

The Finance Act, 1974

(ACT NO. XLIV OF 1974)

An Act to give effect to the financial proposals of the Government and to amend certain laws.

WHEREAS it is expedient to make provisions to give effect to the financial proposals of the Government and to amend certain laws for the purposes hereinafter appearing;

It is hereby enacted as follows:-

**Short title
and**

1. (1) This Act may be called the Finance Act, 1974.

commencement

(2) Subject to the Provisional Collection of Taxes Act, 1931 (XVI of 1931), and the declaration made thereunder, this Act shall, except as otherwise provided, come into force on the 1st day of July, 1974.

**Amendment
of Act VI of
1898**

2. In the Post Office Act, 1898 (VI of 1898), for the First Schedule thereto, the Schedule set out in the First Schedule to this Act shall be substituted.

**Amendment
of Act II of
1899**

3. In the Stamp Act, 1899 (II of 1899),-

(a) in section 34, for the words "fifteen paisa" the words "thirty poisha" shall be substituted; and

(b) in Schedule 1A, in Article 53, in the second column, for the words "fifteen paisa" the words "thirty poisha" shall be substituted.

**Amendment
of Act XI of
1922**

4. The following amendments shall be made in the Income-tax Act, 1922 (XI of 1922), namely:-

(1) throughout the Act,-

(a) for the words "Pakistan Penal Code" wherever occurring the words "Penal Code" shall be substituted; and

(b) for the words “Bangladesh Law” or “a Bangladesh Law” wherever occurring the words “Act of Parliament” or “an Act of Parliament” shall respectively be substituted;

(2) in section 2,-

(a) clause (4a) shall be omitted;

(b) in clause (4A), for sub-clause (iii) the following shall be substituted, namely:-

“(iii) agricultural land in taxable territories, not being land situate-

(i) in any area which is comprised within the jurisdiction of a municipality (whether known as a municipality, municipal corporation, town, or by any other name) or a cantonment board and which has a population of not less than ten thousand according to the last preceding census of which the relevant figures have been published before the first day of the previous year; or

(ii) in any area within such distance, not being more than five miles, from the local limits of any municipality or cantonment board referred to in item (i), as the Government may, having regard to the extent of, and scope for, urbanisation of that area and other relevant considerations, specify in this behalf by notification in the official Gazette.”;

(c) sub-clause (iv) shall be omitted;

(d) in clause (6A), in the second proviso, for the words and figure “or section 12” the comma, words, figures and letter “, section 12 or section 14A” shall be substituted;

(3) In section 4,-

(a) in sub-section (1), in Explanation 3, for the word, figure and letter “section 15B” the words, figures and letters “section 14A or section 15B” shall be substituted;

(b) in sub-section (3),-

(i) for clause (i) the following shall be substituted, namely:-

“(i) Any income derived from property held under trust or other legal obligation wholly for religious or charitable purposes, and in the case of property so held in part only for such purposes, the income applied, or finally set apart for application, thereto:

Provided that where any income is not applied or is not deemed to have been applied to charitable or religious purposes in taxable territories during the previous year but is accumulated, or finally set apart, for application to such purposes in taxable territories, such income shall not be included in the total income of the previous year of the person in receipt of the income provided the following conditions are complied with, namely:-

(a) such person specifies, by notice in writing given to the Income-tax Officer in the prescribed manner, the purpose for which the income is being accumulated or set apart and the period for which the income is to be accumulated or set apart, which shall in no case exceed ten years;

(b) the money so accumulated or set apart is-

(i) invested in any Government security as defined in clause (2) of section 2 of Public Debt Act, 1944, or in any other security which may be approved by the Government in this behalf, or

(ii) deposited in any account with the Post Office Savings Bank:

Provided further that where any income which-

(a) is applied to purposes other than charitable or religious purposes or ceases to be accumulated or set apart for application thereto, or

(b) ceases to remain invested in any security or deposited in any account referred to in the first proviso, or

(c) is not utilised for the purpose for which it is so accumulated or set apart during the period preferred to in the first proviso or in the year immediately following the expiry thereof,

shall be deemed to be the income of such person of the previous year in which it is so applied or ceases to be so accumulated or set apart or

ceases to remain so invested or deposited or, as the case may be, of the previous year immediately following the expiry of the period aforesaid:

Provided further that for the purposes of this clause "property held under trust or other legal obligation" includes a business undertaking so held and where a claim is made that the income of any such undertaking shall not be included in the total income of the person in receipt thereof, the Income-tax Officer shall have the power to determine the income of such undertaking in accordance with the provisions of this Act relating to assessment; and where any income so determined is in excess of the income as shown in the accounts of the undertaking, such excess shall be deemed to be applied to purposes other than charitable or religious purposes;"

(ii) in clause (xiiiiaa), for the words "Pakistani firm" occurring twice, the words "Bangalee firm" shall be substituted;

(4) in section 10,-

(a) sub-section (2), in clause (vii), in the third proviso, for the words "such export to transfer" the words "such export or transfer" shall be substituted;

(b) in sub-section (3A),-

(i) for the words "by person other than the assessee" the words "by any person other than the assessee" shall be substituted; and

(ii) for the words "computation of excess" the words "computation of any excess" shall be substituted;

(c) In sub-section (3B),-

(i) for the words "local authority or person" the words "local authority or any person" shall be substituted;

(ii) for the words "under of the said clauses" the words "under any of the said clauses" shall be substituted;

(iii) for the words "apply to donation" the words "apply to any donation" shall be substituted;

(5) in section 14, sub-section (5) shall be omitted;

(6) after section 14, the following new section 14A shall be inserted ,
namely:-

“14A. Tax holiday for certain new industrial investments.- (1) Subject to the provisions of this Act, the income, profits and gains of an industrial undertaking set up in taxable territories between the first day of July, 1973, and the thirtieth day of June, 1978 (both dates inclusive), shall be exempt from the income-tax and super-tax payable under this Act for a period of five years beginning with the month in which the commercial production of the undertaking is commenced.

(2) The exemption under sub-section (1) shall apply to an industrial undertaking which fulfils the following conditions, namely:-

(a) that it is owned and managed by a company formed and registered under the Companies Act, 1913 or a body corporate formed in pursuance of an Act of Parliament, having-

(i) its registered office in taxable territories;

(ii) a subscribed and paid up capital of not less than one lakh taka and not more than thirty-five lakhs taka; and

(iii) its capital wholly subscribed by Bangalees;

(b) that it belongs to the class of industries specified in the Industrial Investment Schedule issued by the Government for the purpose of this section;

(c) that as respects the industrial undertaking set up in the areas notified by the National Board of Revenue in this behalf in the official Gazette not less than sixty per cent of the income, profits and gains exempted under this section are reinvested in the industrial undertaking from which such income, profits and gains have been derived or are invested in the purchase of bonds issued by the Government:

Provided that in the case of an industrial undertaking set up in areas other than the areas as referred to above, this clause shall have effect as if for the words “sixty per cent” the words “thirty per cent” were substituted;