

12.09 hrs.

COMMITTEE ON SUBORDINATE  
LEGISLATION

MINUTES

**Shri Krishnamoorthy Rao** (Shimoga): I beg to lay on the Table the Minutes of the Seventh, Eighth and Ninth sittings of the Committee on Subordinate Legislation.

THIRD REPORT

**Shri Krishnamoorthy Rao**: I beg to present the Third Report of the Committee on Subordinate Legislation.

FINANCE BILL—contd.

Clause 34—(Insertion of new section 140A)

**Mr. Speaker**: We now take up clause 34 of the Finance Bill. Are there any amendments?

**Shri Morarka** (Jhunjhunu): I beg to move\*:

Page 21,—

for lines 8 to 18, substitute—

“(3) If any assessee fails to pay the tax or any part thereof in accordance with the provisions of sub-section (1), he shall, unless a provisional assessment under section 141 or a regular assessment under section 143 or section 144 has been made before the expiry of thirty days referred to in that sub-section, be liable to pay interest at the rate of nine per cent. per annum on the amount of such tax, or part thereof, as the case may be, for the first six months, and at the rate of twelve per cent. thereafter till the date of payment:

Provided that before charging any such interest, the assessee

shall be given a reasonable opportunity of being heard.”. (144)

**Shri Himatsingka** (Godda): I beg to move:

(i) Page 21, line 12,—

for “thirty days” substitute “sixty days”. (180)

\* (ii) Page 21, lines 13 to 16,—

for “to pay such amount as the Income-tax Officer may direct, so however, that the amount of penalty does not exceed fifty per cent. of the amount of such tax or part, as the case may be”.

substitute—

“to pay interest on the amount due at the rate of nine per cent. for the first three months of delay and at the rate of twelve per cent. thereafter till payment, and if the amount is not paid within nine months from the time it became due the amount of penalty which does not exceed fifty per cent. of the amount of such tax or part as the case may be.” (181)

**Shri Morarka**: Clause 34 introduces a new section 140A in the Incomtax Act. The purpose of this section is that when a person files his return, within 30 days of the filing of the return, he must pay the amount of the tax due according to his own assessment. If he does not pay that amount within 30 days, then he shall be liable to pay a penalty upto 50 per cent. That is the scheme of the new section 140A.

My amendment is that instead of levying a penalty upto 50 per cent you must allow him the chance to pay penal interest at the rate of 9 per cent p.a. for failure upto the first six months and 12 per cent thereafter. The penalty is leviable only once, whereas in some cases 12 per cent interest per

\*With President's recommendation.