National Law School Journal

Volume 4
Issue 1 *Changing Investment Climate in India*

Article 29

1-7-1992

Highlights: Finance Bill 1992

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FINANCE BILL 1992

Highlights

The following are the highlights of the Finance Bill 1992 moved by the Finance Minister, Dr. Manmohan Singh, for consideration of the Lok Sabha, on Thursday.

- Income tax deduction under 80 L restored with a monetary ceiling of Rs. 7,000.
- Ceiling on investment level up by Rs. 10,000 to Rs. 60,000 for rebate under Section 88 which incorporates deductions in respect of the national savings certificate, equity-linked savings scheme. As a result, the ceiling of the tax rebate to go up from Rs. 10,000 to Rs. 12,000.
- Within the overall ceiling of Rs. 60,000 a sub-ceiling of Rs. 10,000 proposed in respect of investments in equity-linked savings schemes to ensure the continued viability of other saving instruments contained in Section 88.
- Presumptive taxation for small retail traders enlarged to include tiny shop keepers like tailoring, typewriting, photocopying, repair work, laundry, service or running eating places.
- The proviso that persons opting for the simplified presumptive taxation procedure should not have any income chargeable to tax from any other source proposed to be given up.
- Persons having taxable income from other sources, not exceeding Rs. 5000 in a year in the aggregate, to be eligible to opt for the new scheme on payment of additional tax for this amount.
- Tax rate of firms, association of persons and bodies of individuals cut by 10 per cent from 40 per cent to 30 per cent.
- For venture capital companies, a concessional rate of only 20 per cent proposed.
- To help small firms, 100 per cent deduction of partner's salary up to Rs. 50,000 from the firm's income proposed.
- The Central Board of Direct Taxes (CBDT) directed to ensure that the provisions of Section 40A(2) of Income-tax Act were not indiscriminately used. Provision for deduction of tax at source on the salary or interest paid to partners withdrawn.
- Finance Minister directs the Tax Reforms Committee to examine the entire gamut of the procedural provisions relating to direct tax laws, including the provisions about search and seizure.
- Provision demanding the presence of the persons whose premises are searched for as long as the search operation continues withdrawn.

- Wealth Tax Act proposed to be amended to provide for certain exemptions and to restore some of the exemptions.

- On the indirect tax, concessional import duty of 95 percent for most of the specified drug intermediates restored. Specified formulations of certain life saving drugs and medicines from import duty completely exempted. Excise duty on sterile solutions for the care of contact lenses reduced from 105 percent to 15 percent.

- Import duty on aseptic form-fill-seal machines for pharmaceutical industry reduced from 50 percent to 40 percent.

- For electronics industry, duty differential prevailed earlier between the raw materials and piece parts in most of the cases restored. Raw materials attracting import duty at 50 percent prior to the Budget to attract 40 percent and most of the piece parts attracting earlier duty at the rate of 50 percent to attract 60 percent.

- Duty on specified machinery used in the manufacture of fly-ash and phosphogypsum-based building material fully exempted from import duty.

- Export duty on certain types of finished leather reduced from 10 percent to five percent and on unpolished granite from ten percent to seven percent.

- Import duty on import of gold by Indians including persons of Indian origin reduced from Rs. 450 per 10gm to Rs. 220 per 10 gm.

- Import duty on ethyl benzene, a raw material used in the manufacture of polystyrene from 40 percent to 25 percent.

- To check under-invoicing of imports of bail and roller bearings, this category exempted from the ceiling of 110 percent import duty so as to let specific rates of duty to become operational.

- Import duty on computers and computer peripherals raised to the tariff peak of 110 percent.

- Duty of 30 percent on insulated thermoware and vacuum flask fully abolished.

- Import duty on certain specified trimmings and embellishments used by the readymade garment and hosiery industry cut from 100 percent to 45 percent.

- Taking direct and indirect taxes together changes proposed by the Finance Minister entail a net revenue loss of Rs. 331 crores to the Centre and Rs. 271 crores to the States (PTI).