THE WEALTH-TAX ACT, 1957

(Modified as on 12th November 2018)

ARRANGEMENT OF SECTIONS

SECTIONS

1. Short title, extent and commencement.

2. Definitions.

CHAPTER II

CHARGE OF WEALTH-TAX AND ASSETS SUBJECT TO SUCH CHARGE

3. Charge of wealth-tax .

4. Net wealth to include certain assets.

5. Exemptions in respect of certain assets.

6. Exclusion of assets and debts outside India.

7. Value of assets, how to be determined.

CHAPTER III

WEALTH-TAX AUTHORITIES

8. Wealth-tax authorities and their jurisdiction.

8A. [*Omitted.*].

8AA. [*Omitted.*].

8B. [*Omitted.*].

9. Control of wealth-tax authorities.

9A. [*Omitted.*].

10. Instructions to subordinate authorities.

10A. [*Omitted.*].

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

11A. [*Omitted.*].

11AA. [*Omitted.*].

11B. [*Omitted.*].

12. [*Omitted.*].

12A. Appointment of Valuation Officers.

13. [*Omitted.*].

13A. Powers of Director-General or Director, Chief Commissioner or Commissioner and Joint Commissioner to make enquiries.

Subject to verification and confirmation by the Department.

CHAPTER IV

ASSESSMENT

SECTIONS

14. Return of wealth.

14A. Power of Board to dispense with furnishing documents, etc., with return of wealth.

14B. Filing of return in electronic form.

15. Return after due date and amendment of return.

15A. Return by whom to be signed.

15B. Self-assessment.

15C. [*Omitted.*].

16. Assessment.

16A. Reference to Valuation Officer.

17. Wealth escaping assessment.

17A. Time limit for completion of assessment and reassessment.

17B. Interest for defaults in furnishing return of net wealth.

18. Penalty for failure to furnish returns, to comply with notices and concealment of assets, etc. 18A. Penalty for failure to answer questions, sign statements, furnish information, allow inspection, etc.

18B. Power to reduce or waive penalty in certain cases.

18BA. Power of Commissioner to grant immunity from penalty.

CHAPTER IVA

SPECIAL PROVISION FOR AVOIDING REPETITIVE APPEALS

18C. Procedure when assessee claims identical question of law is pending before High Court or Supreme Court.

CHAPTER IVB

CHARGE OF ADDITIONAL WEALTH-TAX IN CERTAIN CASES 18D. [*Omitted.*].

CHAPTER V

LIABILITY TO ASSESSMENT IN SPECIAL CASES 19. Tax of deceased person payable by legal representative.

19A. Assessment in the case of executors.

20. Assessment after partition of a Hindu undivided family.

20A. Assessment after partial partition of a Hindu undivided family.

21. Assessment when assets are held by courts of wards, administrators-general, etc.

21A. Assessment in cases of diversion of property, or of income from property, held under trust for public charitable or religious purposes.

SECTIONS

21AA. Assessment when assets are held by certain associations of persons.

22. Assessment of persons residing outside India.

CHAPTER VA

SETTLEMENT OF CASES

22A. Definitions.

22B. Wealth-tax Settlement Commission.

22BA. Jurisdiction and powers of Settlement Commission.

22BB. Vice-Chairman to act as Chairman or to discharge his functions in certain circumstances.

22BC. Power of Chairman to transfer cases from one Bench to another.

22BD. Decision to be by majority.

22C. Application for settlement of cases.

22D. Procedure on receipt of an application under section 22C.

22DD. Power of Settlement Commission to order provisional attachment to protect revenue.

22E. Power of Settlement Commission to reopen completed proceedings.

22F. Powers and procedure of Settlement Commission.

22G. Inspection, etc., of reports.

22H. Powers of Settlement Commission to grant immunity from prosecution.

22HA. Abatement of proceedings before Settlement Commission.

22HAA. Credit for tax paid in case of abatement of proceedings.

22-I. Order of settlement to be conclusive.

22J. Recovery of sums due under order of settlement.

22K. Bar on subsequent application for settlement.

22L. Proceedings before the Settlement Commission to be judicial proceedings.

22M. [*Omitted.*].

CHAPTER VI

APPEALS, REVISIONS AND REFERENCES

23. Appeal to the Deputy Commissioner (Appeals) from orders of Assessing Officer.

23A. Appealable orders before Commissioner (Appeals).

24. Appeal to the Appellate Tribunal from orders of the Deputy Commissioner (Appeals).

25. Powers of Commissioner to revise orders of subordinate authorities.

26. Appeal to the Appellate Tribunal from orders of enhancement by Chief Commissioner or Commissioner.

27A. Appeal to High Court.

28. Hearing by High Court.

SECTIONS

29. Appeal to Supreme Court.

29A. Tax to be paid notwithstanding reference, etc.

29B. Definition of High Court.

CHAPTER VII

PAYMENT AND RECOVERY OF WEALTH-TAX 30. Notice of demand.

31. When tax, etc., payable and when assessee deemed in default.

32. Mode of recovery.

33. Liability of transferees of properties in certain cases.

34. [*Omitted.*].

CHAPTER VIIA REFUNDS

34A. Refunds.

CHAPTER VIIB

REGISTERED VALUERS

34AA. Appearance by registered valuers.

34AB. Registration of valuers.

34AC. Restrictions on practice as registered valuer.

34ACC. Furnishing of particulars in certain cases.

34AD. Removal from register of names of valuers and restoration.

34AE. Existing registered valuers to apply afresh.

CHAPTER VIII

MISCELLANEOUS

34B. Transfers to defraud revenue to be void.

34C. Provisional attachment to protect revenue in certain cases.

35. Rectification of mistakes.

35A. Wilful attempt to evade tax, etc.

35B. Failure to furnish returns of net wealth.

35C. Failure to produce accounts, records, etc.

35D. False statement in verification, etc., made under certain provisions of the Act.

35E. False statement in verification mentioned in section 34AB.

35EE. Failure to furnish particulars under section 34ACC.

35EEE. Contravention of order made under second proviso to sub-section (*1*) or sub-section (*3A*) of section 37A.

SECTIONS

35F. Abetment of false return, etc.

35G. Punishment for second and subsequent offences.

35GA. Power of Commissioner to grant immunity from prosecution.

35H. Offences by Hindu undivided families.

35HA. Offences by companies.

35I. Prosecutions to be with the previous sanction of certain wealth-tax authorities and their power to compound offences.

35J. Certain offences to be non-cognizable.

35K. Bar on prosecution and on inadmissibility of evidence in certain circumstances.

35L. Jurisdiction of courts.

35M. Section 360 of the Code of Criminal Procedure, 1973, and the Probation of Offenders Act, 1958, not to apply.

35N. Presumption as to books of account, etc., in certain cases.

35O. Presumption as to culpable mental state.

36. Proof of entries in records or documents.

36A. Power to tender immunity from prosecution.

37. Power to take evidence on oath, etc.

37A. Power of search and seizure.

37B. Power to requisition books of account, etc.

37C. Application of retained assets.

38. Information, returns and statements.

38A. Powers of Valuation Officer, etc.

39. Effect of transfer of authorities on pending proceedings.

40. Computation of periods of limitation.

41. Service of notice.

42. Notice deemed to be valid in certain circumstances.

42A. Publication of information respecting assessees.

42B. Disclosure of information respecting assessees.

42C. Return of wealth, etc., not to be invalid on certain grounds.

42D. Presumption as to assets, books of account, etc.

43. Bar of jurisdiction.

44. Appearance before wealth-tax authorities by authorised representatives.

44A. Agreement for avoidance or relief of double taxation with respect to wealth-tax.

44B. Countries with which no agreement exists.

SECTIONS

44C. Rounding off of net wealth.

44D. Rounding off of tax, etc.

45. Act not to apply in certain cases.

46. Power to make rules.

46A. Power to make exemption, etc., in relation to certain Union territories.

47. Power to remove difficulties.

SCHEDULE I

SCHEDULE II—[*Omitted.*].

SCHEDULE III

THE WEALTH-TAX ACT, 1957

ACT NO. 27 OF 1957[1]

[12*th September*, 1957.]

An Act to provide for the levy of wealth-tax.

BE it enacted by Parliament in the Eighth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

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.

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

2. Definitions.—In this Act, unless the context otherwise requires,—

[2]* * * * *

[3][(*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;

[4][(*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 [5][Additional Commissioner or] [6][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;]

[7][(*cb*)] "assessment" includes reassessment;

(*d*) "assessment year" means a period of twelve months commencing on the 1st day of April, every year;]

Subject to verification and confirmation by the Department.

1. This Act has been extended with modifications to Dadra and Nagar Haveli, Goa, Daman and Diu, and Pondicherry by Regulation 3 of 1963, s. 3(*1*) and Schedule (w.e.f. 1-4-1963).
2. Clause (*a*) omitted by Act 4 of 1988, s. 128 (w.e.f. 1-4-1988). Earlier clause (*a*) amended by Act 26 of 1988, s. 88 (w.e.f. 1-4-1988)
3. Subs. by Act 46 of 1964, s. 2, for clauses (*b*), (*c*) and (*d*) (w.e.f. 1-4-1965).
4. Subs. by Act 21 of 1998, s. 67, for clause (*ca*) (w.e.f. 1-10-1998). Earlier clause (*ca*) was inserted by Act 4 of 1988, s. 128 (w.e.f. 1-4-1988) and amended by Act 26 of 1988, s. 88 (w.e.f. 1-4-1988).
5. Ins. by Act 22 of 2007, s. 83 (w.r.e.f. 1-6-1994).
6. Ins. by s. 83, *ibid.* (w.r.e.f. 1-10-1996).
7. Clause (*ca*) re-lettered as clause (*cb*) thereof by Act 4 of 1988, s. 128 (w.e.f. 1-4-1988).

[1][(*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 or 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 out-house;

(*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 of April, 1970, or any subsequent assessment year [2][but before the 1st day of April, 1993]—

(*i*) animals;

(*ii*) a right to [3][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:]

[4][Provided that in relation to the assessment year commencing on the 1st day of April, 1981, [5][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:

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 out-house;

(*c*) animals:

1. Subs. by Act 14 of 1969, s. 24, for clause (*e*) (w.e.f. 1-4-1969).
2. Ins. by Act 18 of 1992, s. 89 (w.e.f. 1-4-1993).
3. Subs. by Act 20 of 1974, s. 14, for "any annuity" (w.e.f. 1-4-1975).
4. Subs. by Act 44 of 1980, s. 36, for "Provided that" (w.e.f. 1-4-1981).
5. Subs. by Act 14 of 1982, s. 33, for "or any subsequent assessment year" (w.e.f. 1-4-1983).

[1][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 buildings 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:]

[2][[3][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 [4][item (*i*)] of this sub-clause, the assets specified in [5][items (*i*) to (*iii*)] of sub-clause

(*1*) shall be substituted and the other provisions of this Act shall be construed accordingly;]

[6][(*ea*) "assets", in relation to the assessment year commencing on the 1st day of April, 1993, or any subsequent assessment year, means—

[7][(*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 [8][ten lakh rupees];

(*2*) any house for residential or commercial purposes which forms part of stock-in-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);

1. Ins. by Act 14 of 1982, s. 33 (w.e.f. 1-4-1983).
2. Added by Act 19 of 1970, s. 26 (w.r.e.f. 1-4-1969)
3. Subs. by Act 14 of 1982, s. 33, for "Provided further that" (w.e.f. 1-4-1983).
4. Subs. by Act 20 of 1974, s. 14, for "items (*i*) to (*iii*)" (w.e.f. 1-4-1975).
5. Subs. by s. 14, *ibid.,* for "items (*i*) to (*v*)" (w.e.f. 1-4-1975).
6. Ins. by Act 18 of 1992, s. 89 (w.e.f. 1-4-1993).
7. Subs. by Act 21 of 1998, s. 67, for sub-clause (*i*) (w.e.f. 1-4-1999). Earlier sub-clause (*i*) was substituted by Act 33 of 1996, s. 56 (w.e.f 1-4-1997).
8. Subs. by Act 23 of 2012, s. 115, for "five lakh rupees" (w.e.f. 1-4-2013).

*. *Vide* notification No. S.O. 3912(E), dated 30th October, 2019, this Act is made applicable to the Union territory of Jammu and Kashmir and the Union territory of Ladakh.

(*iii*) jewellery, bullion, 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 stock-in-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.

Explanation [1][*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;

[2][(*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; or

(*ii*) in any area within the distance, measured aerially,—

(*I*) not being more than two kilometres, from the local limits of any municipality or cantonment board referred to in sub-clause (*i*) and which has a population of more than ten thousand but not exceeding one lakh; or

(*II*) not being more than six kilometres, from the local limits of any municipality or cantonment board referred to in sub-clause (*i*) and which has a population of more than one lakh but not exceeding ten lakh; or

(*III*) not being more than eight kilometres, from the local limits of any municipality or cantonment board referred to in sub-clause (*i*) and which has a population of more than ten lakh,

but does not include land classified as agricultural land in the records of the Government and used for agricultural purposes or 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 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.

1. *Explanation* renumbered as *Explanation* 1thereof by Act 27 of 1999, s. 91 (w.e.f. 1-4-2000).

2. Subs. by Act 17 of 2013, s. 61, for clause (*b*) (w.e.f. 1-4-2014).

Explanation.—For the purposes of clause (*b*) of *Explanation1*, "population" means the population according to the last preceding census of which the relevant figures have been published before the date of valuation.]]

1[*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 2[Central Board of Direct Taxes constituted under the Central Boards of Revenue Act, 1963 (54 of 1963)];

3* * * * *

4[(*h*) "company" shall have the meaning assigned to it in clause (*17*) of section 2 of the Income-tax Act;]

5[(*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;]

6* * * * *

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

7[(*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;]

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

9* * * * *

10[(*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;]

[11]* * * * *

[12][(*lb*) "legal representative" has the meaning assigned to it in clause (*11*) of section 2 of the Code of Civil Procedure, 1908 (5 of 1908);]

1. Ins. by Act 27 of 1999, s. 91 (w.e.f. 1-4-2000).
2. Subs. by Act 54 of 1963, s. 5, for "Central Board of Revenue constituted under the Central Board of Revenue Act, 1924 (4 of 1924)" (w.e.f. 1-1-1964).
3. Clauses (*g*) and (*gg*) omitted by Act 4 of 1988, s. 128 (w.e.f. 1-4-1988).
4. Subs. by s. 128, *ibid*., for clause (*h*) (w.e.f. 1-4-1989)
5. Ins. by Act 16 of 1972, s. 44 (w.r.e.f. 1-4-1957).
6. Clause (*hb*) omitted by Act 4 of 1988, s. 128 (w.e.f. 1-4-1988). Earlier clause (*hb*) inserted by Act 46 of 1964, s. 2 (w.e.f. 1-4-1965) and later amended by Act 16 of 1972, s. 44 (w.e.f. 1-4-1965).
7. Ins. by the Taxation Laws (Extension to Union Territories) Regulation, 1963 (3 of 1963) (w.e.f. 1-4-1963).
8. Subs. by Act 46 of 1964, s. 2, for clause (*j*) (w.e.f. 1-4-1965).
9. Clause (*k*) omitted by Act 4 of 1988, s. 128 (w.e.f. 1-4-1988).
10. Subs. by Act 22 of 2007, s. 83, for clause (*ka*) (w.r.e.f. 25-8-1976). Earlier clause (*ka*) inserted by the Taxation Laws (Extension to Union Territories) Regulation, 1963 (3 of 1963) (w.e.f. 1-4-1963).
11. Clauses (*l*) and (*la*) omitted by Act 4 of 1988, s. 128 (w.e.f. 1-4-1988). Earlier clause (*la*) inserted by Act 46 of 1964, s. 2 (w.e.f. 1-4-1965).
12. Ins. by Act 46 of 1964, s. 2 (w.e.f. 1-4-1965).

[1][(*lc*) "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;]

[2][(*ld*) "National Tax Tribunal" means the National Tax Tribunal established under section 3 of the National Tax Tribunal Act, 2005 (49 of 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 [3][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 [4][Assessing Officer] has served a notice of his intention of treating him as the principal officer thereof;

[5][(*oa*) "public servant" has the same meaning as in section 21 of the Indian Penal Code (45 of 1860);

[6][(*oaa*) "registered valuer" means a person registered as a valuer under section 34AB;]

(*ob*) "regular assessment" means the assessment made under [7][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 [8][section 3] of the Income-tax Act, if an assessment were to be made under that Act for that year:

[9][Provided that—

[10]* * * * *

(*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;]

1. Ins. by Act 4 of 1988, s. 128 (w.e.f. 1-4-1989).

2. Shall stand inserted (date to be notified) by Act 49 of 2005, s. 30 and the Schedule. This amendment has been struck down by the Supreme Court's Order dated 25th September, 2014 in the Madras Bar Association Vs. Union of India.

3. Subs. by Act 18 of 1992, s. 89, for certain words (w.e.f. 1-4-1993).

4. Subs. by Act 4 of 1988, s. 127, for "Wealth-tax Officer" (w.e.f. 1-4-1988).

5. Ins. by Act 46 of 1964, s. 2 (w.e.f. 1-4-1965).

6. Ins. by Act 45 of 1972, s. 7 (w.e.f. 15-11-1972).

7. Subs. by Act 12 of 1990, s. 51, for "section 16" (w.r.e.f. 1-4-1989).

8. Subs. by Act 46 of 1964, s. 2, for "clause (*11*) of section 2" (w.e.f. 1-4-1965).

9. Subs. by s. 2, *ibid*., for the proviso (w.e.f. 1-4-1965).

10. Clause (*i*) omitted by Act 4 of 1988, s. 128 (w.e.f. 1-4-1989).

[1][(*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;]

[2][(*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.]

CHAPTER II

CHARGE OF WEALTH-TAX AND ASSETS SUBJECT TO SUCH CHARGE

3. Charge of wealth-tax .—[3][(*1*)] [4][Subject to the other provisions contained in this Act], there shall be charged for every [5][assessment year] commencing on and from the first day of April, 1957 [6][but before the first day of April, 1993], a tax (hereinafter referred to as wealth-tax) in respect of the net wealth on the corresponding valuation date of every individual, Hindu undivided family and company [7][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 1st day of April, 1993, [8][but before the 1st day of April, 2016], 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:]

[9][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.]

4. Net wealth to include certain assets.—(*1*) [10][In computing the net wealth—

(*a*) of an individual, there shall be included, as belonging to that individual, the value of assets which on the valuation date are held—]

[11][(*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

1. Subs. by Act 45 of 1972, s. 7, for clause (*r*) (w.e.f. 15-11-1972).

2. Subs. by Act 21 of 1998, s. 67, for clause (*s*) (w.e.f. 1-10-1998).

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

4. Amendment introduced by the Direct Tax Laws (Amendment) Act, 1987 (w.e.f. 1-4-1989), has become redundant in view of omission of provision relating to additional wealth-tax.

5. Subs. by Act 46 of 1964, s. 3, for "financial year" (w.e.f. 1-4-1965).

6. Ins. by Act 18 of 1992, s. 90 (w.e.f. 1-4-1993).

7. Subs. by Act 66 of 1976, s. 27, for "at the rate or rates specified in the Schedule" (w.e.f. 1-4-1977).

8. Ins. by Act 20 of 2015, s. 81 (w.e.f. 1-4-2016).

9. Ins. by Act 33 of 2009, s. 83 (w.e.f. 1-4-2010).

10. Subs. by Act 3 of 1989, s. 59, for certain words (w.e.f. 1-4-1989). Earlier it was amended by Act 46 of 1964, s. 4 (w.e.f. 1-4-1965).

11. Subs. by Act 46 of 1964, s. 4, for sub-clauses (*i*), (*ii*) and (*iii*) (w.e.f. 1-4-1965).

(*ii*) by a minor child, not being [1][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, [2]*** or

(*iii*) by a person or association of persons to whom such assets have been transferred by the individual [3][, directly or indirectly] otherwise than for adequate consideration for the immediate or deferred benefit of the individual, his or her spouse [4]***, 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, [3][or]

[3][(*v*) by the son's wife, [5]*** 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,] [6][or]

[6][(*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, [5]*** 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:

[7][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 [8][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:]

[9][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. Ins. by Act 32 of 1994, s. 51 (w.e.f. 1-4-1995).
2. The words "to whom such assets have been transferred by the individual, directly or indirectly, otherwise than for adequate consideration," omitted by Act 18 of 1992, s. 91 (w.e.f. 1-4-1993).
3. Ins. by Act 41 of 1975, s. 82 (w.e.f. 1-4-1976).
4. The words "or minor child (not being a married daughter) or both" omitted by Act 18 of 1992, s. 91 (w.e.f. 1-4-1993).
5. The words "or the son's minor child," omitted by s. 91, *ibid*. (w.e.f. 1-4-1993).
6. Ins. by Act 67 of 1984, s. 54 (w.e.f. 1-4-1985).
7. Ins. by Act 46 of 1964, s. 4 (w.e.f. 1-4-1965).
8. Subs. by Act 32 of 1971, s. 31, for "after the 31st day of March, 1964" (w.e.f. 1-4-1972).
9. Ins. by Act 18 of 1992, s. 91 (w.e.f. 1-4-1993).

[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 [2][interest in the assets of the firm] or association determined in the manner laid down in Schedule III:

[3][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*).]]

[4][(*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 with the character of property belonging to the family or throwing it [5][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 [6]*** shall be deemed to be assets belonging to the individual and not to the family ;

[7][(*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 [8]*** of the individual on such partition shall be deemed to be assets transferred

indirectly by the individual to the spouse [8]*** and the provisions of sub-section (*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 [8]*** of the individual.]

[9]* * * * *

[10]* * * * *

(*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.

1. Subs. by Act 3 of 1989, s. 59, for clause (*b*) (w.e.f. 1-4-1989). Earlier it was amended by Act 32 of 1971, s. 31 (w.e.f. 1-4-1972).

2. Subs. by Act 18 of 1992, s. 91, for "interest in the firm" (w.e.f. 1-4-1993).

3. Subs. by s. 91, *ibid.,* for the proviso (w.e.f. 1-4-1993).

4. Ins. by Act 32 of 1971, s. 31 (w.e.f. 1-4-1972).

5. Subs. by Act 21 of 1979, s. 23, for "into the common stock of the family (such property being hereinafter referred to as the converted property)" (w.e.f. 1-4-1980).

6. The words ", in so far as it is attributable to the interest of the individual in the property of the family," omitted by Act 41 of 1975, s. 82 (w.e.f. 1-4-1976).

7. Subs. by s. 82, *ibid*., for clause (*c*) (w.e.f. 1-4-1976).

8. The words "or minor child" omitted by Act 18 of 1992, s. 91 (w.e.f. 1-4-1993).

9. Sub-section (*2*) omitted by Act 3 of 1989, s. 59 (w.e.f. 1-4-1989).

10. Sub-section (*3*) omitted by Act 18 of 1992, s. 91 (w.e.f. 1-4-1993). Earlier it was amended by Act 21 of 1979, s. 23 (w.e.f. 1-4-1980) and Act 25 of 1975, s. 26 (w.e.f. 1-4-1975),

[1][(*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.

[2][(*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 [3][Assessing Officer] that the money has actually been delivered to the other person at the time the entries were made.]

[4][(*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.

[5][(*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 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 in 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 (4 of 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, 1961 (43 of 1961),

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; [6]***

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

1. Ins. by The Taxation Laws (Extension to Union Territories) Regulation, 1963 (3 of 1963), s. 3 and the Schedule (w.e.f. 1-4-1963).
2. Ins. by Act 41 of 1975, s. 82 (w.e.f. 1-4-1976).
3. Subs. by Act 4 of 1988, s. 127, for "Wealth-tax Officer" (w.e.f. 1-4-1988).
4. Subs. by Act 46 of 1964, s. 4, for the *Explanation* (w.e.f. 1-4-1965).
5. Subs. by Act 33 of 1996, s. 57, for sub-section (*7*) (w.e.f. 1-4-1997). Earlier sub-section (*7*) was inserted by Act 32 of 1971, s. 31 (w.e.f. 1-4-1972).
6. The word "and" omitted by Act 32 of 1971, s. 31 (w.e.f. 1-4-1972).

(*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 retransfer, 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 reassume power, directly or indirectly, over the whole or any part of the assets or income therefrom;] [1][and]

[2][(*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 property [3]***.

[4]* * * * *]

5. Exemptions in respect of certain assets.—[5][6]*** 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 :

[7][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 [8]*** clause (*23B*) or clause (*23C*) of section 10 of that Act;]

(*ii*) the interest of the assessee in the coparcenary property of any Hindu undivided family of which he is a member;

(*iii*) [9][any one building in the occupation of a Ruler, being a building which immediately 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;

[10]* * * * *

1. Ins. by Act 41 of 1975, s. 82 (w.e.f. 1-4-1976).
2. Ins. by Act 32 of 1971, s. 31 (w.e.f. 1-4-1972).
3. The word "and" omitted by Act 41 of 1975, s. 82 (w.e.f. 1-4-1976).
4. Clause (*d*) omitted by s. 82, *ibid*., (w.e.f. 1-4-1976). Earlier clause (*d*) inserted by Act 32 of 1971, s. 31 (w.e.f. 1-4-1972).
5. The brackets, figures, words and letters, "(*1*) Subject to the provisions of sub-section (*1A*)," omitted by Act 18 of 1992, s. 92 (w.e.f. 1-4-1993).
6. Subs. by Act 19 of 1970, s. 26, for "Wealth-tax shall not be payable by an assessee in respect of the following assets" (w.e.f. 1-4-1971).
7. Restored by Act 3 of 1989, s. 95 (w.e.f. 1-4-1989). Earlier the proviso was added by Act 32 of 1985, s. 37 (w.e.f. 1-4-1986) which was later substituted by Act 4 of 1988, s. 60 (w.e.f. 1-4-1988).
8. The words brackets, figures and letters "clause (*22*) or clause (*22A*) or" omitted by Act 21 of 1998, s. 68 (w.e.f. 1-4-1999). 9.
Subs. by Act 54 of 1972, s. 5, for "any one building in the occupation of a Ruler declared by the Central Government as his official residence" (w.e.f. 28-12-1971).
10. Clauses (*iv*) to (*viii*) omitted by Act 18 of 1992, s. 92 (w.e.f. 1-4-1993).

[1][(*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:

[2][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;]

[3]* * * * *

[4][[5][(*v*)] in the case of an assessee, being a person of Indian origin [6][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 [7][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 years commencing with the assessment year next following the date on which such person returned to India.

1. Clause (*xiv*) renumbered as clause (*iv*) thereof by Act 18 of 1992, s. 92 (w.e.f. 1-4-1993).
2. Added by Act 54 of 1972, s. 5 (w.e.f. 9-9-1972).
3. Clauses (*xv*) to (*xxxii*) omitted by Act 18 of 1992, s. 92 (w.e.f. 1-4-1993).

4. Clause (*xxxiii*) renumbered as clause (*v*) thereof by s. 92, *ibid.* (w.e.f. 1-4-1993).

5. Ins. by Act 66 of 1976, s. 27 (w.e.f. 1-4-1977).

6. Ins. by Act 67 of 1984, s. 54 (w.r.e.f. 1-4-1977).

7. Ins. by Act 23 of 1986, s. 40 (w.e.f. 1-4-1987).

Explanation [1][1].—A person shall be deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, was born in undivided India.]

[2][*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;]

[3][(*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.]

[4]* * * * *

[5]* * * * *

6. Exclusion of assets and debts outside India.—[6][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

(*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 [7][section 10] of the Income-tax Act;

shall not be taken into account.

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.

[8][*Explanation* 1A.—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 under [9][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).]

1. The *Explanation* renumbered as *Explanation* 1 thereof by Act 23 of 1986, s. 40 (w.r.e.f. 1-4-1977).

2. Ins. by s. 40, *ibid*. (w.r.e.f. 1-4-1977).

3. Subs. by Act 21 of 1998, s. 68, for clause (*vi*) (w.e.f.. 1-4-1998).

4. Clauses (*xxxiv*) omitted by Act 18 of 1992, s. 92 (w.e.f. 1-4-1993). Earlier it was inserted by Act 66 of 1976, s. 27 (w.e.f. 1-4-1976).

5. Sub-sections (*1A*) to (*4*) omitted by s. 92, *ibid.* (w.e.f. 1-4-1993).

6. Subs. by Act 11 of 1958, s. 14, for "In computing the net wealth of an individual" (w.r.e.f. 1-4-1957).

7. Subs. by Act 46 of 1964, s. 6, for "sub-section (*3*) of section 4" (w.e.f.1-4-1965).

8. The *Explanation* inserted by Act 14 of 1982, s. 35 (w.e.f. 1-4-1982).

9. Subs. by Act 3 of 1989, s. 61, for "clause (*4A*)" (w.e.f. 1-4-1989).

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]**[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,—

(*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.]

CHAPTER III

WEALTH-TAX AUTHORITIES

[3] [**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.

8A. [*Power of Commissioner respecting specified areas, cases, persons, etc*.]—*Omitted by the Direct Tax Laws* (*Amendment*) *Act,* 1987 (4 *of* 1988)*, s.* 132(*w.e.f.* 1-4-1988).*Earlier it was inserted by Act* 46 *of* 1964, *s.* 9 (*w.e.f.* 1-4-1965).

1. Subs. by Act 3 of 1989, s. 62, for section 7 (w.e.f. 1-4-1989). Earlier section 7 was amended by Act 46 of 1964, s. 6 (w.e.f. 1-4-1965), Act 45 of 1972, s. 8 (w.e.f. 1-4-1973), Act 66 of 1976, s. 27 (w.e.f. 1-4-1976) and Act 44 of 1980, s. 38 (w.e.f. 1-4-1980).

2. The proviso omitted by Act 18 of 1992, s. 93 (w.e.f. 1-4-1993).

3. Subs. by Act 4 of 1988, s. 131, for sections 8, 9, 10 and 11 (w.e.f. 1-4-1988). Earlier these sections was amended by Act 46 of 1964, s. 8 and 10 (w.e.f. 1-4-1965), Act 20 of 1967, s. 34 (w.e.f. 1-4-1967) and Act 41 of 1975, s. 84 (w.e.f. 1-10-1975).

8AA. [*Concurrent jurisdiction of Inspecting Assistant Commissioner and Wealth-tax Officer*.]—*Omitted by the Direct Tax Laws* (*Amendment*) *Act,* 1987 (4 *of* 1988)*, s.* 132(*w.e.f.* 1-4-1988). *Earlier it was inserted by Act* 41 *of* 1975*, s.* 85(*w.e.f.* 1-10-1975).

8B. [*Power to transfer cases.*]—*Omitted by s.* 132, *ibid.*(*w.e.f.* 1-4-1988).

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.

9A. [*Commissioners of Wealth-tax* (*Appeals*).]—*Omitted by the Direct Tax Laws* (*Amendment*) *Act,* 1987 (4 *of* 1988)*, s.* 132(*w.e.f.* 1-4-1988).

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 [1][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 assessees) 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 ;

(*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.]

10A. [*Directors of Inspection*.]—*Omitted by the Direct Tax Laws* (*Amendment*) *Act,* 1987 (4 *of* 1988), (*w.e.f.* 1-4-1988). *Earlier section* 10*A was inserted by Act* 46 *of* 1964, *s.* 10(*w.e.f.* 1-4-1965).

1. Subs. by Act 12 of 1990, s. 53, for "16, 17" (w.e.f. 1-4-1990).

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 [1][(*4*)], references to proceedings under the Income-tax Act shall be construed as including references to proceedings under the Wealth-tax Act.]

11A. [*Inspector of Wealth-tax*.]—*Omitted by the Direct Tax Laws* (*Amendment*) *Act,* 1987 (4 *of* 1988), *s.* 132(*w.e.f.* 1-4-1988). *Earlier inserted by Act* 46 *of* 1964, *s. 11* (*w.e.f.* 1-4-1965) *and later substituted byAct* 20 *of* 1967, *s*. 34 (*w.e.f.* 1-4-1967).

11AA. [*Commissioner competent to perform any function or functions*.]—*Omitted by s.* 132, *ibid. w.e.f. 1-4-1988. Earlier section* 11*AA was inserted by Act* 19 *of* 1970, *s.* 26(*w.e.f.* 1-4-1970).

11B. [*Wealth-tax Officer competent to perform any function or functions*.]—*Omitted by s.* 132, *ibid*. (*w.e.f.* 1-4-1988). *Earlier section* 11*B was inserted by Act* 20 *of* 1967, *s. 34* (*w.e.f.* 1-4-1967) *and later amended by* Act 41 *of* 1975, *s*. 87 (*w.e.f.* 1-10-1975).

12. [*Control of wealth-tax authorities*.]—*Omitted by s.* 132, *ibid.* (*w.e.f.* 1-4-1988). *Earlier substituted by Act* 46 *of* 1964, *s.* 11(*w.e.f.* 1-4-1965).

