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#### **FINANCE ACT, 1976**

## 66 of 1976

[27th May, 1976]

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# **FINANCE ACT, 1976**

# 66 of 1976

[27th May, 1976]

An Act to give effect to the financial proposals of the Central Government for the financial year 1976-77. Be it enacted by Parliament in the Twenty-seventh Year of the Republic of India as follows:--

CHAPTER 1 PRELIMINARY

## 1. Short title and commencement :-

(1) This act may be called The Finance Act, 1976.

CHAPTER 2

RATES OF INCOME-TAX

### 2. Income-tax :-

CHAPTER 3
DIRECT TAXES

### 3. 3 to 26 :-

to 26 amended section 2, 9, 10, 13. 32, 37. 47, 57, 58. 80A, 80C, 80G, 80M, 115, 155 and 195; and Sch. I, Sch. VIII, Sch. IX; S.54C has been omitted and new sections 32A, 44C, 44D, and 115B inserted. S. 26 made certain consequential amendment. All these have been incorporated in the Income-tax Act.

### 27. Amendment of Act 27 of 1957 :-

Incorporated in the Act.]

#### 28. Amendment of Act 18 of 1958 :-

Incorporated in the Act.]

#### 29. Amendment of Act 7 of 1964 :-

Amendments made have been incorporated in the Act printed in Vol. 7 of this set.]

#### 30. Amendment of Act 45 of 1974 :-

Incorporated in the Act.]

CHAPTER 4
INDIRECT TAXES

#### 31. Amendment of Act 32 of 1934 :-

Repealed by the Customs Tariff Act (51 of 1976 S. 12 (2-8-1976)]

## 32. Auxiliary duties of customs :-

- (3) The auxiliary duties of customs referred to in sub-section (1) shall be in addition to any duties of customs chargeable on such goods under the Customs Act, or any other law for the time being in force.
- (4) The provisions of the Customs Act, and the rules and regulations made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the auxiliary duties of customs leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of customs on such goods under that Act or those rules and regulations, as the case may be.

### 33. Amendment of Act 1 of 1949 :-

Act repealed and replaced by Act 51 of 1975.]

#### 34. Amendment of Act 51 of 1975 :-

Incorporated in the Act. ]

#### 35. Amendment of Act 1 of 1944 :-

Incorporated in the Act.]

#### 36. Auxiliary duties of excise :-

- (3) The auxiliary 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 inforce.
- (4) The auxiliary duties of excise leviable under sub-section (1) in the financial year 1975- 1976 shall be for the purposes of the Union and the proceeds thereof shall not be distributed among the States.
- (5) 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 auxiliary 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.

# 37. Amendment of Act 58 of 1957 :-

Incorporated in the Act.]

### 38. Discontinuance of salt duty :-

For the year beginning on the 1st day of April, 1976, no dut under Central Excises Act or Tariff Act, 1985 or Customs Tariff Act, 1975 shall be levied in respect of salt manufactured in, or imported into. India.

## 39. Amendment of Act 16 of 1955 :-

Incorporated in the Act.]

CHAPTER 5
MISCELLANEOUS

## 40. Amendment of Act 2 of 1899 :-

Incorporated in the Act.]

### 41. Amendment of Act 31 of 1956 :-

Incorporated in the Act.]

## 42. Amendment of Act 52 of 1963 :-

Incorporated in the Act.]

SCHEDULE 1

THE SCHEDULE

\\\\\See section 2)\\\\\PART 1\\\\\INCOME-TAX AND SURCHARGE ON INCOME-TAX\\\\\\Paragraph A\\\\\\Summal In the case of every individual or Hindu undivided family or unregistered firmi or other association of persons or body of individuals, whe incorporated or not. or every artificial juridical person titeind to in sub-clause (vii) of clause (31) of S.2 of the Income tax Act, 1961. not to whith Sub- Paragraph II of this Paragraph or any other Paragraph of this Part applies. -

