

Finance Act, 2010

[Act No. 14 of 2010]*

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An Act to give effect to the financial proposals of the Central Government for the financial year 2010-2011.

BE it enacted by Parliament in the Sixty-first Year of the Republic of India as follows :—

Chapter I

Preliminary

Short title and commencement.

1. (1) This Act may be called the Finance Act, 2010.

(2) Save as otherwise provided in this Act, sections 2 to 56 shall be deemed to have come into force on the 1st day of April, 2010.

Chapter II

Rates of Income-tax

Income-tax.

2. (1) Subject to the provisions of sub-sections (2) and (3), for the assessment year commencing on the 1st day of April, 2010, income-tax shall be charged at the rates specified in Part I of the First Schedule and such tax shall be increased by a surcharge, for purposes of the Union, calculated in each case in the manner provided therein.

(2) In the cases to which Paragraph A of Part I of the First Schedule applies, where the assessee has, in the previous year, any net agricultural income exceeding five thousand rupees, in addition to total income, and the total income exceeds one lakh sixty thousand rupees, then,—

(a) the net agricultural income shall be taken into account, in the manner provided in clause (b) [that is to say, as if the net agricultural income were comprised in the total income after the first one lakh sixty thousand rupees of the total income but without being liable to tax], only for the purpose of charging income-tax in respect of the total income; and

(b) the income-tax chargeable shall be calculated as follows :—

(i) the total income and the net agricultural income shall be aggregated and the amount of income-tax shall be determined in respect of the aggregate income at the rates specified in the said Paragraph A, as if such aggregate income were the total income;

(ii) the net agricultural income shall be increased by a sum of one lakh sixty thousand rupees, and the amount of income-tax shall be determined in respect of the net agricultural income as so increased at the rates specified in the said Paragraph A, as if the net agricultural income as so increased were the total income;

(iii) the amount of income-tax determined in accordance with sub-clause (i) shall be reduced by the amount of income-tax determined in accordance with sub-clause (ii) and the sum so arrived at shall be the income-tax in respect of the total income :

Provided that in the case of every woman, resident in India and below the age of sixty-five years at any time during the previous year, referred to in item (II) of Paragraph A of Part I of the First Schedule, the provisions of this sub-section shall have effect as if for the words “one lakh sixty thousand rupees”, the words “one lakh ninety thousand rupees” had been substituted :

Provided further that in the case of every individual, being a resident in India, who is of the age of sixty-five years or more at any time during the previous year, referred to in item (III) of Paragraph A of Part I of the First Schedule, the provisions of this sub-section shall have effect as if for the words “one lakh sixty thousand rupees”, the words “two lakh forty thousand rupees” had been substituted.

(3) In cases to which the provisions of Chapter XII or Chapter XII-A or Chapter XII-H or section 115JB or sub-section (1A) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act, 1961 (43 of 1961) (hereinafter referred to as the Income-tax Act) apply, the tax chargeable shall be determined as provided in that Chapter or that section, and with reference to the rates imposed by sub-section (1) or the rates as specified in that Chapter or section, as the case may be :

Provided that the amount of income-tax computed in accordance with the provisions of section 111A or section 112 shall be increased by a surcharge, for purposes of the Union, as provided in Paragraph A, B, C, D or E, as the case may be, of Part I of the First Schedule :

Provided further that in respect of any income chargeable to tax under sections 115A, 115AB, 115AC, 115ACA, 115AD, 115B, 115BB, 115BBA, 115BBC, 115E and 115JB of the Income-tax Act, the amount of income-tax computed under this sub-section shall be increased by a surcharge, for purposes of the Union, calculated,—

(a) in the case of a domestic company, at the rate of ten per cent of such income-tax where the total income exceeds one crore rupees;

(b) in the case of every company, other than a domestic company, at the rate of two and one-half per cent of such income-tax where the total income exceeds one crore rupees :

Provided also that in the case of every company having total income chargeable to tax under section 115JB of the Income-tax Act, and such income exceeds one crore rupees, the total amount payable as income-tax and surcharge on such income-tax shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

(4) In cases in which tax has to be charged and paid under section 115-O or sub-section (2) of section 115R of the Income-tax Act, the tax shall be charged and paid at the rates as specified in those sections and shall be increased by a surcharge, for purposes of the Union, calculated at the rate of seven and one-half per cent of such tax.

(5) In cases in which tax has to be deducted under sections 193, 194, 194A, 194B, 194BB, 194D and 195 of the Income-tax Act, at the rates in force, the deductions shall be made at the rates specified in Part II of the First Schedule and shall be increased by a surcharge, for purposes of the Union, calculated in cases wherever prescribed, in the manner provided therein.

(6) In cases in which tax has to be deducted under sections 194C, 194E, 194EE, 194F, 194G, 194H, 194-I, 194J, 194LA, 196B, 196C and 196D of the Income-tax Act, the deductions shall be made at the rates specified in those sections and shall be increased by a surcharge, for purposes of the Union, in the case of every company, other than a domestic company, calculated at the rate of two and one-half per cent of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees.

(7) In cases in which tax has to be collected under the proviso to section 194B of the Income-tax Act, the collection shall be made at the rates specified in Part II of the First Schedule, and shall be increased by a surcharge, for purposes of the Union, calculated, in cases wherever prescribed, in the manner provided therein.

(8) In cases in which tax has to be collected under section 206C of the Income-tax Act, the collection shall be made at the rates specified in that section and shall be increased by a surcharge, for purposes of the Union, in the case of every company, other than a domestic company, calculated at the rate of two and one-half per cent of such tax, where the amount or the aggregate of such amounts collected and subject to the collection exceeds one crore rupees.

(9) Subject to the provisions of sub-section (10), in cases in which income-tax has to be charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 174A or section 175 or sub-section (2) of section 176 of the Income-tax Act or deducted from, or paid on, income chargeable under the head “Salaries” under section 192 of the said Act 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” shall be so charged, deducted or computed at the rate or rates specified in Part III of the First Schedule and such tax shall be increased by a surcharge, for purposes of the Union, calculated in such cases and in such manner as provided therein :

Provided that in cases to which the provisions of Chapter XII or Chapter XII-A or section 115JB or sub-section (1A) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act apply, “advance tax” shall be computed with reference to the rates imposed by this sub-section or the rates as specified in that Chapter or section, as the case may be :

Provided further that the amount of “advance tax” computed in accordance with the provisions of section 111A or section 112 of the Income-tax Act shall be increased by a surcharge, for purposes of the Union, as provided in Paragraph E of Part III of the First Schedule pertaining to the case of a company :

Provided also that in respect of any income chargeable to tax under sections 115A, 115AB, 115AC, 115ACA, 115AD, 115B, 115BB, 115BBA, 115BBC, 115E and 115JB of the Income-tax Act, “advance tax” computed under the first proviso shall be increased by a surcharge, for purposes of the Union, calculated,—

(a) in the case of every domestic company, at the rate of seven and one-half per cent of such “advance tax” where the total income exceeds one crore rupees;

(b) in the case of every company, other than a domestic company, at the rate of two and one-half per cent of such “advance tax” where the total income exceeds one crore rupees :

