

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

CENTRAL BOARD OF DIRECT TAXES

NOTIFICATION  
INCOME-TAX

New Delhi, the 2nd November, 1974.

S.O. 617(E).- 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. These rules may be called the Income-tax (Fifth Amendment) Rules, 1974.
2. In the Income-tax Rules, 1962 (hereinafter referred to as the principal rules), for rule 6, the following rule shall be substituted, namely:-

'6. Prescribed authority for scientific research.-  
For the purposes of section 35, the "prescribed authority" shall be -

- (i) in relation to research in the fields of agriculture, animal husbandry and fisheries, the Indian Council of Agricultural Research;
- (ii) in relation to research in the field of medical sciences, the Indian Council of Medical Research;
- (iii) in relation to research in the field of social science or statistical research, the Indian Council of Social Science Research; and
- (iv) in relation to research in the field of other natural or applied science, the Secretary, Department of Science and Technology, Government of India, or any other officer of that Department nominated by him in this behalf.

3. Rule 6AB of the principal rules shall be omitted with effect from the 1st day of April, 1975.

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4. For rule 16A of the principal rules, the following rule shall be substituted, namely:-

"16A. Authority for approving any institution or body established for scientific research.- For the purposes of sub-clause (vii) of clause (6) of section 10, the "prescribed authority" shall be -

(i) in relation to research in the field of agriculture, animal husbandry and fisheries, the Indian Council of Agricultural Research;

(ii) in relation to research in the field of medical sciences, the Indian Council of Medical Research; and

(iii) in relation to research in the field of other natural or applied science, the Secretary, Department of Science and Technology, Government of India, or any other officer of that Department nominated by him in this behalf!.

5. After rule 18A of the principal rules, the following rule shall be inserted, namely:-

"18B. Form of audit report for claiming deduction Under section 80HH. The report of audit of the accounts of an assessee, other than a company or a co-operative society, which is required to be furnished under sub-section (5) of section 80HH shall be in Form No. 10C."

6. In Appendix I to the principal rules, in item "IV - Ships", for sub-item (1), the following sub-item shall be substituted with effect from the 1st day of April, 1975, namely:-

"(1) ocean going ships -

(i) fishing vessels with wooden hull

(ii) other ships

.. 10% To be calculated on the  
.. 5% actual cost."

7. In Appendix II to the principal rules,-

(a) in Form No. 1, with effect from the 1st day of April, 1975,-

(i) in PART I of ANNEXURE C, in SUB-PART B, for item 8, the following item shall be substituted, namely:-

"8. Deduction in respect of expenditure on scientific research/export markets development allowance/agricultural development allowance admissible in excess of amounts debited to P & L Account, etc.-

secs. 35, 35B and 35C";

(ii) in ANNEXURE E, after PART II, the following PART shall be inserted, namely:-

"PART III-UNABSORBED LOSS IN RESPECT OF  
ACTIVITY OF OWNING AND MAINTAIN-  
ING RACE HORSES CARRIED FORWARD  
TO SUBSEQUENT YEARS.

Assessment year to which it pertains	Amount

(iii) in PART I of ANNEXURE F, items 3 to 9 shall be re-numbered as items 4 to 10 and before item 4, as so re-numbered, the following item shall be inserted, namely:-

"3. Profits and gains from newly established industrial undertakings or hotel business in backward areas.

80HH";

(b) in Form No. 2, with effect from the 1st day of April, 1975,-

(i) in PART I of ANNEXURE A,-

(1) in item 3(b), for the word "Note", the word and figure "Note 1" shall be substituted;

(2) for item 6, the following item shall be substituted, namely:-

"6. Deduction in respect of :  
(See Note 2)

(a) Expenditure incidental to employment ..sec.16(i)

(b) Entertainment allowance ..sec.16(ii)

Total of sub-items (a) and (b)....";

(3) the Note at the end shall be numbered as Note 1 and after Note 1 as so numbered, the following Note shall be inserted, namely:-

"Note 2: Where the return relates to assessment year 1974-75 or any earlier assessment year, deductions under section 16(i) to (v) should be shown separately.";

(ii) in PART I of ANNEXURE D, in SUB-PART B, for item 8, the following item shall be substituted, namely:-

"8. Deduction in respect of expenditure on scientific research/export markets development allowance admissible in excess of amounts debited to P & L Account.....secs.35 and 35B";

(iii) in ANNEXURE F, after PART II, the following PART shall be inserted, namely:-

"PART III-UNABSORBED LOSS IN RESPECT OF ACTIVITY OF OWNING AND MAINTAINING RACE HORSES CARRIED FORWARD TO SUBSEQUENT YEARS.

