Finance Act, 2002

Section 37 - AMENDMENT OF SECTION 88 -In Section 88 of the Income Tax Act-, with effect from the 1st day of April, 2003,

a) for sub-section (1), the following sub-section shall be substituted, namely:- '(1) Subject to the provisions of this section, an assessee, being an individual, or a Hindu undivided family, shall be entitled to a deduction, from the amount of income tax (as computed before allowing the deductions under this Chapter) on his total income with which he is chargeable for any assessment year, of an amount equal to- (i) in the case of an individual or a Hindu undivided family, whose gross total income before giving effect to deductions under Chapter VI-A, is one lakh fifty thousand rupees or less, twenty per cent of the aggregate of the sums referred to in sub-section (2): Provided that an individual shall be entitled to a deduction of an amount equal to thirty per cent of the aggregate of the sums referred to in sub-section (2) if his income under the head "Salaries"- (a) does not exceed one lakh rupees during the previous year before allowing the deduction underSection 16-; and (b) is not less than ninety per cent of his gross total income, as defined in sub-section (5) ofSection 80 -B-; (ii) in the case of an individual or a Hindu undivided family, whose gross total income before giving effect to deductions under Chapter VI-A, is more than one lakh fifty thousand rupees but does not exceed five lakh rupees, fifteen per cent of the aggregate of the sums referred to in sub-section (2); (iii) in the case of an individual or a Hindu undivided family, whose gross total income before giving effect to deductions under Chapter VI-A, exceeds five lakh rupees, nil.'; (b) in sub-section (2), the words "out of his income chargeable to tax" shall be omitted; (c) after subsection (2), the following sub-section shall be inserted, namely:- "(3) The sums referred to in sub-section (2) shall be paid or deposited at any time during the previous year, and the assessee, being an individual or a Hindu undivided family, shall be entitled to a deduction under sub-section (1) on so much of the aggregate of such sums paid or deposited as does not exceed the total income of the assessee, chargeable to tax during the relevant previous year."; (d) for sub-section (5), the following sub-section shall be substituted, namely:- "(5) Where the aggregate of any sums specified in clause (i) to clause (xvii) of subsection (2) exceeds an amount of one hundred thousand rupees, a deduction under sub-section (1) shall be allowed with reference to so much of the aggregate as does not exceed an amount of one hundred thousand rupees : Provided that where the aggregate of any sums specified in clause (i') to clause (xv) of sub-section (2) exceeds an amount of seventy thousand rupees, a deduction under sub-section (1) in respect of such sums shall be allowed with reference to so much of the aggregate as does not exceed an amount of seventy thousand rupees: Provided further that where the aggregate of any sums specified in clause (xv) of sub-section (2) exceeds an amount of twenty thousand rupees, a deduction under subsection (1) in respect of such sums shall be allowed with reference to so much of the aggregate as does not exceed an amount of twenty thousand rupees."; (e) sub-section (5-A) shall be omitted; (f) subsection (6) shall be omitted.