\Rates of income-tax

income \hut does not exceed Rs. 15.000 exceeds Rs. 8.000 (3) \where the total income exceeds Rs. 15,000 \ \Rs. 1190 plus 20 per cent. by which \hut does not exceed Rs. 20.000 the total income exceeds Rupees 15.000. (4) \where the total income exceeds Rs. 20.000 \ \Rs. 30 per cent. of the amount by which \hill does not exceed Rs. 20,000 the total income exceeds Rupees 20.000: (5) \where the total income 25.000 \ \Rs. 3.690 plus 40 per cent. of the amount by which \hut does not exceed Rs. 30.000 the total income exceeds Rs. 30.000 \ \Rs. 5.690 plus 50 per cent. of the amount by which \but does not exceed Rs. 50.000 the total income exceeds Rs. 50.000 \ \Rs. 5.690 plus 50 per cent. of the amount by which \but does not exceed Rs. 50.000 the total income exceeds Rupees 50.000: (8) \where the total income exceeds Rs. 70.000 \ \Rs. 27.690 plus 70 per cent. of the amount by \\\\ \ \the total income exceeds Rupees 70.000:

\Surcharge on income-tax The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall b a surcharge for purposes of the union calculated at the rate often per centt. of such income-tax. \ \ \ \ \ \Sub-Paragraph 2 \In the case of undivided family which at any time during the previous year has at ICMI \one member whose total income of the previous year relevant to assessment year commencing in the \1st day of April. 1976 exceeds Rs. 8,000

of income-tax

the total income does not exceed \Nil. Rs. 8.000 (2) \where the total income exceeds Rs. 8.000 \20 per cent. of the amount by which the \hill does not exceed Rs. 15.000 \exceeds Rs, 8.000. (3) \where the total income exceeds Rs. 15.000 \Rs. 1.400 plus 30 per cent of the a which \but does not exceed Rs. 20.000 the total income exceeds Rupees 15.000. (4) \where the total income exceeds Rs. 20.000 \Rs. 2.9 cent. of the amount by which \but does not exceed Rs. 25,000 the total income exceeds Rupees 20.000; (5) \where the total income exceeds Rs. 4.900 plus 50 per cent. of the amount by which \but does not exceed Rs. 30.000 the total income exceeds Rupees 25.000: (6) \where income exceeds Rs. 30.000 \Rs. 7.400 plus 60 per cent. of the amount by which \but does not exceed Rs. 50.000 \text{ total income exceeds Rs. 30.000} \text{ total income exceeds Rs. 50.000} \text{ Rs. 19,400 plus 70 per cent. of the amount by which the total income exceeds Rs. 10.000 \text{ Rs. 19,400 plus 70 per cent. of the amount by which the total income exceeds Rs. 10.000 \text{ Rs. 19,400 plus 70 per cent. of the amount by which the total income exceeds Rs. 10.000 \text{ Rs. 19,400 plus 70 per cent. of the amount by which the total income exceeds Rs. 10.000 \text{ Rs. 19,400 plus 70 per cent. of the amount by which the total income exceeds Rs. 10.000 \text{ Rs. 19,400 plus 70 per cent. of the amount by which the total income exceeds Rs. 10.000 \text{ Rs. 19,400 plus 70 per cent. of the amount by which the total income exceeds Rs. 10.000 \text{ Rs. 19,400 plus 70 per cent. of the amount by which \text{ Rs. 19,400 plus 70 per cent. of the amount by which the total income exceeds Rs. 10.000 \text{ Rs. 19,400 plus 70 per cent. of the amount by which \text{ Rs. 19,400 plus 70 per cent. of the amount by which \text{ Rs. 19,400 plus 70 per cent. of the amount by which \text{ Rs. 19,400 plus 70 per cent. of the amount by which \text{ Rs. 19,400 plus 70 per cent. of the amount by which \text{ Rs. 19,400 plus 70 per cent. of the amount by which \text

on income-tax \The amount of income-lax computed in accordance with the preceding provisions of this Sub-paragraph \shall. be increas surcharge tor purposes of the Union calculated at the rule of ten per cent of \such income-tax" Sub-Paragraph B In the case of every co-osociety.-