Assessment year to which it pertains	Amount

(iv) in PART I of ANNEXURE G,-

(1) items 3 to 7 shall be re-numbered as items 4 to 8, and before item

4, as so re-numbered, the following item shall be inserted, namely:-

"3. Profits and gains from newly established industrial undertakings or hotel business in backward areas. ....80HH";

(2) in item 8, as so re-numbered, the figures, letters and word "80MM to" and the words, abbreviation, figure and letter "and attach Form No. 3C, if applicable" shall be omitted;

(c) in Form No. 3, with effect from the 1st day of April, 1975,-

(i) in PART I of ANNEXURE A,-

(1) in item 3(b), for the word "Note", the word and figure "Note 1" shall be substituted;

(2) for item 6, the following item shall be substituted, namely:-

"6. Deduction in respect of:  
(See Note 2)

(a) Expenditure incidental  
to employment .. sec.16(i)

(b) Entertainment  
allowance .. sec.16(ii)

Total of sub-items  
(a) and (b) ..

";

(3) the Note at the end shall be numbered as Note 1 and after Note 1 as so numbered, the following Note shall be inserted, namely:-

"Note 2: Where the return relates to assessment year 1974-75 or any earlier assessment year deductions under section 16(1) to (v) should be shown separately.";

(d) in Form No. 3A, with effect from the 1st day of April, 1975,-

(i) in PART I of ANNEXURE C, in SUB-PART B, for item 8, the following item shall be substituted, namely:-

"8. Deduction in respect of expenditure on scientific research/export markets development allowance/agricultural development allowance admissible in excess of amounts debited to P & L Account, etc.- secs. 35, 35B & 35C";

(ii) in PART I of ANNEXURE F, in item 3, the words, abbreviation, figure and letter "and attach Form No. 3C, if applicable" shall be omitted;

(e) Form No. 3C shall be omitted with effect from the 1st day of April, 1975;

(f) after Form No. 10B, the following Form shall be inserted, namely:-

" FORM NO. 10C

See rule 18B7

Audit Report under section 80HH of the  
Income-tax Act, 1961

\*I/We have examined the balance sheet of the  
\*industrial undertaking/business of hotel styled  
+ \_\_\_\_\_ and belonging to M/s \_\_\_\_\_  
\_\_\_\_\_, as at \_\_\_\_\_ and the  
profits and loss account of the said \*industrial  
undertaking/business of hotel for the year ended  
on that date which are in agreement with the **books**  
of account maintained at the head office at \_\_\_\_\_  
\_\_\_\_\_ and branches at \_\_\_\_\_.

\*I/We have obtained all the information and  
explanations which to the best of \*my/our knowledge  
and belief were necessary for the purposes of the  
audit. In \*my/our opinion, proper books of account  
have been kept by the head office and the branches  
of the \*industrial undertaking/business of hotel  
aforesaid visited by \*me/us so far as appears from  
\*my/our examination of books, and proper returns  
adequate for the purposes of audit have been  
received from branches not visited by \*me/us,  
subject to the comments given below:-

In \*my/our opinion and to the best of \*my/our  
information and according to explanations given  
to \*me/us, the said accounts give a true and  
fair view-



- (i) in the case of the balance sheet,  
of the state of affairs of the  
above named \*industrial undertaking/  
business of hotel as at \_\_\_\_\_; and
- (ii) in the case of the profit and loss  
account, of the profit or loss of  
the \*industrial undertaking/  
business of hotel for the  
accounting year ending on \_\_\_\_\_.

Place \_\_\_\_\_ Signed \_\_\_\_\_

Date \_\_\_\_\_ ++ Accountant

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1. \*Delete whichever is not applicable.
- 2.+ Here give name and address of the industrial undertaking/business of hotel.
- 3++ This report is to be given by -
  - (i) a chartered accountant within the meaning of the Chartered Accountants Act, 1949 (28 of 1949); or
  - (ii) any person who, in relation to any State, is by virtue of the provisions in sub-section (2) of section 226 of the Companies Act, 1956 (1 of 1956), entitled to be appointed to act as an auditor of companies registered in that State.
4. Where any of the matters stated in this report is answered in the negative or with a qualification, the report shall state the reasons therefor.";

(g) in Form No. 24,-

(i) column 3 shall be omitted and columns 4 to 10 shall be re-numbered as columns 3 to 9;

(ii) in the heading of column 8, as so re-numbered, for the figures and word "6 and 7" and the figure "8", the figures and word "5 and 6" and the figure "7" shall, respectively, be substituted;

(iii) for columns 11 and 12, the following columns shall be substituted, namely:-

