

WEALTH-TAX ACT, 1957

Preamble 1 - WEALTH-TAX ACT, 1957

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[Act, No. 27 of 1957]1

[12th September, 1957]

PREAMBLE

An Act to provide for the levy of wealth-tax

B E it enacted by Parliament in the Eighth Year of the Republic of India as follows: -

1. The Act has been extended to-

Dadra, Nagar Haveli, Goa (which subsequently attained statehood w.e.f. 3-5-1987,

Daman & Diu and Pondicherry by the Taxation Laws (Extension to Union Territories)

Regulation, 1963, Section 3(1) and Sch. w.e.f. 1-4-1963. Sikkim, vide Notification No.

S.O. 148(E), dated 23rd February, 1989.

Chapter I - PRELIMINARY

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S.O. 148(E), dated 23rd February, 1989.

Section 1 - Short title, extent and commencement

(1) This Act may be called the Wealth-Tax Act, 1957.

(2) It extends to the whole of India.

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(3) It shall be deemed to have come into force on the 1st day of April, 1957.

Section 2 - Definitions

In this Act, unless the context otherwise requires, -

1[*****]

2[(b) "Appellate Tribunal" means the Appellate Tribunal constituted under section 252 of

the Income-tax Act;

(c) "assessee" means a person by whom wealth-tax or any other sum of money is payable

under this Act, and includes-

(i) every person in respect of whom any proceeding under this Act has been taken for

the determination of wealth-tax payable by him or by any other person or the amount

of refund due to him or such other person;

(ii) every person who is deemed to be an assessee under this Act;

(iii) every person who is deemed to be an assessee in default under this Act;

3[(ca) "Assessing Officer" means the Deputy Commissioner of Income-tax or the Assistant

Commissioner or the Income-tax Officer who is vested with the relevant jurisdiction by

virtue of directions or orders issued under sub-section (1) or sub-section (2) of section

120 or any other provision of the Income-tax Act which apply for the purposes of

wealth-tax under section 8 of this Act and also the 45[Additional Commissioner or]

46[Additional Director or] Joint Commissioner who is directed under clause (b) of

sub-section (4) of the said section 120 to exercise or perform all or any of the powers and

functions conferred on or assigned to the Assessing Officer under that Act;]

4[cb]]"assessment" includes re-assessment;

(d) "assessment year" means the period of twelve months commencing on the 1st day of

April every year;]

5[(e) "assets" includes property of every description, movable or immovable, but does not

include, -

(1) in relation to the assessment year commencing on the 1st day of April, 1969, or

any earlier assessment year-

(i) agricultural land and growing crops, grass or standing trees on such land;

(ii) any building owned or occupied by a cultivator of. or receiver of rent revenue

out of, agricultural land;

Provided that the building is on or in the immediate vicinity of the land and is a

building which the cultivator or the receiver of rent or revenue by reason of his

connection with the land requires as a dwelling-house or a store-house or an

outhouse;

(iii) animals;

(iv) a right to any annuity in any case where the terms and conditions relating

thereto preclude the commutation of any portion thereof into a lump sum grant;

(v) any interest in property where the interest is available to an assessee for a

period not exceeding six years from the date the interest vests in the assessee;

(2) in relation to the assessment year commencing on the 1st day or April, 1970, or

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any subsequent assessment year 6[but before the 1st day of April, 1993] -

(i) animals;

(ii) a right to 7[any annuity (not being an annuity purchased by the assessee or

purchased by any other person in pursuance of a contract with the assessee)] in

any case where the terms and conditions relating thereto preclude the

commutation of any portion thereof into a lump sum grant;

(iii) any interest in property where the interest is available to an assessee for a

period not exceeding six years from the date the interest vests in the assessee:]

8[9 Provided that in relation to the assessment year commencing on the 1st day of

April, 1981,10[and the assessment year commencing on the 1st day of April,

1982], this sub-clause shall have effect subject to the modification that for item (i)

thereof, the following item shall be substituted namely: -

"(i) (a) agricultural land other than land comprised in any tea, coffee, rubber or

cardamom plantation;

(b) any building owned or occupied by a cultivator of, or receiver of rent or

revenue out of, agricultural land other than land comprised in any tea, coffee,

rubber or cardamom plantation:

(c) animals;";]

Provided that the building is on or in the immediate vicinity of the land and is a

building, which the cultivator or the receiver of the rent or revenue by reason of

his connection with the land requires as a dwelling-house or a store-house or an

outhouse;

11[Provided further that in relation to the assessment year commencing on the 1st

day of April, 1983, or any subsequent assessment year, this sub-clause shall have

effect subject to the modification that for item (i) thereof, the following item shall

be substituted, namely: -

"(i) (a) agricultural land and growing crops (including fruits on trees), grass or

standing trees on such land;

(b) one building or one group of buildings owned or occupied by a cultivator of, or

receiver of rent or revenue out of, agricultural land:

Provided that such building or group of buildings is on or in the immediate vicinity

of the land and is a building which the cultivator or the receiver of rent or revenue

by reason of his connection with the land requires as store-house or for keeping

livestock;

(c) animals;"]

12[Provided also that in relation to the State of Jammu and Kashmir, this

sub-clause shall have effect subject to the modification that for the assets

specified in 13[item (i)] of this sub-clause, the assets specified in 14[items (i) to

(iii)] of sub-clause (1) shall be substituted and the other provisions of this Act

shall be construed accordingly;]

15[(ea) "assets", in relation to the assessment year commencing on the 1st day of

April, 1993, or any subsequent assessment year, means-

16[(i) any building or land appurtenant thereto (hereinafter referred to as house"),

whether used for residential or commercial purposes or for the purpose of

maintaining a guest house or otherwise including a farm house situated within

twenty-five kilometres from local limits of any municipality (whether known as

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Municipality, Municipal Corporation or by any other name) or a Cantonment

Board, but does not include-

(1) a house meant exclusively for residential purposes and which is allotted by a

company to an employee or an officer or a director who is in whole-time

employment, having a gross annual salary of less than five lakh rupees;

(2) any house for residential or commercial purposes which forms part of stockin-

trade;

(3) any house which the assessee may occupy for the purposes of any business or

profession carried on by him;

(4) any residential property that has been let-out for a minimum period of three

hundred days in the previous year;

(5) any property in the nature of commercial establishments or complexes;]

(ii) motor cars (other than those used by the assessee in the business of running

them on hire or as stock-in-trade);

(iii) jewellery, bullion and furniture, utensils or any other article made wholly or

partly of gold, silver, platinum or any other precious metal or any alloy containing

one or more of such precious metals:

Provided that where any of the said assets is used by the assessee as stockin-

trade, such asset shall be deemed as excluded from the assets specified in this

sub-clause;

(iv) yachts, boats and aircrafts (other than those used by the assessee for

commercial purposes);

(v) urban land;

(vi) cash in hand, in excess of fifty thousand rupees, of individuals and Hindu

undivided families and in the case of other persons any amount not recorded in

the books of account.

17[Explanation 1]. - For the purposes of this clause, -

(a) "jewellery" includes-

(i) ornaments made of gold, silver, platinum or any other precious metal or any

alloy containing one or more of such precious metals, whether or not containing

any precious or semi-precious stones and whether or not worked or sewn into any

wearing apparel;

(ii) precious or semi-precious stones, whether or not set in any furniture, utensils

or other article or worked or sewn into any wearing apparel;

(b) "urban land" means land situate-

(i) in any area which is comprised within the jurisdiction of a municipality

(whether known as a municipality, municipal corporation, notified area committee,

town area committee, town committee, or by any other name) or a cantonment

board and which has a population of not less than ten thousand according to the

last preceding census of which the relevant figures have been published before the

valuation date; or

(ii) in any area within such distance, not being more than eight kilometres from

the local limits of any municipality or cantonment board referred to in sub-clause

(i), as the Central Government may, having regard to the extent of, and scope for,

urbanisation of that area and other relevant considerations, specify in this behalf

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by notification 18 in the Official Gazette,

but does not include land on which construction of a building is not permissible

under any law for the time being in force in the area in which such land is situated

or the land occupied by any building which has been constructed with the approval

of the appropriate authority or any unused land held by the assessee for industrial

purposes for a period of two years from the date of its acquisition by him 19[or any

land held by the assessee as stock-in-trade for a period of ten years from the date

of its acquisition by him];]

20[Explanation 2. - For the removal of doubts, it is hereby declared that

"Jewellery" does not include the Gold Deposit Bonds issued under the Gold Deposit

Scheme, 1999 notified by the Central Government.]

(f) "Board" means the 21[Central Board of Direct Taxes constituted under the

Central Board of Revenue Act, 1963 (54 of 1963)];

(g) 22[*****]

(f) 23[*****]

24[(h) "company" shall have the meaning assigned to it in clause (17) of section 2

of the Income-tax Act;]

25[(ha) "co-operative society" means a co-operative society registered under the

Co-operative Societies Act, 1912 (2 of 1912), or under any other law for the time

being in force in any State for the registration of co-operative societies;]

26[*****]

(i)"executor"means an executor or administrator of the estate of a deceased

person;

27[(ia) "High Court", in relation to the Union territories of Dadra and Nagar Haveli

and Goa, Daman and Diu, means the High Court at Bombay;]

28[(j) "Income-tax Act"means the Income-tax Act, 1961 (43 of 1961);]

29[*****]

47[(ka) "India" means the territory of India as referred to in article 1 of the

Constitution, its territorial waters, seabed and subsoil underlying such waters,

continental shelf, exclusive economic zone or any other maritime zone as referred

to in the Territorial Waters, Continental Shelf, Exclusive Economic Zone and other

Maritime Zones Act, 1976(80 of 1976), and the air space above its territory and

territorial waters;]

(la) 31[*****]

32[(1b) "legal representative" has the meaning assigned to it in clause (11) of

section 2 of the Code of Civil Procedure, 1908 (5 of 1908);]

33[(1c) "maximum marginal rate" means the rate of wealth-tax applicable in

relation to the highest slab of wealth in the case of an individual as specified in

Part I of Schedule I;]

34[(ld) "National Tax Tribunal" means the National Tax Tribunal established under

section 3 of the National Tax Tribunal Act, 2005;]

(m) "net wealth" means the amount by which the aggregate value computed in

accordance with the provisions of this Act of all the assets, wherever located,

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belonging to the assessee on the valuation date, including assets required to be

included in his net wealth as on that date under this Act, is in excess of the

aggregate value of all the debts owed by the assessee 35[on the valuation date

which have been incurred in relation to the said assets;]

(n) "prescribed" means prescribed by rules made under this Act;

(o) "principal officer", used with reference to a company, means the secretary,

manager, managing agent or managing director of the company, and includes any

person connected with the management of the affairs of the company upon whom

the 36[Assessing Officer] has served a notice of his intention of treating him as the

principal officer thereof;

37[(oa) "public servant" has the same meaning as in section 21 of the Indian Penal

Code (45 of 1860);]

38[(aaa) "registered valuer" means a person registered as a valuer under section

34 AB;]

39[(ob) "regular assessment" means the assessment made under
'[sub-section (3)

or sub-section (5) of section 16;]

(p) "Ruler" means a Ruler as defined in clause (22) of Article 366 of
the

Constitution;

(q) "valuation date", in relation to any year for which an assessment
is to be made

under this Act, means the last day of the previous year as defined in
40[section 3]

of the Income-tax Act if an assessment were to be made under that
Act for that

year:

41[Provided that-

(i) 42[*****]

(ii) in the case of a person who is not an assessee within the meaning
of the

Income-tax Act, the valuation date for the purposes of this Act shall
be the 31st

day of March immediately preceding the assessment year;

(iii) where an assessment is made in pursuance of section 19A, the
valuation date

shall be

the same valuation date as would have been adopted in respect of the
net wealth

of the deceased if he were alive;]

43[(r) "Valuation Officer" means a person appointed as a Valuation
Officer under

section 12A, and includes a Regional Valuation Officer, a District
Valuation Officer

and an Assistant Valuation Officer;]

44[(s) the expressions "Chief Commissioner, Director-General,
Commissioner,

Commissioner (Appeals), Director, Additional Director of Income-tax,
Additional

Commissioner of Income-tax, Joint Director, Joint Commissioner of Income-tax,

Deputy Director, Deputy Commissioner, Assistant Commissioner, Assistant-

Director, Income tax Officer, Inspector of Income-tax and Tax Recovery Officer

shall have the meanings respectively assigned to them under section 2 of the

Income-tax Act]

1. Clause (a) omitted by Act 4 of 1988, Section 128(i) as amended by Act 26 of 1988, Section 88(e)(i) w.e.f

1-4-1988.

2. Substituted by Act 46 of 1964, Section 2(a), for clauses (b), (c) and (d) w.e.f 1-4-1965.

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3. Clause (ca) Inserted by Act 4 of 1988, Section 128(ii), as amended by the Finance Act, 1988 (26 of 1988),

Section 88(e)(ii) w.e.f. 1-4-1988 and Substituted by Act 21 of 1998, Section 67(a w.e.f. 1-10-1998.

4. Clause (ca) re-lettered as clause (cb) by Act 4 of 1988, Section 128(ii) as amended by Act 26 of 1988, Section

88(e)(i) w.e.f. 1-4-1988.

5. Substituted by Act 14 of 1969, Section 24(a) w.e.f 1-4-1969.

6. Inserted by Act 18 of 1992, Section 89(a) w.e.f. 1-4-1993.

7. Substituted by Act 20 of 1974, Section 14(1)(a), for the words "any annuity" w.e.f. 1-4-1975.

8. Inserted by Act 19 of 1970, Section 26(a) w.e.f. 1-4-1969.

9. Substituted by Act 44 of 1980, Section 36 w.e.f. 1-4-1981.

10. Substituted by Act 14 of 1982, Section 33(a), for "or any subsequent assessment year" w.e.f. 1-4- 1983.

11. Inserted by Act 14 of 1982, Section 33(b) w.e.f. 1-4-1983.

12. Substituted by Act 14 of 1982, Section 33(b), for "Provided further that" w.e.f. 1-4-1983.

13. Substituted by Act 20 of 1974, Section 14(1)(b), for "items (i) to (iii)" w.e.f. 1-4-1975.
14. Substituted by Act 20 of 1974, Section 14(1)(b), for "items (i) to (v)" w.e.f. 1-4-1975.
15. Inserted by Act 18 of 1922, Section 89(b) w.e.f. 1-4-1993.
16. Substituted by Act 33 of 1996, Section 56 w.e.f. 1-4-1997 and again substituted by Act 21 of 1998, Section 67(b)(i) w.e.f. 1-4-1999.
17. Explanation re-numbered as Explanation 1 by Act 27 of 1991, Section 91 w.e.f. 1-4-2000.
18. Notification No. S.O. 871 (E), dated 9th November, 1993.
19. Inserted by Act 38 of 1993, Section 38 w.e.f. 1-4-1994 and Substituted by Act 21 of 1998, Section 67(b)(ii), for certain words w.e.f. 1-4-1999.
20. Inserted by Act 27 of 1999, Section 91 w.e.f. 1-4-2000.
21. Substituted by Act 54 of 1963, Section 5(1), for "Central Board of Revenue constituted under the Central Board of Revenue Act, 1924 (4 of 1924)" w.e.f. 1-4-1964.
22. Clause (g) omitted by Act 4 of 1988, Section 128(iii) as amended by Act 26 of 1988, Section 88(e)(iii) w.e.f. 1-4- 1988.
23. Clause (gg) Inserted by Act 29 of 1977, Section 39 Sch. V, Part II, Item 1 w.e.f. 10-7-1978, and omitted by Act 4 of 1988, Section 128(iii) as amended by Act 26 of 1988, Section 88(e)(iii) w.e.f. 1-4-1988.
24. Substituted by Act 4 of 1988, Section 128(iv) w.e.f. 1-4-1989.
25. Inserted by Act 16 of 1972, Section 44(a) w.e.f. 1-4-1957.
26. Clause (hb) omitted by Act 4 of 1988, Section 128 (iii) as amended by Act 26 of 1988, Section 88(e)(iii) w.e.f. 1-4-1988. Earlier clause (ha) was re-lettered as clause (hb) by Act 16 of 1972, Section 44(b) w.e.f. 1-4-1965.
27. Inserted by Act 3 of 1963, Section 3 and Sch. w.e.f. 1-4-1965.
28. Substituted by Act 46 of 1964, Section 2(d) w.e.f. 1-4-1965.
29. Clause (k) omitted by Act 4 of 1988, Section 128(iii) as amended by Act 26 of 1988, Section 88(e)(iii) w.e.f. 1-4-1988.

30. Inserted by Act 3 of 1963, Section 3 and Sch. w.e.f. 1-4-1963.
31. Clauses (1) and (1a) omitted by Act 4 of 1988, Section 128(iii) as amended by Act 26 of 1988, Section 88(e)(iii) w.e.f.1-4-1988.

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32. Inserted by Act 46 of 1964, Section 2(e) w.e.f. 1-4-1965.
33. Inserted by Act 4 of 1988, Section 128(v) w.e.f. 1-4-1989.
34. Inserted by the National Tax Tribunal Act, 2005.
35. Substituted by Act 18 of 1992, Section 89(c) w.e.f 1-4-1993.
36. Substituted by Act 4 of 1988, Section 127, for "Wealth-tax Officer" w.e.f. 1-4-1988.
37. Inserted by Act 46 of 1964, Section 2(g) w.e.f. 1-4-1965.
38. Inserted by Act 45 of 1972, Section 7(a) w.e.f. 15-11-1972.
39. Substituted by Act 12 of 1990, Section 51, for "section 16" w.e.f. 1-4-1989.
40. Substituted by Act 46 of 1964, Section 2(h)(i), for "clause (11) of section 2" w.e.f. 1-4-1965.
41. Substituted by Act 46 of 1964, Section 2(h)(ii) w.e.f. 1-4-1965.
42. Clause (i) omitted by Act 4 of 1988, Section 128(vi) w.e.f. 1-4-1989.
43. Substituted by Act 45 of 1972, Section 7(b) w.e.f. 15-11-1972..
44. Substituted by Act 4 of 1988, Section 128(vii), as amended by Act 26 of 1988, Section 8(e)(iv) w.e.f. 1-4-1988
and again substituted by Act 21 of 1998, Section 67(c) w.e.f. 1-10-1998.
45. Inserted by the Finance Act, 2007, w.r.e.f. 01.06.1994.
46. Inserted by the Finance Act, 2007, w.r.e.f. 01.10.1996.
47. Substituted by the Finance Act, 2007, w.r.e.f. 25.08.1976. Prior to substitution, it read a under:-
"30(ka) "India" shall be deemed to include the Union territories of Dadra and Nagar Haveli, Goa, Daman and Diu,
and Pondicherry-
(i) as respects any period, for the purposes of section 6; and

(ii) as respects any period included in the year ending with the valuation date, for the purpose of making any assessment for the assessment year commencing on the 1st day of April, 1963, or for any subsequent year;"

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Chapter II - CHARGE OF WEALTH-TAX AND ASSETS SUBJECT TO SUCH CHARGE

In this Act, unless the context otherwise requires, -

1[*****]

2[(b) "Appellate Tribunal" means the Appellate Tribunal constituted under section 252 of

the Income-tax Act;

(c) "assessee" means a person by whom wealth-tax or any other sum of money is payable

under this Act, and includes-

(i) every person in respect of whom any proceeding under this Act has been taken for

the determination of wealth-tax payable by him or by any other person or the amount

of refund due to him or such other person;

(ii) every person who is deemed to be an assessee under this Act;

(iii) every person who is deemed to be an assessee in default under this Act;

3[(ca) "Assessing Officer" means the Deputy Commissioner of Income-tax or the Assistant

Commissioner or the Income-tax Officer who is vested with the relevant jurisdiction by

virtue of directions or orders issued under sub-section (1) or sub-section (2) of section

120 or any other provision of the Income-tax Act which apply for the purposes of

wealth-tax under section 8 of this Act and also the 45[Additional Commissioner or]

46[Additional Director or] Joint Commissioner who is directed under clause (b) of

sub-section (4) of the said section 120 to exercise or perform all or any of the powers and

functions conferred on or assigned to the Assessing Officer under that Act;]

4[cb)] "assessment" includes re-assessment;

(d) "assessment year" means the period of twelve months commencing on the 1st day of

April every year;]

5[(e) "assets" includes property of every description, movable or immovable, but does not

include, -

(1) in relation to the assessment year commencing on the 1st day of April, 1969, or

any earlier assessment year-

(i) agricultural land and growing crops, grass or standing trees on such land;

(ii) any building owned or occupied by a cultivator of. or receiver of rent revenue

out of, agricultural land;

9

Provided that the building is on or in the immediate vicinity of the land and is a

building which the cultivator or the receiver of rent or revenue by reason of his

connection with the land requires as a dwelling-house or a store-house or an

outhouse;

(iii) animals;

(iv) a right to any annuity in any case where the terms and conditions relating

thereto preclude the commutation of any portion thereof into a lump sum grant;