[2]**[12A. Appointment of Valuation Officers.**—(*1*) The Central Government may appoint as many Valuation Officers as it thinks fit.

(*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.]

13. [*Wealth-tax authorities to follow orders, etc., of the Board*.]—*Omitted by the Direct Tax Laws* (*Amendment*) *Act,* 1987 (4 *of* 1988), *s.* 132(*w.e.f.* 1-4-1988).

[3]**[13A. Powers of** [4]**[Director-General or Director],** [5]**[Chief Commissioner or Commissioner] and** [6]**[Joint Commissioner] to make enquiries.—**The [4][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 that an [7][Assessing Officer] has under this Act in relation to the making of enquiries.]

1. Subs. by Act 3 of 1989, s. 63, for "(*5*)" (w.r.e.f. 1-4-1988).
2. Ins. by Act 45 of 1972, s. 9 (w.e.f. 15-11-1972).
3. Ins. by Act 46 of 1964, s. 13 (w.e.f. 1-4-1965).
4. Subs. by Act 4 of 1988, s. 127, for "Director of Inspection" (w.e.f. 1-4-1988).
5. Subs. by s. 127, *ibid.,* for "Commissioner" (w.e.f. 1-4-1988).
6. Subs. by Act 21 of 1998, s. 3, for "Deputy Commissioner" (w.e.f. 1-4-1988). Earlier the quoted words were substituted by Act 4 of 1988, s. 127, for "Inspecting Assistant Commissioner" (w.e.f. 1-4-1988).
7. Subs. by Act 4 of 1988, s. 127, for "Wealth-tax Officer" (w.e.f. 1-4-1988).

CHAPTER IV

ASSESSMENT

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]* * * * *

[3][**14A. Power of Board to dispense with furnishing documents, etc., with return of wealth.—**The Board may make rules providing for a class or classes of persons who may not be required to furnish documents, statements, receipts, certificates, audit reports, reports of registered valuer or any other documents, which are otherwise under any other provisions of this Act, except section 14B, required to be furnished, along with the return but on demand to be produced before the Assessing Officer.

14B. Filing of return in electronic form.—The Board may make rules providing for—

(*a*) the class or classes of persons who shall be required to furnish the return in electronic form;

(*b*) the form and the manner in which the return in electronic

form may be furnished;

(*c*) the documents, statements, receipts, certificates, audit reports, reports of registered valuer or any other documents which may not be furnished along with the return in electronic form but shall be produced before the Assessing Officer on demand;

(*d*) the computer resource or the electronic record to which the return in electronic

form may be transmitted.]

[4][**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:

1. Subs. by Act 4 of 1988, s. 133, for sub-sections (*1*) and (*2*) (w.e.f. 1-4-1989). Earlier these sub-sections amended by Act 58 of 1960, s. 3 and the Second Schedule (w.e.f. 26-12-1960), Act 46 of 1964, s. 14 (w.e.f. 1-4-1964), Act 19 of 1970, s. 26 (w.e.f. 1-4-1970).
2. Sub-section (*3*) omitted by s. 133, *ibid*. (w.e.f. 1-4-1989).
3. Ins. by Act 17 of 2013, s. 62 (w.e.f. 1-6-2013).
4. Subs. by Act 4 of 1988, s. 134, for section 15 (w.e.f. 1-4-1989).

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 up to and inclusive of the 31st day of March, 1990 or before the completion of the assessment, whichever is earlier;

(*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 up to and inclusive of the 31st day of March, 1991 or before the completion of the assessment, whichever is earlier.]

[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 the return 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 be signed and verified by a person who holds a valid power of attorney from such company to do so, which shall be attached to the return:

Provided further that,—

(*a*) where the company is being wound up, whether under the orders of the court or otherwise, or where any person has been appointed as the receiver of any assets of the company, the return shall be signed and verified by the liquidator referred to in sub-section (*1*) of section 178 of the Income-tax Act;

(*b*) where the management of the company has been taken over by the Central Government or any State Government under any law, the return of the company shall be signed and verified by the principal officer thereof.]

1. Ins. by Act 46 of 1964, s. 15 (w.e.f. 1-4-1965).

2. Subs. by Act 4 of 1988, s. 135, for clause (*a*) (w.e.f. 1-4-1989).

3. Subs. by Act 41 of 1975, s. 88, for clause (*c*) (w.e.f. 1-4-1976).

4. Added by Act 4 of 1988, s. 135 (w.e.f. 1-4-1989).

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 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.]

15C. [*Provisional assessment*.]—*Omitted by the Direct Tax Laws* (*Amendment*) *Act,* 1987*, s.* 137 (*w.e.f.* 1-4-1989). *Earlier it was inserted by the Wealth-tax* (*Amendment*) *Act,* 1964*, s.* 15 (*w.e.f.* 1-4-1965).

3[**16. Assessment.—**4[(*1*) 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*),—

(*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

(*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 an 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.]

1. Subs. by Act 4 of 1988, s. 136, for section 15B (w.e.f. 1-4-1989). Earlier it was inserted by Act 46 of 1964, s. 15 (w.e.f. 1-4-1965) which was later amended by Act 42 of 1970, s. 60 (w.e.f. 1-4-1971) and Act 41 of 1975, s. 89 (w.e.f. 1-4-1976).

2. Ins. by Act 36 of 1989, s. 27 (w.r.e.f. 1-4-1989).

3. Subs. by Act 4 of 1988, s. 138, for section 16 (w.e.f. 1-4-1989). Earlier section 16 was amended by Act 46 of 1964, s. 16 (w.e.f. 1-4-1965).

4. Subs. by Act 27 of 1999, s. 92, for sub-section (*1*) (w.e.f. 1-6-1999). Earlier it was amended by Act 3 of 1989, s. 64 (w.e.f. 1-4-1989) and Act 36 of 1989, s. 28 (w.r.e.f. 1-4-1989).

1* * * * *

(*2*) 2[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 underpaid the tax in any

manner, [3][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:

[4][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 [5][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 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.]

1. Sub-section (*1A*) and (*1B*) omitted by Act 27 of 1999, s. 92 (w.e.f. 1-6-1999). Earlier sub-section (*1A*) inserted by Act 3 of 1989, s. 64 (w.e.f. 1-4-1989) and later amended by Act 36 of 1989, s. 28 (w.r.e.f. 1-4-1989). Sub-section (*1B*) inserted by Act 12 of 1990, s. 54 (w.r.e.f. 1-4-1989).

2. Subs. by Act 36 of 1989, s. 28, for "In a case referred to in sub-section (1), if the Assessing Officer" (w.r.e.f. 1-4-1989).

3. Subs. by s. 28, *ibid*., for "he shall server or the Assessee" (w.r.e.f. 1-4-1989).

4. Subs. by Act 49 of 1991, s. 74, for the proviso (w.e.f. 1-10-1991).

5. Subs. by Act 12 of 1990, s. 54, for "before the end of the relevant assessment year" (w.e.f. 1-4-1990).

[1][(*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.

[2]* * * * *]

[3]* * * * *

[4][**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, [5][where under the provisions of section 7 read with the rules made under this Act, or, as the case may be, the rules in Schedule III, the market value of any asset is to be taken into account in such assessment,] the [6][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 [6][Assessing Officer] is of opinion that the value so returned is less than its fair market value ;

(*b*) in any other case, if the [6][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 [6][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.

1. Ins. by Act 36 of 1989, s. 28 (w.r.e.f. 1-4-1989).

2. Sub-section (*7*) omitted by Act 27 of 1999, s. 92 (w.e.f. 1-6-1999). Earlier it was inserted by Act 36 of 1989, s. 28 (w.r.e.f. 1-4-1989).

3. The *Explanation* omitted by s. 92, *ibid*. (w.e.f. 1-6-1999). Earlier it was inserted by Act 49 of 1991, s. 74 (w.e.f. 1-10-1991).

4. Ins. by Act 45 of 1972, s. 10 (w.e.f. 1-1-1973).

5. Ins. by Act 3 of 1989, s. 65 (w.e.f. 1-4-1989).

6. Subs. by Act 4 of 1988, s. 127, for "Wealth-tax Officer" (w.e.f. 1-4-1988).

(*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 [1][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 [1][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.]

17. Wealth escaping assessment.—[2][(*1*) If the Assessing Officer [3][has reason to believe] that the net wealth chargeable to tax 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, [4]*** as may be 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 may be, apply as if the return were a return required to be furnished under section 14:

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:

5[Provided further that the Assessing Officer shall, before issuing any notice under this sub-section, record his reasons for doing so:]

6[Provided also that nothing contained in the first proviso shall apply in a case where any net wealth in relation to any asset (including financial interest in any entity) located outside India chargeable to tax, has escaped assessment for any assessment year:]

7[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.

1. Subs. by Act 4 of 1988, s. 127, for "Wealth-tax Officer" (w.e.f. 1-4-1988).

2. Subs. by s. 139, *ibid*., for sub-section (*1*) (w.e.f. 1-4-1989). Earlier it was amended by Act 46 of 1964, s. 17 (w.e.f. 1-4-1965).

3. Subs. by Act 3 of 1989, s. 66, for ", for reasons to be recorded by him in writing, is of the opinion" (w.e.f. 1-4-1989).

4. The words "not being less than thirty days," omitted by Act 32 of 2003, s. 100 (w.r.e.f. 1-4-1989).

5. Ins. by Act 3 of 1989, s. 66 (w.e.f. 1-4-1989).

6. Ins. by Act 23 of 2012, s. 116 (w.r.e.f. 1-7-2012).

7. Ins. by Act 18 of 2008, s. 60 (w.e.f. 1-4-2008).

(*1A*) No notice under sub-section (*1*) shall be issued for the relevant assessment year,—

1[(*a*) if four years have elapsed from the end of the relevant assessment year, unless the case falls under clause (*b*) 2[or clause (*c*)];

(*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;]

2[(*c*) if four years, but not more than sixteen years, have elapsed from the end of the relevant assessment year unless the net wealth in relation to any asset (including financial interest in any entity) located outside India, chargeable to tax, has escaped assessment for any assessment year.]

3[*Explanation 1*].—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 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;

2[(*c*) where a person is found to have any asset (including financial interest in any entity) located outside India.]

2[*Explanation 2*.—For the removal of doubts, it is hereby clarified that the provisions of this section, as amended by the Finance Act, 2012, shall also be applicable for any assessment year beginning on or before the 1st day of April, 2012 (23 of 2012).]

(*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*) 4[by an Assessing Officer, who is below the rank of 5[Assistant Commissioner or Deputy Commissioner], unless the 6[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 6[Joint Commissioner], after the expiry of four years from the end of the relevant assessment year, unless the 6[Joint Commissioner] is satisfied, on the reasons recorded by such Assessing Officer, that it is a fit case for the issue of such notice.]

7[*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.]

1. Subs. by Act 14 of 2001, s. 96, for clauses (*a*) and (*b*) (w.e.f. 1-6-2001).
2. Ins. by Act 23 of 2012, s. 116 (w.e.f. 1-7-2012).
3. The *Explanation* renumbered as *Explanation* 1 thereof by s. 116, *ibid*. (w.e.f. 1-7-2012).
4. Subs. by Act 12 of 1990, s. 55, for "except by an Assessing Officer of the rank of Assistant Commissioner or Deputy Commissioner" (w.e.f. 1-4-1990).
5. Subs. by Act 21 of 1998, s. 66, for "Assistant Commissioner" (w.e.f. 1-10-1998).
6. Subs. by s. 66, *ibid.,* for "Deputy Commissioner" (w.e.f. 1-10-1998).
7. Ins. by Act 18 of 2008, s. 60 (w.r.e.f. 1-10-1998).

1[(*2*) Nothing contained in this section limiting the time within which any proceeding for assessment or reassessment may be 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 2[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 or reassessment may be taken.]

3[**17A. Time limit for completion of assessment and reassessment.—**4[(*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:

5[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:]

6[Provided further that in case the assessment year in which the net wealth was first assessable is the assessment year 7[commencing on or after the 1st day of April, 2004 but before the 1st day of April, 2010], 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 of 8[one year] from the end of the financial year in which the notice under sub-section (*1*) of that section was served]:

[9][Provided that where the notice under sub-section (*1*) of section 17 was served on or after 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:]

[6][Provided further that where the notice under sub-section (*1*) of section 17 was served on or [10][after the 1st day of April, 2005 but before the 1st day of April, 2011], the provisions of this sub-section shall have effect as if for the words "one year", the words "nine months" had been substituted.]

[11]* * * * *]

1. Ins. by Act 46 of 1964, s. 17 (w.e.f. 1-4-1965).
2. Added by Act 4 of 1988, s. 139 (w.e.f. 1-4-1989).
3. Ins. by Act 41 of 1975, s. 90 (w.e.f. 1-4-1976).
4. Subs. by Act 4 of 1988, s. 140, for sub-sections (*1*) and (*2*) (w.e.f. 1-4-1989).
5. Subs. by Act 13 of 1989, s. 28, for the proviso (w.e.f. 1-4-1989).
6. Ins. by Act 21 of 2006, s. 57 (w.e.f. 1-6-2006).
7. Subs. by Act 23 of 2012, s. 117, for "commencing on the 1st day of April, 2004 or any subsequent year" (w.e.f. 1-7-2012)
8. Subs. by Act 14 of 2001, s. 97, for "two years" (w.e.f. 1-6-2001).
9. Subs. by s. 97, *ibid.,* for the proviso (w.e.f. 1-6-2001).
10. Subs. by Act 23 of 2012, s. 117, for "after the 1st day of April, 2005" (w.e.f. 1-7-2012).
11. The *Explanation* omitted by Act 14 of 2001, s. 97 (w.e.f. 1-6-2001).

(*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 [1][23A], section 24 or section 25, setting aside or cancelling an assessment, may be made at any time before the expiry of [2][one year] from the end of the financial year in which the order under section [1][23A] or section 24 is received by the [3][Chief Commissioner or Commissioner] or, as the case may be, the order under section 25 is passed by the Commissioner:

[4] [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:]

[5][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 [6][after the 1st day of April, 2005 but before the 1st day of April, 2011], the provisions of this sub-section 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

[7][(*iia*) the period (not exceeding sixty days) commencing from the date on which the [8][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 Commission 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 the Commissioner under sub-section (*2*) of that section,

shall be excluded:

9[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:]

1. Subs. by Act 14 of 2001, s. 97, for "23" (w.e.f. 1-6-2001).
2. Subs. by s. 97, *ibid.,* for "two years" (w.e.f. 1-6-2001). Earlier the quoted words were substituted by Act 4 of 1988, s. 140, for "four years" (w.e.f. 1-4-1989).
3. Subs. by Act 4 of 1988, s. 127, for "Commissioner" (w.e.f 1-4-1988).
4. Subs. by Act 14 of 2001, s. 97, for the proviso (w.e.f. 1-6-2001). Earlier the proviso was inserted by Act 4 of 1988, s. 140 (w.e.f. 1-4-1989).
5. Ins. by Act 21 of 2006, s. 57 (w.e.f. 1-6-2006).
6. Subs. by Act 23 of 2012, s. 117, for "after the 1st day of April, 2005" (w.e.f. 1-7-2012).
7. Ins. by Act 67 of 1984, s. 56 (w.e.f. 1-10-1984).
8. Subs. by Act 4 of 1988, s. 127, for "Wealth-tax Officer" (w.e.f. 1-4-1988).
9. Ins. by Act 49 of 1991, s. 75 (w.e.f. 27-9-1991).

1 [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.]

Explanation 2.—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.]

2[**17B. Interest for defaults in furnishing return of net wealth.—**(*1*) Where the return of net wealth 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 3[one 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 4[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.

5[*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.

4[*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 (*1*) shall be reduced by the interest, if any, paid under section 15B towards the interest chargeable under this section.

1. Ins. by Act 18 of 2008, s. 61 (w.r.e.f. 1-6-2007).

2. Ins. by Act 4 of 1988, s. 141 (w.e.f. 1-4-1989).

3. Subs. by Act 54 of 2003, s. 19, for "one and one-fourth per cent." (w.e.f. 8-9-2003). Earlier the quoted words were substituted by Act 14 of 2001, s. 98, for "two per cent." (w.e.f. 1-6-2001).

4. Ins. by Act 3 of 1989, s. 67 (w.e.f. 1-4-1989).

5. Subs. by s. 67, *ibid*., for the *Explanation* (w.e.f. 1-4-1989).

(*3*) Where the return of net wealth for any assessment year, required by a notice under sub-section (*1*) of section 17, issued [1][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 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 [1][under sub-section (*1*) of section 16 or] on the basis of the earlier assessment aforesaid.

[3]* * * * *

(*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 Commission 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.]

[4] [**18. Penalty for failure to furnish returns, to comply with notices and concealment of assets, etc.—**(*1*) If the[5] [Assessing Officer], [6][Deputy Commissioner (Appeals)], [7][Commissioner (Appeals),] [8][Chief Commissioner or Commissioner] or Appellate Tribunal in the course of any proceedings under this Act is satisfied that any person—

[9]* * * * *

(*b*) has [10]*** failed to comply with a notice under sub-section (*2*) or sub-section (*4*) of section 16; or

1. Ins. by Act 3 of 1989, s. 67 (w.e.f. 1-4-1989).

2. Subs. by Act 54 of 2003, s. 19, for "one and one-fourth per cent." (w.e.f. 8-9-2003). Earlier the quoted words were substituted by Act 14 of 2001, s. 98, for "two per cent." (w.e.f. 1-6-2001).

3. The *Explanation* omitted by Act 3 of 1989, s. 67 (w.e.f. 1-4-1989).

4. Restored by s. 95, *ibid*. (w.e.f. 1-4-1989). Earlier subs. by Act 4 of 1988, s. 142 (w.e.f. 1-4-1989) and also substituted by Act 46 of 1964, s. 18 (w.e.f. -1-4-1965).

5. Subs. by Act 4 of 1988, s. 127, for "Wealth-tax Officer" (w.e.f. 1-4-1988).

6. Subs. by s. 127, *ibid.,* for "Appellate Assistant Commissioner" (w.e.f. 1-4-1988).

7. Ins. by Act 29 of 1977, s. 39 and the Fifth Schedule (w.e.f. 10-7-1978).

8. Subs. by Act 4 of 1988, s. 127, for "Commissioner" (w.e.f. 1-4-1988).

9. Clause (*a*) omitted by Act 3 of 1989, s. 68 (w.e.f. 1-4-1989). Earlier it was amended by Act 46 of 1986, s. 33 (w.e.f. 10-9-1986).

10. The words "without reasonable cause" omitted by Act 46 of 1986, s. 33 (w.e.f. 10-9-1986).

(*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—

[1]* * * * *

[2][(*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;]

[3][(*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:

[4][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.]

Explanation 1.—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 [5][Assessing Officer] or the [6][Deputy Commissioner (Appeals)] [7][or the Commissioner (Appeals)] [8][or the Commissioner] to be false, or

(*B*) such person offers an explanation which he is [9][not able to substantiate and fails to prove that such explanation is *bona fide* and that all the facts relating to the same and 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.

1. Clause (*i*) omitted by Act 3 of 1989, s. 68 (w.e.f. 1-4-1989). Earlier it was substituted by Act 41 of 1975, s. 91 (w.e.f. 1-4-1976).

2. Subs. by s. 68, *ibid*., for clause (*ii*) (w.e.f. 1-4-1989). Earlier it was substituted by Act 41 of 1975, s. 91 (w.e.f. 1-4-1976).

3. Subs. by Act 41 of 1975, s. 91, for clause (*iii*) and the *Explanations* (w.e.f. 1-4-1975). Earlier clause (*iii*) and the *Explanations* were substituted by Act 19 of 1968, s. 32 (w.e.f. 1-4-1968).

4. Subs. by Act 3 of 1989, s. 68, for the proviso (w.e.f. 1-4-1989). Earlier it was inserted by Act 46 of 1986, s. 33 (w.e.f. 10-9-1986).

5. Subs. by Act 4 of 1988, s. 127, for "Wealth-tax Officer" (w.e.f. 1-4-1988).

6. Subs. by s. 127, *ibid.,* for "Appellate Assistant Commissioner" (w.e.f. 1-4-1988).

7. Ins. by Act 29 of 1977, s. 39 and the Fifth Schedule (w.e.f. 10-7-1978).

8. Ins. by Act 20 of 2002, s. 110 (w.e.f. 1-6-2002).

9. Subs. by Act 46 of 1986, s. 33, for "not able to substantiate" (w.e.f. 10-9-1986).

[1]* * * * *

[2][*Explanation 3*.—Where any person [3]*** 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, then, 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.]

4[*Explanation 5.*—Where in 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, 5[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 6[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 of 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].]

1. The proviso omitted by Act 46 of 1986, s. 33 (w.e.f. 10-9-1986).

2. Subs. by Act 3 of 1989, s. 68, for *Explanation* 3 (w.e.f. 1-4-1989).

3. The words "who has not previously been assessed under this Act" omitted by Act 20 of 2002, s. 110 (w.e.f. 1-4-2003).

4. Ins. by Act 67 of 1984, s. 57 (w.e.f. 1-10-1984).

5. Subs. by Act 46 of 1986, s. 33, for certain words (w.e.f. 10-9-1986).

6. Subs. by Act 4 of 1988, s. 127, for "Commissioner" (w.e.f. 1-4-1988).

1[*Explanation 6.*—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.]

2[(*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.

[3]* * * * *

[4][(*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 [5][Assistant Commissioner or Deputy Commissioner], where the penalty exceeds twenty thousand rupees,

except with the prior approval of the [6][Joint Commissioner].]

[7]* * * * *

(*4*) A [8][Deputy Commissioner (Appeals)], [9][a Commissioner (Appeals),] a [10][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 [11][Assessing Officer.]

[12][(*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 Deputy 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 Deputy 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 of revision is passed;

1. Ins. by Act 3 of 1989, s. 68 (w.e.f. 1-4-1989).
2. Ins. by Act 18 of 2008, s. 62 (w.r.e.f. 1-4-1989). Earlier sub-section (*1*) was inserted by Act 32 of 1971, s. 33 (w.e.f. 1-4-1972) which was later omitted by Act 41 of 1975, s. 91 (w.e.f. 1-4-1976).
3. Sub-sections (*2A*) and (*2B*) omitted by Act 41 of 1975, s. 91 (w.e.f. 1-4-1976). Earlier these sub-sections were inserted by Act 15 of 1965, s. 20 (w.e.f. 11-9-1965).
4. Subs. by Act 3 of 1989, s. 68, for sub-section (*3*) (w.e.f. 1-4-1989).
5. Subs. by Act 21 of 1998, s. 66, for "Assistant Commissioner" (w.e.f. 1-10-1998).
6. Subs. by s. 66, *ibid*. for "Deputy Commissioner" (w.e.f. 1-10-1998).
7. Sub-section (*3A*) omitted by Act 3 of 1989, s. 68 (w.e.f. 1-4-989).
8. Subs. by Act 4 of 1988, s. 127, for "Appellate Assistant Commissioner" (w.e.f. 1-4-1988).
9. Ins. by Act 29 of 1977, s. 39 and the Fifth Schedule (w.e.f. 10-7-1978).
10. Subs. by Act 4 of 1988, s. 127, for "Commissioner" (w.e.f. 1-4-1988).
11. Subs. by s. 127, *ibid.,* for "Wealth-tax Officer" (w.e.f. 1-4-1988).
12. Subs. by Act 3 of 1989, s. 68, for sub-section (*5*) (w.e.f. 1-4-1989).

(*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 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 purposes 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 (3 of 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][**18A. Penalty for failure to answer questions, sign statements, furnish information, allow inspection, 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.

1. Restored by Act 3 of 1989, s. 95 (w.e.f. 1-4-1989). Substituted by Act 3 of 1989, s. 69, for section 18A (w.e.f. 1-4-1989). Earlier section 18A was amended by 46 of 1986, s. 34 (w.e.f. 10-9-1986) and Act 29 of 1977, s. 39 and the Fifth Schedule (w.e.f. 10-7-1978) which was inserted by Act 41 of 1975, s. 92 (w.e.f. 1-4-1976).

(*3*) Any penalty imposable under sub-section (*1*) or sub-section (*2*) shall be imposed—

(*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 [1][Joint Director] or a [2][Joint Commissioner], by such wealth-tax authority;

(*b*) in any other case, by the [1][Joint Director] or the [2][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, [1][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.]

[4] [**18B. Power to reduce or waive penalty in certain cases.—**(*1*) Notwithstanding anything contained in this Act, the [5][6*** Commissioner] may, in his discretion, whether on his own motion or otherwise,—

[7]* * * * *

(*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,—

[8]* * * * *

(*b*) in the case referred to in clause (*ii*), has, prior to the detection by the [9][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[10]***.—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.

[11]* * * * *

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1. Subs. by Act 21 of 1998, s. 66, for "Deputy Director" (w.e.f. 1-10-1998).
2. Subs. by s. 66, *ibid*. for "Deputy Commissioner" (w.e.f. 1-10-1998).
3. Subs. by s. 66, *ibid*. for "Assistant Director" (w.e.f. 1-10-1998).
4. Ins. by Act 41 of 1975, s. 92 (w.e.f. 1-10-1975).
5. Subs. by Act 4 of 1988, s. 127, for "Commissioner" (w.e.f. 1-4-1988).
6. The words "Chief Commissioner or" omitted by Act 38 of 1993, s. 40 (w.e.f. 1-6-1993).
7. Clause (*i*) omitted by Act 3 of 1989, s. 70 (w.e.f. 1-4-1989).
8. Clause (*a*) omitted by s. 70, *ibid*. (w.e.f. 1-4-1989).
9. Subs. by Act 4 of 1988, s. 127, for "Wealth-tax Officer" (w.e.f. 1-4-1988).
10. The figure "1" omitted by Act 32 of 1985, s. 38 (w.e.f. 24-5-1985). Earlier the *Explanation* renumbered as *Explanation* 1 thereof by Act 67 of 1984, s. 58 (w.e.f. 1-10-1984).
11. *Explanation* 2 omitted by s. 38, *ibid.* (w.e.f. 24-5-1985). Earlier it was inserted by Act 67 of 1984, s. 58 (w.e.f. 1-10-1984).

(*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 any one 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 [1][the 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:

[2][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 [3][[4]*** 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 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.]

[5][(*6*) The provisions of this section as they stood immediately before their amendment by the Direct Tax Laws (Amendment) Act, 1989 (3 of 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.]

[6][**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.

1. Subs. by Act 38 of 1993, s. 40, for "the Chief Commissioner or Commissioner, except with the previous approval of the Board" (w.e.f. 1-6-1993).
2. Ins. by Act 49 of 1991, s. 76 (w.e.f. 27-9-1991).
3. Subs. by Act 4 of 1988, s. 127, for "Commissioner" (w.e.f. 1-4-1988).
4. The words "Chief Commissioner or" omitted by Act 38 of 1993, s. 40 (w.e.f. 1-6-1993).
5. Ins. by Act 3 of 1989, s. 70 (w.e.f. 1-4-1989).
6. Ins. by Act 18 of 2008, s. 63 (w.e.f. 1-4-2008).

(*3*) The Commissioner may, subject to such conditions as he may think fit to 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][CHAPTER IVA

SPECIAL PROVISION FOR AVOIDING REPETITIVE APPEALS

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 [2][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 [3][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 [2][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 [2][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 [4][in appeal before the High Court under section 27A or the Supreme Court under section 29].

(*2*) Where a declaration under sub-section (*1*) is furnished to any appellate authority, the appellate authority shall call for a report from the [2][Assessing Officer] on the correctness of the claim made by the assessee and, where the [2][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 [2][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 under sub-section (*3*),—

(*a*) the [2][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

1. Ins. by Act 67 of 1984, s. 59 (w.e.f. 1-10-1984).
2. Subs. by Act 4 of 1988, s. 127, for "Wealth-tax Officer" (w.e.f. 1-4-1988).
3. Ins. by Act 20 of 2002, s. 111 (w.e.f. 1-6-2002).
4. Subs. by s. 111, *ibid*., for "for a reference before the High Court or the Supreme Court under section 27 or in appeal before the Supreme Court under section 29" (w.e.f.1-6-2002).

(*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 [1][in appeal before the High Court under section 27A or the Supreme Court under section 29].

(*5*) When the decision on the question of law in the other case becomes final, it shall be applied to the relevant case and the [2][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 [3][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.]

CHAPTER IVB

CHARGE OF ADDITIONAL WEALTH-TAX IN CERTAIN CASES

18D. [*Additional wealth-tax*].—*Omitted by the Direct Tax Laws* (*Amendment*) *Act*, 1989 (3 *of* 1989), *s.* 95 (*w.e.f.* 1-4-1989. *Earlier it was inserted by the Direct Tax Laws* (*Amendment*) *Act,* 1987 (4 of 1988), *s.* 143 (*w.e.f.* 1-4-1989).

CHAPTER V

LIABILITY TO ASSESSMENT IN SPECIAL CASES

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 the [2][Assessing Officer] has reason to believe to be incorrect or incomplete, the [2][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.

[4][**19A. Assessment in the case of executors.**—(*1*) Subject 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.

1. Subs. by Act 20 of 2002, s. 111, for "for a reference before the High Court or the Supreme Court under section 27 or in appeal before the Supreme Court under section 29" (w.e.f.1-6-2002).
2. Subs. by Act 4 of 1988, s. 127, for "Wealth-tax Officer" (w.e.f. 1-4-1988).
3. Subs. by s. 127, *ibid*. for "Appellate Assistant Commissioner" (w.e.f. 1-4-1988).

4. Ins. by Act 46 of 1964, s. 19 (w.e.f. 1-4-1965).

(*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 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 that valuation date.

Explanation.—In this section, "executor" includes an administrator or other person administering the estate of a deceased person.]

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 [1][Assessing Officer] that a partition has taken place among the members of a Hindu undivided family, and the [1][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 [1][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.

[2][**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. Subs. by Act 4 of 1988, s. 127, for "Wealth-tax Officer" (w.e.f. 1-4-1988).

2. Ins. by Act 44 of 1980, s. 39 (w.e.f. 1-4-1980).

21. Assessment when assets are held by courts of wards, administrators-general, etc.—(*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 trustee 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.

1. Subs. by Act 44 of 1980, s. 40, for "In the case of assets chargeable to tax under this Act" (w.e.f. 1-4-1980).
2. Subs. by Act 46 of 1964, s. 20, for "on whose behalf" (w.e.f. 1-4-1965).
3. Ins. by Act 16 of 1981, s. 26 (w.e.f. 1-4-1981).
4. Subs. by Act 4 of 1988, s. 127, for "Wealth-tax Officer" (w.e.f. 1-4-1988).
5. Ins. by Act 44 of 1980, s. 40 (w.e.f. 1-4-1980).
6. The brackets and words "(all of which persons are hereinafter in this sub-section included in the term "beneficiary") omitted by Act 46 of 1964, s. 20 (w.e.f. 1-4-1965).
7. Subs. by s. 20, *ibid.,* for "on behalf of such beneficiary" (w.e.f. 1-4-1965).

[1][(*4*) [2][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 [3][, 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 [4][Schedule I] [5]***; or

(*b*) at the rate of [6][three per cent.],

whichever course would be more beneficial to the revenue:

Provided that in a case where—

(*i*) such assets are held [7][under a trust declared by any person by will and such trust is the only trust so declared by him]; or

[8][(*ia*) 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 [9][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 *bona fide* 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 [4][Schedule I] [5]***.]

[8][*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.]

1. Subs. by Act 19 of 1970, s. 26, for sub-section (*4*) (w.e.f. 1-4-1971). Earlier it was amended by Act 46 of 1964, s. 20 (w.e.f. 1-4-1965).
2. Subs. by Act 16 of 1981, s. 26, for "Notwithstanding anything contained in this section" (w.e.f. 1-4-1981).
3. Subs. by Act 44 of 1980, s. 40, for "as if the persons on whose behalf or for whose benefit assets are held were an individual who is a citizen of India and resident in India" (w.e.f. 1-4-1980).
4. Subs. by Act 66 of 1976, s. 27, for "the Schedule" (w.e.f. 1-4-1977).
5. The words "in the case of an individual" omitted by Act 32 of 1971, s. 34 (w.e.f. 1-4-1972).
6. Subs. by Act 44 of 1980, s. 40, for "one and one-half per cent." (w.e.f. 1-4-1980).
7. Subs. by s. 40, *ibid.,* for "under a trust declared by him" (w.e.f. 1-4-1980).
8. Ins. by Act s. 40, *ibid*. (w.e.f. 1-4-1980).
9. Subs. by Act 4 of 1988, s. 127, for "Wealth-tax Officer" (w.e.f. 1-4-1988).

[1] [[2] [*Explanation* 2].—Notwithstanding anything contained in section 5, in computing the net wealth [3][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 (*1*) of that section shall not be excluded.]

