

Schedule D

[See rule 25]

Item No.	Category of employer	Further sums to be deducted
(1)	(2)	(3)
1.	Company, other than a banking company.	(i) The dividends payable on its preference share capital for the accounting year calculated at the actual rate at which such dividends are payable; (ii) 8.5 percent of its paid up equity share capital as at the commencement of the accounting year; (iii) 6 percent of its reserves shown in its balance sheet as at the commencement of the accounting year, including any profits carried forward from the previous accounting year : Provided that where the employer is a foreign company within the meaning of section 2 (42) of the Companies Act, 2013 (18 of 2013) , the total amount to be deducted under this item shall be 8.5 percent on the aggregate of the value of the net fixed assets and the current assets of the company in India after deducting the amount of its current liabilities (other than any amount shown as payable by the company to its Head Office whether towards any advance made by the Head Office or otherwise or any interest paid by the company to its Head Office) in India.
2.	Banking company	(i) The dividends payable on its preference share capital for the accounting year calculated at the rate at which such dividends are payable ; (ii) 7.5 per cent of its paid up equity share capital as at the commencement of the accounting year ;
		(iii) 5 percent of its reserves shown in its balance sheet as at the commencement of the accounting year, including any profits carried forward from the previous accounting year; (iv) any sum which, in respect of the accounting year, is transferred by it- (a) to a reserve fund under sub-section (1) of section 17 of the Banking Regulation Act, 1949 (10 of 1949) ; or (b) to any reserves in India in pursuance of any direction or advice given by the Reserve Bank of India, whichever is higher: Provided that where the banking company is a foreign company within the meaning of section 2 (42) of the Companies Act , 2013 (18 of 2013) , the amount to be deducted under this item shall be the aggregate of- (i) the dividends payable to its preference shareholders for the accounting year at the rate at which such dividends are payable on such amount as bears the same proportion to its total preference share capital as its total working funds in India bear to its total world working funds; (ii) 7.5 per cent of such amount as bears the same proportion to its total paid up equity share capital as its total working funds in India bear to its total working funds. (iii) 5 per cent of such amount as bears the same proportion to its total disclosed reserves as its total working funds in India bear to its total world working funds; (iv) any sum which, in respect of the accounting year, is deposited by it with the Reserve Bank of India under sub-clause (ii) of clause (b) of sub-section (2) of section 11 of the Banking Regulation Act, 1949 (10 of 1949) , not exceeding the amount required under the aforesaid provision to be so deposited.]
3.	Corporation	(i) 8.5 per cent of its paid up capital as at the commencement of the accounting year; (ii) 6 per cent of its reserves, if any, shown in its balance sheet as at the commencement of the accounting year, including any profits carried forward from the previous accounting year.

4.	Co-operative society	(i) 8.5 per cent of the capital invested by such society in its establishment as evidenced from its books of accounts at the commencement of the accounting year;
		(ii) such sums as has been carried forward in respect of the accounting year to a reserve fund under any law relating to co-operative societies for the time being in force.
5.	Any other employer not falling under any of the aforesaid categories	8.5 per cent of the capital invested by him in his establishment as evidenced from his books of accounts at the commencement of the accounting year: Provided that where such employer is a person to whom Chapter XXII-A of the income Tax Act applies, the annuity deposit payable by him under the provisions of that Chapter during the accounting year shall also be deducted: Provided further that where such employer is a firm, an amount equal to 25 per cent of the gross profits derived by it from the establishment in respect of the accounting year after deducting depreciation in accordance with the provisions of clause (a) of section 34 by way of remuneration to all the partners taking part in the conduct of business of the establishment shall also be deducted, but where the partnership agreement, whether oral or written, provides for the payment of remuneration to any such partner, and – (i) the total remuneration payable to all such partners is less than the said 25 per cent the amount payable, subject to a maximum of five lakh rupees to each such partner; or (ii) the total remuneration payable to all such partners is higher than the said 25 percent , such percentage, or a sum calculated at the rate of five lakh rupees rupees to each such partner, whichever is less, shall be deducted under this proviso: Provided also that where such employer is an individual or a Hindu Undivided Family - (i) an amount equal to 25 per cent of the gross profits derived by such employer from the establishment in respect of the accounting year after deducting depreciation in accordance with the provisions of clause (a) of section 34; or (ii) five lakh rupees, whichever is less by way of remuneration to such employer, shall also be deducted.

Explanation.— The expression "reserves" occurring in column (3) against Item Nos. 1(iii), 2(iii) and 3(ii) shall not include any amount set apart for the purpose of-

- (i) payment of any direct tax which, according to the balance-sheet, would be payable;
- (ii) meeting any depreciation admissible in accordance with the provisions of clause (a) of section 34;
- (iii) payment of dividends which have been declared, but shall include,-
 - (a) any amount, over and above the amount referred to in clause-(i) of this Explanation, set apart as specific reserve for the purpose of payment of any direct tax; and
 - (b) any amount set apart for meeting any depreciation in excess of the amount admissible in accordance with the provisions of clause (a) of section 34.