

Finance Act 1969

Chapter III - Income-tax

In section 2 of the Income-tax Act, in clause (18) for sub-clause (b), the following sub-clause shall be substituted with effect from the 1st day of April, 1970, namely :-

(b) if it is a company which is not a private company as defined in the Companies Act, 1956 (1 of 1956), and the conditions specified either in item (A) or in item (B) are fulfilled, namely :-

(A) shares in the company (not being shares entitled to a fixed rate dividend whether with or without a further right to participate in profits) were on the last day of the relevant previous year, listed in a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956), and any rules made thereunder;

(B)(i) shares in the company (not being shares entitled to a fixed rate dividend whether with or without a further right to participate in profits) carrying not less than fifty per cent. of the voting power have been allotted unconditional to, or acquired unconditionally by, and were throughout the relevant previous year beneficially held by -

(a) the Government, or

(b) a corporation established by a Central, State or Provincial Act, or

(c) any company to which this clause applies or any subsidiary company of such company where such subsidiary company fulfils the conditions laid down in clause (b) of section 108 (hereafter in this clause referred to as the subsidiary company), or

(d) the public (not being a director, or a company to which this clause does not apply);

(ii) the said shares were, during the relevant previous year, freely transferable by the holder to the other members of the public; and

(iii) the affairs of the company, or the shares carrying more than fifty per cent. of its total voting power were at no time, during the relevant previous year, controlled or held by five or less persons.

Explanation 1 : In computing the number of five or less persons aforesaid, -

(i) the Government or any corporation established by a Central, State or Provincial Act or a company to which this clause applies or the subsidiary company of such company shall not be taken into account, and

(ii) persons who are relatives of one another, and persons who are nominees of any other person together with that other person, shall be treated as a single person.

Explanation 2 : In its application to an Indian company whose business consists mainly in the construction of ships or in the manufacture or processing of goods or in mining or in the generation or distribution of electricity or any other form of power, item (B) shall have effect as if for the words "not less than fifty per cent." and "more than fifty per cent.", the words "not less than forty per cent." and "more than sixty per cent." had, respectively, been substituted;.

Section 4 - Amendment of Section 16

In section 16 of the Income-tax Act, in clause (iv), for item (1), the following item shall be substituted with effect from the 1st day of April, 1970, namely :-

"(1) where the conveyance is a motor car and amount of the salary due to the assessee in respect of the previous year -

(a) does not exceed Rs. 25,000 Rs. 200;

(b) exceeds Rs. 25,000 Rs. 250;"

Section 5 - Amendment of Section 40A

In section 40A of the Income-tax Act, after sub-section (3), the following sub-section shall be inserted, namely :-

"(4) Notwithstanding anything contained in any other law for the time being in force or in any contract, where any payment in respect of any expenditure has to be made by a crossed cheque drawn on a bank or by a crossed bank draft in order that such expenditure may not be disallowed as a deduction under sub-section (3), then the payment may be made by such cheque or draft; and where the payment is so made or tendered, no person shall be allowed to raise, in any suit or other proceeding, a plea based on the ground that the payment was not made or tendered in cash or in any other manner."

Section 6 - Amendment of Section 80C

In section 80C of the Income-tax Act, -

(a) in sub-section (2), -

(i) in clause (a), for the words "on the life of the wife or husband of the assessee", wherever they occur, the words "on the life of the wife or husband or any child of the assessee" shall be substituted with effect from the 1st day of April, 1970;

(ii) in clause (b), for the words "on the life of any male member of the family or of the wife of any such member", the words "on the life of any member of the family" shall be substituted with effect from the 1st day of April, 1970;

(iii) in the Explanation at the end of clause (b), in clause (ii), the brackets and words "(being the assessee, or a male member of a Hindu undivided family where such family is the assessee)" shall be omitted with effect from the 1st day of April, 1970;

(b) in sub-section (4), -

(i) in clause (i), the proviso shall be omitted;

(ii) in clause (ii), the brackets, words and letter "[including an author, playwright, artist, musician or actor, to whom the provisions of clause (i) do not apply]," shall be omitted.

Section 7 - Amendment of Section 80J

In section 80J of the Income-tax Act, -

(a) in sub-section (4), in clause (iii), for the words "twenty-three years" the words "twenty-eight years" shall be substituted;

(b) in sub-section (5), in clause (iii), for the words "twenty-three years" the words "twenty-eight years" shall be substituted.

Section 8 - Amendment of Section 80L

In section 80L of the Income-tax Act, in sub-section (1), for the words "five hundred rupees", wherever they occur, the word "one thousand rupees" shall be substituted with effect from the 1st day of April, 1970.

