendment, the standard deduction will be allowed at the enhanced rate of twenty-five per cent., subject to the existing ceiling of Rs. 5,000.

This amendment will take effect from 1st April, 1983 and will accordingly apply in relation to the assessment year 1983-84 and subsequent years.

Clause 7 seeks to amend section 23 of the Income-tax Act.

Sub-clause (a) seeks to amend the second proviso to sub-section (1) of section 23.

Under the proposed amendment, the existing concession in the case of let-out residential units constructed on or after 1st April, 1978 (by way of reduction of the annual value of each such residential unit by an amount up to Rs. 2,400 for a period of 5 years) is being enlarged in relation to let-out residential units constructed after 31st March, 1982. In respect of let-out residential units

constructed after 31st March 1982, the annual value will be reduced, in each case, by an amount up to Rs. 3,600 for a year, for a period of 5 years from the date of completion of the building.

Sub-clause (b) seeks to amend sub-section (2) of section 23.

Under the existing provisions, the annual value of a self-occupied house property is first determined in the same manner as if the property had been let and then it is further reduced by one-half of the amount so determined or Rs. 1,800, whichever is less. Under the proposed amendment, the quantum of reduction is being raised from Rs. 1,800 to Rs. 3,600.

These amendments will take effect from 1st April, 1983 and will accordingly apply in relation to the assessment year 1983-84 and subsequent years.

Clause 8 seeks to amend sub-section (2B) of section 32A of the Income-tax Act.

Under the existing provisions, investment allowance at the higher rate of 35% is allowed in respect of machinery and plant installed after the 30th day of June, 1977, but before the 1st day of April, 1982, for the manufacture or production of any article or thing which is manufactured or produced by using any technology or other know-how developed in, or which is invented by, a laboratory owned or financed by the Government or a laboratory owned by a public sector company or a University or a recognised institution, subject to the fulfilment of the conditions specified in sub-section (2B) of section 32A. The proposed amendment seeks to extend the date before which the installation of any such machinery and plant would qualify for the investment allowance at the higher rate of 35% to 1st April, 1987.

This amendment will take effect from 1st April, 1982.

Clause 9 seeks to insert a new section 35CCB in the Income-tax Act relating to expenditure by way of payment to associations and institutions for carrying out any approved programmes of conservation of natural resources.

Sub-section (1) of new section 35CCB provides that an assessee who makes any payment to an association or institution which has as its object the undertaking of programmes of conservation of natural resources to be used for carrying out any such programmes will be allowed deduction of the amount of such expenditure incurred during the previous year.

Sub-section (2) of new section 35CCB provides that a deduction under sub-section (1) will not be allowed unless the association or institution is approved by the prescribed authority who will not grant such approval for more than 3 years at a time.

Sub-section (3) of new section 35CCB provides that where a deduction is claimed and allowed for any assessment year under this section, no deduction will be allowed in respect of such expenditure under any other provision of the Income-tax Act for the same or any other assessment year.

This amendment will take effect from 1st June, 1982.

Clause 10 seeks to amend sub-section (1) of section 36.

Sub-clause (a) seeks to amend clause (vii) of sub-section (1).

Under the existing provisions, any provision for bad and doubtful debts made by a scheduled bank, in relation to advances made by its rural branches, in an amount not exceeding $1\frac{1}{2}$ per cent. of the aggregate average advances made by such branches is allowed as deduction in the computation of its taxable profits. Under the proposed amendment, the provisions of this clause are being extended to a non-scheduled bank as well.

Sub-clause (b) seeks to insert a new clause (viii) in sub-section (1) of section 36.

Under the proposed amendment, scheduled banks, other than foreign banks, engaged in banking operations outside India will be entitled to a deduction, in the computation of their taxable profits,

upto 40 per cent. of the total income carried by them to the special reserve account. However, this provision applies only to such scheduled bank which is approved by the Central Government for the purposes of this clause having regard to its capital structure, the extent of its operations outside India, its need for resources for operations outside India and other relevant factors. For this purpose, the expression "scheduled bank" means the State Bank of India, the subsidiary banks of the State Bank of India, the nationalised banks or any other bank included in the Second Schedule to the Reserve Bank of India Act, 1934 but excludes co-operative banks.

These amendments will take effect from 1st April, 1983 and will accordingly apply in relation to the assessment year 1983-84 and subsequent years.

Clause 11 seeks to amend section 54 of the Income-tax Act.

Sub-clause (a) seeks to amend sub-section (1) of section 54. Under the proposed amendment, in the case of an assessee being an individual, the long-term capital gains arising on the transfer of a residential house will be exempt from income-tax if the assessee has within a period of one year before or after that date either purchased or within a period of three years after that date constructed a residential house. For this purpose, long-term capital asset means a capital asset which is not a short-term capital asset.

Sub-clause (b) seeks to amend sub-section (2) of section 54. Under the proposed amendment, the capital gains attributable to the enhancement of compensation will be exempt from income-tax if the assessee has within a period of three years after the date of the receipt of the additional compensation constructed a residential house.

These amendments will take effect from 1st April, 1983 and will accordingly apply in relation to the assessment year 1983-84 and subsequent years.

Clause 12 seeks to insert a new section 54F in the Income-tax Act.

New section 54F provides that in the case of an assessee being an individual, the long-term capital gains arising from the transfer of an asset will be exempt from income-tax if he has within a period of one year before or after the date on which the transfer took place purchased or within a period of three years after that date constructed a residential house. The exemption of the long-term capital gains will be granted proportionately on the basis of the investment of net consideration either for the purchase or construction of the residential house. This concession will not be available in a case where the assessee owns on the date of the transfer of the original asset any residential house, or purchases, within the period of one year after such date or constructs, within the period of three years after such date, any other residential house. Where the assessee so purchases or constructs a residential house, the capital gains, if not charged to tax, will be charged to tax as long-term capital gains of the year in which the house is so purchased or constructed.