Provided also that in the case of every company having total income chargeable to tax under section 115JB of the Income-tax Act, and such income exceeds one crore rupees, the total amount payable as “advance tax” on such income and surcharge thereon, shall not exceed the total amount payable as “advance tax” on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

(10) In cases to which Paragraph A of Part III of the First Schedule applies, where the assessee has, in the previous year 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 the previous year, in such other period, any net agricultural income exceeding five thousand rupees, in addition to total income and the total income exceeds one lakh sixty thousand rupees, then, in charging income-tax under sub-section (2) of section 174 or section 174A or section 175 or sub-section (2) of section 176 of the said Act or in computing the “advance tax” payable under Chapter XVII-C of the said Act, at the rate or rates in force,—

(a) the net agricultural income shall be taken into account, in the manner provided in clause (b) [that is to say, as if the net agricultural income were comprised in the total income after the first one lakh sixty thousand rupees of the total income but without being liable to tax], only for the purpose of charging or computing such income-tax or, as the case may be, “advance tax” in respect of the total income; and

(b) such income-tax or, as the case may be, “advance tax” shall be so charged or computed as follows :—

(i) the total income and the net agricultural income shall be aggregated and the amount of income-tax or “advance tax” shall be determined in respect of the aggregate income at the rates specified in the said Paragraph A, as if such aggregate income were the total income;

(ii) the net agricultural income shall be increased by a sum of one lakh sixty thousand rupees, and the amount of income-tax or “advance tax” shall be determined in respect of the net agricultural income as so increased at the rates specified in the said Paragraph A, as if the net agricultural income were the total income;

(iii) the amount of income-tax or “advance tax” determined in accordance with sub-clause (i) shall be reduced by the amount of income-tax or, as the case may be, “advance tax” determined in accordance with sub-clause (ii) and the sum so arrived at shall be the income-tax or, as the case may be, “advance tax” in respect of the total income :

Provided that in the case of every woman, resident in India and below the age of sixty-five years at any time during the previous year, referred to in item (II) of Paragraph A of Part III of the First Schedule, the provisions of this sub-section shall have effect as if for the words “one lakh sixty thousand rupees”, the words “one lakh ninety thousand rupees” had been substituted :

Provided further that in the case of every individual, being a resident in India, who is of the age of sixty-five years or more at any time during the previous year, referred to in item (III) of Paragraph A of Part III of the First Schedule, the provisions of this sub-section shall have effect as if for the words “one lakh sixty thousand rupees”, the words “two lakh forty thousand rupees” had been substituted.

(11) The amount of income-tax as specified in sub-sections (1) to (10) and as increased by the applicable surcharge, for purposes of the Union, calculated in the manner provided therein, shall be further increased by an additional surcharge, for purposes of the Union, to be called the “Education Cess on income-tax”, calculated at the rate of two per cent of such income-tax and surcharge so as to fulfil the commitment of the Government to provide and finance universalised quality basic education :

Provided that nothing contained in this sub-section shall apply to cases in which tax is to be deducted or collected under the sections of the Income-tax Act mentioned in sub-sections (5), (6), (7) and (8), if the income subjected to deduction of tax at source or collection of tax at source is paid to a domestic company and any other person who is resident in India.

(12) The amount of income-tax as specified in sub-sections (1) to (10) and as increased by the applicable surcharge, for purposes of the Union, calculated in the manner provided therein, shall also be increased by an additional surcharge, for purposes of the Union, to be called the “Secondary and Higher Education Cess on income-tax”, calculated at the rate of one per cent of such income-tax and surcharge so as to fulfil the commitment of the Government to provide and finance secondary and higher education :

Provided that nothing contained in this sub-section shall apply to cases in which tax is to be deducted or collected under the sections of the Income-tax Act mentioned in sub-sections (5), (6), (7) and (8), if the income subjected to deduction of tax at source or collection of tax at source is paid to a domestic company and any other person who is resident in India.

(13) For the purposes of this section and the First Schedule,—

(a) “domestic company” means an Indian company or any other company which, in respect of its income liable to income-tax under the Income-tax Act, for the assessment year commencing on the 1st day of April, 2010, has made the prescribed arrangements for the declaration and payment within India of the dividends (including dividends on preference shares) payable out of such income;

(b) “insurance commission” means any remuneration or reward, whether by way of commission or otherwise, for soliciting or procuring insurance business (including business relating to the continuance, renewal or revival of policies of insurance);

(c) “net agricultural income”, in relation to a person, means the total amount of agricultural income, from whatever source derived, of that person computed in accordance with the rules contained in Part IV of the First Schedule;

(d) all other words and expressions used in this section and the First Schedule but not defined in this sub-section and defined in the Income-tax Act shall have the meanings, respectively, assigned to them in that Act.

Chapter III

Direct Taxes

Income-tax

Amendment of section 2.

3. In section 2 of the Income-tax Act,—

(a) in clause (15), after the proviso, the following proviso shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2009, namely:—

“**Provided further** that the first proviso shall not apply if the aggregate value of the receipts from the activities referred to therein is ten lakh rupees or less in the previous year;”;

(b) in clause (24), in sub-clause (xv), after the words, brackets and figures “value of property referred to in clause (vii)”, the words, brackets, figures and letter “or clause (viiia)” shall be inserted with effect from the 1st day of June, 2010.

Amendment of section 9.

4. In section 9 of the Income-tax Act, for the *Explanation* occurring after sub-section (2), the following *Explanation* shall be substituted and shall be deemed to have been substituted with effect from the 1st day of June, 1976, namely:—

“*Explanation.*—For the removal of doubts, it is hereby declared that for the purposes of this section, income of a non-resident shall be deemed to accrue or arise in India under clause (v) or clause (vi) or clause (vii) of sub-section (1) and shall be included in the total income of the non-resident, whether or not,—

(i) the non-resident has a residence or place of business or business connection in India; or

(ii) the non-resident has rendered services in India.”.

Amendment of section 10.

5. In section 10 of the Income-tax Act, in clause (21), with effect from the 1st day of April, 2011,—

(a) for the words “scientific research association”, wherever they occur, the words “research association” shall be substituted;

(b) in the opening portion, after the word, brackets and figures “clause (ii)”, the words, brackets and figures “or clause (iii)” shall be inserted;

(c) in the first proviso, in clause (a),—

(A) in sub-clause (i),—

(I) in item (2), for the words “scientific research”, the words “scientific research or research in social science or statistical research” shall be substituted;

(II) in item (3), after the word, brackets and figures “clause (ii)”, the words, brackets and figures “or clause (iii)” shall be inserted;

(B) in sub-clause (ii), for the words “scientific research”, the words “scientific research or research in social science or statistical research” shall be substituted.

Amendment of section 10AA.

6. In section 10AA of the Income-tax Act, in sub-section (7), the following proviso shall be inserted, namely:—

“**Provided** that the provisions of this sub-section [as amended by section 6 of the Finance (No. 2) Act, 2009 (33 of 2009)] shall have effect for the assessment year beginning on the 1st day of April, 2006 and subsequent assessment years.”

Amendment of section 12AA.

7. In section 12AA of the Income-tax Act, in sub-section (3), after the word, brackets and figure “sub-section (1)”, the words, figures, letter and brackets “or has obtained registration at any time under section 12A [as it stood before its amendment by the Finance (No. 2) Act, 1996 (33 of 1996)]” shall be inserted with effect from the 1st day of June, 2010.

