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## **KARNATAKA INVESTMENT DEPOSIT SCHEME, 1995**

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## **KARNATAKA INVESTMENT DEPOSIT SCHEME, 1995**

In exercise of the powers conferred by Section 5-B of the Karnataka Agricultural Income Tax Act, 1957 (Karnataka Act 22 of 1957), the Government of Karnataka hereby establishes a fund under the Karnataka Investment Deposit Scheme as follows :

### **1. Title and Commencement :-**

- (1) This Scheme may be called the Karnataka Investment Deposit Scheme, 1995.
- (2) It shall come into force from the First day of April, 1995.
- (3) It shall apply to all assessees under the Karnataka Agricultural Income Tax Act, 1957.

### **2. Definitions :-**

In this scheme, unless the context otherwise, requires;

- (a) "Account" means an investment deposit account in this scheme;
- (b) "Act" means the Karnataka Agricultural Income Tax Act, 1957;
- (c) "Depositor" means an assessee who is eligible to make a deposit

under Section 5-B of the Act.

(d) "Government Treasury" means a District Treasury, Sub-Treasury of the State Government, coming within the jurisdiction of the assessing authority under the Act.

(e) All other words and expressions used herein shall have meanings assigned to them in the Karnataka Agricultural Income Tax Act, 1957 (Act No. 22 of 1957);

(f) All references to "forms" in this schemes shall be construed as references to the forms appended to this scheme.

### **3. Constitution of Fund :-**

In the case of an assessee who is liable to pay tax on the agricultural income from plantation crop, where he has deposited in this scheme, the investment deposit allowance under Section 5-B shall be calculated in the manner set out hereunder (in sub para (i)) and subject to the conditions specified in sub-para (ii) below:

(i) A deduction under this scheme shall not exceed five per cent of the agricultural income liable to tax under the Act; and,

(ii) A deduction under this scheme shall be allowed only if the assessee who gives an undertaking to the assessing officer that aggregate amount deposited under the scheme from the agricultural income derived from plantation crops situated within the State will be invested in the State in the manner provided in para 6 below as and when the amount is withdrawn.

### **4. Deposit how to be made :-**

(i) Deposit under provision of Section 5-B may be made by an assessee eligible to make the deduction in any Government Treasury at any time before due date fixed for filing the return for the relevant year with effect from the assessment year 1995-96.

(ii) Such deposit may be made in one or more instalments within the time specified in para 4 above.

### **5. Manner of Deposit :-**

(i) Any assessee who is eligible for the deduction towards investment deposit scheme shall make an application in triplicate to the assessing officer in Form No. A.

(ii) On receipt of the application in Form No. A the assessing

Authority (if the applicant is one to whom this scheme applies) will issue an authorisation in that form to the Government Treasury to accept the deposit with a copy to the applicant;

(iii) The assessee on receipt of the authorisation from the officer referred to in sub-para (ii) shall make an application to the Government Treasury along with cheque or cash to open an account in his name under this scheme;

(iv) On receipt of the application along with cheque or cash, the Treasury Officer shall open an account in the name of the applicant and issue a receipt in Form No. B and a pass book;

(v) The Treasury Officer shall issue a statement in Form No. C to the assessee every year, showing the deposits and withdrawals made during the year and if application is made to him he may issue a duplicate copy of the same;

**6. Withdrawal and utilisation of the amount withdrawn for the purposes of Section 5-B :-**

A depositor shall be entitled to withdraw the amount deposited or such part thereof as may be appropriate at any time after the expiry of twelve months from the date of deposit and such withdrawals shall be used for any of the following purposes and within the State of Karnataka, namely:

(a) for extention of planting, re-planting, replacement or interplanting of planted areas including preparation of land, care and maintenance of such areas, during the immaturity period of the crop and provisions of nurseries and shade trees;

(b) for construction and extension of godowns;

(c) for purchase of tractors and power tillers and their trailers for use in plantations within the State;

(d) for measures of controlling soil erosion and water logging including drainage;

(e) for provisions of irrigation equipment, dams, reservoirs, sluices, wells, water spraying equipment, pumps, engines, electrical connections;

(f) for purchase of power generation equipments, process control equipment and acquisition of energy saving devices.

**8. Manner of withdrawal :-**

(i) A depositor shall be entitled to withdraw the whole or any part of the deposit by making an application in Form No. D to the assessing authority but not more than one withdrawal shall be made in a month.

(ii) On receipt of the request for withdrawal and approval by the assessing authority, the Treasury Officer shall, as soon as possible pay the amount to the depositor after receipt of original in Form D-A from the assessing authority.

#### **9. Information regarding deposits and withdrawals :-**

(i) Where the deposit is made by a depositor, a copy of the receipts issued in Form No. B shall be forwarded by the depositor to the assessing authority along with the return of income relating to the previous year, in respect of which the deposit is made;

(ii) Where a withdrawal has been made by the depositor during the previous year, a certificate by the Chartered Accountant, showing.

(a) the total amounts withdrawn during the previous year; and,

(b) the purposes for which the amount so withdrawn was used during the previous year;

(c) shall be submitted to the assessing authority along with the return of agricultural income relating to the previous year in which the withdrawal was made.

#### **10. Transfer of deposits :-**

A depositor may by application in Form No. E shall made to the Treasury Officer along with an authorisation from the assessing authority transfer the amounts under deposit in his account to any of the purchasers of his property by whom agricultural income tax is payable under the Act.

#### **11. Charge of alienation :-**

The amounts standing to the credit of any account shall not be pledged or offered as security for any loan or guarantee and shall not be charged or alienated in any manner whatsoever.

#### **12. Right or legal heir to withdraw :-**

In the event of death of the depositor, his legal heirs are eligible to withdraw the amount deposited.

#### **13. Agricultural Income to be deemed as assessable :-**

(i) If any depositor disposes of his agricultural land or otherwise becomes not liable to pay agricultural income tax and has not transferred the amount deposited, the balance of deposit at his credit on such day of transfer or the year previous to that in which he becomes a non-assessee shall be deemed to be his agricultural income and be liable to be assessed accordingly.

(ii) If any assessee who has deposited any amount under this scheme has withdrawn the amount deposited and not utilised such amount for any of the purposes referred to in para 7 above or as per the undertaking given in para 3 above are not proved by his accounts and statements that such amount was so invested, the amount not so invested or not as proved, shall be deemed to be agricultural income of the year of withdrawal and shall be assessed to tax, in accordance with the provisions of the Act.

**14. Utilisation of the amounts for the purposes of Section 5-B :-**

Any deposit made in any year shall be adjusted against the replantation allowance deductible in accordance with sub-section 2(b)(ii) of Section 5.

**15. . :-**

If any difficulty arises as to any matter relating to this scheme, the Commissioner shall have power to issue directions to obviate such difficulty and the decision of the Commissioner on those issues shall be final.