

## Finance Act, 1968

### Section 44 - AMENDMENT OF ACT 6 OF 1898 [Note. This section substituted existing First Schedule of Indian Post Office Act, 1898 which

See section 2-) PART Income-tax and surcharges on income-tax Paragraph A In the case of every individual or Hindu undivided family or 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) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies. - Rates of income-tax (1) where the total income does not exceed Rs. 5,000 5 per cent. of the total income. (2) where the total income exceeds Rs. 5,000 but does not Rs. 250 plus 10 per cent. of the amount by which the total exceed Rupees 10,000 income exceeds Rupees 5,000: (3) where the total income exceeds Rs. 10,000 but does Rs. 750 plus 15 per cent. of the amount by which the total not exceed Rs. 15,000 income exceeds Rs. 10,000; (4) where the total income exceeds Rs. 15,000 but does Rs. 1,500 plus 20 per cent. of the amount by which the not exceed Rs. 20,000 total income exceeds Rs. 15,000; (5) where the total income exceeds Rs. 20,000 but does Rs. 2,500 plus 30 per cent. of the amount by which the not exceed Rs. 25,000 total income exceeds Rs. 20,000; (6) where the total income exceeds Rs. 25,000 but does Rs. 4,000 plus 40 per cent. of the amount by which the not exceed Rs. 30,000 total income exceeds Rs. 25,000; (7) where the total income exceeds Rs. 30,000 but does Rs. 6,000 plus 50 per cent. of the amount by which the not exceed Rs. 50,000 total income exceeds Rs. 30,000; (8) where the total income exceeds Rs. 50,000 but does Rs. 16,000 plus 60 per cent. of the amount by which the not exceed Rs. 70,000 total income exceeds Rs. 50,000; (9) where the total income exceeds Rs. 70,000 Rs. 28,000 plus 65 per cent. of the amount by which the total income exceeds Rs. 70,000; Provided that for the purposes of this Paragraph, in the case of a person, not being a non-resident- (i) no income-tax shall be payable on a total income not exceeding the following limits, namely:- (a) Rs. 7,000 in the case of every Hindu undivided family which as at the end of the previous year satisfies either of the following two conditions, namely:- (1) that it has at least two members entitled to claim partition who are not less than eighteen years of age; or (2) 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; (b) Rs. 4,000 in every other case: (ii) where such person is an individual whose total income does not exceed Rs. 10,000 and who has, during the previous year, incurred any expenditure for the maintenance of any one or more of his parents or grand-parents mainly dependent on him, the income-tax computed at the rate hereinbefore specified shall be reduced by so much of the amount specified hereunder, as does not exceed the amount of income-tax so computed:- (a) Rs. 145 in the case of an unmarried individual: (b) Rs. 220 in the case of a married individual who has no child mainly dependent on him; (c) Rs. 240 in the case of a married individual who has one child mainly dependent on him; (d) Rs. 260 in the case of a married individual who has more than one child mainly dependent on him; (iii) where such person is an individual not falling under clause (ii) or a Hindu undivided family, the income-tax computed at the rate hereinbefore specified shall be reduced by so much of the amount specified hereunder, as does not exceed the amount of income-tax so computed :- (a) Rs. 125 in the case of an unmarried individual; (b) Rs. 250 in the case of a married individual who has no child mainly dependent on him or a Hindu undivided family which has no minor co-parcener; (c) Rs. 220 in the case\* of a married individual who has one child mainly dependent on him or a Hindu undivided family which has one minor coparcener mainly supported from the income of such family; (d) Rs. 240 in the case of a married individual who has more than one child mainly dependent on him or a Hindu undivided family which has more than one minor coparcener mainly supported from the income of such family; (iv) (A) where such person is an individual whose total income exceeds Rs. 10,000 but does not exceed Rs 20,000 and who has, during the previous year, incurred any expenditure for the maintenance of any one or more of his parents or grand-parents mainly dependent on him, the income-tax payable by him in respect of such total income shall not exceed the aggregate of- (1) the income-tax which would have been payable by the individual if his total income had been Rs. 10,000. and (2) 40 per cent. of the amount by

which the total income of the individual exceeds Rs. 10,000; (B) where such person is not an individual whose case falls under sub-clause (A) and the total income of such person does not exceed Rs. 20,000, the income-tax payable thereon shall not exceed 40 per cent. of the amount by which the total income exceeds the limit specified in sub-clause (a) or, as the case may be, sub-clause (b) of clause (i) of the proviso.