Where the new residential house is transferred within a period of three years from the date of its purchase or its construction, the amount of capital gains arising from the transfer of the original asset which has not been charged to income-tax will be deemed to be long-term capital gains of the previous year in which the new asset is transferred.

This amendment will take effect from 1st April, 1983 and will accordingly apply in relation to the assessment year 1983-84 and subsequent years.

Clause 13 seeks to amend section 80C of the Income-tax Act relating to deduction in respect of life insurance premia, contributions to provident fund, etc.

Sub-clause (a) seeks to substitute sub-section (1) of section 80C. Under the proposed amendment, the quantum of deduction from taxable income in respect of long-term savings through life insurance, provident fund, etc., will be varied so as to allow a deduction of the whole of the first Rs. 6000 of the qualifying savings plus 50% of the next Rs. 6,000, plus 40% of the remainder qualifying savings.

Sub-clause (b) seeks to insert a new clause (h) in sub-section (2). The proposed amendment seeks to provide that an individual, Hindu undivided family or married couple governed by the system of community of property in specified Union territories will be entitled to a deduction in respect of the subscription to notified securities of the Central Government in the same manner as contributions to provident fund, life insurance, etc.

Sub-clause (c) seeks to amend sub-section (4) of section 80C. Under the proposed amendment, the monetary ceiling for contributions to provident fund, life insurance, etc., which qualifies for deduction will be raised from Rs. 30,000 to Rs. 40,000.

Sub-clause (d) seeks to insert a new sub-section (6) in section 80C. New sub-section (6) seeks to provide that where an individual, Hindu undivided family or married couple governed by the system of community of property in specified Union territories has effected or kept in force any insurance on the life of the specified persons and such assessee terminates the contract of insurance by notice to this effect or where the contract ceases to be in force as a result of failure to pay any premiums by not reviving the contract of insurance before premiums have been paid for a period of two years, no deduction will be allowed to the assessee in respect of such premium or premiums paid in the previous year in which the policy is terminated and deduction allowed in respect of premium or premiums paid in the immediately preceding previous year shall be deemed to be the income of the assessee of that previous year and will be charged to tax accordingly.

New Explanation 1 provides that the deduction allowed under section 80C in respect of any premiums paid in any previous year will be the amount by which the actual deduction allowed under that section for that year exceeds the amount of deduction which would have been allowed for that year if no such premiums had been so paid. The new Explanation 2 provides that where an assessee terminates his participation in the Unit-linked Insurance Plan and the contract of insurance in the same previous year, the deduction allowed under section 80C in respect of such contribution or premiums paid for the previous year will be the amount by which the deduction allowed under section 80C for that year exceeds the amount of deduction which would have been allowed for that year if no contribution or premiums had been paid during that year.

These amendments will take effect from 1st April, 1983 and will accordingly apply in relation to the assessment year 1983-84 and subsequent years.

Clause 14 seeks to amend sub-section (2) of section 80CC of the Income-tax Act.

Under the existing provisions, where the specified categories of assessee purchase new equity shares out of their income chargeable to tax, they are allowed a deduction, in the computation of the total income, of an amount equal to 50 per cent. of the cost of shares so purchased. Where such cost exceeds Rs. 10,000, the amount with reference to which the deduction is allowed is limited to Rs. 10,000. Under the proposed amendment, the monetary limit with reference to which the deduction is allowed is proposed to be raised to Rs. 20,000.

This amendment will take effect from 1st April, 1983 and will accordingly apply in relation to the assessment year 1983-84 and subsequent years.

Clause 15 seeks to amend sub-section (2) of section 80G of the Income-tax Act relating to deduction in respect of donations to certain funds, charitable institutions, etc.

Under the existing provisions, donations made by an assessee to any fund or institution set up for a charitable purpose in India qualify for deduction at the general rate of 50 per cent. The amount qualifying for deduction is subject to a monetary ceiling of 10 per cent. of the gross total income, subject to a maximum of Rs. 5 lakhs. This ceiling does not apply in relation to donations made to certain funds of national character, namely, the National Defence Fund, the Jawaharlal Nehru Memorial Fund, the Prime Minister's Drought Relief Fund and the Prime Minister's National Relief Fund.

Under the proposed amendment, the National Children's Fund will be placed on par with the funds of national character, such as, the National Defence Fund, etc. In other words, the donations made

to the National Children's Fund will qualify for deduction at the rate of 50 per cent, irrespective of the amount of the donation.

This amendment will take effect from 1st April, 1983 and will accordingly apply in relation to the assessment year 1983-84 and subsequent years.

Clause 16 seeks to amend section 80GG of the Income-tax Act relating to deduction in respect of rents paid.

Under the existing provisions, an assessee who is not in receipt of house rent allowance is entitled to a deduction in respect of house rent paid by him for his own residence in excess of 10% of his total income, up to a ceiling of 15% thereof, or Rs. 300 per month, whichever is less. Under the proposed amendment, the monetary ceiling is being raised to Rs. 400 per month.

This amendment will take effect from 1st April, 1983 and will accordingly apply in relation to the assessment year 1983-84 and subsequent years.

Clause 17 seeks to insert a new clause (c) in sub-section (2) of section 80GGA.