[4][(*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.]

[5][(*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 minor, lunatic or idiot on whose behalf or for whose benefit assets are held by any other person.]

[6][(*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.]

[7][**21A. Assessment in cases of diversion of property, or of income from property, held under trust for public charitable or religious purposes.—**[8][Notwithstanding anything contained in clause (*i*) of section 5, where any property is held] under trust for any public purpose of a charitable or religious nature in India and—

[9][(*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] is used or applied, directly or indirectly, for the benefit of [10][any person referred to in sub-section (*3*) of section 13 of the Income-tax Act], or

1. Ins. by Act 32 of 1971, s. 34 (w.e.f. 1-4-1972).
2. *Explanation* renumbered as *Explanation* 2 thereof by Act 44 of 1980, s. 40 (w.e.f. 1-4-1980).
3. Subs. by Act 16 of 1981, s. 26, for "for the purposes of this sub-section in any case, not being a case referred to in the proviso" (w.e.f. 1-4-1981).
4. Ins. by s. 26, *ibid.* (w.e.f. 1-4-1981).
5. Ins. by Act 46 of 1964, s. 20 (w.e.f. 1-4-1965).
6. Ins. by Act 18 of 1992, s. 94 (w.e.f. 1-4-1993).
7. Ins. by Act 16 of 1972, s. 46 (w.e.f. 1-4-1973).
8. Subs. by Act 33 of 1996, s. 58, for "Where any property is held" (w.r.e.f. 1-4-1993). Earlier the quoted words were substituted by Act 18 of 1992, s. 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).
9. Subs. by Act 21 of 1984, s. 34, for certain words (w.e.f. 1-4-1985).
10. Restored by Act 3 of 1989, s. 95 (w.e.f. 1-4-1989). Earlier the words "any interested person" was substituted by Act 4 of 1988, s. 144, for the given expression (w.e.f. 1-4-1989).

(*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 [1][any person referred to in sub-section (*3*) of section 13 of the said Act, or]

[2][(*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 provision of clause (*d*) of sub-section (*1*) of section 13 of the Income-tax Act,]

wealth-tax shall be leviable upon, and recoverable from, the trustee or manager (by whatever name called) in the like manner and to the same extent as if the property were held by an individual who is a citizen of India and resident in India for the purposes of this Act [3]***:]

Provided that in the case of a trust created before the 1st day of April, 1962, the provisions of clause (*i*) shall not apply to any use or application, whether directly or indirectly, of any part of such property or any income of such trust for the benefit of [4][any person referred to in sub-section (*3*) of section 13 of the Income-tax Act], if such use or application is by way of compliance with a mandatory term of the trust:

[5]* * * * *

[6][[7][Provided further that],—

[8][(*a*) in the case of any association referred to in clause (*21*) of section 10 of the Income-tax Act,—

(*i*) the provisions of clause (*i*) and clause (*ii*) shall not apply; and

(*ii*) the other provisions of this section shall apply with the modifications that,—

(*1*) for the words, brackets, letter and figures "in contravention of the provisions of clause (*d*) of sub-section (*1*) of section 13 of the Income-tax Act", the words, brackets and figures "in contravention of the provisions contained in the proviso to clause (*21*) of section 10 of the Income-tax Act" had 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*) or clause (*22A*) or clause (*23B*) or clause (*23C*) of section 10 of the Income-tax Act, the provisions of [10][clauses (*i*) to (*iii*)] shall not apply.]

1. Restored by Act 3 of 1989, s. 95 (w.e.f. 1-4-1989). Earlier the words "any interested person," was substituted by Act 4 of 1988, s. 144, for the given expression (w.e.f. 1-4-1989).
2. Restored by s. 95, *ibid.* (w.e.f. 1-4-1989). Earlier clause (*iii*) was omitted by Act 4 of 1988, s. 144 (w.e.f. 1-4-1989).
3. The words "but without excluding the value of any asset under sub-section (*1*) of section 5, and at the maximum marginal rate" omitted by Act 18 of 1992, s. 95 (w.e.f. 1-4-1993).
4. Restored by Act 3 of 1989, s. 95 (w.e.f. 1-4-1989). Earlier the words "any interested person" was substituted by Act 4 of 1988, s. 144, for the given expression (w.e.f. 1-4-1989).
5. The second proviso omitted by Act 18 of 1992, s. 95 (w.e.f. 1-4-1993). Earlier the second proviso was amended by Act 3 of 1989, s. 95 (w.e.f. 1-4-1989) and Act 4 of 1988, s. 144 (w.e.f. 1-4-1989).
6. Ins. by Act 21 of 1984, s. 34 (w.e.f. 1-4-1985).
7. Subs. by Act 18 of 1992, s. 95, for "Provided also that" (w.e.f. 1-4-1993).
8. Restored by Act 3 of 1989, s. 95 (w.e.f. 1-4-1989). Earlier clause (*a*) was substituted by Act 4 of 1988, s. 144 (w.e.f. 1-4-1989).
9. Subs. by Act 18 of 1992, s. 95, for "Part I of Schedule I in the case of an individual" (w.e.f. 1-4-1993).
10. Restored by Act 3 of 1989, s. 95 (w.e.f. 1-4-1989). Earlier "clauses (*i*) and (*ii*)" was substituted by Act 4 of 1988, s. 144, for the given expression (w.e.f. 1-4-1989).

Explanation.—For the purposes of this section,—

[1][(*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 sub-section (*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;

[2]* * * * *]

(*b*) "trust" includes any other legal obligation.]

[3][**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 society [4][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 the [5][purposes of this Act [6]***].

(*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, the [7][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 provisions 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 the [7][Assessing Officer] or the [8][Deputy 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 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.

1. Restored by Act 3 of 1989, s. 95 (w.e.f. 1-4-1989). Earlier clause (*a*) and (*ab*) was substituted by Act 4 of 1988, s. 144, for clause (*a*) and (*aa*) (w.e.f. 1-4-1989).

2. Clause (*aa*) omitted by Act 18 of 1992, s. 95 (w.e.f. 1-4-1993). Earlier it was inserted by Act 21 of 1984, s. 34 (w.e.f. 1-4-1985).

3. Ins. by Act 16 of 1981, s. 27 (w.e.f. 1-4-1981).

4. Ins. by Act 13 of 1989, s. 29 (w.e.f. 1-4-1989).

5. Subs. by Act 4 of 1988, s. 145, for certain words (w.e.f. 1-4-1989).

6. The words ", and at the maximum marginal rate" omitted by Act 18 of 1992, s. 96 (w.e.f. 1-4-1993).

7. Subs. by Act 4 of 1988, s. 127, for "Wealth-tax Officer" (w.e.f. 1-4-1988).

8. Subs. by s. 127, *ibid.,* for "Appellate Assistant Commissioner" (w.e.f. 1-4-1988).

[1]* * * * *]

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 [2][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.

[3]* * * * *

[4][(*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 [2][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 any 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 principal and such agent or person, as to the amount to be so retained, such agent or person may secure from the [2][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.

(*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.]

[5][CHAPTER VA

SETTLEMENT OF CASES

[6][**22A. Definitions.—**In this Chapter, unless the context otherwise requires,—

(*a*) "Bench" means a Bench of the Settlement Commission;

[7][(*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:

1. The *Explanation* omitted by Act 18 of 1992, s. 96 (w.e.f. 1-4-1993).

2. Subs. by Act 4 of 1988, s. 127, for "Wealth-tax Officer" (w.e.f. 1-4-1988).

3. The proviso omitted by Act 46 of 1964, s. 21 (w.e.f. 1-4-1965).

4. Ins. by s. 21, *ibid*. (w.e.f. 1-4-1965).

5. Ins. by Act 41 of 1975, s. 93 (w.e.f. 1-4-1976).

6. Subs. by Act 11 of 1987, s. 77, for section 22A (w.e.f. 1-6-1987).

7. Subs. by Act 22 of 2007, s. 84, for clause (*b*) (w.e.f. 1-6-2007).

[1]* * * * *

Explanation.—For the purposes of this clause—

(*i*) a proceeding for assessment or reassessment referred to in [2][section 17 shall, in case where a notice under the said section] 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;

[3][(*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 shall be deemed to have been commenced from the date on which such order, setting aside or cancelling an assessment was passed.]

[4][(*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 [5][clause (*i*) or clause (*ii*) clause (*iii*)], 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 [6][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.]

22B. Wealth-tax Settlement Commission.—(*1*) The Central Government shall constitute a Commission to be called the Wealth-tax Settlement Commission [7]*** for the settlement of cases under this Chapter.

(*2*) The Settlement Commission shall consist of a Chairman [8][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.

1. The proviso omitted by Act 25 of 2014, s. 77 (w.e.f. 1-10-2014). Earlier it was amended by Act 14 of 2010, s. 53 (w.e.f. 1-6-2010).

2. Subs. by s. 77, *ibid*., for "clause (*i*) of the proviso shall, in case where a notice under section 17" (w.e.f. 1-10-2014).

3. Subs. by s. 77, *ibid.,* for clause (*ii*) (w.e.f. 1-10-2014).

4. Subs. by Act 14 of 2010, s. 53, for clasue (*iii*) (w.e.f. 1-6-2010).

5. Subs. by Act 25 of 2014, s. 77, for "clause (*i*) or clause (*ii*) of the proviso or clause (*iii*) of the *Explanation*" (w.e.f. 1-10-2014). Ealier it was amended by Act 14 of 2010, s. 53 (w.e.f. 1-6-2010).

6. Ins. by Act 22 of 2007, s. 84 (w.e.f. 1-6-2007).

7. The brackets and words "(hereafter in this Chapter referred to as "the Settlement Commission")" omitted by Act 11 of 1987, s. 78 (w.e.f. 1-6-1987).

8. Subs. by Act 46 of 1986, s. 35, for "and two other members" (w.e.f. 10-9-1986).

[1]* * * * *

(*3*) The Chairman [2][, 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 experience in, problems relating to direct taxes and business accounts:

Provided that, where a member of the Board is appointed as the Chairman [2][, Vice-Chairman] or as a member of the Settlement Commission, he shall cease to be a member of the Board.

[3]* * * * *

[4][**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, 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.

[5][(*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, specify [5][and the Special Bench shall sit at a place to be fixed by the Chairman].

1. Sub-section (*2A*) omitted by Act 46 of 1986, s. 35 (w.e.f. 10-9-1986). Earlier sub-section (*2A*) was inserted by Act 14 of 1982, s. 36 (w.e.f. 1-4-1982).

2. Ins. by s. 35, *ibid.* (w.e.f. 10-9-1986).

3. The second proviso omitted by s. 35, *ibid*. (w.e.f. 10-9-1986).

4. Ins. by Act 11 of 1987, s. 79 (w.e.f. 1-6-1987).

5. Ins. by Act 49 of 1991, s. 77 (w.e.f. 1-10-1991).

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.

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.

22BD. Decision to be by majority.—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.]

22C. Application for settlement of cases.—[2][(*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 the [3][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 :

[4][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.]

(*1A*) For the purposes of sub-section (*1*) of this section [5]*** 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 (*1B*) to (*1D*).

[6][[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, then, wealth-tax shall be calculated on the wealth disclosed in the application as if such wealth were the net wealth;

1. Subs. by Act 4 of 1988, s. 127, for "Commissioner" (w.e.f. 1-4-1988).
2. Subs. by Act 67 of 1984, s. 60, for sub-section (*1*) (w.e.f. 1-10-1984).
3. Subs. by Act 4 of 1988, s. 127, for "Wealth-tax Officer" (w.e.f. 1-4-1988).
4. Subs. by Act 22 of 2007, s. 85, for the proviso (w.e.f. 1-6-2007). Earlier it was inserted by Act 11 of 1987, s. 80 (w.e.f. 1-6-1987).
5. The words, brackets, figures and letters "and sub-sections (*2A*) to (*2D*) of section *22D*" omitted by s. 85, *ibid.* (w.e.f. 1-6-2007).
6. Subs. by Act 11 of 1987, s. 80, for sub-sections (*1B*) and (*1C*) (w.e.f. 1-6-1987).
7. Subs. by Act 22 of 2007, s. 85, for sub-section (*1B*) (w.e.f. 1-6-2007).

(*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.]

(*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 calculated on the net wealth returned for that year;

[1]* * * * *]

(*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 (*1B*) and (*1C*) 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.

(*1E*) Where any books of account or other documents belonging to an assessee are seized under section 37A, the assessee shall not be entitled to make an application under sub-section (*1*) 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.

[2][(*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.]

22D. Procedure on receipt of an application under section 22C.—[3][(*1*) On receipt of an application under section 22C, the Settlement Commission shall, within seven days from the date of receipt of the application, issue a notice to the applicant requiring him to explain as to why the application made by him be allowed to be proceeded with, and on hearing the applicant, the Settlement Commission shall, within a period of fourteen days from the date of the application, by an order in writing, reject the application or allow the application to be proceeded with:

Provided that where no order has been passed within the aforesaid period by the Settlement Commission, the application shall be deemed to have been allowed to be proceeded with.]

[4]* * * * *

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1. Clause (*c*) omitted by Act 22 of 2007, s. 85 (w.e.f. 1-6-2007).
2. Ins. by s. 85, *ibid.* (w.e.f.1-6-2007).
3. Subs. by s. 86, *ibid.,* for sub-section (*1*) (w.e.f. 1-6-2007). Earlier it was amended by Act 49 of 1991, s. 78 (w.e.f. 27-9-1991) and Act 20 of 2002, s. 112 (w.e.f. 1-6-2002).
4. Sub-section (*1A*) omitted by Act 49 of 1991, s. 78 (w.e.f. 27-9-1991). Earlier it was inserted by Act 21 of 1979, s. 24 (w.e.f. 1-4-1979).

(*2*) A copy of every order under sub-section (*1*) shall be sent to the applicant and to the Commissioner.

[1][(*2A*) Where an application was made under section 22C before the 1st day of June, 2007 but an order under the provisions of sub-section (*1*) of this section, as they stood immediately before their amendment by the Finance Act, 2007 (22 of 2007), has not been made before the 1st day of June, 2007, such application shall be deemed to have been allowed to be proceeded with if the additional wealth-tax on the wealth disclosed in such application and the interest thereon is paid on or before the 31st day of July, 2007.

Explanation.—In respect of the applications referred to in this sub-section, the 31st day of July, 2007 shall be deemed to be the date of the order of rejection or allowing the application to be proceeded with under sub-section (*1*).

(*2B*) The Settlement Commission shall,—

(*i*) in respect of an application which is allowed to be proceeded with under sub-section (*1*), within thirty days from the date on which the application was made; or

(*ii*) in respect of an application referred to in sub-section (*2A*) which is deemed to have been allowed to be proceeded with under that sub-section, on or before the 7th day of August, 2007,

call for a report from the Commissioner, and the Commissioner shall furnish the report within a period of thirty days of the receipt of communication from the Settlement Commission.

(*2C*) Where a report of the Commissioner called for under sub-section (*2B*) has been furnished within the period specified therein, the Settlement Commission may, on the basis of the material contained in such report and within a period of fifteen days of the receipt of the report, by an order in writing, declare the application in question as invalid, and shall send the copy of such order to the applicant and the Commissioner:

Provided that an application shall not be declared invalid unless an opportunity has been given to the applicant of being heard:

Provided further that where the Commissioner has not furnished the report within the aforesaid period, the Settlement Commission shall proceed further in the matter without the report of the Commissioner.

(*2D*) Where an application was made under sub-section (*1*) of section 22C before the 1st day of June, 2007 and an order under the provisions of sub-section (*1*) of this section, as they stood immediately before their amendment by the Finance Act, 2007 (22 of 2007), allowing the application to have been proceeded with, has been passed before the 1st day of June, 2007, but an order under the provisions of sub-section (*4*), as they stood immediately before their amendment by the Finance Act, 2007, was not passed before the 1st day of June, 2007, such application shall not be allowed to be further proceeded with unless the additional wealth-tax on the wealth disclosed in such application and the interest thereon, is, notwithstanding any extension of time already granted by the Settlement Commission, paid on or before the 31st day of July, 2007.]

2[(*3*) The Settlement Commission, in respect of—

(*i*) an application which has not been declared invalid under sub-section (*2C*); or

1. Subs. by Act 22 of 2007, s. 86, for sub-sections (*2A*), (*2B*), (*2C*) and (*2D*) (w.e.f. 1-6-2007).

2. Subs. by s. 86, *ibid.*, for sub-sections (*3*) (*4*) and (*4A*) (w.e.f. 1-6-2007). Earlier sub-section (*4A*) was inserted by Act 20 of 2002, s. 112 (w.e.f. 1-6-2002).

(*ii*) an application referred to in sub-section (*2D*) which has been allowed to be further proceeded with under that sub-section,

may call for the records from the Commissioner and after examination of such records, if the Settlement Commission is of the opinion that any further enquiry or investigation in the matter is necessary, it may direct the Commissioner to make or cause to be made such further enquiry or investigation and furnish a report on the matters covered by the application and any other matter relating to the case, and the Commissioner shall furnish the report within a period of ninety days of the receipt of communication from the Settlement Commission:

Provided that where the Commissioner does not furnish his report within the aforesaid period, the Settlement Commission may proceed to pass an order under sub-section (*4*) without such report.

(*4*) After examination of the records and the report of the Commissioner, if any, received under—

(*i*) sub-section (*2B*) or sub-section (*3*), or

(*ii*) the provisions of sub-section (*1*), as they stood immediately before their amendment by the Finance Act, 2007 (22 of 2007),

and after giving an opportunity to the applicant and to the Commissioner to be heard, either in person or through a representative duly authorised in this behalf, and after examining such further evidence as may be placed before it or obtained by it, the Settlement Commission may, in accordance with the provisions of this Act, pass such order, as it thinks fit, on the matters covered by the application and any other matter relating to the case not covered by the application, but referred to in the report of the Commissioner.

(*4A*) The Settlement Commission shall pass an order under sub-section (*4*),—

(*i*) in respect of an application referred to in sub-section (*2A*) or sub-section (*2D*), on or before the 31st day of March, 2008;

(*ii*) in respect of an application made on or after the 1st day of June, 2007 1[but before the 1st day of June, 2010], within twelve months from the end of the month in which the application was made;

2[(*iii*) in respect of an application made on or after the 1st day of June, 2010, within eighteen months from the end of the month in which the application was made.]]

3[(*5*) Subject to the provisions of section 22BA, the materials brought on record before the Settlement Commission shall be considered by the Members of the concerned Bench before passing any order under sub-section (4) and, in relation to the passing of such order, the provisions of section 22BD shall apply.]

(*6*) Every order passed under sub-section (*4*) shall provide for the terms of settlement including any demand by way of 4[tax, penalty or interest], the manner in which any sum due under the settlement shall

be paid and all other matters to make the settlement effective and shall also provide that the settlement shall be void if it is subsequently found by the Settlement Commission that it has been obtained by fraud or misrepresentation of facts.

1. Ins. by Act 14 of 2010, s. 54 (w.e.f. 1-4-2010).

2. Ins. by s. 54, *ibid.* (w.e.f. 1-6-2010).

3. Ins. by Act 11 of 1987, s. 81 (w.e.f. 1-6-1987). Earlier it was amended by Act 14 of 1982, s. 37 (w.e.f. 1-4-1982) which was later omitted by Act 46 of 1986, s. 36 (w.e.f. 10-9-1986).

4. Subs. by s. 81, *ibid.,* for "tax or penalty" (w.e.f. 1-6-1987). Earlier the quoted words were substituted for "tax, penalty or interest" by Act 67 of 1984, s. 62 (w.e.f. 1-10-1984).

[1][(*6A*) Where any tax payable in pursuance of an order under sub-section (*4*) is not paid by the assessee within thirty-five days of the receipt of a copy of the order by him, then, whether or not the Settlement Commission has extended the time for payment of such tax or has allowed payment thereof by instalments, the assessee shall be liable to pay simple interest at [2][one and one-fourth per cent. for every month or part of a month] on the amount remaining unpaid from the date of expiry of the period of thirty-five days aforesaid.]

[3][(*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*) Where a settlement becomes void as provided in sub-section (*6*), the proceedings with respect to the matters covered by the settlement shall be deemed to have been revived from the stage at which the application was allowed to be proceeded with by the Settlement Commission and the wealth-tax authority concerned may, notwithstanding anything contained in any other provision of this Act, complete such proceedings at any time before the expiry of two years from the end of the financial year in which the settlement became void.

[1][(*8*) For the removal of doubts, it is hereby declared that nothing contained in section 17A shall apply to any order passed under sub-section (*4*) or to any order of assessment or reassessment required to be made by the [4][Assessing Officer] in pursuance of any directions contained in such order passed by the Settlement Commission.]

[5][**22DD. Power of Settlement Commission to order provisional attachment to protect revenue.—** (*1*) Where, during the pendency of any proceeding before it, the Settlement Commission is of the opinion that for the purpose of protecting the interests of the revenue it is necessary so to do, it may, by order, attach provisionally any property belonging to the applicant in the manner provided in the Second Schedule to the Income-tax Act as made applicable to this Act by section 32:

Provided that where a provisional attachment made under section 34C is pending immediately before an application is made under section 22C, an order under this sub-section shall continue such provisional attachment up to the period up to which an order made under section 34C would have continued if such application had not been made:

Provided further that where the Settlement Commission passes an order under this sub-section after the expiry of the period referred to in the preceding proviso, the provisions of sub-section (*2*) shall apply to such order as if the said order had originally been passed by the Settlement Commission.

(*2*) Every provisional attachment made by the Settlement Commission under sub-section (*1*) shall cease to have effect after the expiry of a period of six months from the date of the order made under sub-section (*1*):

Provided that the Settlement Commission may, for reasons to be recorded in writing, extend the aforesaid period by such further period or periods as it thinks fit [6]***.]

1. Ins. by Act 67 of 1984, s. 62 (w.e.f. 1-10-1984).

2. Subs. by Act 22 of 2007, s. 86, for "fifteen per cent. per annum" (w.e.f. 1-4-2008).

3. Ins. by Act 8 of 2011, s. 35 (w.e.f. 1-6-2011).

4. Subs. by Act 4 of 1988, s. 127, for "Wealth-tax Officer" (w.e.f. 1-4-1988).

5. Ins. by Act 26 of 1988, s. 56 (w.e.f. 1-4-1988).

6. The words ", so, however, that the total period of extension shall not in any case exceed two years" omitted by Act 22 of 2007, s. 87 (w.e.f. 1-6-2007).

22E. Power of Settlement Commission to reopen completed proceedings.—If the Settlement Commission is of the opinion (the reasons for such opinion to be recorded by it in writing) that, for the proper disposal of the case pending before it, it is necessary or expedient to reopen any proceeding connected with the case, but which has been completed under this Act by any wealth-tax authority before the application under section 22C was made, it may, with the concurrence of the applicant, reopen such proceeding and pass such order thereon as it thinks fit as if the case in relation to which the application for settlement had been made by the applicant under that section covered such proceeding also:

[1][Provided that no proceeding shall be reopened by the Settlement Commission under this section if the period between the end of the assessment year to which such a proceeding relates and the date of application for settlement under section 22C exceeds nine years:]

[2][Provided further that no proceeding shall be reopened by the Settlement Commission under this section in a case where an application under section 22C is made on or after the 1st day of June, 2007.]

22F. Powers and procedure of Settlement Commission.—(*1*) In addition to the powers conferred on the Settlement Commission under this Chapter, it shall have all the powers which are vested in a wealth-tax authority under this Act.

(*2*) Where an application made under section 22C has been allowed to be proceeded with under section 22D, the Settlement Commission shall, until an order is passed under sub-section (*4*) of section 22D, have, subject to the provisions of sub-section (*3*) of that section, exclusive jurisdiction to exercise the powers and perform the functions of a wealth-tax authority under this Act in relation to the case:

[3][Provided that where an application has been made under section 22C on or after the 1st day of June, 2007, the Settlement Commission shall have such exclusive jurisdiction from the date on which the application was made:

Provided further that where—

(*i*) an application made on or after the 1st day of June, 2007, is rejected under sub-section (*1*) of section 22D; or

(*ii*) an application is not allowed to be proceeded with under sub-section (*2A*) of section 22D, or, as the case may be, is declared invalid under sub-section (*2C*) of that section; or

(*iii*) an application is not allowed to be further proceeded with under sub-section (*2D*) of section 22D,

the Settlement Commission, in respect of such application shall have such exclusive jurisdiction up to the date on which the application is rejected, or, not allowed to be proceeded with, or, declared invalid, or, not allowed to be further proceeded with, as the case may be.]

(*3*) Notwithstanding anything contained in sub-section (*2*) and in the absence of any express direction to the contrary by the Settlement Commission, nothing contained in this section shall affect the operation of any other provisions of this Act requiring the applicant to pay tax on the basis of self-assessment in relation to the matters before the Settlement Commission.

(*4*) For the removal of doubt, it is hereby declared that, in the absence of any express direction by the Settlement Commission to the contrary, nothing in this Chapter shall affect the operation of the provisions of this Act in so far as they relate to any matters other than those before the Settlement Commission.

[4][5* * * * *

1. Subs. by Act 11 of 1987, s. 82, for the proviso (w.e.f. 1-6-1987).

2. Ins. by Act 22 of 2007, s. 88 (w.e.f. 1-6-2007).

3. Ins. by s. 89, *ibid*. (w.e.f. 1-6-2007).

4. Subs. by Act 46 of 1986, s. 37, for sub-section (*5*) (w.e.f. 10-9-1986). 5.

Sub-sections (*5*) and (*6*) omitted by Act 11 of 1987, s. 83 (w.e.f. 1-6-1987).

(*7*) The Settlement Commission shall, subject to the provisions of this Chapter, have power to regulate its own procedure and the procedure of Benches thereof in all matters arising out of the exercise of its powers or of the discharge of its functions, including the places at which the Benches shall hold their sittings.]

22G. Inspection, etc., of reports.—No person shall be entitled to inspect, or obtain copies of, any reports made by any wealth-tax authority to the Settlement Commission; but the Settlement Commission may, in its discretion, furnish copies thereof to any such person on an application made to it in this behalf and on payment of the prescribed fee:

Provided that, for the purpose of enabling any person whose case is under consideration to rebut any evidence brought on the record against him in any such report, the Settlement Commission shall, on an application made in this behalf and on payment of the prescribed fee by such person, furnish him with a certified copy of any such report or part thereof relevant for the purpose.

22H. Powers of Settlement Commission to grant immunity from prosecution.—(*1*) The Settlement Commission may, if it is satisfied that any person who made the application for settlement under section 22C has co-operated with the Settlement Commission in the proceedings before it and has made a full and true disclosure of his net wealth and the manner in which such wealth has been acquired, grant to such person, subject to such conditions as it may think fit to impose, immunity from prosecution for any offence under this Act or under the Indian Penal Code (45 of 1860) or under any other Central Act for the time being in force [1][and also (either wholly or in part) from the imposition of any penalty] under this Act, with respect to the case covered by the settlement:

[2][Provided that no such immunity shall be granted by the Settlement Commission in cases where the proceedings for the prosecution for any such offence have been instituted before the date of receipt of the application under section 22C:]

[3][Provided further that the Settlement Commission shall not grant immunity from prosecution for any offence under the Indian Penal Code (45 of 1860) or under any Central Act other than this Act and Income-tax Act, 1961 (43 of 1961) to a person who makes an application under section 22C on or after the 1st day of June, 2007.]

[2][(*1A*) An immunity granted to a person under sub-section (*1*) shall stand withdrawn if such person fails to pay any sum specified in the order of settlement passed under sub-section (*4*) of section 22D within the time specified in such order or within such further time as may be allowed by the Settlement Commission, or fails to comply with any other 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.]

(*2*) An immunity granted to a person under sub-section (*1*) may, at any time, be withdrawn by the Settlement Commission, if it is satisfied that such person [4]*** had, in the course of the settlement proceedings, concealed any particular material to the settlement or had given false evidence, and thereupon such person may be tried for the offence with respect to which the immunity was granted or for any other offence of which he appears to have been guilty in connection with the settlement and shall also become liable to the imposition of any penalty under this Act to which such person would have been liable, had no such immunity been granted.

1. Subs. by Act 67 of 1984, s. 63, for "and also from the imposition of any penalty" (w.e.f. 1-10-1984).

2. Ins. by Act 11 of 1987, s. 84 (w.e.f. 1-6-1987).

3. Ins. by Act 22 of 2007, s. 90 (w.e.f. 1-6-2007).

4. The words "has not complied with the conditions subject to which the immunity was granted or that such person" omitted by Act 11 of 1987, s. 84 (w.e.f. 1-6-1987).

[1][**22HA. Abatement of proceedings before Settlement Commission.—**(*1*) Where,—

(*i*) an application made under section 22C on or after the 1st day of June, 2007 has been rejected under sub-section (*1*) of section 22D; or

(*ii*) an application made under section 22C has not been allowed to be proceeded with under sub-section (2A) or further proceeded with under sub-section (*2D*) of section 22D; or

(*iii*) an application made under section 22C has been declared as invalid under sub-section (*2C*) of section 22D; or

(*iv*) in respect of any other application made under section 22C, an order under sub-section (*4*) of section 22D has not been passed within the time or period specified under sub-section (*4A*) of section 22D,

the proceedings before the Settlement Commission shall abate on the specified date.

Explanation.—For the purposes of this sub-section, "specified date" means—

(*a*) in respect of an application referred to in clause (*i*), the date on which the application was rejected;

(*b*) in respect of an application referred to in clause (*ii*), the 31st day of July, 2007;

(*c*) in respect of an application referred to in clause (*iii*), the last day of the month in which the application was declared invalid;

(*d*) in respect of an application referred to in clause (*iv*), the date on which the time or period specified in sub-section (*4A*) of section 22D expires.

(*2*) Where a proceeding before the Settlement Commission abates, the Assessing Officer, or, as the case may be, any other wealth-tax authority before whom the proceeding at the time of making the application was pending, shall dispose of the case in accordance with the provisions of this Act as if no application under section 22C had been made.

(*3*) For the purposes of sub-section (*2*), the Assessing Officer, or, as the case may be, other wealth-tax authority, shall be entitled to use all the material and other information produced by the assessee before the Settlement Commission or the results of the inquiry held or evidence recorded by the Settlement Commission in the course of the proceedings before it, as if such material, information, inquiry and evidence had been produced before the Assessing Officer or other wealth-tax authority or held or recorded by him in the course of the proceedings before him.

(*4*) For the purposes of the time-limit under sections 17A, 32 and 35 and for the purposes of payment of interest under section 34A, in case referred to in sub-section (*2*), the period commencing on and from the date of an application to the Settlement Commission under section 22C and ending with "specified date" referred to in sub-section (*1*) shall be excluded.

22HAA. Credit for tax paid in case of abatement of proceedings.—Where an application made under section 22C on or after the 1st day of June, 2007, is rejected under sub-section (*1*) of section 22D, or any other application made under section 22C is not allowed to be proceeded with under sub-section (*2A*) of section 22D or is declared invalid under sub-section (*2C*) of section 22D or has not been allowed to be further proceeded with under sub-section (*2D*) of section 22D or an order under sub-section (*4*) of section 22D has not been passed within the time or period specified under sub-section (*4A*) of section 22D, the Assessing Officer shall allow the credit for the tax and interest paid on or before the date of making the application or during the pendency of the case before the Settlement Commission.]

1. Ins. by Act 22 of 2007, s. 91 (w.e.f. 1-6-2007). Earlier section 22HA was inserted by Act 11 of 1987, s. 85 (w.e.f. 1-6-1987) and amended by Act 4 of 1988, s. 127 (w.e.f. 1-4-1988) which was later omitted by Act 20 of 2002, s. 113 (w.e.f. 1-6-2002).

22-I. Order of settlement to be conclusive.—Every order of settlement passed under sub-section (*4*) of section 22D shall be conclusive as to the matters stated therein and no matter covered by such order shall, save as otherwise provided in this Chapter, be reopened in any proceeding under this Act or under any other law for the time being in force.

22J. Recovery of sums due under order of settlement.—Any sum specified in an order of settlement passed under sub-section (4) of section 22D may, subject to such conditions, if any, as may be specified therein, be recovered, and any penalty for default in making payment of such sum may be imposed and recovered in accordance with the provisions of section 32 by the [1][Assessing Officer] having jurisdiction over the person who made the application for settlement under section 22C.

[2][**22K. Bar on subsequent application for settlement.**—(*1*) Where,—

(*i*) an order of settlement passed under sub-section (*4*) of section 22D provides for the imposition of a penalty on the person who made the application under section 22C for settlement, on the ground of concealment of particulars of his net wealth; or

(*ii*) after the passing of an order of settlement under the said sub-section (*4*) in relation to a case, such person is convicted of any offence under Chapter VIII in relation to that case; or

(*iii*) the case of any such person was sent back to the Assessing Officer by the Settlement Commission on or before the 1st day of June, 2002,

then, he shall not be entitled to apply for settlement under section 22C in relation to any other matter.

