Finance Act, 1987

Section 1 - In the case of a person other than a company

1988. Section 45 - Amendment Of Section 192 In section 192 of the Income-tax Act, with effect from the 1st day of June, 1987, - (a) after sub-section (1), the following sub-sections shall be inserted, namely :- '(2) Where, during the financial year, an assessee is employed simultaneously under more than one employer, or where he has held successively employment under more than one employer, he may furnish to the person responsible for making the payment referred to in sub-section (1) (being one of the said employers as the assessee may, having regard to the circumstances of his case, choose), such details of the income under the head "Salaries" due or received by him from the other employer or employers, the tax deducted at source therefrom and such other particulars, in such form and verified in such manner as may be prescribed, and thereupon the person responsible for making the payment referred to above shall take into account the details so furnished for the purposes of making the deduction under sub-section (1). (2A) Where the assessee, being a government servant or an employee in a public sector undertaking, is entitled to the relief under sub-section (1) of section 89, he may furnish to the person responsible for making the payment referred to in sub-section (1), such particulars, in such form and verified in such manner as may be prescribed, and thereupon the person responsible as aforesaid shall compute the relief on the basis of such particulars and take it into account in making the deduction under sub-section (1). (2B) Where an assessee who receives any income chargeable under the head "Salaries" has, in addition, any income chargeable under any other head of income (not being a loss under any such head) for the same financial year, he may send to the person responsible for making the payment referred to in sub-section (1) the particulars of such other income and of any tax deducted thereon under any other provision of this Chapter, in such form and verified in such manner as may be prescribed, and thereupon the person responsible as aforesaid shall take such other income and the tax, if any, deducted thereon also into account for the purposes of making the deduction under sub-section (1) : Provided that this sub-section shall not in any case have the effect of reducing the tax deductible from the income under the head "Salaries" below the amount that would be so deductible if the other income and the tax deducted thereon had not been taken into account.'; (b) in sub-section (3), after the words, brackets and figure "in sub-section (1)", the words, brackets, figures and letters "or sub-section (2) or sub-section (2A) or sub-section (2B)" shall be inserted. Section 46 - Amendment Of Section 194 In section 194 of the Income-tax Act, in the first proviso, in clause (b), for the words "one thousand rupees", the words "two thousand five hundred rupees" shall be substituted with effect from the 1st day of June, 1987. Section 47 - Amendment Of Section 194A In section 194A of the Income-tax Act, with effect from the 1st day of June, 1987, - (a) in sub-section (1), after the proviso, the following Explanation shall be inserted, namely :- 'Explanation : For the purposes of this section, where any income by way of interest as aforesaid is created to any account, whether called "Interest payable account" or "Suspense account" or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be credit of such income to the account of the payee and the provisions of this section shall apply accordingly.'; (b) in sub-section (3), in clause (i), for the words "one thousand rupees", the words "two thousand five hundred rupees" shall be substituted. Section 48 - Amendment Of Section 194D In section 194D of the Income-tax Act, after the proviso, the following proviso shall be inserted with effect from the 1st day of June, 1987, namely :- "Provided further that no deduction shall be made under this section in a case where the amount of such income or, as the case may be, the aggregate of the amounts of such income credited or paid or likely to be credited or paid during the financial year to the account of, or to, the payee, does not exceed five thousand rupees.". Section 49 - Amendment Of Section 195 In section 195 of the Income-tax Act, with effect from the 1st day of June, 1987, - (a) for sub-section (1), the following sub-section shall be substituted, namely :- '(1) Any person responsible for paying to a non-resident, not being a company, or to a foreign company, any interest (not being interest on securities) or any other sum chargeable under the provisions of this Act (not being income chargeable under the head "Salaries" or dividends) shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rates in force. Explanation : For the purposes of this section, where any interest or other sum as aforesaid is credited to any account, whether called "Interest payable account" or "Suspense account" or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be credit of such income to the account of the payee and the provisions of this section shall apply accordingly.'; (b) in sub-section (2), - (i) for the words "by general or special order", the words "in the prescribed manner" shall be substituted; (ii) the following proviso shall be inserted at the end, namely :- "Provided that this sub-section shall not apply to any payment to a foreign company by way of interest referred to in clause (v), or royalty referred to in clause (vi), or fees for technical services referred to in clause (vii), of sub-section (1) of section 9.". Section 50 - Insertion Of New Section 195A After section 195 of the Income-tax Act, the following section shall be inserted with effect from the 1st day of June, 1987, namely :- "195A. Income payable "net of tax". - Where, under an agreement or other arrangement, the tax chargeable on any income referred to in the foregoing provisions of this Chapter is to be borne by the person by whom the income is payable, then, for the purposes of deduction of tax under those provisions such income shall be increased to such amount as would, after deduction of tax thereon at the rates in force for the financial year in which such income is payable, be equal to the net amount payable under such agreement or arrangement.". Section 51 - Amendment Of Section 197 In section 197 of the Income-tax Act, with effect from the 1st day of June, 1987, - (a) in sub-section (1) for the words "Where, in the case of any income of any person other than a company", the words, brackets, figure