

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
CENTRAL BOARD OF DIRECT TAXES
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31.7.85

NOTIFICATION

INCOME TAX

New Delhi, dated the 31st July, 1985

8.7. : 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 (Fifth Amendment) Rules, 1985.
(2) They shall come into force on the 1st day of August, 1985.
2. In the Income-tax Rules, 1962,-
 - (a) in rule 67A, in the Explanation, after the words "step-children", the words", deceased son's widow, deceased son's legitimate children, deceased son's step-children" shall be inserted;
 - (b) in rule 68, in sub-rule (1),-
 - (i) in clause (aa),
 - (1) in sub-clause (i), for the words "high school", the word "matriculation" shall be substituted;
 - (2) in sub-clause (ii), for the words "high school stage, provided that the course of study is for not less than three years", the words "matriculation stage" shall be substituted;
 - (ii) in clause (d),-
 - (1) after the words "purchasing a site", the words

(3) after the proviso as so amended, the following proviso shall be inserted, namely:-

"Provided further that in the case of an employee whose pay does not exceed rupees one thousand and six hundred per month, such house or site or such house and site shall not be deemed to be an encumbered property merely because such house or site or such house and site is -

(i) mortgaged, solely for having obtained funds for the purchase of the said house or site or the said house and site or for the building of such house to any of the following agencies, namely, (a) the Central Government; (b) a State Government; (c) a Co-operative society, being a society registered or deemed to be registered under the Co-operative Societies Act, 1912 or under any other law for the time being in force in any State relating to Co-operative societies; (d) an institution; (e) a trust; (f) a local body; or (g) a housing finance corporation; or

(ii) held in the name of any of the aforesaid agencies and the employee is precluded from transferring or otherwise disposing of that house or site or that house and site without the prior approval of such agency."

(iii) after clause (g), the following clause shall be inserted, namely:-

'(h) in the case of an employee whose pay does not exceed rupees one thousand and six hundred per month, -

(i) to meet his household expenses if a factory or other establishment, wherein he is working, is locked

reasons other than a strike rendering him unemployed without any compensation or if he is not in receipt of wages for a continuous period of two months or more;

(ii) to meet his household expenses if the factory or other establishment, wherein he is working, suffers ^{cut} out in supply of electricity resulting in a loss of one-fourth or more of the total wages of the employee;

(iii) to meet the cost of purchasing an equipment required by a physically handicapped employee which will minimise his hardship on account of the handicap.

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.;

(c) ~~In~~ rule 69,-

(1) for sub-rule(1), the following sub-rules shall be substituted, namely:-

"(1) The withdrawal in connection with expenses on marriages as specified in clause (c) of sub-rule(1) of rule 68, by an employee whose pay exceeds rupees one thousand and six hundred per month, shall not exceed six months' pay or the total of the accumulation of exempted contributions and exempted interest lying to the credit of the employee, whichever is less.

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

- (a) the amount of withdrawal shall not exceed one-half of the employee's contributions to the fund with interest thereon;
- (b) the employee shall have completed seven years of service;
- (c) the amount of the employee's contributions to the fund with interest thereon is not less than rupees one thousand."

(ii) in sub-rule(2A), for clause(i), the following clause shall be substituted, namely:-

"(i) the amount of withdrawal shall not exceed -

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

(b) the actual cost of building the house, or of purchasing the house or the site or the house and the site; or

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

Whichever is less.

Explanation - For the purposes of sub-clause (c),

"specified percentage" means -

(1) 75 per cent of the employer's contribution

forming part of the accumulation as on the date of the authorisation of payment, if the period of membership of the employee in the fund is five years or more, but less than ten years;

(2) 85 per cent of such contribution, if the period of membership of the employee in the fund is 10 years

