Finance Act, 1963

Section 31 - AMENDMENT OF ACT 6 OF 1898 - [Note.- This section substituted the then Schedule 1 to Indian Post Office Act, 1898.]

See Section 2-) PART 1 Income-tax and surcharges on income-tax Paragraph A (i) In the case of every Hindu undivided family whose total income does not exceed Rs. 20,000 in either case- Rates of Income-tax____

When 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 depen- where the Hindu undivided family has or where the Hindu undivided dent on him or where the Hindu no 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 " 7% (4) On the next 2,500 " 2,500 " 2,500 " 10% (5) On the next 2,500 " 2,500 " 2,500 " 12% (6) On the next 2,500 " 2,500 - 2,500 - 15% (7) On the next 2,500 " 2,500 - 2,500 " 20% (8) On the next 2,500 " 2,500 " 2,500 " 23%

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 or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) ofsection 2 of the Income-tax Act-, not being a case to which any other Paragraph of this Part applies:- Rs. (1) On the first ... ... 1,000 of total Nil income (2) On the next ... ... 4,000 " 3% (3) On the next ... ... 2,500 " 7% (4) On the next ... ... 2,500 " 10% (5) On the next ... ... 2,500 " 12% (6) On the next ... ... 2,500 " 15% (7) On the next ... ... 2,500 " 20% (8) On the next ... ... 2,500 " 23% (9) 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) Rs. 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) Rs. 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) two and a half per cent of the amount of income-tax calculated at the average rate of income-tax on the income under the head "Salaries" included in the total income; (ii) five per cent of the amount of income-tax calculated at the average rate of income-tax on the total income as reduced by the income under the head "Salaries" included therein; and (iii) 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 the surcharge for purposes of the Union and the special surcharge, both together, shall not exceed half the amount by which the total income as reduced by the amount of income-tax payable by the assessee exceeds the limit specified below:- The limit aforesaid shall be- (i) Rs. 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) Rs. 3,000 in every other case; (c) an additional surcharge for purposes of the Union calculated on the amount of the residual income at the following rates, namely:- (i) On the first Rs. 6,000 of the residual income ... ... 4% (ii) On the next Rs. 9,000 of the residual income ... ... 6% (iii) On the next Rs. 12,000 of the residual income ... ... 8% (iv) On the next Rs. 15,000 of the residual income ... ... 9% (v) On the balance of the residual income ... ... 10% Provided that- (i) no additional surcharge shall be levied where the residual income does not exceed the limit specified below;[(ii) the additional surcharge shall in no case exceed one-half of the amount by which residual income exceeds the limit specified below,] (a) an amount calculated at three per cent on no much of the amount of residual income as does not exceed the limit specified below; (b) one-half of the amount by which the residual income exceeds the limit specified below.The limit aforesaid shall be- (i) Rs. 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) Rs. 3,600 in the case of every individual who has more than one child wholly or mainly dependnt on him or in the case of every Hindu undivided family having more than one minor coparcener, (iii) Rs. 3,300 in the case of every individual who has one child wholly or mainly dependent on him or in the case of every Hindu undivided family having one minor coparcener; (iv) Rs. 3,000 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 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 five per cent of the amount of income-tax. Paragraph 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 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; (b) a special surcharge of fifteen per cent of the amount of income-tax; and (c) an additional surcharge for purposes of the Union calculated on the amount of the residual income at the rates as specified in Paragraph A of this Part. Paragraph D In the case of every company- Rate of income-tax Per cent On the whole of the total income Pargraph E In the case of every registered firm,- Rates of income-tax

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Where the firm has four Where the firm has or less partners five or more partners as on the last of the previous year

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(1) On the first Rs. 25,000 of total income Nil Nil (2) On the next Rs. 15,000 of total income 5% 7% (3) On the next Rs. 20,000 of total income 6% 8% (4) On the next Rs. 40,000 of total income 7% 9% (5) On the next Rs. 50,000 of total income 8% 10% (6) On the balance of total income 10% 12%

