Finance Act 1968

Schedule III - Third Schedule

The Third Schedule

(See section 30)

Amendments in the Income-Tax Act

1 Section 2.

In clause (42A), for "twelve months", at both places, substitute "twenty-four months".

2 Section 10.

(a) in clause (4A), for "non-resident account", substitute "Non-resident (External) Account";

(b) in clause (11), insert at the end "or from any other provident fund set up by the Central Government and notified by it in this behalf in the Official Gazette";

(c) in clause (15), after sub-clause (ii), insert -

"(ii-a) interest on fixed deposits under any scheme framed by the Central Government and notified by it in this behalf in the Official Gazette, to the extent to which the amounts of such deposits do not exceed, in each case, the maximum amount which is permitted to be deposited therein;".

3 Section 16

For clause (iv), substitute -

"(iv) where the assessee is not in receipt of a conveyance allowance, whether as such or as part of his salary, and owns a conveyance which is used for the purposes of his employment, a sum representing the expenditure incurred by him in its maintenance and as representing its normal wear and tear, calculated in respect of each calendar month or plant thereof for which the conveyance has been so used during the previous year, on the basis provided hereunder :-

(1) where the conveyance is a motor car and the amount of the salary due to the assessee in respect of the previous year	
(a) does not exceed Rs. 15,000	Rs. 150;

(b) exceeds Rs. 15,000 but does not exceed Rs. 25,000	Rs. 200;
(c) exceeds Rs. 25,000	Rs. 250;
(2) where the conveyance is a motor cycle, scooter or other moped	Rs. 50;
(3) where the conveyance is a bicycle .	Rs. 5;
(4) where it is a conveyance other than a conveyance referred to in sub-clause (1) to (3) . .	such amount as the Income-tax Officer may deem fit;".

4 Section 23.

In sub-section (1), for the first proviso and the Explanation, substitute -

"Provided that where the property is in the occupation of a tenant, the taxes levied by any local authority in respect of the property shall, to the extent such taxes are borne by the owner, be deducted in determining the annual value of the property :".

5 Section 24.

In sub-section (1), -

(a) omit clause (iii);

(b) in clause (iv), for the "not being a capital charge", substitute "(not being a charge created by the assessee voluntarily or a capital charge)";

(c) in clause (vii), after "land revenue", insert "or any other tax levied by the State Government".

6 Section 40.

(a) in clause (a), after sub-clause (iv), insert -

(v) any expenditure which results directly or indirectly in the provision of any benefit or amenity or perquisite, whether convertible into money or not, to an employee (including any sum paid by the assessee in respect of any obligation which but for such payment would have been payable by such employee) or any expenditure or allowance in respect of any assets of the assessee used by such employee either wholly or partly for his own purposes or benefit, to the extent such expenditure or allowance exceeds one-fifth of the amount of salary payable to the employee, or an amount calculated at the rate of one thousand rupees for each month or part thereof comprised in the period of his employment during the previous year, whichever is less :

Provided that in computing the aforesaid expenditure or allowance, the following shall not be taken into account, namely :-

(a) any payment by way of gratuity;

(b) the value of any travel concession or assistance referred to in clause (5) of section 10;

(c) passage moneys or the value of any free or concessional passage referred to in sub-clause (i) of clause (6) of section 10;

(d) any payment of tax referred to in sub-clause (vii) of clause (6) of section 10;

(e) any sum referred to in sub-clause (vii) of clause (1) of section 17;

(f) any sum referred to in sub-clause (v) of clause (2) of section 17;

(g) the amount of any compensation referred to in sub-clause (i) or any payment referred to in sub-clause (ii) of clause (3) of section 17;

(h) any payment referred to in clause (iv) or clause (v) of sub-section (1) of section 36; and

(i) any expenditure referred to in clause (ix) of sub-section (1) of section 36 :

Provided further that nothing in this sub-clause shall apply to any expenditure which results directly or indirectly in the provision of any benefit or amenity or perquisite to an employee whose income chargeable under the head "Salaries" is seven thousand five hundred rupees or less.