(v) any interest in property where the interest is available to an assessee for a

period not exceeding six years from the date the interest vests in the assessee;

(2) in relation to the assessment year commencing on the 1st day or April, 1970, or

any subsequent assessment year 6[but before the 1st day of April, 1993] -

(i) animals;

(ii) a right to 7[any annuity (not being an annuity purchased by the assessee or

purchased by any other person in pursuance of a contract with the assessee)] in

any case where the terms and conditions relating thereto preclude the

commutation of any portion thereof into a lump sum grant;

(iii) any interest in property where the interest is available to an assessee for a

period not exceeding six years from the date the interest vests in the assessee:]

8[9 Provided that in relation to the assessment year commencing on the 1st day of

April, 1981,10[and the assessment year commencing on the 1st day of April,

1982], this sub-clause shall have effect subject to the modification that for item (i)

thereof, the following item shall be substituted namely: -

"(i) (a) agricultural land other than land comprised in any tea, coffee, rubber or

cardamom plantation;

(b) any building owned or occupied by a cultivator of, or receiver of rent or

revenue out of, agricultural land other than land comprised in any tea, coffee,

rubber or cardamom plantation:

(c) animals;";]

Provided that the building is on or in the immediate vicinity of the land and is a

building, which the cultivator or the receiver of the rent or revenue by reason of

his connection with the land requires as a dwelling-house or a store-house or an

outhouse;

11[Provided further that in relation to the assessment year commencing on the 1st

day of April, 1983, or any subsequent assessment year, this sub-clause shall have

effect subject to the modification that for item (i) thereof, the following item shall

be substituted, namely: -

"(i) (a) agricultural land and growing crops (including fruits on trees), grass or

standing trees on such land;

(b) one building or one group of buildings owned or occupied by a cultivator of, or

receiver of rent or revenue out of, agricultural land:

Provided that such building or group of buildings is on or in the immediate vicinity

of the land and is a building which the cultivator or the receiver of rent or revenue

by reason of his connection with the land requires as store-house or for keeping

livestock;

(c) animals;"

10

12[Provided also that in relation to the State of Jammu and Kashmir, this

sub-clause shall have effect subject to the modification that for the assets

specified in 13[item (i)] of this sub-clause, the assets specified in 14[items (i) to

(iii)] of sub-clause (1) shall be substituted and the other provisions of this Act

shall be construed accordingly;]

15[(ea) "assets", in relation to the assessment year commencing on the 1st day of

April, 1993, or any subsequent assessment year, means-

16[(i) any building or land appurtenant thereto (hereinafter referred to as house"),

whether used for residential or commercial purposes or for the purpose of

maintaining a guest house or otherwise including a farm house situated within

twenty-five kilometres from local limits of any municipality (whether known as

Municipality, Municipal Corporation or by any other name) or a Cantonment

Board, but does not include-

(1) a house meant exclusively for residential purposes and which is allotted by a

company to an employee or an officer or a director who is in whole-time

employment, having a gross annual salary of less than five lakh rupees;

(2) any house for residential or commercial purposes which forms part of stockin-

trade;

(3) any house which the assessee may occupy for the purposes of any business or

profession carried on by him;

(4) any residential property that has been let-out for a minimum period of three

hundred days in the previous year;

(5) any property in the nature of commercial establishments or complexes;]

(ii) motor cars (other than those used by the assessee in the business of running

them on hire or as stock-in-trade);

(iii) jewellery, bullion and furniture, utensils or any other article made wholly or

partly of gold, silver, platinum or any other precious metal or any alloy containing

one or more of such precious metals:

Provided that where any of the said assets is used by the assessee as stockin-

trade, such asset shall be deemed as excluded from the assets specified in this

sub-clause;

(iv) yachts, boats and aircrafts (other than those used by the assessee for

commercial purposes);

(v) urban land;

(vi) cash in hand, in excess of fifty thousand rupees, of individuals and Hindu

undivided families and in the case of other persons any amount not recorded in

the books of account.

17[Explanation 1]. - For the purposes of this clause, -

(a) "jewellery" includes-

(i) ornaments made of gold, silver, platinum or any other precious metal or any

alloy containing one or more of such precious metals, whether or not containing

any precious or semi-precious stones and whether or not worked or sewn into any

wearing apparel;

(ii) precious or semi-precious stones, whether or not set in any furniture, utensils

or other article or worked or sewn into any wearing apparel;

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(b) "urban land" means land situate-

(i) in any area which is comprised within the jurisdiction of a municipality

(whether known as a municipality, municipal corporation, notified area committee,

town area committee, town committee, or by any other name) or a
cantonment

board and which has a population of not less than ten thousand
according to the

last preceding census of which the relevant figures have been
published before the

valuation date; or

(ii) in any area within such distance, not being more than eight
kilometres from

the local limits of any municipality or cantonment board referred to
in sub-clause

(i), as the Central Government may, having regard to the extent of,
and scope for,

urbanisation of that area and other relevant considerations, specify
in this behalf

by notification 18 in the Official Gazette,

but does not include land on which construction of a building is not
permissible

under any law for the time being in force in the area in which such
land is situated

or the land occupied by any building which has been constructed
with the approval

of the appropriate authority or any unused land held by the assessee
for industrial

purposes for a period of two years from the date of its acquisition by
him 19[or any

land held by the assessee as stock-in-trade for a period of ten years
from the date

of its acquisition by him];]

20[Explanation 2. - For the removal of doubts, it is hereby declared
that

"Jewellery" does not include the Gold Deposit Bonds issued under the
Gold Deposit

Scheme, 1999 notified by the Central Government.]

(f) "Board" means the 21[Central Board of Direct Taxes constituted
under the

Central Board of Revenue Act, 1963 (54 of 1963)];

(g) 22[*****]

(f) 23[*****]

24[(h) "company" shall have the meaning assigned to it in clause (17) of section 2

of the Income-tax Act;]

25[(ha) "co-operative society" means a co-operative society registered under the

Co-operative Societies Act, 1912 (2 of 1912), or under any other law for the time

being in force in any State for the registration of co-operative societies;]

26[*****]

(i)"executor"means an executor or administrator of the estate of a deceased

person;

27[(ia) "High Court", in relation to the Union territories of Dadra and Nagar Haveli

and Goa, Daman and Diu, means the High Court at Bombay;]

28[(j) "Income-tax Act"means the Income-tax Act, 1961 (43 of 1961);]

29[*****]

47[(ka) "India" means the territory of India as referred to in article 1 of the

Constitution, its territorial waters, seabed and subsoil underlying such waters,

continental shelf, exclusive economic zone or any other maritime zone as referred

to in the Territorial Waters, Continental Shelf, Exclusive Economic Zone and other

Maritime Zones Act, 1976(80 of 1976), and the air space above its territory and

territorial waters;]

(la) 31[*****]

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32[(1b) "legal representative" has the meaning assigned to it in clause (11) of

section 2 of the Code of Civil Procedure, 1908 (5 of 1908);]

33[(1c) "maximum marginal rate" means the rate of wealth-tax applicable in

relation to the highest slab of wealth in the case of an individual as specified in

Part I of Schedule I;]

34[(ld) "National Tax Tribunal" means the National Tax Tribunal established under

section 3 of the National Tax Tribunal Act, 2005;]

(m) "net wealth" means the amount by which the aggregate value computed in

accordance with the provisions of this Act of all the assets, wherever located,

belonging to the assessee on the valuation date, including assets required to be

included in his net wealth as on that date under this Act, is in excess of the

aggregate value of all the debts owed by the assessee 35[on the valuation date

which have been incurred in relation to the said assets;]

(n) "prescribed" means prescribed by rules made under this Act;

(o) "principal officer", used with reference to a company, means the secretary,

manager, managing agent or managing director of the company, and includes any

person connected with the management of the affairs of the company upon whom

the 36[Assessing Officer] has served a notice of his intention of treating him as the

principal officer thereof;

37[(oa) "public servant" has the same meaning as in section 21 of the Indian Penal

Code (45 of 1860);]

38[(oaa) "registered valuer" means a person registered as a valuer under section

34 AB;]

39[(ob) "regular assessment" means the assessment made under
'[sub-section (3)

or sub-section (5) of section 16;]

(p) "Ruler" means a Ruler as defined in clause (22) of Article 366 of
the

Constitution;

(q) "valuation date", in relation to any year for which an assessment
is to be made

under this Act, means the last day of the previous year as defined in
40[section 3]

of the Income-tax Act if an assessment were to be made under that
Act for that

year:

41[Provided that-

(i) 42[*****]

(ii) in the case of a person who is not an assessee within the meaning
of the

Income-tax Act, the valuation date for the purposes of this Act shall
be the 31st

day of March immediately preceding the assessment year;

(iii) where an assessment is made in pursuance of section 19A, the
valuation date

shall be

the same valuation date as would have been adopted in respect of the
net wealth

of the deceased if he were alive;]

43[(r) "Valuation Officer" means a person appointed as a Valuation
Officer under

section 12A, and includes a Regional Valuation Officer, a District
Valuation Officer

and an Assistant Valuation Officer;]

44[(s) the expressions "Chief Commissioner, Director-General,
Commissioner,

Commissioner (Appeals), Director, Additional Director of Income-tax,
Additional

Commissioner of Income-tax, Joint Director, Joint Commissioner of Income-tax,

Deputy Director, Deputy Commissioner, Assistant Commissioner, Assistant-

Director, Income tax Officer, Inspector of Income-tax and Tax Recovery Officer

shall have the meanings respectively assigned to them under section 2 of the

Income-tax Act]

1. Clause (a) omitted by Act 4 of 1988, Section 128(i) as amended by Act 26 of 1988, Section 88(e)(i) w.e.f

1-4-1988.

2. Substituted by Act 46 of 1964, Section 2(a), for clauses (b), (c) and (d) w.e.f 1-4-1965.

3. Clause (ca) Inserted by Act 4 of 1988, Section 128(ii), as amended by the Finance Act, 1988 (26 of 1988),

Section 88(e)(ii) w.e.f. 1-4-1988 and Substituted by Act 21 of 1998, Section 67(a) w.e.f. 1-10-1998.

4. Clause (ca) re-lettered as clause (cb) by Act 4 of 1988, Section 128(ii) as amended by Act 26 of 1988, Section

88(e)(i) w.e.f. 1-4-1988.

5. Substituted by Act 14 of 1969, Section 24(a) w.e.f 1-4-1969.

6. Inserted by Act 18 of 1992, Section 89(a) w.e.f. 1-4-1993.

7. Substituted by Act 20 of 1974, Section 14(1)(a), for the words "any annuity" w.e.f. 1-4-1975.

8. Inserted by Act 19 of 1970, Section 26(a) w.e.f. 1-4-1969.

9. Substituted by Act 44 of 1980, Section 36 w.e.f. 1-4-1981.

10. Substituted by Act 14 of 1982, Section 33(a), for "or any subsequent assessment year" w.e.f. 1-4- 1983.

11. Inserted by Act 14 of 1982, Section 33(b) w.e.f. 1-4-1983.

12. Substituted by Act 14 of 1982, Section 33(b), for "Provided further that" w.e.f. 1-4-1983.

13. Substituted by Act 20 of 1974, Section 14(1)(b), for "items (i) to (iii)" w.e.f. 1-4-1975.
14. Substituted by Act 20 of 1974, Section 14(1)(b), for "items (i) to (v)" w.e.f. 1-4-1975.
15. Inserted by Act 18 of 1922, Section 89(b) w.e.f. 1-4-1993.
16. Substituted by Act 33 of 1996, Section 56 w.e.f. 1-4-1997 and again substituted by Act 21 of 1998, Section 67(b)(i) w.e.f. 1-4-1999.
17. Explanation re-numbered as Explanation 1 by Act 27 of 1991, Section 91 w.e.f. 1-4-2000.
18. Notification No. S.O. 871 (E), dated 9th November, 1993.
19. Inserted by Act 38 of 1993, Section 38 w.e.f. 1-4-1994 and Substituted by Act 21 of 1998, Section 67(b)(ii), for certain words w.e.f. 1-4-1999.
20. Inserted by Act 27 of 1999, Section 91 w.e.f. 1-4-2000.
21. Substituted by Act 54 of 1963, Section 5(1), for "Central Board of Revenue constituted under the Central Board of Revenue Act, 1924 (4 of 1924)" w.e.f. 1-4-1964.
22. Clause (g) omitted by Act 4 of 1988, Section 128(iii) as amended by Act 26 of 1988, Section 88(e)(iii) w.e.f. 1-4- 1988.
23. Clause (gg) Inserted by Act 29 of 1977, Section 39 Sch. V, Part II, Item 1 w.e.f. 10-7-1978, and omitted by Act 4 of 1988, Section 128(iii) as amended by Act 26 of 1988, Section 88(e)(iii) w.e.f. 1-4-1988.
24. Substituted by Act 4 of 1988, Section 128(iv) w.e.f. 1-4-1989.
25. Inserted by Act 16 of 1972, Section 44(a) w.e.f. 1-4-1957.
26. Clause (hb) omitted by Act 4 of 1988, Section 128 (iii) as amended by Act 26 of 1988, Section 88(e)(iii) w.e.f. 1-4-1988. Earlier clause (ha) was re-lettered as clause (hb) by Act 16 of 1972, Section 44(b) w.e.f. 1-4-1965.

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27. Inserted by Act 3 of 1963, Section 3 and Sch. w.e.f. 1-4-1965.
28. Substituted by Act 46 of 1964, Section 2(d) w.e.f. 1-4-1965.

29. Clause (k) omitted by Act 4 of 1988, Section 128(iii) as amended by Act 26 of 1988, Section 88(e)(iii) w.e.f. 1-4-1988.
30. Inserted by Act 3 of 1963, Section 3 and Sch. w.e.f. 1-4-1963.
31. Clauses (1) and (1a) omitted by Act 4 of 1988, Section 128(iii) as amended by Act 26 of 1988, Section 88(e)(iii) w.e.f. 1-4-1988.
32. Inserted by Act 46 of 1964, Section 2(e) w.e.f. 1-4-1965.
33. Inserted by Act 4 of 1988, Section 128(v) w.e.f. 1-4-1989.
34. Inserted by the National Tax Tribunal Act, 2005.
35. Substituted by Act 18 of 1992, Section 89(c) w.e.f. 1-4-1993.
36. Substituted by Act 4 of 1988, Section 127, for "Wealth-tax Officer" w.e.f. 1-4-1988.
37. Inserted by Act 46 of 1964, Section 2(g) w.e.f. 1-4-1965.
38. Inserted by Act 45 of 1972, Section 7(a) w.e.f. 15-11-1972.
39. Substituted by Act 12 of 1990, Section 51, for "section 16" w.e.f. 1-4-1989.
40. Substituted by Act 46 of 1964, Section 2(h)(i), for "clause (11) of section 2" w.e.f. 1-4-1965.
41. Substituted by Act 46 of 1964, Section 2(h)(ii) w.e.f. 1-4-1965.
42. Clause (i) omitted by Act 4 of 1988, Section 128(vi) w.e.f. 1-4-1989.
43. Substituted by Act 45 of 1972, Section 7(b) w.e.f. 15-11-1972..
44. Substituted by Act 4 of 1988, Section 128(vii), as amended by Act 26 of 1988, Section 8(e)(iv) w.e.f. 1-4-1988 and again substituted by Act 21 of 1998, Section 67(c) w.e.f. 1-10-1998.
45. Inserted by the Finance Act, 2007, w.r.e.f. 01.06.1994.
46. Inserted by the Finance Act, 2007, w.r.e.f. 01.10.1996.
47. Substituted by the Finance Act, 2007, w.r.e.f. 25.08.1976. Prior to substitution, it read as under:-
- "30(ka) "India" shall be deemed to include the Union territories of Dadra and Nagar Haveli, Goa, Daman and Diu, and Pondicherry-
- (i) as respects any period, for the purposes of section 6; and

(ii) as respects any period included in the year ending with the valuation date, for the purpose of making any assessment for the assessment year commencing on the 1st day of April, 1963, or for any subsequent year;"

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Section 3 - Charge of wealth-tax

1[1] 2[Subject to the other provisions (including provisions for the levy of additional

wealth-tax) contained in this Act], there shall be charged for every3[assessment year]

commencing on and from the first day of April, 19574[but before the 1 st day of April, 1993

], a tax (he reinafter referred to as wealth-tax) in respect of the net wealth on the

corresponding valuation date of every individual, Hindu undivided family and company5[at

the rate or rates specified in Schedule I].

6[(2) Subject to the other provisions contained in this Act, there shall be charged for every

assessment year commencing on and from the 1 st day of April, 1993 , wealth-tax in respect

of the net wealth on the corresponding valuation date of every individual, Hindu undivided

family and company, at the rate of one per cent, of the amount by which the net wealth

exceeds fifteen lakh rupees.]

7[Provided that in the case of every assessment year commencing on and from the 1st

day of April, 2010, the provisions of this section shall have effect as if for the words

"fifteen lakh rupees", the words "thirty lakh rupees" had been substituted.]

1. Section 3 renumbered as sub-section (1) thereof by Act 18 of 1992, Section 90 w.e.f. 1-4-1993.

2. Substituted by Act 4 of 1988, Section 129, for "subject to the other provisions contained in this Act" w.e.f. 1-4-1989.

3. Substituted by Act 46 of 1964, Section 3, for "Financial year" w.e.f. 1-4-1965.

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4. Inserted by Act 18 of 1992, Section 90 (a) w.e.f. 1-4-1993.

5. Substituted by Act 66 of 1976, Section 27(!), for "at the rate or rates specified in the schedule" w.e.f. 1-4-1977.

6. Inserted by Act 18 of 1992, Section 90(b) w.e.f. 1-4-1993.

7. Inserted by the Finance (No. 2) Act, 2009 w.e.f. 1st April, 2010.

Section 4 - Net wealth to include certain assets

(1) 1 [In computing the netwealth-

(a) of an individual, there shall be included, as belonging to that individual, the value of

assets which on the valuation date are held -]

2 [(i) by the spouse of such individual to whom such assets have been transferred

by the individual, directly or indirectly, otherwise than for adequate consideration or in

connection with an agreement to live apart, or

(ii) by a minor child, not being³ [a minor child suffering from any disability of the

nature specified in section 80U of the Income-tax Act or] a married daughter, of

such individual, 4 [*****], or]

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(iii) by a person or association of persons to whom such assets have been

transferred by the individual 5 [directly or indirectly,] otherwise than for adequate

consideration for the immediate or deferred benefit of the individual, his or her spouse

6 [*****] or]

(iv) by a person or association of persons to whom such assets have been

transferred by the individual otherwise than under an irrevocable transfer, 5 [or]

5 [(v) by the son's wife, 7 [****] of such individual, to whom such assets have been

transferred by the individual, directly or indirectly, on or after the 1st day of June,

1973, otherwise than for adequate consideration,] 8 [or]

8 [(vi) by a person or association of persons to whom such assets have been

transferred by the individual, directly or indirectly, on or after the 1st day of June,

1973, otherwise than for adequate consideration for the immediate or deferred benefit

of the son's wife, 7 [****] of such individual or both,]

whether the assets referred to in any of the sub-clauses aforesaid are held in the form in

which they were transferred or otherwise:

9 [Provided that where the transfer of such assets or any part thereof is either

chargeable to gift-tax under the Gift-tax Act, 1958 (18 of 1958), or is not chargeable

under section 5 of that Act, for any assessment year commencing 10 [after the 31st day of

March, 1964, but before the 1st day of April, 1972], the value of such assets or part

thereof, as the case may be, shall not be included in computing the net wealth of the

individual:]

11 [Provided further that nothing contained in sub-clause (ii) shall apply in respect of

such assets as have been acquired by the minor child out of his income referred to in the

proviso to sub-section (1A) of section 64 of the Income-tax Act and which are held by him

on the valuation date:

Provided also that where the assets held by a minor child are to be included in computing the net wealth of an individual, such assets shall be included,-

(a) where the marriage of his parents subsists, in the net wealth of that parent whose net wealth excluding the assets of the minor child so includible under this sub-section) is greater; or

(b) where the marriage of his parents does not subsist, in the net wealth of that parent who maintains the minor child in the previous year as defined in section 3 of the Income-tax Act,

and where any such assets are once included in the net wealth of either parent, any such assets shall not be included in the net wealth of the other parent in any succeeding year unless the Assessing Officer is satisfied, after giving that parent an opportunity of being heard, that it is necessary so to do.]

1 [(b) of an assessee who is a partner in a firm or a member of an association of persons (not being a co-operative housing society), there shall be included, as belonging to that assessee, the value of his 12 [interest in the assets of the firm] or association determined in the manner laid down in Schedule III:

13 [Provided that where a minor is admitted to the benefits of partnership in a firm, the value of the interest of such minor in the firm, determined in the manner specified above, shall be included in the net wealth of the parent of the minor, so far as may be, in accordance with the provisions of the third proviso to clause (a)].

