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PART V

Acts of the Indian Legislature assented to by the Governor-General

GOVERNMENT OF INDIA

LEGISLATIVE DEPARTMENT

The following Act, which has been assented to by the Governor-General under the provisions of clause (b) of sub-section (1) of section 67-B of the Government of India Act, as set out in the Ninth Schedule to the Government of India Act, 1935, and has been expressed to be made by the Governor-General under the provisions of sub-section (2) of the same section, is hereby published for General information.

THE INDIAN FINANCE ACT, 1944

An Act to give effect to the financial proposals of the Central Government for the year beginning on the

1st day of April, 1944.

WHEREAS it is expedient to fix the duty on salt manufactured in, or imported by land into, British India, to fix maximum rates of postage under the Indian Post Office Act, 1898 (VI of 1898), to continue for a further period of one year the additional duties of customs imposed by section 6 of the Indian Finance Act, 1942 (XII of 1942), and to increase certain of those duties, to alter the duty of excise on tobacco and to impose duties of excise on betel-nuts, coffee and tea, to fix rates of income-tax and super-tax, and to continue the charge and levy of excess profits tax and make certain additional provisions relating thereto ;

It is hereby enacted as follows :—

1. *Short title and extent*—This Act may be called the Indian Finance Act, 1944.

(2) It extends to the whole of British India.

2. *Fixation of salt duty*—The duty on salt manufactured in, or imported by land into, British India shall, for the year beginning on the 1st day of April, 1944, be at the rate of one rupee and nine annas per standard maund.

3. *Inland postage rates*—For the year beginning on the 1st day of April 1944, the Schedule contained in Schedule I to the Indian Finance Act, 1943 (VIII of 1943), shall again be inserted in the Indian Post Office Act, 1898 (VI of 1898), as the First Schedule to that Act.

4. *Continuation of, and enhancement of, additional duties of customs imposed by section 6, Act XII of 1942*—(1) The additional duties of customs on certain goods chargeable with a duty of customs under the First Schedule to the Indian Tariff Act, 1934 (XXXII of 1934), or under the said Schedule read with any notification of the Central Government for the time being in force, imposed up to the 31st day of March 1943, by section 6 of the Indian Finance Act, 1942 (XII of 1942), and continued up to the 31st day of March 1944, by section 4 of the Indian Finance Act, 1943 (VIII of 1943), shall continue to be levied and collected as provided in section 6 of the Indian Finance Act, 1942 (XII of 1942), up to the 31st day of March 1945, subject to the modification contained in sub-section (2).

(2) The additional duty to be levied and collected under the foregoing sub-section shall be one-half instead of one-fifth of the amount of the duty of customs specified in the First Schedule to the Indian Tariff Act, 1934 (XXXII of 1934), in the case of the following goods, namely :—

(a) spirits, comprised in Item No. 22 (4) and in Item No. 22 (5) of the said Schedule ;

(b) tobacco, comprised in Item No. 24 and in Item No. 24 (3) of the said Schedule ;

(c) cigars, comprised in Item No. 24 (1) of the said Schedule ;

(d) cigarettes, comprised in Item No. 24 (2) of the said Schedule ;

5. *Alteration of excise duties on tobacco and imposition of excise duties on betel-nuts, coffee and tea*—The amendments set out in Part I and Part II of the First Schedule shall be made respectively in the First and Second Schedules to the Central Excises and Salt Act, 1944 (I of 1944).

6. *Income-tax and super-tax*—(1) Subject to the provisions of sub-sections (2), (3) and (5),—

(a) income-tax for the year beginning on the 1st day of April, 1944, shall be charged at the rates specified in Part I of the Second Schedule increased in each case by a surcharge for the purposes of the Central Government at the rate specified therein in respect of each such rate of income-tax, and

(b) rates of super-tax for the year beginning on the 1st day of April, 1944, shall, for the purposes of section 65 of the Indian Income-tax Act, 1922 (XI of 1922), be those specified in Part II of the Second Schedule increased in the cases to which paragraphs A, B and C of that Part apply by a surcharge for the purposes of the Central Government at the rate specified therein in respect of each such rate of super-tax.

(2) In making any assessment for the year ending on the 31st day of March 1945,—

(a) where the total income of an assessee, not being a company, includes any income chargeable under the head "Salaries" or under the head "Interest on Securities" or any income from dividends in respect of which he is deemed under section 49-B of the Indian Income-tax Act, 1922 (XI of 1922), to have paid income-tax imposed in British India, the income-tax payable by the assessee on that part of his total income which consists of such inclusions shall be an amount bearing to the total amount of income-tax payable according to the rates applicable under the operation of the Indian Finance Act, 1943 (VIII of 1943), on his total income the same proportion as the amount of such inclusions bears to his total income ;

(b) where the total income of an assessee, not being a company, includes any income chargeable under the head "Salaries" on which super-tax has been or might have been deducted under the provisions of sub-section (2) of section 18 of the Indian Income-tax Act, 1922 (XI of 1922), the super-tax payable by the assessee on that portion of his total income which consists of such inclusions shall be an amount bearing to the total amount of super-tax payable according to the rates applicable under the operation of the Indian Finance Act, 1943 (VIII of 1943), on his total income the same proportion as the amount of such inclusions bears to his total income.

(3) In making any assessment for the year ending on the 31st day of March 1944, or the year ending on the 31st day of March 1945.

(a) where the total income of a company includes any profits and gains from life insurance business the super-tax payable by the company on that part of its total income which consists of such inclusion shall be in the case of an assessment for the first mentioned year at the rate of one anna and one pie in the rupee and in the case of an assessment for the second mentioned year at the rate of nine pies in the rupee ;

(b) where the total income of an assessee, not being a company, includes any profits and gains from life insurance business the income-tax and super-tax payable by the assessee on that part of his total income which consists of such inclusion shall be an amount bearing to the total amount of such taxes payable according to the rates applicable under the operation of the Indian Finance Act, 1942 (XII of 1942), on his total income the same proportion as the amount of such inclusion bears to his total income, so, however, that if the aggregate of the taxes so computed in respect of such inclusion exceeds the aggregate of the taxes on the same income payable by a company under the operation of the Indian Finance Act, 1942 (XII of 1942), the taxes payable on such inclusion shall be computed at the rates applicable to a company under the operation of the said Act.