Under the proposed amendment, any sum paid by the assessee not deriving income under the head "Profits and gains of business or profession", in the previous year, to an association or institution, which has as its object the undertaking of any programme of conservation of natural resources, to be used for carrying out any programme approved under section 35CCB will qualify for deduction in the computation of his taxable income if such association or institution is also for the time being approved for the purposes of the said section.

This amendment will take effect from 1st June, 1982.

Clause 18 seeks to insert a new section 80HHB in the Income-tax Act relating to deduction in respect of profits and gains from projects outside India.

Sub-section (1) of new section 80HHB provides that an Indian company or a non-corporate assessee resident in India will be entitled to a deduction, in the computation of the taxable income, of 25 per cent. of the profits and gains derived from the business of the execution of a foreign project undertaken by the assessee in pursuance of a contract entered into by him or the execution of any work undertaken by him and forming part of a foreign project undertaken by any other person in pursuance of a contract entered into by such other person.

The provisions of this sub-section will apply only where the consideration for the execution of the project or such work is payable in foreign currency.

Sub-section (2) of new section 80HHB provides that the provisions of this section will apply to any project for which the payment is made in foreign currency for the purpose of construction of any building, road, dam, bridge or other structure, assembly or installation of any machinery or plant outside India and for the purpose of execution of such other work as may be prescribed by rules.

Sub-section (3) of new section 80HHB provides that the deduction under this section will be allowed only if the following conditions are satisfied:-

(i) separate accounts are maintained by the assessee in respect of the profits and gains derived from the business of the execution of the foreign project or the work forming part of the foreign project undertaken by him and in the case of assessee other than Indian companies and co-operative societies, the accounts are audited by a chartered accountant and the assessee furnishes along with his return of income the report of such audit in the prescribed form.

(ii) an amount equal to 25 per cent. of the profits and gains from the business of the project or work is debited to the profit and loss account of the previous year in which the deduction under this section is to be allowed and credited to a foreign projects reserve account to be utilised by the assessee

during a period of 5 years for the purposes of the business other than for distribution by way of dividends or profits;

(iii) an amount equal to 25 per cent. of the profits and gains is brought into India by the assessee within a period of 6 months from the end of the previous year in foreign exchange.

However, in a case where the amount credited to the foreign projects reserve account or the amount brought into India or both these amounts is less than 25 per cent. of the profits and gains from the project, the deduction under this section will be limited to the amounts so credited or so brought into India, whichever is less.

Sub-section (4) of new section 80HHB provides that if before the end of 5 years from the end of the previous year in which the deduction under sub-section (1) is allowed, the assessee utilises the amount credited to the foreign projects reserve account for distribution by way of dividends or profits or for any other non-business purpose, the deduction originally allowed will be deemed to have been wrongly allowed and the Income-tax Officer may recompute the total income of the assessee for the relevant previous year and make the necessary rectification within a period of 4 years from the end of the previous year in which the money was so utilised.

This amendment will take effect from 1st April, 1983 and will accordingly apply in relation to the assessment year 1983-84 and subsequent years.

Clause 19 seeks to amend section 80L of the Income-tax Act relating to deduction in respect of interest on certain securities, dividends, etc.

Under the existing provisions, individuals, Hindu undivided families and married couples governed by the system of community of property in certain Union territories are entitled to a deduction up to Rs. 3,000 in the computation of their taxable income in respect of income from investments in specified financial assets.

Under the proposed amendment, the monetary ceiling for exemption of income from specified financial assets is being raised from Rs. 3,000 to Rs. 4,000.

This amendment will take effect from 1st April, 1983 and will accordingly apply in relation to the assessment year 1983-84 and subsequent years.

Clause 20 seeks to amend clause (a) of sub-section (1) of section 80M of the Income-tax Act relating to inter-corporate dividends.

Under the proposed amendment, a domestic company receiving income by way of dividends from any Indian company which is engaged in the manufacture of synthetic rubber and rubber chemicals (including carbon black) and basic drugs will qualify for complete exemption of such income, as against 60 per cent. thereof hitherto.

This amendment will take effect from 1st April, 1983 and will accordingly apply in relation to the assessment year 1983-84 and subsequent years.

Clause 21 seeks to amend section 80T of the Income-tax Act.

Under the proposed amendment, the deduction in respect of long-term capital gains exceeding Rs. 5,000 in the case of assessee other than companies will be granted at the rates specified in the Twelfth Schedule proposed to be inserted in the Income-tax Act with reference to the amount of such long-term capital gains as reduced by Rs. 5,000.

It is proposed to provide that where the assessee has long-term capital gains relating to buildings or lands, gold, bullion or jewellery and any other capital asset or any two of them, the deduction of Rs. 5,000 will be allowed first against the long-term capital gains relating to buildings or lands, next against gold, bullion or jewellery and the balance, if any, against any other capital assets.

It is further proposed to provide that the deduction under this section in relation to long-term capital gains being gold, bullion or jewellery, will not exceed Rs. 5,000.

The proposed amendment will take effect from 1st April, 1983 and will accordingly apply in relation to the assessment year 1983-84 and subsequent years.

Clause 22 seeks to insert a new section 89A in the Income-tax Act relating to tax relief in relation to export turnover.

Sub-section (1) of the new section provides that where the export turnover of an Indian company or other non-corporate assessee resident in India during the previous year relevant to the assessment year 1983-84 or any of the subsequent four assessment years exceeds the export turnover of the corresponding base year by more than ten per cent., he will be entitled to deduction from the amount of income-tax payable by him for that assessment year of the amount specified in sub-section (3). For this purpose, "corresponding base year" means the previous year immediately preceding the relevant previous year. The expression "export turnover" means the sale proceeds of specified goods or merchandise exported outside India, but excludes freight or insurance attributable to the transport of such goods or merchandise beyond the customs station.