(*2*) Where a person has made an application under section 22C on or after the 1st day of June, 2007 and if such application has been allowed to be proceeded with under sub-section (*1*) of section 22D, such person shall not be subsequently entitled to make an application under section 22C.]

22L. Proceedings before the Settlement Commission to be judicial proceedings.—Any proceeding under this Chapter before the Settlement Commission shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228, and for the purposes of section 196, of the Indian Penal Code (45 of 1860).

22M. [*Certain persons who have filed appeals to the Appellate Tribunal entitled to make applications to the Settlement Commission*.]—*Omitted by the Finance Act,* 1987*, s.* 87 (*w.e.f.* 1-6-1987). *Earlier it was inserted by Act* 41 *of* 1975, *s.* 93 (*w.e.f.* 1-4-1976) *which was later amended by Act* 67 *of* 1984, s. 64 (*w.e.f.* 1-10-1984).

CHAPTER VI

APPEALS, REVISIONS AND REFERENCES

23. Appeal to the [3]**[Deputy Commissioner (Appeals)] from orders of** [1]**[Assessing Officer.]—**(*1*) [4][Subject to the provisions of sub-section (*1A*), any person],—

(*a*) objecting to the amount of [5][net wealth] determined under this Act ; or

(*b*) objecting to the amount of wealth-tax determined as payable by him under this Act ; or

1. Subs. by Act 4 of 1988, s. 127, for "Wealth-tax Officer" (w.e.f. 1-4-1988).

2. Subs. by Act 22 of 2007, s. 92, for section 22K (w.e.f. 1-6-2007). Earlier it was amended by Act 11 of 1987, s. 86 (w.e.f. 1-6-1987).

3. Subs. by Act 4 of 1988, s. 127, for "Appellate Assistant Commissioner" (w.e.f. 1-4-1988).

4. Subs. by Act 29 of 1977, s. 39 and the Fifth Schedule, for "Any person" (w.e.f. 10-7-1978).

5. Subs. by Act 46 of 1964, s. 22, for "his net wealth" (w.e.f. 1-4-1965).

(*c*) denying his liability to be assessed under this Act ; or

[1][(*d*) objecting to any penalty imposed by the Assessing Officer under section 18 [2]***; or]

(*e*) objecting to any order of the [3][Assessing Officer] under sub-section (*2*) of section 20; or

(*f*) objecting to any penalty imposed by the [3][Assessing Officer] under the provisions of [4][section 221] of the Income-tax Act as applied under section 32 for the purposes of wealth-tax; [5][or]

[5][(*g*) objecting to any order made by the [3][Assessing Officer] under section 22 treating him as the agent of a person residing outside India; or

(*h*) objecting to any order of the [3][Assessing Officer] under section 35 having the effect of enhancing the assessment or reducing a refund or refusing to allow the claim made by the assessee under the said section; or

[6][(*ha*) objecting to any order of the Valuation Officer under section 35 having the effect of enhancing the valuation of any asset or refusing to allow the claim made by the assessee under the said section; or]

[7]* * * * *]

may appeal to the [8][Deputy Commissioner (Appeals)] [9][before the 1st day of June, 2000,] against the assessment or order, as the case may be, in the prescribed form and verified in the prescribed manner.

[10][(*1A*) Notwithstanding anything contained in sub-section (*1*), any person,—

(*a*) objecting to the amount of net wealth determined under this Act or objecting to the amount of wealth-tax determined as payable by him under this Act or denying his liability to be assessed under

this Act, where the net wealth determined on assessment made under section 16 exceeds fifteen lakh rupees; or

[11][12][(*b*) objecting to any penalty imposed under sub-section (*1*) of section 18 with the previous approval of the Deputy Commissioner as specified in sub-section (*3*) of that section; or]

(*c*) objecting to any assessment or order referred to in clauses (*a*) to (*h*) (both inclusive) of sub-section (*1*), where such assessment or order has been made by the Deputy Commissioner in exercise of the powers or functions conferred on or assigned to him under section 8 or section 11; or

(*d*) objecting to any penalty imposed by the Deputy Director or the Deputy Commissioner under section 18A; or]

1. Subs. by Act 4 of 1988, s. 146, for clause (*d*) (w.e.f. 1-4-1989). Earlier it was amended by Act 46 of 1964, s. 22 (w.e.f. 1-4-1964).

2. The words "as it stood immediately before the 1st day of April, 1989 or under section. 18 as amended by the Direct Tax Laws (Amendment) Act, 1987 (4 of 1988)" omitted by Act 3 of 1989, s. 71 (w.e.f. 1-4-1989).

3. Subs. by Act 4 of 1988, s. 127, for "Wealth-tax Officer" (w.e.f. 1-4-1988).

4. Subs. by Act 46 of 1964, s. 22, for "sub-section (*1*) of section 46" (w.e.f. 1-4-1965).

5. Ins. by s. 22, *ibid*. (w.e.f. 1-4-1965).

6. Ins. by Act 45 of 1972, s. 11 (w.e.f. 1-1-1973).

7. Clause (*i*) omitted by Act 4 of 1988, s. 146 (w.e.f. 1-4-1989). Earlier it was amended by Act 45 of 1972, s. 11 (w.e.f. 1-1-1973).

8. Subs. by s. 127, *ibid.,* for "Appellate Assistant Commissioner" (w.e.f. 1-4-1988).

9. Ins. by Act 10 of 2000, s. 72 (w.e.f. 1-6-2000).

10. Ins. by Act 29 of 1977, s. 39 and the Fifth Schedule (w.e.f. 10-7-1978).

11. Subs. by Act 4 of 1988, s. 146, for clauses (*b*), (*c*) and (*d*) (w.e.f. 1-4-1989).

12. Subs. by Act 3 of 1989, s. 71, for clause (*b*) (w.e.f. 1-4-1989).

(*e*) objecting to an order made by an [1][Assessing Officer] in the case of such persons or classes of persons as the Board may, having regard to the nature of the cases, the complexities involved and other relevant considerations, direct,

may appeal to the Commissioner (Appeals) [2][before the 1st day of June, 2000,] against the assessment or order, as the case may be, in the prescribed form and verified in the prescribed manner.

[2][(*1AA*) Notwithstanding anything contained in sub-section (*1*), every appeal filed, on or after the 1st day of October, 1998, but before the 1st day of June, 2000, before the Deputy Commissioner (Appeals) and any matter arising out of or connected with such appeal and which is so pending shall stand transferred to the Commissioner (Appeals) and the Commissioner (Appeals) may proceed with such appeal or matter from the stage at which it was on that day.]

[3][(*1B*) Notwithstanding anything contained in sub-section (*1*), the Board or the Director General or Chief Commissioner or Commissioner, if so authorised by the Board, may, by order in writing, transfer any appeal which is pending before a Deputy Commissioner (Appeals) and any matter arising out of or connected with such appeal and which is so pending, to the Commissioner (Appeals) if the Board or, as the case may be, the Director General, Chief Commissioner or Commissioner (at the request of the appellant or otherwise) is satisfied that it is necessary or expedient so to do having regard to the nature of the case, the complexities involved and other relevant considerations and the Commissioner (Appeals) may proceed with such appeal or matter from the stage at which it was before it was so transferred:

Provided that the appellant may demand that before proceeding further with the appeal or matter, the previous proceeding or any part thereof be re-opened or that he be reheard.]]

(*2*) An appeal shall be presented within thirty days of the receipt of the notice of demand relating to the assessment or penalty objected to, or the date on which any order objected to, is communicated to him, but the [4][Deputy Commissioner (Appeals)] [5][or, as the case may be, the Commissioner (Appeals)] may admit an appeal after the expiration of the period aforesaid if he is satisfied that the appellant had sufficient cause for not presenting the appeal within that period.

[6][(*2A*) Where a return has been filed by an assessee, no appeal under this section shall be admitted unless at the time of filing of the appeal he has paid the tax due on the net wealth returned by him.

[7]* * * * *]

(*3*) The [4][Deputy Commissioner (Appeals)] [5][or, as the case may be, the Commissioner (Appeals)] shall fix a day and place for the hearing of the appeal and may, from time to time, adjourn the hearing.

[8][(*3A*) If the valuation of any asset is objected to in an appeal under clause (*a*) of sub-section (*1*) [5][or of sub-section (*1A*)], the [4][Deputy Commissioner (Appeals)] [5][or, as the case may be, the Commissioner (Appeals)] shall,—

(*a*) in a case where such valuation has been made by a Valuation Officer under section 16A, give such Valuation Officer an opportunity of being heard;

1. Subs. by Act 4 of 1988, s. 127, for "Wealth-tax Officer" (w.e.f. 1-4-1988).
2. Ins. by Act 10 of 2000, s. 72 (w.e.f. 1-6-2000).
3. Subs. by Act 4 of 1988, s. 146, for sub-sections (*1B*) and (*1C*) (w.e.f. 1-4-1989). Earlier sub-section (*1B*) was inserted by Act 29 of 1977, s. 39 and the Fifth Schedule (w.e.f. 10-7-1978) and sub-section (*1C*) was inserted by Act 21 of 1979, s. 25 (w.e.f. 1-6-1979).
4. Subs. by s. 127, *ibid.,* for "Appellate Assistant Commissioner" (w.e.f. 1-4-1988).
5. Ins. by Act 29 of 1977, s. 39 and the Fifth Schedule (w.e.f. 10-7-1978).
6. Ins. by Act 41 of 1975, s. 94 (w.e.f. 1-10-1975).
7. The proviso omitted by Act 4 of 1988, s. 146 (w.e.f. 1-4-1989).
8. Ins. by Act 45 of 1972, s. 11 (w.e.f. 1-1-1973).

(*b*) in any other case, on a request being made in this behalf by the [1][Assessing Officer], give an opportunity of being heard to any Valuation Officer nominated for the purpose by the [1][Assessing Officer].**]**

(*4*) The [2][Deputy Commissioner (Appeals)] [3][or, as the case may be, the Commissioner (Appeals)] may—

(*a*) at the hearing of an appeal, allow an appellant to go into any ground of appeal not specified in the grounds of appeal;

(*b*) before disposing of an appeal, make such further inquiry as he thinks fit or cause further inquiry to be made by the [4][[1][Assessing Officer] or, as the case may be, the Valuation Officer].

(*5*) In disposing of an appeal, the [2][Deputy Commissioner (Appeals)] [3][or, as the case may be, the Commissioner (Appeals)] may pass such order as he thinks fit which may include an order enhancing the assessment or penalty:

Provided that no order enhancing the assessment or penalty shall be made unless the person affected thereby has been given a reasonable opportunity of showing cause against such enhancement.

[5][(*5A*) In disposing of an appeal, the [2][Deputy Commissioner (Appeals)] [3][or, as the case may be, the Commissioner (Appeals)] may consider and decide any matter arising out of the proceedings in which the order appealed against was passed, notwithstanding that such matter was not raised before the [2][Deputy Commissioner (Appeals)] [3][or, as the case may be, the Commissioner (Appeals)] by the appellant.

(*5B*) The order of the [2][Deputy Commissioner (Appeals)] [3][or, as the case may be, the Commissioner (Appeals)] disposing of the appeal shall be in writing and shall state the points for determination, the decision thereon and the reasons for the decision.]

(*6*) A copy of every order passed by the [2][Deputy Commissioner (Appeals)] [3][or, as the case may be, the Commissioner (Appeals)] under this section shall be forwarded to the appellant and the [6][Chief Commissioner or Commissioner].

[7][**23A. Appealable orders before Commissioner (Appeals).—**(*1*) Any person—

(*a*) objecting to the amount of net wealth determined under this Act; or

(*b*) objecting to the amount of wealth-tax determined as payable by him under this Act; or

(*c*) denying his liability to be assessed under this Act; or

(*d*) objecting to any penalty imposed by the Assessing Officer under section 18 or section 18A; or

(*e*) objecting to any order of the Assessing Officer under sub-section (*2*) of section 20; or

(*f*) objecting to any penalty imposed by the Assessing Officer under the provisions of section 221 of the Income-tax Act as applied under section 32 for the purposes of wealth-tax; or

1. Subs. by Act 4 of 1988, s. 127, for "Wealth-tax Officer" (w.e.f. 1-4-1988).
2. Subs. by s. 127, *ibid.,* for "Appellate Assistant Commissioner" (w.e.f. 1-4-1988).
3. Ins. by Act 29 of 1977, s. 39 and the Fifth Schedule (w.e.f. 10-7-1978).
4. Subs. by Act 45 of 1972, s. 11, for "Wealth-tax Officer" (w.e.f. 1-1-1973).
5. Ins. by Act 46 of 1964, s. 22 (w.e.f. 1-4-1965).
6. Subs. by Act 4 of 1988, s. 127, for "Commissioner" (w.e.f. 1-4-1988).
7. Ins. by Act 21 of 1998, s. 69 (w.e.f. 1-10-1998). Earlier section 23A was inserted by Act 4 of 1988, s. 147 (w.e.f. 1-4-1989) which was later omitted by Act 3 of 1989, s. 95 (w.e.f. 1-4-1989).

(*g*) objecting to any order made by the Assessing Officer under section 22 treating him as the agent of a person residing outside India; or

(*h*) objecting to any order of the Assessing Officer under section 35 having the effect of enhancing the assessment or reducing a refund or refusing to allow the claim made by the assessee under the said section; or

(*i*) objecting to any order of the Valuation Officer under section 35 having the effect of enhancing the valuation of any asset or refusing to allow the claim made by the assessee under the said section; or

(*j*) objecting to any penalty imposed by the Deputy Director or Deputy Commissioner under section 18A,

may appeal to the Commissioner (Appeals) against the assessment or order, as the case may be, in the prescribed form and verified in the prescribed manner and on payment of a fee of two hundred and fifty rupees.

Explanation.—For the purposes of this sub-section, where on or before the 1st day of October, 1998, the post of Deputy Commissioner has been redesignated as Joint Commissioner and the post of Deputy Director has been redesignated as Joint Director, the references in this sub-section for "Deputy Commissioner" and "Deputy Director" shall be substituted by "Joint Commissioner" and "Joint Director" respectively.

(*2*) Notwithstanding anything contained in sub-section (*1*) of section 23, every appeal under this Act which is pending immediately before the appointed day, before the Deputy Commissioner (Appeals) and any matter arising out of or connected with such appeal and which is so pending shall stand transferred on that day to the Commissioner (Appeals) and the Commissioner (Appeals) may proceed with such appeals or matter from the stage on which it was on that day:

Provided that the appellant may demand that before proceeding further with the appeal or matter, the previous proceedings or any part thereof be re-opened or that he be re-heard.

Explanation.—For the purposes of this sub-section, "appointed day" means the day appointed under section 246A of the Income-tax Act.

(*3*) An appeal shall be presented within thirty days of the receipt of the notice of demand relating to the assessment or penalty objected to or the day on which any order objected to is communicated to him, but the Commissioner (Appeals) may admit an appeal after the expiration of the period aforesaid, if he is satisfied that the appellant had sufficient cause for not presenting the appeal within that period.

(*4*) Where a return has been filed by an assessee, no appeal under this section shall be admitted unless at the time of filing of the appeal, he has paid the tax due on the net wealth returned by him.

(*5*) The Commissioner (Appeals) shall fix a day and place for the hearing of the appeal and may, from time to time, adjourn the hearing.

(*6*) If the valuation of any asset is objected to in an appeal under clause (*a*) or clause (*i*) of sub-section (*1*), the Commissioner (Appeals) shall,—

(*a*) in case where such valuation has been made by a Valuation Officer under section 16A, give such Valuation Officer an opportunity of being heard;

(*b*) in any other case on request being made in this behalf by the Assessing Officer, give an opportunity of being heard to any Valuation Officer nominated for the purpose by the Assessing Officer.

(*7*) The Commissioner (Appeals) may,—

(*a*) at the hearing of an appeal, allow an appellant to go into any ground of appeal not specified in the grounds of appeal;

(*b*) before disposing of any appeal, make such further enquiry as he thinks fit or cause further enquiry to be made by the Assessing Officer or, as the case may be, by the Valuation Officer.

(*8*) In disposing of an appeal, the Commissioner (Appeals) may pass such order as he thinks fit which may include an order enhancing the assessment or penalty:

Provided that no order enhancing the assessment or penalty shall be made unless the person affected thereby has been given a reasonable opportunity of showing cause against such enhancement.

[1][(*8A*) In every appeal, the Commissioner (Appeals), where it is possible, may hear and decide such appeal within a period of one year from the end of the financial year in which such appeal is filed under sub-section (*1*).]

(*9*) In disposing of an appeal, the Commissioner (Appeals) may consider and decide any matter arising out of the proceedings in which the order appealed against was passed, notwithstanding that such matter was not placed before the Commissioner (Appeals) by the appellant.

[2][(*9A*) In disposing of an appeal against the order of assessment in respect of which the proceeding before the Settlement Commission abates under section 22HA, he may, after taking into consideration all the material and other information produced by the assessee before, or the results of the inquiry held or evidence recorded by, the Settlement Commission, in the course of the proceedings before it and such other material as may be brought on his record, confirm, reduce, enhance or annul the assessment.]

(*10*) The order of the Commissioner (Appeals) disposing of the appeal shall be in writing and shall state the points for determining the decision thereon and reasons for the decision.

(*11*) A copy of every order passed by the Commissioner (Appeals) under this section shall be forwarded to the appellant and the Chief Commissioner or Commissioner.]

24. Appeal to the Appellate Tribunal from orders of the [3][Deputy Commissioner (Appeals)].— [4][(*1*) An assessee objecting to an order passed by the [3][Deputy Commissioner (Appeals)], [5][or the Commissioner (Appeals)] under section 18 or section 18A or section 23 [6][, section 23A] or sub-section (*2*) of section 37 [7]*** may appeal to the Appellate Tribunal within sixty days of the date on which the order is communicated to him.]

(*2*) The Commissioner may, if he is not satisfied as to the correctness of any order passed by [8][a Commissioner (Appeals) under sub-section (*10*) of section 23A], direct the [9][Assessing Officer] to appeal to the Appellate Tribunal against such order, and such appeal may be made at any time before the expiry of sixty days of the date on which the order is communicated to the Commissioner.

1. Ins. by Act 27 of 1999, s. 93 (w.e.f. 1-6-1999).
2. Ins. by Act 18 of 2008, s. 64 (w.e.f. 1-4-2008).
3. Subs. by Act 4 of 1988, s. 127, for "Appellate Assistant Commissioner" (w.e.f. 1-4-1988).
4. Subs. by Act 41 of 1975, s. 95, for sub-section (*1*) (w.e.f. 1-4-1976). Earlier it was substituted by Act 46 of 1964, s. 23 (w.e.f. 1-4-1965).
5. Ins. by Act 29 of 1977, s. 39 and the Fifth Schedule (w.e.f. 10-7-1978).
6. Ins. by Act 21 of 1998, s. 70 (w.e.f. 1-10-998).
7. The words, figures and letter ", or to an order passed by the Inspecting Assistant Commissioner under section 18A" omitted by Act 29 of 1977, s. 39 and the Fifth Schedule (w.e.f. 10-7-1978).
8. Subs. by Act 21 of 1998, s. 70, for "a Deputy Commissioner (Appeals) or a Commissioner (Appeals) under section 23" (w.e.f. 1-10-1998). Earlier it was amended by Act 29 of 1977, s. 39 and the Fifth Schedule (w.e.f. 10-7-1978) and later by Act 4 of 1988, s. 127 (w.e.f. 1-4-1988).
9. Subs. by Act 4 of 1988, s. 127, for "Wealth-tax Officer" (w.e.f. 1-4-1988).

[1][(*2A*) The [2][Assessing Officer] or the assessee, as the case may be, on receipt of notice that an appeal against the order of [3][*** the Commissioner (Appeals)] has been preferred under sub-section (*1*) or sub-section (*2*) by the other party, may, notwithstanding that he may not have appealed against such order or

any part thereof, within thirty days of the receipt of the notice, file a memorandum of cross-objections verified in the prescribed manner, against any part of the order of [3][*** the Commissioner (Appeals)] and such memorandum shall be disposed of by the Appellate Tribunal as if it were an appeal presented within the time specified in sub-section (*1*) or sub-section (*2*).]

[4][(*3*) The Appellate Tribunal may admit an appeal or permit the filing of a memorandum of cross-objections after the expiry of the relevant period referred to in sub-section (*1*) or sub-section (*2*) or sub-section (*2A*), if it is satisfied that there was sufficient cause for not presenting it within that period.]

(*4*) An appeal to the Appellate Tribunal shall be in the prescribed form and shall be verified in the prescribed manner and shall, except in the case of an appeal referred to in sub-section (*2*), be accompanied by a fee of [5][one thousand rupees]:

[6][Provided that in the case of an appeal not relatable to net wealth as computed by the Assessing Officer, the appeal shall be accompanied by a fee of five hundred rupees.]

(*5*) The Appellate Tribunal may, after giving both parties to the appeal an opportunity of being heard, pass such orders thereon as it thinks fit, and any such orders may include an order enhancing the assessment or penalty:

[7][Provided that if the valuation of any asset is objected to, the Appellate Tribunal shall,—

(*a*) in a case where such valuation has been made by a Valuation Officer under section 16A, also give such Valuation Officer an opportunity of being heard;

(*b*) in any other case, on a request being made in this behalf by the [2][Assessing Officer], give an opportunity of being heard also to any Valuation Officer nominated for the purpose by the [2][Assessing Officer]:

Provided further that] no order enhancing an assessment or penalty shall be made unless the person affected thereby has been given a reasonable opportunity of showing cause against such enhancement.

[6][(*5A*) In every appeal, the Appellate Tribunal, where it is possible, may hear and decide such appeal within a period of four years from the end of the financial year in which such appeal is filed under sub-section (*1*) [8][or sub-section (*2*)].

(*5B*) The cost of any appeal to the Appellate Tribunal shall be at the discretion of that Tribunal.]

[9]* * * * *

(*9*) A copy of every order passed by the Appellate Tribunal under this section shall be forwarded to the assessee and the Commissioner.

1. Ins. by Act 46 of 1964, 23 (w.e.f. 1-4-1965).
2. Subs. by Act 4 of 1988, s. 127, for "Wealth-tax Officer" (w.e.f. 1-4-1988).
3. The words and brackets "the Deputy Commissioner (Appeals) or" omitted by Act 21 of 1998, s. 70 (w.e.f. 1-10-1998). Earlier it was amended by Act 29 of 1977, s. 39 and the Fifth Schedule (w.e.f. 10-7-1978) and by Act 4 of 1988, s. 127 (w.e.f. 1-4-1988).
4. Subs. by Act 46 of 1964, s. 23, for sub-section (*3*) (w.e.f. 1-4-1965).
5. Subs. by Act 21 of 1998, s. 70, for "two hundred rupees" (w.e.f. 1-10-1998).
6. Ins. by Act 27 of 1999, s. 94 (w.e.f. 1-6-1999).
7. Subs. by Act 45 of 1972, s. 12, for "Provided that" (w.e.f. 1-1-1973).
8. Ins. by Act 10 of 2000, s. 73 (w.e.f. 1-6-2000).
9. Sub-sections (*6*), (*7*), (*8*), (*8A*) and (*8B*) omitted by Act 45 of 1972, s. 12 (w.e.f. 1-1-1973). Earlier these sub-sections were substituted by Act 46 of 1964, s. 23 (w.e.f. 1-4-1965).

(*10*) Save as provided in section 27 [1][or section 27A], any order passed by the Appellate Tribunal on appeal shall be final.

(*11*) The provisions of [2][sub-sections (*1*), (*4*) and (*5*) of section 255] of the Income-tax Act shall apply to the Appellate Tribunal in the discharge of its functions under this Act as they apply to it in the discharge of its functions under the Income-tax Act.

25. Powers of Commissioner to revise orders of subordinate authorities.—(*1*) The Commissioner may, either of his own motion or on application made by an assessee in this behalf, call for the record of any proceeding under this Act in which an order has been passed by any authority subordinate to him, and may make such inquiry, or cause such enquiry to be made, and, subject to the provisions of this Act, pass such order thereon, not being an order prejudicial to the assessee, as the Commissioner thinks fit:

Provided that the Commissioner shall not revise any order under this sub-section in any case—

(*a*) where an appeal against the order lies to the [3][Deputy Commissioner (Appeals)] [4][or to the Commissioner (Appeals)] or to the Appellate Tribunal, the time within which such appeal can be made has not expired or in the case of an appeal [4][to the Commissioner (Appeals) or] to the Appellate Tribunal the assessee has not waived his right of appeal;

(*b*) where the order is the subject of an appeal before the [3][Deputy Commissioner (Appeals)] [4][or the Commissioner (Appeals)] or the Appellate Tribunal;

(*c*) where the application is made by the assessee for such revision, unless—

(*i*) the application is accompanied by a fee of twenty-five rupees; and

(*ii*) the application is made within one year from the date of the order sought to be revised or within such further period as the Commissioner may think fit to allow on being satisfied that the assessee was prevented by sufficient cause from making the application within that period; and

(*d*) where the order is sought to be revised by the Commissioner of his own motion, if such order is made more than one year previously.

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

(*a*) the [3][Deputy Commissioner (Appeals)] shall be deemed to be an authority subordinate to the Commissioner; and

(*b*) an order by the Commissioner declining to interfere shall be deemed not to be an order prejudicial to the assessee.

(*2*) Without prejudice to the provisions contained in sub-section (*1*), the Commissioner may call for and examine the record of any proceeding under this Act, and if he considers that any order passed therein by an [5][Assessing Officer] is erroneous in so far as it is prejudicial to the interests of revenue, he may, after giving the assessee an opportunity of being heard, and after making or causing to be made such inquiry as he deems necessary, pass such order thereon as the circumstances of the case justify, including an order enhancing or modifying the assessment or cancelling it and directing a fresh assessment.

1. Ins. by Act 27 of 1999, s. 94 (w.e.f. 1-6-1999).

2. Subs. by Act 46 of 1964, s. 23, for "sub-sections (*5*), (*7*) and (*8*) of section 5A" (w.e.f. 1-4-1965).

3. Subs. by Act 4 of 1988, s. 127, for "Appellate Assistant Commissioner" (w.e.f. 1-4-1988).

4. Ins. by Act 29 of 1977, s. 39 and the Fifth Schedule (w.e.f. 10-7-1978).

5. Subs. by Act 4 of 1988, s. 127, for "Wealth-tax Officer" (w.e.f. 1-4-1988).

[1][*Explanation.*—For the removal of doubts, it is hereby declared that, for the purposes of this sub-section,—

(*a*) an order passed [2][on or before or after the 1st day of June, 1988,] by the Assessing Officer shall include an order made by the [3][Joint Commissioner] in exercise of the powers or in the performance of the functions of an Assessing Officer conferred on or assigned to him under orders or directions issued by the Board or by the Chief Commissioner or Director General or Commissioner authorised by the Board in this behalf under section 120 of the Income-tax Act read with section 8 of this Act;

(*b*) "record", [4][shall include and shall be deemed always to have included] all records relating to any proceeding under this Act available at the time of examination by the Commissioner;

(*c*) where any order referred to in this sub-section and passed by the Assessing Officer had been the subject matter of any appeal [2][filed on or before or after the 1st day of June, 1988], the powers of the Commissioner under this sub-section shall extend [2][and shall be deemed always to have extended] to such matters as had not been considered and decided in such appeal.]

[5][(*3*) No order shall be made under sub-section (*2*) after the expiry of two years [6][from the end of the financial year in which the order sought to be revised was passed].

Explanation.—In computing the period of limitation for the purposes of sub-section (*3*), the time taken in giving an opportunity to the assessee to be reheard under the proviso to section 39 and any period during which any proceeding under this section is stayed by an order or injunction of any court shall be excluded.

[7][(*3A*) On every application made by an assessee for revision under sub-section (*1*), an order shall be passed by the Commissioner within one year from the end of financial year in which such application is made by the assessee for revision.

Explanation.—In computing the period of limitation for the purposes of this sub-section, the time taken in giving an opportunity to the assessee to be re-heard under the proviso to section 39 and any period during which any proceeding under this section is stayed by an order or injunction of any court shall be excluded.]

[8][(*4*) Notwithstanding anything contained in sub-section (*3*) or sub-section (*3A*), an order in revision under sub-section (*1*) or sub-section (*2*) may be passed at any time in consequence of, or to give effect to, any finding or direction contained in an order of the Appellate Tribunal [9][National Tax Tribunal], the High Court or the Supreme Court.]]

1. Subs. by Act 26 of 1988, s. 57, for the *Explanation* (w.e.f. 1-6-1988). Earlier it was inserted by Act 67 of 1984, s. 65 (w.e.f. 1-10-1984) and later amended by Act 4 of 1988, s. 127 (w.e.f. 1-4-1988).

2. Ins. by Act 13 of 1989, s. 30 (w.r.e.f. 1-6-1988).

3. Subs. by Act 21 of 1998, s. 66, for "Deputy Commissioner" (w.e.f. 1-10-1998).

4. Subs. by Act 13 of 1989, s. 30, for "includes" (w.r.e.f. 1-6-1988).

5. Ins. by Act 46 of 1964, s. 24 (w.e.f. 1-4-1965).

6. Subs. by Act 67 of 1984, s. 65, for "from the date of the order sought to be revised" (w.e.f. 1-10-1984).

7. Ins. by Act 21 of 1998, s. 71 (w.e.f. 1-10-1998).

8. Subs. by s. 71, *ibid.,* for sub-section (*4*) (w.e.f. 1-10-1998).

9. Ins. by Act 49 of 2005, s. 30 and the Schedule. This Act has been struck down by the Supreme Court's Order dated 25th September, 2014 in the Madras Bar Association Vs. Union of India.

26. Appeal to the Appellate Tribunal from orders of enhancement by [1][Chief Commissioner or Commissioner].—(*1*) Any assessee objecting to [2][an order passed by the [1][Chief Commissioner or Commissioner] under section 18 [3][or section 18A] or sub-section (*2*) of section 25] [4][or an order passed by the Director General or Director under section 18A] may appeal to the Appellate Tribunal within sixty days of the date on which the order is communicated to him.

(*2*) An Appeal to the Appellate Tribunal under sub-section (*1*) shall be in the prescribed form and shall be verified in the prescribed manner and shall be accompanied by a fee of [5][two hundred rupees].

(*3*) The provisions of [6][sub-sections (*3*), (*5*), (*9*) and (*10*)] of section 24 shall apply in relation to any appeal under this section as they apply in relation to any appeal under that section.

27. Reference to High Court.—[7][(*1*) The assessee or the [1][Chief Commissioner or Commissioner] may, within sixty days of the date upon which he is served with notice of an order [8][passed before the 1st day of June, 1999] under section 24 or section 26 [9][or clause (*e*) of sub-section (*1*) of section 35], by application in the prescribed form, accompanied, where the application is made by the assessee, by a fee of [5][two hundred rupees], require the Appellate Tribunal to refer to the High Court any question of law arising out of such order and, subject to the other provisions contained in this section, the Appellate Tribunal shall, within one hundred and twenty days of the receipt of such application, draw up a statement of the case and refer it to the High Court.

(*2*) The Appellate Tribunal may, if it is satisfied that the applicant was prevented by sufficient cause from presenting the application within the period specified in sub-section (*1*), allow it to be presented within a further period not exceeding thirty days.]

(*3*) If, on an application made under sub-section (*1*), the Appellate Tribunal—

(*a*) refuses to state a case on the ground that no question of law arises, or

(*b*) rejects it on the ground that it is time barred;

the applicant may, within [10][ninety days] from the date on which he is served with a notice of refusal or rejection, as the case may be, apply to the High Court, and the High Court may, if it is not satisfied with the correctness of the decision of the Appellate Tribunal, require the Appellate Tribunal to state the case to the High Court, and on receipt of such requisition, the Appellate Tribunal shall state the case:

Provided that, if in any case where the Appellate Tribunal has been required by an assessee to state a case, the Appellate Tribunal refuses to do so on the ground that no question of law arises, the assessee may, within thirty days from the date on which he receives notice of refusal to state the case, withdraw his application, and if he does so, the fee paid by him under sub-section (*1*) shall be refunded to him.

11[(*3A*) If, on an application made under this section, the Appellate Tribunal is of the opinion that, on account of a conflict in the decisions of the High Courts in respect of any particular question of law, it is expedient that a reference should be made direct to the Supreme Court, the Appellate Tribunal may draw up a statement of the case and refer it through its President direct to the Supreme Court.]