Rates of income-tax

the total income, does not exceed 15 per cent. of the total income;: Rs. 10.000 (2) \where the total income exceeds Rs. 10.000 Rs. 1.500 cent. of the amount by which \but does not exceed Rs. 20.000 the total income exceeds Rs. 10.000: (3) \where the total income exceeds 4.000 plus 40 per cent. of the amount by which the total income exceeds Rs. 20.000;

on income-tax \The amount of income-tax computed in accordance with the preceding provisions of this paragraph \shall he increased by lor purposes of the Union calculated at the rate of ten per cent. of \such income-tax. Paragraph C Sub-paragraph 1 \In the case of every r not being :a case to which suh-paragraph II of this Paragraph \applies.-

income-tax

(1) \where the total income does not exceed Nil: \Rs. 10.000 (2) \where the total income exceeds Rs. 10.000 \\5 per cent. of the amoun total income \but does not exceed Rs.25.000 \\exceeds Rs. 10.000: (3) \where the total income exceeds Rs. 25,000 \\Rs. 750 plus 7 per amount by whice \but does not exceed Rs 50.000 \the total income exceeds Rs. 25.000: (4) \where the total income exceeds Rs. 50.000 \\pus 15 per cent. of the amount by which \but docs not exceed Rs. 1,00.000 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

Income-tax \The amount of income-tax computed in accordance with lhc preceding provisions of this Sub-paragraph \shall he increased I for purposes of the Union calculated at the rate of ten per cent. of \such income-tax. Sub-Paragraph-2 \In the case of every registered firr income includes income derived from \profession carried on by it and the income so included is not less than fifly-one per cent. of such to

income-tax

(1) \where the total income docs nol exceed Nil: \Rs. 10.000 (2) \where the total income exceeds Rs. 10.000 \4 per cent of the amount b total income \but does not exceed Rs. 25.000 exceeds Rs. 10000 (3) \where the total income exceeds Rs. 25.000 \Rs, 600 plus 7 per cent amount by which \but does not exceed Rs. 50.000 \the total income exceeds Rs. 25.000 (4) \where the total income exceeds Rs 50.000 \land 13 per cent.of the amount by which \but does not exceed Rs. 1,00000 the total income exceeds Rs. 50.000: (5) \where the total income ex 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 hy a surcharge for purposes of the Union calculated at the rateof ten per cent. of \such income-tax. Paragraph D In the case of every local

income-tay

\On the whole of the total income 50 per cent.

on income-tax The amount of income-tax, computed at. the rate here in before Specified shall be increased by a surcharge tor purposes calculated at the rate of ten per cent. of such income-tax. Paragraph E In the case of the Life Insurance Corporation of India established u Insurance Corporation Act. 1956.-

Income-tax (i) \on that part of its total income which 52..5 per cent \consists of profits and gains from \life insurance business (ii) on the any of the total income \the rate of income-tax applicable in accordance with Paragraph F of this Part to the total income of a domestic co is a company in which

arc substantially interested. Surcharge on income-tax \The amount of income-tax computed in accordance with .the preceding provisions

Paragraph \shall be increased by a surcharge calculated at the rate offfive per cent. of such income-tax. Paragraph F \In the case of a com
than the Liife Insurance Corporation of India established under the \Life Insurance Corporation Act, 1956.-

Income-tax

1 \In the case of a domestic company.- \(1) \where the company is a company in \ \which the public are substantially interested.- \(i) in the total income \ \45 per cent. of the total income: \\\\\\\\\\does not exceed its 1,00.000 \(ii) in a case where the total income of the total income. \ exceeds Rs.1.00.000 \(2) \where the company is not a \ \company in which the public \ \lire substantially: interested the case of an industrial company. - \(a) \where the total income does \\\55 per cent of the total income: \\not exceed Rs 2.00.000 \(b total income' \\60 per-cent of the total income \ \exceeds R.S. 2.00.000 \(ii) in any other ease \\65 per cent of the total income:

that- (i) \the income-tax payable by a domestic company, being a company in which the public arc \substantially interested, the total income exceeds Rs. 1.00.000. shall not exceed the \aggregate of" \ \(a) the income-tax which would have been payable by the company if its total been \ Rs. 1,00.000 (the income of Rs. 1.00.000 for this purpose being computed as if such inconic \ \included income from various sou same proportion as the total income of the company): \ \and \ \(b) eighty per cent. of the amount by which its total income exceeds Rs. \(ii) the income-tax payable by a domestic company, not being a company in which the public are \ \substantially interested, which is an incompany and the total income of which exceeds \ \Rs. 2.00,000 shall not exceed the aggregate of- \ \(a) the income-tax which would have 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 from various sources in the same proportion as the total income of \ \the company): and \ \(b) eighty per cent. of the arm which its total income exceeds Rs. 2,00.000. II. In the case of a company other than a domestic company - \ \(i) on so much of the total consists of-- \ \(a) royalties received from an Indian concern in \ \pursuance of an agreement made by it with \ \the Indian concern after of \ \March. 1961. or \ \(b) fees for rendering technical services received \ \from an Indian concern in pursuance of an \ \agreement made

