Compulsory Deposit Scheme Act, 1963

Section 4 - REQUIREMENT AS TO COMPULSORY DEPOSIT

1) As from such date as the Central Government may, by notification in the Official Gazette, appoint 2 in this behalf, every person to whom this Act applies other than a person falling under clause (b) of section 2-, shall make a compulsory deposit at such rate as may be provided for in a scheme framed under this Act: Provided that different notifications may be issued under this subsection on different dates in relation to different categories of persons : Provided further that the rate of compulsory deposit shall not exceed the maximum rate specified in sub-section (2). (2) The maximum rate of deposit shall be- (a) in the case of a person falling under clause (a) of section 2-fifty per cent of the land revenue (including surcharge thereon, if any) payable in respect of the land or lands held by him in the year for which the deposit is required to be made. (b) in the case of a person falling under clause (c) of that section, three per cent of the annual rental value of the property with reference to which the property is assessed to the tax referred to in that clause in the year in which the deposit is required to be made : Provided that where the property is assessed to such tax not with reference to its annual rental value, the maximum rate of deposit under this clause shall be twelve and a half per cent. of such tax: (c) in the case of a person falling under clause (d) of that section, three per cent of his annual income from salary: (d) in the case of a person falling under clause (e) of that section, one-third of one per cent of his turnover during the year immediately preceding the year in which the deposit is required to be made; (e) in the case of a person falling under clause (f) of that section, a sum of sixty rupees per annum. (3) A person falling under clause (b) of section 2-by whom any additional surcharge is payable in respect of any assessment year may make a deposit under this Act in respect of that year and if he does so, then he shall, on production of proof before the Income-tax Officer concerned of the fact of such deposit having been made, be entitled to deduction from the additional surcharge of a sum which shall be equal to- (a) the sum so deposited, or (b) (i) where his residual income is six thousand rupees or less, three per cent. of such residual income, or (ii) where his residual income exceeds six thousand rupees, three per cent of the first six thousand rupees of such residual income and two per cent. of the balance thereof. whichever is less. (4) Any person falling under clause (b) of section 2-who is in respect of any income under the head "Salaries" during any financial year may make a deposit under this Act in that year and if he does so, then, notwithstanding anything in the Income-tax Act, the person responsible for paying that income shall, on production of proof of the fact of such deposit having been made, reduce the amount of additional surcharge included in the tax to be deducted in accordance with' the provisions of section 192-of the Act by a sum which shall be equal to- (a) the sum so deposited, or (b) the sum calculated in accordance with clause (b) of sub-section (3), whichever is less. (5) Any person falling under clause (b) of section 2-who is liable to pay advance tax under the Income-tax Act in any financial year may make a deposit under this Act in that year and if he does so, then, notwithstanding anything contained in the Income-tax Act, he shall, on production of proof before the Income-tax Officer concerned of the fact of such deposit having been made, be entitled to deduction from the additional surcharge included in the advance tax, of a sum which shall be equal to- (a) the sum so deposited, or (b) the sum calculated in accordance with clause (b) of sub-section (3), whichever is less. (6) Where a person falling under clause (d) of section 2-pays in any year any sum,- (i) to effect or to keep in force any insurance on the life of such person or on the life of the wife or husband of such person; or (ii) as a contribution to any provident fund to which the Provident Funds Act, 1925-, applies or to any "recognised provident fund" as defined in clause (38) of section 2 of the Income-tax Act-; or (iii) in a ten-year account or a fifteen-year account under the Post Office Savings Bank (Cumulative Time Deposit) Rules, 1959, as amended from time to time, he shall not be liable to make any compulsory deposit under this section for that year if such sum is not less than eleven per cent of his annual income from salary. (7) Where any person falls under any two or more categories referred to in section 2-other than the category referred to in clause (b) of that section, then, he shall make a compulsory deposit at the rate applicable to each of those categories. (8) Any deposit made under this section shall bear simple interest at the rate of four per cent. per annum to be

calculated from the first day of the month immediately following the month in which the deposit is made to the last day of the month immediately preceding the month in which it is repaid (both days inclusive) and notwithstanding anything in the Income-tax Act, the amount of such interest shall be free of any tax under that Act. (9) Any deposit made under this section during any year shall be repayable with interest thereon at any time after the expiry of five years from the end of the year in which the deposit has been made: Provided that nothing in this sub -section shall prevent earlier repayment of any deposit with interest thereon in any case in which authority empowered to make such repayment is satisfied that genuine hardship will be caused unless such repayment is made. 3[(9 -A) If any person has deposited any amount under the provisions of sub-section (3) or sub-section (4) which is in excess of the amount of additional surcharge payable by him, such excess shall, on an application made by that person, be refunded to him with interest due thereon, in such manner as the Central Government thinks fit. (9-B) If any person who is liable to pay advance tax under the Income-tax Act has made a deposit under the provisions of sub -section (5) in the financial year commencing on the first day of April, 1963, the amount of such deposit, shall, on an application made by that person, be refunded to him with interest due thereon, in such manner as the Central Government thinks fit.] (10) If any doubt or dispute arises as to the amount to be deposited by any person under this Act or as to the date on which such amount is to be deposited or as to any other matter in relation to any deposit to be made under this Act, the decision thereon of the Government or any authority empowered by the Government in this behalf shall be final.