

Rep. by Act.....⁵⁶ of 1974, S. 28 Sch. I.

THE DIRECT TAXES (AMENDMENT) ACT, 1964
No. 31 of 1964

[6th October, 1964.]

An Act further to amend certain laws relating to direct taxes.

Enacted by Parliament in the Fifteenth Year of the Republic of India as follows:—

1. This Act may be called the Direct Taxes (Amendment) Act, 1964. Short title

2. In section 2 of the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act), in Explanation 2 to clause (22), after the words "date of liquidation", the following words shall be, and shall be deemed always to have been, inserted, namely:—

"but shall not, where the liquidation is consequent on the compulsory acquisition of its undertaking by the Government or a corporation owned or controlled by the Government under any law for the time being in force, include any profits of the company prior to three successive previous years immediately preceding the previous year in which such acquisition took place".

3. In section 10 of the Income-tax Act, after clause (13), the following clause shall be inserted, namely:—

"(13A) any special allowance specifically granted to an assessee by his employer to meet expenditure actually incurred on payment of rent (by whatever name called) in respect of residential accommodation occupied by the assessee, to such extent (not exceeding three hundred rupees per month), as may be prescribed having regard to the area or place in which such accommodation is situate and other relevant considerations;"

Amend-
ment of
section 17.

4. In section 17 of the Income-tax Act, in clause (3), in sub-clause (ii), for the words, brackets and figures "or clause (12)", the words, brackets, figures and letter, "clause (12) or clause (13A)" shall be substituted.

Amend-
ment of
section 88.

5. In section 88 of the Income-tax Act,—

(a) in sub-section (1), after clause (i), the following clause shall be inserted, namely:—

"(ia) as donations to the Jawaharlal Nehru Memorial Fund referred to in the Deed of Declaration of Trust adopted by the National Committee at its meeting held on the 17th day of August, 1964;"

(b) in sub-section (3), in the second proviso, for the words "to the National Defence Fund set up by the Central Government", the words, brackets, figures and letter "to any fund referred to in clause (i) or clause (ia) of sub-section (1)" shall be substituted.

Amend-
ment of
section
153.

6. In section 153 of the Income-tax Act.—

(a) in sub-section (3), in clause (ii), after the figures "264", the following shall be inserted, namely:—

"or in an order of any court in a proceeding otherwise than by way of appeal or reference under this Act";

(b) in *Explanation 2* and in *Explanation 3*, for the words and figures "under section 250, 254, 260, 262, 263 or 264", the words, brackets and figures "referred to in clause (ii) of sub-section (3)" shall be substituted.

Amend-
ment of
section
154.

7. In section 154 of the Income-tax Act,—

(a) in sub-section (1),—

(i) in clause (b), for the words and figures "in appeal under section 250", the words and figures "under section 250 or section 271" shall be substituted;

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

"(bb) the Inspecting Assistant Commissioner may amend any order passed by him in any proceeding under sub-section (2) of section 274;"

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

"(1A) Where any matter has been considered and decided in any proceeding by way of appeal or revision relating

to an order referred to in sub-section (1), the authority passing such order may, notwithstanding anything contained in any law for the time being in force, amend the order under that sub-section in relation to any matter other than the matter which has been so considered and decided."

8. In section 209 of the Income-tax Act, for clause (d), the following clause shall be substituted, namely:—

Amendment of section 209.

"(d) in cases where—

(i) the total income of the latest previous year [being a year later than the previous year referred to in clause (a)] on the basis of which tax has been paid by the assessee under section 140A or a provisional assessment has been made under section 141, exceeds the total income referred to in clause (a), or

(ii) the Income-tax Officer makes an amended order referred to in sub-section (3) of section 210 on the basis of the total income on which tax has been paid by the assessee under section 140A, or in respect of which a provisional assessment has been made under section 141,

the total income referred to in clause (a) shall be substituted,—

(1) in a case falling under sub-clause (i), by the total income on the basis of which tax has been paid under section 140A or, as the case may be, the provisional assessment has been made under section 141, whichever relates to the latest previous year and where both relate to the same latest previous year, whichever is higher, and

(2) in a case falling under sub-clause (ii), by the total income on the basis of which the amended order under sub-section (3) of section 210 is made."

9. In section 210 of the Income-tax Act, in sub-section (3),—

Amendment of section 210.

(i) after the words "of the financial year," the words, figures and letter "tax is paid by the assessee under section 140A, or" shall be inserted;

(ii) for the words "determined for the purposes of the regular assessment or the provisional assessment aforesaid", the following shall be substituted, namely:—

"on which tax has been paid under section 140A or in respect of which the regular assessment or the provisional assessment aforesaid has been made,".

Insertion
of new
section
230A.

10. After section 230 of the Income-tax Act, the following section shall be inserted, namely:—

Restric-
tions on
registra-
tion of
transfers
of immov-
able pro-
perty in
certain
cases.

