

Finance Act 1974

Section 3 - Amendment of Section 10

In section 10 of the Income-tax Act, -

(a) in clause (10), -

(i) after the words "revised Pension Rules of the Central Government", the words, brackets and figures "or, as the case may be, the Central Civil Services (Pension) Rules, 1972" shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1972;

(ii) for the words "or under any similar scheme of a State Government or a local authority", the following shall be substituted and shall be deemed always to have been substituted, namely :-

"or under any similar scheme applicable to the members of the civil services of the Union or holders of posts connected with defence or of civil posts under the Union (such members or holders being persons not governed by the said Rules) or to the members of the All-India services or to the members of the civil services of a State or holders of civil posts under a State or to the employees of a local authority";

(b) for clause (10) as so amended, the following clause shall be substituted with effect from the 1st day of April, 1975, namely :-

(10)(i) any death-cum-retirement gratuity received under the revised Pension Rules of the Central Government or, as the case may be, the Central Civil Services (Pension) Rules, 1972, or under any similar applicable to the members of the civil services of the Union or holders of posts connected with defence or of civil posts under the Union (such members or holders being persons not governed by the said Rules) or to the members of the All-India services or to the members of the civil services of a State or holders of civil posts under a State or to the employees of a local authority or any payment of retiring gratuity received under the Pension Code or Regulations applicable to the members of the defence services;

(ii) any gratuity received under the Payment of Gratuity Act, 1972 (39 of 1972), to the extent it does not exceed an amount calculated in accordance with the provisions of sub-sections (2) and (3) of section 4 of that Act;

(iii) any other gratuity received by an employee on his retirement or on his becoming incapacitated prior to such retirement or on termination of his employment, or any

gratuity received by his widow, children or dependants on his death, to the extent it does not, in either case, exceed one-half months salary for each year of completed service, calculated on the basis of the average salary for the three years immediately preceding the year in which the gratuity is paid, subject to a maximum of thirty thousand rupees or twenty months salary so calculated, whichever is less :

Provided that where any gratuities referred to in this clause are received by an employee from more than one employer in the same previous year, the aggregate amount exempt from income-tax under this clause shall not exceed thirty thousand rupees :

Provided further that where any such gratuity or gratuities was or were received in any one or more earlier previous years also and the whole or any part of the amount of such gratuity or gratuities was not included in the total income of the assessee of such previous year or years, the amount exempt from income-tax under this clause shall not exceed thirty thousand rupees 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.

Explanation : In this clause, "salary" shall have the meaning assigned to it in clause (h) of rule 2 of Part A of the Fourth Schedule;;

(c) in clause (10A), in sub-clause (i), for the words "or under any similar scheme applicable to the members of the Defence Services or to the employees of a State Government, a local authority", the following shall be substituted and shall be deemed always to have been substituted, namely :-

"or under any similar scheme applicable to the members of the civil services of the Union or holders of posts connected with defence or of civil posts under the Union (such members or holders being persons not governed by the said Rules) or to the members of the all-India services or to the members of the defence services or to the members of the civil services of a State or holders of civil posts under a State or to the employees of a local authority";

(d) after clause (23A), the following clause shall be inserted with effect from the 1st day of June, 1974, namely :-

(23B) any income of an institution constituted as a public charitable trust or registered under the Societies Registration Act, 1860 (21 of 1860), or under any law corresponding to that Act in force in any part of India, and existing solely for the development of khadi or village industries or both, and not for purposes of profit, to the extent such income is attributable to the business of production, sale, or marketing, of khadi or products of village industries :

Provided that -

(i) the institution applies its income, or accumulates it for application, solely for the development of khadi or village industries or both; and

(ii) the institution is, for the time being, approved for the purpose of this clause by the Khadi and Village Industries Commission :

Provided further that the Commission shall not, at any one time, grant such approval for more than three assessment years beginning with the assessment year next following the financial year in which it is granted.

Explanation : For the purposes of this clause, -

(i) "Khadi and Village Industries Commission" means the Khadi and Village Industries Commission established under the Khadi and Village Industries Commission Act, 1956 (61 of 1956);

(ii) "khadi" and "village industries" have the meanings respectively assigned to them in that Act;.