the Indian concern \after the 29th day of February. 1964, and \where such agreement has. in either case \50 per cent. \been appro Central Government \(ii) on the balance, if any. of the total income 70 per cent Surcharge on income-tax \The amount of income-tax co accordance with the preceding provisions of this Paragraph \shall he increased by a surcharge calculated at the rate of Five per cent. of su tax. \\\\\\\\\PART II Rates for deduction of tax at source in certain cases \In every case in which under the provisions of section 193. S Income Tax Act, 1961. S.194A of the Income Tax Act, 1961. S.194B of the Income Tax Act, 1961. S.194 of the Income Tax Act, 1961 and Income Tax Act, 1961, tax is to be deducted at the rates in force, deduction shall be made from the income subject \to deduction at the force.

\\\\\Income-tax

case of a person other than a company- \(a) where the person is resident in India - \(i) on income by way of interest \10 per cent. Nil \ot "Interest on securities" \(ii) on income by way of winning \30 per cent. 3 per cent \from lotteries and cross-word puzzies \(iii) on income insurance \ \ \10 per cent. Nil \commission \(iv) on any other income (excluding \ \21 per cent. 2 per cent. \interest payable on a tax-fi (b) where the person is not resident in India-\(i) on the whole income (excluding income-tax at 30 per cent and surcharge at 3 \interest taxfree security) per cent. of the amount of the income \\\\\\\\\\\\\\ or income-tax and surcharge on income-tax in respect of the i rates prescribed in sub- paragraph I of Paragraph A of Part. Ill of this Schedule, if such income had been the total income. which is higher income by way of interest payable on \\15 per cent. \1.5 per cent. \a tax-free security 2. \In the case of a company - \((a) where the com domestic \company- \(i) on income by way of interest \ \ \\20 per cent. 1 per cent.: \other than "Interest on securities" \(ii) on any othe (excluding inter- \ \22 per cent. 1 per cent.: \est payable on a tax free security) \((b)\) where the company is not a domestic \company -- \by way of dividends \ \ \ \25 per cent \ \Nil: \payable by any domestic company \((ii)\) on income by way of royalties \payable by an India \pursuance of an agreement made by \it with the Indian concern and which \has been approved by the Central \Government.- - \(A) wher agreement is made alter \ \\50 per cent. 2.5 per cent. \the 31st day of March. 1961 but \belore the 1st day of April. 1976. \(B) where the made after \the 31st day of March. 1976. \(1) on so much of the amount of \ \ \ \20 per cent Nil: \such income as consists of lump \sum tor the transfer \outside India of. or the imparting \of information outside India in \respect of any data documentation \drawing or specifi to \any patent invention, model, design \secret formula or process, or trade \mark or similar property. \(2) On the balance, if any. of \ \4 Nil: \such income \(iii) on income by way of fees lor \technical services payable by an \Indian concern in pursuance of an \agreement ma the \Indian concern and which has been \approved by the Central Government.-- \(A) where the agreement is made \ \50 per cent. 2.5 per the 29th day of \february. 1964 but before \the 1st day of April. 1976 \(B) where the agreement is made \ \ \40 per cent Nil: \after the 3: \March. 1976 \(iv) on income by way of interest \ \44 per cent. 2.2 per cent- \payable on a tax-free security \(v) on any other income \70