“230A. (1) Notwithstanding anything contained in any other law for the time being in force, where any document required to be registered under the provisions of clause (a) to clause (e) of sub-section (1) of section 17 of the Indian Registration Act, 1908, 16 of 1908 purports to transfer, assign, limit or extinguish the right, title or interest of any person to or in any property (other than agricultural land) valued at more than fifty thousand rupees, no registering officer appointed under that Act shall register any such document, unless the Income-tax Officer certifies that—

(a) such person has either paid or made satisfactory provision for payment of all existing liabilities under this Act, the Excess Profits Tax Act, 1940, the Business Profits Tax Act, 1947, the Indian Income-tax Act, 1922, the Wealth-tax Act, 1957, the Expenditure-tax Act, 1957, and the Gift-tax Act, 1958, or

15 of 1940.
21 of 1947.
11 of 1922.
27 of 1957.
29 of 1957.
18 of 1958.

(b) the registration of the document will not prejudicially affect the recovery of any existing liability under any of the aforesaid Acts.

(2) The application for the certificate required under sub-section (1) shall be made by the person referred to in that sub-section and shall be in such form and shall contain such particulars as may be prescribed.”

Insertion
of new
section
236A.

11. In Chapter XVIII of the Income-tax Act, after section 236, the following section shall be, and shall be deemed to have been, inserted with effect from the 1st day of April, 1964, namely:—

Relief to
certain
charitable
institu-
tions or
funds in
respect of
certain
dividends.

“236A. (1) In the case of an institution or fund referred to in clause (iii) of sub-section (2) of section 104, credit shall be given to the institution or fund against the tax, if any, payable by it, of a sum calculated in accordance with the provisions of sub-section (2), in respect of its income from dividends (other than dividends on preference shares) declared or distributed during the previous year relevant to any assessment year beginning on or after the 1st day of April, 1964, by such a company as is referred to in the said clause, and where the amount of credit so calculated exceeds the tax, if any, payable by the said institution or fund, the excess shall be refunded.

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(2) The amount to be given as credit under sub-section (1) shall be a sum which bears to the amount by which the rebate of super-tax admissible to the company under the provisions of the annual Finance Act is, under the provisions of the said Act, reduced with reference to any amount of dividends declared or distributed by it during the previous year relevant to any assessment year beginning on or after the 1st day of April, 1964, the same proportion as the amount of the dividends (other than dividends on preference shares) received by the institution or fund from the company bears to the total amount of dividends (other than dividends on preference shares) declared or distributed by the company during the said previous year."

12. In section 253 of the Income-tax Act,—

Amend-
ment of
section
253.

(a) in sub-section (1),—

(i) in clause (a), after the word and figures "section 131," the word and figures "section 154," shall be inserted;

(ii) in clause (b), after the words "Inspecting Assistant Commissioner under", the words and figures "section 154 or" shall be inserted;

(iii) in clause (c), the following shall be inserted at the end, namely:—

"or under section 285A or an order passed by him under section 154 amending his order under section 263";

(b) in sub-section (2), after the words "Appellate Assistant Commissioner under", the words and figures "section 154 or" shall be inserted.

13. In section 280B of the Income-tax Act, in clause (1),—

Amend-
ment of
section
280B.

(i) in sub-clause (b) (iv), the word "and" occurring at the end shall be omitted;

(ii) in sub-clause (b) (v), the word "and" shall be inserted at the end; and

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

"(vi) any annuity due, or commuted value of any annuity paid, under the provisions of section 280D."

14. In section 280E of the Income-tax Act,—

Amend-
ment of
section
280E.

(i) in sub-clause (ii) of clause (a), after the words, brackets, letter and figure "or sub-clause (b) (v)", the words, brackets, letter and figures "or sub-clause (b) (vi)" shall be inserted;

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

“(c) in cases where—

(i) the total income of the latest previous year [being a year later than the previous year referred to in clause (a)] on the basis of which tax has been paid by the depositor under section 140A, or a provisional assessment has been made under section 141, exceeds the total income referred to in clause (a), or

(ii) the Income-tax Officer makes an amended order referred to in sub-section (3) of section 280F on the basis of the total income on which tax has been paid by the depositor under section 140A, or in respect of which a provisional assessment has been made under section 141,

the total income referred to in clause (a) shall be substituted,—

(1) in a case falling under sub-clause (i), by the total income on the basis of which tax has been paid under section 140A or, as the case may be, the provisional assessment has been made under section 141, whichever relates to the latest previous year and where both relate to the same latest previous year, whichever is higher, and

(2) in a case falling under sub-clause (ii), by the total income on the basis of which the amended order under sub-section (3) of section 280F is made.”

Amend-
ment of
section
280F.

15. In section 280F of the Income-tax Act, in sub-section (3),—

(i) after the words “of the financial year,” the words, figures and letter “tax is paid by the depositor under section 140A, or” shall be inserted;

(ii) for the words “determined under the regular assessment or the provisional assessment aforesaid”, the following shall be substituted, namely:—

“on which tax has been paid under section 140A or in respect of which the regular assessment or the provisional assessment aforesaid has been made.”