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on income- tax The amount of income-tax computed at the rates hereinbefore specified shall be increased by a surcharge for purposes of the Union equal to the sum of- (i) twenty per cent of the amount of income-tax payable by the firm on its income from any business carried on by it calculated at the rate of income-tax applicable to its total income; and (ii) ten per cent of the amount of income-tax payable by it on its income from all sources other than from any business carried on by it calculated at the rate of income-tax applicable to its total income. PART 2 Super-tax and Surcharges on Super-tax Paragraph A In the case of every individual, Hindu undivided family, 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) ofsection 2 of the Income-tax Act-, not being a case to which any other Paragraph of this Part applies,- Rates of super-tax Per cent. (1) On the first Rs. 20,000 of total income ... ... Nil (2) On the next Rs. 5,000 of total income ... ... 8 (3) On the next Rs. 5,000 of total income ... ... 18 (4) On the next Rs. .10,000 of total income ... ... 22 (5) On the next Rs. 10,000 of total income ... ... 32 (6) On the next Rs. 10000 of total income ... ... 40 (7) On the next Rs. 10,000 of total income ... ... 45 (8) On the balance of total income ... ... 47.5 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) two and a half per cent of the amount of super-tax calculated at the average rate of super-tax on the income under the head "Salaries" included in the total income; (ii) five per cent of the amount of super-tax calculated at the average rate of super-tax on the total income as reduced by the income under the head "Salaries" included therein; and (iii) 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-lax 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,- Rate 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 hereinbefore specified shall be increased by a surcharge for the purposes of the Union of l2 1/2 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 (19) of section 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 hereinbefore specified shall be increased by a surcharge for purposes of the Union of 12 1/2 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, 1956Rates of super-tax Per cent On the whole of the total income ... ... 55 Provided that- (i) a rebate at the rate of 50 per cent on so much of the total income as consists of dividends from any Indian company; 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 assessment year commencing on the 1st day of April, 1963, has made the prescribed arrangements for the declaration and payment within India of the dividends payable out of such profits in accordance with the provisions of section 194-of that Act; and (b) is such a company as is referred to in section 108 of the Income-tax Act-with a total income not exceeding Rs. 25,000; (ii) a rebate at the rate of 50 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 45 percent on so much of the total income as consists of dividends from any other Indian company; 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 50 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 30 per cent on so much of the total income as consists of dividends from an Indian company, not being a subsidiary company, formed and registered before the 1st day of April, 1959; at the rate of 45 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 30 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 1 st day of April, 1961 and which has been approved by the Central Government; and at the rate of 17 percent 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 at the rate of 100 per cent the second proviso to Paragraph D of Part II of the First Schedule to the Finance (No. 2) Act, 1962, as reduced by the 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 proviso to nil; and (b) on the amount representing the face value of any bonus shares or the amount of at the rate of 12 1/2 percent any bonus issued to its shareholders during the previous year with a view to in- creasing the paid up capital; (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 if 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 1.- 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 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. Explanation II.- For the purposes of this Paragraph and Part III of the Schedule, a company shall be deemed to be a subsidiary of another company if that other company holds more than half in nominal value of the equity share capital of the first mentioned company. Paragraph E In the case of the Life Insurance Corporation of India established under the 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 3 Rates for deduction of tax at source in certain cases In every case in which under the provisions of sub-section (2) of section 192-andsections 193-to195 of the Income-lax 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:-

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Income-tax Super-tax Rate of Rates of surcharges Rate of Rates of income-tax super-tax surcharges Surcharge Special for surcharge purpose of the union

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In the case of person other than a company- (a) in every case, on the whole in- 5% 1.25% 3.75% come (excluding interest pay- able on any security of the Central Government issued or declared to be income-tax, and interest payable on any security of a State Government issued income-tax free, the income-tax whereon is payable by the State Government) and (b) in addition, where the person is Super-tax and surcharges non-resident in India on the on super-tax in accordance whole income, with the provisions of Cl. (b) of sub-section (1) of S. 113 of the Income-tax Act.

Rate of Rate of income-tax super-tax .

In the case of company- (a) in every case- (i) on the whole income (excluding interest payable on any security of the Central Government issued or declared to be income-tax free and interest payable on any security of a State Government issued income-tax free, the income-tax whereon is payable by the State Government): and ... 25% (ii) on the whole of income (excluding dividends payable by an Indian company referred to in clause (iv) of sub-section (1) of section 99 of the Income-tax Act-); and ... 5% (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 clause (iv) of sub-section (1) of section 99 of the Income-tax Act-- (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 an Indian Company, not being a subsidiary company, formed and registered before the 1st day of April, 1959 ... ... 20% (3) on dividends payable on any other Indian company formed and registered on or after the 1st day of April, 1959 ... ... 5% (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 ... ... 20% (iii) on any other income ... ... 33% SCHEDULE 02: 2 [See section 22(2)-] [Note.- This Schedule amended various items in First Schedule to the then existing Indian Tariff Act, 1934. That Act is now replaced by Customs Tariff Act, 1975.] Central Bare Acts