and letter "Subject to rules made under sub-section (2A), where, in the case of any income of any person other than a company" shall be substituted; (b) after sub-section (2), the following sub-section shall be inserted, namely :- "(2A) The Board may, having regard to the convenience of assessees and the interests of revenue, by notification in the Official Gazette, make rules specifying the cases in which, and the circumstances under which, an application may be made for the grant of a certificate under sub-section (1) and the conditions subject to which such certificate may be granted and providing for all other matters connected therewith.". Section 52 - Amendment Of Section 199 In section 199 of the Income-tax Act, for the words "made for the immediately following assessment year under this Act", the words "made under this Act for the assessment year for which such income is assessable" shall be substituted with effect from the 1st day of June, 1987. Section 53 - Amendment Of Section 202 In section 202 of the Income-tax Act, for the words "levy tax", the words "recover tax" shall be substituted with effect from the 1st day of June, 1987. Section 54 - Amendment Of Section 203 In section 203 of the Income-tax Act, for the portion beginning with the words "shall, at the time of credit" and ending with the words "dividend to a shareholder", the following shall be substituted with effect from the 1st day of June, 1987, namely :- "shall, within such period as may be prescribed from the time of credit or payment of the sum, or, as the case may be, from the time of issue of a cheque or warrant for payment of any dividend to a shareholder". Section 55 - Insertion Of New Section 203A In the Income-tax Act, after section 203, the following section shall be inserted with effect from the 1st day of June, 1987, namely :- "203A. Tax deduction account number. - (1) Every person deducting tax in accordance with the provisions of sections 192 to 194, section 194A, section 194B, section 194BB, section 194C, section 194D and section 195, if he has not been allotted any tax deduction account number, shall, within such time as may be prescribed, apply to the Income-tax Officer for the allotment of a tax deduction account number. (2) Where a tax deduction account number has been allotted to a person, such person shall quote such number, - (a) in all challans for the payment of any sum in accordance with the provisions of section 200; (b) in all certificates issued in accordance with the provisions of section 203; (c) in all the returns delivered in accordance with the provisions of sections 206, 206A and 206B to any income-tax authority; and (d) in all other documents pertaining to such transactions as may be prescribed in the interests of revenue.". Section 56 - Substitution Of New Section For Section 206 For section 206 of the Income-tax Act, the following section shall be substituted with effect from the 1st day of June, 1987, namely :- "206. Persons deducting tax to furnish prescribed returns. - The prescribed person in the case of every office of Government, the principal officer in the case of every company, the prescribed person in the case of every local authority or other public body or association, every private employer and every other person responsible for deducting tax under the foregoing provisions of this Chapter shall prepare, within the prescribed time after the end of each financial year, and deliver or cause to be delivered to the prescribed income-tax authority, such returns in such form and verified in such manner and setting forth such particulars as may be prescribed.". Section 57 -

Substitution Of New Section For Section 245A For section 245A of the Income-tax Act, the following section shall be substituted with effect from the 1st day of June, 1987, namely :- "245A. Definitions. - In this Chapter, unless the context otherwise requires, - (a) "Bench" means a Bench of the Settlement Commission; (b) "case" means any proceeding under this Act for the assessment or reassessment of any person in respect of any year or years, or by way of appeal or revision in connection with such assessment or reassessment, which may be pending before an income-tax authority on the date on which an application under sub-section (1) of section 245C is made : Provided that where any appeal or application for revision has been preferred after the expiry of the period specified for the filling of such appeal or application for revision under this Act and which has not been admitted, such appeal or revision shall not be deemed to be a proceeding pending within the meaning of this clause; (c) "Chairman" means the Chairman of the Settlement Commission; (d) "income-tax authority" means an income-tax authority specified in section 116; (e) "Member" means a Member of the Settlement Commission and includes the Chairman and a Vice-Chairman; (f) "Settlement Commission" means the Income-tax Settlement Commission constituted under section 245B; (g) "Vice-Chairman" means a Vice-Chairman of the Settlement Commission.'. Section 58 - Amendment Of Section 245B In section 245B of the Income-tax Act, in sub-section (1), the brackets and words '(hereafter in this Chapter referred to as "the Settlement Commission")' shall be omitted with effect from the 1st day of June, 1987. Section 59 - Insertion Of New Sections 245BA To 245BD After section 245B of the Income-tax Act, the following sections shall be inserted with effect from the 1st day of June, 1987, namely :- "245BA. Jurisdiction and powers of Settlement Commission. - (1) Subject to the other provisions of this Chapter, the jurisdiction, powers and authority of the Settlement Commission may be exercised by Benches thereof. (2) Subject to the other provisions of this section, a Bench shall be presided over by the Chairman or a Vice-Chairman and shall consist of two other Members. (3) The Bench for which the Chairman is the Presiding Officer shall be the principal Bench and the other Benches shall be known as additional Benches. (4) Notwithstanding anything contained in sub-sections (1) and (2), the Chairman may authorise the Vice-Chairman or other Member appointed to one Bench to discharge also the functions of the Vice-Chairman or, as the case may be, other Member of another Bench. (5) Notwithstanding anything contained in the foregoing provisions of this section, and subject to any rules that may be made in this behalf, when one of the persons constituting a Bench (whether such person be the Presiding Officer or other Member of the Bench) is unable to discharge his functions owing to