

## Finance Act, 1990

### Section 14 - in sub-heading Number 1401.00, for the entry in column

1976. where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the proviso to sub-section (IA) of section 115A of the Income-tax Act, to the Indian concern. (vi) on income by way of royalty [not being royalty of the nature referred to in sub-item (b) (v)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and which has been approved by the Central Government,--- (A) where the agreement is made 50 per cent.; after the 31st day of March, 1961 but before the 1st day of April, 1976 (B) where the agreement is made 30 per cent.; after the 31st day of March, 1976--- (vii) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and which has been approved by the Central Government,--- (A) where the agreement is made 50 per cent.: after the 29th day of February, 1964 but before the 1st day of April, 1976 (B) where the agreement is made 30 per cent.; after the 31st day of March, 1976 (viii) on income by way of interest 44 per cent.. payable on a tax-free security (ix) on any other income 65 per cent. Explanation. --- For the purposes of this Part, "investment income", "long-term capital gains" and "non-resident Indian" shall have the meanings assigned to them in chapter XII-A of the Income-tax Act. Surcharges on income-tax The amount of income-tax deducted in accordance with the provisions of --- (a) sub-item (a) of item I of this Part shall be increased by a surcharge for purposes of the Union, and (b) sub-item (a) of item 2 of this Part shall be increased by surcharge, calculated at the rate of eight per cent. of such income-tax. PART III Rates for Calculating or Charging Income-tax in certain cases, Deducting Income-tax from Income Chargeable under the Head "Salaries" and Computing "Advance Tax". In cases in which income-tax has to be calculated under the first proviso to sub-section (5) of section 132 of the Income-tax Act or charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or deducted under section 192 of the said Act from income chargeable under the head "Salaries" or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed, at the rate or rates in force, such income-tax or, as the case may be, "advance tax" (not being "advance tax" in respect of any income chargeable to tax under Chapter XII or Chapter XIIA or sub-section (IA) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act at the rates as specified in that Chapter or Section or surcharge on such "advance tax" in respect of any income chargeable to tax under section 115B-), shall be so calculated. charged, deducted or computed at the following rate or rates:--- Paragraph A Sub-Paragraph I 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 Sub-Paragraph II of this paragraph or any other Paragraph of this Part applies. --- Rates of income-tax (1) where the total income does not exceed Nil: Rs. 22,000 (2) where the total income exceeds Rs. 22,000 20 per cent. of the amount by which the total but does not exceed Rs. 30,000 (3) where the total income exceeds Rs. 30,000 Rs. 1,600 plus 30 per cent. of the amount by which but does not exceed Rs. 50,000 (4) where the total income exceeds Rs. 50,000 Rs. 7,600 plus 40 per cent. of the amount by which but does not exceed Rs. 1,00,000 (5) where the total income exceeds Rs. 1,00,000 Rs. 27,600 plus 50 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 in accordance with the preceding provisions of this Sub-Paragraph shall, (i) in the case of every individual, Hindu undivided family or association of persons or body of individuals referred to in section 88 and section 88A having a total income exceeding seventy-five thousand rupees, be reduced by the amount of rebate of income-tax calculated under chapter VIII-A and the income-tax as so reduced. (ii) in the case of every person, other than those mentioned in item (i) having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of

the Union calculated at the rate of eight per cent.,, of such income-tax: Provided that no such surcharge shall be payable by a non-resident. Sub-Paragraph II In the case of every Hindu undivided family which at any time during the previous year has at least one member whose total income of the previous year relevant to the assessment year commencing on the 1st day of April, 1991 exceeds Rs. 22,000.--- Rates of income-tax (1) where the total income does not exceed Nil: Rs. 12,000 (2) where the total income exceeds Rs. 12,000 25 per cent. of the amount by which the total income but does not exceed Rs. 20,000 exceeds Rs. 12,000: (3) where the total income exceeds Rs. 20,000 Rs. 2,000 plus 30 per cent. of the amount by which but does not exceed Rs. 40,000 the total income exceeds Rupees 20,000: (4) where the total income exceeds Rs. 40,000 Rs. 8,000 plus 40 per cent. of the amount by which but does not exceed Rs. 60,000 the total income exceeds Rupees 40,000: (5) where the total income exceeds Rs. 60,000 Rs. 16,000 plus 50 per cent. of the amount by which but does not exceed Rs. 1,00,000 the total income exceeds Rupees 60,000: (6) where the total income exceeds Rs. 1,00,000 Rs. 36,000 plus 55 per cent. of the amount by which the total income exceeds Rupees 1,00,000: Surcharge on income-tax The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be reduced by the amount or rebate of income-tax calculated under Chapter VIII-A and the Income-tax as so reduced be increased by a surcharge for purposes of the Union calculated at the rate of eight per cent. of such income tax: Provided that no such surcharge shall be payable by a non-resident.