(4) Where any assessment for the year ending on the 31st day of March 1944, to which clause (a) or (b) of sub-section (3) is applicable has been completed at the rates of tax in operation under the Indian Finance Act, 1943 (VIII of 1943), it shall be revised by the Income-tax Officer in accordance with the provisions of clause (a) or (b), as the case may be, of sub-section (3) and the excess tax paid, if any, shall be refunded.

(5) In cases to which section 17 of the Indian Income-tax Act, 1922 (XI of 1922), applies, the tax chargeable shall be determined as provided in that section but with reference to the rates imposed by sub-section (1) of this section, and in accordance with the provisions of sub-sections, (2) and (3) of this section where applicable.

(6) For the purposes of this section and of the rates of tax imposed thereby, the expression "total income" means total income as determined for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the Indian Income-tax Act, 1922 (XI of 1922).

(7) Where the total income of an assessee referred to in paragraph A of Part I of the Second Schedule does not exceed six thousand rupees, an amount representing one rupee for every complete unit of two hundred rupees of his total income as reduced by the income, if any, exempt from tax under any provision of the Indian Income-tax Act, 1922 (XI of 1922), or any notification issued thereunder shall be funded for the assessee's benefit and shall be paid to him on such date, not more than twelve months after the termination of the present hostilities, as the Central Government may fix.

Explanation—In computing the amount to be funded under this sub-section if there is an incomplete unit amounting to one hundred rupees or more it shall be reckoned as a complete unit of two hundred rupees.

(8) The provisions of section 23A of the Indian Income-tax Act, 1922 (XI of 1922), shall not apply in respect of profits and gains of the previous year for the assessment for the year ending on the 31st day of March 1945.

7. Continuance of and rate of excess profits tax—(1) In sub-clause (a) of clause (6) of section 2 of the Excess Profits Tax Act, 1940 (XV of 1940), for the words and figures "31st day of March, 1944," shall be substituted

(2) The excess profits tax imposed by section 4 of the Excess Profits Tax Act, 1940 (XV of 1940), shall, in respect of any chargeable accounting period beginning after the 31st day of March, 1944, be an amount equal to sixty-six and two-thirds per cent of the amount by which the profits of the business during that chargeable accounting period exceed the standard profits.

8. Further provisions respecting excess profits tax—(1) In sub-rule (1) of rule 2 of the Second Schedule to the Excess Profits Tax Act, 1940 (XV of 1940).—

(a) for the words "and in particular any debt for income-tax or super-tax or for excess profits tax in respect of the business shall be deducted" the following shall be substituted, namely:

"and in particular there shall be deducted any debts incurred in respect of the business for income-tax or super-tax or excess profits tax, or for advance payments due under any provision of the Indian Income-tax Act, 1922 (XI of 1922), or for any further sum payable in relation to excess profits tax under section 2 of the Excess Profits Tax Ordinance, 1943 (XVI of 1943)."

(b) after clause (b) of the proviso the following clauses shall be inserted, namely:—

"(c) in the case of any advance payment due under any provision of the Indian Income-tax Act, 1922 (XI of 1922), on the date on which, under the provisions of that section the payment first became due;

(d) in the case of any further sum payable in relation to excess profits tax under section 2 of the Excess Profits Tax Ordinance, 1943 (XVI of 1943), on the date on which under the provisions of that section, the further sum became payable"

(2) To sub-section (1) of section 10 of the Indian Finance Act, 1942 (XII of 1942), the following proviso shall be added, namely:—

"Provided further that in respect of chargeable accounting periods ending after the 31st day of December, 1943, the amount repayable under this sub-section shall, subject to the provisions of the first of the foregoing provisos, be calculated by reference to the amount of the excess profits tax paid and not by reference to the further amount deposited under this section."

(3) In section 2 of the Excess Profits Tax Ordinance, 1943 (XVI of 1943),—

(a) to sub-section (1) the following provisos shall be added, namely:—

Provided that, in respect of any chargeable accounting period ending after the 31st day of December, 1943, the provisions of this sub-section shall have effect as if, in relation to any person who is a company, for the words 'one-fifth' the words 'nineteen-sixtyfourths' were substituted and as if, in relation to any other person, for the words 'one-fifth' the words 'seventeen-sixtyfourths' were substituted:

Provided further that if, in respect of any chargeable accounting period ending after the 31st day of December, 1943, a person who has deposited a further sum equal to seventeen-sixtyfourths of the excess profits tax payable shows that the amount of the income-tax and super-tax payable in respect of the excess profits arising in such period exceeds fifteen-sixtyfourths of the amount of the excess profits tax payable, so much of the deposit shall be refunded as will secure that the total of the deposit made and the income-tax and super-tax payable in respect of the excess profits arising in such period does not exceed one-half of the excess profits tax payable."

(b) after sub-section (1) the following sub-section shall be inserted, namely:—

"(1-A) In respect of any chargeable accounting period ending after the 31st day of December, 1943, in respect of which a provision assessment of excess profits tax is made under section 14-A of the Excess Profits Tax Act, 1940 (XV of 1940), the person liable to pay such excess profits tax shall deposit in the manner laid down in sub-section (1) a further sum equal to nineteen-sixtyfourths of the amount of the said excess profits tax if such person is a company and seventeen-sixtyfourths of the said amount if such person is not a company; and the provisions of sub-sections (6) and (7) of the said section 14-A shall apply to any payment made under this sub-section as they apply to a payment of excess profits tax."

(c) in sub-section (4) for the words, brackets and figure "sub-section (1) of this section", where they occur for the first time, the words, brackets, figures and letter "sub-section (1) or (1-A) of this section" shall be substituted.

THE FIRST SCHEDULE.

(See section 5.)

Amendments to be made in the Central Excises and Salt Act 1944 (I of 1944)

PART I.

Amendments of FIRST SCHEDULE

1. For Item No. 9, the following item shall be substituted, namely;—

'9. TOBACCO—

"Tobacco" means any form of tobacco, whether cured or uncured, and whether manufactured or not, and includes the leaf, stalk and stems of the tobacco plant but does not include any part of a tobacco plant while still attached to the earth.