absence, illness or any other cause or in the event of the occurrence of any vacancy either in the office of the Presiding Officer or in the office of one or the other Members of the Bench, the remaining two persons may function as the Bench and if the Presiding Officer of the Bench is not one of the remaining two persons, the senior among the remaining persons shall act as the Presiding Officer of the Bench : Provided that if any stage of the hearing of any such case or matter, it appears to the Presiding Officer that the case or matter is of such a nature that it ought to be heard of by a Bench consisting of three Members, the case or matter may be referred by the Presiding Officer of such Bench to the Chairman for transfer to such Bench as the Chairman may deem fit. (6) Subject to the other provisions of this Chapter, the places at which the principal Bench and the additional Benches shall ordinarily sit shall be such as the Central Government may, by notification in the Official Gazette, specify. 245BB. Vice-Chairman to act as Chairman or to discharge his functions in certain circumstances. - (1) In the event of the occurrence of any vacancy in the office of the Chairman by reason of his death, resignation or otherwise, the Vice-Chairman or, as the case may be, such one of the Vice-Chairman as the Central Government may, by notification in the Official Gazette, authorise in this behalf, shall act as the Chairman until the date on which a new Chairman, appointed in accordance with the provisions of this Chapter to fill such vacancy, enters upon his office. (2) When the Chairman is unable to discharge his functions owing to absence, illness or any other cause, the Vice-Chairman or, as the case may be such one of the Vice-Chairman as the Central Government may, by notification in the Official Gazette, authorise in this behalf, shall discharge the functions of the Chairman until the date on which the Chairman resumes his duties. 245BC. Power of Chairman to transfer cases from one Bench to another. - On the application of the assessee or the Commissioner and after notice to them, and after hearing such of them as he may desire to be heard, or on his own motion without such notice, the Chairman may transfer any case pending before one Bench, for disposal, to another Bench. 245BD. Decision to be by majority. -If the Members of a Bench differ in opinion on any point, the point shall be decided according to the opinion of the majority, if there is a majority, but if the Members are equally divided, they shall state the point or points on which they differ, and make a reference to the Chairman who shall either hear the point or points himself or refer the case for hearing on such point or points by one or more of the other Members of the Settlement Commission and such point or points shall be decided according to the opinion of the majority of the Members of the Settlement Commission who have heard the case, including those who first heard it.". Section 60 - Amendment Of Section 245C In section 245C of the Income-tax Act, with effect from the 1st day of June, 1987, - (i) in sub-section (1), for the proviso, the following proviso shall be substituted, namely :- "Provided that no such application shall be made unless, - (a) the assessee has furnished the return of income which he is or was required to furnish under any of the provisions of this Act; and (b) the additional amount of income-tax payable on the income disclosed in the application exceeds fifty thousand rupees."; (ii) for sub-sections (1B) and (1C), the following sub-sections shall be substituted, namely :- "(1B) Where the income disclosed in the application relates to only one previous year, - (i) if the applicant has not furnished a return in respect of the total income of that year (whether or not an assessment has been made in respect of the total income of that year), then, except in a case covered by clause (iii), tax shall be calculated on the income disclosed in the application as if such income were the total income; (ii) if the applicant has furnished a return in respect of the total income of that year (whether or not an assessment has been made in pursuance of such return), tax shall be calculated on the aggregate of the total income returned and the disclosed in the application as if such aggregate were the total income; (iii) if the proceeding pending before the income-tax authority is in the nature of a proceeding for reassessment of the applicant under section 147 or by way of appeal or revision in connection with such reassessment, and the applicant has not furnished a return in respect of the total income of that year in the course of such proceeding for reassessment, tax shall be calculated on the aggregate of the total income as assessed in the earlier proceeding for assessment under section 143 or section 144 or section 147 and the income disclosed in the application as if such aggregate were the total income. (1C) The additional amount of income-tax payable in respect of the income disclosed in the application relating to the previous year referred to in sub-section (1B) shall be - (a) in a case referred to in clause (i) of that sub-section, the amount of tax calculated under that clause; (b) in a case referred to in clause (ii) of that sub-section, the amount of tax calculated under that clause as reduced by the amount of tax calculated on the total income returned for that year; (c) in a case referred to in clause (iii) of that sub-section, the amount of tax calculated under that clause as reduced by the amount of tax calculated on the total income assessed in the earlier proceeding for assessment under section 143 or section 144 or section 147.". Section 61 - Amendment Of Section 245D In section 245D of the Income-tax Act, with effect from the 1st day of June, 1987, - (a) after sub-section (4), the following sub-section shall be inserted, namely :- "(5) Subject to the provisions of section 245BA, the materials brought on record before the Settlement Commission shall be considered by the Members of the concerned Bench before passing any order under sub-section (4) and, in relation to the passing of such order, the provisions of section 245BD shall apply."; (b) in sub-section (6), for the words "tax or penalty", the words "tax, penalty or interest" shall be substituted; (c) in sub-section (8), after the words "passed by the Settlement Commission", the words, brackets and figures "and nothing contained in the proviso to sub-section (1) of section 186 shall apply to the cancellation of the registration of a firm required to be made in pursuance of any