

INCOME-TAX ACT, 2025

SCHEDULES:

SCHEDULE IX (See section 48) - DEDUCTION FOR TEA DEVELOPMENT ACCOUNT, COFFEE DEVELOPMENT ACCOUNT AND RUBBER DEVELOPMENT ACCOUNT FOR COMPUTING INCOME UNDER THE HEAD "PROFITS AND GAINS OF BUSINESS OR PROFESSION"

(See section 48)

DEDUCTION FOR TEA DEVELOPMENT ACCOUNT, COFFEE DEVELOPMENT ACCOUNT AND RUBBER DEVELOPMENT ACCOUNT FOR COMPUTING INCOME UNDER THE HEAD "PROFITS AND GAINS OF BUSINESS OR PROFESSION"

1. Quantum of deduction.—

(1) An assessee shall be allowed deduction of,—

(a) the amount or aggregate of the amounts deposited by the assessee in the account as specified in paragraph 2; or

(b) 40% of the profits of such business computed under the head "Profits and gains of business or profession" before making any deduction under this paragraph,

whichever is less.

(2) The deduction shall be allowed before allowing set off of loss, if any, brought forward from earlier tax years as per section 112.

2. Conditions for claiming deduction.—

(1) The deduction under paragraph 1 shall be allowed if the assessee—

(a) is carrying on the business of growing and manufacturing tea or coffee or rubber in India during the tax year;

(b) has, before the expiry of six months from the end of the tax year or before the due date of furnishing the return of his income, whichever is earlier, deposited any amount in the specified account being,—

(i) a special account maintained with the National Bank in accordance with, and for the purposes specified in the special scheme; or

(ii) a deposit account in accordance with, and for the purposes specified in the deposit scheme; and

(c) gets the accounts of such business for the relevant tax year audited by an accountant before the specified date referred to in section 63 and furnishes the audit report, in such form and manner as may be prescribed and verified by such accountant, by that date.

(2) Where the assessee is required, by or under any other law, to get his accounts audited, then it shall be sufficient compliance of sub-paragraph (1)(c), if such assessee—

(a) gets the accounts of such business audited under such law before the specified date referred to in section 63; and

(b) furnishes by that date the report of such audit and a report by an accountant in the form referred to in sub-paragraph (1)(c).

(3) If any deduction has been allowed under paragraph 1 in any tax year, no deduction shall be allowed in respect of such amount in any other tax year.

(4) Where the assessee referred to in paragraph 1 is a firm or an association of persons or body of individuals, the deduction under paragraph 1 shall not be allowed in computing the income of any of the partners or members of such assessee.

3. Withdrawal from special account or deposit account.—

(1) Any amount standing to the credit of the assessee in the specified account shall not be allowed to be withdrawn except for the purpose specified in the special scheme or, in the deposit scheme, or in the circumstances specified below:—

(a) closure of business; or

(b) death of an assessee; or

(c) partition of a Hindu undivided family; or

(d) dissolution of a firm; or

(e) liquidation of a company.

(2) If any amount standing to the credit of the assessee in the specified account, is withdrawn during any tax year by the assessee in the circumstance referred to in sub-paragraph (1)(a) and (1)(d), the whole of such amount shall be deemed to be the profits and gains of business or profession of that tax year and shall accordingly be charged to income-tax for that tax year, as if the business had not been closed or, the firm had not been dissolved respectively.

(3) Irrespective of anything contained in sub-paragraph (1), if --

(a) any amount standing to the credit of the assessee in the specified account is released by the National Bank or withdrawn by the assessee from the Deposit account, during any tax year; and

(b) such amount is utilised for the purchase of specified articles or thing,

then whole of such amount so utilised shall be deemed to be the profits and gains of business of that tax year and shall accordingly be charged to income-tax for that tax year.

