

Finance Act 1975

Section 3 - Amendment of Section 10

In section 10 of the Income-tax Act, -

(a) in sub-clause (ii) of clause (5), -

(i) in item (a) and item (b), for the words "himself, his spouse and children," the words "himself and his family," shall be substituted;

(ii) in the proviso, for the words "shall in no case exceed," the words "shall not, except in such cases and under such circumstances as may be prescribed having regard to the travel concession or assistance granted to the employees of the Central Government, exceed" shall be substituted;

(iii) the following Explanation shall be inserted at the end, namely :-

Explanation : For the purposes of this sub-clause, "family", in relation to an individual, means -

(i) the spouse and children of the individual; and

(ii) the parents, brothers, and sisters of the individual or any of them, wholly or mainly dependent on the individual;;

(b) after clause (10A), the following clause shall be inserted with effect from the 1st day of April, 1976, namely :-

(10B) any compensation received by a workman under the Industrial Disputes Act, 1947 (14 of 1947); or under any other Act or rules, orders or notifications issued thereunder or under any standing orders or under any award, contract of service or otherwise, at the time of his retrenchment, to the extent such compensation does not exceed -

(i) an amount calculated in accordance with the provisions of clause (b) of section 25F of the Industrial Disputes Act, 1947 (14 of 1947); or

(ii) twenty thousand rupees,

whichever is less,

Explanation : For the purposes of this clause -

(a) compensation received by a workman at the time of the closing down of the undertaking in which he is employed shall be deemed to be compensation received at the time of his retrenchment;

(b) compensation received by a workman, at the time of the transfer (whether by agreement or by operation of law) of the ownership or management of the undertaking in which he is employed from the employer in relation to that undertaking to a new employer, shall be deemed to be compensation received at the time of his retrenchment if -

(i) the service of the workman has been interrupted by such transfer; or

(ii) the terms and conditions of service applicable to the workman after such transfer are in any way less favourable to the workman than those applicable to him immediately before the transfer; or

(iii) the new employer is, under the terms of such transfer or otherwise, legally not liable to pay to the workman, in the event of his retrenchment, compensation on the basis that his service has been continuous and has not been interrupted by the transfer;

(c) the expressions "employer" and "workman" shall have the same meanings as in the Industrial Disputes Act, 1947 (14 of 1947);;

(c) in clause (13A), for the words "three hundred rupees", the words "four hundred rupees" shall be substituted;

(d) in clause (14), the following Explanation shall be inserted, and shall be deemed always to have been inserted, at the end, namely :-

"Explanation : For the removal of doubts, it is hereby declared that any allowance granted to the assessee to meet his personal expenses at the place where the duties of his office or employment of profit are ordinarily performed by him or at the place where he ordinarily resides shall not be regarded, for the purposes of this clause, as a special allowance granted to meet expenses wholly, necessarily and exclusively incurred in the performance of such duties;"

(e) clause (27) shall be omitted with effect from the 1st day of April, 1976.