Amendment of section 32.

8. In section 32 of the Income-tax Act, in sub-section (1), in the fifth proviso, for the words, brackets and figures “clause (xiii) and clause (xiv)”, the words, brackets, figures and letter “clause (xiii), clause (xiiib) and clause (xiv)” shall be substituted with effect from the 1st day of April, 2011.

Amendment of section 35.

9. In section 35 of the Income-tax Act, with effect from the 1st day of April, 2011,—

(i) in sub-section (1),—

(a) for the words “scientific research association”, wherever they occur, the words “research association” shall be substituted;

(b) in clause (ii), for the words “one and one-fourth”, the words “one and three-fourth” shall be substituted;

(c) in clause (iii),—

(A) for the words “any sum paid to a university”, the words “any sum paid to a research association which has as its object the undertaking of research in social science or statistical research or to a university” shall be substituted;

(B) in the proviso, for the words “such university”, at both the places where they occur, the words “such association, university” shall be substituted;

(ii) in sub-section (2AA), in clause (a), for the words “one and one-fourth”, the words “one and three-fourth” shall be substituted;

(iii) in sub-section (2AB), in clause (1), for the words “one and one-half”, the word “two” shall be substituted.

Amendment of section 35AD.

10. In section 35AD of the Income-tax Act,—

(a) in sub-section (2), in clause (iii), in sub-clause (c), for the words “one-third of its total pipeline capacity”, the words, brackets and figures “such proportion of its total pipeline capacity as specified by regulations made by the Petroleum and Natural Gas Regulatory Board established under sub-section (1) of section 3 of the Petroleum and Natural Gas Regulatory Board Act, 2006 (19 of 2006)” shall be substituted;

(b) for sub-section (3), the following sub-section shall be substituted with effect from the 1st day of April, 2011, namely:—

‘(3) Where a deduction under this section is claimed and allowed in respect of the specified business for any assessment year, no deduction shall be allowed under the provisions of Chapter VI-A under the heading “C.—Deductions in respect of certain incomes” in relation to such specified business for the same or any other assessment year.’;

(c) in sub-section (5), with effect from the 1st day of April, 2011,—

(i) in clause (a), the word “and”, occurring at the end, shall be omitted;

(ii) after clause (a), the following clauses shall be inserted, namely :—

“(aa) on or after the 1st day of April, 2010, where the specified business is in the nature of building and operating a new hotel of two-star or above category as classified by the Central Government;

(ab) on or after the 1st day of April, 2010, where the specified business is in the nature of building and operating a new hospital with at least one hundred beds for patients;

(ac) on or after the 1st day of April, 2010, where the specified business is in the nature of developing and building a housing project under a scheme for slum redevelopment or rehabilitation framed by the Central Government or a State Government, as the case may be, and which is notified by the Board in this behalf in accordance with guidelines as may be prescribed; and”;

(iii) in clause (b), for the word, brackets and letter “clause (a)”, the words, brackets and letters “clause (a), clause (aa), clause (ab) and clause (ac)” shall be substituted;

(d) in sub-section (8), in clause (c), after sub-clause (iii), the following sub-clauses shall be inserted with effect from the 1st day of April, 2011, namely :—

“(iv) building and operating, anywhere in India, a new hotel of two-star or above category as classified by the Central Government;

(v) building and operating, anywhere in India, a new hospital with at least one hundred beds for patients;

(vi) developing and building a housing project under a scheme for slum redevelopment or rehabilitation framed by the Central Government or a State Government, as the case may be, and notified by the Board in this behalf in accordance with the guidelines as may be prescribed;”.

Amendment of section 35DDA.

11. In section 35DDA of the Income-tax Act, with effect from the 1st day of April, 2011,—

(a) after sub-section (4), the following sub-section shall be inserted, namely:—

“(4A) Where there has been reorganisation of business, whereby a private company or unlisted public company is succeeded by a limited liability partnership fulfilling the conditions laid down in the proviso to clause (xiib) of section 47, the provisions of this section shall, as far as may be, apply to the successor limited liability partnership, as they would have applied to the said company, if reorganisation of business had not taken place.”;

(b) in sub-section (5), for the words, brackets and figures “sub-section (3) and in the case of a firm or proprietary concern referred to in sub-section (4)”, the words, brackets, figures and letter “sub-section (3), in the case of a firm or proprietary concern referred to in sub-section (4) and in the case of a company referred to in sub-section (4A)” shall be substituted.

Amendment of section 40.

12. In section 40 of the Income-tax Act, in clause (a), in sub-clause (ia),—

(a) for the portion beginning with the words “has not been paid,—” and ending with the words “the last day of the previous year”, the words, brackets and figures “has not been paid on or before the due date specified in sub-section (1) of section 139” shall be substituted;

(b) for the proviso, the following proviso shall be substituted, namely:—

“**Provided** that where in respect of any such sum, tax has been deducted in any subsequent year, or has been deducted during the previous year but paid after the due date specified in sub-section (1) of section 139, such sum shall be allowed as a deduction in computing the income of the previous year in which such tax has been paid.”.

Amendment of section 43.

13. In section 43 of the Income-tax Act, with effect from the 1st day of April, 2011,—

(a) in clause (1), in *Explanation 13*, in clause (b), in sub-clause (iii), for the brackets, figures and word “(xiii) and (xiv)”, the brackets, figures, letter and word “(xiii), (xiiib) and (xiv)” shall be substituted;

(b) in clause (6), after *Explanation 2B*, the following *Explanation* shall be inserted, namely:—

“*Explanation 2C*.—Where in any previous year, any block of assets is transferred by a private company or unlisted public company to a limited liability partnership and the conditions specified in the proviso to clause (xiiib) of section 47 are satisfied, then, notwithstanding anything contained in clause (1), the actual cost of the block of assets in the case of the limited liability partnership shall be the written down value of the block of assets as in the case of the said company on the date of conversion of the company into the limited liability partnership.”.

Amendment of section 44AB.

14. In section 44AB of the Income-tax Act, with effect from the 1st day of April, 2011,—

(a) in clause (a), for the words “forty lakh rupees”, the words “sixty lakh rupees” shall be substituted;

(b) in clause (b), for the words “ten lakh rupees”, the words “fifteen lakh rupees” shall be substituted.

Amendment of section 44AD.

15. In section 44AD of the Income-tax Act [as amended by section 20 of the Finance (No. 2) Act, 2009 (33 of 2009)], in the *Explanation*, in clause (b), in sub-clause (ii), for the words “forty lakh rupees”, the words “sixty lakh rupees” shall be substituted with effect from the 1st day of April, 2011.

Amendment of section 44BB.

16. In section 44BB of the Income-tax Act, in the proviso to sub-section (1), after the words, figures and letter “section 44D or”, the words, figures and letters “section 44DA or” shall be inserted with effect from the 1st day of April, 2011.

Amendment of section 44DA.

17. In section 44DA of the Income-tax Act, in sub-section (1), after the proviso, the following proviso shall be inserted with effect from the 1st day of April, 2011, namely:—

“**Provided further** that the provisions of section 44BB shall not apply in respect of the income referred to in this section.”.

