

Finance (No. 2) Act 1965

Section 11 - Insertion of New Section 112a

After section 112 of the Income-tax Act, the following section shall be inserted, namely :-

"112A. Tax on interest on National Savings Certificates (First Issue). - Where the total income of an assessee, not being a company, includes any interest on National Savings Certificates (First Issue), the tax payable by him on his total income shall be -

- (a) the amount of income-tax payable on the total income as reduced by the amount of such inclusion and by the amount of compensation or other payment referred to in clause (ii) of section 28 and of the capital gains, if any, had the total income so reduced been his total income; plus
- (b) the amount of income-tax calculated on the amount of such interest included in the total income at the average rate of income-tax which would have been applicable to the total income if the amount of such interest and the amount of compensation or other payment and of the capital gains aforesaid, if any, had not formed part of it; plus
- (c) income-tax on such compensation or other payment and on such capital gains, if any, computed in accordance with the provisions of clause (iii) of section 112 and of clause (b) of section 114, respectively.

Explanation : For the purposes of clause (b), the average rate of income-tax shall be calculated as if the total income as reduced in the manner specified in the said clause consisted wholly of earned income as defined in the Finance Act of the relevant year."