- (3) 100 per cent of such contribution, if the period of membership of the employee in the fund is 15 years or more;"
- (iii) in sub-rule (2B), for the words "up to six months' basic wages", the words "up to twelve months' basic wages" shall be substituted;
- (iv) in sub-rule (4), after the words and figures "rule 68", the words, brackets, figure and letter "rule 68", except as, provided in sub-rule (1A)" shall be inserted:-
- (d) (a) in rule 70,-
- (1) in sub-rule (1), after the words, brackets and figure "sub-rule (2)", the words, brackets and figure "and sub-rule (3)" shall be inserted;
- (ii) after sub-rule (2), the following sub-rule shall be inserted, namely:-
- "(3) A withdrawal, referred to in clause (a) of sub-rule (2), of an amount equal to the difference between the amount of withdrawal admissible under sub-rule (2A) of rule 69 as on the date of application and the amount actually withdrawn by the employee for the purpose specified in clause (d) of sub-rule (1) of rule 68 any time during six years preceding the 3rd day of October, 1981, may be permitted to the employee, whose pay does not exceed rupees one thousand and six hundred per month, subject to the following conditions, namely:-
- (1) the employee had availed the first withdrawal for purchase of a site and now proposes to construct a house on the site so purchased; or

purchase of a house from any of the agencies referred to in the second proviso to clause (d) of sub-rule (1) of rule 68 and now proposes to withdraw the amount for completing the transaction and for acquiring ownership of the house so purchased; or

- (iii) the employee had availed the first withdrawal for construction of a house but the said construction could not be completed due to shortage of funds."

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(V.D. Wagharkar)
Director (TPL-II)

Central Board of Direct Taxes.

No. 6349 /F.No.142(11)/84-TPL

Approved.

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31/7/85

Note:- Principal rules were published under Notification No. S.O. 969 dated 26.3.1962 and subsequently amended by S.O. No. 2029 dated 30.6.1962, 2565 dated 2.8.1962, 2508 dated 20.8.1963, 511 dated 4.2.1964, 2567 dated 27.7.1964, 3660 dated 12.10.1964, 169 dated 4.1.1965, 591 dated 15.2.1965, 860 dated 8.3.1965, 1086 dated 30.3.1965, 1886 dated 10.6.1965, 2153 dated 2.7.1965, 2704 dated 27.8.1965, 129 dated 13.1.1966, 2451 dated 10.8.1966, 598 dated 13.2.1967, 846 dated 10.3.1967, 1949 dated 23.5.1967, 2460 dated 22.7.1967, 3218 dated 6.9.1967, 4588 dated 21.12.1967, 813 dated 29.2.1968, 1112 dated 18.3.1968, 1856 dated 22.5.1968, 2751 dated 2.8.1968, 2883 dated 24.8.1968, 3494 dated 25.9.1968, 624 dated 14.2.1969, 625 dated 14.2.1969, 2000 dated 23.5.1969, 2005 dated 24.5.1969, 4427 dated 29.10.1969, 5056 dated 29.12.1969, 152 dated 9.1.70, 719 dated 23.2.1970, 3398 dated 14.10.1970, 3769 dated 18.11.1970, 4001 dated 16.12.1970, 1917 dated 20.2.1971, 1997 dated 11.5.1971, 2168 dated 23.5.1971, 2272 dated 31.5.1971, 5595 dated 30.12.1971, 175(E) dated 6.3.1972, 436(E) dated 21.6.1972, 573(E) dated 1.9.1972, 708(E) dated 15.11.1972, 159(E) dated 20.3.1973, 160(E) dated 20.3.1973, 369(E) dated 2.7.1973, 128(E) dated 28.2.1974, 291(E) dated 14.5.1974, 567(E) dated 21.9.1974, 615(E) dated 17.10.1974, 627(E) dated 2.11.1974, 725(E) dated 19.12.1974, 25(E) dated 10.1.1975, 295(E) dated 1.7.1975, 534(E) dated 24.9.1975, 543(E) dated 26.9.1975, 710(E) dated 18.12.1975, 134(E) dated 23.2.1976, 197(E) dated 15.3.1976, 266(E) dated 31.3.1976, 275(E) dated 1.4.1976, 420(E) dated 19.6.1976, 615(E) dated 16.9.1976, 842(E) dated 30.12.1976, 18(E) dated 12.1.1977, 23(E) dated 18.1.1977, 210(E) dated 5.3.1977, 640(E) dated 27.3.1977, 665(E) dated 9.9.1977, 677(E) dated 22.9.1977,