such directions as aforesaid" shall be inserted. Section 62 - Amendment Of Section 245E In section 245E of the Income-tax Act, for the proviso, the following proviso shall be substituted with effect from the 1st day of June, 1987, namely :- "Provided that no proceeding shall be reopened by the Settlement Commission under this section if the period between the end of the assessment year to which such a proceeding relates and the date of application for settlement under section 245C exceeds nine years.". Section 63 - Amendment Of Section 245F In section 245F of the Income-tax Act, with effect from the 1st day of June, 1987, - (a) in sub-section (3), the words "or by way of advance tax" shall be omitted; (b) sub-sections (5) and (6) shall be omitted. Section 64 - Amendment Of Section 245H In section 245H of the Income-tax Act, with effect from the 1st day of June, 1987, - (a) in sub-section (1), the following proviso shall be inserted at the end, namely :- "Provided that no such immunity shall be granted by the Settlement Commission in cases where the proceedings for the prosecution for any such offence have been instituted before the date of receipt of the application under section 245C."; (b) after sub-section (1), the following sub-section shall be inserted, namely :- "(1A) An immunity granted to a person under sub-section (1) shall stand withdrawn if such person fails to pay any sum specified in the order of settlement passed under sub-section (4) of section 245D within the time specified in such order or within such further time as may be allowed by the Settlement Commission, or fails to comply with any other condition subject to which the immunity was granted and thereupon the provisions of this Act shall apply as if such immunity had not been granted."; (c) in sub-section (2), the words "has not complied with the conditions subject to which the immunity was granted or that such person" shall be omitted. Section 65 - Insertion Of New Section 245HA After section 245H of the Income-tax Act, the following section shall be inserted with effect from the 1st day of June, 1987, namely :- "245HA. Power of Settlement Commission to send a case bank to the Income-tax Officer if the assessee does not co-operate. - (1) The Settlement Commission may, if it is of opinion that any person who made an application for settlement under section 245C has not co-operated with the Settlement Commission in the proceedings before it, send the case back to the Income-tax Officer who shall thereupon dispose of the case in accordance with the provisions of this Act as if no application under section 245C had been made. (2) For the purposes of sub-section (1), the Income-tax Officer shall be entitled to use all the materials and other information produced by the assessee before the Settlement Commission or the results of the inquiry held or evidence recorded by the Settlement Commission in the course of the proceedings before it as if such materials, information, inquiry and evidence had been produced before the Income-tax Officer or held or recorded by him in the course of the proceedings before him. (3) For the purposes of the time-limit under sections 149, 153, 154, 155 and 231 and for the purposes of payment of interest under section 243 and 244, in a case referred to in sub-section (1), the period commencing on and from the date of the application to the Settlement Commission under section 245C and ending with the date of receipt by the Income-tax Officer of the order of the Settlement Commission sending the case back to the Income-tax Officer shall be excluded; and where the assessee is a firm, for the purposes of the time-limit for cancellation of registration of the firm under sub-section (1) of section 186, the period aforesaid shall, likewise, be excluded.". Section 66 - Amendment Of Section 245K In section 245K of the Income-tax Act, with effect from the 1st day of June, 1987, - (a) in clause (ii), the word "or" shall be added at the end; (b) after clause (ii), the following clause shall be inserted, namely :- "(iii) the case of such person is sent back to the Income-tax Officer by the Settlement Commission under section 245HA.". Section 67 - Omission Of Section 245M Section 245M of the Income-tax Act shall be omitted with effect from the 1st day of June, 1987. Section 68 - Insertion Of New Section 272BB In the Income-tax Act, after section 272B, the following section shall be inserted with effect from the 1st day of June, 1987, namely :- "272BB. Penalty for failure to comply with the provisions of section 203A. - (1) If a person fails to comply with the provisions of section 203A, he shall, on an order passed by the Income-tax Officer, pay, by way of penalty, a sum which may extend to five thousand rupees. (2) No order under sub-section (1) shall be passed unless the person on whom the penalty is proposed to be imposed is given an opportunity of being heard in the matter." Section 69 - Amendment Of Section 273B In section 273B of the Income-tax Act, for the words, figures and letter "section 272B or", the words, figures, letters and brackets "section 272B or sub-section (1) of section 272BB or" shall be substituted with effect from the 1st day of June, 1987. Section 70 - Omission Of Section 280ZA Section 280ZA of the Income-tax Act shall be omitted with effect from the 1st day of April, 1988. Section 71 - Omission Of Sections 285 And 286 Sections 285 and 286 of the Income-tax Act shall be omitted with effect from the 1st day of June, 1987. Section 72 - Amendment Of Section 293 In section 293 of the Income-tax Act, the word "assessment" shall be omitted and shall be deemed to have been omitted with effect from the 1st day of March, 1987. Section 73 - Amendment Of Eleventh Schedule In the Eleventh Schedule to the Income-tax Act, with effect from the 1st day of April, 1988, - (a) in item 5, the following Explanation shall be inserted at the end namely :- 'Explanation : "Blended flavouring concentrates" shall include, and shall be deemed always to have included, synthetic essences in any form.'; (b) in item 22, in the Explanation, for the words ", for data processing and for transmission and reception of messages", the words, brackets, figures and letters "and for data processing (not being computers within the meaning of section 32AB)" shall be substituted. Section 74 - Consequential Amendments The following amendments (being amendments of a consequential nature) shall be made in the Income-tax Act, - (a)(i) in section 32A, in the Explanation below sub-section (2B), clause (b) shall be omitted; (ii) in section 54E, in Explanation 1 below