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THE FINANCE ACT, 1996

ACT NO. 5 OF 1996

[27TH MARCH, 1996.]

BE it enacted by Parliament in the Forty-seventh Year of the Republic of India as follows:-

An Act to continue the existing rates of income-tax for the financial year 1996-97.

1.

Short title and commencement.

1. Short title and commencement. (1) This Act may be called the Finance Act, 1996.

(2) It shall come into force on the 1st day of April, 1996.

2.

Income-tax.

2. Income-tax. The provisions of section 2 of, and the First Schedule to, the Finance Act, 1995 (22 of 1995) shall apply in relation to income-tax for the assessment year or, as the case may be, the financial year commencing on the 1st day of April, 1996, as they apply in relation to income tax for the assessment year or, as the case may be, the financial year commencing on the 1st day of April, 1995, with the following modifications, namely :-

(a) in section 2,-

(i) for the figures "1995", wherever they occur, the figures "1996" shall be substituted;

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(ii) in sub-section (2), for the words "thirty-five thousand rupees", wherever they occur, the words "forty thousand rupees" shall be substituted;

(iii) in the first proviso to sub-section (3), for the word and figures "section 112", the words and figures "sections 112 and 113 of the Income-tax Act" shall be substituted;

(b) in the First Schedule,-

(i) for Part I, the following Part shall be substituted, namely:-

PART

INCOME-TAX

"PART I

INCOME-TAX

Paragraph A

Sub-Paragraph I

In the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which Sub-Paragraph 11 of this Paragraph or any other Paragraph of this Part applies,-

Rates of income-tax

- |  |  |
|--|--|
| (1) where the total income does not exceed Rs. 40,000                          | Nil;   |
| (2) where the total income exceeds Rs. 40,000 but does not exceed Rs. 60,000   | 20 per cent of the amount by which the total income exceeds Rs.40,000;                     |
| (3) where the total income exceeds Rs. 60,000 but does not exceed Rs. 1,20,000 | Rs. 4,000 plus 30 per cent. of the amount by which the total income exceeds Rs. 60,000;    |
| 4) where the total income exceeds Rs. 1,20,000                                 | Rs. 22,000 plus 40 per cent. of the amount by which the total income exceeds Rs. 1,20,000. |

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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, 1996 exceeds Rs. 40,000,-

Rates of income-tax

- |     |  |  |
|-----|--|--|
| (1) | where the total income does not exceed Rs. 18,000                          | Nil;   |
| (2) | where the total income exceeds Rs. 18,000 but does not exceed Rs. 1,00,000 | 30 per cent. of the total income exceeds Rs. 18,000;                                       |
| (3) | where the total income exceeds Rs. 1,00,000                                | Rs. 24,600 plus 40 per cent. of the amount by which the total income exceeds Rs. 1,00,000. |

Paragraph B

In the case of every co-operative society,-

Rates of income-tax

- |     |  |   |
|-----|--|---|
| (1) | where the total income does not exceed Rs. 10,000                        | 10 per cent. of the total income;   |
| (2) | where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000 | Rs. 1,000 plus 20 per cent. of the amount by which the total income exceeds Rs. 10,000; |
| (3) | where the total income exceeds Rs. 1,00,000                              | Rs. 3,000 plus 35 per cent. of the amount by which the total income exceeds Rs. 20,000. |

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Paragraph C

In the case of every firm,-

Rate of Income.-tax

On the whole of the total income 40 per cent.

Paragraph D

In the case of every local authority,-

Rate of income-tax

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On the whole of the total income 30 per cent.

Paragraph E

In the case of a company,-

Rates of income-tax

I. In the case of a domestic company 40 per cent. of the total income;

II. In the case of a company other than a domestic company,-

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

(a) royalties received from Government or an Indian-concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976, or

(b) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976,

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

(ii) on the balance, if any, of the total income 55 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the provisions of this Paragraph or sections 112 and 113 of the Income-tax Act shall, in the case of every domestic company having a total income exceeding seventy-five thousand rupees, be increased by a surcharge calculated at the rate of fifteen per cent. of such income-tax.";

(ii) in Part III, Sub-Paragraph II of Paragraph A, for the

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figures "1996", the figures 1997" shall be substituted;

(iii) in Part IV, in Rule 8,-

(A) for sub-rules (1) and (2), the following sub-rules shall be substituted, namely :-

"(1) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1996, 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, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990 or the 1st day of April, 1991 or the 1st day of April, 1992 or the 1st day of

