

FINANCE ACT 1987

Act 4 of 1987

ARRANGEMENT OF SECTIONS

Section

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1. Short title.

This Act may be cited as the Finance Act 1987.

2. The Income Tax Act amended.

The Income Tax Act is amended-

(a) in section 2(1)-

- (i) by inserting the following definition in its appropriate alphabetical place-

"authorised mutual fund" shall have the same meaning as in the Companies Act 1984;

- (ii) by deleting in paragraph (a) of the definition of "transfer" the words "sections 16, 17 and 18" and replacing them by the words " sections 16 and 17";

(b) in section 10--

- (i) by deleting subsection (1) and replacing it by the following subsection-

(1) (a) Where a taxpayer dies, every person specified in subsection (2) shall, subject to paragraph(b) and subsections (3), (4) and (5), be assessable and liable to income tax on all income derived by the taxpayer during his lifetime in the same manner in which the taxpayer would have been assessed had he remained alive, and shall be deemed to be an agent of the deceased taxpayer;

(b) The income tax payable in accordance with paragraph (a) shall be reduced by-

- (i) 5,000 rupees; or
- (ii) an amount equivalent to half of any lump



payable under any enactment on the death of the taxpayer by way of death gratuity or in commutation of pension or from a superannuation fund, whichever is the higher,

(ii) by deleting subsection 4 (c);

(c) in section 34A-

(i) by inserting between the words "company" and reduces "in subsection (4) (c), the following words "other than an authorized mutual fund,";

(ii) by replacing the full-stop in paragraph (c) of subsection (5) by a semi-colon and inserting the following new paragraph immediately after paragraph (c)-

(d) those of an authorised mutual fund.(d) by inserting the following new section immediately after section 34C-

34D. Allowance for authorised mutual funds.

Section 34C (2) shall apply to an authorised mutual fund with necessary modification, adaptation, qualification or exception as it applies to a company under that section.

(e) in section 57-

(i) by deleting in subsection (4) the word "shall not be entitled to a deduction under paragraph(2) (d) (iii) but"

(ii) by inserting in subsection 6 (b) (i) immediately after the colon, the word " and ";

(iii) by deleting in subsection 6 (b) (ii) the word and "and replacing it by the word" or

(iv) by deleting paragraph (iii) in subsection 6 (b);



- (f) in sections 105, 106 and II 9 (1) (d), by deleting the words "103 or" wherever they appear in those sections.

3. The Registration Duty Act amended.

The Registration Duty Act is amended-

- (a) in section 2 by inserting in their appropriate places the following new definitions-

"deed of transfer" -

- (a) means a deed witnessing the transfer of property with or without consideration;
- (b) includes a notice witnessing the compulsory acquisition of property under the Land Acquisition Act.

"property" means every kind of property, movable or immovable.

- (b) by deleting section 3 and replacing it by the following section-

3. Duty leviable.

- (1) Subject to this Act, duty shall be levied on-

- (a) any deed other than those specified in paragraph (b), in accordance with Parts I to IV of the First Schedule;
- (b) any deed of transfer without consideration made intervivos between persons other than ascendants and descendants, at the rate specified in Part V of the First Schedule.

- (2) The minimum duty leviable shall be -

- (i) ten rupees in respect of deeds mentioned in subparagraph (1) (a) of this section;
- (ii) 10 per cent of the value mentioned in the deed mentioned in subparagraph (1) (b) or as determined in accordance with section 17 of this Act or sections 28 to 31 of the Land (Duties and Taxes) Act 1984, whichever is higher.

- (c) by adding immediately after section 3 the following new section-

4. Duty on donations intervivos

No duty shall be leviable on a donation made to the Sir Seewoosagur Ramgoolam Foundation or the Sir Dayendranath Burrenchobay Foundation.



- (d) in the First Schedule by adding -
 - (i) in Part III the following new paragraph-
 - (5) Deeds of transfer between ascendants and descendants.
 - (ii) immediately after Part IV, the Schedule to this Act.

4. The Lands (Duties and Taxes) Act 1984 amended.

The Land (Duties and Taxes) Act 1984 is amended -

- (a) in section 2 by deleting the semi-colon in paragraph (a) of the definition of "deed of transfer" and adding the following words other than transfers between ascendants and descendants;
- (b) in section 5-
 - (i) by adding immediately after the words "transferred or transfers" the words "to any person other than an ascendant or descendant";
 - (ii) by deleting the dash after the words "the sum of" and replacing it by " 75000 rupees or such other sum as may be prescribed ".
 - (iii) by deleting subparagraphs (a) and (b).

