

Finance Act, 1997

Section 14 - INSERTION OF NEW SECTION 44-AF -AfterSection 44-AE of the Income Tax Act -, the following section shall be inserted

1) Notwithstanding anything to the contrary contained in Sections 28 to 43-C, in the case of an assessee engaged in retail trade in any goods or merchandise, a sum equal to five per cent of the total turnover in the previous year on account of such business or, as the case may be, a sum higher than the aforesaid sum as declared by the assessee in his return of income shall be deemed to be the profits and gains of such business chargeable to tax under the head 'Profits and gains of business or profession' : Provided that nothing contained in this sub-section shall apply in respect of an assessee whose total turnover exceeds an amount of forty lakh rupees in the previous year. (2) Any deduction allowable under the provisions of Sections 30 to 38 shall, for the purposes of sub-section (1), be deemed to have been already given full effect to and no further deduction under those sections shall be allowed : Provided that where the assessee is a firm, the salary and interest paid to its partners shall be deducted from the income computed under sub-section (1) subject to the conditions and limits specified in clause (b) of Section 40. (3) The written-down value of any asset used for the purpose of the business referred to in subsection (1) shall be deemed to have been calculated as if the assessee had claimed and had been actually allowed the deduction in respect of the depreciation for each of the relevant assessment years. (4) The provisions of Sections 44-AA and 44-AB shall not apply in so far as they relate to the business referred to in sub-section (1) and in computing the monetary limits under those sections, the total turnover or, as the case may be, the income from the said business shall be excluded."