Amendment of section 47.

18. In section 47 of the Income-tax Act, after clause (xiiia), the following shall be inserted with effect from the 1st day of April, 2011, namely:—

‘(xiiib) any transfer of a capital asset or intangible asset by a private company or unlisted public company (hereafter in this clause referred to as the company) to a limited liability partnership or any transfer of a share or shares held in the company by a shareholder as a result of conversion of the company into a limited liability partnership in accordance with the provisions of section 56 or section 57 of the Limited Liability Partnership Act, 2008 (6 of 2009):

Provided that—

(a) all the assets and liabilities of the company immediately before the conversion become the assets and liabilities of the limited liability partnership;

(b) all the shareholders of the company immediately before the conversion become the partners of the limited liability partnership and their capital contribution and profit sharing ratio in the limited liability partnership are in the same proportion as their shareholding in the company on the date of conversion;

(c) the shareholders of the company do not receive any consideration or benefit, directly or indirectly, in any form or manner, other than by way of share in profit and capital contribution in the limited liability partnership;

(d) the aggregate of the profit sharing ratio of the shareholders of the company in the limited liability partnership shall not be less than fifty per cent at any time during the period of five years from the date of conversion;

(e) the total sales, turnover or gross receipts in business of the company in any of the three previous years preceding the previous year in which the conversion takes place does not exceed sixty lakh rupees; and

(f) no amount is paid, either directly or indirectly, to any partner out of balance of accumulated profit standing in the accounts of the company on the date of conversion for a period of three years from the date of conversion.

Explanation.—For the purposes of this clause, the expressions “private company” and “unlisted public company” shall have the meanings respectively assigned to them in the Limited Liability Partnership Act, 2008 (6 of 2009);’.

Amendment of section 47A.

19. In section 47A of the Income-tax Act, after sub-section (3), the following sub-section shall be inserted with effect from the 1st day of April, 2011, namely:—

“(4) Where any of the conditions laid down in the proviso to clause (xiiib) of section 47 are not complied with, the amount of profits or gains arising from the transfer of such capital asset or intangible asset or share or shares not charged under section 45 by virtue of conditions laid down in the said proviso shall be deemed to be the profits and gains chargeable to tax of the successor limited liability partnership or the shareholder of the predecessor company, as the case may be, for the previous year in which the requirements of the said proviso are not complied with.”.

Amendment of section 49.

20. In section 49 of the Income-tax Act,—

(a) in sub-section (1), in clause (iii), in sub-clause (e), for the words, brackets, figures and letters “clause (vicb) of section 47”, the words, brackets, figures and letters “clause (vicb) or clause (xiiib) of section 47” shall be substituted with effect from the 1st day of April, 2011;

(b) after sub-section (2AA), the following sub-section shall be inserted with effect from the 1st day of April, 2011, namely :—

“(2AAA) Where the capital asset being rights of a partner referred to in section 42 of the Limited Liability Partnership Act, 2008 (6 of 2009) became the property of the assessee on conversion as referred to in clause (xiiib) of section 47, the cost of acquisition of the asset shall be deemed to be the cost of acquisition to him of the share or shares in the company immediately before its conversion.”;

(c) in sub-section (4), after the word, brackets and figures “clause (vii)”, at both the places where they occur, the words, brackets, figures and letter “or clause (viiia)” shall be inserted with effect from the 1st day of June, 2010.

Amendment of section 56.

21. In section 56 of the Income-tax Act, in sub-section (2),—

(a) in clause (vii),—

(i) for sub-clause (b), the following sub-clause shall be substituted and shall be deemed to have been substituted with effect from the 1st day of October, 2009, namely:—

“(b) any immovable property, without consideration, the stamp duty value of which exceeds fifty thousand rupees, the stamp duty value of such property;”;

(ii) in the *Explanation*, in clause (d),—

(A) in the opening portion, for the word “means—”, the words “means the following capital asset of the assessee, namely:—” shall be substituted and shall be deemed to have been substituted with effect from the 1st day of October, 2009;

(B) in sub-clause (vii), the word “or” shall be omitted with effect from the 1st day of June, 2010;

(C) in sub-clause (viii), the word “or” shall be inserted at the end with effect from the 1st day of June, 2010;

(D) after sub-clause (viii), the following sub-clause shall be inserted with effect from the 1st day of June, 2010, namely:—

“(ix) bullion;”;

(b) after clause (vii), the following shall be inserted with effect from the 1st day of June, 2010, namely:—

“(viiia) where a firm or a company not being a company in which the public are substantially interested, receives, in any previous year, from any person or persons, on or after the 1st day of June, 2010, any property, being shares of a company not being a company in which the public are substantially interested,—

(i) without consideration, the aggregate fair market value of which exceeds fifty thousand rupees, the whole of the aggregate fair market value of such property;

(ii) for a consideration which is less than the aggregate fair market value of the property by an amount exceeding fifty thousand rupees, the aggregate fair market value of such property as exceeds such consideration
:

Provided that this clause shall not apply to any such property received by way of a transaction not regarded as transfer under clause (via) or clause (vic) or clause (vicb) or clause (vid) or clause (vii) of section 47.

Explanation.—For the purposes of this clause, “fair market value” of a property, being shares of a company not being a company in which the public are substantially interested, shall have the meaning assigned to it in the *Explanation* to clause (vii);’.

Amendment of section 72A.

22. In section 72A of the Income-tax Act, with effect from the 1st day of April, 2011,—

(a) after sub-section (6), the following shall be inserted, namely:—

“(6A) Where there has been reorganisation of business whereby a private company or unlisted public company is succeeded by a limited liability partnership fulfilling the conditions laid down in the proviso to clause (xiiib) of section 47, then, notwithstanding anything contained in any other provision of this Act, the accumulated loss and the unabsorbed depreciation of the predecessor company, shall be deemed to be the loss or allowance for depreciation of the successor limited liability partnership for the purpose of the previous year in which business reorganisation was effected and other provisions of this Act relating to set off and carry forward of loss and allowance for depreciation shall apply accordingly :

Provided that if any of the conditions laid down in the proviso to clause (xiiib) of section 47 are not complied with, the set off of loss or allowance of depreciation made in any previous year in the hands of the successor limited liability partnership, shall be deemed to be the income of the limited liability partnership chargeable to tax in the year in which such conditions are not complied with.”;

(b) in sub-section (7), for clauses (a) and (b), the following clauses shall, respectively, be substituted, namely:—

“(a) “accumulated loss” means so much of the loss of the predecessor firm or the proprietary concern or the private company or unlisted public company before conversion into limited liability partnership or the

amalgamating company or the demerged company, as the case may be, under the head “Profits and gains of business or profession” (not being a loss sustained in a speculation business) which such predecessor firm or the proprietary concern or the company or amalgamating company or demerged company, would have been entitled to carry forward and set off under the provisions of section 72 if the reorganisation of business or conversion or amalgamation or demerger had not taken place;

(b) “unabsorbed depreciation” means so much of the allowance for depreciation of the predecessor firm or the proprietary concern or the private company or unlisted public company before conversion into limited liability partnership or the amalgamating company or the demerged company, as the case may be, which remains to be allowed and which would have been allowed to the predecessor firm or the proprietary concern or the company or amalgamating company or demerged company, as the case may be, under the provisions of this Act, if the reorganisation of business or conversion or amalgamation or demerger had not taken place;’.

