Finance Act, 1987

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"

20 per cent.;

(ii)

on any other income (excluding interest payable on tax-free security)

21.5 per cent.;

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

(i)

on income by way of dividends payable by any domestic company

25 per cent.;

(ii)

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

25 per cent.;

(iii)

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 proviso to sub-section (1A) of section 115A of the Income-tax Act, to the Indian concern

30 per cent.;

(iv)

on income by way of royalty [not being royalty of the nature referred to in sub-item (b) (iii) payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and which has been approved by the Central Government, -

(A)

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

50 per cent.;

(B)

where the agreement is made after the 31st day of March, 1976

30 per cent.;

(v)

on income by way of fees for technical services payable by in pursuance of an agreement made by it with the Government or the Indian concern and which has been approved by the Central Government, -

(A)

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

50 per cent.;

(B)

where the agreement is made after the 31st day of March, 1976

30 per cent.;

(vi)

on income by way of interest payable on a tax-free security

44 per cent.;

(vii)

on any other income

65 per cent.

Explanation : For the purposes of this Part, "investment income", "long-term capital gains" and "non-resident Indian" shall have the meaning assigned to them in Chapter XII-A of the Income-tax Act.

PART III

Rates For Calculating Or Charging Income-Tax In Certain Cases, Deducting Income-Tax From Chargeable Under The Head "Salaries" Or Any Payment Referred To In Sub-Section (9) Of Section 80e And Computing "Advance Tax"

In cases in which income-tax has to be calculated under the first proviso to sub-section (5) of section 132 of the Income-tax Act or charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or deducted under section 192 of the said Act from income chargeable under the head "Salaries" or deducted under sub-section (9) of section 80E of the said Act from any payment referred to in the said sub-section (9) 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 sub-section (1A) of section 161 or section 164 or section 164A or section 167A of the Income-tax Act at the rates as specified in that Chapter or section], shall be so calculated, charged, deducted or computed at the following rate or rates :-

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, 1988, exceeds Rs. 18,000, -

RATES OF INCOME-TAX

(1)

where the total income does not exceeds 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 exceeds 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 exceeds 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 exceed 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 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

65 per cent