Section 9 - Insertion of New Section 80MM

After section 80M of the Income-tax Act the following section shall be inserted with effect from the 1st day of April, 1970 namely :-

80MM. Deduction in the case of an Indian company in respect of royalties, etc. received from any concern in India. -

(1) Where the gross total income of an assessee being an Indian company includes any income by, way of royalty, commission fees or any other payment (not being income chargeable under the head "Capital gains") received by it from any person carrying on a business in India in consideration for -

(i) the provision of technical know-how which is likely to assist in the manufacture or processing of goods or materials, or in the installation or erection of machinery or plant for such manufacture or processing, or in the working of a mine, oil well or other source of mineral deposits, or in the search for, or discovery or testing of, mineral deposits or the winning of access to them, or in carrying on any operation relating to agriculture,

animal husbandry, dairy or poultry farming, forestry or fishing, or

(ii) rendering services in connection with the provision of such technical know-how,

under an agreement entered into by the assessee with such person on or after the 1st day of April, 1969, and for which approval of the Central Government in this behalf is applied for before the 1st day of October of the relevant assessment year, there shall be allowed a deduction from such income of an amount equal to forty per cent. thereof, in computing the total income of the assessee.

(2) For the purposes of this section "provision of technical know-how means, -

(i) the transfer of all or any rights (including the granting of a licence) in respect of a patent, invention, model, design, secret formula or process or similar property;

(ii) the imparting of any information concerning the working of, or the use of, a patent, invention, model, design, secret formula or process or similar property;

(iii) the use of any patent, invention, model, design, secret formula or process or similar property;

(iv) the imparting of any information concerning industrial, commercial or scientific knowledge, experience or skill.

(3) The provisions of sub-section (1) shall not apply in relation to any income in respect of which the assessee is entitled to the deduction specified in section 80-O..

Section 10 - Amendment of Section 80P

In section 80P of the Income-tax Act, -

(a) in sub-section (2), in clause (c), for the words "fifteen thousand rupees", the words "twenty thousand rupees" shall be substituted with effect from the 1st day of April, 1970;

(b) sub-section (4) shall be omitted with effect from the 1st day of April, 1970.

Section 11 - Insertion of New Section 80RR

After section 80R of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 1970, namely :-

"80RR. Deduction in respect of professional income from foreign sources in certain cases. - Where the gross total income of an individual resident in India, being an author, playwright, artist, musician or actor, includes any income derived by him in the exercise of his profession from the Government of a foreign State or any person not resident in India, and such income is received in, or brought into, India by him or on his behalf in accordance with the Foreign Exchange Regulation Act, 1947 (7 of 1947), and any rules made thereunder, there shall be allowed a deduction from such income of an amount equal to twenty-five per cent. of the income so received or brought, in computing the total income of the individual."

Section 12 - Substitution of New Section For Section 208

For section 208 of the Income-tax Act, the following section shall be substituted, namely :-

"208. Condition of liability to pay advance tax. - (1) Advance tax shall be payable during the financial year -

(a) where the total income, exclusive of capital gains, of the assessee, referred to in sub-clause (i) of clause (a) of section 209, exceeds the amount specified in sub-section (2), or

(b) where it is payable by virtue of the provisions of sub-section (3) of section 212.

(2) The amount referred to in clause (a) of sub-section (1) shall be -

(a) in the case of a company or a local authority	Rs. 2,500;
(b) in the case of a registered firm	Rs. 30,000;

(c) in the case of a person other than a company, a local authority or a registered firm, -

(i) where such person was not resident in India during the previous year referred to in sub-clause (i) of clause (a) of section 209 or such person being a person referred to in sub-section (3) of section 212 is not likely to be resident in India during the previous year relevant to the assessment year next following the financial year in which the advance tax is payable ... Rs. 5,000;

(ii) in any other case ... Rs. 10,000."

Section 13 - Amendment of Section 209

In section 209 of the Income-tax Act, -

(a) in clause (a), in sub-clause (iii), for the words "on any income, included in the said total income", the words and brackets "on any income (as computed before allowing any deductions admissible under this Act) on which tax is required to be deducted under the said sections and which has been taken into account in computing the said total income" shall be substituted;

(b) in clause (c), after the word, brackets and figure "sub-section (3)", the words, brackets, figure and letter "or sub-section (3A)" shall be inserted.

Section 14 - Amendment of Section 210

In section 210 of the Income-tax Act, in sub-section (3), for the words, figures and letters "before the 15th day of February of the financial year", the words, brackets and figures "at any time before the date which is fifteen days prior to the date on which the last instalment of advance tax is payable by the assessee under sub-section (1) of section 211" shall be substituted.