I. Unmanufactured tobacco—

(1) if flue-cured and intended for—

(a) manufacture into cigarettes containing—

	Per lb.
(i) more than 20 per cent weight of imported tobacco.	Three rupees and eight annas.
(ii) twenty per cent or less than 20 per cent weight of imported tobacco.	Two rupees and eight annas.
(iii) no imported tobacco	One rupee.

(b) any purpose other than the manufacture of cigarettes or of the products enumerated in (3)(a) and (3)(b) Three rupees and eight annas.

(2) if other than flue-cured and intended for—

(a) manufacture into cigarettes	Nine annas.
(b) any purpose other than the manufacture of cigarettes or of the products enumerated in (3) (a) and (3) (b).	Nine annas.

(3) whether flue-cured or not, if intended for—

(a) manufacture into—	
(i) biris	Nine annas.
(ii) snuff	Nine annas.
(iii) cigars and cheroots	Three annas.
(iv) hookah tobacco	Three annas.

(b) sale as chewing tobacco, whether manufactured or merely cured. Three annas.

(c) agricultural purposes Nil.

(4) Stalks, stems and other refuse of tobacco intended for use in the preparation of any form of manufactured tobacco. One anna.

II. Manufactured tobacco—

Cigars and cheroots of which the value—

(i) exceeds Rs. 30 a hundred	Per hundred.
(ii) exceeds Rs. 25 a hundred but does not exceed Rs. 30 a hundred.	Twelve rupees.
(iii) exceeds Rs. 20 a hundred but does not exceed Rs. 25 a hundred.	Ten rupees.
(iv) exceeds Rs. 15 a hundred but does not exceed Rs. 20 a hundred.	Eight rupees.
(v) exceeds Rs. 10 a hundred but does not exceed Rs. 15 a hundred.	Six rupees.
(vi) exceeds Rs. 5 a hundred but does not exceed Rs. 10 a hundred.	Four rupees.
(vii) exceeds Rs. 2-8 a hundred but does not exceed Rs. 5 a hundred.	Two rupees.
(viii) exceeds Rs. 1-4 a hundred but does not exceed Rs. 2-8 a hundred.	One rupee.
(ix) exceeds Annas 12 a hundred but does not exceed Rs. 1-4 a hundred.	Eight annas.
	Four annas.

2. After item No. 11, the following items shall be added, namely:—

12. BETEL-NUTS, cured—

"Betel-nut" means the fruit of the areca-palm (*areca catechu*), whether with or without husk, whether cured or uncured, but does not include the fruit while still attached to the tree.

13. COFFEE, cured—

"Coffee" means the seed of the coffee tree (*coffea*), whether with or without husks, whether cured or uncured, but does not include the seed while still attached to the tree.

14. TEA—

"Tea" means the commodity known as tea made from the leaves of the plant *Camellia Thea* (Linn.) and includes green tea.

PART II

Amendment of SECOND SCHEDULE

In PART A after Item No. 1 (Tobacco) the following shall be added, namely:—

"2. Betel-nuts
3. Coffee" } When supplied by a curer to a wholesale dealer, whether directly or through a broker or commission agent."

THE SECOND SCHEDULE

(See section 6)

PART I

Rates of Income-tax

A—In the case of every individual, Hindu undivided family, unregistered firm and other association of persons not being a case to which paragraph B of this Part applies:—

	Rate	Surcharge
1. On the first Rs. 1,500 of total income.	Nil	Nil
2. On the next Rs. 3,500 of total income.	Nine pies in the rupee.	Six pies in the rupee.
3. On the next Rs. 5,000 of total income.	One anna and three pies in the rupee	Ten pies in the rupee.
4. On the next Rs. 5,000 of total income.	Two annas in the rupee.	One anna and six pies in the rupee
5. On the balance of total income.	Two annas and six pies in the rupee.	Two annas in the rupee.

Provided that—

(i) no income-tax shall be payable on a total income which does not exceed Rs. 2,000;

(ii) the income-tax payable shall in no case exceed half the amount by which the total income exceeds Rs. 2,000.

B—In the case of every company and local authority, and in every case in which under the provisions of the Indian Income-tax Act, 1922, income-tax is to be charged at the maximum rate—

	Rate	Surcharge
On the whole of total income.	Two annas and six pies in the rupee.	Two annas in the rupee.

PART II

Rates of Super-tax

A—In the case of every individual, Hindu undivided family, unregistered firm and other association of persons, not being a case to which paragraphs B and C of this Part apply—

	Rate	Surcharge
1. On the first Rs 25,000 of total income.	Nil	Nil
2. On the next Rs. 10,000 of total income.	One anna in the rupee.	One anna in the rupee.
3. On the next Rs. 20,000 of total income.	Two annas in the rupee.	Two annas in the rupee.
4. On the next Rs. 70,000 of total income.	Three annas in the rupee.	Two annas and six pies in the rupee
5. On the next Rs. 75,000 of total income.	Four annas in the rupee.	Three annas in the rupee.
6. On the next Rs. 1,50,000 of total income.	Five annas in the rupee.	Three annas in the rupee.
7. On the next Rs. 1,50,000 of total income.	Six annas in the rupee.	Three annas in the rupee.
8. On the balance of total income.	Seven annas in the rupee.	Three annas and six pies in the rupee.

B—In the case of every local authority—

On the whole of total income One anna in the rupee. One anna in the rupee.

C—In the case of an association of persons being a co-operative society, other than the Sanikatta Saltowners' Society in the Bombay Presidency, for the time being registered under the Co-operative Societies Act, 1912, or under an Act of the Provincial Legislature governing the registration of Co-operative Societies—

	Rate	Surcharge
1. On the first Rs. 25,000 of total income.	Nil	Nil
2. On the balance of total income.	One anna in the rupee.	One anna in the rupee.

D—In the case of every company—

On the whole of total income . . . Three annas in the rupee.

