

GOVERNMENT OF INDIA

Ministry of Finance  
(Department of Economic Affairs)

No 1(7)-PD/82.

*New Delhi, the 24<sup>th</sup> September, 1982*

To

- (i) Finance Secretaries of all State and Union Territory Governments and Administrations.
- (ii) Chief Accountant,  
Reserve Bank of India,  
Central Office  
Bombay.

Sub:- The Compulsory Deposit Scheme (Income-tax payers).  
Act, 1974.

Sir,

Reference this Ministry's letter No 1(10)–81 dated the 12<sup>th</sup> June , 1981 as amended by letter dated the 13<sup>th</sup> November, 1981 on the above subject.

2. The rates of compulsory deposit to be made by the income tax payers under the Compulsory Deposit Scheme (Income Tax payers) and other salient features of the Scheme are annexed It is requested that this may be brought to the notice of all officers for making deposits under the Income Tax Payers Scheme during the eurrent financial year.

The Reserve Bank may also arrange to circular these instructions to all deposit offices to avoid any inconvenience to the depositors.

Yours Faithfully,

(sd)

R S PRASA

*Under Secretary to the Government of India.*

## ANNEXURE

### Compulsory Deposit Scheme (Income Tax Payers) Act, 1974

Rate of deposit in relation to assessment year 1983-84 (Financial year 1982-83)

- |       |   |  |
|-------|---|--|
| (1)   | where the current income exceeds Rs 15000 but dose not exceed Rs 25,000 | 4.5 per cent of the current income   |
| (ii)  | Where the current income exceeds Rs 25,000 Dose not exceed Rs 35000     | Rs 1,125 plus 11 percent of the amount by which the current income Exceeds Rs.25,000             |
| (iii) | where the current income exceeds Rs 35000 but dose not exceed Rs 50,000 | Rs.2.225 plus 12.5 per cent of the of the amount by which the current income exceeds Rs. 35,000: |
| (iv)  | where the current income exceeds Rs.50000 but dose not exceed Rs 50,000 | Rs. 4,100 plus 15 per cent of amount by which the current incomeexceeds Rs 50,000:               |
| (v)   | where the current income exceeds Rs. 70, 000                            | Rs.7,100 plus 18per cent of the amount by which the current Income exceeds Rs. 70,000.           |

The above rates are subject to the following:

- (a) A person who is more than 70 days of age on 1<sup>st</sup> april,1982 is not required to Make any compulsory deposit during the financial year 1982-83 in relation to Assessment year 1983-84. The balance of earlier deposits in such case is also Now payable at the option of the depositor as under:-

Date of attaining the age of 70 years  
Before 1-4-1982

Date on which compulsory deposit  
and accrued interest become  
Payable.

On or after 1-4-1982

1<sup>st</sup> April of the following year .

(b) In other cases:

- I. where the current income exceeds Rs.15,000 but does not exceed Rs. 15,710 in respect of assessment year 1983-84 the compulsory deposit shall in no case exceed the amount by which the current income exceeds 15,000;
- II. where the amount of compulsory deposit calculated in accordance with the foregoing provisions is less than Rs. 100. it shall not be necessary for the tax payer concerned to make such deposit.

2. The expression “ current income in relation to an assessment year in the case of advance tax payers means the estimated amount of total income of the relevant previous year as increased by net agricultural income but excluding capital gains and income referred to in section 2(24) (ix) of the Income –tax Act 1961 viz, winnings from Lotteries etc; which forms the basis for computation of advance tax payable by him during that financial year . In case of other tax-payers it is the estimated total income as increased by net agricultural income excluding income by way of capital gains and winning by way of lotteries etc; referred to in section 2n (24) (ix) of the Income-tax Act, 1961.

3. Repayment under the Additional Emolument (Compulsory Deposit) Act 1974 form part of the current income but not those under the ITP Scheme . Interest on deposit both under the Additional Emoluments (Compulsory Deposit) Act 1974 as well as the ITP SCHEME From part of the current income but these will qualify for exemption along with income on other approved investments in terms of Section 80 L of the Income Tax Act , 1961.

4. Deposits may be made in one or more instalment at any office of the Reserve Bank or branch of the State Bank of India and its subsidiaries or of authorized nationalized banks by 31<sup>st</sup> March, 1983. Where the ITP account was opened in a previous year, further deposits will be made in to that account.

5. Transfer of an account is permissible from one deposit officer to another deposit office of the same bank. Transfer is also permissible in the case of an account opened in an office of the Reserve Bank of India to any office or branch of State Bank or its subsidiaries or of any authorized nationalized bank . where there transfer of the account is sought to a place which such account is opened the

dipositor may apply for the transfer of his account to and branch or office of the State bank of India or its subsidiaries or any authorized nationalized bank situated at such place.

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Total Income means gross total income less deductions admissible under the Income tax Act.

Where depositor is transferred from one place to another and his (ITP) account maintained at the earlier place of posting is not transferred to the new place to enable him to make deposit within the prescribed period, he may open a new account with the same bank at the new place to make requisite deposit and have the new account merged with the old account on its transfer to new place of posting.

- 6 Nomination facility is provided under the scheme a depositor may nominate one or more persons who be entitled to the repayment of compulsory deposit in the event of the death of the depositor.
- 7 The amount of compulsory deposit and interest is not liable to attachment under any decree or any order of any court in respect of any debt or liability incurred by the depositor.
- 8 Compulsory deposits are repaid in five equal annual instalments commencing from the expiry of two years from the end of the financial year in which the deposit was made together with simple interest thereon at maximum bank deposit rate (currently 10 per cent per annum). Any increase or reduction in the bank deposit rate made after the 1<sup>st</sup> day of the month will be given effect from the 1<sup>st</sup> day of the succeeding month. From 1<sup>st</sup> April 1981, the depositors have the option not to withdraw the instalment amount and interest amount on their becoming due. In that event amount of principal repayable and interest payable not withdrawn shall earn interest so long as it remains in deposit, as if it were a compulsory deposit and the provisions of the Compulsory Deposit Scheme (income-tax payers) Act, 1974 will continue to apply in relation to such amount or interest thereon. The depositor is not required to file any option for this purpose.