sub-section (1), in clause (d), the Explanation shall be omitted; (iii) in section 80L, in sub-section (1), in clause (ii), the Explanation shall be omitted; (iv) in section 193, in the proviso, in clause (iib), the Explanation shall be omitted; (b) with effect from the 1st day of June, 1987, - (i) in section 272A, in sub-section (2), in clause (a), for the words, figures and letter ", section 285, section 285B or section 286", the words, figures and letter "or section 285B" shall be substituted; (ii) in the Fourth Schedule in Part B, - (1) for the figures and brackets "206(2)", in the heading at the beginning, the figures "206" shall be substituted; (2) in rule 7, the words, brackets and figure "sub-section (1) of" shall be omitted; (c) with effect from the 1st day of April, 1988, - (i) in section 2, in clause (18), in sub-clause (b), in item (B), in sub-item (c), for the words, brackets, letter and figures "where such subsidiary company fulfils the conditions laid down in clause (b) of section 108", the words "if the whole of the share capital of such subsidiary company has been held by the parent company or by its nominees throughout the previous year" shall be substituted; (ii) in clause (ii) of sub-section (4) of section 10A, in clause (i) of the Explanation below section 44C, in sub-section (2) of section 75, in clause (b) of sub-section (2) of section 77, in section 80, in sub-section (3) of section 139, in clause (iv) of sub-section (2) of section 141A, in sub-clause (iv) of clause (b) of sub-section (1) of section 143, in sub-section (4) of section 155, and in section 157, for the words, brackets and figures "sub-section (1) of section 74", the words, brackets and figures "sub-section (1) or sub-section (3) of section 74" shall be substituted; (iii) in section 41, in sub-section (5), the words 'or under the head "Capital gains" shall be omitted; (iv) in section 73, in the Explanation occurring at the end, for the words, brackets and figures "other than an investment company, as defined in clause (ii) of section 109", the words 'other than a company whose gross total income consists mainly of income which is chargeable under the heads "Interest on securities", "Income from house property", "Capital gains" and "Income from other sources"' shall be substituted; (v) in section 155, in sub-section (10A), for the words "capital asset, not being a short-term capital asset", the words "long-term capital asset" shall be substituted; (vi) in section 236A, - (1) for the words, brackets and figures "In the case of an institution or fund referred to in clause (iii) of sub-section (2) of section 104", the words "Where seventy-five per cent. of the share capital of any company is throughout the previous year beneficially held by an institution or fund established in India for a charitable purpose the income from dividend whereof is exempt under section 11" shall be substituted; (2) for the words "by such a company as is referred to in the said clause", the words "by such company" shall be substituted; (vii) in section 246, in sub-section (2), in clause (a), the words and figures "or an order under section 104, made against the assessee, being a company" shall be omitted; (viii) in section 280ZB, in Explanation 2, clause (a) shall be omitted. Section 75 - Amendment Of Section 2 In section 2 of the Wealth-tax Act, 1957 (27 of 1957) (hereinafter referred to as the Wealth-tax Act), in clause (m), the following Explanation shall be inserted at the end, with effect from the 1st day of April, 1988, namely :- "Explanation : A building or part thereof referred to in clause (iii), clause (iiia) or clause (iiib) of section 27 of the Income-tax Act shall be includible in the net wealth of the person who is deemed under the said clause to be the owner of that building or part thereof;". Section 76 - Amendment Of Section 5 In section 5 of the Wealth-tax Act, in sub-section (1), after clause (xxva), the following clause shall be inserted with effect from the 1st day of April, 1988, namely :- "(xxvb) any deposits made under the National Savings Scheme referred to in section 80CCA of the Income-tax Act;". Section 77 - Substitution Of New Section For Section 22A For section 22A of the Wealth-tax Act, the following section shall be substituted with effect from the 1st day of June, 1987, namely :- '22A. Definitions. - In this Chapter, unless the context otherwise requires, - (a) "Bench" means a Bench of the Settlement Commission; (b) "case" means any proceeding under this Act for the assessment or reassessment of any person in respect of any year or years, or by way of appeal or revision in connection with such assessment or reassessment, which may be pending before any wealth-tax authority on the date on which an application under sub-section (1) of section 22C is made : Provided that where any appeal or application for revision has been preferred after the expiry of the period specified for the filing of such appeal or application for revision under this Act and which has been admitted, such appeal or revision shall not be deemed to be a proceeding pending within the meaning of this clause; (c) "Chairman" means the Chairman of the Settlement Commission; (d) "Member" means a Member of the Settlement Commission, and includes the Chairman and a Vice-Chairman; (e) "Settlement Commission" means the Income-tax Settlement Commission constituted under section 245B of the Income-tax Act; (f) "Vice-Chairman" means a Vice-Chairman of the Settlement Commission; (g) "wealth-tax authority" means an income-tax authority specified in section 116 of the Income-tax Act who is treated as a wealth-tax authority under section 8.'. Section 78 - Amendment Of Section 22B In section 22B of the Wealth-tax Act, in sub-section (1), the brackets and words '(hereafter in this Chapter referred to as "the Settlement Commission")' shall be omitted with effect from the 1st day of June, 1987. Section 79 - Insertion Of New Sections 22BA To 22BD After section 22B of the Wealth-tax Act, the following sections shall be inserted with effect from the 1st day of June, 1987, namely :- "22BA. Jurisdiction and powers of Settlement Commission. - (1) Subject to the other provisions of this Chapter, the jurisdiction, powers and authority of the Settlement Commission may be exercised by Benches thereof. (2) Subject to the other provisions of this section, a Bench shall be presided over by the Chairman or a Vice-Chairman and shall consist of two other Members. (3) The Bench for which the Chairman is the