Paragraph B In the case of every co-operative society.--- Rates of income-tax (1) where the total income does not exceed 10 per cent. of the total income. Rs. 10,000 (2) where the total income exceeds Rs. 10,000 Rs. 1,000 plus 20 per cent. of the amount by which but does not exceed Rs. 20,000 the total income exceeds Rs. 10,000: (3) where the total income exceeds Rs. 20,000 Rs. 3,000 plus 35 per cent. of the amount by which the total income exceeds Rupees 20,000. Surcharge on income-tax The amount of income-tax computed in accordance with the preceding provisions of this paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of eight per cent. of such income-tax.

Paragraph C Sub-Paragraph I In the case of every registered firm, not being a case to which Sub-Paragraph, (ii) of this Paragraph applies,--- Rates of income-tax (1) where the total income does not exceed Nil: Rs. 15,000 (2) where the total income exceeds Rs. 15,000 6 per cent. of the amount by which the total income but does not exceed Rs. 50,000 exceeds Rs. 15,000: (3) where the total income exceeds Rs. 50,000 Rs. 2,100 plus 12 per cent. of the amount by which but does not exceed Rs. 1,00,000 the total income exceeds Rupees 50,000: (4) where the total income exceeds Rs. 1,00,000 Rs. 8,100 plus 18 per cent. of the amount by which the total income exceeds Rupees 1,00,000. Surcharge on income-tax The amount of income-tax computed in accordance with the preceding provisions of this Sub- Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of eight per cent. of such income-tax.

Sub-Paragraph II In the case of every 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,--- Rates of income-tax (1) where the total income does not exceed Nil; Rs. 15,000 (2) where the total income exceeds Rs. 15,000 5 per cent. of the amount by which the total income but does not exceed Rs. 50,000 exceeds Rs. 15,000; (3) where the total income exceeds Rs. 50,000 Rs. 1,750 plus 10 per cent. of the amount by which but does not exceed, Rs. 1,00,000 the total income exceeds Rupees 50,000; (4) where the total income exceeds Rs. 1,00,000 Rs. 6,750 plus 15 per cent. of the amount by which the total income exceeds Rupees 1,00,000. Surcharge on income-tax The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of eight per cent. of such income-tax.

Explanation --- For the purposes of this paragraph "registered firm" includes an unregistered firm assessed as a registered firm under Clause (b) of Section 183 of the income-tax Act.

Paragraph D In the case of every total authority.--- Rate of income income-tax On the whole of the total income 50 per cent. Surcharge on income-tax The amount of income-tax computed at the rate hereinbefore specified shall, in the case of every person having a total income exceeding seventy-five thousand rupees, be increased by a surcharge for purposes of the Union calculated at the rate of eight per cent. of such income-tax.

Paragraph E In the case of a company,--- Rates of income-tax I. In the case of a domestic company,--- (1) where the company is a company 40 per cent. of the total income; in which the public are substantially interested,--- (2) where the company is not a company in which the public are

substantially interested,--- (i) in the case of a trading company 50 per cent. of the total income; or an investment company (ii) in any other case 45 per cent. of the total income; 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 Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976, or (b) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976, and where such agreement has, in 50 per cent.; either case, been approved by the Central Government. on the balance, if any, of the total income 65 per cent. Surcharge on income-tax The amount of income-tax computed in accordance with the provisions of item 1 of this Paragraph shall, in the case of every person having a total income exceeding seventy-five thousand rupees. be increased by a surcharge calculated at the rate of eight per cent. of such income-tax. PART IV [See section 2 (9) (e)-] RULES FOR

