

Finance Act, 1995

Schedule 1 - First Schedule

The First Schedule

[See section 2]

PART I

Income-Tax

Paragraph A

Sub-Paragraph I

In the case of every individual or Hindu undivided family or 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 Rs. 35,000	Nil;
(2) where the total income exceeds Rs. 35,000 but does not exceed Rs. 60,000	20 per cent. of the amount by which the total income exceeds Rs. 35,000;
(3) where the total income exceeds Rs. 60,000 but does not exceed Rs. 1,20,000	Rs. 5,000 plus 30 per cent. of the amount by which the total income exceeds Rs. 60,000;
(4) where the total income exceeds Rs. 1,20,000	Rs. 23,000 plus 40 per cent. of the amount by which the total income exceeds Rs. 1,20,000.

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, 1995 exceeds Rs. 35,000, -

RATES OF INCOME-TAX

(1) where the total income does	Nil;
---------------------------------	------

	not exceed Rs. 18,000
(2) where the total income exceeds Rs. 18,000 but does not exceed Rs. 1,00,000	30 per cent. of the amount by which the total income exceeds Rs. 18,000;
(3) where the total income exceeds Rs. 1,00,000	Rs. 24,600 plus 40 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Paragraph B

In the case of every co-operative society, -

RATES OF INCOME-TAX

(1) where the total income does not exceed Rs. 10,000	10 per cent. of the total income;
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000	Rs. 1,000 plus 20 per cent. of the amount by which 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 Rs. 20,000.

Paragraph C

In the case of every firm, -

RATE OF INCOME-TAX

On the whole of the total income	40 per cent.
----------------------------------	--------------

Paragraph D

In the case of every local authority, -

RATE OF INCOME-TAX

On the whole of the total income	30 per cent.
----------------------------------	--------------

Paragraph E

In the case of a company, -

RATES OF INCOME-TAX

I. In the case of a domestic company	40 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 either case, been approved by the Central Government	50 per cent.;
(ii) on the balance, if any, of the total income	55 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the provisions of this Paragraph or section 112 shall, in the case of every domestic company having a total income exceeding seventy-five thousand rupees, be increased by a surcharge calculated at the rate of fifteen per cent. of such income-tax.

PART II

Rates For Deduction Of Tax At Source In Certain Cases

In every case in which under the provisions of sections 193, 194, 194A, 194B, 194BB, 194D and 195 of the Income-tax Act, tax is to be deducted at the rates in force, deduction shall be made from the income subject to the deduction at the following rates :-

RATES OF INCOME-TAX

1. In the case of a person other than

a company -	
(a) where the person is resident in India -	
(i) on income by way of interest other than "interest on securities"	10 per cent.;
(ii) on income by way of winnings from lotteries and crossword puzzles	40 per cent.;

(iii) on income by way of winnings from horse races	40 per cent.;
(iv) on income by way of insurance Commission	10 per cent.;
(v) on income by way of interest payable on -	10 per cent.;
(A) any security of the Central or a State Government	
(B) any debentures or other securities for money issued by or on behalf of any local authority or a corporation established by a Central, State or Provincial Act	
(C) any debentures issued by a company where such debentures are listed on a recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956, and any rules made Thereunder	
(vi) on any other income	20 per cent.;
(b) where the person is not resident in India -	
(i) in the case of a non-resident Indian -	
(A) on investment income and long-term capital gains	20 per cent.;
(B) on income by way of dividends and interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency	20 per cent.;
(C) on income by way of winnings from lotteries and crossword puzzles	40 per cent.;
(D) on income by way of winnings from horse races	40 per cent.;
(E) on the whole of other income per cent. of the amount of income Or income-tax in respect of the income at the rates prescribed in Sub-Paragraph I of Paragraph A of Part III of this Schedule, if such income had been the total income, whichever is higher;	income-tax at 30
(ii) in the case of any other person -	
(A) on income by way of dividends, interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency	20 per cent.;
(B) on income by way of winnings from lotteries and crossword Puzzles	40 per cent.;

