

Finance Act 2001

Section 12 - Amendment of Section 16

In section 16 of the Income-tax Act, for clauses (i) and (ii), the following clause shall be substituted with effect from the 1st day of April, 2002, namely :-

"(i) in the case of an assessee whose income from salary, before allowing a deduction under this clause,-

(A) does not exceed one lakh fifty thousand rupees, a deduction of a sum equal to thirty-three and one-third per cent of the salary or thirty thousand rupees, whichever is less;

(B) exceeds one lakh fifty thousand rupees but does not exceed three lakh rupees, a deduction of a sum of twenty-five thousand rupees;

(C) exceeds three lakh rupees but does not exceed five lakh rupees, a deduction of a sum of twenty thousand rupees;

(ii) a deduction in respect of any allowance in the nature of an entertainment allowance specifically granted by an employer to the assessee who is in receipt of a salary from the Government, a sum equal to one-fifth of his salary (exclusive of any allowance, benefit or other perquisite) or five thousand rupees, whichever is less ;".