\PART II \Rates for calculating or charging income -tax in certain cases, deducting income-tax from \income chargeable under the head "S any payment referred to in sub-section \(9) of section 80E. and computing; "advance tax". \In cases in which income-tax has to be calcul first proviso to sub-section (5) of S.2 of the Income tax Act, 1961 or charged under sub-section (4) of S. 172 or sub-section (2) of sectio section 175 or sub-section (2) of S.176 of the Income tax Act, 1961 or deducted under S.192 of the Code Of Criminal Procedure, 1898 fro 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 section (9) or in which the "advance \tax" payable under Chapter XVII-C of the said Act has to he computed, at the rate or rates in force, tax or. as the case may he. "advance tax" (not being "advance tax" in respect of any income chargeable \to tax under Chapter XII or S.164 tax Act, 1961 at the rates as specified in that Chapter \or section), shall be so calculated, charged, deducted or computed at the following :-" Paragraph A Sub-Paragraph I \In the case of every individual or Hindu undivided family or unregistered firm or other association \of p of individuals, whether incorporated or not. or every artificial juridical person referred \to in sub-clause (vii) of clause (31) of S.2 of the I Act, 1961. not being a case to which Sul \paragraph II of this Paragraph or any other paragraph of this part applies. -- Rates of income-t the total income does not exceeeed \ \NiI: \Rs. 8.000 \(2) where the total income exceeds Rs. 8.000 \ \ \15 per cent of the amount by w income \but does not exceed Rs. 15.000 total income exceeds Rs. 8.000: \((3)\) where the total income exceeds Rs. 15.000 \\\Rs. 1.050 cent. of the amount by which \but does not exceed Rs. 20.000 \ \the total income exceeds Rupees 15.000: \(4\) where the total income 20000 \ \Rs. 1950 plus 25 per cent. of the amount by which \but does not exceed Rs. 25.000 \ \ \the total income exceeds Rupees 20.0 the total income exceeds Rs. 25.000 \ \ Rs. 3.200 plus 30 per cent. of the amount by wichh \but does not exceed Rs. 30.000 the total inc Rupees 25000: \(A) where the total income exceeds Rs. 30.000 \ \Rs. 4.700 plus. 40 per cent. of the amount by which \but does not ex 50.000 the total income exceeds Rupees. 30.000: \(7) where the total income exceeds Rs. 50.000 \ \ \Rs. 12.700 plus 50 per cent. of the which \but docs not exceed Rs. 70.000 the total income exceeds Rupees 50.000: \(8) where the lotal income exceeds Rs. 70.000 \ \ \Rs. 55 per cent. of the amount by which \but does not exceed Rs. 1.00.000 \the total income exceeds Rupees 70.000: \((9)\) where the total income Rs. 1.00.000 \ \ \Rs. 39.200 plus 60 per cent. of the amount by which the total income exceeds Rupees 1.00.000. Surcharge on income-tiamount of income-lax computed in accordance with the preceding provisions of this Sub-Paragraph \shall be increased hv a surcharge lor 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 during the previous year has at least \one Member whose total income of the previous year relevani to the assessment year commencing: day of April. 1977 exceeds Rs. 8.000.- Rates of income-tax \(1) \where the lotal income does not exceed \ \Nil: \ \Rs. 8.000 \(2) \where income exceeds Rs. 11.000 \18 per cent. of the amount by which the total income \ but does not exceed Rs. 15.000 exceeds Rs. 8.000 \(( total income exceeds Rs. 15.000 \ \Rs. 1.260 plus 25 per cenl. of the amount by which \ \but does not exceed Rs. 20.000 \the total incom Rupees 15.000: \(4) \where the lotal income exceeds Rs. 20.000 \ \Rs. 2.510 plus 30 per cent. of the amount by which \ \but does not ex 25.000 the total income exceeds Rupees 20.000: \((5)\) where the total income exceeds Rs. 25.000 \\Rs. 4.010 plus 40 per cent. olf the a which \ but does not exceed Rs. 30.000 the tolal income exceeds Rupees 25.000: \(6) \ where the total incume exceeds Rs 30.000 \ \ Rs. per cenl. of the amouni by which \ but does not exceed Rs. 50.000 the tolal income exceeds Rupees 30.000: \((7)\) \ where the lolal income 50.000 \ Rs. 16.010 plus 55 per cent. of the amouni by which \ \bill dues not exceed Rs. 70.000 \ the total income exceeds Rupees 50,00 the total income exceeds Rs. 70.000 \ \Rs. 27.010 plus 60 per cent. of the amouni by which \ \the lotal income exceeds Rupees 70.000.

