

**Finance Act, 1961**

**Section 17 - DISCONTINUANCE OF SALT DUTY - For the year beginning on the first day of April, 1961, no duty under the Central Excises**

Section 2-) PART I Income-tax and surcharges on income-tax Paragraph A (i) In the case of every individual who is married and every Hindu undivided family whose total income does not exceed Rs. 20,000 in either case- Rates of Income-tax Where the individual has no child Where the individual has one child Where the individual has more than wholly or mainly dependent on him or wholly or mainly dependent on him one child wholly or mainly dependent on him or where the Hindu undivided family has or where the Hindu undivided family has more than one minor coparcener, family has one minor coparcener. undivided family has more than one minor coparcener. Rs. Rs. Rs. (1) On the first 3,000 of total 3,300 of total 3,600 of total Nil income. income. income. (2) On the next 2,000 1,700 1,400 3% (3) On the next 2,500 2,500 2,500 6% (4) On the next 2,500 2,500 2,500 9% (5) On the next 2,500 2,500 2,500 11% (6) On the next 2,500 2,500 2,500 14% (7) On the next 5,000 5,000 5,000 18% (ii) In the case of every individual who is not married and every individual or Hindu undivided family whose total income in either case exceeds Rs. 20,000 and in the case of every unregistered firm or other association of persons, not being a case to which any other Paragraph of this Part applies:- Per cent. (1) On the first Rs. 1,000 of total income ... Nil (2) On the next Rs. 4,000 of total income ... 3 (3) On the next Rs. 2,500 of total income ... 6 (4) On the next Rs. 2,500 of total income ... 9 (5) On the next Rs. 2,500 of total income ... 11 (6) On the next Rs. 2,500 of total income ... 14 (7) On the next Rs. 5,000 of total income ... 18 (8) On the balance of total income ... 25 Provided that for the purposes of this Paragraph- (i) no income-tax shall be payable on a total income which does not exceed the limit specified below: (ii) the income-tax payable shall in no case exceed half the amount by which the total income exceeds the said limit; (iii) the income-tax payable by an individual who is married or a Hindu undivided family whose total income exceeds in either case Rs. 20,000 shall not exceed the aggregate of- (a) the income-tax which would have been payable if the total income had been Rs. 20,000; (b) half the amount by which the total income exceeds Rs. 20,000: .The limit aforesaid shall be- (i) Rupees 6,000 in the case of every Hindu undivided family which as at the end of the previous year satisfies either of the following conditions, namely :- (a) that it has at least two members entitled to claim partition who are not less than eighteen years of age; or (b) that it has at least two members-entitled to claim partition who are not lineally descended one from the- other and who are not lineally descended from any other living member of the family; (ii) Rupees 3,000 in every other case.

Surcharges on income-tax The amount of income-tax computed at the rates hereinbefore specified shall be increased by the aggregate of the surcharges calculated as under : (a) A surcharge for purposes of the Union equal to the sum' of- (i) five per cent of the amount of income-tax; and (ii) where the earned income included in the total income exceeds Rs. 1,00,000, ten per cent of the difference between the amount of income-tax which would have been payable on the whole of the earned income included in the total income if such earned income had been the total income and the amount of income-tax payable on a total income of Rs. 1,00,000; (b) A special surcharge at fifteen per cent of the difference between the amount of income-tax on the total income and the amount of income-tax on the whole of the earned income, if any, included in 'the total income if such earned income had been the total income: . Provided that- (i) no surcharge for purposes of the Union shall be payable where the total income does not exceed the limit specified below; (ii) no special surcharge shall be payable in the case of an assessee whose total income does not include any income from dividend on ordinary shares if his total income does not exceed the limit specifier below, and where the total income includes any dividends on ordinary shares, such limit shall be increased by Rs. 1.500 or the amount of the said dividends, whichever is less: Provided further that- (a) where the total income includes any dividends on ordinary shares, the surcharge for purposes of the Union and the special surcharge shall not in each case exceed half the amount by which the total income exceeds the respective limits applicable in either case; (b) the surcharge for purposes of the Union and the special surcharge, both together, shall not exceed

half the amount by which the total income exceeds the limit specified below; The limit aforesaid shall be - , i.