14 [(1A) Where, in the case of an individual being a member of a Hindu undivided

family, any property having been the separate property of the individual has, at any time after the, 31st day of December, 1969, been converted by the individual into property belonging to the family through the act of impressing such separate property

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with the character of property belonging to the family or throwing it 15 [into the

common stock of the family or been transferred by the individual, directly or indirectly, to

the family otherwise than for adequate consideration (the property so converted

or transferred being hereinafter referred to as the converted property)],

then, notwithstanding anything contained in any other provision of this Act or in

any other law for the time being in force, for the purpose of computing the net wealth

of the individual under this Act for any assessment year commencing on or after the

1st day of April, 1972,-

(a) the individual shall be deemed to have transferred the converted property, through the family,

to the members of the family for being held by them jointly;

(b) the converted property or any part thereof 16 [****] shall be deemed to be

assets belonging to the individual and not to the family;

17 [(c) where the converted property has been the subject-matter of a partition

(whether partial or total) amongst the members of the family, the converted

property or any part thereof which is received by the spouse 18 [****] of

the individual on such partition shall be deemed to be assets transferred

indirectly by the individual to the spouse 19 [****] and the provisions of subsection

(1) shall, so far as may be, apply accordingly:]

Provided that the property referred to in clause (b) or clause (c) shall, on

being included in the net wealth of the individual be excluded from the net wealth

of the family or, as the case may be, the spouse 20 [****] of the individual.

21 [****]

22 [****]

(4) Nothing contained in clause (a) of sub-section (1) shall apply to any such transfer

as is referred to therein made by an individual before the 1st day of April, 1956, and

the value of any assets so transferred shall not be included in the computation of his

net wealth.

5 [(4A) Notwithstanding anything in sub-section (4), nothing contained in clause (a) of

sub-section (1) shall apply to any such transfer as is referred to therein made before

the 1st day of April, 1963, by an individual who but for the extension of this Act to

the Union territories of Dadra and Nagar Haveli, Goa, Daman and Diu, and Pondicherry,

would not have been an assessee, and the value of any assets so transferred shall not

be included in the computation of his net wealth.]

(5) The value of any assets transferred under an irrevocable transfer shall be liable to

be included in computing the net wealth of the transferor as and when the power to

revoke arises to him.

23 [(5A) Where a gift of money from one person to another is made by means of

entries in the books of account maintained by the person making the gift or by an

individual or a Hindu undivided family or a firm or an association of persons or body of

individuals with whom or which he has business or other relationship, the value of

such gift shall be liable to be included in computing the net wealth of the person

making the gift unless he proves to the satisfaction of the 23 [Assessing Officer] that

the money has actually been delivered to the other person at the time the entries were

made.]

24 [(6) For the purposes of this Act, the holder of an impartible estate shall be deemed

to be the individual owner of all the properties comprised in the estate.]

25 [(7) Where the assessee is a member of a co-operative society, company or other

association of persons and a building or part thereof is allotted or leased to him under a

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house building scheme of the society, company or association, as the case may be, the

assessee shall, notwithstanding anything contained in this Act or any other law for the

time being in force, be deemed to be the owner of such building or part and the value

of such building or part shall be included in computing the net wealth of the assessee;

and, in determining the value of such building or part, the value of any outstanding

instalments of the amount payable under such scheme by the assessee to the society,

company or association towards the cost of such building or part and the land

appurtenant thereto shall, whether the amount so payable is described as such or in

any other manner is such scheme, be deducted as a debt owed by him in relation to

such building or part.

(8) A person-

(a) who is allowed to take or retain possession of any building or part thereof

in part performance of a contract of the nature referred to in section 53A of

the Transfer of Property Act, 1882;

(b) who acquires any rights (excluding any rights by way of a lease from month

to month or for a period not exceeding one year) in or with respect to any

building or part thereof by virtue of any such transaction as is referred to in

clause (f) of section 269UA of the Income-tax Act,

shall be deemed to be the owner of that building or part thereof and the value of such building

or part shall be included in computing the net wealth of such person]

Explanation.- For the purposes of this section, -

(a) the expression "transfer" includes any disposition, settlement, trust, covenant,

agreement or arrangement; 5 [*****]

26 [(aa) the expression "child" includes a step-child and an adopted child;]

(b) the expression "irrevocable transfer" includes a transfer of assets which, by the

terms of the instrument effecting it, is not revocable for a period exceeding six years

or during the lifetime of the transferee, and under which the transferor derives no

direct or indirect benefit, but does not include a transfer of assets if such instrument--

(i) contains any provision for the re-transfer, directly or indirectly, of the whole or

any part of the assets or income therefrom to the transferor, or
(ii) in any way gives the transferor a right to re-assume power,
directly

or indirectly, over the whole or any part of the assets or income
therefrom; and

27 [(c) the expression "property" includes any interest in any
property, movable or

immovable, the proceeds of sale thereof and any money or
investment for the time

being representing the proceeds of sale thereof and where
the property is converted

into any other property by any method, such other property²⁸
[****]

28 [****]

1. Substituted by Act 3 of 1989, Section 59(a)(i) w.e.f. 1-4-1989.

2. Sub-clauses (i), (ii) and (iii) Substituted by Act 46 of 1964,
Section 4(a)(ii)(A) w.e.f. 1-4-1965.

3. Inserted by Act 32 of 1994, Section 52 w.e.f. 1-4-1995.

4. Omitted by Act 18 of 1992, Section 91(a)(i) w.e.f. 1-4-1993.

5. Inserted by Act 41 of 1975, Section 82(i)(a) w.e.f. 1-4-1976.

6. Omitted by Act 18 of 1992, Section 91(a)(i)(2) w.e.f. 1-4-1993.

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7. The words "or the sons's minor child" omitted by Act 18 of 1992,
Section 91(A)(i) w.e.f. 1-4-1993.

8. Inserted by Act 67 of 1984, Section 53 w.e.f. 1-4-1985.

9. Inserted by Act 46 of 1964, Section 4(a)(ii)(B) w.e.f. 1-4-1965.

10. Substituted by Act 32 of 1971, Section 31(a)(i), for "after the 31st
day of March, 1964" w.e.f. 1-4-1972.

11. Inserted by Act 18 of 1992, Section 91(a)(i)(5) w.e.f. 1-4-1993.

12. Substituted by Act 18 of 1992, Section 91(a)(ii)(1), for "interest in
the firm" w.e.f. 1-4-1993.

13. Substituted by Act 18 of 1992, Section 91(A)(ii)(2) w.e.f. 1-4-
1993.

14. Inserted by Act 32 of 1971, Section 31(b) w.e.f. 1-4-1972.
15. Substituted by Act 21 of 1979, Section 23(a), for "into the common sk of thefamily (such property being hereinafter referred to as the converted property)" w.e.f. 1-4-1976.
16. Omitted by Act 41 of 2975, Section 82(ii)(a) w.e.f. 1-4-1976.
17. Substituted by Act 41 of 1975, Section 82(ii)(b) w.e.f. 1-4-1976.
18. The words "or minor child" omitted by Act 18 of 1992, Section 91(b) w.e.f. 1-4-1993.
19. Sub-section (2) omitted by Act 3 of 1989, Section 59(b) w.e.f. 1-4-1989.
20. Sub-section (3) omitted by Act 18 of 1992, Section 91 w.e.f. 1-4-1993.
21. Inserted by the Taxation Laws (Extension to Union Territories) Regulation, 1963, Section 3 and Schedule w.e.f. 1-4-1963.
22. Substituted by Act 4 of 1988, Section 127 for "Wealth-tax Officer" w.e.f. 1-4-1988.
23. Sub-section (6) and Explanationsubs, by Act 46 of 1964, Section 4(b) w.e.f. 1-4-1965.
24. Sub-section (7) Inserted by Act 32 of 1971, Section 31(e) w.e.f. 1-4-1972 and again Substituted by Act 33 of 1997, Section 57 w.e.f. 1-4-1997.
25. The words "and" omitted by Act 32 of 1971, Section 31(d)(i) w.e.f. 1-4-1972.
26. Clauses (c) and (d) inserted by Act 32 of 1971, sec 31(d)(ii) w.e.f. 1-4-1972.
27. The word "and" omitted by Act 41 of 1975, Section 82(iv)(c) w.e.f. 1-4-1976.
28. Clause (d) omitted by Act 41 of 1975, Section 82(iv)(d) w.e.f. 1-4-1976.

Section 5 - Exemptions in respect of certain assets

1 [2 [****]] Wealth-tax shall not be payable by an assessee in respect of the following

assets]; and such assets shall not be included in the net wealth of the assessee--

(i) any property held by him under trust or other legal obligation for any public purpose

of a charitable or religious nature in India:

3 [Provided that nothing contained in this clause shall apply to any property forming

part of any business, not being a business referred to in clause (a) or clause (b) of

sub-section (4A) of section 11 of the Income-tax Act in respect of which separate

books of account are maintained or a business carried on by an institution fund or

trust referred to in 2 [****] clause (23B) or clause (23C) of section 10 of the Act;]

(ii) the interest of the assessee in the coparcenary property of any Hindu undivided

family of which he is a member;

(iii) 4 [any one building in the occupation of a Ruler, being a building which immediately

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before the commencement of the Constitution (Twenty-sixth Amendment) Act, 1971, was

his official residence by virtue of a declaration by the Central Government] under

paragraph 13 of the Merged States (Taxation Concessions) Order, 1949, or paragraph 15

of the Part B States (Taxation Concessions) Order, 1950;

5 [****]

6 [(iv)] jewellery in the possession of any Ruler, not being his personal property, which

has been recognised before the commencement of this Act by the Central Government as

his heirloom or, where no such recognition exists, which the Board may, subject to any

rules that may be made by the Central Government in this behalf, recognise as his

heirloom at the time of his first assessment to wealth-tax under this Act:

7 [Provided that in the case of jewellery recognised by the Central Government as

aforesaid, such recognition shall be subject to the following conditions, namely: -

(i) that the jewellery shall be permanently kept in India and shall not be removed

outside India except for a purpose and period approved by the Board;

(ii) that reasonable steps shall be taken for keeping the jewellery substantially in

its original shape;

(iii) that reasonable facilities shall be allowed to any officer of Government

authorised by the Board in this behalf to examine the jewellery as and when

necessary; and

(iv) that if any of the conditions hereinbefore specified is not being duly fulfilled,

the Board may, for reasons to be recorded in writing, withdraw the recognition

retrospectively with effect from the date of commencement of clause (b) of section

5 of the Rulers of Indian States (Abolition of Privileges) Act, 1972 (54 of 1972),

and in such a case, wealth-tax shall become payable by the Ruler for all the

assessment years after such commencement for which the jewellery was exempted

on account of the recognition.

Explanation. -For the purposes of clause (iv) of the foregoing proviso, the fair

market value of any jewellery on the date of the withdrawal of the recognition in

respect thereof shall be deemed to be the fair market value of such jewellery on

each successive valuation date relevant for the assessment years referred to in

the said proviso:

Provided further that the aggregate amount of wealth tax payable in respect of

any jewellery under clause (iv) of the foregoing proviso for all the assessment

years referred to therein shall not in any case exceed fifty per cent, of its fair

market value on the valuation date relevant for the assessment year in which

recognition was withdrawn;]

8 [*****]

9 [10 [(v)] in the case of an assessee, being a person of Indian origin 11 [or a

citizen of India (hereafter in this clause referred to as such person)] who was

ordinarily residing in a foreign country and who, on leaving such country, has

returned to India with the intention of permanently residing therein, moneys and

the value of assets brought by him into India and the value of the assets acquired

by him out of such moneys 12 [within one year immediately preceding the date of

his return and at any time thereafter]:

Provided that this exemption shall apply only for a period of seven successive

assessment year commencing with the assessment year next following the date on

which such person returned to India.

Explanation. - 13 [1] A person shall be deemed to be of Indian origin if he, or

either of his parents or any of his grandparents, was born in undivided India].

22

14 [Explanation 2. - For the removal of doubts, it is hereby declared that moneys

standing to the credit of such person in a Non-resident (External) Account, in any

bank in India in accordance with the Foreign Exchange Regulation Act, 1973 (46

of 1973) and any rules made thereunder, on the date of his return to India, shall

be deemed to be moneys brought by him into India on that date]

15 [*****]

16 [(vi) one house or part of a house or a plot of land belonging to an individual or

a Hindu undivided family:

Provided that wealth-tax shall not be payable by an assessee in respect of an asset

being a plot of land comprising an area of five hundred square metres or less.]

17 [*****]

1. The words "Subject to the provisions of sub-section (1A), wealth-tax shall not be payable by an assessee in respect of the following assets" substituted by Act 19 of 1970, Section 26(b)(i), for "wealth-tax shall not be payable by an assessee in respect of the following assets" w.e.f. 10-4-1971.

2. The words "(1) subject to the provisions of sub-section (1A)" omitted by Act 18 of 1992, Section 92(a)(i) w.e.f. 1-4-1993.

3. Added by Act 32 of 1985, Section 37(a)(i) w.e.f. 1-4-1986 and substituted by Act 4 of 1988, Section 160(1) w.e.f. 1-4-1998 and the substituted proviso omitted by Act 3 of 1989, Section 95(r) w.e.f. 1-4-1989.

4. The words "clause (22) or clause (22A) or" omitted by Act 21 of 1998, Section 68(A) w.e.f. 1-4-1999.

5. Substituted by Act 54 of 1972, Section 5 (a) w.e.f. 9-9-1972.

6. Clauses (iv) to (xiii) omitted by Act 18 of 1992, Section 92(a)(ii) w.e.f. 1-4-1993.

7. Inserted by Act 54 of 1972, Section 5(b) w.e.f. 9-9-1972.

8. Clauses (xv) to (xxxii) omitted by Act 18 of 1992, Section 92(a)(ii) w.e.f. 1-4-1993.

9. Inserted by Act 66 of 1976, Section 27(2)(e) w.e.f. 1-4-1977.

10. Clause (xxxiii) re-numbered as clause (v) by Act 18 of 1992, Section 92(a)(ii) w.e.f. 1-4-1993.

11. Inserted by Act 67 of 1984, Section 54(A)(ii) w.e.f. 1-4-1977.

12. Inserted by Act 23 of 1986, Section 40(a)(ii)(A) w.e.f. 1-4-1987.

13. Explanation re-numbered as Explanation 1 by Act 23 of 1986, Section 40(a)(ii)(B) w.e.f. 1-4-1977.

14. Inserted by Act 23 of 1986, Section 40(a)(ii)(B) w.e.f. 1-4-1977.

15. Clause (xxxiv) omitted by Act 18 of 1992, Section 92(a)(ii) w.e.f. 1-4-1993.

16. Clause (vi) Inserted by Act 38 of 1993, Section 39 w.e.f. 1-4-1994 and Substituted by Act 21 of 1998, Section 68(b) w.e.f. 1-4-1999.

17. Sub-sections (1A) to (4) omitted by Act 18 of 1992, Section 92(b) w.e.f. 1-4-1993.

Section 6 - Exclusion of assets and debts outside India

1[In computing the net wealth of an individual who is not a citizen of India or of an

individual] or a Hindu undivided family not resident in India or resident but not ordinarily

resident in India, or of a company not resident in India during the year ending on the

valuation date-

(i) the value of the assets and debts located outside India; and

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(ii) the value of the assets in India represented by any loans or debts owing to the

assessee in any case where the interest, if any, payable on such loans or debts is not to

be included in the total income of the assessee under 2[section 10] of the Income-tax

Act;

shall not be taken into account.

3[Explanation 1 . - An individual or a Hindu undivided family shall be deemed to be not

resident in India or resident but not ordinarily resident in India during the year ending on

the valuation date if in respect of that year the individual or the Hindu undivided family,

as the case may be, is not resident in India or resident but not ordinarily resident in India

within the meaning of the Income-tax Act.

[Explanation 1 A. - Where in the case of an individual the value of an asset in India is

represented by any debt owing to him, being any moneys to his credit in a Non-resident

(External) Account, the interest payable on which is not to be included in his total

income under⁴[sub-clause (ii) of clause (4)] of section 10 of the Income-tax Act, the

provisions of this section shall, in relation to such asset, apply subject to the modification

that the reference in this section to an individual not resident in India shall be construed

as a reference to a person resident outside India as defined in clause (q) of section 2 of

the Foreign Exchange Regulation Act, 1973 (46 of 1973).]

Explanation 2 . - A company shall be deemed to be resident in India during the year

ending on the valuation date, if -

(a) it is a company formed and registered under the Companies Act, 1956 (1 of 1956

), or is an existing company within the meaning of that Act; or

(b) during that year the control and management of its affairs is situated wholly in

India.

1. Substituted by Act 11 of 1958 Section 14(c), for "In computing the net wealth of an

individual" w.e.f. 1-4-1957.

2. Substituted by Act 46 of 1964, Section 6, for "sub-section (3) of section 4" w.e.f.

1-4-1965.

3. Inserted by Act 14 of 1982, Section 35 w.e.f. 1-4-1982.

4. Substituted by Act 3 of 1989, Section 61, for "clause (4A)" w.e.f. 1-4-1989.

Section 7 - Value of assets how to be determined

1 [7. Value of assets how to be determined]

(1) Subject to the provisions of sub-section (2), the value of any asset, other than cash, for

the purposes of this Act shall be its value as on the valuation date determined in the manner

laid down in Schedule III.

(2) The value of a house belonging to the assessee and exclusively used by him for

residential purposes throughout the period of twelve months immediately preceding the

valuation date, may, at the option of the assessee, be taken to be the value determined in

the manner laid down in Schedule III as on the valuation date next following the date on

which he became the owner of the house or the valuation date relevant to the assessment

year commencing on the 1st day of April, 1971, whichever valuation date is later.

2 [*****]

Explanation. - For the purposes of this sub-section, -

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(i) where the house has been constructed by the assessee, he shall be deemed to have

become the owner thereof on the date on which the construction of such house was

completed:

(ii) "house" includes a part of a house being an independent residential unit.]

1. Substituted by Act 3 of 1989, Section 62 w.e.f. 1-4-1989.

2. Proviso omitted by Act 18 of 1992, Section 93 w.e.f. 1-4-1993.

Chapter III - WEALTH-TAX AUTHORITIES

1 [7. Value of assets how to bedetermined

(1) Subject to the provisions of sub-section (2), the value of any asset, other than cash, for

the purposes of this Act shall be its value as on the valuation date determined in the manner

laid down in Schedule III.

(2) The value of a house belonging to the assessee and exclusively used by him for

residential purposes throughout the period of twelve months immediately preceding the

valuation date, may, at the option of the assessee, be taken to be the value determined in

the manner laid down in Schedule HI as on the valuation date next following the date on

which he became the owner of the house or the valuation date relevant to the assessment

year commencing on the 1st day of April, 1971, whichever valuation date is later.

2 [*****]

Explanation. - For the purposes of this sub-section, -

(i) where the house has been constructed by the assessee, he shall be deemed to have

become the owner thereof on the date on which the construction of such house was

completed:

(ii) "house" includes a part of a house being an independent residential unit.]

1. Substituted by Act 3 of 1989, Section 62 w.e.f. 1-4-1989.

2. Proviso omitted by Act 18 of 1992, Section 93 w.e.f. 1-4-1993.

Section 8 - Wealth-tax authorities and their jurisdiction

1[8. Wealth-tax authorities and their jurisdiction.

The income-tax authorities specified in section 116 of the Income-tax Act shall be

the wealth-tax authorities for the purposes of this Act and every such authority

shall exercise the powers and perform the functions of a wealth-tax authority under

this Act in respect of any individual, Hindu undivided family or company, and for

this purpose his jurisdiction under this Act shall be the same as he has under the

Income-tax Act by virtue of orders or directions issued under section 120 of that

Act (including orders or directions assigning concurrent jurisdiction) or under any

other provision of that Act.

Explanation. - For the purposes of this section, the wealth-tax authority having

jurisdiction in relation to a person who is not an assessee within the meaning of

the Income-tax Act shall be the wealth-tax authority having jurisdiction in respect

of the area in which that person resides.]

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2[*****]

1. Substituted by Act 4 of 1988, Section 131 w.e.f. 1-4-1988.

2. Sections 8A, 8AA and 8B omitted by Act 4 of 1988, Section 132 w.e.f. 1-4-1988.

Earlier section 8A was inserted by Act 46 of 1964, Section 9 w.e.f. 1-4-1965, section

8AA was inserted by Act. 41 of 1975, Section 85 w.e.f. 1-10-1975 and section 8B

was inserted by Act 20 of 1967, Section 34 (c), w.e.f. 1-4-1967.

Section 9 - Control of wealth-tax authorities

1[9. Control of wealth-tax authorities

Section 118 of the Income-tax Act and any notification issued thereunder shall

apply in relation to the control of wealth-tax authorities as they apply in relation to

the control of the corresponding income-tax authorities, except to the extent to

which the Board may, by notification in the Official Gazette, otherwise direct in

respect of any wealth-tax authority.]