Explanation 1 : The provisions of this sub-clause shall apply notwithstanding that any amount not to be allowed under this sub-clause is included in the total income of the employee.

Explanation 2 : In this sub-clause, the word "salary" shall have the meaning assigned to it in clause (h) of rule 2 of Part A of the Fourth Schedule.;

(b) in clause (c), -

(i) omit sub-clause (iii);

(ii) in Explanation 1, omit "1" and "or in sub-clause (iii)";

(iii) omit Explanation 2.

7 Section 43.

In clause (4), for sub-clause (i), substitute -

(i) "scientific research" means any activities for the extension of knowledge in the fields of natural or applied science including agriculture animal husbandry or fisheries;.

8 Section 58.

In sub-section (1), -

(a) in clause (a), after sub-clause (iii), insert -

"(iv) any expenditure or allowance of the nature referred to in sub-clause (v) of clause (a) of section 40, notwithstanding that the amount thereof is included in the total income of any employee referred to therein;";

(b) in clause (b), omit "or in sub-clause (iii)".

9 Section 67.

In sub-section (1), in clause (a), after "in respect of the previous year", insert ", and, where the firm is a registered firm, the income-tax, if any, payable by it in respect of the total income of the previous year,".

10 Section 80A.

In sub-section (1), for "80T", substitute "80U".

11 Section 80B.

(a) omit clause (3);

(b) in clause (7), for "the Fifth Schedule", substitute "the Sixth Schedule".

12 Section 80C.

(a) in sub-section (2), after sub-clause (iii) of clause (a), insert -

"(iv) as a contribution to any provident fund set up by the Central Government and notified by it in this behalf in the Official Gazette;";

(b) omit sub-section (5).

13 Section 80D.

Omit sub-section (3).

14 Section 80E.

(a) in sub-section (1), omit the second proviso;

(b) in sub-section (6), for the clause (i), substitute -

(i) whose gross total income includes income which is chargeable under the head "Interest on securities", or "Income from house property", or "Capital gains", or any income chargeable under the head "Income from other sources" in so far as it is not immediately derived from personal exertion of the individual, and the aggregate amount of all such income is more than ten thousand rupees; or;

(c) for sub-section (7), substitute -

(7) The amount of deduction under this section shall not in any case exceed the amount of the income computed under the head "Profits and gains of business or profession" included in the gross total income.;

(d) omit sub-section (8).

15 Section 80F.

Omit sub-section (3).

16 Section 80G.

Omit sub-section (6).

17 Section 80L.

For sub-section (1), substitute -

"(1) Where the gross total income of an assessee includes any income by way of dividends from an Indian company or Indian companies, there shall, in accordance with and subject to the provisions of this section, to allowed, in computing the total income of the assessee, a deduction as specified hereunder, namely :-

(i) in a case where the amount of such dividends does not exceed five hundred rupees, the whole of such amount;

(ii) in any other case, five hundred rupees.".

18 Section 80N.

For "there shall be allowed a deduction from such income of an amount equal to sixty per cent. thereof", substitute "there shall be allowed a deduction of the whole of such income".

19 Section 80-O.

For "there shall be allowed a deduction from such income of an amount equal to sixty per cent. thereof", substitute "there shall be allowed a deduction of the whole of such income".

20 After Section 80T, Insert in Chapter VIA -

"D. Other deductions

80U. Deduction in the case of blind persons. - In computing the total income of an individual, being a resident, who is totally blind as at the end of the previous year, there shall be allowed a deduction of a sum of two thousand rupees :

Provided that such individual produces before the Income-tax Officer, in respect of the first assessment year for which deduction is claimed under this section, a certificate as to his total blindness from a registered medical practitioner, being an oculist.".

21 Section 86.

Omit clause (iv).

22 Section 109.

For clause (ii) and the Explanation thereto substitute -

"(ii) "investment company" means a company whose gross total income consists mainly of income which is chargeable under the heads "Interest on securities", "Income from house property", "Capital gains" and "Income from other sources";.

