

Section - 4, Interest-Tax Act, 1974

Charge of tax.

4. [(1)] Subject to the provisions of this Act, there shall be charged on every scheduled bank for every assessment year commencing on or after the 1st day of April, 1975, a tax in this Act referred to as interest-tax in respect of its chargeable interest of the previous year at the rate of seven per cent of such chargeable interest :

[**Provided** that the rate at which interest-tax shall be charged in respect of any chargeable interest accruing or arising after the 31st day of March, 1983 shall be three and a half per cent of such chargeable interest.]

[(2) Notwithstanding anything contained in sub-section (1) but subject to the other provisions of this Act, there shall be charged on every credit institution for every assessment year commencing on and from the 1st day of April, 1992, interest-tax in respect of its chargeable interest of the previous year at the rate of three per cent of such chargeable interest :]

[**Provided** that the rate at which interest-tax shall be charged in respect of any chargeable interest accruing or arising after the 31st day of March, 1997 shall be two per cent of such chargeable interest.]

The following sub-section (3) shall be inserted after subsection (2) in section 4 by the Finance Act, 2000, w.e.f. 1-4-2001.

(3) Notwithstanding anything contained in sub-sections (1) and (2), no interest tax shall be charged in respect of any chargeable interest accruing or arising after the 31st day of March, 2000.