\\\\\Surcharge on income-tax \The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragra; increased by a surcharge lor purposes of the Union calculated at the rate of ten per cent. of such \income-tax. Paragraph B \In the case of operative society.- Rates of income-tax (1) \where the total income does not exceed \15 per cent of the total income \Rs. 10.000 (2) \where \Rs. 1 income exceeds Rs. 10.000 \Rs 1,500 plus 25 per cent. of the amount by \but does not exceed Rs. 20.000 which the total income exceeds (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. income-tax \The amount of income-tax computed in accordance with the preceding provisions of this Paragraph \shall be increased by a s purposes of the Union calculated at the rate of ten per cent. of \such income-lax. Paragraph C' Sub-paragrapg I \In the case of every regis not being a case to which Sub-Paragraph II of this paragraph \applies. - \ \ \ \ \Rates of income-tax \ (1) \where the total income docs no \Nil, \Rs. 10.000 (2) \where the total income exceeds Rs. 10.000 \\5 per cent of the amount by which the total \but does not exceeds Rs income exceeds Rs 10.000: (3) \where the total income exceeds Rs. 25,000 \Rs 750 plus 7 per cent. of the amount hy which \but does no 50.000 the total income exceeds Rs. 25000: (4) \where the total income exceeds Rs. 50.000 \ Rs 2.500 plus 15 per cent. of the amount does not exceed Rs. 1.00.000 the total income exceeds Rs. 50.000: (5) \where the total income exceeds Rs. 1.00.000 \ \Rs 10.000 plus 2 the amount by which the total income exceeds Rs. 1.00.000. Surcharge on Income-tax \The amount of income-tax computed in accordance preceding provisions of this Sub-Paragraph \shall be increased by a surcharge lor purposes of the Union calculated at the rate of ten per c income-tax. Sub-Paragraph II \In the case of every registered Firm whose total income includes income derived from a \profession carriec 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 no \Nil: \Rs. 10.000 (2) \where the total income exceeds Rs. 10.000 4 per cent of the amount by which the total income \but does not excee exceeds Rs. 10.000: (3) \where the total income exceeds Rs. 25.000 Rs. 600 plus 7 per cent. of the amount by which \but does not excee the total income exceeds Rs. 25,000: (4) \where the total income exceeds Rs. 50,000 Rs. 2.350 plus 13 per cent of the amount by which exceed Rs. 1.00.000 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 which the tolal income exceeds Rs. 1.00.000. Surcharge on income-tax \The amount of income-tax computed in accordance with the prec 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 \su tax. Paragraph D \In the case of every local authority. Rate of income-tax \On the whole of the total income 50 per cent. \\\\\\\Surcharg tax \The amount of income-tax computed at the rate hereinbefore specified shall he increased by a surcharge \for purposes of the Union of the rate of ten per cent. of such income-lax. \Paragraph E In the case of a company.--- Rates of income-tax 1. \In the case of a domestic (1) where the company is a company \in which the public are substantially \interested.-- \(i) \in a case where the total income \45 per ce