Explanation.- For the purposes of clause (ii) and sub-clause (A) of clause Unit Trust of India Act, 1963-, included in the total income, or (ii) in any other case the amount of unearned income included in the total income, exceeds Rs. 30,000, a surcharge calculated on the difference between the amount of income-tax computed in respect of the income referred to in sub-clause (i) or, as the case may be, sub-clause (ii), if such income had been the total income and the amount of income-tax computed in respect of an income of Rs. 30,000 if it had been the total income, at the following rate, namely:- (1) where the amount of the difference does not exceed 20 per cent. of the amount of such difference: Rs. 10,000 (2) where the amount of the difference exceeds Rs. 2,000 plus 25 per cent. of the amount by which the difference aforesaid exceeds Rs. 10,000: (b) where- (i) in the case of an individual or a Hindu undivided family the earned income and income by way of interest on any security of the Central or State Government and income received in respect of units from the Unit Trust of India, established under the Unit Trust of India Act, 1963. included in the total income, or (ii) in any other case, the earned income included in the total income. exceeds Rs. 1 lakh, a surcharge calculated on the amount of the difference between the income-tax computed in respect of the income referred to in sub-clause (i), or, as the case may be, sub-clause (ii), if such income had been the total income and the income-tax computed in respect of a total income of Rs. 1 lakh, at the following rate. namely:- (1) where the amount of the difference does not exceed 5 per cent. of the amount of such difference: Rs. 65,000 (2) where the amount of the difference exceeds Rs. 3,250 plus 10 per cent. of the amount by which the Rs. 65,000 but does not exceed Rs. 1,30,000 difference aforesaid exceeds Rs. 65,000: (3) when amount of the difference exceeds Rs. 1,30,000 Rs. 9,750 plus 15 per cent. of the amount by which the difference aforesaid exceeds Rs. 1,30,000, and (c) a special surcharge calculated at the rate of ten per cent. on the aggregate of the following amounts. namely:- (i) the amount of income-tax computed in accordance with the preceding provisions of this Paragraph; and (ii) the aggregate of the amounts of the surcharges calculated in accordance with clause (a) and clause (b) of this sub-paragraph.

Paragraph B In the case of every co-operative society,- Rates of income-tax (1) where the total income does not exceed Rs. 5,000 5 per cent. of the total income (2) where the total income exceeds Rs. 5,000 but does Rs. 250 plus 10 per cent. of the amount by which the not exceed Rs. 10,000 total income exceeds Rs. 5,000; (3) where the total income exceeds Rs. 10,000 but does Rs. 750 plus 15 per cent. of the amount by which the not exceed Rs. 15,000 total income exceeds Rs. 10,000; (4) where the total income exceeds Rs. 15,000 but does Rs. 1,500 plus 20 per cent. of the amount by which the not exceed Rs. 20,000 total income exceeds Rs. 15,000; (5) where the total income exceeds Rs. 20,000 but does Rs. 2,500 plus 25 per cent. of the amount by which the not exceed Rs. 25,000 total income exceeds Rs. 20,000; (6) where the total income exceeds Rs. 25,000 Rs. 3,750 plus 41 per cent. of the amount by which the total income exceeds Rs. 25,000; Provided that- (i) no income-tax shall be payable on a total income not exceeding Rs. 4,000: and (ii) where the total income is twenty thousand rupees or less, the income-tax payable shall not exceed ten per cent of the amount by which the total income exceeds Rs. 4,000.

Surcharges on income-tax The amount of income-tax computed at the rate hereinbefore specified shall be increased by the aggregate of surcharges for the purposes of the Union calculated as specified hereunder:- (a) where the total income exceeds Rs. 25,000, a surcharge calculated at the rate of 14 per cent. of the amount of the difference between the income-tax computed at the rate hereinbefore specified and the income-tax computed in respect of a total income of Rs. 25,000; and (b) a special surcharge calculated at the rate of ten per cent. on the aggregate of the following amounts, namely:- (i) the amount of income-tax computed at the rate hereinbefore specified, and (ii) the amount of surcharge calculated in accordance with clause (a) of this sub-paragraph.

Paragraph C In the case of every registered firm,- Rates of income-tax (1) where the total income does not exceed Rs. 25,000 Nil; (2) where the total income exceeds Rs. 25,000 but does 6 per cent. of the amount by which the total income not exceed Rs. 50,000 exceeds Rs. 25,000; (3) where the total income exceeds Rs. 50,000 but does Rs. 1,500 plus 8 per cent. of the amount by which the total not exceed Rs. 1,00,000 income exceeds Rs. 50,000; (4) where the total income exceeds Rs. 1,00,000 Rs. 5,500 plus 12 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharges on income-tax The amount of income-tax computed at the rate hereinbefore specified shall be increased by the aggregate of surcharges for purposes of the Union calculated as specified

hereunder:- (a) in the case of a registered firm whose total income includes income derived from a profession carried on by it and the income so included is not less than fifty-one per cent. of such total income, a surcharge calculated at the rate of ten per cent. of the amount of income-tax computed at the rate hereinbefore specified; (b) in the case of any other registered firm, a surcharge calculated at the rate of twenty per cent. of the amount of income-tax computed at the rate hereinbefore specified; and (c) a special surcharge calculated at the rate of ten per cent. on the aggregate of the following amounts, namely:- (i) the amount of income-tax computed at the rate hereinbefore specified; and (ii) the amount of the surcharge calculated in accordance with clause (a), or, as the case may be, clause (b), of this sub-paragraph.