2[*****]

1. Substituted by Act 4 of 1988, Section 131 w.e.f. 1-4-1988.

2. Section 9A omitted by Act 4 of 1988, Section 132 w.e.f. 1-4-1988.
Earlier section

9A was Inserted by Act 29 of 1977, Section 39 and Schedule V, w.e.f. 10-7-1978.

Section 10 - Instructions to subordinate authorities

1[10. Instructions to subordinate authorities

(1) The Board may, from time to time, issue such orders, instructions and directions

to other wealth-tax authorities as it may deem fit for the proper administration of

this Act, and such authorities and all other persons employed in the execution of

this Act, shall observe and follow such orders, instructions and directions of the

Board:

Provided that no such orders, instructions or directions shall be issued

(a) so as to require any wealth-tax authority to make a particular assessment

or to dispose of a particular case in a particular manner; or

(b) so as to interfere with the discretion of the Deputy Commissioner (Appeals) or Commissioner (Appeals) in the exercise of his appellate functions.

(2) Without prejudice to the generality of the foregoing power, -
(a) the Board may, if it considers it necessary or expedient so to do, for the
purpose of proper and efficient management of the work of
assessment and
collection of revenue, issue, from time to time (whether by way of
relaxation of
any of the provisions of sections 2[14, 15, 16, 17, 17B], 18 and 35 or
otherwise),
general or special orders in respect of any class of cases, setting forth
directions
or instructions (not being prejudicial to assessee) as to the
guidelines,
principles or procedures to be followed by other wealth-tax
authorities in the
work relating to assessment or collection of revenue or the initiation
of
proceedings for the imposition of penalties and any such order may,
if the Board
is of opinion that it is necessary in the public interest so to do, be
published and
circulated in the prescribed manner for general information;

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(b) the Board may, if it considers it desirable or expedient so to do
for avoiding
genuine hardship in any case or class of cases, by general or special
order,
authorise any wealth-tax authority not being a Deputy Commissioner
(Appeals)
or Commissioner (Appeals), to admit an application or claim for any
exemption,
deduction, refund or any other relief under this Act after the expiry of
the period
specified by or under this Act for making such application or claim
and deal with
the same on merits in accordance with law.]

3[*****]

1. Substituted by Act 4 of 1988, Section 131 w.e.f. 1-4-1988.

2. Substituted by Act 12 of 1990, Section 53, for "16, 17" w.e.f. 1-4-1990.

3. Section 10A omitted by Act 4 of 1988, Section 132 w.e.f. 1-4-1988.
Ealier section

10A was Inserted by Act 46 of 1964, Section 10 w.e.f. 1-4-1965.

Section 11 - Jurisdiction of Assessing Officers and power to transfer cases

1[11. Jurisdiction of Assessing Officers and power to transfer cases

(1) The provisions of sections 124 and 127 of the Income-tax Act shall, so far as may be,

apply for the purposes of this Act as they apply for the purposes of the Income-tax Act,

subject to the modifications specified in sub-section (2).

(2) The modifications referred to in sub-section (1) shall be the following, namely: -

(a) in section 124 of the Income-tax Act,--

(i) in sub-section (3), references to the provisions of the Income-tax Act shall be

construed as references to the corresponding provisions of the Wealth-tax Act;

(ii) sub-section (5) shall be omitted:

(b) in section 127 of the Income-tax Act, in the Explanation below sub-section 2[(4)],

references to proceedings under the Income-tax Act shall be construed as including

references to proceedings under the Wealth-tax Act,]

3[*****]

1. Substituted by Act 4 of 1988, Section 131 w.e.f. 1-4-1988.

2. Substituted by Act 3 of 1989, Section 63 w.e.f. 1-4-1988.

3. Sections 11A, 11AA, 11B and 12 omitted by Act 4 of 1988, Section 132 w.e.f. 1-4-1988.

Earlier sections 11A and 12 were Substituted by Act 46 of 1964,
Section 11, for section 12

w.e.f. 1-4-1965 and section 11A was Substituted by Act 20 of 1967,
Section 35(f) w.e.f.

1-4-1967, section 11AA was Inserted by Act of 1970 Section 26(c)
w.e.f. 1-4-1970 and

section 11B was Inserted by Act 20 of 1967, Section 34(g) w.e.f. 1-4-
1967 and was

amended by Act 41 of 1975, Section 87 w.e.f. 1-10-1975.

Section 12A - Appointment of Valuation Officers

1[12A. Appointment of Valuation Officers

(1) The Central Government may appoint as many Valuation Officers
as it thinks fit.

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(2) Subject to the rules and orders of the Central Government
regulating the conditions of

service of persons in public services and posts, a wealth-tax authority
may appoint as

many overseers, surveyors and assessors as may be necessary to
assist the Valuation

Officers in the performance of their functions.]

2[*****]

1. Inserted by Act 45 of 1972, Section 9 w.e.f. 15-11-1972.

2. Section 13 omitted by Act 4 of 1988, Section 132 w.e.f. 1-4-1965.

Section 13A - Powers of [Director-General or Director],[Chief
Commissioner or

Commissioner] and [Joint Commissioner] to make enquiries

1[13A. Powers of 2[Director-General or Director], 3[Chief
Commissioner or Commissioner]

and 4[Joint Commissioner] to make enquiries

The 2[Director-General or Director], the 5[Chief Commissioner or
Commissioner] and

the 6[Joint Commissioner] shall be competent to make any enquiry
under this Act, and for

this purpose shall have all the powers that⁷[an Assessing Officer] has under this Act in relation to the making of enquiries]

-
1. Inserted by Act 46 of 1964, Section 13 w.e.f. 1-4-1965.
 2. Substituted by Act 4 of 1988, Section 127, for "Director of Inspection" w.e.f. 1-4-1988.
 3. Substituted by Act 4 of 1988, Section 127, for "Commissioner" w.e.f. 1-4-1988.
 4. Substituted by Act 4 of 1988, Section 127, for "Inspecting Assistant Commissioner" w.e.f. 1-4-1988.
 5. Substituted by Act 4 of 1988, Section 127, for "Commissioner of Wealth-tax" w.e.f. 1-4-1988.
 6. Substituted by Act 4 of 1988, Section 127, for "Inspecting Assistant Commissioner of Wealth-tax" w.e.f. 1-4-1988.
 7. Substituted by Act 4 of 1988, Section 127, for "a Wealth-tax Officer" w.e.f. 1-4-1988.

Chapter IV - ASSESSMENT

1[13A. Powers of²[Director-General or Director],³[Chief Commissioner or Commissioner] and⁴[Joint Commissioner] to make enquiries The²[Director-General or Director], the⁵[Chief Commissioner or Commissioner]and the⁶[Joint Commissioner] shall be competent to make any enquiry under this Act, and for this purpose shall have all the powers that⁷[an Assessing Officer] has under this Act in relation to the making of enquiries]

-
1. Inserted by Act 46 of 1964, Section 13 w.e.f. 1-4-1965.
 2. Substituted by Act 4 of 1988, Section 127, for "Director of Inspection" w.e.f. 1-4-1988.

3. Substituted by Act 4 of 1988, Section 127, for "Commissioner"
w.e.f. 1-4-1988.

4. Substituted by Act 4 of 1988, Section 127, for "Inspecting Assistant
Commissioner"

w.e.f. 1-4-1988.

5. Substituted by Act 4 of 1988, Section 127, for "Commissioner of
Wealth-tax" w.e.f.

1-4-1988.

6. Substituted by Act 4 of 1988, Section 127, for "Inspecting Assistant
Commissioner of

Wealth-tax" w.e.f. 1-4-1988.

7. Substituted by Act 4 of 1988, Section 127, for "a Wealth-tax
Officer" w.e.f. 1-4-1988.

Section 14 - Return of Wealth

1[(1) Every person, if his net wealth or the net wealth of any other
person in

respect of which he is assessable under this Act on the valuation date
exceeded the

maximum amount which is not chargeable to wealth-tax, shall, on or
before the due

date, furnish a return of his net wealth or the net wealth of such
other person as on

that valuation date in the prescribed form and verified in the
prescribed manner

setting forth particulars of such net wealth and such other particulars
as may be

prescribed.

Explanation . - In this sub- section , "due date" in relation to an
assessee under

this Act shall be the same date as that applicable to an assessee under
the

Income-tax Act under the Explanation to sub-section (1) of section
139 of the

Income-tax Act.

(2) Notwithstanding anything contained in any other provision of
this Act, a return

of net wealth which shows the net wealth below the maximum amount which is not

chargeable to tax shall be deemed never to have been furnished:

Provided that this sub-section shall not apply to a return furnished in response

to a notice under section 17.]

2[*****]

1. Substituted by Act 4 of 1988, Section 133(a) w.e.f. 1-4-1989.

2. Sub-section (3) omitted by Act 4 of 1988, Section 133 (b) w.e.f. 1-4-1989.

Section 15 - Return after due date and amendment of return

1[15. Return after due date and amendment of return

If any person has not furnished a return within the time allowed under sub-section (1) of

section 14 or under a notice issued under clause (i) of sub-section (4) of section 16, or

having furnished a return discovers any omission or wrong statement therein, he may

furnish a return or a revised return, as the case may be, at any time before the expiry of

one year from the end of the relevant assessment year or before the completion of the

assessment, whichever is earlier:

Provided that-

(a) where such return or revised return relates to the assessment year commencing on

the 1st day of April, 1987, or any earlier assessment year, it may be furnished at any time

upto and inclusive of the 31st day of March, 1990, or before the completion of the

assessment, whichever is earlier;

29

(b) where such return or revised return relates to the assessment year commencing on

the 1st day of April, 1988, it may be furnished at any time upto and inclusive of the 31st

day of March, 1991, or before the completion of the assessment, whichever is earlier.]

1. Substituted by Act 4 of 1988, Section 134 w.e.f. 1-4-1989.

Section 15A - Return by whom to be signed

1 [15A. Return by whom to be signed. -

The return made under section 14 or section 15 shall be signed and verified -

2 [(a) in the case of an individual, -

(i) by the individual himself;

(ii) where he is absent from India, by the individual himself or by some

person duly authorised by him in this behalf;

(iii) where he is mentally incapacitated from attending to his affairs, by his

guardian or any other person competent to act on his behalf; and

(iv) where, for any other reason, it is not possible for the individual to sign

the return, by any person duly authorised by him in this behalf:

Provided that

in a case referred to in sub-clause (ii) or sub-clause (iv), the person signing

the return holds a valid power of attorney from the individual to do so, which

shall be attached to the return;]

(b) in the case of a Hindu undivided family, by the karta, and, where the karta

is absent from India or is mentally incapacitated from attending to his affairs,

by any other adult member of such family; and

3 [(c) in the case of a company, by the managing director thereof, or where for

any unavoidable reason such managing director is not able to sign and verify

thereturn or where there is no managing director, by any director thereof:]]

4 [Provided that where the company is not resident in India, the return may

besigned and verified by a person who holds a valid power of attorney from

suchcompany to do so, which shall be attached to the return:

Providedfurther that, -

(a)where the company is being wound up, whether under theorders of the

court or otherwise, or where any person has been appointed as

thereceiver of any assets of the company, the return shall be signed and

verifiedby the liquidator referred to in sub-section (1) of section 178 of

theIncome-tax Act;

(b)where the management of the company has been taken over bythe

Central Government or any State Government under any law, the return of

thecompany shall be signed and verified by the principal officer thereof.]

1.Inserted by Act 46 of 1964, Section 15 w.e.f. 1-4-1965.

2.Substituted by Act 4 of 1988, Section 135 (i) w.e.f 1-4-1989.

3.Substituted by Act 41 of 1975, Section 88 w.e.f. 1-4-1976.

30

4.Inserted by Act 4 of 1988, Section 135(ii) w.e.f. 1-4-1989.

Section 15B - Self-assessment

1[15B. Self-assessment

(1) Where any tax is payable on the basis of any return furnished under section 14

or section 15 or in response to a notice under clause (i) of sub-section (4) of

section 16 or under section 17, after taking into account the amount of tax, if any,

already paid under any provision of this Act, the assessee shall be liable to pay such

tax, together with interest payable under any provision of this Act for any delay in

furnishing the return, before furnishing the return and the return shall be

accompanied by proof of payment of such tax and interest.

Explanation. -Where the amount paid by the assessee under this sub-section

falls short of the aggregate of the tax and interest as aforesaid, the amount so

paid shall first be adjusted towards the interest payable as aforesaid and the

balance, if any, shall be adjusted towards the tax payable.

(2) After the regular assessment under section 16 has been made, any amount paid

under sub-section (1) shall be deemed to have been paid towards such regular

assessment.

(3) If any assessee fails to pay the whole or any part of such tax or interest or

both in accordance with the provisions of sub-section (1), he shall, without

prejudice to any other consequences which he may incur, be deemed to be an

assessee in default in respect of the tax or interest or both remaining unpaid and all

the provisions of this Act shall apply accordingly.]

2[(4) The provisions of this section as they stood immediately before their

amendment by the Direct Tax Laws (Amendment) Act, 1987 (4 of 1988), shall

apply to and in relation to any assessment for the assessment year commencing on

the 1 st day of April, 1988 , or any earlier assessment year and references in this

section to the other provisions of this Act shall be construed as references to those

provisions as for the time being in force and applicable to the relevant assessment

year.]

3[*****]

1. Substituted by Act 4 of 1988, Section 136 w.e.f. 1-4-1989.

2. Inserted by Act 36 of 1989, Section 27 w.e.f. 1-4-1989.

3. Section 15C omitted by Act 4 of 1988, Section 137 w.e.f. 1-4-1989.
Earlier section

15C was Inserted by Act 46 of 1964, Section 15 w.e.f. 1-4-1965.

Section 16 - Assessment

1 [16. Assessment

2 [(1) Where a return has been made under 14 or section 15 or in response to a

notice under clause (i) of sub-section (4), -

(i) if any tax or interest is found due on the basis of such return, after adjustment of any amount paid by way of tax or interest, then, without prejudice

to the provisions of sub-section (2), an intimation shall be sent to the assessee

specifying the sum so payable and such intimation shall be deemed to be a

notice of demand issued under section 30 and all the provisions of this Act shall

apply accordingly; and

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(ii) if any refund is due on the basis of such return, it shall be granted to the

assessee and an intimation to this effect shall be sent to the assessee:

Provided that except as otherwise provided in this sub-section, the

acknowledgement of the return shall be deemed to be intimation under this

sub-section where either no sum is payable by the assessee or no refund is

due to him:

Provided further that no intimation under this sub-section shall be sent after

the expiry of two years from the end of the assessment year in which the net

wealth was first assessable.]

3 [*****]

4 [*****](2) 5 [Where a return has been made under section 14 or section 15, or in

response to a notice under clause (i) of sub-section (4) of this section, the

Assessing Officer shall, if he] considers it necessary or expedient to ensure that the

assessee has not understated the net wealth or has not under-paid the tax in any

manner 6 [serve on the assessee] a notice requiring him, on a date to be specified

therein, either to attend at the office of the Assessing Officer or to produce, or

cause to be produced there, any evidence on which the assessee may rely in

support of the return:

7 [Provided that no notice under this sub-section shall be served on the assessee

after the expiry of twelve months from the end of the month in which the return

is furnished.]

(3) On the day specified in the notice issued under sub-section (2) or as soon

afterwards as may be, after hearing such evidence as the assessee may produce and

such other evidence as the Assessing Officer may require on specified points, and

after taking into account all relevant material which he has gathered,
the Assessing

Officer shall, by order in writing, assess the net wealth of the assessee
and

determine the sum payable by him on the basis of such assessment.

(4) For the purposes of making an assessment under this Act, the
Assessing Officer

may serve, on any person who has made a return under section 14 or
section 15 or

in whose case the time allowed under sub-section (1) of section 14
for furnishing

the return has expired, a notice requiring him, on a date to be
specified therein-

(i) where such person has not made a return 8 [within the time
allowed under

sub-section (1) of section 14] to furnish a return of his net wealth or
the net

wealth of any other person in respect of which he is assessable under
this Act on

the valuation date, in the prescribed form and verified in the
prescribed manner,

setting forth the particulars of such net wealth and such other
particulars as may

be prescribed, or

(ii) to produce or cause to be produced such accounts, records or
other

documents as the Assessing Officer may require.

(5) If any person -

(a) fails to make the return required under sub-section (1) of section
14 and has

not made a return or a revised return under section 15, or

(b) fails to comply with all the terms of a notice issued under sub-
section (2) or

sub-section (4),

the Assessing Officer, after taking into account, all relevant material
which he has

gathered, shall, after giving such person an opportunity of being heard, estimate the

net wealth to the best of his judgment and determine the sum payable by the

person on the basis of such assessment:

Provided that such opportunity shall be given by the Assessing Officer by

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serving a notice calling upon the person to show cause, on a date and time to be

specified in the notice, why the assessment should not be completed to the best

of his judgment:

Provided further that it shall not be necessary to give such opportunity in a case

where a notice under sub-section (4) has been issued prior to the making of the

assessment under this sub-section.]

9 [(6) Where a regular assessment under sub-section (3) or sub-section (5) is

made-

(a) any tax or interest paid by the assessee under sub-section (1) shall be

deemed to have been paid towards such regular assessment.

(b) if no refund is due on regular assessment or the amount refunded under

sub-section (1) exceeds the amount refundable on regular assessment, the

whole or the excess amount so refunded shall be deemed to be tax payable by

the assessee and the provisions of this Act shall apply accordingly.]

10 [*****]

11 [*****]

1. Substituted by Act 4 of 1988, Section 138 w.e.f. 1-4-1989.

2. Substituted by Act 27 of 1999, Section 92(a), for sub-section (1) w.r.e.f. 1-6-1999.
 3. Sub-section (1A) Inserted by Act 3 of 1989, Section 64(b) w.e.f. 1-4-1989 and omitted by Act 27 of 1999,
Section 92(b) w.e.f. 1-6-1999.
 4. Sub-section (1B) Inserted by Act 12 of 1990, Section 54(a) w.r.e.f. 1-4-1989 and omitted by Act 27 of 1999,
Section 92(c) w.e.f. 1-6-1999.
 5. Substituted by Act 36 of 1989, Section 28(c)(i) for "In a case referred to in sub-section (1), if the Assessing Officer" w.e.f. 1-4-1989.
 6. Substituted by Act 36 of 1989, Section 28(c)(ii), for "he shall serve on the assessee" w.e.f. 1-4-1989.
 7. Substituted by Act 49 of 1991, Section 74(a) w.e.f. 1-10-1991.
 8. Substituted by Act 12 of 1990, Section 54(b), for "before the end of the relevant assessment year" w.e.f. 1-4-1990.
 9. Inserted by Act 36 of 1989, Section 28(d) w.e.f. 1-4-1989.
 10. Sub-section (7) Inserted by Act 36 of 1989, Section 28(d) w.e.f. 1-4-1989 and omitted by Act 27 of 1999,
Section 92(d) w.e.f. 1-6-1999.
 11. Explanation Inserted by Act 49 of 1991, Section 74(b) w.e.f. 1-10-1991 and omitted by Act 27 of 1999,
Section 92(e) w.e.f. 1-6-1999.
- Section 16A - Reference to Valuation Officer
- 1 [16A. Reference to Valuation Officer
- (1) For the purpose of making an assessment (including an assessment in respect of any assessment year commencing before the date of coming into force of this section) under this Act, 2 [where under the provisions of section 7 read with the rules made under this Act or, as the case may be, the rules made in Schedule III, the market value of any asset is to be taken into account in such assessment,] the 3

[Assessing Officer] may refer the valuation of any asset to a Valuation Officer -

(a) in a case where the value of the asset as returned is in accordance with the

estimate made by a registered valuer, if the 3 [Assessing Officer] is of opinion

that the value so returned is less than its fair market value;

(b) in any other case, if the 3 [Assessing Officer] is of opinion -

(i) that the fair market value of the asset exceeds the value of the asset as

returned by more than such percentage of the value of the asset as returned

or by more than such amount as may be prescribed in this behalf; or

(ii) that having regard to the nature of the asset and other relevant circumstances, it is necessary so to do.

(2) For the purpose of estimating the value of any asset in pursuance of a reference

under sub-section (1), the Valuation Officer may serve on the assessee a notice

requiring him to produce or cause to be produced on a date specified in the notice

such accounts, records or other documents as the Valuation Officer may require.

(3) Where the Valuation Officer is of opinion that the value of the asset has been

correctly declared in the return made by the assessee under section 14 or section

15, he shall pass an order in writing to that effect and send a copy of his order to

the 3 [Assessing Officer] and to the assessee.

(4) Where the Valuation Officer is of opinion that the value of the asset is higher

than the value declared in the return made by the assessee under section 14 or

section 15, or where the asset is not disclosed or the value of the asset is not

declared in such return or where no such return has been made, the Valuation

Officer shall serve a notice on the assessee intimating the value which he proposes

to estimate and giving the assessee an opportunity to state, on a date to be

specified in the notice, his objections either in person or in writing before the

Valuation Officer and to produce or cause to be produced on that date such

evidence as the assessee may rely in support of his objections.