(i) Rupees 15,000 in the case of every Hindu undivided family which satisfies as at the end of the previous year either of the following conditions, namely:- (a) that it has at least two members entitled to claim partition who are not less than eighteen years of age: or (b) that it has at least two members entitled to claim partition who are not lineally descended one from the other and who are not lineally descended from any other living member of the family; (ii) Rupees 7,500 in every other case. ' Explanation.- For the purposes of this Paragraph, in the case of every Hindu undivided family governed by the Mitakshara law, a son shall be deemed to be entitled to claim partition of the coparcenary property against his father, or grandfather notwithstanding any custom to the contrary. Paragraph B In the case of every local authority,- Rate of Income-tax Per cent. On the whole of the total income ... .. 10 Surcharge on Income-tax The amount of income-tax computed at the rate hereinbefore specified shall be increased by a surcharge for purposes of the Union of 5 per cent of the amount of income-tax. Paragraphn C In every case in which under the provisions of the Income-tax Act, income-tax is to be charged at the maximum rate,- Rate of Income-tax Per cent. On the whole of the total income ... .. 25 Surcharges on Income-tax The amount of income-tax computed at the rate hereinbefore specified shall be increased by the aggregate of the surcharges calculated as under: (a) a surcharge for purposes of the Union of five per cent of the amount of income-tax; and (b) a special surcharge of fiteen per cent of the amount of income-tax. Paragraph D In the case of every company Rate of Income-tax Per cent On the whole of the total income ... .. 20 Paragraph E In the case every registered. firm.- Per cent (1) On the first Rs. 40,000 of total income Nil (2) On the next Rs. 35,000 of total income 5 (3) On the next Rs. 75.000 of total income 6 (4) On the balance of total income 9 PART II Super-tax and surcharges on super-tax Paragraph A In the case of every individual, Hindu undivided family, unregistered firm and other association of persons, not being a case to which any other Paragraph of this Pan applies, Per cent (1) On the first Rs. 20.000 of total income ... .. Nil (2) On the next Rs. 5.000 of total income ... .. 5 (3) On the next Rs. 5,000 of total income ... .. 15 (4) On the next Rs, 10,000 of total income ... .. 20 (5) On the next Rs. 10,000 of total income ... .. 30 (6) On the next Rs. 10.000 of total income ... .. 35 (7) On the next Rs. 10,000 of lota) income ... .. 40 (8) On the balance of total income ... .. 45 Surcharges on super-tax The amount of super-tax computed at the rates hereinbefore specified shall be increased by the aggregate of the surcharges calculated as under:- (a) A surcharge for purposes of the Union equal to the sum of- (i) five per cent. of the amount of super-tax; and (ii) where the earned income included in the total income exceeds Rs. 1,00,000, ten per cent. of the difference between the amount of super-tax which would have been payable on the whole of the earned income included in the total income, if such earned income had been, the total income and the amount of super-tax payable on a total income of Rs. 1,00,000; (b) A special surcharge at fifteen per cent of the difference between the amount of super-tax on the total income and the amount of super-tax on the whole of the earned income, if any, included in the total income, if such earned income had been the total income. Paragraph B In the case of every local authority,- Rates of super-tax Per cent. On the whole of the total income ... .. 16 Surcharge on super-tax The amount of super-tax computed at the rate hereinafter specified shall be increased by a surcharge for purposes of the Union of 12'2 per cent of the amount of super-tax. Paragraph C In the case of every association of persons being a co-operative society as defined in clause (5B) ofsection 2 of the Income-tax Act,- Rates of super-tax Per cent. (1) On the first Rs. 25,000 of total income ... .. Nil (2) On the balance of total income ... .. 16 Surcharge on super-tax The amount of super-tax computed at the rates hereinafter specified shall be increased by a surcharge for purposes of the Union of 12'2 per cent. of the amount of super-tax. Paragraph D In the case of every company, other than the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956,- Rates of super-tax Per cent, On the whole of the total income ... .. 55 Provided that- (i) a rebate at the rate of 45 per cent. on so much of the total income as consists of dividends from a subsidiary Indian company formed and registered before the 1st day of April, 1961; at the rate of 40 per cent. on so much of the total income as consists of dividends from any other Indian company formed and registered on or after the 1st day of April, 1959; and at the rate of 35 per cent. on the balance of the total income shall be allowed in the case of any company which- (a) in respect of its profits liable to tax under the Income-tax Act for the year ending on the 31st day of March, 1962, has made the prescribed arrangements for the declaration and payment within India of the dividends payable out of such proits in accordance with the provisions of sub-section (3D) ofsection 18-of that Act; and (b) is such a company as is referred to in sub-section (9) ofsection 23A of the Income-tax