Sub-section (2) of the new section provides that the provisions of this section will apply to the assessment year 1983-84 and four immediately succeeding assessment years.

Sub-section (3) of the new section provides that the goods or merchandise and the rate at which the amount of deduction under sub-section (1) will be calculated will be specified by the Central Government by notification in the Official Gazette.

Sub-section (4) of the new section provides that in specifying any goods or merchandise including the destination of their export and the rate at which the amount of deduction is to be calculated, the Central Government will take into account certain factors, namely, the cost of manufacture or production of such goods or merchandise, the price of similar goods in the foreign markets, the need to develop foreign markets for the specified goods, the need to earn foreign exchange, and other relevant factors.

Sub-section (5) of the new section provides that the deduction under sub-section (1) for any assessment year will not exceed ten per cent. of the amount of income-tax payable for that assessment year on the profits and gains derived from the export of such goods or merchandise outside India. Where the total income of the assessee includes other income besides such profits and gains, the income-tax payable on such profits and gains shall be calculated proportionately.

Sub-section (6) of the new section provides that the profits and gains derived from the export of goods or merchandise outside India will be computed in accordance with the rules prescribed.

The provisions of the new section will take effect from 1st June, 1982.

Clause 23 seeks to amend section 155 of the Income-tax Act.

Sub-clause (a) seeks to amend sub-section (8) of section 155. This amendment is consequential to the amendment of sub-section (1) of section 54 by sub-clause (a) of clause 11.

Sub-clause (b) seeks to amend sub-section (8A) of section 155. This amendment is consequential to the amendment of sub-section (2) of section 54 by sub-clause (b) of clause 11.

Sub-clause (c) seeks to insert a new sub-section (10C) in section 155. New sub-section (10C) seeks to provide that where the capital gains arising on the transfer of a capital asset referred to in section 54F is charged to tax and within a period of one year after the date of the transfer, the assessee purchases or within three years from that date constructs a residential house, the Income-

tax Officer will amend the order of assessment to exempt the amount of capital gains not chargeable to tax under sub-section (1) of section 54F. The provisions of section 154 apply in such a case and the period of four years specified in section 154(7) will be reckoned from the date of the assessment.

These amendments will take effect from 1st April, 1983 and will accordingly apply in relation to the assessment year 1983-84 and subsequent years.

Clause 24 seeks to insert a new clause (iia) in the proviso to section 193 of the Income-tax Act relating to deduction of tax at source from interest on securities.

Under the proposed amendment, no tax will be deducted at source from any interest payable on such securities of the Central Government or a State Government to such class of persons and subject to such conditions as may be specified in this behalf by the Central Government by notification in the Official Gazette.

This amendment will take effect from 1st June, 1982.

Clause 25 seeks to amend section 194C of the Income-tax Act relating to deduction of tax at source from payments to contractors and sub-contractors.

Under the existing provisions, income-tax is deductible at source from income comprised in payments made by the Central Government or any State Government, local authorities, statutory corporations, companies or co-operative societies to contractors engaged for carrying out any work or for supplying labour for carrying out such work. Similarly, income-tax is deductible from payments made by contractors, other than individuals or Hindu undivided families to sub-contractors. No deduction is, however, required to be made if the consideration for the contract or the sub-contract does not exceed Rs. 5,000. Under the proposed amendment, this monetary limit is being raised to Rs. 10,000.

This amendment will take effect from 1st June, 1982.

Clause 26 seeks to insert a new section 197A in the Income-tax Act relating to non-deduction of income-tax at source in certain cases.

Sub-section (1) of the new section provides that no deduction of income-tax will be made from interest on securities, dividends or interest other than interest on securities in the case of a resident individual if he furnishes a declaration in writing in duplicate in the prescribed form and verified in the prescribed manner, to the payer of such income to the effect that his estimated total income of the previous year in which such income is to be included for computing his total income will not exceed the exemption limit.

Sub-section (2) of the new section provides that the payer of the income referred to in sub-section (1) will deliver to the Commissioner of Income-tax one copy of the declaration referred to in sub-section (1) on or before the 7th day of the month next following the month in which the declaration is furnished to him.

This amendment will take effect from 1st June, 1982.

Clause 27 seeks to insert a new sub-section (2A) in section 245B of the Income-tax Act.

Under the existing provisions, the Settlement Commission shall consist of a Chairman and two other members. Under the proposed amendment, the Settlement Commission would be competent to function as such even when there is a vacancy in one of the posts of the other members. If the Chairman and the other members so functioning differ on any point or points, the point or points on which they differ will be referred, as soon as may be after the vacancy in the Commission is filled, to the member appointed to fill the vacancy and will be decided according to his opinion.

This amendment will take effect from 1st April, 1982.

Clause 28 seeks to amend sub-section (5) of section 245D of the Income-tax Act.

This amendment is consequential to the amendment made to section 245B of the Income-tax Act by clause 27.

This amendment will take effect from 1st April, 1982.

Clause 29 seeks to amend section 272A of the Income-tax Act.

Sub-clause (a) seeks to insert a new clause (ba) in sub-section (2) of section 272A. Under the proposed amendment, if a person fails to deliver or causes to be delivered in due time, a copy of the declaration mentioned in section 197A, he will be liable to a penalty of an amount which may extend to 10 rupees per day during which the default continues.

Sub-clause (b) seeks to insert a new clause (aa) in sub-section (3) of section 272A. The new clause (aa) provides that where a penalty is imposable in relation to the default referred to in clause (ba) of sub-section (2), such penalty will be imposable by the Commissioner of Income-tax.