Provided that a rebate of one anna in the rupee shall be allowed on the total income as reduced by the amount of any dividend declared in British India in respect of the profits of the previous year for the assessment for the year ending on the 31st day of March 1945, not being a dividend payable at a fixed rate or a dividend declared on or before the 29th day of February 1944, by a company to which but for sub-section (8) of section 3 of this Act, section 23-A of the Indian Income-tax Act, 1922 (XI of 1922) would be applicable.

GOVERNMENT OF INDIA

LEGISLATIVE DEPARTMENT

The following Act of the Indian Legislature received the assent of the Governor-General on the 31st March 1944, and is hereby published for general information.

THE INDIAN COCONUT COMMITTEE ACT, 1944

ACT No. X of 1944

An Act to provide for the creation of a fund for the improvement and development of the cultivation, marketing and utilization of coconuts in India

WHEREAS it is expedient to provide for the creation of a fund to be expended by a Committee specially constituted in this behalf for the improvement and development of the cultivation, marketing and utilization of coconuts in India;

It is hereby enacted as follows:—

1. *Short title and extent*—(1) This Act may be called the Indian Coconut Committee Act, 1944.

(2) It extends to the whole of British India.

2. *Definitions*—In this Act, unless there is anything repugnant in the subject or context—

(a) "Collector" means, in reference to copra consumed in a mill in British India, the Collector of the district in which the mill is situated or any other officer appointed by the Central Government to perform the duties of a Collector under this Act;

(b) "the Committee" means the Indian Coconut Committee constituted under this Act;

(c) "mill" means any place in which copra is crushed for the extraction of oil, which is a factory as defined in section 2 of the Indian Factories Act, 1934 (XXV of 1934);

(d) "prescribed" means prescribed by rules made under this Act.

3. *Imposition of coconut cess*—There shall be levied and collected, as a cess for the purposes of this Act, on all copra consumed in any mill in British India, whether produced in or imported from outside British India, a duty of excise at such rate, not exceeding four annas per cwt., as the Central Government may, after consulting the Committee, by notification in the official Gazette, fix in this behalf.

4. *Constitution of Indian Coconut Committee*—As soon as may be after the commencement of this Act, the Central Government shall cause to be constituted a Committee consisting of the following members, to receive and expend the proceeds of the duty collected under this Act, namely:—

(a) the Vice-Chairman, Imperial Council of Agricultural Research;

(b) nine persons representing the growers of coconut in India, of whom two shall be nominated by the Government of Madras, two by the Government of the State of Travancore, and one each by the Government of Bombay, the Government of Bengal, the Government of Orissa, the Government of the State of Mysore, and the Government of the State of Cochin;

(c) five persons representing the coconut oil industry, nominated, respectively, by the Government of Madras, the Government of the State of Travancore, the Government

of the State of Cochin, the Indian Merchants Association, Bombay, and the Bombay Chamber of Commerce, Bombay;

(d) three persons representing, respectively, the Provincial Government of Madras, the Government of the State of Mysore and the Government of the State of Travancore, appointed in each case by the Government concerned;

(e) one person nominated by the Travancore Chamber of Commerce;

(f) one person appointed by the Central Government;

(g) six other persons, of whom two shall be persons elected from among themselves by the elected members of the Legislative Assembly of the Central Legislature, one shall be a person elected from among themselves by the elected members of the Council of State, and three shall be persons nominated respectively by the Governments of the States of Travancore, Mysore and Cochin.

5. Incorporation of the Committee—The Committee shall be a body corporate by the name of the Indian Central Coconut Committee, having perpetual succession and a common seal with power to acquire and hold property, both movable and immovable, and to contract, and shall by the said name sue and be sued.

6. Vacancies—(1) If within the period prescribed in this behalf, or within such further period as the Central Government may allow, any authority or body fails to make any nomination, election or appointment which it is entitled to make under section 4, the Central Government may itself appoint a member to fill the vacancy in the Committee.

(2) Where a member of the Committee dies, resigns or is removed, or ceases to reside in India, or becomes incapable of acting, the Central Government may, on the recommendation of the authority or body which was entitled to make the first nomination, election or appointment under section 4, or where such recommendation is not made within a reasonable time, then on its own initiative, appoint a person to fill the vacancy.

(3) No act done by the Committee shall be questioned on the ground merely of the existence of any vacancy in, or any defect in the constitution of, the Committee.

7. President of Committee, Secretary, sub-committees and staff—(1) The Vice-Chairman, Imperial Council of Agricultural Research, shall be the President of the Committee.

(2) The Central Government shall appoint a person to be the Secretary of the Committee and such person shall be paid by the Committee such salary and such allowances as may be fixed by the Central Government.

(3) The Committee may appoint such sub-committees and staff as may be necessary for the efficient performance of its functions under this Act.

8. Appointment of officers—The Central Government may, on the recommendation of the Committee, appoint an officer or officers to discharge under the direction of the Committee such duties as may be prescribed, and such officer or officers shall be paid by the Committee such salary and allowances as may be fixed by the Central Government.

9. Functions of the Committee—It shall be the duty of the Committee to promote the improvement and development of the cultivation and marketing of coconuts and their utilization for the production of copra, coconut oil and coconut poonac and for such other purposes as the Committee may think fit—

(a) by undertaking, assisting or encouraging agricultural, industrial, technological and economic research;

(b) by the supply of technical advice to growers;

(c) by encouraging the adoption of improved methods of cultivation;

(d) by carrying on such propaganda in the interest of the coconut industry as may be necessary;

(e) by collecting statistics from growers, dealers, millers and other sources on all relevant matters bearing on the industry;

(f) by fixing grade standards of copra and its products;

(g) by recommending the maximum and minimum prices to be fixed for copra;

(h) by advising on all matters which require attention for the development of the industry;

(i) by improving the marketing of coconuts in India and abroad and suggesting suitable measures to prevent unfair competition; and

(j) by adopting any other measures or performing any other duties which it may be required by the Central

Government to adopt or perform or which it may itself think necessary or advisable in order to carry out the purposes of this Act.

10. Delivery of monthly returns—(1) The owner of every mill shall furnish to the Collector, on or before the 7th day of each month, a return stating the total amount of copra consumed in the mill during the preceding month, together with such further information in regard thereto as may be prescribed;

Provided that no return shall be required in regard to copra consumed before the commencement of this Act.