Presiding Officer shall be the principal Bench and the other Benches shall be known as additional Benches. (4) Notwithstanding anything contained in sub-sections (1) and (2), the Chairman may authorise the Vice-Chairman or other Member appointed to one Bench to discharge also the functions of the Vice-Chairman or, as the case may be, other Member of another Bench. (5) Notwithstanding anything contained in the foregoing provisions of this section, and subject to any rules that may be made in this behalf, when one of the persons constituting a Bench (whether such person be the Presiding Officer or other Member of the Bench) is unable to discharge his functions owing to absence, illness or any other cause or in the event of the occurrence of any vacancy either in the office of the Presiding Officer or in the office of one or the other Members of the Bench, the remaining two persons may function as the Bench and if the Presiding Officer of the Bench is not one of the remaining two persons, the senior among the remaining persons shall act as the Presiding Officer of the Bench : Provided that if at any stage of the hearing of any case or matter, it appears to the Presiding Officer that the case or matter is of such a nature that it ought to be heard by a Bench consisting of three Members, the case or matter may be referred by the Presiding Officer of such Bench to the Chairman for transfer to such Bench as the Chairman may deem fit. (6) Subject to the other provisions of this Chapter, the places at which the principal Bench and the additional Benches shall ordinarily sit, shall be such as the Central Government may, by notification in the Official Gazette, specify. 22BB. Vice-Chairman to act as Chairman or to discharge his functions in certain circumstances. - (1) In the event of the occurrence of any vacancy in the office of the Chairman by reason of his death, resignation or otherwise, the Vice-Chairman or, as the case may be, such one of the Vice-Chairman as the Central Government may, by notification in the Official Gazette, authorise in this behalf shall act as the Chairman until the date on which a new Chairman, appointed in accordance with the provisions of this Chapter to fill such vacancy, enters upon his office. (2) When the Chairman is unable to discharge his functions owing to absence, illness or any other cause, the Vice-Chairman or, as the case may be, such one of the Vice-Chairman as the Central Government may, by notification in the Official Gazette, authorise in this behalf, shall discharge the functions of the Chairman until the date on which the Chairman resumes his duties. 22BC. Power of Chairman to transfer cases from one Bench to another. - On the application of the assessee or the Commissioner and after notice to them, and after hearing such of them as may desire to be heard, or on his own motion without such notice, the Chairman may transfer any case pending before one Bench, for disposal, to another Bench. 22BD. Decision to be by majority. - If the Members of a Bench differ in opinion on any point, the point shall be decided according to the opinion of the majority, if there is a majority, but if the Members are equally divided, they shall state the point or points on which they differ, and make a reference to the Chairman who shall either hear the point or points himself or refer the case for hearing on such point or points by one or more of the other Members of the Settlement Commission and such point or points shall be decided according to the opinion of the majority of the Members of the Settlement Commission who have heard the case, including those who first heard it.". Section 80 - Amendment Of Section 22C In section 22C of the Wealth-tax Act, with effect from the 1st day of June, 1987, - (1) in sub-section (1), the following proviso shall be inserted at the end, namely :- "Provided that no such application shall be made unless the assessee has furnished the return of wealth which he is or was required to furnish under any of the provisions of this Act."; (ii) for sub-sections (1B) and (1C), the following sub-sections shall be substituted, namely :- "(1B) Where the wealth disclosed in the application relates to only one previous year, - (i) if the applicant has not furnished a return in respect of the net wealth of that year (whether or not an assessment has been made in respect of the net wealth of that year), then, except in a case covered by clause (iii), wealth-tax shall be calculated on the wealth disclosed in the application as if such wealth were the net wealth; (ii) if the applicant has furnished a return in respect of the net wealth of that year (whether or not an assessment has been made in pursuance of such return), wealth-tax shall be calculated on the aggregate of the net wealth returned and the wealth disclosed in the application as if such aggregate were the net wealth; (iii) if the proceeding pending before the wealth-tax authority is in the nature of a proceeding for reassessment of the applicant under section 17 or by way of appeal or revision in connection with such reassessment, and the applicant has not furnished a return in respect of the net wealth of that year in the course of such proceedings for reassessment, wealth-tax shall be calculated on the aggregate of the net wealth as assessed in the earlier proceeding for assessment under section 16 or section 17 and the wealth disclosed in the application as if such aggregate were the net wealth. (1C) The additional amount of wealth-tax payable in respect of the wealth disclosed in the application relating to the previous year referred to in sub-section (1B) shall be, - (a) in a case referred to in clause (i) of that sub-section, the amount of wealth-tax calculated under that clause; (b) in a case referred to in clause (ii) of that sub-section, the amount of wealth-tax calculated under that clause as reduced by the amount of wealth-tax calculated on the net wealth returned for that year; (c) in a case referred to in clause (iii) of that sub-section, the amount of wealth-tax calculated under that clause as reduced by the amount of wealth-tax calculated on the net wealth assessed in the earlier proceeding for assessment under section 16 or section 17.". Section 81 - Amendment Of Section 22D In section 22D of the Wealth-tax Act, with effect from the 1st day of June, 1987, - (a) after sub-section (4), the following sub-section shall be inserted, namely :- "(5) Subject to the provisions of section 22BA, the materials brought on record before the Settlement Commission shall be considered by the Members of the concerned Bench before passing any order under sub-section (4) and, in relation to the passing of such