Section 15 - Amendment of Section 211

In section 211 of the Income-tax Act, -

(a) for sub-section (1), the following sub-section shall be substituted, namely :-

(1) Subject to the provisions of this section and of section 212, advance tax shall be payable in three equal instalments on the following dates during the financial year, namely :-

(i) the 15th day of June, the 15th day of September and the 15th day of December, in the case of an assessee whose total income to the extent of 75 per cent. thereof or more is derived from a source or sources for which the previous year (relevant to the assessment year next following the financial year aforesaid ends on or before the 31st day of December;

(ii) the 15th day of September, the 15th day of December and the 15th day of March, in any other case :

Provided that in respect of any class of assessee referred to in clause (i), the Board may, having regard to the nature of dealings in the business carried on by such assessee, the method of accounting followed by them and other relevant factors, authorise, by notification in the Official Gazette and subject to such conditions as may be specified therein, the payment of the last instalment of the advance tax on the 15th day of March during the financial year, instead of on the 15th day of December.

Explanation : In this sub-section, "total income" means, -

(a) in a case where advance tax is paid by the assessee in accordance with an order of the Income-tax Officer under section 210, the total income with reference to which the advance tax payable has been calculated in such order;

(b) in a case where the advance tax is paid in accordance with an estimate made by the assessee under section 212, the total income with reference to which the advance tax is so estimated,

as reduced, in either case, by the capital gains, if any, included therein.;

(b) in sub-section (2), for the figures, letters and words "1st day of March" and "1st day of December", the figures, letters and words "15th day of March" and "15th day of December" shall, respectively, be substituted.

Section 16 - Amendment of Section 212

In section 212 of the Income-tax Act, -

(a) for sub-section (1), the following sub-section shall be substituted, namely :-

"(1) If any assessee who is required to pay advance tax by an order under section 210 estimates at any time before the last instalment of advance tax is due in his case that, by reason of his total income (exclusive of capital gains, if any) of the period which would be the previous year for the immediately following assessment year (such total income being, hereafter in this section, referred to as current income) being likely to be less than the income on which the advance tax payable by him under section 210 has been computed or for any other reason, the advance tax payable by him would be less than the amount which he is so required to pay, he may, at his option, send to the Income-tax Officer an estimate of -

(i) the current income, and

(ii) the advance tax payable by him on the current income calculated in the manner laid down in section 209,

and shall pay such amount of advance tax as accords with his estimate in equal instalments on such of the dates applicable in his case under section 211 as have not expired, or in one sum if only the last of such dates has not expired.";

(b) for sub-section (3), the following sub-sections shall be substituted, namely :-

"(3) Any person who has not previously been assessed by way of regular assessment under this Act or under the Indian Income-tax Act, 1922 (11 of 1922), shall, in each financial year, before the date on which the last instalment of advance tax is due in his case under sub-section (1) of section 211, if his current income is likely to exceed the amount specified in sub-section (2) of section 208, send to the Income-tax Officer an estimate of -

(i) the current income, and

(ii) the advance tax payable by him on the current income calculated in the manner laid down in section 209,

and shall pay such amount of advance tax as accords with his estimate on such of the dates applicable in his case under section 211 as have not expired, by instalments which may be revised according to sub-section (2).

(3A) In the case of any assessee who is required to pay advance tax by an order under section 210, if, by reason of the current income being likely to be greater than the income on which the advance tax payable by him under section 210 has been computed or for any other reason, the amount of advance tax computed in the manner laid down in section 209 on the current income (which shall be estimated by the assessee) exceeds the amount of advance tax demanded from him under section 210 by more than 33-1/3 per cent. of the latter amount, he shall, at any time before the date on which the last instalment of advance tax is due from him, send to the Income-tax Officer an estimate of -

(i) the current income, and

(ii) the advance tax payable by him on the current income calculated in the manner laid down in section 209,

and shall pay such amount of advance tax as accords with his estimate on such of the dates applicable in his case under section 211 as have not expired, by instalments which may be revised according to sub-section (2)."

Section 17 - Amendment of Section 213

In section 213 of the Income-tax Act, the word "quarterly" shall be omitted.

