

Finance Act 2009

Section 2 - Income Tax

¹[The provisions of section 2 of, and the First Schedule to, the Finance Act, 2008(18 of 2008), 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, 2009, 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, 2008, with the following modifications, namely:

(a) in section 2,-

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

"(1) Subject to the provisions of sub-sections (2) and (3), for the assessment year commencing on the 1st day of April, 2009, income-tax shall be charged at the rates specified in Part 1 of the First Schedule and such tax shall be increased by a surcharge, for purposes of the Union, calculated in each case in the manner provided therein.";

(ii) in sub-section (2),

(A) in the opening portion and in clause (a) and sub-clause (ii) of clause (b), for the words "one lakh ten thousand rupees", the words "one lakh fifty thousand rupees" shall be substituted;

(B) in the first proviso,

(I) for the words' "one lakh ten thousand rupees"', the words ' "one lakh fifty thousand rupees" ' shall be substituted;

(II) for the words' "one lakh forty-five thousand rupees" ', the words' "one lakh eighty thousand rupees"' shall be substituted;

(C) in the second proviso,

(I) for the words' "one lakh ten thousand rupees"', the words ' "one lakh fifty thousand rupees" ' shall be substituted;

(II) for the words ' "one lakh ninety-five thousand rupees" ', the words' "two lakh twenty-five thousand rupees" ' shall be substituted;

(D) in the third proviso, the words, figures and letter", as reduced by the amount of rebate of income-tax calculated under Chapter VIII-A of the Income-tax Act," shall be omitted;

(iii) in sub-section (3), in the opening portion, for the words "the Income-tax Act", the words, figures and brackets "the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act)" shall be substituted;

(iv) in sub-section (13), in clause (a), for the figures "2008", the figures "2009" shall be substituted;

(b) in the First Schedule

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

"PART I

Income-tax

Paragraph A

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

Rates of income-tax

(1) where the total income does not exceed Rs. 1,50,000	Nil;
(2) where the total income exceeds Rs. 1,50,000 but does not exceed Rs. 3,00,000	10 per cent, of the amount by which the total income exceeds Rs. 1,50,000;
(3) where the total income exceeds Rs. 3,00,000 but does not exceed Rs. 5,00,000	Rs. 15,000 plus 20 per cent, of the amount by which the total income exceeds Rs. 3,00,000;
(4) where the total income exceeds Rs. 5,00,000	Rs. 55,000 plus 30 per cent, of the amount by which the total income exceeds Rs. 5,00,000.

(II) In the case of every individual, being a woman resident in India, and below the age of sixty-five years at any time during the previous year,

Rates of income-tax

(1) where the total income does not exceed Rs. 1,80,000	Nil;
(2) where the total income exceeds Rs. 1,80,000 but does not exceed Rs. 3,00,000	10 per cent, of the amount by which the total income exceeds Rs. 1,80,000;
(3) where the total income exceeds Rs. 3,00,000 but does not exceed Rs. 5,00,000	Rs. 12,000 plus 20 per cent, of the amount by which the total income exceeds Rs. 3,00,000;
(4) where the total income exceeds Rs. 5,00,000	Rs. 52,000 plus 30 per cent, of the amount by which the total income exceeds Rs. 5,00,000.

(III) In the case of every individual, being a resident in India, who is of the age of sixty-five years or more at any time during the previous year,

Rates of income-tax

(1) where the total income does not exceed Rs. 2,25,000	Nil;
(2) where the total income exceeds Rs. 2,25,000 but does not exceed Rs. 3,00,000	10 per cent, of the amount by which the total income exceeds Rs. 2,25,000;
(3) where the total income exceeds Rs. 3,00,000 but does not exceed Rs. 5,00,000	Rs. 7,500 plus 20 per cent, of the amount by which the total income exceeds Rs. 3,00,000;
(4) where the total income exceeds Rs. 5,00,000	Rs. 47,500 plus 30 per cent, of the amount by which the total income exceeds Rs. 5,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or in section 111A or section 112, shall,

(i) in the case of every individual or Hindu undivided family or association of persons or body of individuals having a total income exceeding ten lakh rupees, be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent, of such income-tax;

(ii) in the case of every person, other than those mentioned in item (i), be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax:

Provided that in case of persons mentioned in item (i) above having a total income exceeding ten lakh rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of ten lakh rupees by more than the amount of income that exceeds ten lakh rupees.

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. 20,000	Rs. 3,000 plus 30 per cent, of the amount by which the total income exceeds Rs. 20,000.

Paragraph C

In the case of every firm,

Rate of income-tax

On the whole of the total income	30 per cent.
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Surcharge on income-tax

The amount of income-tax computed at the rate hereinbefore specified, or in section 111A or section 112, shall, in the case of every firm having a total income exceeding one crore rupees, be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent, of such income-tax:

Provided that in the case of every firm having a total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

Paragraph D

In the case of every local authority,

Rate of income-tax

On the whole of the total income	30 per cent.
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Paragraph E

In the case of a company,

Rates of income-tax

I. In the case of a domestic company	30 per cent, of the total income;
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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	40 per cent,

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or in section 111A or section 112, shall, in the case of every company, be increased by a surcharge for purposes of the Union calculated,

(i) in the case of every domestic company having a total income exceeding one crore rupees, at the rate of ten per cent, of such income-tax;

(ii) in the case of every company other than a domestic company having a total income exceeding one crore rupees, at the rate of two and one-half per cent.:

Provided that in the case of every company having a total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.";

(ii) 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, 2009, 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 year commencing on the 1st day of April, 2001 or the 1st day of April, 2002 or the 1st day of April, 2003 or the 1st day of April, 2004 or the 1st day of April, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008, 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, 2001, 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, 2002 or the 1st day of April, 2003 or the 1st day of April, 2004 or the 1st day of April, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2002, 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, 2003 or the 1st day of April, 2004 or the 1st day of April, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2003, 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, 2004 or the 1st day of April, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2004, 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, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008,

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2005, 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, 2006 or the 1st day of April, 2007 or, the 1st day of April, 2008,

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2006, 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, 2007 or the 1st day of April, 2008,

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2007, 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, 2008,

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2008, 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, 2009.

(2) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 2010, 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 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 year commencing on the 1st day of April, 2002 or the 1st day of April, 2003 or the 1st day of April, 2004 or the 1st day of April, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009, is a loss, then, for the purposes of sub-section (10) 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, 2002, 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, 2003 or the 1st day of April, 2004 or the 1st day of April, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2003, 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, 2004 or the 1st day of April, 2005 or the 1st day of April, 2006 or the 1st day of April 1, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2004, 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, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2005, 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, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009,

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2006, 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, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009,

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2007, 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, 2008 or the 1st day of April, 2009,

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2008, 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, 2009,

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2009, 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, 2010.";

(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, 2001 (14 of 2001), or of the First Schedule to the Finance Act, 2002 (20 of 2002), or of the First Schedule to the Finance Act, 2003 (32 of 2003), or of the First Schedule to the Finance (No. 2) Act, 2004 (23 of 2004), or of the First Schedule to the Finance Act, 2005 (18 of 2005), or of the First Schedule to the Finance Act, 2006 (21 of 2006), or of the First Schedule to the Finance Act, 2007 (22 of 2007), or of the First Schedule to the Finance Act, 2008 (18 of 2008) shall be set off under sub-rule (1) or, as the case may be, sub-rule (2)."]

1. Section 2 to be effective from 01.04.2009.