1. Subs. by Act 4 of 1988, s. 127, for "Commissioner" (w.e.f. 1-4-1988).
2. Subs. by Act 46 of 1964, s. 25, for "an order of enhancement made by the Commissioner under section 25" (w.e.f. 1-4-1965).
3. Ins. by Act 41 of 1975, s. 96 (w.e.f. 1-4-1976).
4. Ins. by Act 3 of 1989, s. 72 (w.e.f. 1-4-1989).
5. Subs. by Act 16 of 1981, s. 29, for "one hundred and twenty-five rupees" (w.e.f. 1-6-1981).
6. Subs. by Act 45 of 1972, s. 13, for "sub-sections (*3*) and (*5*) to (*10*) inclusive" (w.e.f. 1-1-1973).
7. Subs. by Act 46 of 1964, s. 26, for sub-sections (*1*) and (*2*) (w.e.f. 1-4-1965).
8. Ins. by Act 27 of 1999, s. 95 (w.e.f. 1-6-1999).
9. Ins. by Act 49 of 1991, s. 79 (w.e.f. 27-9-1991).
10. Subs. by Act 46 of 1964, s. 26, for "three months" (w.e.f. 1-4-1965).
11. Ins. by s. 26, *ibid.* (w.e.f. 1-4-1965).

1[(*3B*) The High Court may admit an application after the expiry of the period of ninety days referred to in sub-section (*3*), if it is satisfied that there was sufficient cause for not filing the same within that period.]

(*4*) The statement to the High Court 2[or the Supreme Court] shall set forth the facts, the determination of the Appellate Tribunal and the question of law which arises out of the case.

(*5*) If the High Court 2[or the Supreme Court], is not satisfied that the case as stated is sufficient to enable it to determine the question of law raised thereby, it may require the Appellate Tribunal to make such modifications therein as it may direct.

(*6*) The High Court 2[or the Supreme Court], upon hearing any such case, shall decide the question of law raised therein, and in doing so, may, if it thinks fit, alter the form of the question of law and shall deliver judgment thereon containing the ground on which such decision is founded and shall send a copy of the judgment under the seal of the Court and the signature of the Registrar to the Appellate Tribunal and the Appellate Tribunal shall pass such orders as are necessary to dispose of the case conformably to such judgment.

3[(*7*) The cost of any reference to the High Court or the Supreme Court which shall not include the fee for making the reference, shall be in the discretion of the Court.]

4**[27A. Appeal to High Court.—**(*1*) The assessee or the Chief Commissioner or Commissioner may, within one hundred and twenty days of the day upon which he is served with notice of an order under section 24 or section 26 or clause (*e*) of sub-section (*1*) of section 35, file on or after the 1st day of October, 1998, 5[but before the date of establishment of the National Tax Tribunal] an appeal before the High Court.

6[(*1A*) The High Court may admit an appeal after the expiry of the period of one hundred and twenty days referred to in sub-section (*1*), if it is satisfied that there was sufficient cause for not filing the same within that period.]

(*2*) An appeal shall lie to the High Court 5[before the date of establishment of the National Tax Tribunal] from every order passed in appeal by the Appellate Tribunal, under sub-section (*1*) of section 24 only if the High Court is satisfied that the case involves a substantial question of law.

(*3*) In an appeal under this section, the Memorandum of Appeal shall precisely state the substantial question of law involved in the appeal 7***.

(*4*) Where the High Court is satisfied that a substantial question of law is involved in any case, it shall formulate that question.

(*5*) The appeal shall be heard only on the question so formulated and the respondent shall, at the time of hearing of the appeal, be allowed to argue that the case does not involve such question:

Provided that nothing in this sub-section shall be deemed to take away or abridge the power of the Court to hear, for reasons to be recorded, the appeal on any other substantial question of law not formulated by it, if it is satisfied that the case involves such question.

1. Ins. by Act 14 of 2010, s. 55 (w.r.e.f. 1-6-1981).
2. Ins. by Act 46 of 1964, s. 26 (w.e.f. 1-4-1965).
3. Subs. by s. 26, *ibid.,* for sub-sections (*7*), (*8*) and (*9*) (w.e.f. 1-4-1965).
4. Ins. by Act 21 of 1998, s. 72 (w.e.f. 1-10-1998).
5. Ins. by Act 49 of 2005, s. 30 and the Schedule. This Act has been struck down by the Supreme Court's Order dated 25th September, 2014 in the Madras Bar Association Vs. Union of India.
6. Ins. by Act 14 of 2010, s. 56 (w.r.e.f. 1-10-1998).
7. The words ", and, where the appeal is made by the assessee, shall be accompanied by a fee of five thousand rupees" omitted by Act 27 of 1999, s. 96 (w.e.f. 1-6-1999).

(*6*) The High Court shall decide the question of law so formulated and deliver such judgment thereon containing the grounds on which such decision is founded and may award such cost as it deems fit.

(*7*) The Assessing Officer shall give effect to the order of the High Court on the basis of a certified copy of judgment delivered under sub-section (*6*).]

[1][(*8*) The provisions of the Code of Civil Procedure, 1908 (5 of 1908) relating to appeals to High Court shall, so far as may be, apply in the case of appeals under this section.]

28. Hearing by High Court.—When a case has been stated to the High Court [2][under section 27 or an appeal filed before the High Court under section 27A], it shall be heard by a Bench of not less than two Judges of the High Court and shall be decided in accordance with the opinion of such Judges or of the majority of such Judges, if any:

Provided that where there is no such majority, the Judges shall state the point of law upon which they differ and the case shall then be heard upon that point only by one or more of the Judges of the High Court, and such point shall be decided according to the opinion of the majority of the Judges who have heard the case, including those who first heard it.

29. Appeal to Supreme Court.—(*1*) An appeal shall lie to the Supreme Court from any judgment of the High Court delivered [3][before the date of establishment of the National Tax Tribunal] on a case stated [4][under section 27 or an appeal filed under section 27A] in any case which the High Court certifies as a fit case for appeal to the Supreme Court.

(*2*) Where the judgment of the High Court is varied or reversed on appeal under this section, effect shall be given to the order of the Supreme Court in the manner provided in sub-section (*6*) of section 27 [5][or in sub-section (*7*) of section 27A].

(*3*) The High Court may, on application made to it for the execution of any order of the Supreme Court in respect of any costs awarded by it, transmit the order for execution to any court subordinate to the High Court.

[6][**29A. Tax to be paid notwithstanding reference, etc.—**Notwithstanding that a reference has been made to the High Court or the Supreme Court or an appeal has been preferred to the Supreme Court, [3][under this Act before the commencement of the National Tax Tribunal Act, 2005] wealth-tax shall be payable in accordance with the assessment made in the case.

29B. Definition of High Court.—In this Chapter, "High Court" means—

(*i*) in relation to any State, the High Court of that State;

[7][(*ii*) in relation to the Union territory of Delhi, the High Court of Delhi;

[8]* * * * *]

[9][(*iii*) in relation to the Union territories of Arunachal Pradesh and Mizoram, the Gauhati High Court (the High Court of Assam, Nagaland, Meghalaya, Manipur and Tripura);]

1. Ins. by Act 27 of 1999, s. 96 (w.e.f. 1-6-1999).
2. Subs. by Act 21 of 1998, s. 73, for "under section 27" (w.e.f. 1-10-1998).
3. Ins. by Act 49 of 2005, s. 30 and the Schedule. This Act has been struck down by the Supreme Court's Order dated 25th September, 2014 in the Madras Bar Association Vs. Union of India.

4. Subs. by Act 21 of 1998, s. 74, for "under section 27" (w.e.f. 1-10-1998).
5. Ins. by s. 74, *ibid.* (w.e.f. 1-10-1998).
6. Ins. by Act 46 of 1964, s. 27 (w.e.f. 1-4-1965).
7. Subs. by the Punjab Reorganisation and Delhi High Court (Adaptation of Laws on Union Subjects) Order, 1968, for clause (*ii*) (w.e.f. 1-11-1966).
8. Clause (*iia*) omitted by the State of Himachal Pradesh (Adaptation of Laws on Union Subjects) Order, 1973 (w.e.f. 25-1-1971).
9. Subs. by the North-Eastern Areas (Reorganisation) (Arunachal of Laws on Union Subjects) Order, 1974, for clause (*iii*) (w.e.f. 21-1-1972).

(*iv*) in relation to the Union territory of Andaman and Nicobar Islands, the High Court at Calcutta;

(*v*) in relation to the Union territory of [1][Lakshadweep], the High Court of Kerala;

(*vi*) in relation to the Union territories of Dadra and Nagar Haveli and Goa, Daman and Diu, the High Court at Bombay;

(*vii*) in relation to the Union territory of Pondicherry, the High Court at Madras;

[2][(*viii*) in relation to the Union territory of Chandigarh, the High Court of Punjab and Haryana.]]

CHAPTER VII

PAYMENT AND RECOVERY OF WEALTH-TAX

[3][**30. Notice of demand.**—When any tax, interest, penalty, fine or any other sum is payable in consequence of any order passed under this Act, the [4][Assessing Officer] shall serve upon the assessee a notice of demand in the prescribed form specifying the sum so payable.

31. When tax, etc., payable and when assessee deemed in default.—(*1*) Any amount specified as payable in a notice of demand under section 30 shall be paid within [5][thirty days] of the service of the notice at the place and to the person mentioned in the notice:

Provided that, where the [4][Assessing Officer] has any reason to believe that it will be detrimental to revenue if the full period of [5][thirty days] aforesaid is allowed, he may, with the previous approval of the [6][Joint Commissioner], direct that the sum specified in the notice of demand shall be paid within such period being a period less than the period of [5][thirty days] aforesaid, as may be specified by him in the notice of demand.

(*2*) If the amount specified in any notice of demand under section 30 is not paid within the period limited under sub-section (*1*), the assessee shall be liable to pay simple interest at [7][[8][one per cent.] for every month or part of a month comprised in the period commencing from the day immediately following the end of the period mentioned in sub-section (*1*) and ending with the day on which the amount is paid]:

Provided that, where as a result of an order under section 23, [9][or section 23A,] or section 24, or section 25, or section 26, or section 27, or section 29, or section 35 [10][or any order of the Wealth-tax Settlement Commission under sub-section (*4*) of section 22D], the amount on which interest was payable under this section had been reduced, the interest shall be reduced accordingly and the excess interest paid, if any, shall be refunded:

1. Subs. by the Laccadive, Minicoy and Amindivi Islands (Alteration of Name) Adaptation of Laws Order, 1974, for "the Laccadive, Minicoy and Amindivi Islands" (w.e.f. 1-11-1973).
2. Ins. by the Punjab Reorganisation and Delhi High Court (Adaptation of Laws on Union Subjects) Order, 1968 (w.e.f. 1-11-1966).
3. Subs. by Act 46 of 1964, s. 28, for sections 30, 31 and 32 (w.e.f. 1-4-1965).
4. Subs. by Act 4 of 1988, s. 127, for "Wealth-tax Officer" (w.e.f. 1-4-1988).
5. Subs. by s. 148, *ibid.,* for "thirty-five days" (w.e.f. 1-4-1989).
6. Subs. by Act 21 of 1998, s. 66, for "Deputy Commissioner" (w.e.f. 1-10-1998). Earlier the quoted words were substituted by Act 4 of 1988, s. 127, for "Inspecting Assistant Commissioner" (w.e.f. 1-4-1988).
7. Subs. by Act 4 of 1988, s. 148, for "fifteen per cent. per annum from the day commencing after the end of the period mentioned in sub-section (*1*)" (w.e.f. 1-4-1989). Earlier "fifteen per cent." was substituted by Act 67 of 1984, s. 66, for "twelve per cent." (w.e.f. 1-10-1984).
8. Subs. by Act 54 of 2003, s. 20, for "one and one-fourth per cent." (w.e.f. 8-9-2003). Earlier the quoted words were substituted by Act 14 of 2001, s. 99, for "one and one-half per cent." (w.e.f. 1-6-2001).
9. Ins. by Act 10 of 2000, s. 74 (w.e.f. 1-6-2000).
10. Ins. by Act 4 of 1988, s. 148 (w.e.f. 1-4-1989).

[1][Provided further that in respect of any period commencing on or before the 31st day of March, 1989, and ending after that date, such interest shall, in respect of so much of such period as falls after that date, be calculated at the rate of [2][one per cent.] for every month or part of a month.]

[3] [(*2A*) Notwithstanding anything contained in sub-section (*2*), the [4] [[5] [Chief Commissioner or Commissioner] may] reduce or waive the amount of [6][interest paid or payable by an assessee] under the said sub-section if [7][he is satisfied that]—

[8][(*i*) payment of such amount has caused or would cause genuine hardship to the assessee;

(*ii*) default in the payment of the amount on which interest has been paid or was payable under the said sub-section was due to circumstances beyond the control of the assessee; and]

(*iii*) the assessee has co-operated in any inquiry relating to the assessment or any proceeding for the recovery of any amount due from him.]

(*3*) Without prejudice to the provisions contained in sub-section (*2*), on an application made by the assessee before the expiry of the due date under sub-section (*1*), the [9][Assessing Officer] may extend the time for payment or allow payment by instalments, subject to such conditions as he may think fit to impose in the circumstances of the case.

(*4*) If the amount is not paid within the time limited under sub-section (*1*) or extended under sub-section (*3*), as the case may be, at the place and to the person mentioned in the said notice, the assessee shall be deemed to be in default.

(*5*) If in a case where payment by instalments is allowed under sub-section (*3*), the assessee commits default in paying any one of the instalments within the time fixed under that sub-section, the assessee shall be deemed to be in default as to the whole of the amount then outstanding, and the other instalment or instalments shall be deemed to have been due on the same date as the instalment actually in default.

(*6*) Where an assessee has presented an appeal under section 23 [10][or section 23A], the [9][Assessing Officer] may, in his discretion, and subject to such conditions as he may think fit to impose in the circumstances of the case, treat the assessee as not being in default in respect of the amount in dispute in the appeal, even though the time for payment has expired, as long as such appeal remains undisposed of.

(*7*) Where an assessee has been assessed in respect of assets located in a country outside India, the laws of which prohibit or restrict the remittance of money to India, the [9][Assessing Officer] shall not treat the assessee as in default in respect of that part of the tax which is attributable to those assets, and shall continue to treat the assessee as not in default in respect of that part of the tax until the prohibition or restriction of remittance is removed.

1. Ins. by Act 4 of 1988, s. 148 (w.e.f. 1-4-1989).
2. Subs. by Act 54 of 2003, s. 20, for "one and one-fourth per cent." (w.e.f. 8-9-2003). Earlier the quoted words were substituted by Act 14 of 2001, s. 99, for "one and one-half per cent." (w.e.f. 1-6-2001).
3. Ins. by Act 67 of 1984, s. 66 (w.e.f. 1-10-1984).
4. Subs. by Act 11 of 1987, s. 88, for "the Board may" (w.e.f. 1-4-1987).
5. Subs. by Act 4 of 1988, s. 127, for "Commissioner" (w.e.f. 1-4-1988).
6. Subs. by Act 11 of 1987, s. 88, for "interest payable by an assessee" (w.r.e.f. 1-10-1984).
7. Subs. by s. 88, *ibid.,* for ", on the recommendation made by the Commissioner in this behalf, it is satisfied that" (w.e.f. 1-4-1987).
8. Subs. by s. 88, *ibid*., for clauses (*i*) and (*ii*) (w.r.e.f. 1-10-1984).
9. Subs. by Act 4 of 1988, s. 127, for "Wealth-tax Officer" (w.e.f. 1-4-1988).
10. Ins. by Act 10 of 2000, s. 74 (w.e.f. 1-6-2000).

32. Mode of recovery.—The provisions contained in [1][sections 221 to 227, 228A], 229, 231 and 232 of the Income-tax Act and the Second and Third Schedules to that Act and any rules made thereunder shall, so far as may be, apply as if the said provisions were provisions of this Act and referred to wealth-tax and sums imposed by way of penalty, fine and interest under this Act instead of to income-tax and

sums imposed by way of penalty, fine and interest under that Act [2][and to the corresponding wealth-tax authorities instead of to the income-tax authorities specified therein].

Explanation I.—Any reference to section 173 and sub-section (*2*) or sub-section (*6*) or sub-section (*7*) of section 220 of the Income-tax Act in the said provisions of that Act or the rules made thereunder shall be construed as references to sub-section (*7*) of section 22 and sub-section (*2*) or sub-section (*6*) or sub-section (*7*) of section 31 of this Act, respectively.

[3][*Explanation II.*—The Chief Commissioner or Commissioner and the Tax Recovery Officer referred to in the Income-tax Act shall be deemed to be the corresponding wealth-tax authorities for the purpose of recovery of wealth-tax and sums imposed by way of penalty, fine and interest under this Act.]]

33. Liability of transferees of properties in certain cases.—(*1*) Where by reason of the provisions contained in section 4, the value of any assets transferred to any of the persons mentioned in that section have to be included in the net wealth of an individual, the person in whose name such assets stand shall, notwithstanding anything contained in any law to the contrary, be liable, on the service of a notice of demand by the [4][Assessing Officer] in this behalf, to pay that portion of the tax assessed on the assessee as is attributable to the value of the asset standing in his name as aforesaid:

Provided that where any such asset is held jointly by more than one person, they shall be jointly and severally liable to pay the tax as is attributable to the value of the asset so jointly held.

(*2*) Where any such person as is referred to in sub-section (*1*) defaults in making payment of any tax demanded from him, he shall be deemed to be an assessee in default in respect of such sum, and all the provisions of this Act relating to recovery shall apply accordingly.

34. [*Restrictions on registration of transfers of immovable property in certain cases*.]—*Omitted by the Wealth-tax* (*Amendment*) *Act,* 1964*, s.* 29(*w.e.f.* 1-4-1965).

[5][CHAPTER VIIA

REFUNDS

34A. Refunds.—(*1*) Where, as a result of any order passed in appeal or other proceeding (including a rectification proceeding) under this Act, refund of any amount becomes due to the assessee, the [4][Assessing Officer] shall, except as otherwise provided in this Act, refund the amount to the assessee without his having to make any claim in that behalf:

[6][Provided that where, by the order aforesaid,—

(*a*) an assessment is set aside or cancelled and an order of fresh assessment is directed to be made, the refund, if any, shall become due only on the making of such fresh assessment;

1. Subs. by Act 16 of 1972, s. 48, for "sections 221 to 227" (w.e.f. 1-4-1972).
2. Subs. by Act 4 of 1988, s. 149, for "and to Wealth-tax Officer and Commissioner of Wealth-tax instead of to Income-tax Officer and Commissioner of Income-tax" (w.e.f. 1-4-1988).
3. Subs. by s. 149, *ibid.*, for *Explanation* II (w.e.f. 1-4-1989).
4. Subs. by s. 127, *ibid.,* for "Wealth-tax Officer" (w.e.f. 1-4-1988).
5. Ins. by Act 46 of 1964, s. 30 (w.e.f. 1-4-1965).
6. The proviso added by Act 4 of 1988, s. 150 (w.e.f. 1-4-1989).

(*b*) the assessment is annulled, the refund shall become due only of the amount, if any, of the tax paid in excess of the tax chargeable on the [1][net wealth] returned by the assessee.]

[2][(*2*) Where refund of any amount becomes due to the assessee as a result of an order under this Act or under the provisions of sub-section (*1*) of section 16 after 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 section 16 and the Assessing Officer is of the opinion, having regard to the fact that—

(*i*) a notice has been issued, or is likely to be issued, under sub-section (*2*) of section 16 in respect of the said return; or

(*ii*) the order is the subject-matter of an appeal or further proceeding; or

(*iii*) any other proceeding under this Act is pending,

that the grant of the refund is likely to adversely affect the revenue, the Assessing Officer may, with the previous approval of the Chief Commissioner or Commissioner, withhold the refund till such time as the Chief Commissioner or Commissioner may determine.]

(*3*) Where a refund is due to the assessee in pursuance of an order referred to in sub-section (*1*) and the [3][Assessing Officer] does not grant the refund within a period of six months from the date of such order, the Central Government shall pay to the assessee simple interest at [4][six per cent.] per annum on the amount of refund due from the date immediately following the expiry of the period of six months aforesaid to the date on which the refund is granted.

[5][(*3A*) Where the whole or any part of the refund referred to in sub-section (*3*) is due to the assessee as a result of any amount having been paid by him after the 31st day of March, 1975, in pursuance of any order of assessment or penalty and such amount or any part thereof having been found in appeal or other proceeding under this Act to be in excess of the amount which such assessee is liable to pay as tax or penalty, as the case may be, under this Act, the Central Government shall pay to such assessee simple interest at the rate specified in sub-section (*3*) on the amount so found to be in excess from the date on which such amount was paid to the date on which the refund is granted:

Provided that, where the amount so found to be in excess was paid in instalments, such interest shall be payable on the amount of each such instalment or any part of such instalment, which was in excess, from the date on which such instalment was paid to the date on which the refund is granted:

Provided further that no interest under this sub-section shall be payable for a period of one month from the date of the passing of the order in appeal or other proceeding:

Provided also that, where any interest is payable to an assessee under this sub-section, no interest under sub-section (*3*) shall be payable to him in respect of the amount so found to be in excess.]

(*4*) Where a refund is withheld under the provisions of sub-section (*2*), the Central Government shall pay interest at the aforesaid rate on the amount of refund ultimately determined to be due as a result of the appeal or further proceeding for the period commencing after the expiry of six months from the date of the order referred to in that sub-section to the date the refund is granted.

[6][(*4A*) The provisions of sub-sections (*3*), (*3A*) and (*4*) shall not apply in respect of any assessment for the assessment year commencing on the 1st day of April, 1989, or any subsequent assessment year.

1. Subs. by Act 3 of 1989, s. 73, for "total income" (w.e.f. 1-4-1989).

2. Subs. by Act 36 of 1989, s. 29, for sub-section (*2*) (w.r.e.f. 1-4-1989).

3. Subs. by Act 4 of 1988, s. 127, for "Wealth-tax Officer" (w.e.f. 1-4-1988).

4. Subs. by Act 54 of 2003, s. 21, for "eight per cent." (w.e.f. 8-9-2003).

5. Ins. by Act 41 of 1975, s. 97 (w.e.f. 1-10-1975).

6. Ins. by Act 4 of 1988, s. 150 (w.e.f. 1-4-1989).

(*4B*) (*a*) [1][Where refund of any amount becomes due to the assessee under this Act,] he shall, subject to the provisions of this sub-section, be entitled to receive, in addition to the said amount, simple interest thereon calculated at the rate of [2][one-half [3]*** per cent.] for every month or part of a month comprised in the period or periods from the date or, as the case may be, dates of payment of the tax or penalty to the date on which the refund is granted.

Explanation.—For the purposes of this clause, "date of payment of the tax or penalty" means the date on and from which the amount of tax or penalty specified in the notice of demand issued under section 30 is paid in excess of such demand.

(*b*) If the proceedings resulting in the refund are delayed for reasons attributable to the assessee, whether wholly or in part, period of the delay so attributable to him shall be excluded from the period for which interest is payable and where any question arises as to the period to be excluded, it shall be decided by the Chief Commissioner or Commissioner whose decision thereon shall be final.

(*c*) Where as a result of an order under [4][sub-section (*3*) or sub-section (*5*) of section 16 or] section 17 or section 23 [5][or section 23A] or section 24 or section 25 or section 27 or section 29 or section 35 or any order of the Wealth-tax Settlement Commission under sub-section (*4*) of section 22D, the amount on which interest was payable under clause (*a*) has been increased or reduced, as the case may be, the interest shall be increased or reduced accordingly and, in a case where the interest is reduced, the Assessing

Officer shall serve on the assessee a notice of demand in the prescribed form specifying the amount of the excess interest paid and requiring him to pay such amount; and such notice of demand shall be deemed to be a notice under section 30 and the provisions of this Act shall apply accordingly.

(*d*) The provisions of this sub-section shall apply in respect of assessments for the assessment year commencing on the 1st day of April, 1989, and subsequent assessment years.]

(*5*) Where under any of the provisions of this Act, a refund is found to be due to any person, the [6] [Assessing Officer], [7] [Deputy Commissioner (Appeals)] [8] [, Commissioner (Appeals)] or [9] [Chief Commissioner or Commissioner], as the case may be, may, in lieu of payment of the refund, set off the amount to be refunded or any part of that amount, against the sum, if any, remaining payable under this Act by the person to whom the refund is due, after giving an intimation in writing to such person of the action proposed to be taken under this section.**]**

[10]**[**CHAPTER VIIB

REGISTERED VALUERS

34AA. Appearance by registered valuers.—Notwithstanding anything contained in this Act, any assessee who is entitled to or required to attend before any wealth-tax authority or the Appellate Tribunal in connection with any matter relating to the valuation of any asset, except where he is required under this Act to attend in person, may attend by a registered valuer.

1. Subs. by Act 3 of 1989, s. 73, for "Where, in pursuance of any order passed under this Act, the refund of any amount becomes due to the assessee" (w.e.f. 1-4-1989).
2. Subs. by Act 54 of 2003, s. 21, for "two-third per cent." (w.e.f. 8-9-2003). Earlier the quoted words were substituted by Act 20 of 2002, s. 114, for "three fourth per cent." (w.e.f. 1-6-2002) which were earlier substituted by Act 14 of 2001, s. 100, for "one per cent." (w.e.f. 1-6-2001).
3. The words "and a half per cent." omitted by Act 49 of 1991, s. 80 (w.e.f. 1-10-1991).
4. Ins. by Act 3 of 1989, s. 73 (w.e.f. 1-4-1989).
5. Ins. by Act 10 of 2000, s. 75 (w.e.f. 1-6-2000).
6. Subs. by Act 4 of 1988, s. 127, for "Wealth-tax Officer" (w.e.f. 1-4-1988).
7. Subs. by s. 127, *ibid.,* for "Appellate Assistant Commissioner" (w.e.f. 1-4-1988).
8. Ins. by Act 29 of 1977, s. 39 and the Schedule (w.e.f. 10-7-1978).
9. Subs. by Act 4 of 1988, s. 127, for "Commissioner" (w.e.f. 1-4-1988).
10. Ins. by Act 45 of 1972, s. 14 (w.e.f. 15-11-1972).

34AB. Registration of valuers.—(*1*) The [1][Chief Commissioner or Director General] shall maintain a register to be called the Register of Valuers in which shall be entered the names and addresses of persons registered under sub-section (*2*) as valuers.

(*2*) Any person who possesses the qualifications prescribed in this behalf may apply to the [1][Chief Commissioner or Director General] in the prescribed form for being registered as a valuer under this section:

Provided that different qualifications may be prescribed for valuers of different classes of assets.

(*3*) Every application under sub-section (*2*) shall be verified in the prescribed manner, shall be accompanied by such fees as may be prescribed and shall contain a declaration to the effect that the applicant will—

(*i*) make an impartial and true valuation of any asset which he may be required to value;

(*ii*) furnish a report of such valuation in the prescribed form;

(*iii*) charge fees at a rate not exceeding the rate or rates prescribed in this behalf;

(*iv*) not undertake valuation of any asset in which he has a direct or indirect interest.

(*4*) The report of valuation of any asset by a registered valuer shall be in the prescribed form and be verified in the prescribed manner.

34AC. Restrictions on practice as registered valuer.—(*1*) No person, either alone, or in partnership with any other person, shall practise, describe himself or hold himself out as a registered valuer for the purposes of this Act or permit himself to be so described or held out unless he is registered as a valuer or, as the case may be, unless he and all his partners are so registered under this Chapter.

(*2*) No company or other body corporate shall practise, describe itself or hold itself out as registered valuers for the purposes of this Act or permit itself to be so described or held out.

2[**34ACC. Furnishing of particulars in certain cases.—**Where any person who is registered as a valuer under section 34AB or who has made an application for registration as a valuer under that section is, at any time thereafter,—

(*a*) convicted of any offence and sentenced to a term of imprisonment; or

(*b*) in a case where he is a member of any association or institution established in India having as its object the control, supervision, regulation or encouragement of the profession of architecture, accountancy, or company secretaries or such other profession as the Board may specify in this behalf by notification in the Official Gazette, found guilty of misconduct in his professional capacity, by such association or institution,

he shall immediately after such conviction or, as the case may be, finding, intimate the particulars thereof 3[to the Chief Commissioner or Director General].]

1. Subs. by Act 26 of 1988, s. 58, for "Board" (w.e.f. 1-6-1988).
2. Ins. by Act 67 of 1984, s. 68 (w.e.f. 1-10-1984).
3. Subs. by Act 26 of 1988, s. 59, for "to the Board" (w.e.f. 1-6-1988).

34AD. Removal from register of names of valuers and restoration.—(*1*) The 1[Chief Commissioner or Director General] may remove the name of any person from the register of valuers where 2[he is satisfied], after giving that person a reasonable opportunity of being heard and after such further inquiry, if any, as 3[he thinks fit] to make,—

(*i*) that his name has been entered in the register by error or on account of misrepresentation or suppression of a material fact;

(*ii*) that he has been convicted of any offence and sentenced to a term of imprisonment or has been guilty of misconduct in his professional capacity which, in the opinion of the 1[Chief Commissioner or Director General], renders him unfit to be kept in the register.

(*2*) The 1[Chief Commissioner or Director General] may, on application and on sufficient cause being shown, restore to the register the name of any person removed therefrom.

4[(*3*) Without prejudice to the provisions of sub-sections (*1*) and (*2*), the Chief Commissioner or Director General shall, once in three years review the performance of all the registered valuers and may remove the name of any person from the Register of Valuers where he is satisfied, after giving that person a reasonable opportunity of being heard and after such further inquiry, if any, as he thinks fit to make, that his performance is such that his name should not remain on the Register of Valuers.

(*4*) The Chief Commissioner or Director General may himself conduct the inquiry referred to in sub-section (*1*) or sub-section (*3*) or appoint an Inquiry Officer not below the rank of a Commissioner to conduct such inquiry, and for the purposes of such inquiry, the Chief Commissioner or Director General and the Inquiry Officer so appointed shall have the same powers as are vested in a court under the Code of Civil Procedure, 1908 (5 of 1908), when trying a suit in respect of the following matters, namely:—

(*a*) discovery and inspection;

(*b*) enforcing the attendance of any person including any officer of a banking company and examining him on oath;

(*c*) compelling the production of books of account and other documents;

(*d*) issuing commission.]]

5[**34AE. Existing registered valuers to apply afresh.—**(*1*) Notwithstanding anything contained in this Chapter, every person whose name is included in the Register of Valuers immediately before the 1st day of June, 1988, shall, if he intends to continue to be registered under this Act, make an application under sub-section (*2*) of section 34AB within a period of three months from that date, for being registered afresh as a valuer under this Chapter and the provisions of sub-section (*3*) of that section and the rules made thereunder shall be applicable in respect of the verification of the application, the fees that shall accompany such application and the declaration to be made by the applicant.

(*2*) The provisions of this Chapter regarding the registration of a person as a valuer and other matters shall, so far as may be, apply to every application made under sub-section (*1*).

(*3*) Every application pending before the Board immediately before the 1st day of June,1988, shall be deemed to be an application received by the Chief Commissioner or Director General under sub-section (*1*).]

1. Subs. by Act 26 of 1988, s. 60, for "Board" (w.e.f. 1-6-1988).
2. Subs. by s. 60, *ibid.,* for "it is satisfied" (w.e.f. 1-6-1988).
3. Subs. by s. 60, *ibid.,* for "it thinks fit" (w.e.f. 1-6-1988).
4. Ins. by s. 60, *ibid.* (w.e.f. 1-6-1988).
5. Ins. by s. 61, *ibid.* (w.e.f. 1-6-1988).

CHAPTER VIII

MISCELLANEOUS

1 [**34B. Transfers to defraud revenue to be void.—**(*1*) Where, during the pendency of any proceeding under this Act or after the completion thereof, but before the service of notice under rule 2 of the Second Schedule to the Income-tax Act as made applicable to this Act by section 32, any assessee creates a charge on, or parts with (by way of sale, mortgage, gift, exchange or any other mode of transfer whatsoever) the possession of, any of his assets in favour of any other person, such charge or transfer shall be void as against any claim in respect of any tax or any other sum payable by the assessee as a result of the completion of the said proceeding or otherwise:

Provided that such charge or transfer shall not be void, if it is made—

(*i*) for adequate consideration and without notice of the pendency of such proceeding or, as the case may be, without notice of such tax or other sum payable by the assessee; or

(*ii*) with the previous permission of the 2[Assessing Officer].

(*2*) This section applies to cases where the amount of tax or other sum payable or likely to be payable exceeds five thousand rupees and the assets charged or transferred exceed ten thousand rupees in value.

Explanation.—In this section, "assets" means land, building, machinery, plant, shares, securities and fixed deposits in banks to the extent to which any of the assets aforesaid does not form part of the stock-in-trade of the business of the assessee.