This amendment will take effect from 1st June, 1982.

Clause 30 seeks to amend section 279 of the Income-tax Act to provide that no person shall be proceeded against for an offence under section 276AA except at the instance of the Commissioner.

This amendment will take effect from a date to be notified by the Central Government.

Clause 31 seeks to insert a new Twelfth Schedule in the Income-tax Act.

Under the proposed Twelfth Schedule, the deduction in respect of long-term capital gains referred to in section 80T will be allowed on the basis mentioned therein with reference to the period for which the capital asset has been held by the assessee.

The proposed amendment will take effect from 1st April, 1983 and will accordingly apply in relation to the assessment year 1983-84 and subsequent years.

Clause 32 seeks to make certain amendments of a consequential nature in different provisions of the Income-tax Act.

The amendment proposed in sub-clause (i) of this clause is consequential to the insertion of new section 54F which provides for not charging capital gains on the transfer of certain capital assets. The amendments proposed in clauses (ii) and (iii) are consequential to the insertion of new section 80HHB.

These amendments will take effect from 1st April, 1983 and will accordingly apply in relation to the assessment year 1983-84 and subsequent years.

Clause 33 seeks to amend sub-clause (2) of clause (e) of section 2 of the Wealth-tax Act.

Sub-clause (a) seeks to amend the first proviso to sub-clause (2). Under the existing provisions, agricultural land comprised in tea, coffee, rubber and cardamom plantations is to be regarded as an "asset" for purposes of wealth-tax for the assessment year 1981-82 and subsequent years. The proposed amendment seeks to provide that the agricultural land comprised in these plantations would be regarded as an "asset" for purposes of wealth-tax for the assessment years 1981-82 and 1982-83 only.

Sub-clause (b) seeks to amend the second proviso to sub-clause (2). The proposed amendment seeks to provide that, for the assessment year 1983-84 and subsequent years, agricultural land (including that comprised in the aforesaid plantations), growing crops (including fruits on trees), grass or standing trees on such land will not constitute an asset for the purposes of wealth-tax. Similarly, any one building or one group of buildings owned or occupied by a cultivator of, or receiver of rent or revenue out of, agricultural land which is in the immediate vicinity of such land and is used by him as a store-house or for keeping livestock, will not be treated as an "asset" for the purposes of wealth-tax.

These amendments will take effect from 1st April, 1983 and will accordingly apply in relation to the assessment year 1983-84 and subsequent years.

Clause 34 seeks to amend section 5 of the Wealth-tax Act.

Sub-clause^(a) seeks to amend sub-section (1) of section 5.

Item (i) seeks to omit clauses (iva) and (ivb) of sub-section (1). The proposed amendment seeks to omit the references to the exemption of the value of agricultural land or the specified house property on agricultural land, since these items have been taken out of the purview of the definition of the term "assets" in section 2(e).

Item (ii) seeks to amend the second proviso to clause (viii) of sub-section (1). Under the proposed amendment, the value of the conveyance or conveyances exempt from wealth-tax is being raised from Rs. 30,000 to Rs. 75,000.

Item (iii) seeks to omit clauses (viii a) and (viii b) of sub-section (1). The proposed amendment seeks to omit the exemption in respect of growing crops on agricultural land and grass on such land as also trees standing on agricultural land, since these items are being excluded from the purview of the definition of the term "assets" referred to in section 2(e).

Item (iv) seeks to amend clause (x) of sub-section (1). The proposed amendment seeks to raise the exemption limit in respect of tools and instruments used by a professional to carry on his profession from Rs. 20,000 to Rs. 50,000.

Item (v) seeks to insert new clauses (xvic) and (xvid) in sub-section (1).

The new clause (xvic) seeks to provide exemption in respect of the value of savings certificates to be specified by the Central Government by a notification in the Official Gazette in the case of an individual citizen of India or a person of Indian origin not resident in India. This exemption will be available to such individual if he has subscribed to such certificates in foreign currency or other foreign exchange remitted from a country outside India through official channels.

The new clause (xvid) of sub-section (1) seeks to provide for exemption from wealth-tax in respect of the value of specified Capital Investment Bonds without any monetary limit.

Sub-clause (b) seeks to make two amendments in sub-section (1A) of section 5.

The first amendment seeks to omit the reference to clause (iva) in sub-section (1A). Under the existing provisions, the value of agricultural land comprised in specified plantations qualifies for exemption from wealth-tax up to Rs. 1.5 lakhs along with the value of other specified financial assets. Since agricultural land is proposed to be taken out of the purview of the definition of the term "assets" in section 2(e), clause (iva), dealing with the exemption of such agricultural land, is proposed to be omitted.

The second amendment seeks to raise the exemption limit in respect of the value of specified financial assets from wealth-tax from Rs. 1.5 lakhs to Rs. 1.65 lakhs.

These amendments will take effect from 1st April, 1983 and will accordingly apply in relation to the assessment year 1983-84 and subsequent years.

Clause 35 seeks to insert a new Explanation 1A in section 6 of the Wealth-tax Act.

The new Explanation 1A seeks to provide that the value of an asset being moneys to the credit of a person resident outside India in a Non-resident (External) Account will qualify for exemption from wealth-tax if the interest on such account is exempt from income-tax under section 10(4A) of the Income-tax Act.

This amendment will take effect from 1st April, 1982.

Clause 36 seeks to insert a new sub-section (2A) in section 22B of the Wealth-tax Act.