(5) On the date specified in the notice under sub-section (4), or as soon thereafter

as may be, after hearing such evidence as the assessee may produce and after

considering such evidence as the Valuation Officer may require on any specified

points and after taking into account all relevant material which he has gathered, the

Valuation Officer shall, by order in writing, estimate the value of the asset and send

a copy of his order to the 3 [Assessing Officer] and to the assessee.

(6) On receipt of the order under sub-section (3) or sub-section (5) from the

Valuation Officer, the 3 [Assessing Officer] shall, so far as the valuation of the asset

in question is concerned, proceed to complete the assessment in conformity with

the estimate of the Valuation Officer]

1. Inserted by Act 45 of 1972, Section 10 w.e.f. 1-1-1973.

2. Inserted by Act 3 of 1989, Section 65 w.e.f. 1-4-1989.

3. Substituted by Act 4 of 1988, Section 127, for "Wealth-tax Officer" w.e.f. 1-4-1988.

Section 17 - Wealth escaping assessment

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17. Wealth escaping assessment

1 [(1)If the Assessing Officer 2 [has reason to believe] that the net wealth chargeable to tax

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in respect of

which any person is assessable under this Act has escaped assessment for any assessment

year (whether by reason of under-assessment or assessment at too low a rate or otherwise],

he may, subject to the other provisions of this section and section 17A, serve on such person

a notice requiring him to furnish within such period, 3 [***], as maybe specified in the

notice, a return in the prescribed form and verified in

the prescribed manner setting forth the net wealth in respect of which such person is

assessable as on the valuation date mentioned in the notice, along with such other

particulars as may be required by the notice, and may proceed to assess or reassess such net

wealth and also any other net wealth chargeable to tax in respect of which such person is

assessable, which has escaped assessment and which comes to his notice subsequently in the

course of the proceedings under this section for the assessment year concerned (hereafter in

this section referred to as the relevant assessment year), and the provisions of this Act shall,

so far as maybe, apply as if the return were a return required to be furnished under

section14:

Provided that where an assessment under sub-section (3) of section 16 or this section

has been made, for the relevant assessment year, no action shall be taken under this

section after the expiry of four years from the end of the relevant assessment year,

unless any net wealth chargeable to tax has escaped assessment for such assessment

year by reason of the failure on the part of the assessee to make a return under

section 14 or section 15 or in response to a notice issued under sub-section (4) of section

16 or this section or to disclose fully and truly all material facts necessary for his

assessment for that assessment year:

4 [Provided further that the Assessing Officer shall, before issuing any notice under this

sub-section,

record his reasons for doing so.]

10[Provided also that the Assessing Officer may assess or reassess such net

wealth, other than the net wealth which is the subject matter of any appeal,

reference or revision, which is chargeable to tax and has escaped assessment.]

Explanation.- Production before the Assessing Officer of account books or other evidence

from which material evidence could with due diligence have been discovered by the

Assessing Officer will not necessarily amount to disclosure within the meaning of the

foregoing proviso.]

(1A) No notice under sub-section (1) shall be issued for the relevant assessment year, -

5 [(a) if four years have elapsed from the end of the relevant assessment year, unless

the case falls

under clause (b);

(b) if four years, but not more than six years, have elapsed from the end of the

relevant assessment year, unless the net wealth chargeable to tax which has escaped

assessment amounts to or is likely to amount to rupees ten lakhs or more for that

year.]

Explanation.- For the purposes of sub-section (1) and sub-section (1A), the following

shall also be deemed to be cases where net wealth chargeable to tax has escaped

assessment, namely: -

(a) where no return of net wealth has been furnished by the assessee although his

net wealth or the net wealth of any other person in respect of which he is assessable

under this Act on the valuation date exceeded the maximum amount which is not

chargeable to wealth-tax;

(b) where a return of net wealth has been furnished by the assessee but no

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assessment has been made and it is noticed by the Assessing Officer that the assessee

has understated the net wealth or has claimed excessive exemption or deduction in

the return.

(1B) (a) In a case where an assessment under sub-section (3) of section 16 or sub-section

(1) of this section has been made for the relevant assessment year, no notice shall be

issued under sub-section (1) 6 [by an Assessing Officer, who is below the rank of

Assistant Commissioner or Deputy Commissioner, unless the 7 [Joint Commissioner] is

satisfied on the reasons recorded by such Assessing

Officer that it is a fit case for the issue of such notice]:

Provided that after the expiry of four years from the end of the relevant assessment

year, no such notice shall be issued unless the Chief Commissioner or Commissioner

is satisfied, on the reasons recorded by the Assessing Officer aforesaid, that it is a fit

case for the issue of such notice.

(b) In a case other than a case falling under clause (a), no notice shall be issued

under sub-section (1) by an Assessing Officer, who is below the rank of

30[Joint Commissioner], after the expiry of four years from the end of the relevant

assessment year, unless the 30[Joint Commissioner] is satisfied, on the reasons

recorded by such Assessing Officer, that it is a fit case for the issue of such notice.]

11[Explanation.--For the removal of doubts, it is hereby declared that the

Joint Commissioner, the

Commissioner or the Chief Commissioner, as the case may be, being satisfied

on the reasons recorded by the Assessing Officer about fitness of a case for

the issue of notice, need not issue such notice himself.]

8 [(2) Nothing contained in this section limiting the time within which any proceeding for

assessment or

reassessment maybe commenced, shall apply to an assessment or reassessment to be

made on such person in consequence of or to give effect to any finding or direction

contained in an order under section 23, 24, 25, 27 or 29 3 [or by a court in any

proceedings under any other law]:

Provided that the provisions of this sub-section shall not apply in any case where any

such assessment or reassessment relates to an assessment year in respect of which
an assessment or reassessment could not have been made at the time the order
which was the subject-matter of the appeal, reference or revision, as the case may
be, was made by reason of any provision limiting the time within which any action for
assessment of reassessment may be taken.]

-
- 1.Substituted by Act 4 1988, Section 139(a) w.e.f. 1-4-1989.
 - 2.Substituted by Act 3 of 1989, Section 66(a), for "for reasons to be recorded by him in writing, is of the opinion"
w.e.f. 1-4-1989.
 3. Words "nothing less than thirty days" omitted by the Finance Act, 2003 w.e.f. 01.04.1989
 - 4.Inserted by Act 3 of 1989, Section 66(b) w.e.f. 1-4-1989.
 - 5.Substituted by the Finance Act, 2001 w.e.f. 01-06-2001
 - 6.Substituted by Act 12 of 1990, Section 55 w.e.f. 1-4-1990 and Substituted by Act 21 of 1998 w.e.f. 1-10-1998.
 - 7.Substituted by Act 21 of 1998 w.e.f. 1-10-1998.
 - 8.Inserted by Act 46 of 1964, Section 17(b) w.e.f. 1-4-1965.

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- 9.Inserted by Act 4 of 1988, Section 139(b) w.e.f. 1-4-1989.
10. Inserted by the Finance Act, 2008.
11. Inserted by the Finance Act, 2008 w.e.f. 1st day of October, 1998.

Section 17A - Time-limit for completion of assessment and reassessment

- 1[17A. Time-limit for completion of assessment and reassessment
- 2[(1) No order of assessment shall be made under section 16 at any time after the
expiry of two years from
the end of the assessment year in which the net wealth was first assessable:

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3[Provided that,-

(a) where the net wealth was first assessable in the assessment year commencing on the 1st day of April, 1987, or any earlier assessment year,

such assessment may be made on or before the 31st day of March, 1991;

(b) where the net wealth was first assessable in the assessment year commencing on the 1st day of

April, 1988, such assessment may be made on or before the 31st day of

March, 1992.]

15[Provided further that in case the assessment year in which the net wealth

was first assessable is

the assessment year commencing on the 1st day of April, 2004 or any subsequent year, the provisions of this sub-section shall have effect as if for

the words "two years", the words "twenty-one months" had been substituted.]

(2) No order of assessment or reassessment shall be made under section 17 after

the expiry of⁴[one year]

from the end of the financial year in which the notice under sub-section (1) of that

section was served:

5[Provided that where the notice under sub-section (1) of section 17 was served

on or the 1st day of

April, 1999, but before the 1st day of April, 2000, such assessment or reassessment may be made at any time up to the 31st day of March, 2002.]

15[Provided further that where the notice under sub-section (1) of section 17

was served on or after

the 1st day of April, 2005, the provisions of this sub-section shall have effect as

if for the words "one year", the words "nine months" had been substituted.]

6[*****]

(3) Notwithstanding anything contained in sub-sections (1) and (2), an order of

fresh assessment in pursuance of an order passed on or after the 1st day of April,

1975, under section 7[23A], section 24 or section 25, setting aside or cancelling an

assessment, may be made at any time before the expiry of 8[two years] from the

end of the financial year in which the order under section 7[23A] or section 24 is

received by the 9[Chief Commissioner or Commissioner] or, as the case may be, the

order under section 25 is passed by

the Commissioner:

10[Provided that where the order under Section 23A or section 24 is received by

the Chief Commissioner

or Commissioner or, as the case may be, the order under section 25 is passed by

the Commissioner on or after the 1st day of April, 1999 but before the 1st day of

April, 2000, such an order of fresh assessment may be made at any time up to

the 31st day of March, 2002.]

15[Provided further that where the order under Section 23A or section 24 is

received by the Chief

Commissioner or Commissioner or, as the case may be, the order under section

25 is passed by the Commissioner, on or after the 1st day of April, 2005, the

provisions of this subsection shall have effect as if for the words "one year", the

words "nine months" had been substituted.]

(4) The provisions of sub-sections (1) and (2) shall not apply to the assessment or

reassessment made on the assessee or any other person in consequence of, or to

give effect to, any finding or direction contained in an order under section 23,

section 24, section 25, Section 27 or section 29 or in an order of any court in a

proceeding otherwise than by way of appeal or reference under this Act, and such

assessment or reassessment may, subject to the provisions of sub-section (3), be

completed at any time.

Explanation 1. -In computing the period of limitation for the purposes of this

section-

(i) the time taken in reopening the whole or any part of the proceeding or in

giving an opportunity to the assessee to be reheard under the proviso to section

39, or

(ii) the period during which the assessment proceeding is stayed by an order or

injunction of any court, or

11[(iia) the period (not exceeding sixty days) commencing from the date on

which the12[Assessing

Officer] received the declaration under sub-section (1) of section 18C and

ending with the date on which the order under sub-section (3) of that section is

made by him, or]

(iii) in a case where an application made before the Wealth-tax Settlement

Commissioner under section 22C is rejected by it or is not allowed to be

proceeded with by it, the period commencing from the date on which such

application is made and ending with the date on which the order under

sub-section (1) of section 22D is received by the¹³[Chief Commissioner or

Commissioner] under sub-section (2) of that

section, shall be excluded:

14[Provided that where immediately after the exclusion of the aforesaid time

or period, the period of

limitation referred to in sub-sections (1), (2) and (3) available to the

Assessing Officer, for making an order of assessment or reassessment, as the

case may be, is less than sixty days, such remaining period shall be extended

to sixty days and the aforesaid period of limitation shall be deemed to be

extended accordingly.]

16[Provided further that where a proceeding before the Settlement Commission abates under section

22HA, the period of limitation referred to in this section available to the

Assessing Officer for making an order of assessment or reassessment, as the

case may be, shall, after the exclusion of the period under sub-section (4) of

section 22HA, be not less than one year; and where such period of limitation

is less than one year, it shall be deemed to have been extended to one year.]

Explanation2. -Where, by an order referred to in sub-section (4), any asset is

excluded from the net wealth of one person and held to be the asset of another

person, then, an assessment in respect of such asset on such other person shall, for

the purposes of sub-section (2) of section 17 and this section, be deemed to be one

made in consequence of, or to give effect to, any finding or direction, contained in

the said order, provided such other person was given an opportunity of being heard

before the said order was passed.]

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1. Inserted by Act 41 of 1975, Section 90 w.e.f. 1-1-1976.

2. Substituted by Act 4 of 1988, Section 140(a) w.e.f. 1-4-1989.

3. Substituted by Act 13 of 1989, sec 28 w.e.f. 1-4-1989.

4. Substituted for "two years" by the Finance Act, 2001, w.e.f. 01-06-2001.

5. Substituted by the Finance Act, 2001, w.e.f. 01-06-2001.

6. Omitted by the Finance Act, 2001, w.e.f. 01-06-2001.

7. Substituted for "23" by the Finance Act, 2001, w.e.f. 01-06-2001.

8. Substituted by Act 4 of 1988, Section 140(b((i), for "four years" w.e.f. 1-4-1989.

9. Substituted by Act 4 of 1988, Section 127, for "Commissioner" w.e.f. 1-4-1988.

10. Substituted by the Finance Act, 2001 w.e.f. 01-06-2001.

11. Inserted by Act 67 of 1984, Section 56 w.e.f. 1-10-1984.

12. Substituted by Act 4 of 1988, Section 127, for "Wealth-tax Officer" w.e.f.

1-4-1988.

13. Substituted by Act 4 of 1988, Section 127 for "Commissioner" w.e.f. 1-4-1988.

14. Inserted by Act 49 of 1991, Section 75 w.e.f. 27-9-1991.
15. Inserted by the Finance Act, 2006, w.e.f. 01.06.2006.
16. Inserted by the Finance Act, 2008, w.e.f. 1st day of June, 2007.

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Section 17B - Interest for defaults in furnishing return of net wealth

1 [17B. Interest for defaults in furnishing return of net wealth

(1) Where the return of netwealth for any assessment year under sub-section (1) of

section 14 or section 15, or in response to a notice under clause (i) of sub-section (4)

of section 16, is furnished after the due date, or is not furnished, the assessee shall

be liable to pay simple interest at the rate of 2 [one per cent] two per cent, for every

month or part of a month comprised in the period commencing on the

date immediately following the due date, and,-

(a) where the return is furnished after the due date, ending on the date

of furnishing of the return, or

(b) where no return has been furnished, ending on the date of completion of

the assessment under sub-section (5) of section 16, on the amount of tax payable

on the net wealth as determined under sub-section (1) of section 16 or] on

regular assessment.

Explanation 1.- In this section, "due date" means the date specified in sub-section

(1) of section 14 as applicable in the case of the assessee.

4 [Explanation 2.- In this sub-section, "tax payable on the net wealth as determined under sub-section (1) of section 16" shall not include the additional

wealth-tax, if any, payable under section 16.]

Explanation 3.-Where, in relation to an assessment year, an assessment is made for the first time under section 17, the assessment so made shall be regarded as a regular assessment for the purposes of this section.

5 [Explanation 4.-In this sub-section, "tax payable on the net wealth as determined under sub-section (1) of section 16 or on regular assessment" shall, for the purposes of computing the interest payable under section 15B, be deemed to be tax payable on the net wealth as declared in the return.]

(2) The interest payable under sub-section (I) shall be reduced by the interest, if any, paid under section 15B towards the interest chargeable under this section.

(3) Where the return of net wealth for any assessment year, required by a notice under sub-section (I) of section 17 issued 6 [after the determination of net wealth under sub-section (1) of section 16 or] after the completion of an assessment under sub-section (3) or sub-section (5) of section 16 or section 17 is

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furnished after the expiry of the time allowed under such notice, or is not furnished, the assessee shall be liable to pay simple interest at the rate of 2 [one] per cent, for every month or part of a month comprised in the period commencing on the day immediately following the expiry of the time allowed as aforesaid, and,-

(a) where the return is furnished after the expiry of the time aforesaid, ending on the date of furnishing the return; or

(b) where no return has been furnished, ending on the date of completion of the reassessment under section 17, on the amount by which the tax on the net wealth determined on the basis of such reassessment exceeds the tax on the net wealth as determined 7 [under sub-section (1) of section 16 or] on the basis of the earlier assessment aforesaid.

8 [*****]

(4) Where, as a result of an order under section 23 or section 24 or section 25 or section 27 or section 29 or section 35 or any order of the Wealth-tax Settlement Commissioner under sub-section (4) of section 22D, the amount of tax on which interest was payable under this section has been increased or reduced, as the case may be, the interest shall be increased or reduced accordingly, and, -
(i) in a case where the interest is increased, the Assessing Officer shall serve on the assessee a notice of demand in the prescribed form specifying the sum payable, and such notice of demand shall be deemed to be a notice under section 30 and the provisions of this Act shall apply accordingly, and
(ii) in a case where the interest is reduced, the excess interest paid, if any, shall be refunded.

(5) The provisions of this section shall apply in respect of assessments for the assessment year commencing on the 1st day of April, 1989 and subsequent assessment years.]

1. Inserted by Act 4 of 1988, Section 141 w.e.f. 1-4-1989.

2.Substitutedfor "one and one-fourth" by TheTaxation Laws
(Amendment) Act, 2003 (54 of 2003) w.e.f

08.09.2003

3.Inserted by Act 3 of 1989, Section 67(a)(i) w.e.f. 1-4-1989.

4.Substituted by Act 3 of 1989, Section 67(a)(ii) w.e.f. 1-4-1989.

5.Inserted by Act 3 of 1989, Section 67(A)(iii) w.e.f. 1-4-1989.

6.Inserted by Act 3 of 1989, Section 67(b)(i) w.e.f. 1-4-1989.

7.Inserted by Act 3 of 1989, Section 67(b)(ii) w.e.f. 1-4-1989.

8.Explanation omitted by Act 3 of 1989, Section 67(b)(iii) w.e.f. 1-4-
1989.

Section 18 - Penalty for failure to furnish returns, to comply with
notices and concealment

of assets, etc.

1 [18.Penalty for failure to furnish returns, to comply with notices
and concealment of

assets, etc.

(1) If the 2 [Assessing Officer], 3 [Joint Commissioner (Appeals)], 4
[Commissioner

(Appeals),]5

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[Chief Commissioner or Commissioner] or Appellate Tribunal in the
course of any

proceedings under this Act is satisfied that any person -

6 (a)[*****]

(b) has 7 [*****] failed to comply with a notice under sub-section(2)
or

sub-section (4) of section 16; or

(c) has concealed the particulars of any assets or furnished
inaccurate

particulars of any assets or

debts; he or it may, by order in writing, direct that such person shall
pay by way

of penalty-

(i)8 [*****]

9 [(ii) in the cases referred to in clause (b), in addition to the amount of

wealth-tax payable by him, a

sum which shall not be less than one thousand rupees but which may extend

to twenty-five thousand rupees for each such failure;]

(iii) in the cases referred to in clause (c), in addition to any wealth-tax

payable by him, a sum which shall not be less than, but which shall not

exceed five times, the amount of tax sought to be evaded by reason of the

concealment of particulars of any assets or the furnishing of inaccurate

particulars in respect of any assets or debts:

10 [Provided that in the cases referred to in clause (b), no penalty shall be

imposable if the person

proves that there was a reasonable cause for the failure referred to in that

clause.]

Explanation1. -For the purposes of clause (iii) of this sub-section, the expression

"the amount of tax sought to be evaded"-

(a) in a case to which Explanation 3 applies, means the tax on the net wealth

assessed;

(b) in any other case, means the difference between the tax on the net wealth

assessed and the tax that would have been chargeable had the net wealth

assessed been reduced by the amount which represents the value of any

assets in respect of which particulars have been concealed or inaccurate

particulars have been furnished and of any debts in respect of which

inaccurate particulars have been furnished.

Explanation 2. -Where in respect of any facts material to the computation of the

net wealth of any person under this Act,-

(A) such person fails to offer an explanation or offers an explanation which is

found by the 11

[Assessing Officer] or the 12 [Deputy Commissioner (Appeals)] 13 [or the

Commissioner (Appeals)], 14

[or the commissioner] to be false, or

(B) such person offers an explanation which he is 15 [notable to substantiate

and fails to prove that

such explanation is bona fide and that all the facts relating to the same and

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material to the computation of his net wealth have been disclosed by him,]

then, the amount added or disallowed in computing the net wealth of such

person as a result thereof shall, for the purposes of clause (c) of this

sub-section, be deemed to represent the value of the assets in respect of

which particulars have been concealed.

16 [*****]

17 [Explanation3.-Where any person 18 [***] fails, without reasonable cause, to

furnish within the period

specified in sub-section (1) of section 17A, a return of his net wealth which he is

required to furnish under section 14 in respect of any assessment year

commencing on or after the 1st day of April, 1989, and until the expiry of the

period aforesaid, no notice has been issued to him under clause (i) of sub-section (4) of section 16 or sub-section (1) of section 17 and the Assessing

Officer or the Deputy Commissioner] (Appeals) or the Commissioner (Appeals)

is satisfied that in respect of such assessment year such person has assessable

net wealth, the such person shall, for the purposes of clause (c) of this sub-section, be deemed to have concealed the particulars of his assets or

furnished inaccurate particulars of any assets" or debts in respect of such

assessment year, notwithstanding that such person furnishes a return of his net

wealth at any time after the expiry of either of the periods aforesaid applicable

to him in pursuance of a notice under section 17.]

