

THE INCOME-TAX (SECOND AMENDMENT) ACT, 1981

No. 38 OF 1981

[19th September, 1981.]

An Act further to amend the Income-tax Act, 1961.

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

1. (1) This Act may be called the Income-tax (Second Amendment) Act, 1981.

Short title and commencement.

(2) Section 3 shall come into force at once and the remaining provisions of this Act shall be deemed to have come into force on the 11th day of July, 1981.

43 of 1961

2. In the Income-tax Act, 1961 (hereinafter referred to as the principal Act), after Chapter XXA, the following Chapter shall be inserted, namely:—

Insertion of new Chapter XXB.

CHAPTER XXB

REQUIREMENT AS TO MODE OF REPAYMENT IN CERTAIN CASES TO
COUNTERACT EVASION OF TAX

269T. (1) No company (including a banking company), co-operative society or firm shall repay to any person any deposit otherwise than by an account payee cheque or account payee bank draft where the amount of the deposit, or where the amount of the deposit is to be repaid together with any interest, the aggregate of the amount of the deposit and such interest, is ten thousand rupees or more:

Mode of repayment of certain deposits.

Provided that where the repayment is by a banking company or co-operative bank, such repayment may also be made by crediting the amount of such deposit to the account (if any) with such company or bank of the person to whom such deposit has to be repaid:

Provided further that nothing in this sub-section shall apply to or in relation to the repayment of any deposit on or after the date on which the Income-tax (Second Amendment) Act, 1981, receives the assent of the President.

(2) No branch of a banking company or a co-operative bank and no other company or co-operative society and no firm shall repay any deposit made with it otherwise than by an account payee cheque or account payee bank draft drawn in the name of the person who has made the deposit if—

(a) the amount of the deposit together with interest, if any, payable thereon, or

(b) the aggregate amount of the deposits held by such person with the branch of the banking company or co-operative bank or, as the case may be, the other company or co-operative society or the firm, either in his own name or jointly with any other person on the date of such repayment together with the interest, if any, payable on such deposits,

is ten thousand rupees or more:

Provided that where the repayment is by a branch of a banking company or co-operative bank, such repayment may also be made by crediting the amount of such deposit to the savings bank account or the current account (if any) with such branch of the person to whom such deposit has to be repaid:

Provided further that nothing in this sub-section shall apply to or in relation to the repayment of any deposit before the date on which the Income-tax (Second Amendment) Act, 1981, receives the assent of the President.

Explanation.—For the purposes of this section,—

(i) “banking company” shall have the meaning assigned to it in clause (a) of the *Explanation* to sub-section (3) of section 40A;

(ii) “deposit” means any deposit of money which is repayable after notice or repayable after a period.’

Insertion
of new
section
269TT.

3. In the principal Act, in Chapter XXB (as inserted by section 2), after section 269T, the following section shall be inserted, namely:—

Mode of
repay-
ment
of Special
Bearer
Bonds,
1991.

“269TT. Notwithstanding anything contained in any other law for the time being in force, the amount payable on redemption of Special Bearer Bonds, 1991, shall be paid only by an account payee cheque or account payee bank draft drawn in the name of the person to whom such payment is to be made.”

Insertion
of new
section
276E.

4. After section 276D of the principal Act, the following section shall be inserted, namely:—

"276E. If a person, without reasonable cause or excuse, repays any deposit referred to in section 269T otherwise than in accordance with the provisions of that section, he shall be punishable with imprisonment for a term which may extend to two years and shall also be liable to fine equal to the amount of such deposit."

Failure to comply with the provisions of section 269T.

5. In section 278A of the principal Act, after the words, figures and letters "or section 276CC", the words, figures and letter "or section 276E" shall be inserted.

Amendment of section 278A.

6. In section 279 of the principal Act, in sub-section (1), after the word, figures and letter "section 276D," the word, figures and letter "section 276E," shall be inserted.

Amendment of section 279.

8 of 1981.

7. (1) The Income-tax (Amendment) Ordinance, 1981, is hereby repealed.

Repeal and saving.

(2) Notwithstanding such repeal, anything done or any action taken under the principal Act, as amended by the said Ordinance, shall be deemed to have been done or taken under the principal Act, as amended by this Act.