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Finance Act 1965

Section 37 - Substitution of New Section for Section 115

For section 115 of the Income tax Act, the following section shall be substituted, namely :

115. Tax on capital gains in case of companies. Where the total income of a company includes any income chargeable under the head "Capital gains" (whether such gains relate to short term capital assets or to other assets), the income tax payable by it shall be the aggregate of

(i) the amount of income tax calculated at the rate of twelve and a half per cent. on the amount of capital gains relating to bonus shares, if any, chargeable under sub section (2) of section 45 as reduced by an amount equal to twelve and a half per cent. of the face value of such bonus shares; so however, that the reduction shall in no case exceed the amount of income tax so calculated;

(ii) the amount of income tax calculated on the amount of capital gains relating to capital assets other than short term capital assets included in the total income

(a) at the rate of forty per cent. on so much of the amount of such capital gains as relate to buildings or lands or any rights in buildings or lands; and

(b) at the rate of thirty per cent. on the balance of such capital gains, if any [excluding capital gains, if any, referred to in clause (i)]; and

(iii) the amount of income tax with which it would have been chargeable had its total income been reduced by the amount of capital gains referred to in clauses (i) and (ii)..

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