

TO BE PUBLISHED IN THE GAZETTE OF INDIA EXTRAORDINARY-
PART II, SECTION 3, SUB-SECTION (ii)

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE)
CENTRAL BOARD OF DIRECT TAXES

NOTIFICATION

INCOME-TAX

New Delhi, the 1st Nov, 1983

S.O. In exercise of the powers conferred by section 295 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the following rules further to amend the Income-tax Rules, 1962, namely :-

1. (1) These rules may be called the Income-tax (Eighth Amendment) Rules, 1983.

(2) They shall be deemed to have come into force on the 3rd day of October, 1981.

2. In the Income-tax Rules, 1962, -

(a) for clause (d) of sub-rule (1) of rule 68, the following clause shall be substituted, namely :-

"(d) to meet the expenditure on building a house, or purchasing a site or a house and a site and, in the case of an employee whose pay does not exceed rupees one thousand and six hundred

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per month, also on additions,
substantial alterations or
improvements necessary to a
house :

Provided that the employee
furnishes an undertaking to the
trustees not to encumber or
alienate such house or site or
house and site, as the case may
be.

Explanation. - For the purposes
of this clause "pay" shall
have the meaning assigned to
it in the Explanation to
sub-rules (2A) and (2B) of
rule 69;"

(b) in rule 69, -

(1) in the opening portion of sub-
rule(2), after the word and
figures "rule 68", the words,
", by any employee whose pay
exceeds rupees one thousand
and six hundred per month,"
shall be inserted;

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(2) after sub-rule(2), the following sub-rules shall be inserted, namely :-

(2A) The withdrawal for the purpose specified in clause (d) of sub-rule (1) of rule 68, by any employee whose pay does not exceed rupees one thousand and six hundred per month, shall be subject to the following conditions, namely :-

(i) the amount of withdrawal shall not exceed -

(a) one-half of the amount standing to the employee's credit in the fund; or

(b) the employee's basic wages and dearness allowance for twenty-four months; or

- 4 -

(c) the employee's contributions to the fund together with the specified percentage of the employer's contributions to that fund, with interest thereon, whichever is more :

Provided that the amount of such withdrawal shall in no case exceed the actual cost of ^{the} house and/or site.

Explanation. - For the purposes of sub-clause (c) "specified percentage" means -

(1) 75% of the employer's contribution forming part of the accumulations as on the date of the authorisation of payment, if the

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period of membership of the employee in the fund is five years or more, but less than ten years; and

- (2) 85% of such contribution, if the period of membership of the employee in the fund is ten years or more, but less than fifteen years;

(ii) the employee shall have completed five years of service or is due to retire within the next ten years;

(iii) the withdrawal shall be permitted only if the house and/or site is free from encumbrances;

(iv) no withdrawal shall be permitted for purchasing a share in a joint property or a building or a house or land whose ownership is divided except where a site is owned jointly with the spouse;

(v) where the withdrawal is for construction of a house, the payment of the withdrawal may be sanctioned in such number of instalments (not exceeding four)

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as the trustees of the fund think fit;

(vi) where the withdrawal is for the construction of a house, the construction of the house should be commenced within six months of withdrawal and should be completed within twelve months of the withdrawal of final instalment;

(vii) if the withdrawal is made for the purchase of a house and/or a site for a house, the purchase should be made within six months of the withdrawal;

(viii) if the amount withdrawn exceeds the actual cost of the purchase or construction of the house and/or site or if the amount is not utilised for the purpose for which it is withdrawn, the excess or the whole amount, as the case may be, shall be refunded to the trustees forthwith in one lumpsum together with interest from the month of such withdrawal at the rate prescribed in sub-rule(4) of rule 71 and the amount so refunded shall be credited to the employee's account in the fund.

.....6/-

- (2B) A withdrawal for additions, substantial alterations or improvements necessary to the house owned by the employee or jointly owned by the employee and the spouse may be granted once and in one instalment only to an employee whose pay does not exceed rupees one thousand and six hundred per month, upto six months basic wages and dearness allowance or the employee's own share of contribution with interest thereon or the amount standing to his credit in the fund, whichever is less :

Provided that the said withdrawal shall be admissible only after a period of five years from the date of purchase or completion of the house:

Provided further that where the amount withdrawn is not utilised in whole or in part for the purpose for which it was withdrawn, the excess or the whole amount, as the case may be, shall be refunded to the trustees forthwith in one lumpsum together with interest from the month of such withdrawal at the rate prescribed in sub-rule(4) of rule 71 and the amount so refunded shall be credited to the employee's account in the fund.

Explanation. - For the purposes of sub-rules (2A) and (2B) "pay" includes basic wages with dearness allowance, retaining allowance (if any), and cash value of food concession

admissible thereon, to which the employee is entitled at the time when the withdrawal is granted or, in the case of an employee referred to in sub-rule (2) of rule 5 of part A of the Fourth Schedule, the pay (including increments, if any) which he would have received had he not entered the armed forces of the Union or being taken into or employed in the national service';

- (3) in sub-rule(5), after the words "this rule" the brackets and words "~~/except sub-rules (2A) and (2B)~~" shall be inserted;

(c) in rule 71, -

- (1) in sub-rule(1), after the words, brackets and figure "sub-rule (2)" the words, brackets, letters and figures "or clause (viii) of sub-rule (2A) or the second proviso to sub-rule(2B)" shall be inserted;

- (2) in sub-rule(4), after the words, brackets and figure "sub-rule (2)",

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the words, brackets, letters and
figure "or clause (viii) of sub-rule
(2A) or the second proviso to sub-rule
(2B)" shall be inserted.

sd/-
(E.K. Koshi)
Director

Central Board of Direct Taxes

No. 5439 F. No. 142(15)82-TPL

Explanatory Memorandum

Certain provisions of the Employees' Provident Funds Scheme, 1952 framed under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 were liberalised and notified through Notification No. G.S.R. 549(E) dated 3rd October, 1981. Exempted provident funds under the said Scheme were required to conform to the amended provisions of the Scheme. However, Commissioners of Income-tax have been unable to approve for the purposes of part A of Schedule IV to the Income-tax Act, 1961 and accord recognition to the provident funds which had amended their rules accordingly because, such amended rules were not in conformity with the rules contained in the Income-tax Rules, 1962. The Income-tax Rules, 1962 are, therefore, being amended to enable Commissioners of Income-tax to approve amendment of the rules of provident funds in conformity with the amended rules contained in the Employees' Provident Funds Scheme, 1952 and accord recognition to such provident funds with retrospective effect from 3rd October, 1981. The retrospective operation of the amendments will not adversely affect any person.