(C) on income by way of winnings from horse races	40 per cent.;
(D) on income by way of long-term capital gains	20 per cent.;
(E) on the whole of the other Income per cent. of the amount of income Or income-tax in respect of the income at the rates prescribed in Sub-Paragraph I of Paragraph A of Part III of this Schedule, if such income had been the total income, whichever is higher.	income-tax at 30

2. In the case of a company -

(a) where the company is a domestic company -	
(i) on income by way of interest other than "interest on securities"	20 per cent.;
(ii) on income by way of winnings from lotteries and crossword puzzles	40 per cent.;
(iii) on income by way of winnings from horse races	40 per cent.;
(iv) on any other income	21.5 per cent.;
(b) where the company is not a domestic company -	
(i) on income by way of dividends payable by any domestic company	20 per cent.;
(ii) on income by way of winnings from lotteries and crossword puzzles	40 per cent.;
(iii) on income by way of winnings from horse races	40 per cent.;
(iv) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency	20 per cent.;
(v) on income by way of royalty payable by 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, 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 first proviso to sub-section (1A) of section 115A of the Income-tax Act, to the Indian concern, or in respect of any computer software referred to in the second proviso to sub-section (1A) of section 115A of the Income-tax Act, to a person resident in India.	30 per cent.;

(vi) on income by way of royalty [not being royalty of the nature referred to 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 where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy -	
(A) where the agreement is made after the 31st day of March, 1961, but before the 1st day of April, 1976	50 per cent.;
(B) where the agreement is made after the 31st day of March, 1976	30 per cent.;
(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 where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy -	
(A) where the agreement is made after the 29th day of February, 1964, but before the 1st day of April, 1976	50 per cent.;
(B) where the agreement is made after the 31st day of March, 1976	30 per cent.;
(viii) on income by way of long-term capital Gains	20 per cent.;
(ix) on any other income	55 per cent.

Explanation : For the purpose of item 1(b)(i) of this Part, "investment income" and "non-resident Indian" shall have the meanings assigned to them in Chapter XII-A of the Income-tax Act.

Surcharge on Income-tax

The amount of income-tax deducted in accordance with the provisions of sub-item (a) of item 2 of this Part shall be increased by a surcharge, calculated at the rate of fifteen 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 XII-A or sub-section (1A) 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 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 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 Rs. 40,000	Nil;
(2) where the total income exceeds Rs. 40,000 but does not exceed Rs. 60,000	20 per cent. of the amount by which the total income exceeds Rs. 40,000;
(3) where the total income exceeds Rs. 60,000 but does not exceed Rs. 1,20,000	Rs. 4,000 plus 30 per cent. of the amount by which the total income exceeds Rs. 60,000;
(4) where the total income exceeds Rs. 1,20,000	Rs. 22,000 plus 40 per cent. of the amount by which the total income exceeds Rs. 1,20,000

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, 1996 exceeds Rs. 40,000, -

RATES OF INCOME-TAX

(1) where the total income does not exceed Rs. 18,000	Nil;
(2) where the total income exceeds Rs. 18,000 but does not exceed Rs. 1,00,000	30 per cent. of the amount by which the total income exceeds Rs. 18,000;
(3) where the total income exceeds Rs. 1,00,000	Rs. 24,600 plus 40 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Paragraph B

In the case of every co-operative society, -

RATES OF INCOME-TAX

(1) where the total income does not exceed Rs. 10,000	10 per cent. of the total income;
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000	Rs. 1,000 plus 20 per cent. of the amount by which 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 Rs. 20,000.
---	---

Paragraph C

In the case of every firm, -

RATE OF INCOME-TAX

On the whole of the total income	40 per cent.
----------------------------------	--------------

Paragraph D

In the case of every local authority, -

RATE OF INCOME-TAX

On the whole of the total income	30 per cent.
----------------------------------	--------------

Paragraph E

In the case of a company, -

RATES OF INCOME-TAX

I. In the case of a domestic company, -	40 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 either case, been approved by the Central Government	50 per cent.;
(ii) on the balance, if any, of the total income	55 per cent.