Explanation 4.-Where the value of any asset returned by any person is less than

seventy per cent, of the value of such asset as determined in an assessment

under section 16 or section 17, such person shall be deemed to have furnished

inaccurate particulars of such asset within the meaning of clause (c) of this

sub-section, unless he proves that the value of the asset as returned by him is

the correct value.]

19 [Explanation 5. -Wherein the course of a search under section 37A, the

assessee is found to be the owner of any money, bullion, jewellery or other

valuable article or thing (hereafter in this Explanation referred to as assets) and

the assessee claims that such assets represent or form part of his net wealth, -

(a) on any valuation date falling before the date of the search, but the return

in respect of the net wealth on such date has not been furnished before the

date of the search or, where such return has been furnished before the said

date, such assets have not been declared in such return; or

(b) on any valuation date falling on or after the date of the search, then,

notwithstanding that such assets are declared by him in any return of net

wealth furnished on or after the date of the search, he shall, for the purposes

of imposition of a penalty under clause (c) of sub-section (1) of this section,

be deemed to have concealed the particulars of such assets or furnished

inaccurate particulars of such assets,²⁰ [unless-

(1) such assets are recorded, -

(i) in a case falling under clause (a), before the date of the search; and
(ii)

in a case falling under clause (b), on or before such date,

in the books of account, if any, maintained by him or such assets are otherwise disclosed to the ²¹

[Chief Commissioner or Commissioner] before the said date; or
(2) he, in

the course of the search, makes a statement under sub-section (4) of section 37A that any money, bullion, jewellery or other valuable article or

thing found in his possession or under his control, forms part of his net

wealth which has not been disclosed so far in his return on net wealth to

be furnished before the expiry of the time specified in sub-section (1) of

section 14, and also specifies in the statement the manner in which such

net wealth has been acquired and pays the tax, together with interest, if

any, in respect of such net wealth].]

22 [Explanation6. -Where any adjustment is made in the wealth declared in the

return under the proviso

to clause (a) of sub-section (1) of section 16 and additional wealth-tax charged

under that section, the provisions of this sub-section shall not apply in relation

to the adjustments so made.]

23 [****]

33[(1A) Where any amount is added or disallowed in computing the net wealth of

an assessee in any order

of assessment or reassessment and the said order contains a direction for initiation

of penalty proceedings under clause (c) of sub-section (1), such an order of

assessment or reassessment shall be deemed to constitute satisfaction of the

Assessing Officer for initiation of the penalty proceedings under the said clause

(c).]

(2) No order shall be made under sub-section (1) unless the person concerned has

been given a reasonable opportunity of being heard.

2A and 2B 24 [****]

25 [26 [(3) No order imposing a penalty under sub-section (1) shall be made,-

(i) by the Income-tax Officer, where the penalty exceeds ten thousand rupees;

(ii) by the Assistant Commissioner, where the penalty exceeds twenty thousand rupees except with the prior approval of the Deputy Commissioner.]

*27 3A [****]

(4) A 28 [Deputy Commissioner (Appeals)], 29 [a Commissioner (Appeals),] a 30

[Chief Commissioner or

Commissioner] or the Appellate Tribunal on making an order under this section

imposing a penalty, shall forthwith send a copy of the same to the 31 [Assessing Officer].

32 [(5)No order imposing a penalty under this section shall be passed-

(i) in a case where the assessment to which the proceedings for imposition of

penalty relate is the subject-matter of an appeal to the Joint Commissioner

(Appeals) or the Commissioner (Appeals) under section 23 or an appeal to the

Appellate Tribunal under sub-section (2) of section 24,after the expiry of the

financial year in which the proceedings, in the course of which action for the

imposition of penalty has been initiated are completed, or six months from the

end of the month in which the order of the Joint Commissioner (Appeals) or the

Commissioner (Appeals) or, as the case may be, the Appellate Tribunal is

received by the Chief Commissioner or Commissioner, whichever is later;

(ii) in a case where the relevant assessment is the subject-matter of revision

under sub-section (2) of section 25,after the expiry of six months from the end of

the month in which such order or revision is passed;

(iii) in any other case, after the expiry of the financial year in which the

proceedings, in the course of which action for the imposition of penalty has been

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initiated, are completed, or six months from the end of the month in which

action for imposition of penalty is initiated, whichever period expires later.

Explanation. -In computing the period of limitation for the purpose of this

section, -

(i) any period during which the immunity granted under section 22H remained in force;

(ii) the time taken in giving an opportunity to the assessee to be reheard

under the proviso to section 39; and

(iii) any period during which a proceeding under this section for the levy of

penalty is stayed by an order or injunction of any court,

shall be excluded.

(6) The provisions of this section as they stood immediately before their

amendment by the Direct Tax Laws (Amendment) Act 1989, shall apply to and in

relation to any assessment for the assessment year commencing on the 1st day of

April, 1988, or any earlier assessment year and references in this section to the

other provisions of this Act shall be construed as references to those provisions as

for the time being in force and applicable to the relevant assessment year.]

1.Substitutedby Act 46 of 1964, Section 18 w.e.f. 1-4-1965.

2. Substituted by Act 4 of 1988, Section 127, for "Wealth-tax Officer" w.e.f. 1-4-1988.
3. Substituted by Act 4 of 1988, Section 127, and Substituted by Act 21 of 1998 w.e.f. 1-10-1998.
4. Inserted by Act 29 of 1977, Section 39 and Schedule V w.e.f. 10-7-1978.
5. Substituted by Act 4 of 1988, Section 127, for "Commissioner" w.e.f. 1-4-1988.
6. Clause (a) omitted by Act 3 of 1989, Section 68(a)(i) w.e.f. 1-4-1989.
7. The words "without reasonable cause" omitted by Act 46 of 1986, Section 33(A) w.e.f. 10-9-1986.
8. Clause (i) omitted by Act 3 of 1989, Section 68(a) (ii) w.e.f. 1-4-1989.
9. Substituted by Act 3 of 1989, Section 68(A)(iii) w.e.f. 1-4-1989.
10. Substituted by Act 3 of 1989, Section 68(a)(iv) w.e.f. 1-4-1989.
11. Substituted by Act 4 of 1988, Section 127, for "Wealth-tax Officer" w.e.f. 1-4-1988.
12. Substituted by Act 4 of 1988, Section 127, for "Appellate Assistant Commissioner" w.e.f. 1-4-1988.
13. Inserted by Act 29 of 1977, Section 39 Sch. V w.e.f. 10-7-1978.
14. Inserted by the Finance Act, 2002, w.e.f. 1-6-2002.
15. Substituted by Act 46 of 1986, Section 33(b)(ii)(1), for "not able to substantiate" w.e.f. 10-9-1986.
16. Proviso omitted by Act 46 of 1986, Section 33(b)(ii)(2) w.e.f. 10-09-1986.
17. Substituted by Act 3 of 1989, Section 68(a)(v) w.e.f. 1-4-1989.
18. Omitted words "who has not previously been assessed under this Act" by the Finance Act, 2002, w.e.f. 1-4-2002.
19. Inserted by Act 67 of 1984, Section 57 w.e.f. 1-10-1984.
20. Substituted by Act 46 of 1986, Section 33(b)(iii) w.e.f. 10-9-1986.

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21. Substituted by Act 4 of 1988, Section 127, for "Commissioner" w.e.f. 1-4-1988.
22. Inserted by Act 3 of 1989, Section 68(a) (vi) w.e.f. 1-4-1989.

23. Sub-sections (1A) omitted by Act 41 of 1975, Section 91(ii), Earlier sub-section (1A) was Inserted by Act 32 of 1971, Section 33(b) w.e.f. 1-4-1972.
24. Sub-sections (2A) and (2B) omitted by Act 41 of 1975, Section 91(iii) w.e.f. 1-4-1976
25. Substituted by Act 41 of 1975, Section 9(iv) w.e.f. 1-4-1976.
26. Substituted by Act 3 of 1989, Section 68(b) w.e.f. 1-4-1989.
27. Sub-section (3A) omitted by Act 3 of 1989, Section 68(c) w.e.f. 1-4-1989. Earlier sub-section (3A) was Inserted by Act 41 of 1975, Section 91(iv) w.e.f. 1-4-1976.
28. Substituted by Act 4 of 1988, Section 127, for "Appellate Assistant Commissioner" w.e.f. 1-4-1988.
29. Inserted by Act 29 of 1977, Section 39 and Sch. V w.e.f. 10-7-1978.
30. Substituted by Act 4 of 1988, Section 127 for "Commissioner" w.e.f. 1-4-1988.
31. Substituted by Act 4 of 1988, Section 127, for "Wealth-tax Officer" w.e.f. 1-4-1988.
32. Substituted by Act 3 of 1988, Section 68(d) w.e.f. 1-4-1989.
33. Inserted by the Finance Act, 2008, w.e.f. 1st day of April, 1989.

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Section 18A - Penalty for failure to answer questions, sign statements, furnish

information, allow inspections, etc.

1 [18AA. Penalty for failure to answer questions, sign statements, furnish information,

allow inspections, etc.-

(1) If any person, -

(a) being legally bound to state the truth of any matter touching the subject of

his assessment, refuses to answer any question put to him by a wealth-tax

authority in the exercise of his powers under this Act; or

(b) refuses to sign any statement made by him in the course of any proceedings

under this Act, which a wealth-tax authority may legally require him to sign; or

(c) to whom a summons is issued under sub-section (1) of section 37 either to

attend to give evidence or produce books of account or other documents at a

certain place and time, omits to attend or produce the books of account or

documents at the place and time, he shall pay, by way of penalty, a sum which

shall not be less than five hundred rupees but which may extend to ten thousand

rupees for each such default or failure:

Provided that no penalty shall be imposable under clause (c) if the person

proves that there was reasonable cause for the said failure.

(2) If a person fails to furnish in due time any statement or information which such

person is bound to furnish to the Assessing Officer under section 38, he shall pay, by

way of penalty, a sum which shall not be less than one hundred rupees but which

may extend to two hundred rupees for every day during which the failure continues:

Provided that no penalty shall be imposable under this sub-section if the person

proves that there was reasonable cause for the said failure.

(3) Any penalty imposable under sub-section (1) or sub-section (2) shall be imposed

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(a) in a case where the contravention, failure or default in respect of which

such penalty is imposable occurs in the course of any proceeding before a

wealth-tax authority not lower in rank than a Joint Director or a Joint Commissioner], by such wealth-tax authority;

(b) in any other case, by the Joint Director or the Joint Commissioner.

(4) No order under this section shall be passed by any wealth-tax authority referred to in sub-section (3) unless the person on whom the penalty is proposed to be imposed has been heard, or has been given a reasonable opportunity of being heard in the matter, by such authority.

Explanation.-In this section, "wealth-tax authority" includes a Director General, Director, 2 [Joint Director], 3 [Assistant Director or Deputy Director] and a Valuation Officer while exercising the powers vested in a court under the Code of Civil Procedure, 1908 (5 of 1908), when trying a suit in respect of the matters specified in sub-section (1) of section 37.]

1. Substituted by Act 3 of 1989, Section 69 w.e.f. 1-4-1989.

2. Substituted by Act, 21 of 1998 w.e.f. 1-10-1998.

3. Substituted by Act, 21 of 1998 w.e.f. 1-10-1998.

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Section 18B - Power to reduce or waive penalty in certain cases

1 [18B. Power to reduce or waive penalty in certain cases. -

(1) Notwithstanding anything contained in this Act, the 2 [3 [****] Commissioner]

may, in his discretion, whether on his own motion or otherwise, -

(i) 4 [****]

(ii) reduce or waive the amount of penalty imposed or imposable on a person

under clause (iii) of sub-section (1) of section 18, if he is satisfied that such

person, -

(a) 5 [****]

(b) in the case referred to in clause (ii), has, prior to the detection by the 6

[Assessing Officer], of the concealment of particulars of assets or of the

inaccuracy of particulars furnished in respect of any asset or debt in respect

of which the penalty is imposable, voluntarily and in good faith made full and

true disclosure of such particulars, and also has co-operated in any inquiry

relating to the assessment of his net wealth and has either paid or made

satisfactory arrangements for the payment of any tax or interest payable

in consequence of an order passed under this Act in respect of the relevant assessment year.

Explanation 7 [1].-For the purposes of this sub-section, a person shall be deemed to

have made full and true disclosure of the particulars of his assets or debts in any

case where the excess of net wealth assessed over the net wealth returned is of

such a nature as not to attract the provisions of clause (c) of sub-section (1) of

section 18.

Explanation 2. -8 [****](2) Notwithstanding anything contained in sub-section (1),

if in a case falling under clause (c) of sub-section (1) of section 18, the net wealth in

respect of which the penalty is imposed or imposable for the relevant assessment

year, or, where such disclosure relates to more than one assessment year, the net

wealth for anyone of the relevant assessment years, exceeds five hundred thousand

rupees, no order reducing or waiving the penalty under sub-section (1) shall be

made by the 9 [Commissioner except with the previous approval of the Chief

Commissioner, or Director-General, as the case may be.]

(3) Where an order has been made under sub-section (1) in favour of any person,

whether such order relates to one or more assessment years, he shall not be entitled

to any relief under this section in relation to any other assessment year at any time

after the making of such order:

10 [Provided that where an order has been made in favour of any person under

sub-section (1) on or before the 24th day of July, 1991, such person shall be

entitled to further relief only once in relation to other assessment year or years if

he makes an application to the wealth-tax authority referred to in sub-section (4)

at any time before the 1st day of April, 1992].

(4) Without prejudice to the powers conferred on him by any other provision of this

Act, the 11 [12 [****] Commissioner] may, on an application made in this behalf by

an assessee, and after recording his reasons for so doing, reduce or waive the

amount of any penalty payable by the assessee under this Act or stay or compound

any proceeding for the recovery of any such amount, if he is satisfied that-

(i) to do otherwise would cause genuine hardship to the assessee, having regard

to the circumstances of the case, and

(ii) the assessee has co-operated in any inquiry relating to the assessment or

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any proceeding for the recovery of any amount due from him.

(5) Every order made under this section shall be final and shall not be called into

question by any court or any other authority.]

13 [(6) The provisions of this section as they stood immediately before their

amendment by the Direct Tax Laws (Amendment) Act, 1989, shall apply to and in

relation to any assessment for the assessment year commencing on the 1st day of

April, 1988, or any earlier assessment year, and references in this section to the

other provisions of this Act shall be construed as references to those provisions

as for the time being in force and applicable to the relevant assessment year.]

1. Inserted by Act 41 of 1975, Section 92 w.e.f. 1-10-1975.

2. Substituted by Act 4 of 1988, Section 127, for "Commissioner" w.e.f. 1-4-1988.

3. The words "Chief Commissioner or" omitted by Act 38 of 1993, Section 40(A) w.e.f. 1-6-1993.

4. Clause (i) omitted by Act 3 of 1989, Section 70(a)(i) w.e.f. 1-4-1989.

5. Clause (a) omitted by Act 3 of 1989, Section 70(a)(ii) w.e.f. 1-4-1989.

6. Substituted by Act 4 of 1988, Section 127, for "Wealth-tax Officer" w.e.f. 1-4-1988.

7. Explanation renumbered as Explanation 1 by Act 67 of 1984, Section 58(a) w.e.f. 1-10-1984.

8. Explanation 2 inserted by Act 67 of 1984, Section 58(b) w.e.f. 1-10-1984, omitted by Act 32 of 1985, Section 38 w.e.f. 24-5-1985.

9. Substituted by Act 38 of 1993, Section 40(b), for "Chief Commissioner or Commissioner, except with the previous approval of the Board".

10. Inserted by Act 49 of 1991, Section 76 w.e.f. 27-9-1991.

11. Substituted by Act 4 of 1988, Section 127, for "Commissioner" w.e.f. 1-4-1988.

12.The words "Chief Commissioner or" omitted by Act 38 of 1993, Section 40(c)w.e.f. 1-6-1993.

13.Inserted by Act 3 of 1989, Section 70(b) w.e.f. 1-4-1989.

Section 18BA - Power of Commissioner to grant immunity from penalty

1[18BA. Power of Commissioner to grant immunity from penalty -

(1) A person may make an application to the Commissioner for granting

immunity from penalty, if-

(a) he has made an application for settlement under section 22C and the proceedings for

settlement have abated under section 22HA; and

(b) the penalty proceedings have been initiated under this Act.

(2) The application to the Commissioner under sub-section (1) shall not be made

after the imposition of penalty after abatement.

(3) The Commissioner may, subject to such conditions as he may think fit to

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impose, grant to the person immunity from the imposition of any penalty under

this Act, if he is satisfied that the person has, after the abatement, co-operated

with the wealth-tax authority in the proceedings before him and has made a full

and true disclosure of his net wealth and the manner in which such net wealth

has been derived.

(4) The immunity granted to a person under sub-section (3) shall stand

withdrawn, if such person fails to comply with any condition subject to which

the immunity was granted and thereupon the provisions of this Act shall apply

as if such immunity had not been granted.

(5) The immunity granted to a person under sub-section (3) may, at any time, be withdrawn by the Commissioner, if he is satisfied that such person had, in the course of any proceedings, after abatement, concealed any particulars, material to the assessment, from the wealth-tax authority or had given false evidence, and thereupon such person shall become liable to the imposition of any penalty under this Act to which such person would have been liable, had not such immunity been granted.]

1. Inserted by the Finance Act, 2008.

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Chapter IVA - SPECIAL PROVISION FOR AVOIDING REPETITIVE APPEALS

1[CHAPTER IVA:

SPECIAL PROVISION FOR AVOIDING REPETITIVE APPEALS

1. Inserted by Act 67 of 1984, Section 56 w.e.f. 1-10-1984.

Section 18C - Procedure when assessee claims identical question of law is pending before

High Court or Supreme Court

(1) Notwithstanding anything contained in this Act, where an assessee claims that any

question of law arising in his case for an assessment year which is pending before the 1 [

Assessing Officer] or any appellate authority (such case being hereafter in this

section referred to as the relevant case) is identical with a question of law arising in his case

for another assessment year which is pending before the High Court or the Supreme Court on

a reference under section 27 4 [or in appeal under section 27A before the High Court] or in appeal before the Supreme Court under section 29 (such case being hereafter in this section referred to as the other case), he may furnish to the 1 [Assessing Officer] or the appellate authority, as the case may be, a declaration in the prescribed form and verified in the prescribed manner, that if the 1 [Assessing Officer] or the appellate authority, as the case may be, agrees to apply to the relevant case the final decision on the question of law in the other case, he shall not raise such question of law in the relevant case in appeal before any appellate authority or 5 [in appeal before the High Court under section 27A or the Supreme Court under section 29]

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- (2) Where a declaration under sub-section (1) is furnished to any appellate authority, the appellate authority shall call for a report from the 1 [Assessing Officer] on the correctness of the claim made by the assessee and, where the 1 [Assessing Officer] makes a request to the appellate authority to give him an opportunity of being heard in the matter, the appellate authority shall allow him such opportunity.
- (3) The 1 [Assessing Officer] or the appellate authority, as the case may be, may, by order in writing, -
- (i) admit the claim of the assessee if he or it is satisfied that the question of law arising in the relevant case is identical with the question of law in the other case;
- or
- (ii) reject the claim if he or it is not so satisfied.

(4) Where a claim is admitted undersub-section (3)-

(a)the 1 [Assessing Officer] or, as the case may be, the
appellateauthority may

make an order disposing of the relevant case without awaiting
thefinal decision

on the question of law in the other case; and

(b)the assessee shall not be entitled to raise, in relation to the
relevant case,such

question of law in appeal before any appellate authority or 5
[inappeal before the

HighCourt under section 27Aor the Supreme Court under section 29].

(5) Where the decision on the questionof law in the other case,
becomes final, it shall be

applied to the relevantcase and the 1 [Assessing Officer] or the
appellate authority, as

thecase may be, shall, if necessary, amend the order referred to in
clause (a) ofsub-section

(4) conformably to such decision.

(6) An order under sub-section (3) shall be final and shall not
becalled in question in any

proceeding by way of appeal, reference or revisionunder this Act.

Explanation.-In this section, -

(a)"appellate authority" means the 2 [Deputy Commissioner
(Appeals)], or

theCommissioner (Appeals) or the Appellate Tribunal;

(b)"case", in relation to an assessee, means any proceeding under
this Act for

theassessment of the net wealth of the assessee or for the imposition
of anypenalty

on him.]

3 [*****]

1.Substituted by Act 4 of 1988, Section 127, for "Wealth-tax Officer"
w.e.f.1-4-1988.

2.Substituted by Act 4 of 1988, Section 127 for "Appellate
AssistantCommissioner".

