Finance Act 1965

Section 24 - Insertion of New Section 86a

In Chapter VII of the Income tax Act, after section 86, the following section shall be inserted, namely :

"86A. Deduction from tax on certain securities. Where there is included in the total income of an assessee

(i) the interest due on any security of the Central Government issued or declared to be income tax free, or

(ii) the interest due on any security of a State Government issued income tax free, the income tax whereon is payable by the State Government,

the assessee shall be entitled to a deduction from the amount of income tax with which he is chargeable on his total income, of an amount equal to the income tax calculated on the amount to included at the average rate of income tax or at the rate of twenty five per cent., whichever is less.".
