

**Finance Act, 2002**

**Section 2 - In the case of a company**

(a) where the company is a domestic company --

(i) on income by way of interest other than "Interest on securities"

(ii) on income by way of dividend

(iii) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort

(iv) on income by way of winnings from horse races

(v) on any other income

(b) where the company is not a domestic company --

(i) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort

(ii) on income by way of winnings from horse races

(iii) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency

(iv) on income by way of royalty payable by 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, 1976, where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the first proviso to sub-section (1A) of section 115A of the Income-tax Act, to the Indian concern, or in respect of any computer software referred to in the second proviso to subsection (1A) of section 115A of the Income-tax Act, to a person resident in India --

(A) where the agreement is made before the 1 st day of June, 1997

(B) where the agreement is made on or after the 1 st day of June, 1997

(v) on income by way of royalty [not being royalty of the nature referred to in sub-item (b)(iv)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy --

(A) where the agreement is made after the 31st day of March, 1961 but before the 1st day of April, 1976

(B) where the agreement is made after the 31 st day of March, 1976 but before the 1st day of June, 1997

(C) where the agreement is made on or after the 1 st day of June, 1997

(vi) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy --

(A) where the agreement is made after the 29th day of February, 1964 but before the 1st day of April, 1976

(B) where the agreement is made after the 31 st day of March, 1976 but before the 1st day of June, 1997

(C) where the agreement is made on or after the 1st day of June, 1997

(vii) on income by way of long-term capital gains

(viii) on any other income

10 per cent.;

10 per cent.;

30 per cent.;

30 per cent.;

10 per cent.;

10 per cent.;

20 per cent.;

20 per cent.;

10 per cent.;

20 per cent.;

20 per cent.;

30 per cent.;

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30 per cent.;

30 per cent.;

20 per cent.;

30 per cent.;

20 per cent.;

50 per cent.;

30 per cent.;

20 per cent.;

50 per cent.;

30 per cent.;

20 per cent.;

20 per cent.;

40 per cent.

Explanation.--For the purpose of item 1(b)(i) of this Part, "investment income" and "non-resident Indian" shall have the meanings assigned to them in Chapter XII-A of the Income-tax Act.

Surcharge on income-tax

The amount of income-tax deducted in accordance with the provisions of this Part shall be increased by a surcharge, for purposes of the Union, calculated at the rate of five per cent, of such income-tax.

### PART III

#### RATES FOR CHARGING INCOME-TAX IN CERTAIN CASES, DEDUCTING INCOME-TAX FROM INCOME

chargeable under the head "salaries" and computing "advance tax"

In cases in which income-tax has to be charged under sub-section (4) of section 172 of the Income-tax Act or sub-section (2) of section 174 or section 174A or section 175 or subsection (2) of section 176 of the said Act

or deducted from, or paid on, income chargeable under the head "Salaries" under section 192 of the said Act or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed at the rate or rates in force, such income-tax or, as the case may be, "advance tax" [not being "advance tax" in respect of any income chargeable to tax under Chapter XII or Chapter XII-A or section 115JB or sub-section (IA) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act at the rates as specified in that Chapter or section or surcharge on such "advance tax" in respect of any income chargeable to tax under section 115A or section 115AB or section 115AC or section 115ACA or section 115AD or section 115B or section 115BB or section 115BBA or section 115BBB or section 115E or section 115JB] shall be charged, deducted or computed at the following rate or rates:--

#### Paragraph A

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 any other Paragraph of this Part applies,--

#### Rates of income-tax

(1) where the total income does not exceed Rs. 50,000

Nil;

(2) where the total income exceeds Rs. 50,000 but does not exceed Rs. 60,000

10 per cent, of the amount by which the total income exceeds Rs. 50,000;

(3) where the total income exceeds Rs. 60,000 but does not exceed Rs. 1,50,000

Rs. 1,000 plus 20 per cent, of the amount by which the total income exceeds Rs. 60,000;

(4) where the total income exceeds Rs. 1,50,000

Rs. 19,000 plus 30 per cent, of the amount by which the total income exceeds Rs. 1,50,000.

#### Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph or in 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 sixty thousand rupees, be reduced by the amount of rebate of income-tax calculated under Chapter VIII-A, and the income-tax as so reduced, be increased by a surcharge for purposes of the Union calculated at the rate of five 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 five per cent, of such income-tax:

Provided that in case of persons mentioned in item (i) above having a total income exceeding sixty thousand 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 sixty thousand rupees by more than the amount of income that exceeds sixty thousand 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.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or in section 112, shall, in the case of every co-operative society, be increased by a surcharge for purposes of the Union calculated at the rate of five per cent, of such income-tax.

Paragraph C

In the case of every firm,--

Rate of income-tax

On the whole of the total income

35 per cent.

Surcharge on income-tax

The amount of income-tax computed at the rate hereinbefore specified, or in section 112, shall, in the case of every firm, be increased by a surcharge for purposes of the Union calculated at the rate of five per cent, of such income-tax.

Paragraph D

In the case of every local authority,--

Rate of income-tax

On the whole of the total income

30 per cent.

Surcharge on income-tax

The amount of income-tax computed at the rate hereinbefore specified, or in section 112, shall, in the case of every local authority, be increased by a surcharge for purposes of the Union calculated at the rate of five per cent, of such income-tax.

Paragraph E

In the case of a company,--

Rates of income-tax

I. In the case of a domestic company 35 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 percent.;

(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 112, shall, in the case of every company, be increased by a \ surcharge for purposes of the Union calculated at the rate of five per cent, of such income-tax

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