

Act No. XLIV of 1947

[PASSED BY THE DOMINION LEGISLATURE]

(Received the assent of the Governor General on the 20th December 1947)

An Act further to amend the Indian Income-tax Act, 1922, and the Business Profits Tax Act, 1947.

WHEREAS it is expedient further to amend the Indian Income-tax Act, 1922 (XI of 1922) and the Business Profits Tax Act, 1947 (XXI of 1947) for the purposes hereinafter appearing ;

It is hereby enacted as follows :—

1. Short title.—This Act may be called the Income-tax and Business Profits Tax (Amendment) Act, 1947.

2. Amendment of Act XI of 1922.—(1) In the Indian Income-tax Act, 1922,—

(a) in clause (4A) of section 2, the words and brackets “ (other than agricultural land) ” shall be omitted, and to that clause the following shall be added, namely :—

“ (iii) any land from which the income derived is agricultural income ; ” ;

(b) for the last proviso to clause (6A) of section 2, the following proviso shall be substituted, namely :—

“ Provided further that the expression ‘ accumulated profits ’ wherever it occurs in this clause, shall not include capital gains arising before the 1st day of April, 1946 ; ” ;

(c) in sub-section (3) of section 12B, after the words “ property of the assessee ” the words “ by succession, inheritance or devolution or ” shall be inserted.

(2) The amendments made by sub-section (1) shall have effect in relation to all assessments to income-tax or super-tax for the year ending on the 31st day of March 1948 and subsequent years.

3. Amendment of Act XXI of 1947.—(1) In the Business Profits Tax Act, 1947,—

(a) after the first proviso to section 5, the following further proviso shall be inserted, namely :—

“ Provided further that where the profits of a part only of a business carried on by a person who is not resident in British India or not ordinarily so resident accrue or arise in British India or are deemed under the Indian Income-tax Act, 1922, so to accrue or arise, then, except where the business being the business of a person who is resident, but not ordinarily resident, in British India is controlled in India, this Act shall apply only to such part of the business, and such part shall for all the purposes of this Act be deemed to be a separate business. ” ;

(b) in sub-section (1) of section 11, after the words “ the profits ” the words “ and taxable profits ” shall be inserted ;

(c) in section 19, after the words “ provisions of this Act ” the words “ and with such modifications, if any, as may be prescribed ” shall be inserted ;

(d) in Schedule II, after rule 2, the following rule shall be inserted, namely :—

“ 2A. Notwithstanding anything contained in rule 2, where only part of the profits of a company is chargeable under the provisions of this Act, its capital shall be the sum ascertained in accordance with the said rule diminished by an amount which bears to that sum the same proportion as the amount of its profits not so chargeable bears to its total profits. ”

(2) The amendments made by sub-section (1) shall be deemed to have effect from the date on which the Business Profits Tax Act, 1947, came into force.

Price anna 1 or 1½d.

GIPD—S1—995—1007—M of Law—5-7-49—4,600.