

Finance Act, 1964

Section 2 - INCOME-TAX AND SUPER-TAX

1) Subject to the provisions of sub-sections (2), (3), (4) and (5), for the assessment year commencing on the 1st day of April, 1964,- (a) income-tax shall be charged at the rates specified in Part I of the First Schedule and, in the cases to which Paragraphs A, B, C and E of that Part apply, shall be increased by a surcharge for purposes of the Union calculated in either case in the manner provided therein; (b) super-tax shall, for the purposes of section 95 of the Income-tax, 1961 (hereinafter referred to as the Income-tax Act), be charged at the rates specified in Part II of the First Schedule, and, in the cases to which Paragraphs A, B and C of that Part apply, shall be increased by a surcharge for purposes of the Union calculated in the manner provided therein. (2) In making any assessment for the assessment year commencing on the 1st day of April, 1964,- (a) where the total income of an assessee, not being a company, includes any income chargeable under the head "Salaries", the income-tax payable by the assessee on that part of his total income which consists of such inclusion shall be an amount bearing to the total amount of income-tax payable according to the rates applicable under the operation of the Finance Act, 1963, on his total income the same proportion as the amount of such inclusion bears to his total income; (b) where the total income of an assessee, not being a company, includes any income chargeable under the head "Salaries" on which super-tax has been or might have been deducted under the provisions of sub-section (1) of section 192 of the Income-tax Act, the super-tax payable by the assessee on that portion of his total income which consists of such inclusion shall be an amount bearing to the total amount of super-tax payable according to the rates applicable under the operation of the Finance Act, 1963, on his total income the same proportion as the amount of such inclusion bears to his total income. (3) In making any assessment for the assessment year commencing on the 1st day of April, 1964, where the total income of a company, other than the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956, includes any profits and gains from life insurance business, the super-tax payable by it shall be the aggregate of the tax calculated- (i) on the amount of profits and gains from life insurance business so included, at the rate applicable to the Life Insurance Corporation of India in accordance with Paragraph E of Part II of the First Schedule; and (ii) on the remaining part of its total income, at the rate applicable to the company on its total income. (4) In cases to which Chap. XII of the Income-tax Act applies, the tax chargeable shall be determined as provided in that Chapter, and with reference to the rates imposed by sub-section (1) or the rates as specified in that Chapter, as the case may be. (5) (a) In respect of any assessment for the assessment year commencing on the 1st day of April, 1964 - (i) an assessee being an Indian company or any other company which has made the prescribed arrangements for the declaration and payment of dividends within India or an assessee (other than a company) whose total income includes any profits and gains derived from the export of any goods or merchandise out of India, shall be entitled to a deduction, from the amount of income-tax and super-tax with which he is chargeable, of an amount equal to the income-tax and super-tax calculated respectively at one - tenth of the average rate of income-tax and of the average rate of super-tax on the amount of such profits and gains included in the total income; (ii) where an assessee of the type referred to in sub-clause (i) engaged in the manufacture of any articles in an industry specified in the First Schedule to the Industries (Development and Regulation) Act, 1951, has exported after the 28th day of February, 1963, such articles out of India, he shall be entitled, in addition to the deduction of tax referred to in sub-clause (i), to a further deduction, from the amount of tax with which he is chargeable for the assessment year, of an amount equal to the income-tax and super-tax calculated respectively at the average rate of income-tax and the average rate of super-tax on an amount equal to two per cent of the sale proceeds receivable by him in respect of such export; (iii) where an assessee of the type referred to in sub-clause (i) engaged in the manufacture of any articles in an industry specified in the said First Schedule has sold after the 28th day of February, 1963, such articles to any other person in India who himself has exported them out of India and evidence is produced before the Income-tax Officer of such articles having been so exported, the assessee shall be entitled to a deduction from the amount of

income-tax and super-tax with which he is chargeable for the assessment year of an amount equal to the income-tax and super-tax calculated respectively at the average rate of income -tax and the average rate of super-tax on a sum equal to two per cent of the sale proceeds receivable by him in respect of such articles from the exporter: (b) The total of the deduction under this sub-section shall in no case exceed the amount of income-tax and super-tax otherwise payable by the assessee. (c) Nothing contained in sub -clause (ii) and sub-clause (iii) of clause (a) shall apply,- (i) in relation to- (1) fuels, (2) fertilisers, (3) photographic raw film, and paper, (4) textiles (including those dyed, printed or otherwise processed) made wholly or in part of jute, including jute twine and rope, (5) newsprint, (6) pulp-wood pulp, mechanical, chemical, including dissolving pulp, (7) sugar, (8) vegetable oils and vanaspathi, (9) cement and gypsum products, (10) arms and ammunition, and (11) cigarettes, respectively specified in items 2, 18,20,23(2), 24(2), 24(5), 25, 28, 35, 37 and 38 of the First Schedule to the Industries (Development and Regulation) Act, 1951; or (ii) in relation to textiles specified in items 23(1), 23(3), 23(4) and 23(5) of that Schedule Where such textiles have been exported before the 1st day of March, 1964. (d) The amount of any profits and gains derived from the export of any goods or merchandise out of India in respect of which deduction of income-tax and super-tax is admissible under sub-clause (i) of clause (a) shall be computed in accordance with the rules made by the Central Board of Direct Taxes in this behalf. (6) In cases in which tax has to be deducted under sub-section (2) of section 192 and sections 193 to 195 of the Income-tax Act at the rates in force the deduction shall be made at the rates specified in Part III of the First Schedule. (7) For the purposes of this section, and of the rates of tax imposed thereby, and of sections - (i) the expressions "assessment year", "average rate of income-tax", "average rate of super-tax", "partner", "tax" and "total income" have, unless the context otherwise requires, the meanings respectively assigned to them under clauses (9), (10), (II), (23), (43) and (45) of section 2 of the Income-tax Act; (ii) the expression "earned income" has the same meaning as in section 2 of the Finance (No. 2) Act, 1962.