(2) Every such return shall be made in such form and shall be verified in such manner as may be prescribed.

11. Collection of cess by Collector—(1) On receiving any return made under section 10, the Collector shall assess the amount of the duty payable under section 3 in respect of the period to which the return relates, and if the amount has not already been paid shall cause a notice to be served upon the owner of the mill requiring him to make payment of the amount assessed within thirty days of the service of the notice.

(2) If the owner of any mill fails to furnish in due time the return referred to in sub-section (1) of section 10 or furnishes a return which the Collector has reason to believe is incorrect or defective, the Collector shall assess the amount if any, payable by him in such manner, as may be prescribed; and the provisions of sub-section (1) shall thereupon apply as if such assessment had been made on the basis of a return furnished by the owner:

Provided that, in the case of a return which he has reason to believe is incorrect or defective, the Collector shall not assess the duty at an amount higher than that at which it is assessable on the basis of the return without giving to the owner a reasonable opportunity of proving the correctness and completeness of the return.

(3) A notice under sub-section (1) may be served on the owner of a mill either by post or by delivering it or tendering it to the owner or his agent at the mill.

12. Finality of assessment and recovery of unpaid duty—(1) An assessment made in accordance with the provision of section 11 shall not be questioned in any Court.

(2) Any owner of a mill who is aggrieved by an assessment made under section 11 may, within three months of service of the notice referred to in sub-section (1) of that section, apply to the Central Government for the cancellation or modification of the assessment and, on such application, the Central Government may cancel or modify the assessment and order the refund to such owner of the whole or part, as the case may be, of any amount paid thereunder.

(3) Any sum recoverable under section 11 may be recovered as an arrear of land revenue.

13. Power to inspect mills and take copies of records and accounts—(1) The Collector or any officer empowered by general or special order of the Central Government in this behalf shall have free access at all reasonable times during working hours to any mill or to any part of any mill.

(2) The Collector or any such officer may at any time, with or without notice to the owner, examine the working records, sale records and accounts of any mill and take copies of or extracts from all or any of the said records or accounts for the purpose of testing the accuracy of any return or of informing himself as to the particulars regarding which information is required for the purposes of this Act or any rules made thereunder.

(3) Where any officer other than the Collector proposes to examine under sub-section (2) any record or account containing the description or formulae of any trade process, the owner of the mill may give to the said officer, for transmission to the Collector, a written notice of objection and the officer shall thereupon seal up the record or account pending the orders of the Collector.

14. Information acquired to be confidential—(1) All such copies and extracts and all information acquired by a Collector or any other officer from an inspection of any mill or warehouse or from any return submitted under this Act shall be treated as confidential.

(2) If the Collector or any such officer discloses to any person other than a superior officer any such information as aforesaid without the previous sanction of the Central Government, he shall be punishable with imprisonment which may extend to six months and shall also be liable to fine:

Provided that nothing in this section shall apply to the disclosure of any such information for the purposes of a prosecution in respect of the making of a false return under this Act.

15. Application of proceeds of duty—(1) On the last day of each month, or as soon thereafter as may be convenient the proceeds of the duty recovered during that month shall after deduction of the expenses, if any, of collection and recovery, be paid to the Committee.

(2) Subject to such conditions as may be prescribed, the said proceeds and any other monies received by the Committee shall be applied to meeting the expenses of the Committee and the cost of such measures as it may subject to the control of the Central Government decide to undertake in the exercise of the functions specified in section 9.

16. Keeping and auditing of accounts—(1) The Committee shall publish an annual report and shall keep accounts of all duty received by it under this Act and of the manner in which it is expended and shall also publish a summary of the accounts along with the annual report.

(2) Such accounts shall be examined and audited annually in the prescribed manner, and the auditors shall have power to disallow any item which has been, in their opinion, expended otherwise than in pursuance of the purposes of this Act.

(3) If any item is disallowed, an appeal shall lie to the Central Government whose decision shall be final.

17. Dissolution of Committee—The Central Government may, by notification in the official Gazette, declare that, with effect from such date as may be specified in the notification, the Committee shall be dissolved, and on the making of such declaration all funds and other property vested in the Committee shall vest in His Majesty for the purposes of the Central Government and this Act shall be deemed to have been repealed.

18. Power of the Central Government to make rules—(1) The Central Government may make rules for the purpose of carrying into effect the provision of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(a) for prescribing the time within which nominations or elections shall be made under section 4 whether in the first instance or on the occurrence of vacancies;

(b) for prescribing the term of office of the members of the Committee;

(c) for prescribing the circumstances in which and the authority by which any member may be removed;

(d) for prescribing the quorum of the Committee;

(e) for the holding of a minimum number of meetings of the Committee during any year;

(f) for the maintenance by the Committee of a record of all business transacted and the submission of copies of such records to the Central Government;

(g) for the definition of the powers of the Committee to enter into contracts which shall be binding on the Committee, and the manner in which such contracts shall be executed;

(h) for the regulation of the travelling allowances of members of the Committee and of their remuneration, if any;

(i) for the definition of the powers of the Committee, in respect of the appointment, promotion and dismissal of officers and servants of the Committee, and in respect of the creation and abolition of appointments of such officers or servants;

(j) for the regulation of the grant of pay and leave to officers and servants of the Committee, and the payment of leave allowances to such officers and servants, and the remuneration to be paid to any person appointed to act for any officer or servant to whom leave is granted;

(k) for the regulation of the payment of pensions, gratuities, compassionate allowances and travelling allowances to officers and servants of the Committee;

(l) for prescribing the establishment and maintenance of a provident fund for the officers and servants of the Committee, and for the deduction of subscription to such provident fund from the pay and allowances of such officers and servants, other than Government servants whose services have been lent or transferred to the Committee;

(m) for prescribing the preparation of budget estimates of the annual receipts and expenditure of the Committee and of supplementary estimates of expenditure not included in the budget estimates, and the manner in which such estimates shall be sanctioned and published;

(n) for defining the powers of the Committee, the Standing Finance Sub-Committee, if any, and the President respectively, in regard to the expenditure of the funds of the Committee, whether provision has or has not been made in the budget estimates or by re-appropriation for

such expenditure, and in regard to the re-appropriation of estimated savings in the budget estimates of expenditure;

