

Rep. by Act... 19 of 1980, S. 28, Sec. I

THE TAXATION LAWS (AMENDMENT) ACT, 1978

No. 29 OF 1978

[5th August, 1978.]

An Act further to amend the Income-tax Act, 1961 and the Wealth-tax Act, 1957.

BE it enacted by Parliament in the Twenty-ninth Year of the Republic of India as follows:—

1. (1) This Act may be called the Taxation Laws (Amendment) Act, 1978.

Short title and commencement.

(2) It shall come into force on the 1st day of April, 1979.

2. In the Income-tax Act, 1961,—

Amendment of Act 43 of 1961.

(a) in Chapter III, after section 13, the following section shall be inserted, namely:—

13A. Any income of a political party which is chargeable under the head "Interest on securities", "Income from house property" or "Income from other sources" or any income by way of voluntary contributions received by a political party from any person shall not be included in the total income of the previous year of such political party.

Special provision relating to incomes of political parties.

Provided that—

(a) such political party keeps and maintains such books of account and other documents as would enable the Income-tax Officer to properly deduce its income therefrom;

(b) in respect of each such voluntary contribution in excess of ten thousand rupees, such political party keeps and maintains a record of such contribution and the name and address of the person who has made such contribution; and

(c) the accounts of such political party are audited by an accountant as defined in the Explanation below sub-section (2) of section 288.

Explanation.—For the purposes of this section, "political party" means an association or body of individual citizens of India registered with the Election Commission of India as a political party.

party under paragraph 3 of the Election Symbols (Reservation and Allotment) Order, 1968 and includes a political party deemed to be registered with that Commission under the proviso to subparagraph (2) of that paragraph.;

(b) in section 37,—

(i) after sub-section (2A), the following sub-section shall be inserted, namely:—

“(2B) Notwithstanding anything contained in sub-section (1), no allowance shall be made in respect of expenditure incurred by an assessee on advertisement in any souvenir, brochure, tract, pamphlet or the like published by a political party.”;

(ii) in sub-section (3A) (as directed to be inserted by section 8 of the Finance Act, 1978),—

(1) for the words, brackets and figure “the provisions of sub-section (3)”, the words, brackets, figures and letter “the provisions of sub-section (2B) or sub-section (3)” shall be substituted;

(2) in the Explanation, in clause (a), for the words, brackets and figure “under sub-section (3)”, the words, brackets, figures and letter “under sub-section (2B), or sub-section (3), or both” shall be substituted;

(c) in section 139, after sub-section (4A), the following sub-section shall be inserted, namely:—

“(4B) The chief executive officer (whether such chief executive officer is known as Secretary or by any other designation) of every political party shall, if the total income in respect of which the political party is assessable (the total income for this purpose being computed under this Act without giving effect to the provisions of section 13A) exceeds the maximum amount which is not chargeable to income-tax, furnish a return of such income of the previous year in the prescribed form and verified in the prescribed manner and setting forth such other particulars as may be prescribed and all the provisions of this Act, shall, so far as may be, apply as if it were a return required to be furnished under sub-section (1).”

3. In the Wealth-tax Act, 1957, in section 45, after clause (h), the following clause and Explanation shall be inserted, namely:—

(i) any political party.

Explanation.—For the purposes of clause (i), “political party” shall have the meaning assigned to it in the Explanation to section 13A of the Income-tax Act.

Amendment of Act 27 of 1957.