

Wealth Tax & Wealth Tax Return

Every Individual, Hindu Undivided Family and Company whose net wealth exceeds the maximum amount which is not chargeable to wealth tax in any previous year ending of 31st March is liable to file the wealth tax return. The maximum limit of net wealth not chargeable to tax under the provisions of the Wealth tax Act, 1957 is Rs. 30 lakhs at present.

Assets liable to wealth tax

- Buildings or land other than one house property or a plot of land having area of 500 square meters or less.
- Motor Cars, Yachts, boats and aircrafts
- Jewellery
- Bullion, furniture, utensils or any other, article made wholly or partly of gold, silver, platinum or any other precious metal
- Urban land
- Cash on hand in excess of Rs. 50,000/-.

Note : Wealth tax is not levied on productive assets, hence investments in shares, debentures, UTI, mutual funds, etc are exempt from it.

Net Wealth

Net wealth is the aggregate value, computed under the provisions of the W.T. Act, 1957, of all assets (including deemed assets), belonging to the assessee on the valuation date, MINUS the aggregate value of all debts owed by the assessee on the valuation date which have been taken in relation to the assets attracting wealth tax.

Deemed Ownership of Assets

A person is treated deemed owner in respect of assets transferred by him/her (without adequate consideration) to:

- his/her HUF or
- his/her spouse or
- his/her son's wife or
- to a person for his/her benefit or for the benefit of his/her spouse or for the benefit his/her son's wife.

Assets belonging to minor child

- Assets belonging to a minor child are clubbed along with the net wealth of his/her parent.
- No clubbing is done in respect of assets belonging to minor child suffering from any disability specified under section 80U of the Income Tax Act.

- Further, clubbing provisions do not apply in respect of any asset acquired by the minor child out of income arising to the child by application of his/her skill, talent or specialized knowledge and experience etc.

Wealth Tax Rate

Wealth Tax is charged @ 1% of the amount by which the net wealth exceeds Rs. 30 Lakhs.

Filing of Wealth Tax Return

The Wealth Tax return for Individuals, Hindu Undivided Families and Companies is to be filed in Form BA.

Value of assets for an assessment year is to be declared as on the relevant Valuation Date i.e. 31st March of each year. Thus, for the assessment year 2013-14, the valuation date will be 31.3.2013.

The due dates for filing of Wealth Tax return are the same as the due dates for filing of Income Tax return (i.e. if the assessee is liable to audit, the due date will be 30th September and in other cases the due date will be 31st July).

Value of an asset, other than cash, is to be determined on the basis of the rules of Schedule III. The details of calculation of the value of each asset under the relevant rule of this schedule should be attached with the return. Also, Wherever any rule of this schedule prescribes that a particular document in support of the valuation is to be attached with the return, the same must be attached.

The assessee must sign all attached documents.

Immovable Property

Furnish in the given columns the details of all immovable properties held by the assessee, including agricultural land whether located in or outside India, and whether assessable or exempt.

Details of similar assets belonging to any other person but includible in net wealth of the assessee should be given.

Value of immovable property should be declared as per rule 3 to 8, 20 and 21 of Schedule III. Where the assets are held as assets of business for which accounts are maintained regularly, the valuation should be done as per rule 14 of this Schedule.

Movable Property

Furnish in the given columns the details of all movable property held by the assessee, including those mentioned in, Section 2(e) which are not assets for purposes of the Wealth tax Act, whether located in India or outside India, whether assessable or exempt under section 5.

Details of similar assets belonging to any other person but includible in the net wealth of the assessee under section 4.

Value of movable property should be declared as per rules 1, 2 and 17 to 21 of Schedule III. Where the assets are held as assets of business for which accounts are maintained regularly, the valuation should be done as per rule 14 of Schedule III.

Held as Assets other than in Business or Profession

Indicate amount of cash in hand.

Indicate the form of gold, silver, platinum or other precious metal, its gross and net weight in grams and its value as per rule 20 of Schedule III. Valuation of jewellery is to be done as per rules 18 and 19 of Schedule III. In support of the valuation of jewellery; the prescribed form to be attached with the return is:-

- Where the value of the jewellery on the valuation date is upto Rs. 5 lakhs, a statement in Form No. 0-8A as prescribed by rule 13 (c), signed by the assessee, or
- Where the value of the jewellery on the valuation date exceeds Rs. 5 lakhs, a report of Registered Valuer in Form 0-8, as prescribed by rule 8D.

Held as Assets in Business or Profession

Indicate in the given column details of movable properties held as assets of business or profession carried on by the assessee as proprietor.

Indicate here the value of each asset as calculated on the basis of the provisions of the relevant rule of Schedule III.

A copy of the balance sheet or trial balance as on the valuation date and a copy of the auditor's report if any, must be attached.

Where the assets are held as assets of business for which accounts are maintained regularly, rule 14 of Schedule III will apply for purposes of valuation. Give the description of movable property and also of claimed exemptions.

After showing such assets, if any as the case may be, these should be claimed as exempt.

The amount of tax, penalty or interest payable in consequence of any order passed under certain Direct Taxes Acts, which is outstanding on the valuation date, and

- If the amount is disputed in appeal, revision or other proceedings, or
- Though not disputed as above, if the amount is outstanding for more than 12 months on the valuation date, it should be clearly indicated.
- Indicate the net amount of debt, which is deductible in the computation of net wealth. Indicate in the given columns details, in respect of the following debts:-
 1. Those which are secured or incurred in relation to assets other than assets of business or profession carried on by the assessee, and
 2. Those which are not related to any asset, e.g. a loan taken for purposes of marriage or education of children or any other personal loans.

Other General points to be remembered

There should be no corrections or overwriting and it should be properly signed and verified by the person who is authorized to do so under the provisions of I.T. Act.

The permanent Account Number (PAN) given to the taxpayer and under the Income-tax Act, 1961 and Ward/Circle/Range are to be quoted here.

All parts and Columns must be filled in. If any part or column does not apply, please mention NA (Not Applicable) and do not put any other mark or symbol.

In case space provided under any item of the Return Form is found insufficient, then give computation in respect of such item on separate sheet(s) using the columns indicated for that purpose under the said item in the return Form and attach that to the return. The sum totals of such computation done should be indicated in the columns provided under the relevant item in the Return Form.

Similarly, any other information asked for in the, Form, which cannot be completely furnished on account of paucity of space, maybe furnished on a separate sheet.

Statement of Taxes

Wealth-tax payable on the net wealth arrived at is to be indicated. The tax should be calculated according to the rates specified in Part I of Schedule I. Indicate interest chargeable for late filing of return. The net tax/interest payable or refund due, as the case may be, is to be indicated.