Under the existing provisions, the Settlement Commission shall consist of a Chairman and two other members. Under the proposed amendment, the Settlement Commission would be competent to function as such when there is a vacancy in one of the posts of the other members. If the Chairman and the other member so functioning differ on any point or points, the point or points on which they differ will be referred, as soon as may be after the vacancy in the Commission is filled, to the member appointed to fill the vacancy and will be decided according to his opinion.

This amendment will take effect from 1st April, 1982.

Clause 37 seeks to amend sub-section (5) of section 22D of the Wealth-tax Act.

This amendment is consequential to the amendment made to section 22B of the Wealth-tax Act by clause 36.

This amendment will take effect from 1st April, 1982.

Clause 38 seeks to amend sub-section (1) of section 5 of the Gift-tax Act.

Sub-clause (a) seeks to insert new clauses (iib), (iic) and (iid) in sub-section (1). New clause (iib) seeks to provide that gifts made by a person resident outside India out of the moneys standing to his credit in a Non-resident (External) Account maintained in India in any bank in accordance with the Foreign Exchange Regulation Act, 1973 will be exempt from gift-tax. For this purpose, "person resident outside India" has the same meaning as in section 2(q) of the Foreign Exchange Regulation Act, 1973.

New clause (iic) seeks to provide that gifts made by an Indian citizen or a person of Indian origin, who is not resident in India, to any of his relatives in India of foreign currency or foreign exchange remitted from a country outside India in accordance with the provisions of the Foreign Exchange Regulation Act, 1973 will be exempt from gift-tax. For this purpose, a person shall be deemed to be of Indian origin if he or either of his parents or any of his grand-parents was born in undivided India, and the expression "relative" will have the same meaning as in section 2(41) of the Income-tax Act. The expressions "foreign currency" and "foreign exchange" will have the same meanings as in the Foreign Exchange Regulation Act, 1973.

New clause (iid) seeks to provide that gifts made by a citizen of India or a person of Indian origin who is not resident in India to his relatives in India of savings certificates, which may be notified by the Central Government, will be exempt from gift-tax. This is subject to the condition that such

person has himself subscribed to such certificates in foreign currency or foreign exchange remitted from outside India. For this purpose, a person will be deemed to be of Indian origin if he or either of his parents or any of his grand-parents was born in undivided India. Further, the expression "relative" used in this clause will have the same meaning as in section 2(41) of the Income-tax Act. The expressions "foreign currency" and "foreign exchange" will have the same meanings as in the Foreign Exchange Regulation Act, 1973.

Sub-clause (b) seeks to insert a new clause (iic) in sub-section (1). New clause (iic) seeks to provide that gifts made by a subscriber of such Capital Investment Bonds as the Central Government may by notification in the Official Gazette specify will be exempt from gift-tax up to a maximum of Rs. 10,00,000 in the aggregate in one or more previous years.

These amendments will take effect from 1st April, 1983 and will accordingly apply in relation to the assessment year 1983-84 and subsequent years.

Clause 39 seeks to substitute section 18A of the Gift-tax Act by a new section.

Under the existing provisions, stamp duty paid on an instrument relating to the gift of any property is allowed as a deduction from the gift-tax payable by the assessee in cases where the amount of gift-tax exceeds Rs. 1,000. The amount to be allowed as deduction is limited to the amount of duty paid or one-half of the amount by which the gift-tax payable exceeds Rs. 1,000, whichever is less.

The proposed amendment seeks to modify this provision so as to extend the benefit of this deduction even in cases where the gift-tax payable does not exceed Rs. 1,000. The deduction will, however, be limited to one-half of the gift-tax otherwise payable by the assessee.

This amendment will take effect from 1st April, 1983 and will accordingly apply in relation to the assessment year 1983-84 and subsequent years.

Clause 40 seeks to make two amendments in clause (7) of section 2 of the Interest-tax Act, 1974.

The first amendment seeks to provide that interest on credit sanctioned by a scheduled bank on deferred payment terms in connection with the export of capital plant and machinery will not be included in the chargeable interest.

The second amendment seeks to provide that interest on loans in foreign currency granted by the specified industrial finance institutions for import of capital plant and machinery from abroad will not be included in the chargeable interest.

These amendments will take effect from 1st April, 1983 and will accordingly apply in relation to the assessment year 1983-84 and subsequent years.

Clause 41 seeks to amend sub-section (1) of section 8 of the Hotel-Receipts Tax Act, 1980.

Under the proposed amendment, the charges received by an assessee in a previous year in connection with the provision of residential accommodation, food, drink and other services from a person within the purview of the Vienna Convention on Diplomatic Relations, 1961 or the Vienna Convention on Consular Relations, 1963 shall not be included in the chargeable receipts of an assessee in such previous year.

This amendment will take effect retrospectively from the date of coming into force of the Act.

Clause 42 seeks to amend sub-section (2) of section 7 of the Hotel-Receipts Tax Act, 1980.

The proposed amendment seeks to provide that the amount of charges which accrue or arise to such hotel after 27th February, 1982 will not be taken into account for computing the chargeable receipts for the purpose of the Hotel-Receipts Tax Act, 1980.

This amendment will take effect from 1st April, 1982.