Paragraph D In the case of every local authority,- Rate of income-tax Per cent. On the whole of the total income ... ..

... 45 Surcharges on income-tax The amount of income-tax computed at the rate specified shall be increased by the aggregate of surcharges for purposes of the Union calculated as specified hereunder:- (a) a surcharge calculated at the rate of ten per cent. of the amount of income-tax computed at the rate hereinbefore specified; and (b) a special surcharge calculated at the rate of ten per cent on the aggregate of the following amounts, namely:- (i) the amount of income-tax computed at the rate hereinbefore specified; and (ii) the amount of the surcharge calculated in accordance with Cl. (a) of this sub-paragraph.

Paragraph E In the case of the Life Insurance Corporation of India established under the Life Insurance Corporation of India Act, 1956,- Rates of income-tax (i) on that part of its total income which consists of 52.5 per cent. profits and gains from life insurance business (ii) on the balance, if any, of the total income the rate of income-tax applicable in accordance with Paragraph F of this Part to the total income of a domestic company which is a company in which the public are substantially interested.

Paragraph F In the case of a Company, other than the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956,- Rates of Income-tax 1. In the case of a domestic company- (A) (1) where the company is a company in which the public are substantially interested.- (i) in a case where the total income does not exceed 45 per cent. of the total income: Rs. 50,000 (ii) in a case where the total income exceeds 55 per cent. of the total income; Rs. 50,000 (2) where the company is not a company in which the public are substantially interested.- (i) in the case of an industrial company- (1) on so much of the total income as does not exceed 55 per cent.; exceed Rs. 10,00,000 (2) on the balance, if any, of the total income 60 per cent.; (ii) in any other case 65 per cent of the total income and (B) in addition where the company is- (i) a company in which the public are substantially interested, or (ii) a company as is referred to in clause (iii) of sub- sec. (2) or Cl. (a) or Cl.(b) of sub-section (4) of of S. 104 of the Income-tax Act, or a notification issued under the provisions of sub-sec. (3) of that section. on so much of the total income as does not exceed the 7.5 per cent.; relevant amount of distributions of dividends by the company Provided that the income-tax payable by a domestic company, being a company in which the public are substantially interested, the total income of which exceeds Rs. 50,000 shall not exceed the aggregate of- (a) the income-tax which would have been payable by the company if its total income had been Rs. 50,000 (the income of Rs. 50,000 for this purpose being computed as if such income included income from various sources in the same proportion as the total income of the company), and (b) 80 per cent of the amount by which its total income exceeds Rs. 50,000

Explanation 1.- In clause (B), the expression "the relevant amount of distributions of dividends" means the aggregate of the following amounts, namely :- (a) the amount, if any, by which the relevant amount of distributions of dividends by the company as computed in accordance with Explanation I to item I of Paragraph F of the First Schedule to the Finance (No. 2). Act 1967 exceeds its total income (reduced by the amount of capital gains, if any, relating to capital assets other than short-term capital assets included therein) assessable for the assessment year commencing on 1st day of April, 1967; and (b) so much of the amount of the dividends, other than dividends on preference shares, declared or distributed by the company during the previous year as exceeds ten per cent of its paid-up equity share capital as on the 1st day of the previous year.

Explanation 2.- For the purposes of clause (B), where a part of the income of a company is not included in its total income because it is agricultural income, the amount declared or distributed as dividends (other than dividends on preference shares) shall be deemed to be such proportion thereof as the sum specified in clause (a) bears to the sum specified in clause (b), such sums being- (a) the average amount of the total income of the company of the five previous years in which it has been in receipt of taxable income immediately preceding the relevant previous year; and (b) the average amount of the total profits and gains (excluding capital receipts) of the company of the five previous years referred to in clause (a) reduced by such allowances as may be admissible under the Income-tax Act but which have not been taken into account by the company in its profit and loss

accounts for the said five previous years. Explanation 3.- For the removal or doubts, it is hereby declared that where any dividends were declared by the company before the commencement of the previous year and are distributed by it during that year, the amount of such dividends shall not be included in the amount of dividends referred to in clause (b) of Explanation 1. II. In the case of a company other than a domestic company:- (i) On so much of the total income as consists of- (a) royalties received from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 31st day of March 1961, or (b) fees for rendering technical services received from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 29th day of February, 1964. and where such agreement has, in either case, been 50.percent approved by the Central Government (ii) on the balance, if any of the total income. 70 per cent

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