Substitu-
tion of
new sec-
tion for
section
280Q.

16. For section 280Q of the Income-tax Act, the following section shall be, and shall be deemed to have been, substituted, with effect from the 1st day of April, 1964, namely:—

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"280Q. The amount of any deposit to be made under this Chapter shall be rounded off to the nearest multiple of ten rupees and where such amount contains a part of ten rupees, then, if such part is five rupees or more, it shall be increased to ten rupees and if such part is less than five rupees, it shall be ignored:'

Rounding off.

Provided that where the amount so computed is required under any provision of this Chapter to be deposited in two or more equal instalments and the amount of each instalment calculated for this purpose is not a multiple of ten rupees, the amount of each such instalment, other than the last instalment, shall be rounded off to the nearest multiple of ten rupees and the balance shall be the amount of the last instalment."

17. In section 280U of the Income-tax Act, for the words "twenty-five per cent. of his adjusted total income", the words "twenty-five per cent. of the income from such profession included in his total income" shall be, and shall be deemed to have been, substituted, with effect from the 1st day of April, 1964.

Amendment of section 280U.

18. After section 285 of the Income-tax Act, the following section shall be inserted, namely:—

Insertion of new section 285A.

"285A. (1) Where any person (hereinafter referred to as the contractor) enters into a contract for the construction of a building for, or the supply of goods or services in connection therewith to, any other person, the value of which exceeds fifty thousand rupees, he shall, within one month of the making of the contract, furnish to the Income-tax Officer having jurisdiction to assess the contractor such particulars relating to the contract and in such form as may be prescribed.

Information by contractors in certain cases.

(2) Without prejudice to the provisions of any other law for the time being in force, where any contractor contravenes the provisions of sub-section (1), the Commissioner may impose upon him such fine not exceeding fifty rupees as he thinks fit for every day during which the contravention continues, so, however, that the amount of fine so imposed shall not, in the aggregate, exceed twenty-five per cent. of the value of the contract.

(3) The Commissioner shall, on making an order under this section imposing a fine, forthwith send a copy of the same to the Income-tax Officer."

Amend-
ment of
Act 34
of 1953.

19. In the Estate Duty Act, 1953,—

(a) in Part VI, after section 50A, the following section shall be, and shall be deemed to have been, inserted with effect from the 1st day of April, 1964, namely:—

Relief from
estate duty
where tax
has been
paid on
capital
gains.

“50B. Where any property on which estate duty is leviable under this Act is transferred within a period of two years following the death of the deceased and tax under the Income-tax Act, 1961 has been paid in respect of the capital gains arising from such transfer, the estate duty payable shall be reduced by a sum which bears to the total amount of tax so paid the same proportion as the amount paid towards estate duty out of the proceeds of the transfer bears to the gross proceeds of such transfer.” 43 of 1961.

Provided that the Board may, on an application of the accountable person, extend the period of two years aforesaid if it is satisfied that the accountable person had sufficient cause for not effecting the transfer of the property within that period.”;

(b) for section 52, the following section shall be substituted, namely:—

Payment
of duty by
transfer of
property.

“52. (1) The Central Government may, on an application of the person accountable for estate duty, accept in satisfaction of the whole or any part of such duty any property passing on the death of the deceased at such price as may be agreed upon between the Central Government and that person, and thereupon such person shall deliver possession of the property to such authority as may be specified by that Government in this behalf.

(2) Notwithstanding anything contained in any other law for the time being in force, on the date the possession of the property is delivered to the authority under subsection (1)—

(i) the property shall vest in the Central Government; and

(ii) the Central Government shall, where necessary, intimate the registering authority concerned accordingly;

and the authority shall administer the property in such manner as the Central Government may direct.

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(3) Where the price referred to in sub-section (1) exceeds the aggregate of the amounts due under this Act in respect of the estate of the deceased, the excess shall be applied in the following order to the payment of any tax, penalty, interest or other amount—

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(i) which the legal representative of the deceased is liable to pay in respect of the income, expenditure or wealth of, or gift made by, the deceased under any of the Acts referred to in clause (c) of section 2 of the Central Boards of Revenue Act, 1963;

(ii) which the executor is liable to pay under any of the Acts aforesaid in respect of the estate of the deceased for the period of the administration of the estate;

(iii) which the person beneficially entitled to the property in question is liable to pay under any of those Acts;

and the balance, if any, shall be paid to the accountable person.”.

20. In the Expenditure-tax Act, 1957, in section 5, in the proviso to clause (j), after the words “as the case may be, or”, the words, brackets and figures “except where such gift, donation or settlement is not chargeable to gift-tax under sub-section (1) of section 5 of that Act” shall be, and shall be deemed to have been, inserted with effect from the 1st day of April, 1964.

Amendment
of Act 29
of 1957.