Clause 43 read with the Second Schedule seeks to amend the Customs Tariff Act, 1975 to—

(i) rationalise specifications relating to flash and smoke points, carbon residue and colour comparison test in respect of certain petroleum products by suitably amending the Chapter Notes and specifications mentioned in the respective Headings covering such petroleum products falling within Chapter 27;

(ii) raise the rate of basic customs duty (standard) on synthetic organic dyestuffs (including pigment dyestuffs), certain pigments and colours, paints, varnishes, enamels, optical bleaching agents, etc., and also basic customs duty (preferential) in respect of optical bleaching agents;

(iii) raise the rate of basic customs duty on artificial resins and plastic materials;

(iv) raise the rate of basic customs duty on cork and articles thereof;

(v) raise the rate of basic customs duty on newsprint with a view to provide for specific import duty on newsprint for printing of newspapers, books and periodicals;

(vi) raise the rate of basic customs duty on certain items of iron and steel;

(vii) raise the rate of basic customs duty on copper tubes and pipes, etc;

(viii) raise the rate of basic customs duty on unwrought zinc;

(ix) raise the rate of basic customs duty on electronic items such as computers, instruments and electrical parts of certain machinery and apparatus;

(x) amend the description of parts or accessories suitable for use solely or principally with one or more specified instruments so as to add light emitting diodes;

(xi) raise the rate of customs duty on Aniline (aniline oil);

(xii) fix the rate of export duty on chromite ore and concentrates on ad valorem basis.

Clause 44 seeks to levy up to the 31st March, 1983, auxiliary duties of customs on all imported goods at the rate of 30 per cent. of their value.

Clause 45 seeks to amend section 20(1) of the Customs Act, 1962, so that customs duties leviable on the re-importation of goods produced or manufactured in a free trade zone and initially exported therefrom, are equated to the excise duty leviable on the direct clearance of such goods from the zone to the rest of the country.

Clause 46 seeks to amend section 3 of the Central Excises Act, to provide for the levy of duty of excise on excisable goods produced or manufactured in a free trade zone and brought into the rest of the country. This duty would be equal to the duties of customs leviable on importation of the like goods from abroad.

Clause 47 seeks to insert an Explanation to sub-section 4(4)(d)(ii) of the Central Excises Act, to make it clear that in computing the amount of duty of excise deductible from the cum-duty price,

the effective amount of duty of excise payable on the goods under assessment shall alone be taken into account. This Explanation is being given effect to retrospectively from 1st October, 1975.

Clause 48 seeks to amend section 37 of the Central Excises Act, so as to empower the Central Government to make rules for providing incentives for increased production or manufacture of excisable goods by way of remission of, or any concession with respect to, duty of excise payable thereon.

Clause 49 read with the Third Schedule seeks to amend the First Schedule to the Central Excises Act,—

(a) to change or amend the tariff description of —

(1) Item Nos. 6 to 11A relating to petroleum products so as to align the Central Excise Tariff with the Customs Tariff to facilitate classification of goods for excise and customs duties.

(2) Item No. 15A relating to plastics to align the excise entry with the corresponding entry in the Customs Tariff and also to keep specified articles of plastics within the purview of this entry.

(3) Item No. 16A relating to rubber products to clarify that articles of latex foam sponge are included in sub-Item (1).

(4) Item No. 16B relating to plywood, etc., so as to include flush doors and improved wood within the purview of the excise levy under this Item.

(5) Item No. 17 relating to paper and paper products so as to rationalise the duty structure on paper and paper boards and articles thereof.

(6) Item No. 18 relating to man-made fibres and yarns to rationalise the duty structure applicable to cellulosic spun yarn.

(7) Item No. 18A relating to cotton yarn to rationalise the duty structure applicable to cotton yarn.

(8) Item No. 23 relating to cement to raise the rate of duty applicable to cement.

(9) Item No. 23A relating to glass and glassware to revise the basis of assessment of flat glass from ad valorem to ad valorem-cum-specific rate of assessment.

(10) Item No. 26B relating to zinc to revise the rates of duties.

(11) Item No. 27 relating to aluminium to revise the rates of duties.

(12) Item No. 27A relating to lead to revise the rates of duties.

(13) Item No. 30 relating to electric motors so as to specifically include motors equipped with gears or gear box within the purview of this Item.

(14) Item No. 39 relating to mechanical lighters to broaden the scope of this Item to include electrical and electronic lighters.

(b) to insert Item Nos. 37BB, 37CC, 47 and 59 to provide for the levy of excise duty under specific items on television image and sound recorders and reproducers, video cassette recorders and reproducers, television cameras, video cameras, electronic machines for games of skill or chance, articles used for sound or image recording, etc.

(c) to insert Item No. 11AA relating to petroleum gases consequent on the amendment of tariff descriptions of Item Nos. 6 to 11A relating to petroleum products.

(d) to omit Item Nos. 11C and 11D relating to petroleum products and 15B and 15BB relating to cellophane and polyester films consequent on the amendment of tariff descriptions of Item Nos. 6 to 11A and 15A.

Clause 50 seeks to levy up to the 31st day of March, 1983, special duties of excise on all excisable goods at the rate of 10% 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.

Clause 51 seeks to give retrospective effect to amendments made on the 20th February, 1982, to rules 9 and 49 of the Central Excise Rules, 1944 relating to charging of duty of excise on excisable goods used for captive consumption within the factory of production and to validate the collection of duty made prior to these amendments.

Clause 52 seeks to make the existing scheme of concessional excise duty for the cottage sector of match industry retrospectively applicable from the 19th June, 1980 with appropriate modifications.

Clause 53 seeks to amend the Medicinal and Toilet Preparations (Excise Duties) Act, 1955 so as to revise the rates of duties on toilet preparations containing alcohol.

Clause 54 seeks to amend the First Schedule to the Indian Post Office Act, 1898 with a view to revising the postage rates for Letters, Letter-cards, Post cards containing printed communication, Book, Pattern and Sample packets and Registered Newspapers.

Clause 55 seeks to amend sub-section (2) of section 30 of the Deposit Insurance and Credit Guarantee Corporation Act, 1961.