income: \\does not exceed Rs. 1.00.000 \(ii) \in a case where the total \55 per cent of the total income.: \\income exceeds Rs. 1.00.000 the company is not a \ \company in which the public \ \are substantially interested. - \ \(i) in the ease of an industrial \ \company. - \ \(a) tolal income does \\55 per cent of the total income: \\not exceed Rs. 2,00.000 \\(b) where the total income \\60 per cent. of the total \exceeds Rs. 2.00.000 \ \(ii) in any other case \65 per cent of the total income: \Provided that - \(i) the income-tax payable by a domesti being a company in which the public . \are substantially interested, the tolal income of which exceeds Rs. 1,00.000. shall not \exceed the - \(a) the income-tax whichwould have been payable by the company if its total incomd \had been Rs 1.00.000 (the income of Rs. 1.00.0 purpose being computed \as il' such income included income from various sources in the same proportion \as the total income of the com-(b) eighty per cent. of the amount by which its total income exceeds Rs. 1.00.000: \(ii) the inconic-tax payable by a domestic company, r company in which the \public arc substantially interested, which is an industrial company and the total income \of which exceeds Rs. 2.00 not exceed the aggregate of "- \(a) the income-tax which would have been payable by the company if its total income \had been Rs. 2.00 income of Rs. 2.00.000 lor this purpose being computed \as if such income included income from various sources in the same proportion income of the company): and \(b) eight per cent. of the amount by which ils total income exceeds Rs 2.00.000; II. In the case of compan domestic company,-" \(i) on so much of the total income \as consists of - \(a) royalties received from an Indian \concern in pursuance of \agreement made by it with the \Indian concern alter the 31st day \of March, 1961 hut before the ,, \1st day of April. 1976. or : \(b) fees technical services \received from an Indian concern in \pursuance of an agreement made by \it with the Indian concern after the \29th da 1964 hut \before the 1st day of April. 1976. \and where such agreement has. in 50 per cent: \either case. been approved by the \Central (ii) on the balance, if any 70 per cent. \of the total income Surcharge on income-tax \The amount of income-tax cornputed in accordance preceding provisions of this paragraph \shall be increased by a surcharge calculated at the rate of five per cent. of such income-tax. PART section 2 (9) (e)] RULES FOR COMPUTATION OF NET AGRICULTURAL INCOME \Rule 1. - Agricultural income of the nature referred to in s of clause (1) of section \2 of the Income-tax Act shall he computed as if it were income chargeable to income-lax under that \Act under the "Income from other sources" and the provisions of sections 57 to 59 of that Act shall. \so tar as may be, apply accordingly; \Provided tha (2) of section 58 shall apply subject to the modification that the reference \to sec 40A therein shall be construed as not including a refere sections (3) and (4) of section \40A. \Rule 2.- Agricultural income of the nature referred to in sub-clause (b) or sub-clause (c) of clause \ 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 c the receiver of rent-in-kind referred to in the \said sub-el, (c)] shall be computed as if it were income chargeable to income-tax under tha \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 and (4) there of]. 41. and 43 and 43A of the Income-tax \Act shall, so tar as may he. apply accordingly. \Rule 3.- Agricultural income of t referred to in sub-clause (c) of cluase (1) of section 2 \of the Income-tax Act. being income derived from any building required as a dwel the receiver \of the rent or revenue or the cultivator or the receiver of rent in kind referred to in the said sub-clause \(e) shall he compute income chargeable to income-tax under that Act under the head "Income \from house property" and the provisions of sections 23 to 27 of so far as may he apply \accordingly: \Provided that sub-section (2) of the said section 23 shall apply subject to that modifications that the to "total income" therein shall be construed as reference to net .agricultural income and that the \words, figures and letter "and before ma deduction under chapter VIA shall be omitted. \Rule 4.- Notwithstanding anything contained in any other provisions of these rules,. in a c assessee derives income from sale of tea grown and manufacnired by him in India, such income shall \he computed in accordance with R. Income-tax Rules, 1962, and., sixty per cent. of such income \shall he regarded as the agricultur income of the assessee. \Rule 5.- Where is a partner of registered firm or an unregistered- firm assessed as a registered \firm under clause (b) of S.183 of the Income tax Act, 196 the previous year has any agricultural \income, or is a partner of an unregistered firm which has not been assessed as a registered firm un (b) of the siad section 183 and which in the previous year has cither no income chargeable to lax \under the Income-tax Acl or has total i exceeding the maximum" amount not chargeable to tax \in the case of an unregistered firm hut has any agricultural income, then the agricultural income, then the agricultural income, then the agricultural income is the case of an unregistered firm hut has any agricultural income, then the agricultural income is the case of an unregistered firm hut has any agricultural income, then the agricultural income is the case of an unregistered firm hut has any agricultural income, then the agricultural income is the case of an unregistered firm hut has any agricultural income, then the agricultural income is the case of an unregistered firm hut has any agricultural income, then the agricultural income is the case of an unregistered firm hut has any agricultural income. income or loss \of the firm shall he computed in accordance with these rules and his share in the agricultural income or \loss of the firm s computed in the manner laid down in sub-section (1). sub-section (2) and sub-\section (3) of S.67 of the Income tax Act, 1961 and the computed shall he regarded as the agricultural \income or loss of the assessee. \Rule 6.