34C. Provisional attachment to protect revenue in certain cases.—(*1*) Where, during the pendency of any proceeding for the assessment of net wealth or for the assessment or reassessment of net wealth which has escaped assessment, the 2[Assessing Officer] is of the opinion that for the purpose of protecting the interests of the revenue it is necessary so to do, he may, with the previous approval of the 3[Chief Commissioner or Commissioner], by order in writing, attach provisionally any property belonging to the assessee in the manner provided in the Second Schedule to the Income-tax Act as made applicable to this Act by section 32.

4[*Explanation.*—For the purposes of this sub-section, the proceedings under sub-section (*5*) of section 37A shall be deemed to be proceedings for the assessment of any net wealth or for the assessment or reassessment of any net wealth which has escaped assessment.]

(*2*) Every such provisional attachment shall cease to have effect after the expiry of a period of six months from the date of the order made under sub-section (*1*):

Provided that the 3[Chief Commissioner or Commissioner] may, for reasons to be recorded in writing, extend the aforesaid period by such further period or periods as he thinks fit, so however, that the total period of extension shall not in any case exceed two years:

4[Provided further that where an application for settlement under section 22C is made, the period commencing from the date on which such application is made and ending with the date on which an order under sub-section (*1*) of section 22D is made shall be excluded from the period specified in the preceding proviso.]]

1. Subs. by Act 41 of 1975, s. 98, for section 34B (w.e.f. 1-10-1975). Earlier section 34B was inserted by Act 46 of 1964, s. 31 (w.e.f. 1-4-1965).
2. Subs. by Act 4 of 1988, s. 127, for "Wealth-tax Officer" (w.e.f. 1-4-1988).
3. Subs. by s. 127, *ibid.,* for "Commissioner" (w.e.f. 1-4-1988).

4. Ins. by Act 26 of 1988, s. 62 (w.e.f. 1-4-1988).

1[**35. Rectification of mistakes.—**(*1*) With a view to rectifying any mistake apparent from the record—

(*a*) the 2[Assessing Officer] may amend any order of assessment or of refund or any other order passed by him;

3[(*aa*) a wealth-tax authority may amend any intimation or deemed intimation under sub-section (*1*) of section 16;]

4[5[(*aaa*)] the Valuation Officer may amend any order passed by him under section 16A;]

6[(*b*) the 7[Joint Director] or 8[Joint Commissioner] or Director or Commissioner or Deputy Commissioner (Appeals) or Commissioner (Appeals) may amend any order passed by him under section 18A;]

9[(*c*) the Deputy Commissioner (Appeals) or Commissioner (Appeals) may amend any order passed by him under section 23 10[or section 23A];

(*d*) the Commissioner may amend any order passed by him under section 25;

(*e*) the Appellate Tribunal may amend any order passed by it under section 24.]

(*2*) Where the amount of tax, penalty or interest determined as a result of the first appeal or revision against the order referred to in sub-clause (*iii*) of clause (*m*) of section 2 11[, as it existed immediately before its amendment by the Finance Act, 1992,] is paid within six months of the date of the order passed in such appeal or revision, the 2[Assessing Officer] may, notwithstanding anything to the contrary in this Act, rectify the assessment by allowing a deduction to the extent the tax, penalty or interest so paid stood disallowed therein as if such rectification were a rectification of a mistake apparent from the record.

(*3*) Subject to the other provisions of this section, the authority concerned—

(*a*) may make an amendment under sub-section (*1*) or sub-section (*2*) of its own motion;

(*b*) shall make such amendment for rectifying any such mistake which has been brought to its notice by the assessee, and where the authority concerned is the 12[Valuation Officer or the 13[Deputy Commissioner (Appeals)]] 14[or the Commissioner (Appeals)] or the Appellate Tribunal, by the 2[Assessing Officer] also.

(*4*) An amendment, which has the effect of enhancing an assessment or reducing a refund or otherwise increasing the liability of the assessee, shall not be made under this section unless the authority concerned has given notice to the assessee of its intention so to do and has allowed the assessee a reasonable opportunity of being heard.

1. Subs. by Act 46 of 1964, s. 32, for section 35 (w.e.f. 1-4-1965).
2. Subs. by Act 4 of 1988, s. 127, for "Wealth-tax Officer" (w.e.f. 1-4-1988).
3. Subs. by Act 27 of 1999, s. 97, for clause (*aa*) (w.e.f. 1-6-1999). Earlier clause (aa) was inserted by Act 4 of 1988, s. 151 (w.e.f. 1-4-1989).
4. Ins. by Act 45 of 1972, s. 15 (w.e.f. 1-1-1973).
5. Clause (*aa*) renumbered as clause (*aaa*) therof by Act 4 of 1988, s. 151 (w.e.f. 1-4-1989).
6. Subs. by Act 4 of 1988, s. 160, for clause (*b*) (w.e.f. 1-4-1989).
7. Subs. by Act 21 of 1998, s. 66, for "Deputy Director" (w.e.f. 1-10-1998).
8. Subs. by s. 66, *ibid.,* for "Deputy Commissioner" (w.e.f. 1-10-1998).
9. Subs. by Act 4 of 1988, s. 160, for clauses (*d*) and (*e*) (w.e.f. 1-4-1989). Earlier clause (*c*) was omitted by Act 41 of 1975, s. 99 (w.e.f. 1-4-1976).
10. Ins. by Act 10 of 2000, s. 76 (w.e.f. 1-6-2000). Earlier it was omitted by Act 3 of 1989, s. 74 (w.e.f. 1-4-1989).
11. Ins. by Act 18 of 1992, s. 97 (w.e.f. 1-4-1993).
12. Subs. by Act 45 of 1972, s. 15, for "Appellate Assistant Commissioner" (w.e.f. 1-1-1973).
13. Subs. by Act 4 of 1988, s. 127, for "Appellate Assistant Commissioner" (w.e.f. 1-4-1988).
14. Ins. by Act 29 of 1977, s. 39 and the Fifth Schedule (w.e.f. 10-7-1978).

(*5*) Where an amendment is made under this section, an order shall be passed in writing by the wealth-tax authority concerned or the Tribunal, as the case may be.

(*6*) Where any such amendment has the effect of enhancing the assessment or reducing a refund already made, the 1[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 issued under section 30 and the provisions of this Act shall apply accordingly.

2[(*6A*) Where any amendment made by the Valuation Officer under clause (*aa*) of sub-section (*1*) has the effect of enhancing the valuation of any asset, he shall send a copy of his order to the 1[Assessing Officer] who shall thereafter proceed to amend the order of assessment in conformity with the order of the Valuation Officer and the provisions of sub-section (*6*) shall apply accordingly.]

(*7*) No amendment under this section shall be made after the expiry of four years—

(*a*) in the case of an amendment under sub-section (*2*), 3[from the end of the financial year in which the order was passed in the first appeal or revision] referred to in that sub-section; and

(*b*) in any other case, 4[from the end of the financial year in which the order sought to be amended was passed].

2[(*7A*) Notwithstanding anything contained in sub-section (*7*), where the valuation of any asset has been enhanced by the Valuation Officer under this section, the consequential amendment to the order of assessment may be made by the 1[Assessing Officer] at any time before the expiry of one year from the date of the order of the Valuation Officer under this section.]

(*8*) Where any matter has been considered and decided in a proceeding by way of an appeal or revision relating to an order referred to in sub-section (*1*), the authority passing such order may, notwithstanding anything contained in any other law for the time being in force, amend the order under this section in relation to any matter other than the matter which has been so considered and decided.]

5 [**35A. Wilful attempt to evade tax, etc.—**(*1*) If a person wilfully attempts in any manner whatsoever to evade any tax, penalty or interest chargeable or imposable under this Act, he shall, without prejudice to any penalty that may be imposable on him under any other provision of this Act, be punishable,—

(*i*) in a case where the amount sought to be evaded exceeds one hundred thousand rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine;

(*ii*) in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to three years and with fine.

(*2*) If a person wilfully attempts in any manner whatsoever to evade the payment of any tax, penalty or interest under this Act, he shall, without prejudice to any penalty that may be imposable on him under any other provisions of this Act, be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to three years and shall, in the discretion of the court, also be liable to fine.

1. Subs. by Act 4 of 1988, s. 127, for "Wealth-tax Officer" (w.e.f. 1-4-1988).

2. Ins. by Act 45 of 1972, s. 15 (w.e.f. 1-1-1973).

3. Subs. by Act 67 of 1984, s. 69, for "from the date of the order passed in the first appeal or revision" (w.e.f. 1-10-1984).

4. Subs. by s. 69, *ibid*., for "from the date of the order sought to be amended" (w.e.f. 1-10-1984).

5. Ins. by Act 41 of 1975, s. 100 (w.e.f. 1-10-1975).

Explanation.—For the purposes of this section, a wilful attempt to evade any tax, penalty or interest chargeable or imposable under this Act or the payment thereof shall include a case where any person—

(*a*) has in his possession or control any books of account or other documents (being books of account or other documents relevant to any proceeding under this Act) containing a false entry or statement, or

(*b*) makes, or causes to be made, any false entry or statement in such books of account or other documents, or

(*c*) wilfully omits, or causes to be omitted, any relevant entry or statement in such books of account or other documents, or

(*d*) causes any other circumstances to exist which will have the effect of enabling such person to evade any tax, penalty or interest chargeable or imposable under this Act or the payment thereof.

35B. Failure to furnish returns of net wealth.—If a person wilfully fails to furnish in due time the return of his net wealth which he is required to furnish under sub-section (*1*) of section 14 or by notice given under sub-section (*2*) of section 14 or under sub-section (*1*) of section 17, he shall be punishable,—

(*i*) in a case where the amount of tax, which would have been evaded if the failure had not been discovered, exceeds one hundred thousand rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine;

(*ii*) in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to three years and with fine:

Provided that a person shall not be proceeded against under this section for failure to furnish in due time the return of net wealth under sub-section (*1*) of section 14—

(*i*) for any assessment year commencing prior to the 1st day of April, 1975; or

(*ii*) for any assessment year commencing on or after the 1st day of April, 1975, if—

(*a*) the return is furnished by him before the expiry of the assessment year; or

(*b*) the tax payable by him on his net wealth determined on regular assessment does not exceed three thousand rupees.

35C. Failure to produce accounts, records, etc.—If a person wilfully fails to produce, or cause to be produced, on or before the date specified in any notice under sub-section (*4*) of section 16, such accounts, records and documents as are referred to in the notice, he shall be punishable with rigorous imprisonment for a term which may extend to one year or with fine equal to a sum calculated at a rate which shall not be less than four rupees or more than ten rupees for every day during which the default continues, or with both.

35D. False statement in verification, etc., made under certain provisions of the Act.—If a person makes a statement in any verification under this Act (other than under section 34AB) or under any rule made thereunder, or delivers an account or statement which is false, and which he either knows or believes to be false, or does not believe to be true, he shall be punishable,—

(*i*) in a case where the amount of tax which would have been evaded if the statement or account had been accepted as true, exceeds one hundred thousand rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine;

(*ii*) in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to three years and with fine.

35E. False statement in verification mentioned in section 34AB.—If a person makes a statement in a verification mentioned in section 34AB which is false, and which he either knows or believes to be false, or does not believe to be true, he shall be punishable with imprisonment for a term which may extend to six months or with fine or with both.

[1][**35EE. Failure to furnish particulars under section 34ACC.—**If a person referred to in section 34ACC fails [2]*** to intimate to the Board the particulars of conviction or finding referred to in the said section, he shall be punishable with rigorous imprisonment for a term which may extend to two years and shall also be liable to fine]:

[3][Provided that no person shall be punishable under this section if he proves that there was reasonable cause or excuse for the said failure.]

[4][**35EEE. Contravention of order made under second proviso to sub-section (*1*) or sub-section (*3A*) of section 37A.—**If a person contravenes any order referred to in the second proviso to sub-section (*1*) or sub-section (*3A*) of section 37A, he shall be punishable with rigorous imprisonment for a term which may extend to two years and with fine.]

35F. Abetment of false return, etc.—If a person abets or induces in any manner another person to make and deliver an account, statement or declaration relating to any net wealth chargeable to tax which is false and which he either knows to be false or does not believe to be true or to commit an offence under sub-section (1) of section 35A, he shall be punishable,—

(*i*) in a case where the amount of tax, penalty or interest, which would have been evaded, if the declaration, account or statement had been accepted as true, or which is wilfully attempted to be

evaded, exceeds one hundred thousand rupees, with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine;

(*ii*) in any other case, with rigorous imprisonment for a term which shall not be less than three months but which may extend to three years and with fine.

35G. Punishment for second and subsequent offences.—If any person convicted of an offence under sub-section (*1*) of section 35A or section 35B or section 35D or section 35F is again convicted of an offence under any of the aforesaid provisions, he shall be punishable for the second and for every subsequent offence with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine.

[5][**35GA. Power of Commissioner to grant immunity from prosecution.—**(*1*) A person may make an application to the Commissioner for granting immunity from prosecution, if he has made an application for settlement under section 22C and the proceedings for settlement have abated under section 22HA.

(*2*) The application to the Commissioner under sub-section (*1*) shall not be made after institution of the prosecution proceedings after abatement.

(*3*) The Commissioner may, subject to such conditions as he may think fit to impose, grant to the person immunity from prosecution for any offence 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:

1. Ins. by Act 67 of 1984, s. 70 (w.e.f. 1-10-1984).

2. The words “, without reasonable cause or excuse,” omitted by Act 46 of 1986, s. 38 (w.e.f. 10-9-1986).

3. Ins. by s. 38, *ibid*. (w.e.f. 10-9-1986).

4. Ins. by Act 12 of 1990, s. 56 (w.e.f. 1-4-1990).

5. Ins. by Act 18 of 2008, s. 65 (w.e.f. 1-4-2008).

Provided that where the application for settlement under section 22C had been made before the 1st day of June, 2007, the Commissioner may grant immunity from prosecution for any offence under this Act or under the Indian Penal Code (45 of 1860) or under any other Central Act for the time being in force.

(*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 may be tried for the offence with respect to which the immunity was granted or for any other offence of which he appears to have been guilty in connection with the proceedings.]

35H. Offences by Hindu undivided families.—(*1*) Where an offence under this Act has been committed by a Hindu undivided family, the *karta* thereof shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render the *karta* liable to any punishment if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

(*2*) Notwithstanding anything contained in sub-section (*1*), where an offence under this Act has been committed by a Hindu undivided family and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any member thereof, such member shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

[1][**35HA. Offences by companies.—**(*1*) Where an offence under this Act has been committed by a company, every person who, at the time the offence was committed, was in charge of, and was responsible to, the company for the conduct of the business of the company as well as the company shall

be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

(*2*) Notwithstanding anything contained in sub-section (*1*), where an offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

2[(*3*) Where an offence under this Act has been committed by a person, being a company and such offence is punishable with imprisonment and fine, then, without prejudice to the provisions contained in sub-section (*1*) or sub-section (*2*), such company shall be punished with fine and every person, referred to in sub-section (*1*) or the director, manager, secretary or other officer of the company referred to in sub-section (*2*), shall be liable to be proceeded against and punished in accordance with the provisions of this Act.]

1. Ins. by Act 18 of 1992, s. 98 (w.e.f. 1-4-1993).

2. Ins. by Act 23 of 2004, s. 65 (w.e.f. 1-10-2004).

Explanation.—For the purposes of this section,—

(*a*) "company" means a body corporate, and includes—

(*i*) a firm; and

(*ii*) an association of persons or a body of individuals whether incorporated or not; and

(*b*) "director", in relation to,—

(*i*) a firm, means a partner in a firm;

(*ii*) any association of persons or a body of individuals, means any member controlling the affairs thereof.]

1[**35-I. Prosecutions to be with the previous sanction of certain wealth-tax authorities and their power to compound offences.—**2[(*1*) A person shall not be proceeded against for an offence under this Act except with the previous sanction of the Commissioner or Commissioner (Appeals):

Provided that the Chief Commissioner or, as the case may be, Director General may issue such instructions or directions to the aforesaid wealth-tax authorities as he may deem fit for institution of proceedings under this sub-section.

(*2*) Any such offence may, either before or after the institution of proceedings, be compounded by the Chief Commissioner or a Director General.]

3[*Explanation.*—For the removal of doubts, it is hereby declared that the power of the Board to issue orders, instructions or directions under this Act shall include and shall be deemed always to have included the power to issue instructions or directions (including instructions or directions to obtain the previous approval of the Board) to other wealth-tax authorities for the proper composition of offences under this section.]]

35J. Certain offences to be non-cognizable.—Notwithstanding anything contained in the Code of Criminal Procedure, 1973 (2 of 1974), an offence punishable under section 35A or section 35B or section 35D or section 35F shall be deemed to be non-cognizable within the meaning of that Code.

35K. Bar on prosecution and on inadmissibility of evidence in certain circumstances.—(*1*) A person shall not be proceeded against for an offence under section 35A or section 35D in relation to the assessment for 4[an assessment year] in respect of which the penalty imposed or imposable on him under clause (*iii*) of sub-section (*1*) of section 18 has been reduced or waived by an order under section 18B.

(*2*) Where any proceeding for prosecution has been taken against any person under this Act, any statement made or account or other document produced by such person before 5[any Wealth-tax authority (not being an Inspector of Income-tax)] shall not be inadmissible as evidence for the purpose of such proceedings merely on the ground that such statement was made or such account or other document was

produced in the belief that the penalty imposable would be reduced or waived under section 18B or that the offence in respect of which such proceeding was taken would be compounded.

35L. Jurisdiction of courts.—No court inferior to that of a Metropolitan Magistrate or a Magistrate of the first class shall try any offence under this Act.

1. Subs. by Act 26 of 1988, s. 63, for section 35-I (w.e.f. 1-4-1989).

2. Subs. by Act 49 of 1991, s. 81, for sub-sections (*1*) and (*2*) (w.e.f. 1-10-1991).

3. Ins. by s. 81, *ibid*. (w.e.f. 1-4-1991).

4. Subs. by Act 12 of 1990, s. 57, for "the assessment year commencing on the 1st day of April, 1988, or any earlier assessment year" (w.e.f. 1-4-1989). Earlier the quoted words were substituted by Act 4 of 1988, s. 152 (w.e.f. 1-4-1989).

5. Subs. by Act 4 of 1988, s. 152, for "any of the Wealth-tax authorities specified in sections 8, 9, 9A, 10, 10A, and 11" (w.e.f. 1-4-1989).

35M. Section 360 of the Code of Criminal Procedure, 1973, and the Probation of Offenders Act, 1958, not to apply.—Nothing contained in section 360 of the Code of Criminal Procedure, 1973 (2 of 1974), or in the Probation of Offenders Act, 1958 (20 of 1958), shall apply to a person convicted of an offence under this Act unless that person is under eighteen years of age.

35N. Presumption as to books of account, etc., in certain cases.—(*1*) Where during the course of any search made under section 37A, any books of account or other documents, articles or things including money have been found in the possession or control of any person and such books of account or other documents are tendered, or such articles or things including money are relied upon, by the prosecution in evidence against such person or against such person and the person referred to in section 35F for an offence under this Act, the provisions of sub-section (*5*) of section 37A shall, so far as may be, apply in relation to such books of account or other documents, articles or things including money.

(*2*) Where—

(*i*) any books of account or other documents, taken into custody, from the possession or control of any person by any officer or authority under clause (*a*) or clause (*b*) of sub-section (*1*) of section 37B, are delivered to the requisitioning officer under sub-section (*2*) of that section; or

(*ii*) any note or inventory of any articles or things including money taken into custody, from the possession of any person, by any officer or authority under clause (*c*) of sub-section (*1*) of section 37B, is furnished to the requisitioning officer under sub-section (*2*) of that section,

and such books of account or other documents are tendered, or such note or inventory is relied upon, by the prosecution in evidence against such person or against such person and the person referred to in section 35F for an offence under this Act, the provisions of sub-section (*5*) of section 37A shall, so far as may be, apply in relation to such books of account or other documents or, as the case may be, the articles or things including money, covered by such note or inventory.

[1][**35-O. Presumption as to culpable mental state.—**(*1*) In any prosecution for any offence under this Act which requires a culpable mental state on the part of the accused, the court shall presume the existence of such mental state but it shall be a defence for the accused to prove the fact that he had no such mental state with respect to the act charged as an offence in that prosecution.

Explanation.—In this sub-section, "culpable mental state" includes intention, motive or knowledge of a fact, or belief in, or reason to believe, a fact.

(*2*) For the purposes of this section, a fact is said to be proved only when the court believes it to exist beyond reasonable doubt and not merely when its existence is established by a preponderance of probability.]]

[2][**36. Proof of entries in records or documents.—**Entries in the records or other documents in the custody of a wealth-tax authority shall be admitted in evidence in any proceedings for the prosecution of any person for an offence under this Act, and all such entries may be proved either by the production of the records or other documents in the custody of the wealth-tax authority containing such entries or by the production of a copy of the entries certified by the wealth-tax authority having custody of the records or other documents under its signature and stating that it is a true copy of the original entries and that such original entries are contained in the records or other documents in its custody.]

1. Ins. by Act 46 of 1986, s. 39 (w.e.f. 10-9-1986).

2. Ins. by Act 3 of 1989, s. 75 (w.e.f. 1-4-1989). Earlier it was omitted by Act 41 of 1975, s. 101 (w.e.f. 1-10-1975).

[1][**36A. Power to tender immunity from prosecution.—**(*1*) The Central Government may, if it is of opinion (the reasons for such opinion being recorded in writing) that with a view to obtaining the evidence of any person appearing to have been directly or indirectly concerned in or privy to the concealment of particulars of net wealth or to the evasion of payment of tax on net wealth, it is necessary or expedient so to do, tender to such person immunity from prosecution for any offence under this Act or under the Indian Penal Code (45 of 1860) or under any other Central Act for the time being in force and also from the imposition of any penalty under this Act on condition of his making a full and true disclosure of the whole circumstances relating to the concealment of particulars of net wealth or evasion of payment of tax on net wealth.

(*2*) A tender of immunity made to, and accepted by, the person concerned shall, to the extent to which the immunity extends, render him immune from prosecution for any offence in respect of which the tender was made or from the imposition of any penalty under this Act.

(*3*) If it appears to the Central Government that any person to whom immunity has been tendered under this section has not complied with the condition on which the tender was made or is wilfully concealing anything or is giving false evidence, the Central Government may record a finding to that effect, and thereupon the immunity shall be deemed to have been withdrawn, and any such person may be tried for the offence in respect of which the tender of immunity was made or for any other offence of which he appears to have been guilty in connection with the same matter and shall also become liable to the imposition of any penalty under this Act to which he would otherwise have been liable.]

[2][**37. Power to take evidence on oath, etc.—**(*1*) [3][The [4][Assessing Officer], Valuation Officer,] [5][Deputy Commissioner (Appeals)], [6][Commissioner (Appeals),] [7][Chief Commissioner or Commissioner] and the Appellate Tribunal shall, for the purposes of this Act, have the same powers as are vested in a court under the Code of Civil Procedure, 1908 (5 of 1908), when trying a suit in respect of the following matters, namely:—

(*a*) discovery and inspection;

(*b*) enforcing the attendance of any person, including any officer of a banking company and examining him on oath;

(*c*) compelling the production of books of account and other documents; and

(*d*) issuing commissions.

[8][(*1A*) If the Director General or Director or [9][Joint Director] or [10][Assistant Director or Deputy Director], or the authorised officer referred to in sub-section (*1*) of section 37A before he takes action under clauses (*i*) to (*vi*) of that sub-section, has reason to suspect that any net wealth has been concealed, or is likely to be concealed, by any person or class of persons within his jurisdiction, then, for the purposes of making any inquiry or investigation relating thereto, it shall be competent for him to exercise the powers conferred under sub-section (*1*) on the wealth-tax authorities referred to in that sub-section, notwithstanding that no proceedings with respect to such person or class of persons are pending before him or any other wealth-tax authority.]

[11]* * * * *

1. Ins. by Act 46 of 1964, s. 34 (w.e.f. 1-4-1965).
2. Subs. by s. 35, *ibid.,* for section 37 (w.e.f. 1-4-1965).
3. Subs. by Act 45 of 1972, s. 17, for "The Wealth-Tax Officer," (w.e.f. 1-1-1973).
4. Subs. by Act 4 of 1988, s. 127, for "Wealth-tax Officer" (w.e.f. 1-4-1988).
5. Subs. by s. 127, *ibid.,* for "Appellate Assistant Commissioner" (w.e.f. 1-4-1988).
6. Ins. by Act 29 of 1977, s. 39 and the Fifth Schedule (w.e.f. 10-7-1978).
7. Subs. by Act 4 of 1988, s. 127, for "Commissioner" (w.e.f. 1-4-1988).
8. Ins. by Act 26 of 1988, s. 64 (w.e.f. 1-6-1988).
9. Subs. by Act 21 of 1998, s. 66, for "Deputy Director" (w.e.f. 1-10-1998).
10. Subs. by s. 66, *ibid.,* for "Assistant Director" (w.e.f. 1-10-1998).
11. Sub-section (*2*) omitted by Act 4 of 1988, s. 153 (w.e.f. 1-4-1989).

(*3*) Subject to any rules made in this behalf, any authority referred to in sub-section (*1*) [1][or sub-section (*1A*)] may impound and retain in its custody for such period as it thinks fit any books of account or other documents produced before it in any proceeding under this Act:

Provided that [2][a [3][Assessing Officer] or a Valuation Officer] [1][or an [4][Assistant Director or Deputy Director]] shall not—

(*a*) impound any books of account or other documents without recording his reasons for so doing, or

(*b*) retain in his custody any such books or documents for a period exceeding fifteen days (exclusive of holidays) without obtaining the approval of [5][the Chief Commissioner or Director General or Commissioner or Director therefor, as the case may be].

(*4*) Any proceeding under this Act before a wealth-tax authority or the Tribunal shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228, and for the purposes of section 196 of the Indian Penal Code (45 of 1860).]

[6]**[37A. Power of search and seizure.—**(*1*) Where the [7][Director General or Director] or the [8][Chief Commissioner or Commissioner] or any such [9][Joint Director] or [10][Joint Commissioner] as may be empowered in this behalf by the Board, in consequence of information in his possession, has reason to believe that—

(*a*) any person to whom a notice under sub-section (*4*) of section 16 or a summons under section 37 was issued to produce, or cause to be produced, any books of account or other documents, has omitted or failed to produce, or cause to be produced, such books of account or other documents as required by such notice or summons, or

(*b*) any person to whom a notice or summons as aforesaid has been or might be issued will not, or would not, produce, or cause to be produced, any books of account or other documents which will be useful for, or relevant to, any proceeding under this Act, or

(*c*) any person is in possession of [11][any money, bullion, jewellery or other valuable article or thing] disproportionate to his known assets, particulars of which will be useful for, or relevant to, any proceeding under this Act,

then,—

(*A*) the [7][Director-General or Director] or the [8][Chief Commissioner or Commissioner], as the case may be, may authorise any [9][Joint Director], [10][Joint Commissioner], [12][Assistant Director or Deputy Director], [13][[14][Assistant Commissioner or Deputy Commissioner] or Income-tax Officer], or

1. Ins. by Act 4 of 1988, s. 153 (w.e.f. 1-4-1989).
2. Subs. by Act 45 of 1972, s. 17, for "a Wealth-Tax Officer" (w.e.f. 1-1-1973).
3. Subs. by Act 4 of 1988, s. 127, for "Wealth-tax Officer" (w.e.f. 1-4-1988).
4. Subs. by Act 21 of 1998, s. 66, for "Assistant Director" (w.e.f. 1-10-1998).
5. Subs. by Act 26 of 1988, s. 64, for "the Chief Commissioner or Commissioner therefor" (w.e.f. 1-4-1988). Earlier the words "Chief Commissioner or Commissioner" were substituted by Act 4 of 1988, s. 127, for "Commissioner" (w.e.f. 1-4-1988). 6. Subs. by Act 41 of 1975, s. 102, for section 37A (w.e.f. 1-10-1975). Earlier section 37A was inserted by Act 46 of 1964, s. 36 (w.e.f. 1-4-1965).
7. Subs. by Act 4 of 1988, s. 127, for "Director of Inspection" (w.e.f. 1-4-1988).
8. Subs. by s. 127, *ibid.,* for "Commissioner" (w.e.f. 1-4-1988).
9. Subs. by Act 21 of 1998, s. 66, for "Deputy Director" (w.e.f. 1-10-1998). Earlier the quoted words were substituted by Act 4 of 1988, s. 127, for "Deputy Director of Inspection" (w.e.f. 1-4-1988).
10. Subs. by s. 66, *ibid.,* for "Deputy Commissioner" (w.e.f. 1-10-1998). Earlier the quoted words were substituted by Act 4 of 1988, s. 127, for "Inspecting Assistant Commissioner" (w.e.f. 1-4-1988).
11. Subs. by Act 4 of 1988, s. 154, for "any articles or things including money" (w.e.f. 1-4-1988).
12. Subs. by Act 21 of 1998, s. 66, for "Assistant Director" (w.e.f. 1-10-1998). Earlier the quoted words were substituted by Act 4 of 1988, s. 154, for "Assistant Director of Inspection" (w.e.f. 1-4-1988).
13. Subs. by Act 4 of 1988, s. 154, for "or Wealth-tax Officer" (w.e.f. 1-4-1988).
14. Subs. by Act 21 of 1998, s. 66, for "Assistant Commissioner" (w.e.f. 1-10-1998).

(*B*) such [1][Joint Director] or [2][Joint Commissioner] may authorise any [3][[4][Assistant Director or Deputy Director]] or [5][[6][Assistant Commissioner or Deputy Commissioner] or Income-tax Officer],

(the officer so authorised in all cases being hereafter in this section referred to as the authorised officer) to—

(*i*) enter and search any building, place, vessel, vehicle or aircraft where he has reason to suspect that such books of account or other documents, [7][money, bullion, jewellery or other valuable article or thing] are kept;

(*ii*) search any person who has got out of, or is about to get into, or is in, the building, place, vessel, vehicle or aircraft, if the authorised officer has reason to suspect that such person has secreted about his person any such books of account or other documents, [7][money, bullion, jewellery or other valuable article or thing];

(*iii*) break open the lock of any door, box, locker, safe, almirah or other receptacle for exercising the powers conferred by clause (*i*) where the keys thereof are not available;

[8][(*iv*) seize any such books of account, other documents, money, bullion, jewellery or other valuable article or thing found as a result of such search;]

(*v*) place marks of identification on any such books of account or other documents or make, or cause to be made, extracts or copies therefrom;

(*vi*) make a note or an inventory of [9][any money, bullion, jewellery or other valuable article or thing] found which, in his opinion, will be useful for, or relevant to, any proceeding under this Act:

Provided that where any building, place, vessel, vehicle or aircraft referred to in clause (*i*) is within the area of jurisdiction of any [10][Chief Commissioner or Commissioner] but such [10][Chief Commissioner or Commissioner] has no jurisdiction over the person referred to in clause (*a*) or clause (*b*) or clause (*c*) of this sub-section, then, notwithstanding anything contained in [11][section 8], it shall be competent for him to exercise the powers under this sub-section in all cases where he has reason to believe that any delay in getting the authorisation from the [10][Chief Commissioner or Commissioner] having jurisdiction over such person may be prejudicial to the interests of the revenue:

[12][Provided further that where it is not possible or practicable to take physical possession of any valuable article or thing and remove it to a safe place due to its volume, weight or other physical characteristics or due to its being of a dangerous nature, the authorised officer may serve an order on the owner or the person who is in immediate possession or control thereof that he shall not remove, part with or otherwise deal with it except with the previous permission of such authorised officer and such action of the authorised officer shall be deemed to be seizure of such valuable article or thing under clause (*iv*) of this sub-section.]

1. Subs. by Act 21 of 1998, s. 66, for "Deputy Director" (w.e.f. 1-10-1998). Earlier the quoted words were substituted by Act 4 of 1988, s. 127, for "Deputy Director of Inspection" (w.e.f. 1-4-1988).
2. Subs. by s. 66, *ibid.,* for "Deputy Commissioner" (w.e.f. 1-10-1998). Earlier the quoted words were substituted by Act 4 of 1988, s. 127, for "Inspecting Assistant Commissioner" (w.e.f. 1-4-1988).
3. Subs. by Act 4 of 1988, s. 154, for "Assistant Director of Inspection" (w.e.f. 1-4-1988).
4. Subs. by Act 21 of 1998, s. 66, for "Assistant Director" (w.e.f. 1-10-1998).
5. Subs. by Act 4 of 1988, s. 154, for "or Wealth-tax Officer" (w.e.f. 1-4-1988).
6. Subs. by Act 21 of 1998, s. 66, for "Assistant Commissioner" (w.e.f. 1-10-1998).
7. Subs. by Act 4 of 1988, s. 154, for "articles or things including money" (w.e.f. 1-4-1989).
8. Subs. by s. 154, *ibid.,* for clause (*iv*) (w.e.f. 1-4-1989).
9. Subs. by s. 154, *ibid.,* for "any articles or things including money" (w.e.f. 1-4-1989).
10. Subs. by s. 127, *ibid.,* for "Commissioner" (w.e.f. 1-4-1988).
11. Subs. by s. 154, *ibid.,* for "section 10" (w.e.f. 1-4-1988).
12. Ins. by s. 154, *ibid.* (w.e.f. 1-4-1989).