Act-with a total income not exceeding Rs. 25,000; (ii) a rebate at the rate of 45 per cent on so much of the total income as consists of dividends from a subsidiary Indian company formed and registered before the 1st day of April, 1961; at the rate of 35 per cent on so much of the total income as consists of dividends from any other Indian company formed and registered on or after the 1st day of April, 1959; and at the rate of 30 per cent on the balance of the total income shall be allowed in the case of [any \* \* \* \* company which satisfies] condition (a) but not condition (b) of the preceding clause; (iii) a rebate at the rate of 45 per cent on so much of the total income as consists of dividends from a subsidiary Indian company formed and registered before the 1st day of April, 1961; at the rate of 35 per cent on so much of the total income as consists of dividends from any other Indian company formed and registered on or after the 1st day of April, 1959; at the rate of 25 per cent on so much of the total income as consists of royalties received from an Indian concern in pursuance of an agreement made by it with the Indian concern on or after the 1st day of April, 1961 and which has been approved by the Central Government in this behalf; and at the rate of 12 per cent on the balance of the total income shall be allowed in the case of any company not entitled to a rebate under either of the preceding clauses. Provided further that- (i) the amount of the rebate under clause (i) or clause (ii) of the preceding proviso shall be reduced by the sum if any, equal to the amount or the aggregate of the amounts, as the case may be, computed as hereunder:- (a) on the aggregate of the sums computed in the manner provided in clause (i) of the second pro- at the rate viso to Paragraph D of Part II of the First Schedule to the Finance Act, 1960 as reduced by the of 100% amount, if any, which is deemed to have been taken into account, in accordance with clause (ii) of the said proviso, for the purpose of reducing the rebate mentioned in clause (i) of the said pro- viso to nil; and (b) on the amount representing the face value of any bonus shares or the amount of any bonus at the rate issued to its shareholders during the previous year with a view to increasing the paid up capital; of 12'i% (ii) where the sum arrived at in accordance with clause (i) of this proviso exceeds the amount of the rebate arrived at in accordance with clause (i) or clause (ii), as the case may be, of the preceding proviso only so much of the amounts of reduction mentioned in sub-clauses (a) and (b) of clause (i) of this proviso as is sufficient, in that order, to reduce the rebate to nil shall be deemed to have been taken into account for the purpose: Provided further that the super-tax payable by a company, the total income of which exceeds rupees twenty-five thousand, shall not exceed the aggregate of- (a) the super-tax which would have been payable by the company of its total income had been rupees twenty-five thousand; and (b) half the amount by which its total income exceeds rupees twenty-five thousand. Explanation.- For the purposes of this Paragraph, where any portion of the profits and gains of a company is not included in its total income by reason of such portion being agricultural income, the amount representing the face value of any bonus shares and the amount of any bonus issued to its shareholders shall each be deemed to be such proportion thereof as the average of the total income of the company in the five previous years in which the company has been in receipt of taxable income immediately preceding the relevant previous year bears to the average of its total profits and gains (excluding capital receipts) for the preceding five years aforesaid, reduced by such allowances as may be admissible under the Income-tax Act which have not been taken into account by the company in its profit and loss accounts for the preceding five years aforesaid.Paragraph E In the case of the Life Insurance Corporation of India established underthe Life Insurance Corporation Act, 1956-, Rate of super-tax Per cent On the whole of its profits and gains from life insurance business ... 22.5 PART III Rates for deduction of tax undersection 18 of the Incom-tax Act-at the prescribed rates In every case in which under the provisions ofSection 18 of the Income-tax Act-, tax is to be deducted at the prescribed rates, deduction shall be made from the income subject to deduction at the following rates:

---

Income-tax Super tax

---

Rate of Rates of surcharges Rate of Rates of income-tax Surcharge for purposes of the Union Special surcharge super-tax surcharges

---

1. In the case of a person other than a company- (a) in every case, on the 25% 1.25% 3.75% whole income exclud- ing interest payable on any security of the Central Government issued or declared to be income-tax free), and (b) in additon where the Super-tax and surcharges on person is one whom super-tax in accordance with the the person responsible provisions of clause (b) of sub-sec- for paying the income tion (1) of section 17 of the In- has no reason to be- come-tax Act. lieve to be resident in the taxable territories, on the whole

income. 2. In the case of a company- (a) in every case- (i) on the whole income (excluding interest payable on any security of the 20% Central Government issued or declared to be income-tax free); and (ii) on the whole income (excluding dividends payable by an Indian company 10% referred to in section 56A of the Income-tax Act-); and (b) in addition, where the company is neither an Indian company nor a company which has made the prescribed arrangements for the declaration and payment of dividends within India,- (i) on the income from dividends (excluding dividends payable by an Indian company referred to in section 56A of the Income-tax Act-)-

---

Rate of Rate of income-tax Super-tax

---

(1) on dividends payable by any of its subsidiary Indian companies formed and registered before the 1st day of April 1961 ... .. Nil (2) on dividends payable by any other Indian company formed and registered on or after the 1st day of April, 1959 ... .. 10% (3) on any other dividends ... .. ". ... .. 33% (ii) on the income from royalties payable by an Indian concern in pursuance of an agreement which is made by it with the Indian concern on or after the 1st day of April, 1961 and which has been approved by the Central Government in this behalf ... .. 20% (iii) on any other income, not being income from dividends. 33%

---

SCHEDULE 02: 2 (See section 11-) (Note.- This Schedule amended by the First Schedule to Indian Tariff Act, 1934, which is now repealed and replaced by the Customs Tariff Act, 1975,) Central Bare Acts

**SooperKanoon - India's Premier Online Legal Search - sooperkanoon.com**