Amendment of section 80A.

23. In section 80A of the Income-tax Act, after sub-section (6) and the *Explanation* thereto, the following sub-section shall be inserted with effect from the 1st day of April, 2011, namely:—

‘(7) Where a deduction under any provision of this Chapter under the heading “C.—*Deductions in respect of certain incomes*” is claimed and allowed in respect of profits of any of the specified business referred to in clause (c) of sub-section (8) of section 35AD for any assessment year, no deduction shall be allowed under the provisions of section 35AD in relation to such specified business for the same or any other assessment year.’.

Insertion of new section 80CCF.

24. After section 80CCE of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2011, namely:—

“80CCF. *Deduction in respect of subscription to long-term infrastructure bonds.*—In computing the total income of an assessee, being an individual or a Hindu undivided family, there shall be deducted, the whole of the amount, to the extent such amount does not exceed twenty thousand rupees, paid or deposited, during the previous year relevant to the assessment year beginning on the 1st day of April, 2011, as subscription to long-term infrastructure bonds as may, for the purposes of this section, be notified by the Central Government.”.

Amendment of section 80D.

25. In section 80D of the Income-tax Act, in sub-section (2), in clause (a), after the words “his family”, the words “or any contribution made to the Central Government Health Scheme” shall be inserted with effect from the 1st day of April, 2011.

Amendment of section 80GGA.

26. In section 80GGA of the Income-tax Act, in sub-section (2), with effect from the 1st day of April, 2011,—

(a) in clause (a), for the words “scientific research association”, the words “research association” shall be substituted;

(b) in clause (aa),—

(A) for the words “to a University”, the words “to a research association which has as its object the undertaking of research in social science or statistical research or to a University” shall be substituted;

(B) in the proviso, for the words “such University”, the words “such association, University” shall be substituted;

(C) in the *Explanation*, for the words “scientific research association”, the words “research association” shall be substituted.

Amendment of section 80-IB.

27. In section 80-IB of the Income-tax Act, in sub-section (10),—

(i) in clause (a),—

(a) in sub-clause (ii), after the words, figures and letters “the 1st day of April, 2004”, the words, figures and letters “but not later than the 31st day of March, 2005” shall be inserted;

(b) after sub-clause (ii), the following sub-clause shall be inserted, namely:—

“(iii) in a case where a housing project has been approved by the local authority on or after the 1st day of April, 2005, within five years from the end of the financial year in which the housing project is approved by the local authority.”;

(ii) in clause (d),—

(a) for the words “five per cent”, the words “three per cent” shall be substituted;

(b) for the words “two thousand square feet, whichever is less”, the words “five thousand square feet, whichever is higher” shall be substituted.

Amendment of section 80-ID.

28. In section 80-ID of the Income-tax Act, in sub-section (2), with effect from the 1st day of April, 2011,—

(a) in clause (i), for the words, figures and letters “the 31st day of March, 2010”, the words, figures and letters “the 31st day of July, 2010” shall be substituted;

(b) in clause (ii), for the words, figures and letters “the 31st day of March, 2010”, the words, figures and letters “the 31st day of July, 2010” shall be substituted.

Amendment of section 115JAA.

29. In section 115JAA of the Income-tax Act, after sub-section (6), the following shall be inserted with effect from the 1st day of April, 2011, namely:—

‘(7) In case of conversion of a private company or unlisted public company into a limited liability partnership under the Limited Liability Partnership Act, 2008 (6 of 2009), the provisions of this section shall not apply to the successor limited liability partnership.

Explanation.—For the purposes of this section, the expressions “private company” and “unlisted public company” shall have the meanings respectively assigned to them in the Limited Liability Partnership Act, 2008 (6 of 2009).’.

Amendment of section 115JB.

30. In section 115JB of the Income-tax Act, in sub-section (1), with effect from the 1st day of April, 2011,—

(a) for the words, figures and letters “the 1st day of April, 2010”, the words, figures and letters “the 1st day of April, 2011” shall be substituted;

(b) for the words “fifteen per cent” at both the places where they occur, the words “eighteen per cent” shall be substituted.

Amendment of section 115WE.

31. In section 115WE of the Income-tax Act, in sub-section (1B), for the words, figures and letters “after the 31st day of March, 2010”, the words, figures and letters “after the 31st day of March, 2011” shall be substituted.

Amendment of section 139.

32. In section 139 of the Income-tax Act, in sub-section (4C), for the words “scientific research association” at both the places where they occur, the words “research association” shall be substituted with effect from the 1st day of April, 2011.

Amendment of section 142A.

33. In section 142A of the Income-tax Act, in sub-section (1), for the words, figures and letter “section 69B is required to be made”, the words, figures, letter and brackets “section 69B or fair market value of any property referred to in sub-section (2) of section 56 is required to be made” shall be substituted with effect from the 1st day of July, 2010.

Amendment of section 143.

34. In section 143 of the Income-tax Act,—

(a) in sub-section (1B), for the words, figures and letters “after the 31st day of March, 2010”, the words, figures and letters “after the 31st day of March, 2011” shall be substituted;

(b) in sub-section (3), in the first proviso, for the words “scientific research association”, wherever they occur, the words “research association” shall be substituted with effect from the 1st day of April, 2011.

Amendment of section 194B.

35. In section 194B of the Income-tax Act, for the words “five thousand rupees”, the words “ten thousand rupees” shall be substituted with effect from the 1st day of July, 2010.

Amendment of section 194BB.

36. In section 194BB of the Income-tax Act, for the words “two thousand five hundred rupees”, the words “five thousand rupees” shall be substituted with effect from the 1st day of July, 2010.

Amendment of section 194C.

37. In section 194C of the Income-tax Act, in sub-section (5), with effect from the 1st day of July, 2010,—

(a) for the words “twenty thousand rupees”, the words “thirty thousand rupees” shall be substituted;

(b) in the proviso, for the words “fifty thousand rupees”, the words “seventy-five thousand rupees” shall be substituted.

Amendment of section 194D.

38. In section 194D of the Income-tax Act, in the second proviso, for the words “five thousand rupees”, the words “twenty thousand rupees” shall be substituted with effect from the 1st day of July, 2010.

Amendment of section 194H.

39. In section 194H of the Income-tax Act, in the first proviso, for the words “two thousand five hundred rupees”, the words “five thousand rupees” shall be substituted with effect from the 1st day of July, 2010.

Amendment of section 194-I.

40. In section 194-I of the Income-tax Act, in the first proviso, for the words “one hundred and twenty thousand rupees”, the words “one hundred eighty thousand rupees” shall be substituted with effect from the 1st day of July, 2010.

Amendment of section 194J.

41. In section 194J of the Income-tax Act, in the first proviso to sub-section (1), in clause (B), for the words “twenty thousand rupees”, wherever they occur, the words “thirty thousand rupees” shall be substituted with effect from the 1st day of July, 2010.

Amendment of section 201.