5. The Transcription and Mortgage Act amended.

The Transcription and Mortgage Act is amended-

- (a) in section 3 by adding the following new paragraph-
 - (j) every affidavit or deed of notoriety setting out the heirs and beneficiaries of deceased owners of immovable property;
- (b) by adding immediately after section 3 the following new sections-

4. Transcription of document on death of landowner.

- (1) When any owner of immovable property dies, any one of his heirs, beneficiaries or the executors appointed quoad the succession or the notary in charge of the succession shall cause an affidavit or a notarial deed to be drawn up within six months from the date of death setting out-
 - (a) in respect of the deceased-
 - (i) his full names and surname;
 - (ii) his date of birth and marriage and matrimonial regime with a reference to the registered number of his birth and marriage certificates and the Civil Status Office where the birth and marriage were registered;
 - (iii) the names and surname of the surviving spouse;



- (iv) in case any previous marriage has been dissolved by divorce or by death, the date of the previous marriage and the names and surname of the previous spouse;
 - (v) his date of death, with a reference to the registered number of his death certificate and the Civil Status Office where the death was registered.
- (b) in respect of the heirs and beneficiaries-
 - (i) their full names and surname, profession and the postal address of their residence;
 - (ii) their date and place of birth together with a reference to the registered number of their birth certificates and the Civil Status Office where their birth was registered.
- (2) The affidavit or the notarial deed shall be presented to the Conservator of Mortgages within 6 months of the date of death for transcription in the manner provided for under sections 48 and 48A of the Transcription and Mortgage Act.

4A. Penalty

Where the affidavit or notarial deed has not been presented within the time limit prescribed by section 4, the heirs, beneficiaries or the executors or the notary in charge of the succession shall jointly and severally be liable to a penalty of Rs500 payable to the Registrar-General.

4B. No fee to be levied.

No fee shall be levied for the transcription of the affidavit or notarial deed referred to in section 4.

- (c) in the Third Schedule by inserting immediately after the fourth paragraph the following new paragraph-

For transcribing any deed of transfer between ascendant and descendant ... 10.00

6. The Loans Act amended.

The Loans Act is amended in section 7 by deleting in subsection (1) the figure '500,000,000' and replacing it by the figure

7. The Pensions Act amended.

The Pensions Act is amended in section 14

- (a) by adding in the heading immediately after the word "Gratuity" the words "and pension";
- (b) by deleting subsection (4) and replacing it by the following new subsections-
 - (3) Upon the death of a public officer to whom a pension under pension laws has been granted, his legal pers



representative shall be paid one full month's pension in respect of the month in which he dies together with a gratuity of an equivalent amount;

- (4) Any pension payable under subsection (3) shall be deemed to include all compensations and increases granted to the deceased public officer since his retirement.

8. The Tax Appeal Tribunal Act 1984 amended.

The Tax Appeal Tribunal Act 1984 is amended in section 4-

- (a) in subsection (1) by deleting the words "subsection (2)" and replacing them by the words "subsections (2) and (4)";
- (b) by adding immediately after subsection (3) the following new subsection-
- (4) The Tribunal shall not hear an appeal from a decision-
 - (a) of the Commissioner of Income Tax which is a decision other than a determination under section 93 of the Income Tax Act;
 - (b) of the Comptroller of Customs which is a decision relating to the compounding of an offence under the Customs Act;
 - (c) of a Revenue Commissioner which is a decision to refer a matter to the police for enquiry in connexion with the suspected commission of any criminal offence under the appropriate Revenue Acts.

9. The Unified Revenue Act 1983 amended.

The Unified Revenue Act 1983 is amended in section 3 by deleting in subsection (2) the word 'two' and replacing it by the word 'three',

10. Repeal.

The Succession and Donations Duties Act is repealed.

11. Commencement

- (1) Subject to subsection (2) of this section, section 2 of this Act shall be deemed to have come into operation on 1 July, 1987.
- (2) Any provision in section 2 of this Act in so far as it relates to authorised mutual funds only shall come into operation on 1 July, 1988.



- (3) Sections 3, 4, 6, 7, 8, 9 and 10 of this Act shall be deemed to have come into operation on 1 November, 1987.
- (4) Section 5 of this Act shall come into operation on 1 January, 1988.

CCHEDULE

(section 3 (d))

Part V - Donation Duty

			%
Exceeding Rs 15,000 but not exceeding Rs 20,000	...		12½
Exceeding Rs 20,000 but not exceeding Rs 50,000	...		15
Exceeding Rs 50,000 but not exceeding Rs 150,000	...		18
Exceeding Rs 150,000 but not exceeding Rs 250,000	...		21
Exceeding Rs 250,000 but not exceeding Rs 500,000	...		24
Exceeding Rs 500,000 but not exceeding Rs 700,000	...		27
Exceeding Rs 700,000 but not exceeding Rs 1,000,000	...		30
Exceeding Rs 1,000,000 but not exceeding Rs 2,000,000	...		35
Exceeding Rs 2,000,000 but not exceeding Rs 5,000,000	...		40
Exceeding Rs 5,000,000 ...	...	...	45