Surcharge on Income-tax

The amount of income-tax computed in accordance with the provisions of this Paragraph or sections 112 and 113 shall, in the case of every domestic company having a total income exceeding seventy-five thousand rupees, be increased by a surcharge calculated at the rate of fifteen per cent. of such income-tax.

PART IV

[See Section 2(9)(D)]

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 sections 57 to 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 sections 30, 31, 32, 36, 37, 38, 40, 40A [other than sub-sections (3) and (4) thereof], 41, 43, 43A, 43B and 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 sections 23 to 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 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 6 - 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 member of an association of persons or a body of individuals and the share of the assessee in the agricultural income of the 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 7 - 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 8 - (1) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1995, 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, 1987, or the 1st day of April, 1988, or the 1st day of April, 1989, or the 1st day of April, 1990, or the 1st day of April, 1991, or the 1st day of April, 1992, or the 1st day of April, 1993, or the 1st day of April, 1994, 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, 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, or the 1st day of April, 1990, or the 1st day of April, 1991, or the 1st day of April, 1992, or the 1st day of April, 1993, or the 1st day of April, 1994,

(ii) 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, or the 1st day of April, 1991, or the 1st day of April, 1992, or the 1st day of April, 1993, or the 1st day of April, 1994,

(iii) 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, or the 1st day of April, 1991, or the 1st day of April, 1992, or the 1st day of April, 1993, or the 1st day of April, 1994,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1990, 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, 1991, or the 1st day of April, 1992, or the 1st day of April, 1993, or the 1st day of April, 1994,

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1991, 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, 1992, or the 1st day of April, 1993, or the 1st day of April, 1994,

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1992, 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, 1993, or the 1st day of April, 1994,

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1993, 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, 1994,

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1994,

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, 1995.

(2) Where the assessment has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1996, 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, 1988, or the 1st day of April, 1989, or the 1st day of April, 1990, or the 1st day of April, 1991, or the 1st day of April, 1992, or the 1st day of April, 1993, or the 1st day of April, 1994, or the 1st day of April, 1995, 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, 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, or the 1st day of April, 1991, or the 1st day of April, 1992, or the 1st day of April, 1993, or the 1st day of April, 1994, or the 1st day of April, 1995,

(ii) 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, or the 1st day of April, 1991, or the 1st day of April, 1992, or the 1st day of April, 1993, or the 1st day of April, 1994, or the 1st day of April, 1995,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1990, 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, 1991, or the 1st day of April, 1992, or the 1st day of April, 1993, or the 1st day of April, 1994, or the 1st day of April, 1995,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1991, 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, 1992, or the 1st day of April, 1993, or the 1st day of April, 1994, or the 1st day of April, 1995,

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1992, 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, 1993, or the 1st day of April, 1994, or the 1st day of April, 1995,

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1993, 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, 1994, or the 1st day of April, 1995,

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1994, 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, 1995,

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1995,

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, 1996.

(3) 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).

(4) 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, 1987 (11 of 1987), or of the First Schedule to the Finance Act, 1988 (26 of 1988), or of the First Schedule to the Finance Act, 1989 (13 of 1989), or of the First Schedule to the Finance Act, 1990 (12 of 1990), or of the First Schedule to the Finance (No. 2) Act, 1991 (49 of 1991), or of the First Schedule to the Finance Act, 1992 (18 of 1992), or of the First Schedule to the Finance Act, 1993 (38 of 1993), or of the First Schedule to the Finance Act, 1994 (32 of 1994), shall be set off under sub-rule (1) or, as the case may be, sub-rule (2).

Rule 9 - 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 10 - 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 11 - 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.