42. In section 201 of the Income-tax Act, for sub-section (1A), the following sub-section shall be substituted with effect from the 1st day of July, 2010, namely:—

“(1A) Without prejudice to the provisions of sub-section (1), if any such person, principal officer or company as is referred to in that sub-section does not deduct the whole or any part of the tax or after deducting fails to pay the tax as required by or under this Act, he or it shall be liable to pay simple interest,—

(i) at one per cent for every month or part of a month on the amount of such tax from the date on which such tax was deductible to the date on which such tax is deducted; and

(ii) at one and one-half per cent for every month or part of a month on the amount of such tax from the date on which such tax was deducted to the date on which such tax is actually paid, and such interest shall be paid before furnishing the statement in accordance with the provisions of sub-section (3) of section 200.”.

Amendment of section 203.

43. In section 203 of the Income-tax Act, sub-section (3) shall be omitted.

Amendment of section 206C.

44. In section 206C of the Income-tax Act, in sub-section (5),—

(a) the first proviso shall be omitted;

(b) in the second proviso, for the words “Provided further”, the word “Provided” shall be substituted.

Amendment of section 245A.

45. In section 245A of the Income-tax Act, in clause (b), with effect from the 1st day of June, 2010,—

(i) in the proviso, clauses (ii) and (iii) shall be omitted;

(ii) in the *Explanation*,—

(a) clause (ii) shall be omitted;

(b) after clause (iii), the following clause shall be inserted, namely:—

“(iii) a proceeding for assessment or reassessment for any of the assessment years, referred to in clause (b) of sub-section (1) of section 153A in case of a person referred to in section 153A or section 153C, shall be deemed to have commenced on the date of issue of notice initiating such proceedings and concluded on the date on which the assessment is made;”;

(c) in clause (iv), for the words, brackets and figures “clause (ii) or clause (iii) or clause (iv) of the proviso”, the words, brackets, figures and letter “clause (iv) of the proviso or clause (iii) of the *Explanation*” shall be substituted.

Amendment of section 245C.

46. In section 245C of the Income-tax Act, in sub-section (1), for the proviso, the following proviso shall be substituted with effect from the 1st day of June, 2010, namely:—

“**Provided** that no such application shall be made unless,—

(i) in a case where proceedings for assessment or reassessment for any of the assessment years referred to in clause (b) of sub-section (1) of section 153A or clause (b) of sub-section (1) of section 153B in case of a person referred to in section 153A or section 153C have been initiated, the additional amount of income-tax payable on the income disclosed in the application exceeds fifty lakh rupees,

(ii) in any other case, the additional amount of income-tax payable on the income disclosed in the application exceeds ten lakh rupees,

and such tax and the interest thereon, which would have been paid under the provisions of this Act had the income disclosed in the application been declared in the return of income before the Assessing Officer on the date of application, has been paid on or before the date of making the application and the proof of such payment is attached with the application.”.

Amendment of section 245D.

47. In section 245D of the Income-tax Act, in sub-section (4A),—

(a) in clause (ii), after the words, figures and letters “the 1st day of June, 2007”, the words, figures and letters “but before the 1st day of June, 2010” shall be inserted;

(b) after clause (ii), the following clause shall be inserted with effect from the 1st day of June, 2010, namely:—

“(iii) in respect of an application made on or after the 1st day of June, 2010, within eighteen months from the end of the month in which the application was made.”.

Amendment of section 256.

48. In section 256 of the Income-tax Act, after sub-section (2), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1981, namely:—

“(2A) The High Court may admit an application after the expiry of the period of six months referred to in sub-section (2), if it is satisfied that there was sufficient cause for not filing the same within that period.”.

Amendment of section 260A.

49. In section 260A of the Income-tax Act, after sub-section (2), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of October, 1998, namely:—

“(2A) The High Court may admit an appeal after the expiry of the period of one hundred and twenty days referred to in clause (a) of sub-section (2), if it is satisfied that there was sufficient cause for not filing the same within that period.”.

Amendment of section 271B.

50. In section 271B of the Income-tax Act, for the words “one hundred thousand rupees”, the words “one hundred fifty thousand rupees” shall be substituted with effect from the 1st day of April, 2011.

Amendment of section 282B.

51. In section 282B of the Income-tax Act [as inserted by section 78 of the Finance (No. 2) Act, 2009 (33 of 2009)], with effect from the 1st day of October, 2010,—

(a) in sub-section (1), for the words “income-tax authority shall”, the words, figures and letters “income-tax authority shall, on or after the 1st day of July, 2011,” shall be substituted;

(b) in sub-section (3), for the words “received by”, the words, figures and letters “received, on or after the 1st day of July, 2011, by” shall be substituted.

Amendment of First Schedule.

52. In the First Schedule to the Income-tax Act, in rule 5, for clause (b) [as inserted by clause (ii) of section 80 of the Finance (No. 2) Act, 2009 (33 of 2009)], the following clause shall be substituted with effect from the 1st day of April, 2011, namely:—

“(b) (i) any gain or loss on realisation of investments shall be added or deducted, as the case may be, if such gain or loss is not credited or debited to the profit and loss account;

(ii) any provision for diminution in the value of investment debited to the profit and loss account, shall be added back;”.

Wealth-tax

Amendment of section 22A.

53. In section 22A of the Wealth-tax Act, 1957 (27 of 1957) (hereinafter referred to as the Wealth-tax Act), in clause (b), with effect from the 1st day of June, 2010,—

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

(ii) in the *Explanation*,—

(a) for clause (iii), the following clause shall be substituted, namely:—

“(iii) a proceeding for assessment or reassessment for any of the assessment years, in consequence of a search initiated under section 37A or requisition made under section 37B, shall be deemed to have commenced on the date of issue of notice initiating such proceedings and concluded on the date on which the assessment is made;”.

(b) in clause (iv), for the words, brackets and figures “or clause (iii) of the proviso”, the words, brackets and figures “of the proviso or clause (iii) of the *Explanation*” shall be substituted.

Amendment of section 22D.

54. In section 22D of the Wealth-tax Act, in sub-section (4A),—

(a) in clause (ii), after the words, figures and letters “the 1st day of June, 2007”, the words, figures and letters “but before the 1st day of June, 2010” shall be inserted;

(b) after clause (ii), the following clause shall be inserted with effect from the 1st day of June, 2010, namely:—

“(iii) in respect of an application made on or after the 1st day of June, 2010, within eighteen months from the end of the month in which the application was made.”.

Amendment of section 27.

55. In section 27 of the Wealth-tax Act, after sub-section (3A), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 1981, namely:—

“(3B) The High Court may admit an application after the expiry of the period of ninety days referred to in sub-section (3), if it is satisfied that there was sufficient cause for not filing the same within that period.”.

Amendment of section 27A.

56. In section 27A of the Wealth-tax Act, after sub-section (1), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of October, 1998, namely:—

“(1A) The High Court may admit an appeal after the expiry of the period of one hundred and twenty days referred to in sub-section (1), if it is satisfied that there was sufficient cause for not filing the same within that period.”.

** ** *

Chapter VIII

Miscellaneous

Amendment of section 3 of Act 16 of 1955.

85. In the Medicinal and Toilet Preparations (Excise Duties) Act, 1955, in section 3, in sub-section (1), after the words “dutiable goods”, the brackets and words “(excluding goods produced or manufactured in a Special Economic Zone)” shall be inserted.

Amendment of Act 14 of 2001.