3. Chapter IVB omitted by Act 3 of 1989, Section 95 (P) w.e.f. 1-4-1989. Earlier Chapter IVB was Inserted by Act 4 or 1988, Section 143 w.e.f. 1-4-1989.

4. Inserted by the Finance Act, 2002; w.e.f. 1-6-2002.

5. Substituted for the words "for a reference before the High Court or the Supreme Court under section 27 or in appeal before the Supreme Court under section 29." by the Finance Act, 2002; w.e.f. 1-6-2002.

Chapter V - LIABILITY TO ASSESSMENT IN SPECIAL CASES

(1) Notwithstanding anything contained in this Act, where an assessee claims that any question of law arising in his case for an assessment year which is pending before the 1 [

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Assessing Officer] or any appellate authority (such case being hereafter in this

section referred to as the relevant case) is identical with a question of law arising in his case

for another assessment year which is pending before the High Court or the Supreme Court on

a reference under section 27 4 [or in appeal under section 27A before the High Court] or in

appeal before the Supreme Court under section 29 (such case being hereafter in this section

referred to as the other case), he may furnish to the 1 [Assessing Officer] or the appellate

authority, as the case may be, a declaration in the prescribed form and verified in

the prescribed manner, that if the 1 [Assessing Officer] or the appellate authority, as the case

may be, agrees to apply to the relevant case the final decision on the question of law in the

other case, he shall not raise such question of law in the relevant case in appeal before any

appellate authority or 5 [in appeal before the High Court under section 27A or the Supreme

Court under section 29]

(2) Where a declaration undersub-section (1) is furnished to any appellate authority, the

appellate authority shall call for a report from the 1 [Assessing Officer] on the correctness of

the claim made by the assessee and, where the 1 [Assessing Officer] makes a request to the

appellate authority to give him an opportunity of being heard in the matter, the appellate

authority shall allow him such opportunity.

(3) The 1 [Assessing Officer] or the appellate authority, as the case may be, may, by order

in writing, -

(i) admit the claim of the assessee if he or it is satisfied that the question of law

arising in the relevant case is identical with the question of law in the other case;

or

(ii) reject the claim if he or it is not so satisfied.

(4) Where a claim is admitted undersub-section (3)-

(a) the 1 [Assessing Officer] or, as the case may be, the appellate authority may

make an order disposing of the relevant case without awaiting the final decision

on the question of law in the other case; and

(b) the assessee shall not be entitled to raise, in relation to the relevant case, such

question of law in appeal before any appellate authority or 5 [in appeal before the

High Court under section 27A or the Supreme Court under section 29].

(5) Where the decision on the question of law in the other case, becomes final, it shall be

applied to the relevant case and the 1 [Assessing Officer] or the appellate authority, as

the case may be, shall, if necessary, amend the order referred to in clause (a) of sub-section

(4) conformably to such decision.

(6) An order under sub-section (3) shall be final and shall not be called in question in any

proceeding by way of appeal, reference or revision under this Act.

Explanation.-In this section, -

(a) "appellate authority" means the 2 [Deputy Commissioner (Appeals)], or

the Commissioner (Appeals) or the Appellate Tribunal;

(b) "case", in relation to an assessee, means any proceeding under this Act for

the assessment of the net wealth of the assessee or for the imposition of any penalty

on him.]

3 [*****]

1. Substituted by Act 4 of 1988, Section 127, for "Wealth-tax Officer" w.e.f. 1-4-1988.

2. Substituted by Act 4 of 1988, Section 127 for "Appellate Assistant Commissioner".

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3. Chapter IVB omitted by Act 3 of 1989, Section 95 (P) w.e.f. 1-4-1989. Earlier Chapter IVB was inserted by Act 4

or 1988, Section 143 w.e.f. 1-4-1989.

4. Inserted by the Finance Act, 2002; w.e.f. 1-6-2002.

5. Substituted for the words "for a reference before the High Court or the Supreme Court under section 27 or in

appeal before the Supreme Court under section 29." by the Finance Act, 2002; w.e.f. 1-6-2002.

Section 19 - Tax of deceased person payable by legal representative

(1) Where a person dies, his executor, administrator or other legal representative

shall be liable to pay out of the estate of the deceased person, to the extent to

which the estate is capable of meeting the charge, the wealth-tax assessed as

payable by such person, or any sum, which would have been payable by him under

this Act if he had not died.

(2) Where a person dies without having furnished a return under the provisions of

section 14 or after having furnished a return which the1[Assessing Officer] has

reason to believe to be incorrect or incomplete, the1[Assessing Officer]may make

an assessment of the net wealth of such person and determine the wealth-tax

payable by the person on the basis of such assessment, and for this purpose may,

by the issue of the appropriate notice which would have had to be served upon the

deceased person if he had survived, require from the executor, administrator or

other legal representative of the deceased person any accounts, documents or other

evidence which might under the provisions of section 16 have been required from

the deceased person.

(3) The provisions of sections 14 , 15 and 17 shall apply to an executor,

administrator or other legal representative as they apply to any person referred to

in those sections.

1. Substituted by Act 4 of 1988, sec. 127, for "Wealth-tax Officer" w.e.f. 1-4-1988.

Section 19A - Assessment in the case of executors

1[19A. Assessment in the case of executors. -

(1) Subject to as hereinafter provided, the net wealth of the estate of a deceased

person shall be chargeable to tax in the hands of the executor or executors.

(2) The executor or executors shall for the purposes of this Act be treated as an individual.

(3) The status of the executor or executors shall for the purposes of this Act as regards residence and citizenship be the same as that of the deceased on the valuation date immediately preceding his death.

(4) The assessment of an executor under this section shall be made separately from any assessment that may be made on him in respect of his own net wealth or on the net wealth of the deceased under section 19.

(5) Separate assessments shall be made under this section in respect of the net wealth as on each valuation date as is included in the period from the date of the death of the deceased to the date of complete distribution to the beneficiaries of the estate according to their several interests.

(6) In computing the net wealth on any valuation date under this section, any assets of the estate distributed to, or applied to the benefit of, any specific legatee of the estate prior to that valuation date shall be excluded, but the assets so

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excluded shall, to the extent such assets are held by the legatee on any valuation date, be included in the net wealth of such specific legatee on the valuation date.

Explanation. - In this section, "executor" includes an administrator or other person administering the estate of a deceased person.]

1. Inserted by Act 46 of 1964, sec. 19 w.e.f. 1-4-1965.

Section 20 - Assessment after partition of a Hindu Undivided Family

(1) Where at the time of making an assessment, it is brought to the notice of the 3[Assessing

Officer] that a partition has taken place among the members of a Hindu undivided family,

and the 3[Assessing Officer], after inquiry, is satisfied that the joint family property has been

partitioned as a whole among the various members or group of members in definite portions,

he shall record an order to that effect and shall make assessment on the net wealth of the

undivided family as such for the assessment year or years, including the year relevant to the

previous year in which the partition has taken place, if the partition has taken place on the

last day of the previous year and each member or group of members shall be liable jointly

and severally for the tax assessed on the net wealth of the joint family as such.

(2) Where the 3[Assessing Officer] is not so satisfied, he may, by order, declare that such

family shall be deemed for the purposes of this Act to continue to be a Hindu undivided

family liable to be assessed as such.

1. Substituted by Act 4 of 1988, sec. 127, for "Wealth-tax Officer" w.e.f. 1-4-1988.

Section 20A - Assessment after partial partition of a, Hindu Undivided Family

1[20A. Assessment after partial partition of a, Hindu Undivided Family

Where a partial partition has taken place after the 31st day of December, 1978, among the

members of a Hindu undivided family hitherto assessed as undivided, -

(a) such family shall continue to be liable to be assessed under this Act as if no such

partial partition had taken place;

(b) each member or group of members of such family immediately before such partial

partition and the family shall be jointly and severally liable for any tax, penalty, interest,

fine or other sum payable under this Act by the family in respect of any period, whether

before or after such partial partition,;

(c) the several liability of any member or group of members aforesaid shall be computed

according to the portion of the joint family property allotted to him or it at such partial

partition, and the provisions of this Act shall apply accordingly.

Explanation.. -For the purposes of this section, "partial partition" shall have the meaning

assigned to it in clause (b) of the Explanation to section 171 of the Income-tax Act.]

1. Inserted by act 44 of 1980, sec. 39 w.e.f. 1-4-1980.

Section 21 - Assessment when assets are held by courts of wards, administrators-general,

etc.

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(1) 1 [Subject to the provisions of sub-section(1A), in the case of assets chargeable to tax

under this Act], which are held by a court of wards or an administrator-general or an official

trustee or any receiver or manager or any other person, by whatever name called,

appointed under any order of a court to manage property on behalf of another, or any

trust appointed under a trust declared by a duly executed instrument in writing, whether

testamentary or otherwise (including a trustee under a valid deed of wakf), the wealth-tax

shall be levied upon and recoverable from the court of wards, administrator-general, official

trustee, receiver, manager or trustee, as the case may be, in the like manner and to the

same extent as it would be leviable upon and recoverable from the person 2 [on whose behalf

or for whose benefit] the assets are held, and the provisions of this Act shall apply accordingly.

3 [Explanation. - A trust which is not declared by a duly executed instrument in writing

(including a valid deed of wakf) shall be deemed, for the purposes of this sub-section, to

be a trust declared by a duly executed instrument in writing if a statement in writing,

signed by the trustee or trustees, setting out the purpose or purposes of the trust,

particulars as to the trustee or trustees, the beneficiary or beneficiaries and the trust

property, is forwarded to the 4 [Assessing Officer] -

(i) where the trust has been declared before the 1st day of June, 1981, within

a period of three months from that day; and

(ii) in any other case, within three months from the date of declaration of

the trust.]

5 [(1A) Where the value or aggregate value of the interest or interests of the person

or persons on whose behalf or for whose benefit such Assets are held falls short of the value of

any such assets, then, in addition to the wealth-tax leviable and recoverable under

sub-section (1), the wealth-tax shall be levied upon and recovered from the court of wards,

administrator-general, official trustee, receiver, manager or other person or trustee aforesaid

in respect of the value of such assets, to the extent it exceeds the value or aggregate value of

such interest or interests, as if such excess value were the net wealth of an individual who is a

citizen of India and resident in India for the purposes of this Act, and--

(i) at the rates specified in Part I of Schedule I; or

(ii) at the rate of three per cent., whichever course would be more beneficial to

the revenue.]

(2) Nothing contained in sub-section (1) shall prevent either the direct

assessment of the person 2 [on whose behalf or for whose benefit] the assets above

referred to are held, or the recovery from such person of the tax payable in respect

of such assets.]

(3) Where the guardian or trustee of any person being a minor, lunatic or idiot 6

[****] holds any assets 7 [on behalf or for the benefit of such beneficiary,] the tax

under this Act shall be levied upon and recoverable from such guardian or trustee,

as the case may be, in the like manner and to the same extent as it would be leviable

upon and recoverable from any such beneficiary if of full age, of sound mind and in

direct ownership of such assets.

8 [(4) 9 [Notwithstanding anything contained in the foregoing provisions of this section],

where the shares of the persons on whose behalf or for whose benefit any such assets are

held are indeterminate or unknown, the wealth-tax shall be levied upon and recovered from

the court of wards, administrator-general, official trustee, receiver, manager, or other

person aforesaid 10 [, as the case may be, in the like manner and to the same extent as it

would be leviable upon and recoverable from an individual who is a citizen of India and

resident in India] for the purposes of this Act, and-

(a) at the rates specified in Part I of 11 [Schedule I] 12 [****] or

(b) at the rate of 13 [three per cent.],

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whichever course would be more beneficial to the revenue:

Provided that in a case where--

(i) such assets are held 14 [under a trust declared by any person by will and

such trust is the only trust so declared by him]; or

15 [(i) none of the beneficiaries has net wealth exceeding the amount not chargeable

to wealth-tax in the case of an individual who is a citizen of India and resident in India

for the purposes of this Act or is a beneficiary under any other trust; or]

(ii) such assets are held under a trust created before the 1st day of March,

1970, by a non-testamentary instrument and the 4 [Assessing Officer]

is satisfied, having regard to all the circumstances existing at the relevant

time, that the trust was created bona fide exclusively for the benefit of the

relatives of the settlor or where the settlor is a Hindu undivided family,

exclusively for the benefit of the members of such family, in circumstances

where such relatives or members were mainly dependent on the settlor for

their support and maintenance; or

(iii) such assets are held by the trustees on behalf of a provident

fund, superannuation fund, gratuity fund, pension fund or any other fund

created bonafide by a person carrying on a business or profession exclusively

for the benefit of persons employed in such business or profession, wealth tax shall

be charged at the rates specified in Part I of 12 [Schedule I] 13 [****]

16 [Explanation 1. - For the purposes of this sub-section, the shares of the persons

on whose behalf or for whose benefit any such assets are held shall be deemed to

be indeterminate or unknown unless the shares of the persons on whose behalf or

for whose benefit such assets are held on the relevant valuation date are expressly

stated in the order of the court or instrument of trust or deed of wakf, as the case

may be, and are ascertainable as such on the date of such order, instrument or

deed.]

17 [Explanation 18 [2]. - Notwithstanding anything contained in section 5,

in computing the net wealth 19 [for the purposes of this sub-section or sub-section

(4A) in any case, not being a case referred to in the proviso to this sub-section],

any assets referred to in clauses (xv), (xvi), (xxii), (xxiii), (xxiv), (xxv), (xxvi),

(xxvii), (xxviii) and (xxix), of sub-section (I) of that section shall not be excluded.]

20 [(4A) Notwithstanding anything contained in this section, where the assets chargeable to

tax under this Act are held by a trustee under an oral trust, the wealth-tax shall be levied

upon and recovered from such trustee in the like manner and to the same extent as it would

be leviable upon and recoverable from an individual who is a citizen of India and resident in

India for the purposes of this Act, and-

(a) at the rates specified in Part I of Schedule I; or
(b) at the rate of three per cent, whichever course would be more beneficial to the revenue.

Explanation.-For the purposes of this sub-section, "oral trust" means a trust which is

not declared by a duly executed instrument in writing (including a valid deed of wakf)

and which is not deemed under the Explanation to sub-section (1) to be a trust

declared by a duly executed instrument in writing.]

21 [(5)] Any person who pays any sum by virtue of the provisions of this section in respect of

the net wealth of any beneficiary shall be entitled to recover the sum so paid from such

beneficiary, and may retain out of any assets that he may hold on behalf or for the benefit of

such beneficiary, an amount equal to the sum so paid.

Explanation.-In this section, the term "beneficiary" means any person including a

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minor, lunatic or idiot on whose behalf or for whose benefit assets are held by any

other person.]

22 [(6)] Nothing contained in this section shall apply to and in relation to any assessment for

the assessment year commencing on the 1st day of April, 1993, or any subsequent

assessment year.]

1. Substituted by Act 44 of 1980, sec. 40(a), for "In the case of assets chargeable to tax under this Act" w.e.f.

1-4-1980.

2. Substituted by Act 46 of 1964, sec. 20(a), for "on whose behalf" w.e.f. 1-4-1965.

3. Inserted by Act 16 of 1981, sec. 26(a) w.e.f. 1-4-1981.
4. Substituted by Act 4 of 1988, sec. 127, for "Wealth-tax Officer" w.e.f. 1-4-1988.
5. Inserted by Act 44 of 1980, sec. 40(b) w.e.f. 1-4-1980.
6. The words '(all of which persons are hereinafter in this sub-section included in the term "beneficiary")' omitted by Act 46 of 1964, sec. 20(b)(i) w.e.f. 1-4-1965.
7. Substituted by Act 46 of 1964, sec. 20(b)(ii), for "on behalf of such beneficiary" w.e.f. 1-4-1965.
8. Substituted by Act 19 of 1970, sec. 26(e) w.e.f. 1-4-1971.
9. Substituted by Act 16 of 1981, sec. 26(b)(i), for "Notwithstanding anything contained in this section" w.e.f. 1-4-1981.
10. Substituted by Act 44 of 1980, sec. 40(c)(i) w.e.f. 1-4-1980.
11. Substituted by Act 66 of 1976, sec. 27(4), for "the Schedule" w.e.f. 1-4-1977.
12. The words "in the case of an individual" omitted by Act 32 of 1971, sec. 34(a) w.e.f. 1-4-1972.
13. Substituted by act 44 of 1980, sec. 40(c)(iv), for "one and one-half per cent." w.e.f. 1-4-1980.
14. Substituted by Act 44 of 1980, sec. 40(c)(iii)(I), for "under a trust declared by will" w.e.f. 1-4-1980.
15. Inserted by Act 44 of 1980, sec. 40(c)(ii)(2) w.e.f. 1-4-1980.
16. Inserted by Act 44 of 1980, sec. 40(c)(iv) w.e.f. 1-4-1980.
17. Inserted by Act 32 of 1971, sec. 34(b) w.e.f. 1-4-1972.
18. Explanation renumbered as Explanation 2 by Act 44 of 1980, sec. 40(c)(iv) w.e.f. 1-4-1980.
19. Substituted by Act 16 of 1981, sec. 26(b)(ii) w.e.f. 1-4-1981.
20. Inserted by Act 16 of 1981, sec. 26(c) w.e.f. 1-4-1981.
21. Inserted by Act 46 of 1964, sec. 20(d) w.e.f. 1-4-1965.
22. Inserted by Act 18 of 1992, sec. 94 w.e.f. 1-4-1993.

Section 21A - Assessment in cases of diversion of property, or of income from property,
held under trust for public charitable or religious purposes

1 [21A.Assessment in cases of diversion of property, or of income from property,
held under trust for public charitable or religious purposes
2 [3 [Notwithstanding anything contained in clause (1) of section 5, where any
property is held] under trust for any public purpose of a charitable or religious
nature in India, and

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4 [(i) any part of such property or any income of such trust whether derived from
such property or from voluntary contributions referred to in sub-clause (iia)
of clause (24) of section 2 of the Income-tax Act, being a trust created on or after
the 1st day of April, 1962 enures, directly or indirectly, for the benefit of any
person referred to in sub-section (3) of section 13 of the Income-tax Act, or
(ii) any part of the income of the trust whether derived from such property or
from voluntary contributions referred to in sub-clause (iia) of clause (24)
of section 2 of the Income-tax Act, being a trust created on or after the 1st day of
April, 1962 enures, directly or indirectly, for the benefit of any person referred to
in sub-section (3) of section 13 of the said Act, or
(iii) any funds of the trust are invested or deposited, or any shares in a company
are held by the trust, in contravention of the provisions of clause (d) of subsection
(1) of section 13 of the Income-tax Act]
wealth-tax shall be leviable upon, and recoverable from the trustee or manager (by

whatevername called) in the like manner and to the same extent as if the property

wereheld by an individual who is a citizen of India and resident in India for

thepurposes of this Act, 5 [*****]:

Providedthat in the case of a trust created before the 1st day of April, 1962,

theprovisions of clause (i) shall not apply to any use or application, whetherdirectly or indirectly, of any part of such property or any income of such

trustfor the benefit of any person referred to in sub-section (3) of section 13

ofthe Income-tax Act if such use or application is by way of compliance with

amandatory term of the trust:

6 [*****]

7 [8 [Providedfurther that],-

(a)in the case of any association referred to in clause (21) of section 10 of

theIncome-tax Act,--

(1)for the words, brackets, letter and figures "in contravention of theprovisions of clause (d) of sub-section (1) of section 13 of the IncometaxAct,"

the words, brackets and figures "in contravention of theprovisions contained in the proviso to clause (21) of section 10 of theIncome-tax Act" has been substituted; and

(2)for the words "at the maximum marginal rate", the words and figures"at the rates specified in 9 [sub-section (2) of section 3]"had been

substituted;

(b)in the case of any institution, fund or trust referred to in clause (22)

orclause (22A) or clause (23B) or clause (23C) of section 10 of the IncomelaxAct,

the provisions of clauses (i) to (iii) shall not apply.

Explanation.-For the purposes of this section, -

(a)any part of the property or income of a trust shall be deemed to have

been used or applied for the benefit of any person referred to in subsection

(3) of section 13 of the Income-tax Act in every case in which it can be so

deemed to have been used or applied within the meaning of clause (c) of

sub-section (1) of that section at any time during the period of twelve months ending with the relevant valuation date;

10 [*****]

(b)"trust" includes any other legal obligation.

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1.Inserted by Act 16 of 1972, sec. 46 w.e.f. 1-4-1973.

2.Substituted by Act 18 of 1992, sec. 95, for "Notwithstanding anything contained in clause (i) of sub-section (1) of section 5, where any property is held" w.e.f.1-4-1993.

3.Substituted by Act 33 of 1996, sec. 58, for "Where any property is held" w.e.f 1-4-1993.

4.Substituted by Act 21 of 1984, sec. 39(b)(1) w.e.f. 1-4-1985.

5.Omitted by Act 18 of 1992, sec. 95(b) w.e.f. 1-4-1993.