order, the provisions of section 22BD shall apply."; (b) in sub-section (6), for the words "tax or penalty", the words "tax, penalty or interest" shall be substituted. Section 82 - Amendment Of Section 22E In section 22E of the Wealth-tax Act, for the proviso, the following proviso shall be substituted with effect from the 1st day of June, 1987, namely :- "Provided that no proceeding shall be reopened by the Settlement Commission under this section if the period between the end of the assessment year to which such a proceeding relates and the date of application for settlement under section 22C exceeds nine years." Section 83 - Amendment Of Section 22F In section 22F of the Wealth-tax Act, sub-sections (5) and (6) shall be omitted with effect from the 1st day of June, 1987. Section 84 - Amendment Of Section 22H In section 22H of the Wealth-tax Act, with effect from the 1st day of June, 1987, - (a) in sub-section (1), the following proviso shall be inserted at the end, namely :- "Provided that no such immunity shall be granted by the Settlement Commission in cases where the proceedings for the prosecution for any such offence have been instituted before the date of receipt of the application under section 22C."; (b) after sub-section (1), the following sub-section shall be inserted, namely :- "(1A) An immunity granted to a person under sub-section (1) shall stand withdrawn if such person fails to pay any sum specified in the order of settlement passed under sub-section (4) of section 22D within the time specified in such order or within such further time as may be allowed by the Settlement Commission, or fails to comply with any other condition subject to which the immunity was granted and thereupon the provisions of this Act shall apply as if such immunity had not been granted."; (c) in sub-section (2), the words "has not complied with the conditions subject to which the immunity was granted or that such person" shall be omitted. Section 85 - Insertion Of New Section 22HA After section 22H of the Wealth-tax Act, the following section shall be inserted with effect from the 1st day of June, 1987, namely :- "22HA. Power of Settlement Commission to send a case back to the Wealth-tax Officer if the assessee does not co-operate. - (1) The Settlement Commission may, if it is of opinion that any person who made the application for settlement under section 22C has not co-operated with the Settlement Commission in the proceedings before it, send the case back to the Wealth-tax Officer who shall, thereupon, dispose of the case in accordance with the provisions of this Act as if no application under section 22C had been made. (2) For the purposes of sub-section (1), the Wealth-tax Officer shall be entitled to use all the materials and other information produced by the assessee before the Settlement Commission or the results of the inquiry held or evidence recorded by the Settlement Commission in the course of the proceedings before it as if such materials, information, inquiry and evidence had been produced before the Wealth-tax Officer or held or recorded by him in the course of the proceedings before him. (3) For the purposes of the time-limit under sections 17A, 32 and 35 and for the purposes of payment of interest under section 34A, in a case referred to in sub-section (1), the period commencing on and from the date of the application to the Settlement Commission under section 22C and ending with the date of receipt by the Wealth-tax Officer of the order of the Settlement Commission sending the case back to the Wealth-tax Officer, shall be excluded." Section 86 - Amendment Of Section 22K In section 22K of the Wealth-tax Act, with effect from the 1st day of June, 1987, - (a) at the end of clause (ii), the word "or" shall be inserted; (b) after clause (ii), the following clause shall be inserted, namely :- "(iii) the case of any such person is sent back to the Wealth-tax Officer by the Settlement Commission under section 22HA.". Section 87 - Omission Of Section 22M Section 22M of the Wealth-tax Act shall be omitted with effect from the 1st day of June, 1987. Section 88 - Amendment Of Section 31 In section 31 of the Wealth-tax Act, in sub-section (2A), - (a) in the opening portion, - (i) for the words "the Board may", the words "the Commissioner may" shall be substituted; (ii) for the words "interest payable by an assessee", the words "interest paid or payable by an assessee" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of October, 1984; (iii) for the words ", on the recommendation made by the Commissioner in this behalf, it is satisfied that", the words "he is satisfied that" shall be substituted; (b) for clauses (i) and (ii), the following clauses shall be substituted and shall be deemed to have been substituted with effect from the 1st day of October, 1984, namely :- "(i) payment of such amount has caused or would cause genuine hardship to the assessee; (ii) default in the payment of the amount on which interest has been paid or was payable under the said sub-section was due to circumstances beyond the control of the assessee; and". Section 89 - Amendment Of Section 43 In section 43 of the Wealth-tax Act, for the words "any assessment made", the words "any order made" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of March, 1987. Section 90 - Amendment Of Section 2 In section 2 of the Gift-tax Act, 1958 (18 of 1958) (hereinafter referreed to as the Gift-tax Act), in clause (xii), the following Explanation shall be inserted at the end, with effect from the 1st day of April, 1988, namely: - "Explanation : A transfer of any building or part thereof referred to in clause (iii), clause (iiia) or clause (iiib) of section 27 of the Income-tax Act by the person who is deemed under the said clause to be the owner thereof made voluntarily and without consideration in money or money's worth, shall be deemed to be a gift made by such person;". Section 91 - Amendment Of Section 42 In section 42 of the Gift-tax Act, for the words "any assessment made", the words "any order made" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of March, 1987. The First Schedule (See section 2) PART I Income-Tax Paragraph A Sub-Paragraph I In the case of every individual or Hindu undivided family or unregistered firm or other 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 Sub-Paragraph II of this Paragraph or any other Paragraph of this Part applies, - RATES OF INCOME-TAX (1) where the total income does not exceed Rs. 18,000 Nil; (2) where the total income exceeds Rs. 18,000 but does not exceed Rs. 25,000 25 per cent. of the amount by which