86. The Seventh Schedule to the Finance Act, 2001 shall be amended in the manner specified in the Eleventh Schedule.

Amendment of Act 18 of 2005.

87. The Seventh Schedule to the Finance Act, 2005 shall be amended in the manner specified in the Twelfth Schedule.

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THE FIRST SCHEDULE

(See section 2)

PART I

INCOME-TAX

Paragraph A

(I) In the case of every individual other than the individual referred to in items (II) and (III) of this Paragraph 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 any other Paragraph of this Part applies,—

Rates of income-tax

- | | |
|--|--|
| (1) where the total income does not exceed Rs. 1,60,000 | <i>Nil</i> ; |
| (2) where the total income exceeds Rs. 1,60,000 but does not exceed Rs. 3,00,000 | 10 per cent of the amount by which the total income exceeds Rs. 1,60,000; |
| (3) where the total income exceeds Rs. 3,00,000 but does not exceed Rs. 5,00,000 | Rs. 14,000 <i>plus</i> 20 per cent of the amount by which the total income exceeds Rs. 3,00,000; |
| (4) where the total income exceeds Rs. 5,00,000 | Rs. 54,000 <i>plus</i> 30 per cent of the amount by which the total income exceeds Rs. 5,00,000 |

(II) In the case of every individual, being a woman resident in India, and below the age of sixty-five years at any time during the previous year,—

Rates of income-tax

- | | |
|--|--|
| (1) where the total income does not exceed Rs. 1,90,000 | <i>Nil</i> ; |
| (2) where the total income exceeds Rs. 1,90,000 but does not exceed Rs. 3,00,000 | 10 per cent of the amount by which the total income exceeds Rs. 1,90,000; |
| (3) where the total income exceeds Rs. 3,00,000 but does not exceed Rs. 5,00,000 | Rs. 11,000 <i>plus</i> 20 per cent of the amount by which the total income exceeds Rs. 3,00,000; |
| (4) where the total income exceeds Rs. 5,00,000 | Rs. 51,000 <i>plus</i> 30 per cent of the amount by which the total income exceeds Rs. 5,00,000 |

(III) In the case of every individual, being a resident in India, who is of the age of sixty-five years or more at any time during the previous year,—

Rates of income-tax

- | | |
|--|---|
| (1) where the total income does not exceed Rs. 2,40,000 | <i>Nil</i> ; |
| (2) where the total income exceeds Rs. 2,40,000 but does not exceed Rs. 3,00,000 | 10 per cent of the amount by which the total income exceeds Rs. 2,40,000; |
| (3) where the total income exceeds Rs. 3,00,000 but does not exceed Rs. 5,00,000 | Rs. 6,000 <i>plus</i> 20 per cent of the amount by which the total income exceeds Rs. 3,00,000; |
| (4) where the total income exceeds Rs. 5,00,000 | Rs. 46,000 <i>plus</i> 30 per cent of the amount by which the total income exceeds Rs. 5,00,000 |

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 <i>plus</i> 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 <i>plus</i> 30 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 30 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 30 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 50 per cent;

case, been approved by the Central Government

(ii) on the balance, if any, of the total 40 per cent

income

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or in section 111A or section 112, shall, in the case of every company, be increased by a surcharge for purposes of the Union calculated,—

(i) in the case of every domestic company having a total income exceeding one crore rupees, at the rate of ten per cent of such income-tax;

(ii) in the case of every company other than a domestic company having a total income exceeding one crore rupees, at the rate of two and one-half per cent :

Provided that in the case of every company having a total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

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 :—

Rate of income-tax

I. 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 10 per cent;

“Interest on securities”

- (ii) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort 30 per cent;
- (iii) on income by way of winnings from horse races 30 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 debentures or securities for money issued by or on behalf of any local authority or a corporation established by a Central, State or Provincial Act;
- (B) any debentures issued by a company where such debentures are listed on a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and any rules made thereunder;
- (C) any security of the Central or State Government
- (vi) on any other income 10 per cent;
- (b) where the person is not resident in India—
- (i) in the case of a non-resident Indian—
- (A) on any investment income 20 per cent;
- (B) on income by way of long-term capital gains referred to in section 115E 10 per cent;
- (C) on income by way of short-term capital gains referred to in section 111A 15 per cent;
- (D) on other income by way of long-term capital gains [not being long-term capital gains referred to in clauses (33), (36) and (38) of section 10] 20 per cent;
- (E) 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;
- (F) 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 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—
- (I) where the agreement is made on or after the 1st day of June, 1997 but before the 1st day of June, 2005 20 per cent;
- (II) where the agreement is made on or after the 1st day of June, 2005 10 per cent;
- (G) on income by way of royalty [not being royalty of the nature referred to in sub-item (b)(i)(F)] 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—

- (I) where the agreement is made on 20 per cent;
or after the 1st day of June, 1997 but before the 1st day of June, 2005
- (II) where the agreement is made on 10 per cent;
or after the 1st day of June, 2005
- (H) 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—
- (I) where the agreement is made on 20 per cent;
or after the 1st day of June, 1997 but before the 1st day of June, 2005
- (II) where the agreement is made on 10 per cent;
or after the 1st day of June, 2005
- (I) on income by way of winnings from 30 per cent;
lotteries, crossword puzzles, card games and other games of any sort
- (J) on income by way of winnings from 30 per cent;
horse races
- (K) on the whole of the other income 30 per cent;
- (ii) in the case of any other person—
- (A) on income by way of interest pay- 20 per cent;
able by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency
- (B) 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 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—
- (I) where the agreement is made on 20 per cent;
or after the 1st day of June, 1997 but before the 1st day of June, 2005
- (II) where the agreement is made on 10 per cent;
or after the 1st day of June, 2005
- (C) on income by way of royalty [not being royalty of the nature referred to in sub-item (b)(ii)(B)] 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—
- (I) where the agreement is made on 20 per cent;

or after the 1st day of June, 1997 but before the 1st day of June, 2005

(II) where the agreement is made on 10 per cent;

or after the 1st day of June, 2005

(D) 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—

(I) where the agreement is made on 20 per cent;

or after the 1st day of June, 1997 but before the 1st day of June, 2005

(II) where the agreement is made on 10 per cent;

or after the 1st day of June, 2005

(E) on income by way of winnings from 30 per cent;
lotteries, crossword puzzles, card

games and other games of any sort

(F) on income by way of winnings from 30 per cent;

horse races

(G) on income by way of short-term 15 per cent;

capital gains referred to in section

111A

(H) on income by way of long-term ca- 20 per cent;

pital gains [not being long-term capital gains referred to in clauses (33), (36) and (38) of section 10]

(I) on the whole of the other income 30 per cent;

2. In the case of a company—

(a) where the company is a domestic company—

(i) on income by way of interest other than 10 per cent;

“Interest on securities”

(ii) on income by way of winnings from 30 per cent;

lotteries, crossword puzzles, card games

and other games of any sort

(iii) on income by way of winnings from horse 30 per cent;

races

(iv) on any other income 10 per cent;

(b) where the company is not a domestic company—

(i) on income by way of winnings from 30 per cent;
lotteries, crossword puzzles, card games
and other games of any sort

(ii) on income by way of winnings from horse 30 per cent;
races

(iii) on income by way of interest payable by 20 per cent;

Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency

(iv) 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—

(A) where the agreement is made before 30 per cent;
the 1st day of June, 1997

(B) where the agreement is made on or 20 per cent;
after the 1st day of June, 1997 but before the 1st day of June, 2005

(C) where the agreement is made on or 10 per cent;
after the 1st day of June, 2005

(v) on income by way of royalty [not being royalty of the nature referred to in sub-item (b)(iv)] 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 50 per cent;
the 31st day of March, 1961 but before the 1st day of April, 1976

(B) where the agreement is made after 30 per cent;
the 31st day of March, 1976 but before the 1st day of June, 1997

(C) where the agreement is made on or 20 per cent;
after the 1st day of June, 1997 but before the 1st day of June, 2005

(D) where the agreement is made on or
after the 1st day of June, 2005 10 per cent;

(vi) 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 50 per cent;
the 29th day of February, 1964 but before the 1st day of April, 1976
- (B) where the agreement is made after 30 per cent;
the 31st day of March, 1976 but before the 1st day of June, 1997
- (C) where the agreement is made on or 20 per cent;
after the 1st day of June, 1997 but before the 1st day of June, 2005
- (D) where the agreement is made on or 10 per cent;
after the 1st day of June, 2005
- (vii) on income by way of short-term capital 15 per cent;
gains referred to in section 111A
- (viii) on income by way of long-term capital gains 20 per cent;
[not being long-term capital gains referred to in clauses (33), (36) and (38) of section 10]
- (ix) on any other income 40 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 item 2(b) of this Part, shall be increased by a surcharge, for purposes of the Union, in the case of every company other than a domestic company, calculated at the rate of two and one-half per cent of such income-tax where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees.

PART III

RATES FOR 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 charged under sub-section (4) of section 172 of the Income-tax Act or sub-section (2) of section 174 or section 174A or section 175 or sub-section (2) of section 176 of the said Act or deducted from, or paid on, from income chargeable under the head “Salaries” under section 192 of the said Act 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 income chargeable to tax under section 115JB 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, wherever applicable, on such “advance tax” in respect of any income chargeable to tax under section 115A or section 115AB or section 115AC or section 115ACA or section 115AD or section 115B or section 115BB or section 115BBA or section 115BBC or section 115E or section 115JB] shall be charged, deducted or computed at the following rate or rates:—

Paragraph A

(I) In the case of every individual other than the individual referred to in items (II) and (III) of this Paragraph 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 any other Paragraph of this Part applies,—

Rates of income-tax

- (I) where the total income does not
exceed Rs. 1,60,000 Nil;

- (2) where the total income exceeds Rs. 1,60,000 but does not exceed Rs. 5,00,000 10 per cent of the amount by which the total income exceeds Rs. 1,60,000;
- (3) where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 8,00,000 Rs. 34,000 *plus* 20 per cent of the amount by which the total income exceeds Rs. 5,00,000;
- (4) where the total income exceeds Rs. 8,00,000 Rs. 94,000 *plus* 30 per cent of the amount by which the total income exceeds Rs. 8,00,000.

(II) In the case of every individual, being a woman resident in India, and below the age of sixty-five years at any time during the previous year,—

Rates of income-tax

- (1) where the total income does not exceed Rs. 1,90,000 *Nil*;
- (2) where the total income exceeds Rs. 1,90,000 but does not exceed Rs. 5,00,000 10 per cent of the amount by which the total income exceeds Rs. 1,90,000;
- (3) where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 8,00,000 Rs. 31,000 *plus* 20 per cent of the amount by which the total income exceeds Rs. 5,00,000;
- (4) where the total income exceeds Rs. 8,00,000 Rs. 91,000 *plus* 30 per cent of the amount by which the total income exceeds Rs. 8,00,000.

(III) In the case of every individual, being a resident in India, who is of the age of sixty-five years or more at any time during the previous year, —

Rates of income-tax

- (1) where the total income does not exceed Rs. 2,40,000 *Nil*;
- (2) where the total income exceeds Rs. 2,40,000 but does not exceed Rs. 5,00,000 10 per cent of the amount by which the total income exceeds Rs. 2,40,000;
- (3) where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 5,00,000 Rs. 26,000 *plus* 20 per cent of the amount by which the total income ex-

Rs. 8,00,000 exceeds Rs. 5,00,000;
(4) where the total income exceeds Rs. 8,00,000 Rs. 86,000 plus 30 per cent of the amount by which the total income exceeds Rs. 8,00,000.

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 30 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 30 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 30 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 50 per cent;

has, in either case, been approved by the Central Government

(ii) on the balance, if any, of the total 40 per cent.

income

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or in section 111A or section 112, shall, in the case of every company, be increased by a surcharge for purposes of the Union calculated,—

(i) in the case of every domestic company having a total income exceeding one crore rupees, at the rate of seven and one-half per cent of such income-tax;

(ii) in the case of every company other than a domestic company having a total income exceeding one crore rupees at the rate of two and one-half per cent:

Provided that in the case of every company having a total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

PART IV

[See section 2(13)(c)]

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 of 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—

(a) 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;

(b) where the assessee derives income from sale of centrifuged latex or cenex or latex based crepes (such as pale latex crepe) or brown crepes (such as estate brown crepe, re-milled crepe, smoked blanket crepe or flat bark crepe) or technically specified block rubbers manufactured or processed by him from rubber plants grown by him in India, such income shall be computed in accordance with rule 7A of the Income-tax Rules, 1962, and sixty-five per cent of such income shall be regarded as the agricultural income of the assessee;

(c) where the assessee derives income from sale of coffee grown and manufactured by him in India, such income shall be computed in accordance with rule 7B of the Income-tax Rules, 1962, and sixty per cent or seventy-five per cent, as the case may be, 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, 2010, 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, 2002 or the 1st day of April, 2003 or the 1st day of April, 2004 or the 1st day of April, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009, 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, 2002, 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, 2003 or the 1st day of April, 2004 or the 1st day of April, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2003, 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, 2004 or the 1st day of April, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2004, 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, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2005, 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, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009,

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2006, 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, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009,

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2007, 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, 2008 or the 1st day of April, 2009,

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2008, 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, 2009,

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2009,

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, 2010.

(2) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 2011, 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 the 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, 2003 or the 1st day of April, 2004 or the 1st day of April, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010, is a loss, then, for the purposes of sub-section (10) 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, 2003, 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, 2004 or the 1st day of April, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2004, 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, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2005, 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, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2006, 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, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010,

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2007, 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, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010,

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2008, 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, 2009 or the 1st day of April, 2010,

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2009, 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, 2010,

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2010,

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, 2011.

(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, 2002 (20 of 2002), or of the First Schedule to the Finance Act, 2003 (32 of 2003), or of the First Schedule to the Finance (No. 2) Act, 2004 (23 of 2004) or of the First Schedule to the Finance Act, 2005 (18 of 2005), or of the First Schedule to the Finance Act, 2006 (21 of 2006) or of the First Schedule to the Finance Act, 2007 (22 of 2007) or of the First Schedule to the Finance Act, 2008 (18 of 2008) or of the First Schedule to the Finance (No. 2) Act, 2009 (33 of 2009) 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.

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