(o) for prescribing the maintenance of accounts of the receipts and expenditure of the Committee and providing for the audit of such accounts;

(p) for prescribing the manner in which payments are to be made by or on behalf of the Committee, and the officers by whom orders for making deposits or investments or for withdrawals or disposal of the funds of the Committee shall be signed;

(q) for determining the custody in which the current account of the Committee shall be kept, and the bank or banks at which surplus monies at the credit of the Committee may be deposited at interest, and the conditions on which such monies may be otherwise invested;

(r) for prescribing the preparation of a statement showing the sums allotted to Departments of Agriculture or institutions not under the direct control of the Committee for expenditure on research, the actual expenditure incurred, the outstanding liabilities, if any and the disposal of unexpended balances at the end of the year;

(s) for prescribing the duties of the officers appointed under section 8 and the powers and duties of the Secretary of the Committee; and

(t) any other matter which is to be or may be prescribed.

19. Power of the Committee to make regulations—The Committee may, with the previous sanction of the Central Government make regulations consistent with this Act and with any rules made under section 18 to provide for all or any of the following matters, namely:—

(a) the appointment of a Standing Finance Sub-Committee or other Sub-Committee and the delegation thereto of any powers exercisable under this Act by the Committee;

(b) the method of appointment, removal and replacement and the term of office of members of the Sub-Committee and for the filling of vacancies therein;

(c) the dates, times and places, for meetings of the Committee and the Sub-Committees and the procedure to be observed at such meetings;

(d) the circumstances in which security may be demanded from officers and servants of the Committee, and the amount and nature of such security in each case;

(e) the times at which, and the circumstances in which, payments may be made out of the provident fund and the conditions on which such payments shall relieve the fund from further liability;

(f) the contribution, if any, payable from the funds of the Committee to the provident fund; and

(g) generally all matters incidental to the provident fund and the investment thereof.

20. Publication of rules and regulations—All rules made under section 18 and all regulations made under section 19 shall be published in the *Gazette of India*.

GOVERNMENT OF INDIA LEGISLATIVE DEPARTMENT

The following Act of the Indian Legislature received the assent of the Governor-General on the 12th April 1944 and is hereby published for general information.

THE INDIAN INCOME-TAX (AMENDMENT) ACT, 1944. ACT No. XI OF 1944

An Act further to amend the Indian Income-tax Act 1922

WHEREAS it is expedient further to amend the Indian Income-tax Act, 1922 (XI of 1922), for the purposes hereinafter appearing;

It is hereby enacted as follows:—

1. *Short title*—This Act may be called the Indian Income-tax (Amendment) Act, 1944.

2. *Amendment of section 7, Act XI of 1922*—In subsection (1) of section 7 of the Indian Income-tax Act, 1922 (XI of 1922) (hereinafter referred to as the said Act), in *explanation 2*, the words "at or in connection with the termination of his employment, whether or not the employment is then terminated or to be terminated," shall be omitted.

3. *Amendment of section 14, Act XI of 1922*—In subsection (1) of section 14 of the said Act, after the words "Hindu undivided family" the following words shall be added, namely:—

"where such sum has been paid out of the income of the family".

4. *Amendment of section 15, Act XI of 1922*—After subsection (2) of section 15 of the said Act, the following subsection shall be inserted, namely:—

"(2A) Nothing in subsection (1) or subsection (2) shall apply to so much of any premium or other payment made

on a policy other than a contract for a deferred annuity as is in excess of ten per cent of the actual capital sum assured; and in calculating any such capital sum no account shall be taken of the value of any premiums agreed to be returned or of any benefit by way of bonus or otherwise which is to be or may be received either before or after death either by the person paying the premium or by any other person and which is not the sum actually assured."

5. *Insertion of new section 18A in Act XI of 1922*—After section 18 of the said Act, the following section shall be inserted, namely:—

18A: *Advance payment of tax*—(1) (a) In the case of income in respect of which provision is not made under section 18 for deduction of income-tax at the time of payment, the Income-tax Officer may, on or after the 1st day of April in any financial year, by order in writing, require an assessee to pay quarterly to the credit of the Central Government on the 15th day of June, 15th day of September, 15th day of December and 15th day of March in that year, respectively, an amount equal to one-quarter of the income-tax and super-tax payable on so much of such income as is included in his total income of the latest previous year in respect of which he has been assessed, if that total income exceeded six thousand rupees. Such income-tax and super-tax shall be calculated at the rates in force for the financial year in which he is required to pay the tax, and shall bear to the total amount of income-tax and super-tax so calculated on the said total income the same proportion as the amount of such inclusions bears to his total income or in cases where under the provisions of sub-section (1) of section 17 both income-tax and super-tax or super-tax are chargeable with reference to the total world income, shall bear to the total amount of income-tax and super-tax which would have been payable on his total world income of the said previous year had it been his total income the same proportion as the amount of such inclusions bears to his total world income:

Provided that, where the previous year of the assessee in respect of any source of income ends after the 31st day of December and before the 30th day of April the order in writing issued by the Income-tax Officer requiring the payment of income-tax and super-tax on that source of income shall substitute for the four quarterly payments hereinbefore specified, three payments of equal amount to be made on the 15th day of September, the 15th day of December and the 15th day of March, respectively:

Provided further that, if the assessee is a partner of a registered firm and an assessment of the firm has been completed for a previous year later than that for which the assessee's last assessment has been completed, his share in the profits of the firm shall, for the purposes of this sub-section, be included in his total income on the basis of the latest assessment of the firm:

Provided further that, if after the making of an order by the Income-tax Officer and before the 15th day of February of the financial year an assessment of the assessee or of the registered firm of which he is a partner is completed in respect of a previous year later than that referred to in the order of the Income-tax Officer, the Income-tax Officer may make an amended order requiring the assessee to pay in one instalment on the specified date, or in equal instalments on the specified dates if more than one, falling after the date of the amended order, the tax computed on the revised basis as reduced by the amount, if any, paid in accordance with the original order; but if the amount already paid exceeds the tax determined on the revised basis, the excess shall be refunded.

