

Tax on profits and gains of life insurance business.

115B. (1) Where the total income of an assessee includes any profits and gains from life insurance business, the income-tax payable shall be the aggregate of—

- (i) the amount of income-tax calculated on the amount of profits and gains of the life insurance business included in the total income, at the rate of twelve and one-half per cent; and
- (ii) the amount of income-tax with which the assessee would have been chargeable had the total income of the assessee been reduced by the amount of profits and gains of the life insurance business.

(2) Notwithstanding anything contained in sub-section (1) or in any other law for the time being in force or any instrument having the force of law, the assessee shall, in addition to the payment of income-tax computed under sub-section (1), deposit, during the previous years relevant to the assessment years commencing on the 1st day of April, 1989 and the 1st day of April, 1990, an amount equal to thirty-three and one-third per cent of the amount of income-tax computed under clause (i) of sub-section (1), in such social security fund (hereafter in this sub-section referred to as the security fund), as the Central Government may, by notification in the Official Gazette, specify in this behalf :

Provided that where the assessee makes during the said previous years any deposit of an amount of not less than two and one-half per cent of the profits and gains of the life insurance business in the security fund, the amount of income-tax payable by the assessee under the said clause (i) shall be reduced by an amount equal to two and one-half per cent of such profits and gains and, accordingly, the deposit of thirty-three and one-third per cent required to be made under this sub-section shall be calculated on the income-tax as so reduced.