23 Section 139.

For sub-section (4), substitute -

"(4)(a) Any person who has not furnished a return within the time allowed to him under sub-section (1) or sub-section (2) may before the assessment is made, furnish the return for any previous year at any time before the end of the period specified in clause (b), and the provisions of clause (iii) of the proviso to sub-section (1) shall apply in every such case.

(b) The period referred to in clause (a) shall be -

(i) where the return relates to a previous year relevant to any assessment year commencing on or before the 1st day of April, 1967, four years from the end of such assessment year;

(ii) where the return relates to a previous year relevant to the assessment year commencing on the 1st day of April, 1968, three years from the end of the assessment year;

(iii) where the return relates to a previous year relevant to any other assessment year, two years from the end of such assessment year.".

24 Section 288A.

(a) in sub-section (1), for "(1) Subject to the provisions of sub-section (2), the amount of total income", substitute "The amount of total income";

(b) omit sub-section (2);

(c) omit the Explanation.

25 In The Fifth Schedule.

(a) for "[See sections 33(1)(b)(B)(i) and 80B(7)]", substitute "[See section 33(1)(b)(B)(i)]";

(b) after item (27), insert -

"(28) Processed seeds.

(29) Processed concentrates for cattle and poultry feed.

(30) Processed (including frozen) fish and fish products.

(31) Vegetable oils and oil-cakes manufactured by the solvent extraction process from seeds other than cotton seed.".

26 After The Fifth Schedule, Insert.

The Sixth Schedule

[See sections 80B(7), 80-I and 80-M]

List of articles and things

(1) Iron and steel (metal), ferro-alloys and special steels.

(2) Aluminium, copper, lead and zinc (metals).

(3) Coal, lignite, iron ore, bauxite, manganese ore, dolomite, limestone, magnesite and mineral oil.

(4) Industrial machinery specified under the heading "8. Industrial machinery", sub-heading "A. Major items of specialised equipment used in specific industries", of the First Schedule to the Industries (Development and Regulation) Act, 1951 (65 of 1951).

(5) Boilers and steam generating plants, steam engines and turbines and internal combustion engines.

(6) Flame and drip proof motors.

(7) Equipment for the generation and transmission of electricity including transformers, cables and transmission towers.

(8) Machine tools and precision tools (including their attachments and accessories, cutting tools and small tools), dies and jigs.

(9) Tractors, earth-moving machinery and agricultural implements.

(10) Motor trucks and buses.

(11) Steel castings and forgings and malleable iron and steel castings.

(12) Cement and refractories.

(13) Fertilisers, namely, ammonium sulphate, ammonium sulphate nitrate (double salt), ammonium nitrate, calcium ammonium nitrate (nitrolime stone), ammonium chloride, super phosphate, urea and complex fertilisers of synthetic origin containing both nitrogen and phosphorus, such as ammonium phosphates, ammonium sulphate phosphate and ammonium nitro phosphate.

(14) Soda ash.

(15) Pesticides.

(16) Paper and pulp including newsprint.

(17) Electronic equipment, namely, radar equipment, computers, electronic accounting and business machines, electronic communication equipment, electronic control instruments and basic components, such as valves transistors, resistors, condensors, coils, magnetic materials and micro wave components.

(18) Petrochemicals including corresponding products manufactured from other basic raw materials like calcium carbide, ethyl alcohol or hydrocarbons from other sources.

(19) Ships.

(20) Automobile ancillaries.

(21) Seamless tubes.

(22) Gears.

(23) Ball, roller and tapered bearings.

(24) Component parts of the articles mentioned in items Nos. (4), (5), (7) and (9), that is to say, such parts as are essential for the working of the machinery referred to in the items aforesaid and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose and are in complete finished form and ready for fitment.

(25) Cotton seed oil.

(26) Tea.

(27) Printing machinery.

(28) Processed seeds..