(4) If any amount standing to the credit of the assessee--

(a) in the specified account is released by the National Bank; or

(b) is withdrawn by the assessee from the deposit account,

during any tax year for utilisation for the purposes of such business as per the special scheme or deposit scheme and the same is not so utilised, either wholly or partly, within that tax year, such amount not so utilised shall be deemed to be the profits and gains of business of that tax year and shall accordingly be charged to income-tax for that tax year.

(5) The provisions of sub-paragraph (4) shall not apply in cases where amount is released during any tax year on closure of the account in circumstances referred to in sub-paragraph (1)(b), (1)(c) and (1)(e).

(6) In sub-paragraph (3), "specified article or thing" means—

(a) any machinery or plant to be installed in any office premises or residential accommodation, including any accommodation in the nature of a guest-house;

(b) any office appliances (not being computers);

(c) any machinery or plant, the whole of the actual cost of which is allowed as a deduction (whether by way of depreciation or otherwise) in computing the income chargeable under the head “Profits and gains of business or profession” of any one tax year;

(d) any new machinery or plant to be installed in an industrial undertaking for the purposes of business of construction, manufacture or production of any article or thing specified in the list in Schedule XIII.

4. No deduction of expenditure met through the amount withdrawn from specified account.—If the amount standing to the credit of the assessee in specified account is utilised to incur any expenditure for the purpose of such business as per the special scheme or deposit scheme, no deduction against such expenditure shall be allowed in computing the income chargeable under the head “Profits and gains of business or profession”.

5. Sale or transfer of asset acquired as per special scheme or deposit scheme.—

(1) Where any asset,—

(a) is acquired in accordance with the special scheme or the deposit scheme; and

(b) is sold or transferred to any person in the tax year at any time before expiry of eight years from the end of tax year in which such asset was acquired,

then, the part of cost of asset which is relatable to the deduction allowed under paragraph 1 shall be deemed to be the profits and gains of business of the tax year in which such asset is sold or transferred and shall accordingly be charged to income-tax for that tax year.

(2) The provisions of sub-paragraph (1) shall not apply, if the asset is sold or transferred—

(a) by the assessee to the specified person; or

(b) by a firm to a company in connection with succession of business or profession of the firm by such company subject to the following conditions:—

(i) the provisions of special scheme or deposit scheme is applicable to the company in the same manner as it applied to the firm;

(ii) all the properties of the firm relating to the business or profession immediately before the succession become the properties of the company;

(iii) all the liabilities of the firm relating to the business or profession immediately before the succession become the liabilities of the company; and

(iv) all the shareholders of the company were partners of the firm immediately before the succession.

(3) In this paragraph, “specified person” means,—

(a) Government; or

(b) a local authority; or

(c) a corporation established by or under a Central, State or Provincial Act; or

(d) a Government company as defined in section 2(45) of the Companies Act, 2013 (18 of 2013).

6. Interpretation.—For the purposes of this Schedule,—

(a) “Coffee Board” means the Coffee Board constituted under section 4 of the Coffee Act, 1942 (7 of 1942);

- (b) “deposit account” means an account opened by the assessee for making deposits by the assessee in accordance with and for the purposes specified in the deposit scheme;
- (c) “deposit scheme” means the scheme made by the Tea Board or the Coffee Board or the Rubber Board, with the prior approval of the Central Government;
- (d) “National Bank” means the National Bank for Agriculture and Rural Development established under section 3 of the National Bank for Agriculture and Rural Development Act, 1981 (61 of 1981);
- (e) “Rubber Board” means the Rubber Board constituted under section 4(1) of the Rubber Act, 1947 (24 of 1947);
- (f) “special account” means an account maintained by the assessee with the National Bank for making deposits in accordance with and for the purposes specified in the special scheme;
- (g) “special scheme” means the scheme approved in this behalf by the Tea Board or the Coffee Board or the Rubber Board.;
- (h) “specified account” means a special account or a deposit account;
- (i) “Tea Board” means the Tea Board established under section 4 of the Tea Act, 1953 (29 of 1953).