- Where the assessee is a member of an association or a body of individuals (other \than a Hindu undivided family, a company or a firm) which in the previous year has either no income \cha under the Income-tax Acl or has total income not exceeding the maximum amount not \chargeable to tax in the case of an association of | body of individuals (other than a Hindu \undivided family, a company or a firm)but has any agricultural income, then. the agricultural income, then the agricultural income incom of the association or body shall be computed in assordance with these rules and the share of the assessee \in the agricultural income or lo computed shall be regarded as the agricultural income or loss of the \assessee. \Rule 7.-- Where the result of the computation for tile pre 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 any other source of agricultural income: \Provided that where the assessee is a partner of an unregistered firm which has not been assess registered firm under clause (b) of S.183 of the Income tax Act, 1961 or is a member of an association \of persons or body of individuals of the assessee in the agricultural income of the firm. \association or body. as the case may he. is a loss. such shall nol he set off against the \assessee from any other source of agricultural income. \ Rule 8.-- Any sum payable hy the assessee on account of any tax leived by the assessee on account of any tax leived by the assessee on account of any tax leived by the assessee on account of any tax leived by the assessee on account of any tax leived by the assessee on account of any tax leived by the assessee on account of any tax leived by the assessee on account of any tax leived by the assessee on account of any tax leived by the assessee on account of any tax leived by the assessee on account of any tax leived by the assessee on account of any tax leived by the assessee on account of any tax leived by the assessee on account of any tax leived by the assessee on account of any tax leived by the assessee on account of any tax leived by the account of a second or account Government \on the agricultural income shall he deducted in computing the agricultural income. \Rule 9,-- (1) Where the assesses has in year relevant to the assessment year commencing \on the 1st day of April. 1976. any agricultural income and the net result of the comput agricultural \income of the assessee for the previous year relevant to the assessment year commencing on the 1st day \of April. 1974 of ti April. 1975. or both. is a loss, then for the purposes of sub-section \(2) of section of this Act.-- \(i) the loss so computed for the previous to the assessment year commencing on the \ 1st day of April. 1974. to the extent, if any. such loss has nol been set off against the agricu for the previous year relevant to the assessment year commencing on the 1st day of April. \1975. and \(ii) the loss so computed lor the p relevani to the assessment year commencing on the \1st day of April. 1975: \Shall he set off against the agricultural income of the assess previous year relevant to the \assessment year commencing on the 1st day of April 1975l. \(2) Where the assessee has, in the previous year the assessment year commencing on the \1st day of April 1977 or if by virtue of any provision the Income-tax Act. income-tax is to he ch 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 cor the agricultural income of the assessee for any one or \more of the previous years relevant to the assessment years commencing on the 1 1974 \or the 1st day of April. 1975 or the 1st day of April. 197(). is a loss, then. for the purposes of sub-\section (7) of sec 2 of this Act loss so computed tor the previous year relevant to the assessment year commencing on the \1st day of April, 1974. to the extent, if any. not been set off against the agricultural \income for the previous year relevant to the assessment year commencing on the 1st day of Apri 1st day of April. 1976, \(ii) the loss so computed for the previous year relevant to the assessment year commencing on the \1st day of April. the extent, if any. such loss has not been set off against the agricultural \income for the previous year relevant to the assessment year collections. the 1st day of April. \1976. and \(iii) the loss so computed for the previous year relevant to the assessment year commencing on the \1st 1976. \shall be set off against the agricultural income of the assessee for the previous year relevant to the \assessment year commencing of April. 1977 or the period aforesaid. \(3) Where a change has occurred in the constitution of a firm. nothing in sub-rule (1) or sub-rule entitle the Firm to set off so much of the loss proportionate to the share of a retireed or deceased \partner computed in a manner laid dov 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 firm. or \entitle any partner to the benefit of any portion of the said loss (computed in the manner aforesaid) which \is not apportionable Where any person deriving any agricultural income from any source has been succeeded in such \capacity by another person, otherwise the 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 un (1) or, as \the case may be. sub-rule (2) \(5) Notwithstanding anything contained in this rule. no loss which has not been determined by tax Officer under the provisions of these rules, or the rules contained in part IV of the first Schedule \lo Finance Act, 1974. or of the first finance Act, 1975. shall he set off under Sub-\rule (Doras the case may be. sub-rule (2). \Rult 10.-- Where the net result of the compular accordance with these rules is a loss. the \loss so computed shall be ignored and the net agricultural income shall he deemed to be nil. \F provisions of the income-tax Act relating to procedure for assessment (including the \provisions of section 288A relating to rounding off c shall, with the necessary modifications. \apply in relation to the computation of the net agricultural income of the assessee as they apply the assessment of the total income. \Rule 12.-- For the purposes of computing the net agricultural income of the assessee. the Income \tau have the same powers as he has under the income-lax Act for the purposes of assessmer \of the total income.

(See section 31 ) [incorporated in the Act]

SCHEDULE 3 THE SCHEDULE

[See section 34 ] [incorporated in Act 57 of 1975]