

THE FIRST SCHEDULE

INSURANCE BUSINESS

[See section 44]

A. —Life insurance business

1. Profits of life insurance business to be computed separately.—In the case of a person who carries on or at any time in the previous year carried on life insurance business, the profits and gains of such person from that business shall be computed separately from his profits and gains from any other business.

¹**2. Computation of profits of life insurance business.**—The profits and gains of life insurance business shall be taken to be the annual average of the surplus arrived at by adjusting the surplus or deficit disclosed by the actuarial valuation made in accordance with the Insurance Act, 1938 (4 of 1938), in respect of the last inter-valuation period ending before the commencement of the assessment year, so as to exclude from it any surplus or deficit included therein which was made in any earlier inter-valuation period.]

3. [Deductions.] *Omitted by the Finance Act, 1976 (66 of 1976), s. 23(w.e.f. 1-4-1977). Earlier, the rule was first amended by the Finance Act, 1966 (13 of 1966), s. 36 (w.e.f. 1-4-1966) and by the Finance Act, 1965 (10 of 1965), s. 65 (w.e.f. 1-4-1965).*]

4. Adjustment of tax paid by deduction at source.—Where for any year an assessment of the profits of life insurance business is made in accordance with the annual average of a surplus disclosed by a valuation for an inter-valuation period exceeding twelve months, then, in computing the income-tax payable for that year, credit shall not be given in accordance with section 199 for the income-tax paid in the previous year, but credit shall be given for the annual average of the income-tax paid by deduction at source from interest on securities or otherwise during such period.

B. —Other insurance business

5. Computation of profits and gains of other insurance business.—The profits and gains of any business of insurance other than life insurance shall be taken to be the ²[profit before tax and appropriations as disclosed in the profit and loss account prepared in accordance with the provisions of the Insurance Act, 1938 (4 of 1938) or the rules made thereunder or the provisions of the Insurance Regulatory and Development Authority Act, 1999 (4 of 1999) or the regulations made thereunder,] subject to the following adjustments:—

(a) subject to the other provisions of this rule, ³[any expenditure or allowance including any amount debited to the profit and loss account either by way of a provision for any tax, dividend, reserve or any other provision as may be prescribed] which is not admissible under the provisions of ⁴[sections 30 to 43B] in computing the profits and gains of a business shall be added back;

1. Subs. by Act 66 of 1976, s. 23 (w.e.f. 1-4-1977).

2. Subs. by Act 33 of 2009, s. 80, for certain words (w.e.f. 1-4-2011).

3. Subs. by Act 21 of 1998, s. 64, for “any expenditure or allowance” (w.r.e.f. 1-4-1989).

4. Subs. by Act 4 of 1988, s. 126, for “section 30 to 43A” (w.e.f. 1-4-1989).