6.Second Proviso omitted by Act 18 of 1992, sec. 95(c) w.e.f. 1-4-1993.

7.Inserted by Act 21 of 1984, sec. 34(b)(2) w.e.f. 1-4-1985.

8.Substituted by Act 18 of 1992, sec. 95(d)(i), for "Provided also that".

9.Substituted by Act 18 of 1992, sec. 95(d)(ii), for "Part I of Schedule I in the case of an individual" w.e.f.

1-4-1993.

10.Clause (aa) omitted by Act 18 of 1992, sec. 95(E) w.e.f. 1-4-1993.

Section 21AA - Assessment when assets are held by certain associations of persons

1[21AA. Assessment when assets are held by certain associations of persons. -

(1) Where assets chargeable to tax under this Act are held by an association of persons, other than a company or co-operative society²[or society registered under the Societies Registration Act, 1860 (21 of 1860), or under any law corresponding to that Act in force in any part of India], and the individual shares of the members of the said association in the income or assets or both of the said association on the date of its formation or at any time thereafter are indeterminate or unknown, the wealth-tax shall be levied upon and recovered from such association in the like manner and to the same extent as it would be leviable upon and recoverable from an individual who is a citizen of India and resident in India for the³[purposes of this Act⁴[****]]

(2) Where any business or profession carried on by an association of persons referred to in sub-section (1) has been discontinued or where such association of persons is dissolved, the⁵[Assessing Officer] shall make an assessment of the net wealth of the association of persons as if no such discontinuance or dissolution had taken place and all the provisions of this Act, including the provisions relating to the levy of penalty or any other sum chargeable under any provision of this Act, so far as may be, shall apply to such assessment.

(3) Without prejudice to the generality of the provisions of sub-section (2), if

the⁵[Assessing Officer] or the⁶[Depuly Commissioner (Appeals)] or the

Commissioner (Appeals) in the course of any proceedings under this Act in respect

of any such association of persons as is referred to in sub-section (1) is satisfied

that the association of persons was guilty of any of the acts specified in section 18

or section 18A, he may impose or direct the imposition of a penalty in accordance

with the provisions of the said sections.

(4) Every person who was at the time of such discontinuance or dissolution a

member of the association of persons, and the legal representative of any such

person who is deceased, shall be jointly and severally liable for the amount of tax,

penalty or other sum payable, and all the provisions of this Act, so far as may be,

shall apply to any such assessment or imposition of penalty or other sum.

(5) Where such discontinuance or dissolution takes place after any proceedings in

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respect of an assessment year have commenced, the proceedings may be continued

against the persons referred to in sub-section (4) from the stage at which the

proceedings stood at the time of such discontinuance or dissolution, and all the

provisions of this Act shall, so far as may be, apply accordingly.

7[*****]

1. Inserted by Act 16 of 1981, sec. 27 w.e.f. 1-4-1981.

2. Inserted by Act 13 of 1989, sec. 29 w.e.f. 1-4-1989.

3. Substituted by Act 4 of 1988, sec. 145 w.e.f. 1-4-1989.

4. The words "and at the maximum marginal rate" omitted by Act 18 of 1992, sec.

96(a) w.e.f. 1-4-1993.

5. Substituted by Act 4 of 1988, sec. 127, for "Wealth-tax Officer" w.e.f. 1-4-1988.

6. Substituted by Act 4 of 1988, sec. 127, for "Appellate Assistant Commissioner"

w.e.f. 1-4-1988.

7. Explanation Inserted by Act 16 of 1981, sec. 28 w.e.f. 1-4-1981 omitted by Act,

18 of 1992, sec. 96(6) w.e.f. 1-4-1993.

Section 22 - Assessment of persons residing outside India

(1) Where the person liable to tax under this Act resides outside India, the tax may be levied

upon and recovered from his agent, and the agent shall be deemed to be, for all the purposes

of this Act, the assessee in respect of such tax.

(2) Any person employed by or on behalf of a person referred to in sub-section (1) or through

whom such person is in the receipt of any income, profits or gains, or who is in possession or

has custody of any asset of such person and upon whom the 1 [Assessing Officer] has caused

a notice to be served of his intention of treating him as the agent of such person shall, for the

purposes of sub-section (1), be deemed to be the agent of such person.

2 [*****]

3 [(3) No person shall be deemed to be the agent of any person residing outside India unless

he has had an opportunity of being heard by the 50a [Assessing Officer] as to his being

treated as such.

(4) Any agent, who, as such, pays any sum under this Act, shall be entitled to recover the

sum so paid from the person on whose behalf it is paid or to retain out of any moneys that

may be in his possession or may come to him in his capacity as such agent, an amount equal

to the sum so paid.

(5) Any agent, or any person who apprehends that he may be assessed as an agent, may

retain out of money payable by him to the person residing outside India on whose behalf he

is liable to pay tax (hereinafter in this section referred to as the principal), a sum equal to

his estimated liability under this section, and in the event of any disagreement between the

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principal and such agent or person, as to the amount to be so retained, such agent or person

may secure from the 4 [Assessing Officer] a certificate stating the amount to be so retained

pending final settlement of the liability, and the certificate so obtained shall be his warrant

for retaining that amount.

(6) The amount recoverable from such agent or person at the time of final settlement shall

not exceed the amount specified in such certificate, except to the extent to which such agent

or person may at such time have in his hands additional assets of the principal.

5[(6B) The Settlement Commission may, at any time within a period of six months

from the date of the order, with a view to rectifying any mistake apparent from the

record, amend any order passed by it under sub-section (4):

Provided that an amendment which has the effect of modifying the liability of

the applicant shall not be made under this sub-section unless the Settlement

Commission has given notice to the applicant and the Commissioner of its

intention to do so and has allowed the applicant and the Commissioner an

opportunity of being heard.]

(7) Notwithstanding anything contained in this section, any arrears of tax due from a person

residing outside India may be recovered also in accordance with the provisions of this Act

from any assets of such person which are or may at any time come within India.]

1. Substituted by Act 4 of 1988, sec.127, for "Wealth-tax Office" w.e.f. 1-4-1988.

2. Proviso omitted by Act 46 of 1964, sec. 21(a) w.e.f. 1-4-1965.

3. Inserted by Act 46 of 1964, sec. 21(b) w.e.f. 1-4-1965.

4. Substituted by Act 4 of 1988, sec.127, for "Wealth-tax Office" w.e.f. 1-4-1988.

5. Inserted by the Finance Act, 2011 w.e.f.

Chapter VA - SETTLEMENT OF CASES

1 CHAPTER VA:

SETTLEMENT OF CASES

1. Inserted by Act 41 of 1975, Section 93 w.e.f. 1-4-1976.

Section 22A - Definitions

1[22A. Definitions

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In this Chapter, unless the context otherwise requires, -

(a) "Bench" means a Bench of the Settlement Commission;

2[(b) "case" means any proceeding for assessment under this Act, of any person

in respect of any assessment year or assessment years which may be pending

before an Assessing Officer on the date on which an application under

sub-section (1) of section 22C is made:

Provided that--

(i) a proceeding for assessment or reassessment under section 17;

(ii) a proceeding for making fresh assessment in pursuance of an order under section 23A or section 24 or section 25, setting aside or cancelling an assessment;

(iii) 4[***],

shall not be a proceeding for assessment for the purposes of this clause.

Explanation.--For the purposes of this clause--

(i) a proceeding for assessment or reassessment referred to in clause (i) of the proviso shall, in case where a notice under section 17 is issued but not on the basis of search under section 37A or requisition under section 37B, be deemed to have commenced from the date on which a notice under section 17 is issued;

(ii) a proceeding for making fresh assessment referred to in clause (ii) of the proviso shall be deemed to have commenced from the date on which the order under section 23A or section 24 or section 25, setting aside or cancelling an assessment was passed;

5[(iii) a proceeding for assessment or reassessment for any of the assessment years, in consequence of a search initiated under section 37A or requisition made under section 37B, shall be deemed to have commenced on the date of issue of notice initiating such proceedings and concluded on the date on which the assessment is made;]

(iv) a proceeding for assessment for an assessment year, other than the proceeding of assessment or reassessment referred to in clause (i) or clause (ii) 6[of the proviso or clause (iii) of the

Explanation], shall be deemed to have commenced from the 1st day of the assessment year and concluded on the date on which the assessment is made;]

(c) "Chairman" means the Chairman of the Settlement Commission

(d) "Member" means a Member of the Settlement Commission, and includes the

Chairman and a Vice-Chairman;

(e) "Settlement Commission" means the Income-tax Settlement Commission

constituted under section 245B of the Income-tax Act;

(f) "Vice-Chairman" means a Vice-Chairman of the Settlement Commission 3[and

includes a Member who is senior amongst the Members of a Bench];

(g) "Wealth-tax authority" means an income-tax authority specified in section

116 of the Income-tax Act who is treated as a Wealth-tax authority under

section 8.]

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1. Substituted by Act 11 of 1987, Section 77 w.e.f. 1-6-1987.

2. The following shall be substituted by the Finance Act, 2007, w.e.f. 01.06.2007.

(b) "case" means any proceeding under his Act for the assessment or reassessment of any person in respect

of any year or years, or by way of appeal or revision in connection with such assessment or reassessment,

which may be pending before any wealth-tax authority on the date on which an application under sub-section

(1) of section 22C is made:

Provided that where any appeal or application for revision has been preferred after the expiry of the period

specified for the filing of such appeal or application for revision under this Act and which has not been

admitted, such appeal or revision shall not be deemed to be a proceeding pending within the meaning of this clause;

3. Shall be inserted by the Finance Act, 2007, w.e.f. 01.06.2007.

4. Omitted by the Finance Act, 2010 w.e.f. 01.06.2010. Prior text was "a proceeding for assessment or reassessment which may be initiated on the basis of a search under section 37A or requisition under section 37B".

5. Substituted by the Finance Act, 2010 w.e.f. 01.06.2010 for the following : "a proceeding for assessment or reassessment referred to in clause (iii) of the proviso shall be deemed to have commenced on the date of initiation of the search under section 37A or requisition under section 37B;"

6. Substituted by the Finance Act, 2010 w.e.f. 01.06.2010 for the following : "or clause (iii) of the proviso".

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Section 22B - Wealth-tax Settlement Commission

(1) The Central Government shall constitute a Commission to be called the

Wealth-tax Settlement Commission 1 [*****] for the settlement of cases under this

Chapter.

(2) The Settlement Commission shall consist of a Chairman 2 [and as many Vice-

Chairmen and other members as the Central Government thinks fit] and

shall function within the Department of the Central Government dealing with

direct taxes.

3 [*****]

(3) The Chairman 4 [, Vice-Chairman] and other members of the Settlement Commission shall be appointed by the Central Government from amongst

persons of integrity and outstanding ability, having special knowledge of, and

experiencein, problems relating to direct taxes and business accounts:

Providedthat, where a member of the Board is appointed as the Chairman 5

[,Vice-Chairman] or as a member of the Settlement Commission, he shall cease

to be a member of the Board.

6 [*****]

1.The words "(hereafter in this chapter referred to as "the SettlementCommissioner") omitted by Act 11 of 1987, Section 78 w.e.f. 1-6-1987.

2.Substituted by Act 46 of 1986, Section 35(A), for "and two other members"w.e.f. 10-9-1986. Earlier sub-section (2A) was inserted by Act 14 of 1982,Section 36 w.e.f. 1-4-1982.

3.Sub-section (2A) omitted by Act 46 of 1986, Section 35(b) w.e.f. 10-9-1986.

4.Inserted by Act 46 of 1986, Section 35(c)(i) w.e.f. 10-9-1986.

5.Inserted by Act 46 of 1986, Section 35(c)(ii) w.e.f. 10-9-1986.

6.Second proviso omitted by Act 46 of 1986, Section 35(c)(iii) w.e.f. 10-9-1986.

Section 22BA - Jurisdiction and powers of Settlement Commission

1[22BA. Jurisdiction and powers of Settlement Commission. -

(1) Subject to the other provisions of this Chapter, the jurisdiction, powers and

authority of the Settlement Commission may be exercised by Benches thereof.

(2) Subject to the other provisions of this section, a Bench shall be presided over by

the Chairman or a Vice-Chairman and shall consist of two other Members.

(3) The Bench for which the Chairman is the Presiding Officer shall be the principal

Bench and the other Benches shall be known as additional Benches.

(4) Notwithstanding anything contained in sub-sections (1) and (2), the Chairman

may authorise the Vice-Chairman or other Member appointed to one Bench to

discharge also the functions of the Vice-Chairman or, as the case may be, other

Member of another Bench.

(5) Notwithstanding anything contained in the foregoing provisions of this section,

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and subject to any rules that may be made in this behalf, when one of the persons

constituting a Bench (whether such person be the Presiding Officer or other

Member of the Bench) is unable to discharge his functions owing to absence, illness

or any other cause or in the event of the occurrence of any vacancy either in the

office of the Presiding Officer or in the office of one or the other Members of the

Bench, the remaining two persons may function as the Bench and if the Presiding

Officer of the Bench is not one of the remaining two persons, the senior among the

remaining persons shall act as the Presiding Officer of the Bench:

Provided that if at any stage of the hearing of any case or matter, it appears to

the Presiding Officer that the case or matter is of such a nature that it ought to

be heard by a Bench consisting of three Members, the case or matter may be

referred by the Presiding Officer of such Bench to the Chairman for transfer to

such Bench as the Chairman may deem fit.

2[(5A) Notwithstanding anything contained in the foregoing provisions of this

section the Chairman may, for the disposal of any particular case, constitute a

Special Bench consisting of more than three Members.]

(6) Subject to the other provisions of this Chapter, the places at which the principal

Bench and the additional Benches shall ordinarily sit, shall be such as the Central

Government may, by notification in the Official Gazette, specify³[and the Special

Bench shall sit at a place to be fixed by the Chairman.]

1. Inserted by Act 11 of 1987, Section 79 w.e.f. 1-6-1987.

2. Inserted by Act 49 of 1991, Section 77(a) w.e.f. 1-10-1991.

3. Inserted by Act 49 of 1991, Section 77(b) w.e.f. 1-10-1991.

Section 22BB - Vice-Chairman to act as Chairman or to discharge his functions in certain

circumstances

(1) In the event of the occurrence of any vacancy in the office of the Chairman by

reason of his death, resignation or otherwise, the Vice-Chairman or, as the case

may be, such one of the Vice-Chairmen as the Central Government may, by

notification in the Official Gazette, authorise in this behalf, shall act as the Chairman

until the date on which a new Chairman, appointed in accordance with the

provisions of this Chapter to fill such vacancy, enters upon his office.

(2) When the Chairman is unable to discharge his functions owing to absence,

illness or any other cause, the Vice-Chairman or, as the case may be, such one of

the Vice-Chairmen as the Central Government may, by notification in the Official

Gazette, authorise in this behalf, shall discharge the functions of the Chairman until

the date on which the Chairman resumes his duties.

Section 22BC - Power of Chairman to transfer cases from one Bench to another

On the application of the assessee or the 1[Chief Commissioner or Commissioner]and after

notice to them, and after hearing such of them as may desire to be heard, or on his own

motion without such notice, the Chairman may transfer any case pending before one Bench,

for disposal, to another Bench.

1. Substituted by Act 4 of 1988, Section 127, for “Commissioner” w.e.f. 1-4-1988.

Section 22BD - Decision to be by majority

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If the Members of a Bench differ in opinion on any point, the point shall be decided

according to the opinion of the majority, if there is a majority, but if the Members

are equally divided, they shall state the point or points on which, they differ, and

make a reference to the Chairman who shall either hear the point or points himself

or refer the case for hearing on such point or points by one or more of the other

Members of the Settlement Commission and such point or points shall be decided

according to the opinion of the majority of the Members of the Settlement

Commission who have heard the case, including those who first heard it.]

Section 22C - Application for settlement of cases

1[(1) An assessee may, at any stage of a case relating to him, make an application

in such form and in such manner as may be prescribed, and containing a full and

true disclosure of his wealth which has not been disclosed before
the2[Assessing

Officer], the manner in which such wealth has been derived, the
additional amount

of wealth-tax payable on such wealth and such other particulars as
may be

prescribed, to the Settlement Commission to have the case settled
and any such

application shall be disposed of in the manner hereinafter provided:

5[3[Provided that no such application shall be made unless the
assessee has

furnished the return of wealth which he is or was required to furnish
under any

of the provisions of this Act.]]

(1A) For the purposes of sub-section (1) of this section 6[and sub-
sections (2A) to

(2D) of section 22D], the additional amount of wealth-tax payable in
respect of the

wealth disclosed in an application made under sub-section (1) of this
section shall

be the amount calculated in accordance with the provisions of sub-
sections (IB) to

(ID).

4[7[(1B) Where the wealth disclosed in the application relates to
only one previous

year , -

(i) if the applicant has not furnished a return in respect of the net
wealth of that

year (whether or not an assessment has been made in respect of the
net wealth

of that year), then, except in a case covered by clause (iii), wealth-tax
shall be

calculated on the wealth disclosed in the application as if such wealth
were the

net wealth;

(ii) if the applicant has furnished a return in respect of the net wealth
of that

year (whether or not an assessment has been made in pursuance of such

return), wealth tax shall be calculated on the aggregate of the net wealth

returned and the wealth disclosed in the application as if such aggregate were

the net wealth;

(iii) if the proceeding pending before the wealth-tax authority is in the nature of

a proceeding for reassessment of the applicant under section 17 or by way of

appeal or revision in connection with such reassessment, and the applicant has

not furnished a return in respect of the net wealth of that year in the course of

such proceeding for reassessment, wealth-tax shall be calculated on the

aggregate of the net wealth as assessed in the earlier proceeding for assessment

under section 16 or section 17 and the wealth disclosed in the application as if

such aggregate were the net wealth.]

(1C) The additional amount of wealth-tax payable in respect of the wealth disclosed

in the application relating to the previous year referred to in sub-section (1B) shall

be;

(a) in a case referred to in clause (i) of that sub-section, the amount of

wealth-tax calculated under that clause;

(b) in a case referred to in clause (ii) of that sub-section, the amount of

wealth-tax calculated under that clause as reduced by the amount of wealth-tax

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calculated on the net wealth returned for that year;

8[(c) in a case referred to in clause (iii) of that sub-section, the amount of
wealth-tax calculated under that clause as reduced by the amount of
wealth-tax
calculated on the net wealth assessed in the earlier proceeding for
assessment
under section/ 16 or section 17.]]

(1D) Where the wealth disclosed in the application relates to more than one
assessment year, the additional amount of wealth-tax payable in respect of the
wealth disclosed for each of the years shall first be calculated in accordance with
the provisions of sub-sections (IB) and (IC) and the aggregate of the amount so
arrived at in respect of each of the years for which the application has been made
under sub-section (1) shall be the additional amount of wealth-tax payable in
respect of the wealth disclosed in the application.

(IE) Where any books of account or other documents belonging to an assessee are
seized under section 37 A, the assessee shall not be entitled to make an application
under sub-section (e) before the expiry of one hundred and twenty days from the
date of the seizure.

(2) Every application made under sub-section (1) shall be accompanied by such
fees as may be prescribed.

(3) An application made under sub-section (1) shall not be allowed to be
withdrawn by the applicant.

9[(4) An assessee shall, on the date on which he makes an application under
sub-section (1) to the Settlement Commission, also intimate the Assessing Officer

in the prescribed manner of having made such application to the said Commission.]

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1. Substituted by Act 67 of 1984, Section 61 w.e.f. 1-10-1984.
 2. Substituted by Act 4 of 1988, Section 127, for "Commissioner" w.e.f. 1-4-1988.
 3. Inserted by Act 11 of 1987, Section 80(i) w.e.f. 1-6-1987.
 4. Substituted by Act 11 of 1987, Section 80(ii) w.e.f. 1-6-1987.
 5. The following shall be substituted by the Finance Act, 2007, w.e.f. 01.06.2007.

"Provided that no such application shall be made unless such wealth-tax and the interest thereon, which

would have been paid under the provisions of this Act had the wealth declared in the application been

declared in the return of wealth before the Assessing Officer on the date of application, has been paid on or

before the date of making the application and the proof of such payment is attached with the application."
 6. Shall be omitted by the Finance Act, 2007, w.e.f. 01.06.2007.
 7. The following shall be substituted by the Finance Act, 2007, w.e.f. 01.06.2007.

"(1B) Where the wealth disclosed in the application relates to only one previous year,--

(i) if the applicant has not furnished a return in respect of the net wealth of that year, then,

wealth tax shall be calculated on the wealth disclosed in the application as if such wealth were the

net wealth;

(ii) if the applicant has furnished a return in respect of the net wealth of that year, wealth-tax

shall be calculated on the aggregate of the net wealth returned and the wealth disclosed in the

application as if such aggregate were the net wealth."
 8. Shall be omitted by the Finance Act, 2007, w.e.f. 01.06.2007.
 9. Inserted by the Finance Act, 2007, w.e.f. 01.06.2007.