(b) If the notice of demand issued under section 29 in pursuance of the order under clause (a) of this sub-section is served after any of the dates on which the instalments specified therein are payable, the tax shall be payable in equal instalments on each of such of those dates as fall after the date of the service of the notice of demand, or in one sum on the 15th day of March if the notice is served after the 15th day of December.

(2) If any assessee who is required to pay tax by an order under sub-section (1) estimates at any time before the last instalment is due that the part of his income to which that sub-section applies for the period which would be the previous year for an assessment for the year next following is less than the income on which he is required to pay tax and accordingly wishes to pay an amount less than the amount which he is so required to pay, he may send to the Income-tax Officer an estimate of the tax payable by him calculated in the manner laid down in sub-section (1) on that part of his income for such period, and

shall pay such amount as accords with his estimate in equal instalments on such of the dates specified in sub-section (1) (a) as have not expired or in one sum if only the last of such dates has not expired:

Provided that the assessee may send a revised estimate of the tax payable by him before any one of the dates specified in sub-section (1) (a) and adjust any excess or deficiency in respect of any instalment already paid in a subsequent instalment or in subsequent instalments.

(3) Any person who has not hitherto been assessed shall, before the 15th day of March in each financial year, if his total income of the period which would be the previous year for an assessment for the financial year next following is likely to exceed six thousand rupees, send to the Income-tax Officer an estimate of the tax payable by him on that part of his income to which the provisions of section 18 do not apply of the said previous year calculated in the manner laid down in sub-section (1), and shall pay the amount, on such of the dates specified in that sub-section as have not expired, by instalments which may be revised according to the proviso to sub-section (2).

(4) Where part of the income to which sub-section (1), (2) or (3) applies consists of any income of the nature of commission which is receivable periodically and is not received or adjusted by the payer in the assessee's account before any of the quarterly instalments of tax become due, he may defer payment of tax on that part of his income to the date on which such income would be normally received or adjusted and if he does so he shall communicate to the Income-tax Officer the date to which such payment is deferred:

Provided that if the tax of which the payment is deferred is not paid within fifteen days of the date on which such income or part thereof is received or adjusted by the payer in the assessee's account, the tax shall be payable with six per cent simple interest per annum from the date of such receipt or adjustment to the date of payment of the tax.

(5) The Central Government shall pay on any amount paid under this section simple interest at two per cent per annum from the date of payment to the date of the assessment (hereinafter called the 'regular assessment') made under section 23 of the income, profits and gains of the previous year for an assessment for the year next following the year in which the amount was payable:

Provided that on any portion of such amount which is refunded under the foregoing provisions of this section interest shall be payable only up to the date on which the refund was made.

(6) Where in any year an assessee has paid tax under sub-section (2) or sub-section (3) on the basis of his own estimate, and the tax so paid is less than eighty per cent of the tax determined on the basis of the regular assessment, so far as much tax relates to income to which the provisions of section 18 do not apply and so far as it is not due to variations in the rates of tax made by the Finance Act enacted for the year for which the regular assessment is made, simple interest at the rate of six per cent per annum from the 1st day of January in the financial year in which the tax was paid up to the date of the said regular assessment shall be payable by the assessee upon the amount by which the tax so paid falls short of the said eighty per cent:

Provided that, where, as a result of an appeal under section 31 or section 33 or of a revision under section 33A or of a reference to the High Court under section 66, the amount on which interest was payable under this sub-section has been reduced the interest shall be reduced accordingly and the excess interest paid, if any, shall be refunded together with the amount of income-tax that is refundable.

Provided further that, where a business, profession or vocation is newly set up and is assessable on the income, profits and gains of its first previous year in the financial year following that in which it is set up, the interest payable shall be computed from the 1st day of April of the said financial year.

(7) Where, on making the regular assessment, the Income-tax Officer finds that any assessee has—

(a) under sub-section (2) or sub-section (3) under estimated the tax payable by him and thereby reduced the amount payable in any of the first three instalments, or

(b) under sub-section (4) wrongly deferred the payment of tax on a part of his income, he may direct that the assessee shall pay simple interest at six per cent per annum, in the case referred to in clause (a) for the period during which the payment was

deficient on the difference between the amount paid in each such instalment and the amount which should have been paid having regard to the aggregate tax actually paid under this section during the year, and in the case referred to in clause (b) for the period during which the payment of tax was wrongly deferred on the amount of which the payment was so deferred :

Provided that for the purposes of this sub-section any instalment due before the expiry of six months from the commencement of the previous year in respect of which it is to be paid shall be deemed to have become due fifteen days after the expiry of the said six months.

(8) Where, on making the regular assessment, the Income-tax Officer finds that no payment of tax has been made in accordance with the foregoing provisions of this section, interest calculated in the manner laid down in sub-section (6) shall be added to the tax as determined on the basis of the regular assessment.

(9) If the Income-tax Officer, in the course of any proceedings in connection with the regular assessment, is satisfied that any assessee—

(a) has furnished under sub-section (2) or sub-section (3) estimates of the tax payable by him which he knew or had reason to believe to be untrue, or

(b) has without reasonable cause failed to comply with the provisions of sub-section (3), the assessee shall be deemed, in the case referred to in clause (a), to have deliberately furnished inaccurate particulars of his income, and in the case referred to in clause (b), to have failed to furnish the return of his total income; and the provisions of section 28, so far as may be, shall apply accordingly :

Provided that the amount of penalty leviable shall, in the case referred to in clause (a), be a sum not exceeding one-and-a-half times the amount by which the tax actually paid during the year under the provisions of this section falls short of the tax that should have been paid by the assessee under sub-section (1) or eighty per cent of the tax determined on the basis of the regular assessment as modified in the manner provided in sub-section (6), whichever is the less, and in the case referred to in clause (b), one-and-a-half times the said eighty per cent.

(10) (a) If any assessee does not pay on the specified dates any instalment of tax that he is required to pay under sub-section (1) and does not, before the date on which any such instalment as is not paid becomes due, send under sub-section (2) an estimate or a revised estimate of the tax payable by him, he shall be deemed to be an assessee in default in respect of such instalment or instalments.