Value of rent free accommodation or value of any concession in rent for the accommodation provided by the employer (give basis of computation)		Where accommodation is furnished				Value of
Where accommodation is unfurnished		Cost of furniture (including television sets, radio sets, refrigerators, other household appliances and air-conditioning plant or equipment)	Perquisite value of furniture (15% of col.12)	Total Rent, if any, paid by the employee	Value of	perquisite (cols.14-15)
10	11	12	13	14	15	16

Where any conveyance has been provided by the employer, free or at a concessional rate, or where the employee is allowed the use of one or more motor cars owned or hired by the employer estimated value of perquisite (give details)

- (iv) existing columns 13 to 23 shall be re-numbered as columns 18 to 28;
- (v) in the heading of column 23, as so re-numbered, for the figures and word "7, 8, 10 to 17", the figures and word "6,7,9,10,16 to 22" shall be substituted;
- (vi) in the heading of column 24, as so re-numbered, for the figure "8", at both the places where it occurs, the figure "7" shall be substituted and for the figures "14", the figures "19" shall be substituted;
- (vii) in the heading of column 25, as so re-numbered, for the figures "18-19", the figures "23-24" shall be substituted;
- (viii) for column 28, as so re-numbered, the following column shall be substituted, namely:-

"  
Net amount of salary income on which  
tax is deductible (cols. 25-27)  
28";

- (ix) existing columns 24 and 25 shall be omitted and existing columns 26 to 29 shall be re-numbered as columns 29 to 32;

- (x) in the main heading of columns 29 to 31, as so re-numbered, for the figures "25", the figures "28" shall be substituted;
- (xi) in the heading of column 31, as so re-numbered, for the figures and abbreviation "26 & 27", the figures and abbreviation "29 & 30" shall be substituted;
- (xii) in the certificate below the tabular statement, in clause (iii), for the figures "28", the figures "31" shall be substituted;
- (xiii) in Note 1 at the end, for the figures "29", the figures "32" shall be substituted;
- (h) in the Enclosure to Form No. 28,-
  - (i) after the word "Status", an asterisk mark shall be inserted;
  - (ii) for the words "Number in the General Index Register", the words "Permanent Account Number" shall be substituted;
  - (iii) below the words "Income subject to advance tax", the following shall be inserted, namely:-

"Net agricultural income, if any, to be taken into account for purposes of computing advance tax";

(iv) below the word "Date", the following shall be inserted, namely:-

"Note. \*In the case of a Hindu undivided family, please state whether the Hindu undivided family has at least one member whose total income of the relevant previous year exceeds the maximum amount not chargeable to income-tax in his case.";

(i) in Form No.29, for the word, abbreviation and figures "exceed Rs.5,000", the words "exceed the maximum amount not chargeable to income-tax in his case" shall be substituted;

(j) in Form No.41,-

(i) columns 3 to 16 shall be re-numbered as columns 4 to 17 and before column 4, as so re-numbered, the following column shall be inserted, namely:-

"Amount transferred from any other recognised provident fund  
3";

(ii) in the heading of column 7, as so re-numbered, for the figures and abbreviation "3, 4 & 5", the figures and abbreviation "3, 4, 5 and 6" shall be substituted;

(iii) in the heading of column 8, as so re-numbered, for the figure "6", the figure "7" shall be substituted;

- (iv) in the heading of column 10, as so re-numbered, for the figure "6", the figure "7" shall be substituted;
- (v) in the heading of column 12, as so re-numbered, for the figures "4 + 5 - 8", the figures "5 + 6 - 9" shall be substituted;
- (vi) in the heading of column 13, as so re-numbered, for the figures "7-9", the figures "8-10" shall be substituted;
- (vii) in the heading of column 14, as so re-numbered, for the figures "3-10", the figures "4-11" shall be substituted;
- (viii) in the heading of column 15, as so re-numbered, for the figures and abbreviation "11 & 12", the figures and abbreviation "12 & 13" shall be substituted;
- (ix) in the heading of column 16, as so re-numbered, for the figures "10", the figures "11" shall be substituted;
- (x) in the item relating to adjustment on account of temporary withdrawal account, for the figures and word "8, 9 and 10", the figures and word "9, 10 and 11" shall be substituted;

- (xi) in the item relating to adjustment on account of non-repayable withdrawal account, for the figures and word "11, 12 and 13", the figures and word "12, 13 and 14" shall be substituted;
- (xii) for the foot-note at the end, the following foot-note shall be substituted, namely:-

"\*If desired, column 8 may be divided into sub-columns to show separately the interest on column 3, column 4 and columns 5 and 6, respectively.".

[767/F.No.142(41)/74-TPL]

Sd/-  
(O.P. Bhardwaj)  
Secretary, Central Board of Direct Taxes