(*2*) Where any [1][Chief Commissioner or Commissioner], in consequence of information in his possession, has reason to suspect that any books of account or other documents, [2][money, bullion, jewellery or other valuable article or thing] in respect of which an officer has been authorised by the [3][Director General or Director] or any other [1][Chief Commissioner or Commissioner] or any such [4][Joint Director] or [5][Joint Commissioner] as may be empowered in this behalf by the Board to take action under clauses (*i*) to (*vi*) of sub-section (*1*) are kept in any building, place, vessel, vehicle or aircraft not mentioned in the authorisation under sub-section (*1*), such [1][Chief Commissioner or Commissioner] may,

notwithstanding anything contained in [6][section 8], authorise the said officer to take action under any of the clauses aforesaid in respect of such building, place, vessel, vehicle or aircraft.

(*3*) The authorised officer may requisition the services of any police officer or of any officer of the Central Government, or of both, to assist him for all or any of the purposes specified in sub-section (*1*) or sub-section (*2*) and it shall be the duty of every such officer to comply with such requisition.

[7][(*3A*) The authorised officer may, where it is not practicable to seize any books of account, other documents, money, bullion, jewellery or other valuable article or thing, for reasons other than those mentioned in the second proviso to sub-section (*1*), serve an order on the owner or the person who is in immediate possession or control thereof that he shall not remove, part with or otherwise deal with it except with the previous permission of such officer and such officer may take such steps as may be necessary for ensuring compliance with this sub-section.

Explanation.—For the removal of doubts, it is hereby declared that serving of an order as aforesaid under this sub-section shall not be deemed to be seizure of such books of account, other documents, money, bullion, jewellery or other valuable article or thing under clause (*iv*) of sub-section (*1*).]

(*4*) The authorised officer may, during the course of the search or seizure, examine on oath any person who is found to be in possession or control of any books of account or other documents, articles or things including money and any statement made by such person during such examination may thereafter be used in evidence in any proceeding under this Act.

[7][*Explanation*.—For the removal of doubts, it is hereby declared that the examination of any person under this sub-section may be not merely in respect of any books of account, other documents or assets found as a result of the search, but also in respect of matters relevant for the purposes of any investigation connected with any proceedings under this Act.]

(*5*) Where any books of account or other documents, articles or things including money are found in the possession or control of any person in the course of a search, it may be presumed that—

(*i*) such books of account or other documents, articles or things including money belong to such person;

(*ii*) the contents of such books of account or other documents are true; and

(*iii*) the signature and every other part of such books of account or other documents which purport to be in the handwriting of any particular person or which may reasonably be assumed to have been signed by, or to be in the handwriting of, any particular person, are in that person's handwriting, and in the case of a document stamped, executed or attested, that it was duly stamped and executed or attested by the person by whom it purports to have been so executed or attested.

1. Subs. by Act 4 of 1988, s. 127, for "Commissioner" (w.e.f. 1-4-1988).
2. Subs. by s. 154, *ibid.,* for "articles or things including money" (w.e.f. 1-4-1989).
3. Subs. by s. 127, *ibid.,* for "Director of Inspection" (w.e.f. 1-4-1988).
4. Subs. by Act 21 of 1998, s. 66, for "Deputy Director" (w.e.f. 1-10-1998). Earlier the quoted words were substituted by Act 4 of 1988, s. 127, for "Deputy Director of Inspection" (w.e.f. 1-4-1988).
5. Subs. by s. 66, *ibid.,* for "Deputy Commissioner" (w.e.f. 1-10-1998). Earlier the quoted words were substituted by Act 4 of 1988, s. 127, for "Inspecting Assistant Commissioner" (w.e.f. 1-4-1988).
6. Subs. by Act 4 of 1988, s. 154, for "section 10" (w.e.f. 1-4-1988).
7. Ins. by s. 154, *ibid.* (w.e.f. 1-4-1989).

[1][(*5A*) Where any money, bullion, jewellery or other valuable article or thing (hereafter in this section and in sections 37B and 37C referred to as the assets) is seized under sub-section (*1*) or sub-section (*2*), the Assessing Officer, after affording a reasonable opportunity to the person concerned of being heard and making such inquiry as may be prescribed, shall, within one hundred and twenty days of the seizure, make an order, with the previous approval of the [2][Joint Commissioner],—

(*i*) estimating the undisclosed net wealth in a summary manner to the best of his judgment on the basis of such materials as are available with him;

(*ii*) calculating the amount of tax on the net wealth so estimated in accordance with the provisions of this Act;

(*iii*) determining the amount of interest payable and the amount of any penalty imposable in accordance with the provisions of this Act, as if the order had been the order of regular assessment;

(*iv*) specifying the amount that will be required to satisfy any existing liability under this Act in respect of which such person is in default or is deemed to be in default, and retain in his custody such assets or part thereof as are in his opinion sufficient to satisfy the aggregate of the amounts referred it in clauses (*ii*), (*iii*) and (*iv*) and forthwith release the remaining portion, if any, of the assets to the person from whose custody they were seized:

Provided that where a person has paid or made satisfactory arrangements for payment of all the amounts referred to in clauses (*ii*), (*iii*) and (*iv*) or any part thereof, the Assessing Officer, may with the previous approval of the Chief Commissioner or Commissioner release the assets or such part thereof as he may deem fit in the circumstances of the case.

(*5B*) The assets retained under sub-section (*5A*) may be dealt with in accordance with the provisions of section 37C.

(*5C*) If the Assessing Officer is satisfied that the seized assets or any part thereof were held by such person for or on behalf of any other person, the Assessing Officer may proceed under sub-section (*5A*) against such other person and all the provisions of this section shall apply accordingly.]

(*6*) The books of account or other documents, seized under sub-section (*1*) or sub-section (*2*), shall not be retained by the authorised officer for a period exceeding one hundred and eighty days from the date of the seizure unless the reasons for retaining the same are recorded by him in writing and the approval of the [3][Chief Commissioner or Commissioner] for such retention is obtained:

Provided that the [3][Chief Commissioner or Commissioner] shall not authorise the retention of the books of account or other documents for a period exceeding thirty days after all the proceedings under this Act in respect of the years for which the books of account or other documents are relevant are completed.

[1][(*6A*) An order under sub-section (*3A*) shall not be in force for a period exceeding sixty days from the date of the order, except where the authorised officer, for reasons to be recorded in writing by him, extends the period of operation of the order beyond sixty days, after obtaining the approval of the [4][Director or, as the case may be, Commissioner] for such extension:

Provided that the [4][Director or, as the case may be, Commissioner] shall not approve the extension of the period for any period beyond the expiry of thirty days after the completion of the proceedings under this Act in respect of the years for which the books of account, other documents, money, bullion, jewellery or other valuable articles or things are relevant.]

1. Ins. by Act 4 of 1988, s. 154 (w.e.f. 1-4-1989).

2. Subs. by Act 21 of 1998, s. 66, for "Deputy Commissioner" (w.e.f. 1-10-1998).

3. Subs. by Act 4 of 1988, s. 127, for "Commissioner" (w.e.f. 1-4-1988).

4. Subs. by Act 49 of 1991, s. 82, for "Chief Commissioner or Commissioner" (w.e.f. 1-10-1991).

(*7*) The person from whose custody any books of account or other documents are seized under sub-section (*1*) or sub-section (*2*) may make copies thereof, or take extracts therefrom, in the presence of the authorised officer or any other person empowered by him in this behalf at such place and time as the authorised officer may appoint in this behalf.

(*8*) Where the authorised officer has no jurisdiction over the person referred to in clause (*a*) or clause (*b*) or clause (*c*) of sub-section (*1*), the books of account or other documents seized under that sub-section shall be handed over by the authorised officer to the [1][Assessing Officer] having jurisdiction over such person within a period of fifteen days of such seizure and thereupon the powers exercisable by the authorised officer under sub-section (*6*) or sub-section (*7*) shall be exercisable by such [1][Assessing Officer].

(*9*) If a person legally entitled to the books of account or other documents seized under sub-section (*1*) or sub-section (*2*) objects for any reason to the approval given by the [2][Chief Commissioner or Commissioner] under sub-section (*6*), he may make an application to the Board stating therein the reasons for such objection and requesting for the return of the books of account or other documents.

[3][(*9A*) If any person objects for any reason to an order made under sub-section (*5A*), he may, within thirty days from the date of such order, make an application to the Chief Commissioner or Commissioner stating therein the reasons for such objection and requesting for appropriate relief in the matter.]

[4][(*10*) On receipt of the application under sub-section (*9*), the Board, or on receipt of the application under sub-section (*9A*), the Chief Commissioner or Commissioner, may, after giving the applicant an opportunity of being heard, pass such orders as it or he thinks fit.]

(*11*) The provisions of the Code of Criminal Procedure, 1973 (2 of 1974), relating to searches shall apply, so far as may be, to searches under this section.

(*12*) The Board may make rules in relation to searches or seizure under this section; and in particular and without prejudice to the generality of the foregoing power, such rules may provide for the procedure to be followed by the authorised officer—

(*i*) for obtaining ingress into any building, place, vessel, vehicle or aircraft to be searched where free ingress thereto is not available;

(*ii*) for ensuring the safe custody of any books of account or other documents seized.

[3][*Explanation 1.*—In computing the period referred to in sub-section (*5A*) for the purposes of that sub-section, any period during which any proceeding under this section is stayed by an order or injunction of any court shall be excluded.

Explanation 2.—In this section, the word "proceeding" means any proceeding in respect of any year under this Act which may be pending on the date on which a search is authorised under this section or which may have been completed on or before such date and includes also proceedings under this Act which may be commenced after such date in respect of any year.]

37B. Power to requisition books of account, etc.—(*1*) Where the [5][Director General or Director] or the [2][Chief Commissioner or Commissioner], in consequence of information in his possession, has reason to believe that—

(*a*) any person to whom a notice under sub-section (*4*) of section 16 or a summons under section 37 was issued to produce, or cause to be produced, any books of account or other documents has omitted or failed to produce, or cause to be produced, such books of account or other documents as required by such notice or summons and the said books of account or other documents have been taken into custosdy by any officer or authority under any other law for the time being in force, or

1. Subs. by Act 4 of 1988, s. 127, for "Wealth-tax Officer" (w.e.f. 1-4-1988).
2. Subs. by s. 127, *ibid.,* for "Commissioner" (w.e.f. 1-4-1988).
3. Ins. by s. 154, *ibid.* (w.e.f. 1-4-1989).
4. Subs. by s. 154, *ibid.,* for sub-section (*10*) (w.e.f. 1-4-1989).
5. Subs. by s. 127, *ibid.,* for "Director of Inspection" (w.e.f. 1-4-1988).

(*b*) any books of account or other documents will be useful for, or relevant to, any proceeding under this Act and any person to whom a notice or summons as aforesaid has been or might be issued will not, or would not, produce or cause to be produced such books of account or other documents on the return of such books of account or other documents by any officer or authority by whom or which such books of account or other documents have been taken into custody under any other law for the time being in force, or

(*c*) [1][any assets] disproportionate to the known assets of any person, particulars of which will be useful for, or relevant to, any proceeding under this Act, have been taken into custody by any officer or authority under any other law for the time being in force, from the possession of such person,

then, the [2][Director-General or Director] or the [3][Chief Commissioner or Commissioner] may authorise any [4][Joint Director], [5][Joint Commissioner], [6][Assistant Director or Deputy Director] [7][, [8][Assistant Commissioner or Deputy Commissioner] or Income-tax Officer] (hereafter in this section referred to as the requisitioning officer) to require such officer or authority [9][to deliver such books of account, other documents, or assets to the requisitioning officer].

(*2*) On a requisition being made under sub-section (*1*), [9][the officer or authority referred to in clause (*a*) or clause (*b*) or clause (*c*), as the case may be, of that sub-section shall deliver the books of account, other documents, or assets to the requisitioning officer either forthwith or when such officer or authority is of the opinion that it is no longer necessary to retain the same in his or its custody.]

[10] [(*3*) Where any books of account, other documents, or assets have been delivered to the requisitioning officer, the provisions of sub-sections (*5*) to (*12*) (both inclusive) of section 37A and section 37C shall, so far as may be, apply as if such books of account, other documents, or assets had been seized under sub-section (*1*) of section 37A by the requisitioning officer from the custody of the person referred to in clause (*a*) or clause (*b*) or clause (*c*) of sub-section (*1*) of this section and as if for the words "the authorised officer" occurring in sub-sections (*5*) to (*12*) aforesaid, the words "the requisitioning officer" were substituted.]]

[11][**37C. Application of retained assets.—**(*1*) The assets retained under sub-section (*5A*) of section 37A may be dealt with in the following manner, namely:—

(*i*) the amount of the existing liability referred to in clause (*iv*) of the said sub-section and the amount of the liability determined on completion of the regular assessment or reassessment for all the assessment years for which the net wealth referred to in clause (*i*) of that sub-section is assessable to tax (including any penalty levied or interest payable, in connection with such assessment or reassessment) and in respect of which the assessee is in default or is deemed to be in default may be recovered out of such assets;

(*ii*) if the assets consist solely of money, or partly of money and partly of other assets, the Assessing Officer may apply such money in the discharge of the liabilities referred to in clause (*i*) and the assessee shall be discharged of such liabilities to the extent of the money so applied;

1. Subs. by Act 4 of 1988, s. 155, for "any articles or things including money" (w.e.f. 1-4-1989).
2. Subs. by s. 127, *ibid.,* for "Director of Inspection" (w.e.f. 1-4-1988).
3. Subs. by s. 127, *ibid.,* for "Commissioner" (w.e.f. 1-4-1988).
4. Subs. by Act 21 of 1998, s. 66, for "Deputy Director" (w.e.f. 1-10-1998). Earlier the quoted words were substituted by Act 4 of 1988, s. 127, for "Deputy Director of Inspection" (w.e.f. 1-4-1988).
5. Subs. by s. 66, *ibid.,* for "Deputy Commissioner" (w.e.f. 1-10-1998). Earlier the quoted words were substituted by Act 4 of 1988, s. 127, for "Inspecting Assistant Commissioner" (w.e.f. 1-4-1988).
6. Subs. by s. 66, *ibid.,* for "Assistant Director" (w.e.f. 1-10-1998). Earlier the quoted words were substituted by Act 4 of 1988, s. 154, for "Assistant Director of Inspection" (w.e.f. 1-4-1988).
7. Subs. by Act 4 of 1988, s. 155, for "or Wealth-tax Officer" (w.e.f. 1-4-1988).
8. Subs. by Act 21 of 1998, s. 66, for "Assistant Commissioner" (w.e.f. 1-10-1998).
9. Subs. by Act 4 of 1988, s. 155, for clauses (*i*) and (*ii*) (w.e.f. 1-4-1989).
10. Subs. by s. 155, *ibid.,* for sub-section (*3*) (w.e.f. 1-4-1989).
11. Ins. by s. 156, *ibid.* (w.e.f. 1-4-1989).

(*iii*) the assets other than money may also be applied for the discharge of any such liability referred to in clause (*i*) as remains undischarged and for this purpose such assets shall be deemed to be under distraint as if such distraint was effected by the Assessing Officer under authorisation from the Chief Commissioner or Commissioner under sub-section (*5*) of section 226 of the Income-tax Act as made applicable to this Act by section 32, and the Assessing Officer may recover the amount of such liabilities by the sale of such assets and such sale shall be effected in the manner laid down in the Third Schedule to the Income-tax Act as made applicable to this Act by section 32.

(*2*) Nothing contained in sub-section (*1*) shall preclude the recovery of the amount of liabilities aforesaid by any other mode laid down in this Act.

(*3*) Any assets or proceeds thereof which remain after the liabilities referred to in clause (*i*) of sub-section (*1*) are discharged shall be forthwith made over or paid to the persons from whose custody the assets were seized.

(*4*) (*a*) The Central Government shall pay simple interest at the rate of fifteen per cent per annum on the amount by which the aggregate of the money retained under section 37A and of the proceeds, if any, of the assets sold towards the discharge of the existing liability referred to in clause (*iv*) of sub-section

(*5A*) of that section exceeds the aggregate of the amounts required to meet the liabilities referred to in clause (*i*) of sub-section (*1*) of this section.

(*b*) Such interest shall run from the date immediately following the expiry of the period of six months from the date of the order under sub-section (*5A*) of section 37A to the date of the regular assessment or reassessment referred to in clause (*i*) of sub-section (1) or, as the case may be, to the date of the last of such assessments or reassessments.]

38. Information, returns and statements.—[1][Where, for the purposes of this Act], it appears necessary for [2][any wealth-tax authority] to obtain any statement or information from any individual, company [3][(including a banking company)], firm, Hindu undivided family or other person, [2][such wealth-tax authority] may serve a notice requiring such individual, company, firm, Hindu undivided family or other person, on or before a date to be therein specified, to furnish such statement or information on the points specified in the notice, and the individual or the principal officer concerned or the manager of the Hindu undivided family, as the case may be, shall, notwithstanding anything in any law to the contrary, be bound to furnish such statement or information to [2][such wealth-tax authority]:

Provided that no legal practitioner shall be bound to furnish any statement or information under this section based on any professional communications made to him otherwise than as permitted by section 126 of the Indian Evidence Act, 1872 (1 of 1872).

[4][**38A. Powers of Valuation Officer, etc.—**(*1*) For the purposes of this Act, a Valuation Officer or any overseer, surveyor or assessor authorised by him in this behalf may, subject to any rules made in this behalf and at such reasonable times as may be prescribed,—

(*a*) enter any land within the limits of the area assigned to the Valuation Officer, or

(*b*) enter any land, building or other place belonging to or occupied by any person in connection with whose assessment a reference has been made under section 16A to the Valuation Officer, or

(*c*) inspect any asset in respect of which a reference under section 16A has been made to the Valuation Officer,

1. Subs. by Act 4 of 1988, s. 157, for "Where, for the purposes of determining the wealth-tax payable by any person" (w.e.f. 1-4-1989).

2. Subs. by s. 157, *ibid*., for "the Wealth-tax Officer" (w.e.f. 1-4-1989).

3. Ins. by s. 157, *ibid*. (w.e.f. 1-4-1989).

4. Ins. by Act 45 of 1972, s. 18 (w.e.f. 15-11-1972).

and require any person in charge of, or in occupation or possession of, such land, building or other place or asset to afford him the necessary facility to survey or inspect such land, building or other place or asset or estimate its value or inspect any books of account, document or record which may be relevant for the valuation of such land, building or other place or asset and gather other particulars relating to such land, building or other place or asset:

Provided that no Valuation Officer, overseer, surveyor or assessor shall enter any building or place referred to in clause (*b*), or inspect any asset referred to in clause (*c*) (unless with the consent of the person in charge of, or in occupation or possession of, such building, place or asset) without previously giving to such person at least two days' notice in writing of his intention to do so.

(*2*) If a person who, under sub-section (*1*), is required to afford any facility to the Valuation Officer or the overseer, surveyor or assessor, either refuses or evades to afford such facility, the Valuation Officer shall have all the powers under sub-sections (*1*) and (*2*) of section 37 for enforcing compliance of the requirements made.]

39. Effect of transfer of authorities on pending proceedings.—Whenever in respect of any proceeding under this Act any wealth-tax authority ceases to exercise jurisdiction and is succeeded by another who has and exercises such jurisdiction, the authority so succeeding may continue the proceeding from the stage at which the proceeding was left by his predecessor:

[1][Provided that the assessee concerned may demand that before the proceeding is so continued the previous proceeding or any part thereof be reopened or that before any order of assessment is passed against him, he be reheard.]

40. Computation of periods of limitation.—In computing the period of limitation prescribed for an appeal under this Act or for an application under section 27, the day on which the order complained of was made and the time requisite for obtaining a copy of such order shall be excluded.

41. Service of notice.—(*1*) A notice or a requisition under this Act may be served on the person therein named either by post or as if it were a summons issued by a court under the Code of Civil Procedure, 1908 (5 of 1908).

(*2*) Any such notice or requisition may, in the case of a firm or a Hindu undivided family, be addressed to any member of the firm or to the manager or any adult male member of the family, [2][and in the case of a company or any other association of persons] be addressed to the principal officer thereof.

[3][(*3*) After a finding of total partition has been recorded by the [4][Assessing Officer] under section 20 in respect of any Hindu family, notices under this Act in respect of the net wealth of the Hindu family shall be served on the person who was the last manager of the Hindu family, or, if such person is dead, then on all surviving adults who were members of the Hindu family immediately before the partition.]

[5][(*4*) Where an association of persons referred to in section 21AA is dissolved, notices under this Act in respect of any matter relating to the association may be served on any person who was a member of the association immediately before its dissolution.]

[6][**42. Notice deemed to be valid in certain circumstances.—**Where an assessee has appeared in any proceeding or cooperated in any inquiry relating to an assessment or reassessment, it shall be deemed that any notice under any provision of this Act, which is required to be served upon him, has been duly served upon him in time in accordance with the provisions of this Act and such assessee shall be precluded from taking any objection in any proceeding or inquiry under this Act that the notice was—

(*a*) not served upon him; or

1. Added by Act 46 of 1964, s. 37 (w.e.f. 1-4-1965).
2. Subs. by Act 3 of 1989, s. 76, for "and in the case of any other association of persons" (w.e.f. 1-4-1989).
3. Ins. by Act 46 of 1964, s. 38 (w.e.f. 1-4-1965).
4. Subs. by Act 4 of 1988, s. 127, for "Wealth-tax Officer" (w.e.f. 1-4-1989).
5. Ins. by Act 16 of 1981, s. 31 (w.e.f. 1-4-1981).
6. Ins. by Act 18 of 2008, s. 66 (w.e.f. 1-4-2008). Earlier section 42 was omitted by Act 5 of 1964, s. 50 (w.e.f. 1-4-1964).

(*b*) not served upon him in time; or

(*c*) served upon him in an improper manner:

Provided that nothing contained in this section shall apply where the assessee has raised such objection before the completion of such assessment or reassessment.]

[1][**42A. Publication of information respecting assessees.—**(*1*) If the Central Government is of opinion that it is necessary or expedient in the public interest to publish the names of any assessees and any other particulars relating to any proceedings [2][or prosecutions] under this Act in respect of such assessees, it may cause to be published such names and particulars in such manner as it thinks fit.]

[3][(*2*) No publication under this section shall be made in relation to any penalty imposed under this Act until the time for presenting an appeal to the [4][Deputy Commissioner (Appeals)] [5][or, as the case may be, the Commissioner (Appeals)] has expired without an appeal having been presented or the appeal, if presented, has been disposed of.]

[6][*Explanation*.—In the case of a company, the names of the directors, secretaries and treasurers, or managers of the company, may also be published if, in the opinion of the Central Government, the circumstances of the case justify it.]

42B. Disclosure of information respecting assessees.—Where a person makes an application to the [7][Chief Commissioner or Commissioner] in the prescribed form for any information relating to any assessee in respect of any assessment made under this Act, the [7][Chief Commissioner or Commissioner] may, if he is satisfied that it is in the public interest so to do, furnish or cause to be furnished the information asked for in respect of that assessment only and his decision in this behalf shall be final and shall not be called in question in any court of law.]

[2][**42C. Return of wealth, etc., not to be invalid on certain grounds.—**No return of wealth, assessment, notice, summons or other proceeding furnished or made or issued or taken or purported to have been furnished or made or issued or taken in pursuance of any of the provisions of this Act shall be invalid or shall be deemed to be invalid merely by reason of any mistake, defect or omission in such return of wealth, assessment, notice, summons or other proceeding if such return of wealth, assessment, notice, summons or other proceeding is in substance and effect in conformity with or according to the intent and purpose of this Act.]

[8][**42D. Presumption as to assets, books of account, etc.—**[9][(*1*)] Where any books of account or other documents, articles or things including money are found in the possession or control of any person in the course of a search under section 37A, it may, in any proceeding under this Act, be presumed that—

(*i*) such books of account or other documents, articles or things including money belong to such person;

(*ii*) the contents of such books of account or other documents are true; and

(*iii*) the signature and every other part of such books of account or other documents which purport to be in the handwriting of any particular person or which may reasonably be assumed to have been signed by, or to be in the handwriting of, any particular person, are in that person's handwriting, and in the case of a document stamped, executed or attested, that it was duly stamped and executed or attested by the person by whom it purports to have been so executed or attested.]

1. Subs. by Act 5 of 1964, s. 50, for sections 42A and 42B (w.e.f. 1-4-1964). Earlier these sections were inserted by Act 28 of 1960, s. 11 (w.e.f. 1-4-1960).
2. Ins. by Act 41 of 1975, s. 103 (w.e.f. 1-10-1975).
3. Subs. by s. 103, *ibid*., for sub-section (*2*) (w.e.f. 1-10-1975).
4. Subs. by Act 4 of 1988, s. 127, for "Appellate Assistant Commissioner" (w.e.f. 1-4-1988).
5. Ins. by Act 29 of 1977, s. 39 and the Fifth Schedule (w.e.f. 10-7-1978).
6. Ins. by Act 3 of 1989, s. 77 (w.e.f. 1-4-1989).
7. Subs. by Act 4 of 1988, s. 127, for "Commissioner" (w.e.f. 1-4-1988).
8. Ins. by Act 22 of 2007, s. 93 (w.r.e.f. 1-10-1975).
9. Section 42D renumbered as sub-section (*1*) thereof by Act 18 of 2008, s. 67 (w.r.e.f. 1-10-1975).

[1][(*2*) Where any books of account, other documents or assets have been delivered to the requisitioning officer in accordance with the provisions of section 37B, then, the provisions of sub-section (*1*) shall apply as if such books of account, other documents or assets which had been taken into custody from the person referred to in clause (*a*) or clause (*b*) or clause (*c*), as the case may be, of sub-section (*1*) of section 37B, had been found in the possession or control of that person in the course of a search under section 37A.]

43. Bar of jurisdiction.—No suit shall lie in any civil court to set aside or modify [2][any proceeding taken or order made] under this Act, and no prosecution, suit or other legal proceeding shall lie against [3][the Government or] any officer of the Government for anything in good faith done or intended to be done under this Act.

[4][**44. Appearance before wealth-tax authorities by authorised representatives.—**(*1*) Any assessee who is entitled to or required to attend before any wealth- tax authority or the Appellate Tribunal in connection with any proceeding under this Act, except where he is required under this Act to attend in person, may attend by a person who would be entitled to represent him before any income-tax authority or the Appellate Tribunal under section 288 of the Income-tax Act.

(*2*) Notwithstanding anything in sub-section (*1*)—

(*i*) no person who has been convicted of an offence connected with any wealth-tax proceeding or on whom a penalty has been imposed under this Act other than a penalty imposed on him under clause (*i*) or clause (*ii*) of sub-section (*1*) of section 18 shall be qualified to represent an assessee under sub-section (*1*) for such time as the [5][Chief Commissioner or Commissioner] may by order determine;

(*ii*) if any person who is not a legal practitioner or a chartered accountant, is found guilty of misconduct in connection with any wealth-tax proceeding by the prescribed authority, the prescribed

authority may direct that he shall thenceforth be disqualified to represent an assessee under sub-section (*1*);

(*iii*) no person not qualified to represent an assessee under the Indian Income-tax Act, 1922 (11 of 1922), the Estate Duty Act, 1953 (34 of 1953), the Expenditure-tax Act, 1957 (29 of 1957), or the Gift-tax Act, 1958 (18 of 1958), shall be entitled to appear on behalf of any assessee under this Act:

Provided that any order or direction under clause (*i*) or clause (*ii*) shall be subject to the following conditions, namely:—

(*a*) no such order or direction shall be made in respect of any person unless he has been given a reasonable opportunity of being heard;

(*b*) any person against whom any such order or direction is made may, within one month of the making of the order or direction, appeal to the Board to have the order or direction cancelled; and

(*c*) no such order or direction shall take effect until the expiration of one month from the making thereof, or, where an appeal has been preferred, until the disposal of the appeal.

1. Ins. by Act 18 of 2008, s. 67 (w.r.e.f. 1-10-1975).

2. Subs. by Act 26 of 1988, s. 65, for "any order made" (w.r.e.f. 1-3-1988). Earlier the quoted words were substituted by Act 11 of 1987, s. 89, for "any assessment made" (w.r.e.f. 1-3-1987).

3. Ins. by Act 5 of 1964, s. 50 (w.e.f. 1-4-1964).

4. Subs. by Act 46 of 1964, s. 39, for section 44 (w.e.f. 1-4-1965).

5. Subs. by Act 4 of 1988, s. 127, for "Commissioner" (w.e.f. 1-4-1988).

44A. Agreement for avoidance or relief of double taxation with respect to wealth-tax.—[1][The Central Government may enter into an agreement with the Government of any reciprocating country—

(*a*) for the avoidance or relief of double taxation with respect to wealth-tax payable under this Act and under the corresponding law in force in the reciprocating country, or

(*b*) for exchange of information for the prevention of evasion or avoidance of wealth-tax chargeable under this Act or under the corresponding law in force in that country or investigation of cases of such evasion or avoidance, or

(*c*) for recovery of tax under this Act and under the corresponding law in force in that country,

and may, by notification in the Official Gazette, make such provision as may be necessary for implementing the agreement.]

Explanation.—The expression "reciprocating country" for the purposes of this Act means [2][any country outside India or any territory outside India] which the Central Government may, by notification in the Official Gazette, declare to be a reciprocating country.

44B. Countries with which no agreement exists.—Where the net wealth of any assessee includes any foreign wealth and he proves that, in respect of such foreign wealth, he has paid in any country, with which there is no reciprocal arrangement under section 44A for the relief or avoidance of double taxation, a tax in respect of wealth, under the law in force in that country, he shall be entitled to the deduction from the Indian wealth-tax payable by him of a sum calculated on such doubly taxed foreign wealth at the Indian rate of tax or the rate of tax of the said country, whichever is the lower, or at the Indian rate of tax if both the rates are equal.

Explanation.—In this section—

(*1*) the expression "Indian wealth-tax" means wealth-tax charged in accordance with the provisions of this Act;

(*2*) the expression "Indian rate of tax" means the rate determined by dividing the amount of Indian wealth-tax after deduction of any relief due under the provisions of this Act but before the deduction of any relief due under this section by the net wealth;

(*3*) the expression "rate of tax of the said country" means any tax in respect of wealth, actually paid in the said country, in accordance with the corresponding laws in force in the said country after deduction of all relief due but before deduction of any relief due in the said country in respect of double taxation, divided by the whole amount of the wealth assessed in the said country;

(*4*) the expression "foreign wealth", in relation to any assessee, means the value of all his assets located in any country outside India as reduced by the value of his debts in that country.]

[3][**44C. Rounding off of net wealth.—**The amount of net wealth computed in accordance with the foregoing provisions of this Act shall be rounded off to the nearest multiple of one hundred rupees and, for this purpose, any part of a rupee consisting of paise shall be ignored and thereafter, if such amount contains a part of one hundred rupees, then, if such part is fifty rupees or more, the amount shall be increased to the next higher amount which is a multiple of one hundred and, if such part is less than fifty rupees, the amount shall be reduced to the next lower amount which is a multiple of one hundred; and the amount so rounded off shall be deemed to be the net wealth of the assessee for the purposes of this Act.

1. Subs. by Act 16 of 1972, s. 49, for certain words (w.e.f. 1-4-1972). 2. Subs. by Act 33 of 2009, s. 84, for "any country" (w.e.f. 1-10-2009).

3. Ins. by Act 42 of 1970, s. 65 (w.e.f. 1-4-1971).

44D. Rounding off of tax, etc.—The amount of wealth-tax, interest, penalty, fine or any other sum payable, and the amount of refund due, under the provisions of this Act, shall be rounded off to the nearest rupee and, for this purpose, where such amount contains a part of a rupee consisting of paise, then, if such part is fifty paise or more, it shall be increased to one rupee, and if such part is less than fifty paise, it shall be ignored.]

45. Act not to apply in certain cases.—[1][No tax shall be levied under this Act in respect of the net wealth of—]

[2]* * * * *

(*f*) any company registered under section 25 of the Companies Act, 1956 (1 of 1956);

[3][(*g*) any co-operative society;]

[4][(*h*) any social club;]

[5][(*i*) any political party.

Explanation.—For the purposes of clause (*i*), "political party" shall have the meaning assigned to it in the *Explanation* to section 13A of the Income-tax Act;]

[6][(*j*) a Mutual Fund specified under clause (*23D*) of section 10 of the Income-tax Act;]

[7][(*k*) the Reserve Bank of India incorporated under the Reserve Bank of India Act, 1934 (2 of 1934).]