The effect of the amendment will be that the Deposit Insurance and Credit Guarantee Corporation will continue to be exempted from income-tax for a further period up to and inclusive of the accounting year ending on the 31st December, 1986.

Clause 56 seeks to amend clauses (b) and (ba) of sub-section (1) of section 32 of the Unit Trust of India Act, 1963.

Under the existing clause (b), individuals, certain Hindu undivided families and married couples governed by the system of community of property in force in certain Union territories are entitled to a deduction in the computation of their taxable income, in respect of income from units received by them as has not been allowed as deduction under section 80L of the Income-tax Act, up to a maximum of Rs. 2,000. Sub-clause (a) proposes to increase the said monetary ceiling to Rs. 3,000.

Under the existing clause (ba), individuals and Hindu undivided families are entitled to exemption from wealth-tax in respect of the value of units which have not been excluded from their net wealth under section 5 of the Wealth-tax Act, up to a maximum of Rs. 25,000. Sub-clause (b) proposes to increase this monetary ceiling to Rs. 35,000.

These amendments will take effect from 1st April, 1983 and will accordingly apply in relation to the assessment year 1983-84 and subsequent years.

Clause 57 seeks to provide that the Bank of Bhutan constituted under the Royal Charter of the Bank of Bhutan 1968 shall not be liable to pay any income-tax on the interest accruing to that bank during the period 1st April, 1972 to 31st December, 1986 on the deposits made by it with the State Bank of India.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Sub-clause (c) of clause 4 of the Bill seeks to insert a new clause (10AA) in section 10 of the Income-tax Act. This new clause seeks to provide for exemption from income-tax of the cash equivalent of leave salary payable to an employee of the Central Government or the State Government in respect of the earned leave at his credit at the time of his retirement on superannuation or otherwise. Sub-clause (ii) of clause (10AA) seeks to provide for exemption in respect of cash equivalent of earned leave to the credit of an employee other than an employee of the Central Government or the State Government subject to the maximum of six months' salary on the basis of average salary drawn by the employee during the ten months preceding his retirement on superannuation or otherwise or Rs. 25,500, whichever is less. The Central Government has been empowered to increase the limit of exemption of Rs. 25,500 to a higher amount by notification in the Official Gazette having regard to the maximum amount of exemption in the case of Government servants.

Clause 9 seeks to insert a new section 35CCB in the Income-tax Act. The new section provides for the deduction of an expenditure incurred by an assessee engaged in a business or profession by way of payment of any sum to an association or institution having the object of undertaking any programmes of conservation of natural resources to be used for the purposes of carrying out such programmes. The deduction will be available only in cases where such associations or institutions and such programmes of conservation of natural resources are approved by the authority prescribed in that behalf by rules made under section 295 of the Income-tax Act.

Clause 18 of the Bill seeks to insert a new section 80HHB in the Income-tax Act. The new section provides for deduction of 25% of profits and gains derived by an Indian company or a non-corporate assessee resident in India from the business of execution of projects undertaken by it and forming part of the foreign project undertaken in pursuance of a contract with the Government of a foreign State, any statutory or public authority or agency in the foreign State or a foreign enterprise. Under sub-section (3) of that section, no deduction shall be allowed in respect of such profits and gains unless the assessee, other than a company or a co-operative society, furnishes along with the return of income for the assessment year for which the deduction is claimed, a report of audit of the accounts relating to the project in the form to be prescribed by rules duly signed and verified by an accountant as defined in the Explanation below sub-section (2) of section 288.

Clause 22 of the Bill seeks to insert a new section 89A in the Income-tax Act relating to tax relief in relation to export turnover. The new section 89A provides that where the export turnover of an Indian company or other non-corporate assessee resident in India during the relevant assessment year exceeds the export turnover of the corresponding base year by more than ten per cent., he will be entitled to deduction from the amount of income-tax payable by him for that assessment year of the amount specified in sub-section (3). Sub-section (3) of the new section provides that the goods or merchandise and the rate at which the amount of deduction under sub-section (1) will be calculated will be specified by the Central Government by notification in the Official Gazette. Further, under sub-section (5) of the new section, the amount of such deduction for any assessment year shall not exceed ten per cent. of the amount of income-tax otherwise payable by the assessee for that year on the amount of profits and gains derived from the export of such goods or merchandise and such amount of profits and gains shall be computed in accordance with the rules to be made under section 295 of the Act.

Clause 24 of the Bill seeks to insert a new clause (iia) in the proviso to section 193 of the Income-tax Act. The proposed amendment seeks to provide that no tax will be deducted at source from any interest payable on such securities of the Central Government or a State Government to such class of persons and subject to such conditions as may be specified in this behalf by the Central Government by notification in the Official Gazette.

Clause 26 of the Bill seeks to insert a new section 197A in the Income-tax Act. Sub-section (1) of the new section provides that no deduction of income-tax will be made from income from interest on securities, dividends or interest other than interest on securities in the case of a resident individual if he furnishes a declaration in writing in duplicate in the form to be prescribed by rules and verified in the manner to be prescribed by rules to the payer of such income to the effect that his estimated total income of the previous year in which such income is to be included for computing his total income will not exceed the exemption limit.

Clause 48 of the Bill seeks to amend section 37 of the Central Excises and Salt Act, so as to empower the Central Government to make rules for providing incentives for increased production or manufacture of excisable goods by way of remission of, or any concession with respect to, duty of excise payable thereon.

The delegation of legislative power under the aforementioned provisions relates to matters of procedure or administrative detail or to matters in respect of which it is not practicable to make detailed provisions. Hence the delegation of legislative power is of a normal character.

AVTAR SINGH RIKHY,
Secretary.