Section 18 - Amendment of Section 215

In section 215 of the Income-tax Act, -

(a) for sub-section (1), the following sub-section shall be substituted with effect from the 1st day of April, 1970, namely :-

"(1) Where, in any financial year, an assessee has paid advance tax under section 212 on the basis of his own estimate, and the advance tax so paid is less than seventy-five per cent. of the assessed tax, simple interest at the rate of nine per cent. per annum from the 1st day of April next following the said financial year up to the date of the regular assessment shall be payable by the assessee upon the amount by which the advance tax so paid falls short of the assessed tax.";

(b) in sub-section (2), in clause (ii), for the words "the said seventy-five per cent.", the words "the assessed tax" shall be substituted with effect from the 1st day of April, 1970;

(c) after sub-section (4), the following sub-section shall be inserted with effect from the 1st day of April, 1970, namely :-

(5) In this section and sections 217 and 273, "assessed tax" means the tax determined on the basis of the regular assessment (reduced by the amount of tax deductible in accordance with the provisions of sections 192 to 194, section 194A and section 195) so far as such tax relates to income subject to advance tax and so far as it is not due to variations in the rates of tax made by the Finance Act enacted for the year for which the regular assessment is made..

Section 19 - Amendment of Section 216

In section 216 of the Income-tax Act, for clause (a), the following clause shall be substituted with effect from the first day of April, 1970, namely :-

"(a) under sub-section (1) or sub-section (2) or sub-section (3) or sub-section (3A) of section 212 under-estimated the advance tax payable by him and thereby reduced the amount payable in either of the first two instalments; or".

Section 20 - Amendment of Section 217

In section 217 of the Income-tax Act, for sub-section (1), the following sub-sections shall be substituted with effect from the 1st day of April, 1970, namely :-

"(1) Where, on making the regular assessment, the Income-tax Officer finds that any such person as is referred to in sub-section (3) of section 212 has not sent the estimate referred to therein, simple interest at the rate of nine per cent. per annum from the 1st day of April next following the financial year in which the advance tax was payable in accordance with the said sub-section up to the date of the regular assessment shall be payable by the assessee upon the amount equal to the assessed tax as defined in sub-section (5) of section 215.

(1A) Where, on making the regular assessment, the Income-tax Officer finds that any such person as is referred to in sub-section (3A) of section 212 has not sent the estimate referred to therein, simple interest at the rate of nine per cent. per annum from the 1st day of April next following the financial year in which the advance tax was payable in accordance with the said sub-section up to the date of the regular assessment shall be payable by the assessee upon the amount by which the advance tax paid by him falls short of the assessed tax as defined in sub-section (5) of section 215."

Section 21 - Amendment of Section 218

In section 218 of the Income-tax Act, in sub-section (2), after the word, brackets and figure "sub-section (3)", the words, brackets, figure and letter "or sub-section (3A)" shall be inserted.

Section 22 - Substitution of New Section For Section 273

For section 273 of the Income-tax Act, the following section shall be substituted with effect from the 1st day of April, 1970, namely :-

"273. False estimate of, or failure to pay, advance tax. -If the Income-tax Officer, in the course of any proceedings in connection with the regular assessment for the assessment year commencing on the 1st day of April, 1970, or any subsequent assessment year, is satisfied that any assessee -

(a) has furnished under section 212 an estimate of the advance tax payable by him which he knew or had reason to believe to be untrue, or

(b) has without reasonable cause failed to furnish an estimate of the advance tax payable by him in accordance with the provisions of sub-section (3) of section 212, or

(c) has without reasonable cause failed to furnish an estimate of the advance tax payable by him in accordance with the provisions of sub-section (3A) of section 212,

he may direct that such person shall, in addition to the amount of tax, if any, payable by him, pay by way of penalty a sum

(i) which, in the case referred to in clause (a), shall not be less than ten per cent. but shall not exceed one and a half times the amount by which the tax actually paid during the financial year immediately preceding the assessment year under the provisions of Chapter XVII-C falls short of -

(1) seventy-five per cent. of the assessed tax as defined in sub-section (5) of section 215, or

(2) where a notice under section 210 was issued to the assessee, the amount payable thereunder,

whichever is less;

(ii) which, in the case referred to in clause (b), shall not be less than ten per cent. but shall not exceed one and a half times of seventy-five per cent. of the assessed tax as defined in sub-section (5) of section 215; and

(iii) which, in the case referred to in clause (c), shall not be less than ten per cent. but shall not exceed one and a half times the amount by which the tax payable under the notice issued to the assessee under section 210 falls short of seventy-five per cent. of the assessed tax as defined in sub-section (5) of section 215."

Section 23 - Amendment of The Fifth Schedule

In the Fifth Schedule to the Income-tax Act, after item (31), the following items shall be inserted with effect from the 1st day of April, 1970, namely :-

"(32) Textiles (including those dyed, printed or otherwise processed) made wholly or mainly of cotton, including cotton yarn, hosiery and rope.

(33) Textiles (including those dyed, printed or otherwise processed) made wholly or mainly of jute, including jute twine and jute rope."