46. Power to make rules.—(*1*) The Board may, by notification in the Official Gazette, make rules for carrying out the purposes of this Act.

(*2*) In particular, and without prejudice to the generality of the foregoing power, rules made under this section may provide for—

(*a*) the manner in which the market value of any asset may be determined;

(*b*) the form in which returns under this Act shall be made and the manner in which they shall be verified;

[8][(*ba*) the documents, statements, receipts, certificates, audit reports, reports of registered valuer or any other documents which may not be furnished along with the return but shall be produced before the Assessing Officer on demand under section 14A;

(*bb*) the class or classes of persons who shall be required to furnish the return in electronic form; the form and the manner in which the return in electronic

form may be furnished; the documents, statements, receipts, certificates, audit reports, reports of registered valuer or any other documents which may not be furnished along with the return in electronic form and the computer resource or electronic record to which such return may be transmitted under section 14B;]

(*c*) the form in which appeals and applications under this Act may be made, and the manner in which they shall be verified;

1. Subs. by Act 16 of 1972, s. 50, for "The provisions of this Act shall not apply to—" (w.e.f. 1-4-1972).
2. Clauses (*a*) to (*e*) omitted by Act 18 of 1992, s. 99 (w.e.f. 1-4-1993).]
3. Ins. by Act 16 of 1972, s. 50 (w.r.e.f. 1-4-1957).
4. Subs. by Act 18 of 1992, s. 99, for clause (*h*) (w.e.f. 1-4-1993). Earlier clause (*h*) was inserted by Act 25 of 1975, s. 28 (w.r.e.f. 1-4-1957)
5. Ins. by Act 29 of 1978, s. 3 (w.e.f. 1-4-1979).
6. Ins. by Act 4 of 1988, s. 158 (w.e.f. 1-4-1988).
7. Ins. by Act 23 of 2012, s. 118 (w.r.e.f. 1-4-1957).
8. Ins. by Act 17 of 2013, s. 63 (w.e.f. 1-6-2013).

[1][(*cc*) the circumstances in which, the conditions subject to which, and the manner in which, the [2][Deputy Commissioner (Appeals)] [3][or the Commissioner (Appeals)] may permit an appellant to produce evidence which he did not produce or which he was not allowed to produce before the [4][Assessing Officer];]

(*d*) the form of any notice of demand under this Act;

[5][(*dd*) the procedure to be followed in calculating interest payable by assessees or interest payable by the Government to assessees under any provision of this Act, including the rounding off of the period for which such interest is to be calculated in cases where such period includes a fraction of a month, and specifying the circumstances in which and the extent to which petty amounts of interest payable by assessees may be ignored;]

[6][(*e*) the areas within which Valuation Officers may exercise jurisdiction;

(*ee*) the manner in which and the conditions subject to which Valuation Officers, overseers, surveyors and assessors may exercise their powers under sub-section (*1*) of section 38A;]

(*f*) any other matter which has to be, or may be, prescribed for the purposes of this Act.

[7][(*3*) The power to make rules conferred by this section shall include the power to give retrospective effect, from a date not earlier than the date of commencement of this Act, to the rules or any of them and, unless the contrary is permitted (whether expressly or by necessary implication), no retrospective effect shall be given to any rule so as to prejudicially affect the interests of assessees.]

[8][(*4*) The Central Government shall cause every rule made under this Act [9][and the rules of procedure framed by the Settlement Commission under sub-section (*7*) of section 22F] to be laid as soon as may be after it is made before each House of Parliament while it is in session for a total period of thirty days which may be comprised in one session [10][or in two or more successive sessions], and if before the expiry of the session [11][immediately following the session or the successive sessions aforesaid], both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be, so however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.]

[12][**46A. Power to make exemption, etc., in relation to certain Union territories.—**If the Central Government considers it necessary or expedient so to do for avoiding any hardship or anomaly or removing any difficulty that may arise as a result of the application of this Act to the Union territories of Dadra and Nagar Haveli, Goa, Daman and Diu, and Pondicherry, or in the case of the Union territory of Pondicherry, for implementing any provision of the Treaty of Cession concluded between France and India on the 28th day of May, 1956, that Government may, by general or special order, make an exemption, reduction in rate or other modification in respect of wealth-tax in favour of any class of assets or in regard to the whole or any part of the net wealth of any assessee or class of assessees:

1. Ins. by Act 16 of 1972, s. 51 (w.e.f. 1-4-1972).
2. Subs. by Act 4 of 1988, s. 127, for "Appellate Assistant Commissioner" (w.e.f. 1-4-1988).

3. Ins. by Act 29 of 1977, s. 39 and the Fifth Schedule (w.e.f. 10-7-1978).
4. Subs. by Act 4 of 1988, s. 127, for "Wealth-tax Officer" (w.e.f. 1-4-1988).
5. Ins. by Act 42 of 1970, s. 65 (w.e.f. 1-4-1971).
6. Subs. by Act 45 of 1972, s. 19, for clause (*e*) (w.e.f. 1-4-1988).
7. Subs. by Act 26 of 1974, s. 17, for sub-section (*3*) (w.e.f. 18-8-1974).
8. Subs. by Act 46 of 1964, s. 40, for sub-section (*4*) (w.e.f. 1-4-1965).
9. Ins. by Act 32 of 1994, s. 53 (w.e.f. 1-6-1994).
10. Subs. by Act 41 of 1975, s. 105, for "or in two successive sessions" (w.e.f. 1-4-1976).
11. Subs. by s. 105, *ibid*., for "in which it is so laid or the session immediately following" (w.e.f. 1-4-1976).
12. Ins. by the Taxation Laws (Extension to Union Territories) Regulation, 1963 (3 of 1963) (w.e.f. 1-4-1963).

Provided that the power conferred by this section shall not be exercisable after the 31st day of March, 1967, except for the purposes of rescinding an exemption, reduction or modification already made.]

[1][**47. Power to remove difficulties.—**(*1*) If any difficulty arises in giving effect to the provisions of this Act as amended by the Direct Tax Laws (Amendment) Act, 1987, the Central Government may, by order, do anything not inconsistent with such provisions for the purpose of removing the difficulty:

Provided that no such order shall be made after the expiration of three years from the 1st day of April, 1988.

(*2*) Every order made under sub-section (*1*) shall be laid before each House of Parliament.]

1. Ins. by Act 4 of 1988, s. 159 (w.e.f. 1-4-1988).

[1][*SCHEDULE I*]

[2][[*See* section 3(1)]]

RATES OF WEALTH-TAX

[3][*PART* I

(*1*) In the case of every individual or Hindu undivided family, not being a Hindu undivided family, to which item (2) of this Part applies,—

	Rate of tax
(*a*) where the net wealth does not exceed Rs. 2,50,000	*Nil;*
(*b*) where the net wealth exceeds Rs. 2,50,000 but does not exceed Rs. 10,00,000	½ per cent. of the amount by which the net wealth exceeds Rs. 2,50,000;
(*c*) where the net wealth exceeds Rs 10,00,000 but does not exceed Rs. 20,00,000	Rs. 3,750 *plus* 1 per cent. of the amount by which the net wealth exceeds Rs. 10,00,000;
(*d*) where the net wealth exceeds Rs. 20,00,000	Rs. 13,750 *plus* 2 per cent. of the amount by which the net wealth exceeds Rs. 20,00,000.

(2) In the case of every Hindu undivided family which has at least one member whose net wealth assessable for the assessment year exceeds Rs. 2,50,000,—

	Rate of tax
(*a*) where the net wealth does not exceed Rs. 1,50,000	*Nil;*
(*b*) where the net wealth exceeds Rs. 1,50,000 but does not exceed Rs. 5,00,000	1 per cent. of the amount by which the net wealth exceeds Rs. 1,50,000;
(*c*) where the net wealth exceeds Rs. 5,00,000, but does not exceed Rs. 10,00,000	Rs. 3,500 *plus* 2 per cent. of the amount by which the net wealth exceeds Rs. 5,00,000;
(*d*) where the net wealth exceeds Rs. 10,00,000	Rs. 13,500 *plus* 3 per cent. of the amount by which the net wealth exceeds Rs. 10,00,000.]

[4][*Surcharge on wealth-tax*

The amount of wealth-tax computed in accordance with the provisions of this Part shall, in relation to the assessment year commencing on the 1st day of April, 1988 be increased by surcharge calculated at the rate of ten per cent of such wealth-tax.]

[5]*	*	*	*	*
[6]*	*	*	*	*
[7]*	*	*	*	*
[8]*	*	*	*	*
[9]*	*	*	*	*

1. The Schedule numbered as Schedule I thereof by Act 66 of 1976, s. 27 (*b*) (w.e.f. 1-4-1977).
2. Subs. by Act 18 of 1992, s. 100, for "(See section 3)" (w.e.f. 1-4-1993).
3. Subs. by Act 32 of 1985, s. 40, for Part I (w.e.f. 1-4-1986).
4. Added by Act 26 of 1988, s. 66 (w.e.f. 1-4-1988).
5. Part II omitted by Act 18 of 1992, s. 100 (w.e.f. 1-4-1993).
6. Rule 1 omitted by Act 18 of 1992, s. 100 (w.e.f. 1-4-1993).
7. Rule 2 omitted by Act 19 of 1970, s. 26 (w.r.e.f. 1-4-1969).
8. Rules 3, 4, 5 omitted by Act 18 of 1992, s. 100 (w.e.f. 1-4-1993).
9. Schedule II omitted by Act 18 of 1992, s. 100 (w.e.f. 1-4-1993). Earlier it was inserted by Act 66 of 1976, s. 27 (w.e.f. 1-4-1977).

[1][*SCHEDULE III*

[*See* section 7(1)]

RULES FOR DETERMINING THE VALUE OF ASSETS

PART A

GENERAL

1. Value of assets how to be determined.—The value of any asset, other than cash, for the purposes of this Act, shall be determined in the manner laid down in these rules.

2. Definitions.—In this Schedule, unless the context otherwise requires,—

(*1*) "accounting year" in relation to a company means a period in respect of which any profit and loss account of the company laid before it in the annual general meeting is made up;

(*2*) "debenture" includes debenture stock, bonds and any other securities of a company, whether constituting a charge on the assets of the company or not;

(*3*) "equity share" means any share in the share capital of a company other than a preference share;

(*4*) "gold" means gold, including its alloy, whether virgin, melted, remelted, wrought or unwrought, in any shape or form of a purity of not less than nine carats and includes any gold coin (whether legal tender or not), any gold ornament and other article of gold;

(*5*) "gold ornament" means any article in a finished form, meant for personal adornment or for the adornment of any idol, deity or any other object of religious worship made of, or manufactured from, gold, whether or not set with stones or gems, real or artificial, or with pearls, real, cultured or imitation, or with all or any of them and includes parts, pendants or broken pieces of gold ornaments ;

(*6*) "investment company" means a company whose gross total income consists mainly of income which is chargeable to income-tax under the heads "Income from house property", "Capital gains" and "Income from other sources".

Explanation.—In this clause, the expression "gross total income" shall have the meaning assigned to it in section 80B of the Income-tax Act;

(*7*) "jewellery" includes—

(*a*) 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;

(*b*) precious or semi-precious stones, whether or not set in any furniture, utensils or other article or worked or sewn into any apparel;

(*8*) "preference share" has the meaning assigned to it in section 85 of the Companies Act, 1956 (1 of 1956);

(*9*) "quoted share" or "quoted debenture", in relation to an equity share or a preference share or, as the case may be, a debenture, means a share or debenture quoted on any recognised stock exchange with regularity from time to time, where the quotations of such shares or debentures are based on current transactions made in the ordinary course of business.

Explanation.—Where any question arises whether a share or debenture is a "quoted share" or a "quoted debenture" within the meaning of this clause, a certificate to that effect furnished by the concerned stock exchange in the prescribed form shall be accepted as conclusive;

1. Ins. by Act 3 of 1989, s. 78 (w.e.f. 1-4-1989).

(*10*) "recognised stock exchange" has the meaning assigned to it in clause (*f*) of section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956);

(*11*) "unquoted share" or "unquoted debenture", in relation to an equity share or a preference share or, as the case may be, a debenture, means a share or debenture which is not a quoted share or a quoted debenture.

PART B

IMMOVABLE PROPERTY

3. Valuation of immovable property.—Subject to the provisions of rules 4, 5, 6, 7 and 8, for the purposes of sub-section (*1*) of section 7, the value of any immovable property, being a building or land appurtenant thereto, or part thereof, shall be the amount arrived at by multiplying the net maintainable rent by the figure 12.5 :

Provided that in relation to any such property which is constructed on leasehold land, this rule shall have effect as if for the figure 12.5,—

(*a*) where the unexpired period of the lease of such land is fifty years or more, the figure 10.0 had been substituted ; and

(*b*) where the unexpired period of the lease of such land is less than fifty years, the figure 8.0 had been substituted:

Provided further that where such property is acquired or construction of which is completed after the 31st day of March, 1974, if the value so arrived at is lower than the cost of acquisition or the cost of construction, as increased, in either case, by the cost of any improvement to the property, the cost of acquisition or, as the case may be, the cost of construction, as so increased, shall be taken to be the value of the property under this rule:

Provided also that the provisions of the second proviso shall not apply for determining the value of one house belonging to the assessee, where such house is acquired or the construction whereof is completed after the 31st day of March, 1974, and the house is exclusively used by the assessee for his own residential purposes throughout the period of twelve months immediately preceding the valuation date and the cost of acquisition or, as the case may be, the cost of construction, as increased, in either case, by the cost of any improvement to the house, does not exceed,—

(*a*) if the house is situate at Bombay, Calcutta, Delhi or Madras, fifty lakh rupees;

(*b*) if the house is situate at any other place, twenty-five lakh rupees:

Provided also that where more than one house belonging to the assessee is exclusively used by him for residential purposes, the provisions of the third proviso shall apply only in respect of one of such houses which the assessee may, at his option, specify in this behalf.

4. Net maintainable rent how to be computed.—For the purposes of rule 3, "net maintainable rent" in relation to an immovable property referred to in that rule, shall be the amount of gross maintainable rent as reduced by—

(*i*) the amount of taxes levied by any local authority in respect of the property ; and

(*ii*) a sum equal to fifteen per cent of the gross maintainable rent.

5. Gross maintainable rent how to be computed.—For the purposes of rule 4, "gross maintainable rent", in relation to any immovable property referred to in rule 3, means—

(*i*) where the property is let, the amount received or receivable by the owner as annual rent or the annual value assessed by the local authority in whose area the property is situated for the purposes of levy of property tax or any other tax on the basis of such assessment, whichever is higher;

(*ii*) where the property is not let, the amount of annual rent assessed by the local authority in whose area the property is situated for the purpose of levy of property tax or any other tax on the basis of such assessment, or, if there is no such assessment or the property is situated outside the area of any local authority the amount which the owner can reasonably be expected to receive as annual rent had such property been let.

Explanation.—In this rule,—

(*1*) "annual rent" means,—

(*a*) where the property is let throughout the year ending on the valuation date (hereinafter referred to as "previous year"), the actual rent received or receivable by the owner in respect of such year;

(*b*) where the property is let for only a part of the previous year, the amount which bears the same proportion to the amount of actual rent received or receivable by the owner for the period for which the property is let as the period of twelve months bears to the number of months (including part of a month) during which the property is let during the previous year:

Provided that in the following cases, such actual rent under sub-clauses (*a*) and (*b*) shall be increased in the manner specified below:—

(*i*) where the property is in the occupation of a tenant and taxes levied by any local authority in respect of the property are borne wholly or partly by the tenant, by the amount of the taxes so borne by the tenant;

(*ii*) where the property is in the occupation of a tenant and expenditure on repairs in respect of the property is borne by the tenant, by one-ninth of the actual rent;

(*iii*) where the owner has accepted any amount as deposit (not being advance payment towards rent for a period of three months or less), by the amount calculated at the rate of 15 per cent per annum on the amount of deposit outstanding from month to month, for the number of months (excluding part of a month) during which such deposit was held by the owner in the previous year, and if the owner is liable to pay interest on such deposit, the increase to be made under this clause shall be limited to the sum by which the amount calculated as aforesaid exceeds the interest actually paid;

(*iv*) where the owner has received any amount by way of premium or otherwise as consideration for leasing of the property or any modification of the terms of the lease, by the amount obtained by dividing the premium or other amount by the number of years of the period of the lease;

(*v*) where the owner derives any benefit or perquisite, whether convertible into money or not, as consideration for leasing of the property or any modification of the terms of the lease by the value of such benefit or perquisite;

(*2*) "rent received or receivable" shall include all payments for the use of the property, by whatever name called, the value of all benefits or perquisites whether convertible into money or not, obtained from a tenant or occupier of the property and any sum paid by a tenant or occupier of the property in respect of any obligation which, but for such payment, would have been payable by the owner.

6. Adjustments to value arrived at under rule 3, for unbuilt area of plot of land. —Where the unbuilt area of the plot of land on which the property referred to in rule 3 is constructed exceeds the specified area, the value arrived at in accordance with the provisions of rule 3 shall be increased by an amount calculated in the following manner, namely:—

(*a*) where the difference between the unbuilt area and the specified area exceeds five per cent. but does not exceed ten per cent. of the aggregate area, by an amount equal to twenty per cent of such value;

(*b*) where the difference between the unbuilt area and the specified area exceeds ten per cent but does not exceed fifteen per cent of the aggre-gate area, by an amount equal to thirty per cent of such value;

(*c*) where the difference between the unbuilt area and the specified area exceeds fifteen per cent but does not exceed twenty per cent of the aggregate area, by an amount equal to forty per cent of such value.

Explanation.—For the purposes of this rule and rule 6,—

(*a*) "aggregate area", in relation to the plot of land on which the property is constructed, means the aggregate of the area on which the property is constructed and the unbuilt area;

(*b*) "specified area", in relation to the plot of land on which the property is constructed, means—

(*i*) where the property is situate at Bombay, Calcutta, Delhi or Madras, sixty per cent of the aggregate area;

(*ii*) where the property is situate at Agra, Ahmedabad, Allahabad, Amritsar, Bangalore, Bhopal, Cochin, Hyderabad, Indore, Jabalpur, Jamshedpur, Kanpur, Lucknow, Ludhiana, Madurai, Nagpur, Patna, Pune, Salem, Sholapur, Srinagar, Surat, Tiruchirapalli, Trivandrum, Vadodara (Baroda) or Varanasi (Benaras), sixty-five per cent. of the aggregate area; and

(*iii*) where the property is situate at any other place, seventy per cent. of the aggregate area:

Provided that where, under any law for the time being in force, the minimum area of the plot of land required to be kept as open space for the enjoyment of the property exceeds the specified area, such minimum area shall be deemed to be the specified area;

(*c*) "unbuilt area", in relation to the aggregate area of the plot of land on which the property is constructed, means that part of such aggregate area on which no building has been erected.

7. Adjustment for unearned increase in the value of the land.—Where the property is constructed on land obtained on lease from the Government, a local authority or any authority referred to in clause (*20A*) of section 10 of the Income-tax Act, and the Government or any such authority is, under the terms of the lease, entitled to claim and recover a specified part of the unearned increase in the value of the land at the time of the transfer of the property, the value of such property as determined under rule 3 shall be reduced by the amount so liable to be claimed and recovered or by an amount equal to fifty per cent. of the value of the property as so determined, whichever is less, as if the property had been transferred on the valuation date.

Explanation.—For the purpose of this rule, "unearned increase" means the difference between the value of such land on the valuation date as determined by the Government or such authority for the purpose of calculating such increase and the amount of the premium paid or payable to the Government or such authority for the lease of the land.

8. Rule 3 not to apply in certain cases.—Nothing contained in rule 3 shall apply,—

(*a*) where, having regard to the facts and circumstances of the case, the Assessing Officer, with the previous approval of the Deputy Commissioner, is of opinion that it is not practicable to apply the provisions of the said rule to such a case; or

(*b*) where the difference between the unbuilt area and the specified area exceeds twenty per cent of the aggregate area; or

(*c*) where the property is constructed on leasehold land and the lease expires within a period not exceeding fifteen years from the relevant valuation date and the deed of lease does not give an option to the lessee for the renewal of the lease,

and in any case referred to in clause (*a*) or clause (*b*) or clause (*c*), the value of the property shall be determined in the manner laid down in rule 20.

[1]* * * * *

PART D

ASSETS OF BUSINESS

14. Global valuation of assets of business.—(*1*) Where the assessee is carrying on a business for which accounts are maintained by him regularly, the net value of the assets of the business as a whole, having regard to the balance-sheet of such business on the valuation date after adjustments specified in sub-rule (2) shall be taken as the value of such assets for the purposes of this Act.

(*2*) For the purposes of sub-rule (1)—

(*a*) the value of any asset as disclosed in the balance-sheet shall be taken to be,—

(*i*) in the case of an asset on which depreciation is admissible, its written-down value;

(*ii*) in the case of an asset on which no depreciation is admissible, its book value;

(*iii*) in the case of closing stock its value adopted for the purposes of assessment under the Income-tax Act for the previous year relevant to the corresponding assessment year;

(*b*) where the value of any of the assets referred to in clause (*a*), deter-mined in accordance with the provisions of this Schedule as applicable to that particular asset or if there are no such provisions, determined in accordance with rule 20, exceeds the value arrived at in accordance with clause (*a*) by more than 20 per cent, then the higher value shall be taken to be the value of that asset;

(*c*) the value of an asset not disclosed in the balance-sheet, shall be taken to be the value determined in accordance with the provisions of this Schedule as applicable to that asset;

(*d*) the value of the following assets which are disclosed in the balance sheet shall not be taken into account, namely:—

(*i*) any amount paid as advance tax under the Income-tax Act;

(*ii*) the debt due to the assessee according to the balance-sheet or part thereof which has been allowed as a deduction under clause (*vii*) of sub-section (*1*) of section 36 of the Income-tax Act, for the purposes of assessment for the previous year relevant to the corresponding assessment year under that Act;

(*iii*) the value of any asset in respect of which wealth-tax is not payable under this Act;

(*iv*) any amount shown in the balance-sheet including the debit balance in the profit and loss account or profit and loss appropriation account which does not represent the value of any asset;

(*v*) any asset shown in the balance-sheet not really pertaining to the business;

(*e*) the following amounts shown as liabilities in the balance-sheet shall not be taken into account, namely:—

(*i*) capital employed in the business other than that attributable to borrowed money;

(*ii*) reserves by whatever name called;

(*iii*) any provision made for meeting any future or contingent liability;

(*iv*) any liability shown in the balance-sheet not really pertaining to the business;

1. Part C omitted by Act 18 of 1992, s. 100 (w.e.f. 1-4-1993).

(*v*) any debt owed by the assessee to the extent to which it has been specifically utilised for acquiring an asset in respect of which wealth-tax is not payable under this Act:

Provided that where it is not possible to calculate the amount of debt so utilised, it shall be taken as the amount which bears the same proportion to the total of the debts owed by the assessee as the value of that asset bears to the total value of the assets of the business.

Explanation.—Provision for any purpose other than taxation shall be treated as a reserve.

PART E

INTEREST IN FIRM OR ASSOCIATION OF PERSONS

15. Valuation of interest in firm or association of persons.—The value of the interest of a person in a firm of which he is a partner or in an association of persons of which he is a member shall be determined in the manner provided in rule 16.

16. Computation of net wealth of the firm or association and its allocation amongst the partners or members.—The net wealth of the firm or association of persons on the valuation date shall first be determined as if it were the assessee and, thereafter,—

(*i*) that portion of the net wealth of the firm or association as is equal to the amount of its capital shall be allocated among the partners or members in the proportion in which capital has been contributed by them;

(*ii*) the residue of the net wealth of the firm or association shall be allocated amongst the partners or members in accordance with the agreement of partnership or association for the distribution of assets in the event of dissolution of the firm or association or, in the absence of such agreement, in the proportion in which the partners or members are entitled to share the profits,

and the sum total of amounts so allocated to a partner or member under clause (*i*) and clause (*ii*) shall be treated as the value of the interest of that partner or member in the firm or association:

Provided that in determining the net wealth of the firm or association for the purposes of this rule, no account shall be taken of the exemptions in sub-sections (*1*) and (*1A*) of section 5.

Explanation.—For the purposes of this rule,—

(*a*) where the net wealth of the firm or association computed in accordance with this rule includes the value of any assets located outside India, the value of the interest of any partner or member in the assets located in India shall be determined having regard to the proportion which the value of assets located in India diminished by the debts relating to those assets bears to the net wealth of the firm or association;

(*b*) where the net wealth of the firm or association computed in accordance with this rule includes the value of any assets which are exempt from inclusion in the net wealth under sub-sections (*1*) and (*1A*) of section 5, the value of the interest of a partner or member shall be deemed to include the value of his proportionate share in the said assets and, the provisions of sub-sections (*1*) and (*1A*) of section 5 shall apply to him accordingly;

(*c*) where the net wealth of the firm or association computed in accordance with this rule includes the value of any assets referred to in sub-section (*2*) of section 5, the value of the interest of a partner or member shall be deemed to include the value of his proportionate share in the said assets, and the provisions of sub-section (*2*) of section 5 shall apply to him accordingly.

PART F

LIFE INTEREST

17. Valuation of life interest.—(*1*) For the purposes of sub-section (1) of section 7, the value of the life interest of an assessee shall be arrived at by multiplying the average annual income that accrued to the assessee from the life interest by the fraction $\frac{1}{p+d}$ *minus* 1, where 'P' represents the annual premium for a whole life insurance without profits on the life of the life tenant for unit sum assured as specified in the Appendix to these rules, and 'd' is equal to $\frac{i}{1+i}$ "i" being the rate of interest.

Explanation.—In this rule,—

(*a*) "life tenant" means a person for the duration of whose life the life interest is to subsist;

(*b*) "average annual income" means the average of the gross income derived by the assessee from the life interest during each year of the period ending on the valuation date, reduced by the average of the expenses incurred on the collection of such income in each of those years:

Provided that the amount of the reduction for such expenses shall, in no case, exceed five per cent of the average of the annual gross income:

Provided further that in case the income so derived is for a period exceeding three years, only that income derived during the three years ending on the valuation date shall be taken into account;

(*c*) the rate of interest shall be 6½ per cent. per annum.

(*2*) Notwithstanding anything contained in sub-rule (1),—

(*a*) the Assessing Officer may, if he is of the opinion that in the case of the life tenant, a life insurance company would not take the risk of insuring his life at the normal premium rates in force but would demand a higher premium, vary the valuation suitably;

(*b*) the value of the life interest so determined shall, in no case, exceed the value as on the valuation date as determined under this Schedule, of the corpus of the trust from which the life interest is derived.

PART G

JEWELLERY

1[**18. Valuation of jewellery.—**(*1*)The value of the jewellery shall be estimated to be the price which it would fetch if sold in the open market on the valuation date (hereafter in this rule referred to as fair market value).

(*2*) The return of net wealth furnished by the assessee shall be supported by,—

(*i*) a statement in the prescribed form, where the value of the jewellery on the valuation date does not exceed rupees five lakhs;

(*ii*) a report of a registered valuer in the prescribed form, where the value of the jewellery on the valuation date exceeds rupees five lakhs.

(*3*) Notwithstanding anything mentioned in sub-rule (2), the Assessing Officer may, if he is of opinion, that the value of the jewellery declared in the return,—

(*a*) is less than its fair market value by such percentage or such amount as is prescribed under sub-clause (*i*) of clause (*b*) of sub-section (*1*) of section 16A;

1. Subs. by Act 12 of 1990, s. 58, for rule 18 (w.e.f. 1-4-1990).

(*b*) is less than its fair market value as referred to in clause (*a*) of sub-section (*1*) of section 16A,

he may refer the valuation of such jewellery to a Valuation Officer under sub-section (*1*) of the said section and the value of such jewellery shall be the fair market value as estimated by the Valuation Officer.]

19. Adjustment in value of jewellery for subsequent assessment years.—The value of any jewellery determined in accordance with 1[sub-rule (3) of] rule 18 for any assessment year (hereinafter referred to as the first assessment year), shall be taken to be the value of such jewellery for the subsequent four assessment years, subject to the following adjustments, namely :—

(*a*) where the jewellery includes gold or silver or any alloy containing gold or silver, the value of such gold or silver or such alloy as on the valuation date relevant to the concerned subsequent assessment year shall be substituted for the value of such gold or silver or alloy on the valuation date relevant to the first assessment year;

(*b*) where any jewellery or part of jewellery is sold or otherwise disposed of by the assessee, or any jewellery or part of jewellery is acquired by him, on or before the valuation date relevant to the concerned subsequent year, the value of the jewellery determined for the first assessment year shall be reduced or increased, as the case may be, and the value as so reduced or increased shall be the value of the jewellery for such subsequent assessment year.

PART H

RESIDUARY

20. Valuation of assets in other cases.—(*1*) The value of any asset, other than cash, being an asset which is not covered by rules 3 to 19, for the purposes of this Act, shall be estimated to be the price which, in the opinion of the Assessing Officer, it would fetch if sold in the open market on the valuation date.

(*2*) Notwithstanding anything contained in sub-rule (1), where the valuation of any asset referred to in that sub-rule is referred by the Assessing Officer to the Valuation Officer under section 16A, the value of such asset shall be estimated to be the price which, in the opinion of the Valuation Officer, it would fetch if sold in the open market on the valuation date.

(*3*) Where the value of any asset cannot be estimated under this rule because it is not saleable in the open market, the value shall be determined in accordance with such guidelines or principles as may be specified by the Board from time to time by general or special order.

21. Restrictive covenants to be ignored in determining market value.—For the removal of doubts, it is hereby declared that the price or other consideration for which any property may be acquired by or transferred to any person under the terms of a deed of trust or through or under any restrictive covenant in any instrument of transfer shall be ignored for the purposes of determining under any provision of this Schedule, the price such property would fetch if sold in the open market on the valuation date.

1. Subs. by Act 12 of 1990, s. 58, for "clause (*b*) of" (w.e.f. 1-4-1990).

APPENDIX

[*See* rule 17]

Table of $\left(\frac{1}{P+d} - 1\right)$

Age nearer birthday	*Premium for unitsum assured*	$\left(\frac{1}{P+d} - 1\right)$ *Value of life interest of rupee 1 per annum at 6½% rate of interest*
1	*2*	*3*
0.	0.02906	10.100
1.	0.01590	11.999
2.	0.01295	12.517
3.	0.01162	12.765
4.	0.01095	12.893
5.	0.01065	12.951
6.	0.01058	12.965
7.	0.01063	12.955
8.	0.01076	12.930
9.	0.01095	12.893
10.	0.01117	12.850

11.	0.01142	12.803
12.	0.01169	12.751
13.	0.01197	12.699
14.	0.01226	12.644
15.	0.01257	12.587
16.	0.01286	12.534
17.	0.01319	12.473
1	*2*	*3*
18.	0.01350	12.417
19.	0.01387	12.351
20.	0.01431	12.273
21.	0.01469	12.207
22.	0.01512	12.132
23.	0.01556	12.057
24.	0.01606	11.972
25.	0.01656	11.888
26.	0.01706	11.806
27.	0.01762	11.715
28.	0.01825	11.614
29.	0.01894	11.505
30.	0.01962	11.399
31.	0.02037	11.285
32.	0.02112	11.173
33.	0.02194	11.053
34.	0.02281	10.927
35.	0.02369	10.804
36.	0.02462	10.675
37.	0.02562	10.541
38.	0.02669	10.400

39.	0.02787	10.249
40.	0.02912	10.093
41.	0.03044	9.932
42.	0.03181	9.771
1	*2*	*3*
43.	0.03325	9.607
44.	0.03475	9.441
45.	0.03637	9.267
46.	0.03806	9.092
47.	0.03987	8.911
48.	0.04181	8.724
49.	0.04387	8.533
50.	0.04612	8.333
51.	0.04850	8.130
52.	0.05100	7.926
53.	0.05362	7.722
54.	0.05637	7.518
55.	0.05931	7.310
56.	0.06244	7.099
57.	0.06575	6.888
58.	0.06925	6.676
59.	0.07294	6.464
60.	0.07681	6.255
61.	0.08167	6.008
62.	0.08589	5.806
63.	0.09025	5.610
64.	0.09475	5.419
65.	0.09938	5.234
66.	0.10415	5.054

67.	0.10907	4.879
1	*2*	*3*
68.	0.11414	4.709
69.	0.11938	4.543
70.	0.12483	4.380
71.	0.13054	4.220
72.	0.13652	4.062
73.	0.14278	3.907
74.	0.14936	3.753
75.	0.15627	3.602
76.	0.16356	3.453
77.	0.17125	3.305
78.	0.17937	3.160
79.	0.18796	3.016
80.	0.19706	2.875]