Finance (No.2) Act, 2004

Section 2 - Income-tax

FINANCE (NO.2) ACT, 2004 FINANCE (NO.2) ACT, 2004 22 of 2004 PREAMBLE An Act to give effect to the financial proposals of the Central Government for the financial year 2004- BE it enacted by Parliament in the Fifty-fifth Year of the Republic of India as follows: CHAPTER 1: PRELIMINARY: SECTION : Short Title and Commencement: (1) This Act may be called the Finance (No. 2) Act, 2004. (2) Save as otherwise provided in this Act, (S.2) to (S.60) shall lie deemed to have come into force on the 1st day of April, 2004. CHAPTER 2: RATES OF INCOME-TAX: 1) Subject to the provisions of sub-sections (2) and (3), for the assessment year commencing on the 1st day of April, 2004, income-tax shall be charged at the rates specified in Part I of the First Schedule and such tax as reduced by the rebate of income-tax calculated under Chapter VIII-A of the Income-tax Act, (43 of 1961) (hereinafter referred to as the Income-tax Act) shall be increased by a surcharge for purposes of the Union calculated in each case in the manner provided therein. (2) In the cases to which Paragraph A of Part I of the First Schedule applies, where the assessee has, in the previous year, any net agricultural income exceeding five thousand rupees, in addition to total income, and the total income exceeds fifty thousand rupees, then,-- (a) the net agricultural income shall be taken into account, in the manner provided in clause (b) [that is to say, as if the net agricultural income were comprised in the total income after the first fifty thousand rupees of the total income but without being liable to tax), only for the purpose of charging income-tax in respect of the total income; and (b) the income-tax chargeable shall be calculated as follows- (i) the total income and the net agricultural income shall be aggregated and the amount of income-tax shall be determined in respect of the aggregate income at the rates specified in the said Paragraph A, as if such aggregate income were the total income; (ii) the net agricultural income shall be increased by a sum of fifty thousand rupees, and the amount of income-tax shall be determined in respect of the net agricultural income as so increased at the rates specified in the said Paragraph A, as if the net agricultural income as so increased were the total income; (iii) the amount of income-tax determined in accordance with sub-clause (i) shall be reduced by the amount of income-tax determined in accordance with sub-clause (ii) and the sum so arrived at shall be the income-tax in respect of the total income: Provided that the amount of income-tax so arrived at, as reduced by the amount of rebate of income-tax calculated under Chapter VIII-A, shall be increased by a surcharge for purposes of the Union calculated in each case in the manner provided in that Paragraph and the sum so arrived at shall be the income-tax in respect of the total income. (3) In cases to which the provisions of Chapter XII or Chapter XII-A or (S.115JB) or sub-section (1A) of (S.161) or (S.164) or (S.164A) or (S.167B of the Income Tax Act, 1961) apply, the tax chargeable shall be determined as provided in that Chapter or that section, and with reference to the rates imposed by sub-section (1) or the rates as specified in that Chapter or section, as the case may be: Provided that the amount of income-tax computed in accordance with the provisions of (S.112) shall be increased by a surcharge for purposes of the Union as provided in Paragraph A, B, C, D or E, as the case may be, of Part I of the First Schedule: Provided further that in respect of any income chargeable to tax under (S.115A), (S.115AB), (S.115AC), (S.115ACA), (S.115AD), (S.115B), (S.115BB), (S.115BBA), (S.115E) and (S.115JB of the Income Tax Act, 1961) the amount of income-tax computed under this sub-section shall be increased by a surcharge for purposes of the Union, calculated,-- (a) in the case of every individual, Hindu undivided family, association of persons and body of individuals, whether incorporated or not, at the rate of ten per cent of such income-tax where the total income exceeds eight hundred and fifty thousand rupees; (b) in the case of every co-operative society, firm, local authority and company, at the rate of two and one-half per cent of such income-tax; (c) in the case of every artificial juridical person referred to in sub-clause (vii) of clause (31) of (S.2 of the Income Tax Act, 1961), at the rate of ten per cent. of such income-tax. (4) In cases in which tax has to be charged and paid under