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April, 1993 or the 1st day of April, 1994 or the 1st day of April, 1995, 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, 1988, 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. 1989 or the 1st day of April, 1990 or the 1st day of April, 1991. or the 1st day of April, 1992 or the 1st day of April, 1993 or the 1st day of April, 1994 or the 1st day of April, 1995,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1989 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, 1990 or the 1st day of April, 1991 or the 1st day of April, 1992 or the 1st day of April, 1993 or the 1st day of April, 1994 or the 1st day of April, 1995,

(iii) die loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1990, 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, 1991 or the 1st day of April, 1992 or the 1st day of April, 1993 or the 1st day of April, 1994 or the 1st day of April, 1995,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st

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day of April, 1991 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, 1992 or the 1st day of April, 1993 or the 1st day of April, 1994 or the 1st day of April, 1995,

(v) the loss so computed for the previous year relevant to the assessment year commencing oil the 1st clay of April, 1992 to the extent, in 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, 1993 or the 1st day of April, 1994 or the 1st day of April, 1995,

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1993, 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, 1994 or the 1st day of April, 1995,

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1994, 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, 1995,

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1995,

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, 1996.

(2) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1997 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 year relevant to the assessment years commencing on the 1st day of April, 1989 or the 1st day of April, 1990 or the 1st day of April, 1991 or the 1st day of April, 1992 or the 1st day of April, 1993 or the 1st day of April, 1994 or the 1st day of April, 1995 or the 1st day of April, 1996, is a loss, then, for the purposes of sub-section (8) 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, 1989, to the extent, if any, such loss has not been set off against the agricultural income for the previous year

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relevant

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to the assessment year commencing on the 1st day of April, 1990 or the 1st day of April, 1991 or the 1st day of April, 1992 or the 1st day of April, 1993 or the 1st day of April, 1994 or the 1st day of April, 1995 or the 1st day of April, 1996,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1990, 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, 1991 or the 1st day of April, 1992 or the 1st day of April, 1993 or the 1st day of April, 1994 or the 1st day of April, 1995 or the 1st day of April, 1996,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1991, 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, 1992 or the 1st day of April, 1993 or the 1st day of April, 1994 or the 1st day of April, 1995 or the 1st (lay of April, 1996,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1992, 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, 1993 or the 1st day of April, 1994 or the 1st day of April, 1995 or the 1st day of April, 1996,

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1993, 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, 1994 or the 1st day of April, 1995 or the 1st day of April, 1996,

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1994, 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, 1995 or the 1st (lay of April, 1996,

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1995, to the extent if any such loss has not been set

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off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1996,

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1996,

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, 1997.";

(B) for sub-rule (4), the following sub-rule shall be substituted, namely:-

"(4) Notwithstanding anything contained in this rule, no loss which has not been determined by the Assessing Officer under the provisions of these rules or the rules contained in Part IV of the First Schedule to the Finance Act, 1988 (26 WA 988), or of the First Schedule to the Finance Act, 1989 (13 of 1989), or of the First Schedule to the Finance Act, 1990 (12 of 1990), or of the First Schedule to the Finance (No. 2) Act, 1991 (49 of 1991), or of the First Schedule to the Finance Act, 1992 (18 of 1992), or of the First Schedule to the Finance Act, 1993 (38 of 1993), or of the First Schedule to the Finance Act, 1994 (32 of 1994), or of the First Schedule to the Finance Act, 1995 (22 of 1995) shall be set off under sub-rule (1) or, as the case may be, sub-rule (2)."

K.L. MOHANPURIA,

Secy. to the Govt. of India.

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CORRIGENDA

In the Constitution (Seventy-fourth Amendment) Act, 1992 as published in the Gazette of India. Extraordinary, Part II, Section 1, dated the 20th April, 1993 (Issue No. 70).-

- (1) at page 9, in line, for "alloment", "allotment"; and
- (2) at page 10, in line 15, for "ponds", read "pounds".

CORRIGENDA

In the Technology Development Board Act, 1995 (44 of 1995) as published in the Gazette of India, Extraordinary, Part II, Section 1, dated the 16th December, 1995 (Issue No. 66).-

1. At page 1, in line 6, for "1995", read "1995".

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2. At page 3,-

(i) in line 7, in second column for "ex officio", read "ex officio";

(ii) in line 37, for "determind", read "determined";

3. At page 5, in section 14, in the marginal heading, for "auditors", read "auditor's".

4. At page 6,-

(i) in line 17, for "he", read "the";

(ii) in line 23, for "be", read "by";

(iii) in line 35, for "controlled", read "controlled";

5. At page 7,-

(i) in line 10, for "offices", read "officers";

(ii) in line 22, for "forgoing", read "foregoing";

6. At page 8. against section 23, in the marginal heading, for "regu", read "regula-".