the total income exceeds Rs. 18,000; (3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000 Rs. 1,750 plus 30 per cent. Of the amount by which the total income exceeds Rs. 25,000; (4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000 Rs. 9,250 plus 40 per cent. Of the amount by which the total income exceeds Rs. 50,000; (5) where the total income exceeds Rs. 1,00,000 Rs. 29,250 plus 50 per cent. Of the amount by which the total income exceeds Rs. 1,00,000. Sub-Paragraph II In the case of every Hindu undivided family which at any time during the previous year has at least one member whose total income of the previous year relevant to the assessment year commencing on the 1st day of April, 1987, exceeds Rs. 18,000, - RATES OF INCOME-TAX (1) where the total income does not exceed Rs. 12,000 Nil; (2) where the total income exceeds Rs. 12,000 but does not exceed Rs. 20,000 25 per cent. of the amount by which the total income exceeds Rs. 12,000; (3) where the total income exceeds Rs. 20,000 but does not exceed Rs. 40,000 Rs. 2,000 plus 30 per cent. of the amount by which the total income exceeds Rs. 20,000; (4) where the total income exceeds Rs. 40,000 but does not exceed Rs. 60,000 Rs. 8,000 plus 40 per cent. of the amount by which the total income exceeds Rs. 40,000; (5) where the total income exceeds Rs. 60,000 but does not exceed Rs. 1,00,000 Rs. 16,000 plus 50 per cent. of the amount by which the total income exceeds Rs. 60,000; (6) where the total income exceeds Rs. 1,00,000 Rs. 36,000 plus 55 per cent. of the amount by which the total income exceeds Rs. 1,00,000. 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 15 per cent. of the total income; (2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000 Rs. 1,500 plus 25 per cent. of the amount by which the total income exceeds Rs. 10,000; (3) where the total income exceeds Rs. 20,000 Rs. 4,000 plus 40 per cent. of the amount by which the total income exceeds Rs. 20,000; Paragraph C Sub-Paragraph I In the case of every registered firm, not being a case to which Sub-Paragraph II of this Paragraph applies, - RATES OF INCOME-TAX (1) where the total income does not exceed Rs. 10,000 Nil; (2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 25,000 5 per cent. of the amount by which the total income exceeds Rs. 10,000; (3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000 Rs. 750 plus 7 per cent. of the amount by which the total income exceeds Rs. 25,000; (4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000 Rs. 2,500 plus 15 per cent. of the amount by which the total income exceeds Rs. 50,000; (5) where the total income exceeds Rs. 1,00,000 Rs. 10,000 plus 24 per cent. of the amount by which the total income exceeds Rs. 1,00,000. Sub-Paragraph II In the case of every registered firm whose total income includes income derived from a profession carried on by it and the income so included is not less than fifty-one per cent. of such total income, - RATES OF INCOME-TAX (1) where the total income does not exceeds Rs. 10,000 Nil; (2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 25,000 4 per cent. of the amount by which the total income exceeds Rs. 10,000; (3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000 Rs. 600 plus 7 per cent. of the amount by which the total income exceeds Rs. 25,000; (4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000 Rs. 2,350 plus 13 per cent. of the amount by which the total income exceeds Rs. 50,000; (5) where the total income exceeds Rs. 1,00,000 Rs. 8,850 plus 22 per cent. of the amount by which the total income exceeds Rs. 1,00,000. Explanation : For the purposes of this Paragraph, "registered firm" includes an unregistered firm assessed as a registered firm under clause (b) of section 183 of the Income-tax Act. Paragraph D In the case of every local authority, - RATE OF INCOME-TAX On the whole of the total income 50 per cent. Paragraph E In the case of a company, - RATES OF INCOME-TAX I. In the case of a domestic company, - (1) Where the company is a company in which the public are substantially interested 50 per cent. of the Total income; (2) Where the company is not a company in which the public are substantially interested - (i) in the case of a trading company or an investment company 60 per cent. of the Total income; (ii) in any other case 55 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 pursuanc100e 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, 65 per cent. of the total income PART II Rates For Deduction Of Tax At Source In Certain Cases In every case in which under the provisions of sections 193, 194, 194A, 194B, 194BB, 194D and 195 of the Income-tax Act, tax is to be deducted at the rates in force, deduction shall be made from the income subject to deduction at the following rates :- Section 1 - RATES OF INCOME-TAX (a) where the person is resident in India - (i) on income by way of interest other than "Interest on securities" 10 per cent.; (ii) on income by way of winnings from lotteries and crossword puzzles 40 per cent.; (iii) on income by way of winnings from horse races 40 per cent.; (iv) on income by way of insurance commission 10 per cent.; (v) on income by way of interest payable on 10 per cent.; (A) any security other than a tax-free security of the Central or a State Government; (B) any debentures or other securities for money issued by or on behalf of any local authority or a corporation established by a Central, State or Provincial Act; (C) any debentures issued by a company where such debentures are listed on a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956, and any rules made thereunder; (vi) on any other income (excluding interest payable on a tax-free security) 20 per cent.; (b) where the person is not resident in India - (i) in the case of a non-resident Indian - (A) on investment income and long-term capital gains 20 per cent.; (B) on income by way of interest payable on a tax-free security 15 per cent.; (C) on the whole of the other income-tax at 30 per cent. of the amount of the income, Or income-tax in respect of the income at the rates prescribed in Sub-Paragraph I of Paragraph A of I of this Schedule, if such income had been the total income, whichever is higher; (ii) in the case of any other person - (A) on income by way of interest payable on a tax-free security 15 per cent.; (B) on the whole of the other income-tax at 30 Per cent. of the amount of the income, or income-tax in respect of the income at the rates prescribed in Sub-Paragraph I of Paragraph A of Part III of this Schedule, if such income had been The total income, whichever is higher;