(b) If any assessee has sent under sub-section (2) or sub-section (3) an estimate or a revised estimate of the tax payable by him, but does not pay any instalment in accordance therewith on the date or dates specified in sub-section (1), he shall be deemed to be an assessee in default in respect of such instalment or instalments :

Provided that the assessee shall not, under clause (a) or (b), be deemed to be in default in respect of any amount of which the payment is deferred under sub-section (4) until after the date communicated by him to the Income-tax Officer under that sub-section.

(11) Any sum other than a penalty or interest paid by or recovered from an assessee in pursuance of the provisions of this section shall be treated as a payment of tax in respect of the income of the period which would be the previous year for an assessment for the financial year next following the year in which it was payable, and credit therefor shall be given to the assessee in the regular assessment."

6. Amendment of section 24, Act XI of 1922—In section 24 of said Act,—

(a) in sub-section (1), in the existing proviso, after the word "Provided" the word "further" shall be inserted, and before that proviso the following proviso shall be inserted, namely :—

"Provided that, where the loss sustained is a loss of profits or gains which would but for the loss have accrued or arisen within an Indian State and would, under the provisions of clause (c) of sub-section (2) of section 14, have been exempt from tax, such loss shall not be set off except against profits or gains accruing or arising within an Indian State and exempt from tax under the said provisions :"

(b) in sub-section (2), in the proviso, clauses (a), (b), (c) and (d) shall be re-lettered as clauses (b), (c), (d) and (e), respectively, and the following shall be inserted as clause (a), namely :—

"(a) where the loss sustained is a loss of profits and gains of a business, profession or vocation to which the first proviso to sub-section (1) is applicable, and the profits and gains of that business, profession or vocation are, under the provisions of clause (c) of sub-section (2) of section 14, exempt from tax, such loss shall not be set off except against profits and gains accruing or arising in an Indian State from the same business, profession or vocation and exempt from tax under the said provisions ;"

7. Amendment of section 25, Act XI of 1922—In sub-section (1) of section 25 of the said Act, for the words and figures "on which income-tax was not at any time charged under the provisions of the Indian Income-tax Act, 1918;" the words, brackets, and figure "to which sub-section (3) is not applicable" shall be substituted.

8. *Amendment of section 29, Act X I of 1922*—In section 29 of the said Act, for the words “tax or penalty,” in both places where they occur, the words “tax, penalty or interest” shall be substituted.

9. *Amendment of section 30, Act X I of 1922*—In section 30 of the said Act,—

(a) in sub-section (1), for the words, figures and letter “or objecting to a refusal of an Income-tax Officer to register a firm under section 26A” the following shall be substituted, namely:—

“or objecting to the cancellation by an Income-tax Officer of the registration of a firm under sub-section (4) of section 23 or to a refusal to register a firm under sub-section (4) of section 23 or section 26A”;

(b) after sub-section (1), the following sub-section shall be inserted, namely:—

“(1A) Any person having, in accordance with the provisions of sub-section (3A), (3B) or (3C) of section 18, read with sub-section (6) of that section, deducted and paid tax in respect of any sum chargeable under this Act other than interest who denies his liability to make such deduction may appeal to the Appellate Assistant Commissioner to be declared not liable to make such deduction.”;

(c) in sub-section (3), after the words “thirty days” the following shall be inserted, namely:—

“of the payment of the tax deducted under sub-section (3A), (3B) or (3C) of section 18 or”.

10. *Amendment of section 31, Act X I of 1922*—In sub-section (3) of section 31 of the said Act,—

(a) for the words, figures and letter “or, in the case of an order refusing to register a firm under section 26A”, occurring after clause (b), the following shall be substituted, namely:—

“or, in the case of an order cancelling the registration of a firm under sub-section (4) of section 23 or refusing to register a firm under sub-section (4) of section 23 or section 26A”;

(b) after clause (g) and before the first proviso, the following shall be inserted, namely:—

“or, in the case of an appeal under sub-section (1A) of section 30,

(h) decide that the person is or is not liable to make the deduction and in the latter case direct the refund of the sum paid under sub-section (6) of section 18:”.

11. *Amendment of section 33, Act X I of 1922*—In section 33 of the said Act, sub-section (5) shall be renumbered as sub-section (6) and the following sub-section shall be inserted as sub-section (5), namely:—

“(5) Where as the result of an appeal any change is made in the assessment of a firm or association of persons

or a new assessment of a firm or association of persons is ordered to be made, the Appellate Tribunal may authorise the Income-tax Officer to amend accordingly any assessment made on any partner of the firm or any member of the association.”

12. *Amendment of section 47, Act X I of 1922*—In section 47 of the said Act, after the words, brackets and figures “or sub-section (1) of section 46” the following shall be inserted, namely:—

“and any interest payable under the provisions of sub-section (4), (6), (7) or (8) of section 18A”.

13. *Amendment of section 56, Act X I of 1922*—In section 56 of the said Act, before the words, “Subject to the provisions of this Chapter” the words, brackets, letter and figures, “Except in cases to which by clause (a) of the proviso to sub-sections (3) and (4) of section 25 those sub-sections do not apply and” shall be inserted.

14. *Amendment of the Schedule to Act X I of 1922*—In the Schedule to the said Act,—

(a) in the proviso to rule 2,—

(i) in clause (b), for the word “received”, where it occurs for the second time, the word “payable” shall be substituted;

(ii) for clause (c) the following clauses shall be substituted, namely:—

“(c) 90 per cent of the first year’s premiums received during the preceding year in respect of all other life insurance policies, plus

(d) 12 per cent of all renewal premiums received during the preceding year.”

(b) in rule 3 for clause (c) the following clause shall be substituted, namely:—

“(c) interest received in respect of any securities of the Central Government which have been issued or declared to be income-tax free shall not be excluded but the whole amount of such interest received during the intervalation period shall be exempt from income-tax under the second proviso to section 8 though not from super-tax”;

(c) in rule 5,—

(i) in clause (ii), after the words “but excludes profits on the realisation of securities” the words “or other assets” shall be added;

(ii) in clause (iii) after the words “and losses on the realisation of securities” the words “or other assets” shall be inserted.