COMPUTATION OF NET AGRICULTURAL INCOME Rule 1. --- Agricultural income of the nature referred to in sub-clause (a) of clause (1A) of section 2 of the Income-tax Act shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from other sources" and the provisions of section 57-section 58-, section 59- of that Act shall, so far as may be. apply accordingly: Provided that sub-section (2) of section 58 shall apply subject to the modification that the reference to section 40A- therein shall be construed as not including a reference to sub-sections (3) and (4) of section 40A-. Rule 2. --- Agricultural income of the nature referred to in sub-clause (b) or sub-clause (c) of clause (1A) of section 2 of the Income-tax Act-[other than income derived from any building required as a dwelling house by the receiver of the rent or revenue or the cultivator or the receiver of rent-in-kind referred to in the : said sub-clause (c)] shall be computed as if it were income chargeable to income-tax under that Act under the head "Profits and gains of business or profession" and the provisions of section 30-, section 31-, section 32-, section 36-, section 37-, section 38-, section 40-, section 40A-[other than sub-sections (3) and (4) thereof], section 41-, section 43-, section 43A-, section 43B- and section 43C of the Income-tax Act shall, so far as may be, apply accordingly. Rule 3. --- Agricultural income of the nature referred to in sub-clause (c) of clause (1A) of section 2 of the Income-tax Act-. being income derived from any building required as a dwelling house by the receiver of the rent or revenue or the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c) shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from house property" and the provisions of section 23-, section 24-, section 25-, section 26-, section 27- of that Act shall, so far as may be, apply accordingly. Rule 4. --- Notwithstanding anything contained in any other provisions of these rules, in a case Where the assessee derives income from sale of tea grown and manufactured by him in India. such income shall be computed in accordance with Rule 8 of the Income-tax Rules, 1962. and sixty per cent. of such income shall be regarded as the agricultural income of the assessee. Rule 5. --- Where the assessee is a partner of a registered firm or an unregistered firm assessed as a registered firm under clause (b) of section 183 of the Income-tax Act-. which in the previous year has any agricultural income, or is a partner of an unregistered firm which has not been assessed as a registered firm under clause (b) of the said section 183-which in the previous year has either no income chargeable to tax under the Income-tax Act or has total income not exceeding the maximum amount not chargeable to tax in the case of an unregistered firm but has any agricultural income. then. the agricultural income or loss of the firm shall be computed in accordance with these rules and his share in the agricultural income or loss of the firm shall be computed in the manner laid down in sub-section (1), sub-section (2) and sub-section (3) of section 67 of the Income-tax Act-and the share so computed shall be regarded as the agricultural income or loss of the assessee. Rule 6. --- Where the assessee is a member of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) which in the previous year has either no income chargeable to tax under the Income-tax Act or has total income not exceeding the maximum amount not chargeable to tax in the case of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) but has any agricultural income. then, the agricultural income or loss of the association or body shall be computed in accordance with these rules and the share of the assessee in the agricultural income or loss so computed shall be regarded as the agricultural income or loss of the assessee. Rule 7. --- Where the result of the computation for the previous year in respect of any source of agricultural income is a loss. such loss shall be set off against the income of the assessee. if any, for that previous year from any other source of agricultural income: Provided that where the assessee is a partner of

an unregistered firm which has not been assessed as a registered firm under clause (b) of section 183 of the Income-tax Act or is a member of an association of persons or a body of individuals and the share of the assessee in the agricultural income of the firm, association or body, as the case may be, is a loss, such loss shall not be set off against any income of the assessee from any other source of agricultural income. Rule 8.

--- Any sum payable by the assessee on account of any tax levied by the State Government on the agricultural income shall be deducted in computing the agricultural income. Rule 9. --- (1) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1990, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 1982 or the 1st day of April, 1983 or the 1st day of April, 1984 or the 1st day of April, 1985, or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989 is a loss, then, for the purposes of sub-section (2) of section 2 of this Act, --- (i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1982, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1983 or the 1st day of April, 1984 or the 1st day of April, 1985, or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989, (ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1983, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1984 or the 1st day of April, 1985 or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989, (iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1984, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1985, or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989, (iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1985, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989, (v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1986, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989, (vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1987, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1988 or the 1st day of April, 1989, (vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1988, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1989 and, (viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1989, shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 1989. (2) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1991 or if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than that previous year, in such other period, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 1983 or the 1st day of April, 1984 or the 1st day of April, 1985 or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990 is a loss, then, for the purposes of sub-section (8) of section 2 of this Act, --- (i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1983, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1984, or the 1st day of April, 1985 or the 1st day of April, 1986 or the 1st day of April, 1987, or the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990, (ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1984, to the extent, if any, such loss has not been set off against the

agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April 1985 or the 1st day of April, 1986 or the 1st day of April, 1987 or the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990, (iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1985. to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1986 or the 1st day of April, 1987. or the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990, (iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1986. to the extent if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1987, or the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990. (v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1987, to the extent if any such loss has not been set off against the agricultural income for the previous year relevant of the assessment year commencing on the 1st day of April, 1988 or the 1st day of April, 1989 or the 1st day of April, 1990. (vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1988. to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1989 or the 1st day of April, 1990, (vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1989. to the extent if any. such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1990, and (viii) the loss so computed for the previous year relevant to the assessment year commencing, on the 1st day of, April, 1990. shall be set off\* against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 1991. (3) Where a change has occurred in the constitution of a firm, nothing in sub-rule (1) or sub-rule (2) shall entitle the firm to set off so much of the loss proportionate to the share of a retired or deceased partner computed in the manner laid down in sub-section (1), sub-section (2) and sub-section (3) of section 67 of the Income-tax Act as exceeds his share of profits, if any, of the previous year in the firm. or entitle any partner to the benefit of any portion of the said loss (computed in the manner aforesaid) which is not apportionable to him. (4) Where any person deriving any agricultural income from any source has been succeeded in such capacity by another person, otherwise than by inheritance, nothing in sub-rule (1) or sub-rule (2) shall entitle any person, other than the person incurring the loss, to have it set off under sub-rule (1) or, as the case may be, sub-rule (2). (5) Notwithstanding anything contained in this rule, no loss which has not been determined by the Assessing Officer under the provisions of these rules, or the rules contained in Part IV of the First Schedule to the Finance Act, 1982, or of the First Schedule to the Finance Act, 1983, or of the First Schedule to the Finance Act, 1984, or of the First Schedule to the Finance Act, 1985., or of the First Schedule to the Finance Act, 1986, or of the First Schedule to the Finance Act, 1987. or of the First Schedule to the Finance Act, 1988. or of the first Schedule to the Finance Act, 1989, shall be set off under sub-rule (1) or, as the case may be, sub-rule (2). Rule 10. - Where the net result of the computation made in accordance with these rules is a loss, the loss so computed shall be ignored and the net agricultural income shall be deemed to be nil. Rule 11. - The provisions of the Income-tax Act relating to procedure for assessment (including the provisions of section 288A relating to rounding off of income) shall, with the necessary modifications, apply in relation to the computation of the net agricultural income of the assessee as they apply in relation to the assessment of the total income. Rule 12.--- For the purposes of computing the net agricultural income of the assessee, the Assessing Officer shall have the same powers as he has under the Income-tax Act for the purposes of assessment of the total income. SCHEDULE 02: THE SECOND SCHEDULE (See Section 63-)

[Amendments incorporated in the Customs Tariff Act, 1975] SCHEDULE 03: THE THIRD SCHEDULE [See section 66-] PART I In the Schedule to the Central Excise Tariff Act,--- (1) in Chapter 4, in sub-heading Number 0401.13, for the entry in column (3), the entry "--- Milk powder, other than powder specially prepared for feeding infants, put up in unit containers and ordinarily intended for sale" shall be substituted; (2) in Chapter 9, in sub-heading Numbers 0901.20 and 0901.90 for the entry in column (4) the entry "15%" shall be substituted; (3) in Chapter II, in sub-heading Numbers 1102.00 and 1104.00, for the entry in column (4). the entry "15%" shall be substituted; (4) in Chapter 13, in sub-heading Number 1301.90 for the entry in column (4). the entry "15%" shall be substituted; (5) in Chapter 4), the entry, "15%" shall be substituted: (6) in Chapter 15, in sub-heading Numbers 1501.00, 1505.00 and 1507.00, for the entry in column (4), the entry

"15%" shall be substituted; (7) in Chapter 17, in sub-heading Numbers 1701.90, 1702.29, 1702.30 and 1704.90. for the entry in column (4), the entry "10%" shall be substituted; (8) in Chapter 18, in sub-heading Numbers 1801.00, 1802.00, 1803.00 and 1804.00. for the entry in column (4), the entry "15%" shall be substituted; (9) in Chapter 21,--- (a) in sub-heading Nos. 2101.30, 2102.10 and 2102.90. for the entry in column (4). the entry "15%" shall be substituted: (b) in sub-heading No. 2105.00. for the entry in column (4), the entry "15%" plus Rs. 2 per litre" shall be substituted: (c) in heading No. 21.06, in column (3), for the entry "Containing lime or katha (catechu) or both. whether or not containing tobacco", the entry "containing lime. katha (catechu) or tobacco or any one or more of these ingredients": shall be substituted; (d) in sub-headings Nos. 2106.11 and 2106.90, for the entry in column (4). the entry "40%" plus Rs. 50 per kilogram" shall be substituted; (10) in Chapter 22, in sub-heading No. 2203.00. for the entry in column (4) the entry "15%" shall be substituted: (11) in Chapter

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