4

WEALTH TAX

CHARGE OF WEALTH TAX

- Wealth tax shall be charged on the corresponding **valuation date** of every
- **Individual,**
- (**Trust** is assessable as an individual and is therefore liable to pay wealth tax)
- **Hindu undivided family** and
- **Company**
- **@ 1%** of the amount by which **net wealth exceeds Rs.15 lakhs.**
- For assessment year 2008-09, the **valuation date is 31-3-2008.**

SECTION 45: WEALTH TAX ACT NOT TO APPLY IN CERTAIN CASES

No wealth tax shall be levied under the Act in respect of net wealth of:

(a) any **company registered u/s 25** of the Companies Act, 1956.
(b) any **co-operative society.**
(c) any **social club.**
(d) any **political party.**
(e) any **mutual fund** specified in section 10(23D) of the Income-tax Act.

COMPUTATION OF NET WEALTH

Value of assets belonging to the assessee as on the valuation date [Sec. 2(ea)]	xxx
Add: Deemed Assets u/s 4	xxx
Less: Assets exempt u/s 5	xxx
Gross Wealth	**xxx**
Less: Debts owed by the assessee incurred on the assets included in net wealth	xxx
Net Wealth	**xxx**

SECTION 2(ea): DEFINITION OF ASSET

ASSET means -

(i) *Any **building or land appurtenant thereto (house)***, whether used for
- residential purposes or
- commercial purposes or
- for the purpose of maintaining a Guest House or
- otherwise.

Note: "House" shall **include** a **farm house situated within 25 k.m.** from the local limits of any municipality.

NOT TO INCLUDE

(i) a house **(Residential Purpose)** which is allotted by a **company** to an employee or an **officer or director** who is in **whole time** employment, having a gross annual **salary of less than Rs. 5,00,000**.

(ii) any house for residential or commercial purposes which forms part of **stock in trade**.

(iii) any house used for **business or profession** carried on by the assessee.

(iv) any **residential property** that has been **let out for 300 days or more** in the previous year.

(v) any commercial establishments or **complexes**.

Note:

RABINDRANATH DHAL: Where a building owned by a person is made available to the partnership firm in which he is a partner, for carrying on business, then it can be said that the building is being used by the partner for the purposes of his business or profession. So that building is not an asset.

(ii) Motor cars (Whether Indian or Imported)

NOT TO INCLUDE

(i) Motor cars used by the assessee in the business of **running them on hire.**
(ii) Motor cars held as **stock in trade.**

(iii) Jewellery, bullion, furniture, utensils, or any other article made wholly or partly of gold, silver, platinum or any precious metal.

NOT TO INCLUDE

Jewellery etc. held as **stock in trade.**

Note: "jewellery" does not include the Gold Deposit Bonds issued under the Gold Deposit Scheme, 1999 notified by the Central Government.

(iv) Yachts, boats and aircrafts

NOT TO INCLUDE

Those used by the assessee for **commercial purposes.**

NOTE:

1. **"Helicopter"** is an aircraft and is therefore an **asset**.
2. **"Ship"** is neither a boat nor a yacht and is therefore **not an asset.**
3. **Commercial purpose includes stock-in trade.**

(v) ***Urban Land (Vacant Land)***

<u>NOT TO INCLUDE</u>

(1) Land on which **construction of building is not permissible** under any **law for the time being in force** in the area in which land is situated.

(2) Land occupied by **any building** which has been **constructed** with the approval of the appropriate authority.

(3) Any **unused land** held by the assessee for **industrial purposes** for a period of **2 years** from the date of its acquisition.

(4) Land held as **stock in trade** for a period of **10 years** from the date of its acquisition.

<u>NOTE:</u> "Urban land" means land situated where

Population exceeds 10,000
or
Situated within 8 k.m. from the local limit of any municipality.

(vi) ***cash in hand,***

Cash in Hand

- **Individual /HUF**
  - In **Excess of Rs. 50,000** is treated as asset (Whether recorded or not)
- **Any other person**
  - **Recorded** in Books of account → **Not an asset**
  - **Not recorded** in Books of account → **Treated as asset**

SECTION 4: DEEMED ASSETS

(a) Assets transferred to the **spouse** without adequate consideration (Except where transfer is in connection with an agreement to live apart).

(b) Assets held by **minor child** not being a married daughter.

<u>Exceptions:</u>

(i) Minor child covered under section 80U of the Income-tax Act.

(ii) Assets acquired by minor child from the income earned on account of manual work or activity involving application of his skill, talent, specialised knowledge and experience.

(c) Asset transferred to a person or an AOP without adequate consideration for the benefit of the transferor or his/her spouse.

(d) Asset transferred **otherwise than under an irrevocable transfer**.

Irrevocable Transfer includes a transfer of assets **–**

(i) which is revocable after a period of 6 years i.e. which cannot be revoked for 6 years; or

(ii) which is not revocable during the lifetime of the beneficiary/ transferee.

AND under which the transferor derives no direct or indirect benefit (during the period the transfer is not revocable).

(e) Asset transferred to son's wife without adequate consideration.

(f) Assets transferred to any person or an AOP without adequate consideration for the benefit of his/her son's wife.

(g) Interest of partner of a firm or member of AOP.

(h) Conversion by an individual of his self acquired property into joint family property without adequate consideration.

(i) The value of any assets transferred under an irrevocable transfer, as and when the power to revoke arises to him. Actual revocation is not relevant.

(j) Holder of Impartible estate.

(k) Member of a cooperative Housing Society**.**

(l) Building / right in building acquired in following cases:

- Part performance of contract u/s 53A of Transfer of Property Act.
- On lease for the period of 12 years or more.

Note 1: M.G. Kollankulum

If the properties are assets on the valuation date, then the said assets will be clubbed with the wealth of the Individual even though the properties were not assets at the time when they were transferred.

Note 2: Relationship of spouse, etc. must exist at the time of transfer of assets and as on the valuation date.

SECTION 5: EXEMPTION IN RESPECT OF CERTAIN ASSETS

(i) ***Any property held*** under trust or other legal obligation for any public purpose of a ***charitable or religious nature in India.***

<u>Note</u>:

1. Exemption is not available in respect of the **business assets** of the trust. *However,* available if business is incidental and separate books maintained.

2. **Trustees of H.E.H. The Nizam's Pilgrimage Money Trust v.** ***CIT [2000] 243 ITR 676 (SC)***

   Exemption u/s 5(i) shall be available only if public purpose of charitable or religious nature is in India.

3. **GANGABAI CHARITIES (SUPREME COURT)**

   Where the Trust deed provides that trust property can also be used for other than charitable religious purposes, exemption u/s 5(i) shall not be available.

(ii) The interest of the assessee in the co-parcenary property of any HUF of which he is a member.

(iii) Any one building in occupation of a Ruler, being a building which was declared as his official residence by the Central Government.

<u>Note:</u>

1. MOHAMMAD ALI KHAN (SUPREME COURT)

Where the palace consisted of a number of buildings out of which some were actually occupied by the assessee and quite a few of them were let out to various tenants, the assessee was entitled to exemption u/s 5(iii) only in respect of those buildings or palaces which were occupied by the ruler and not in respect of the buildings let out to tenants

2. GAJSINGH (SUPREME COURT)

Where the assessee is claiming exemption under section 5(iii) for one house, he shall not be entitled to seek exemption for another house under section 5(vi).

(iv) Heirloom jewellery in the possession of any Ruler.

<u>Conditions for Exemptions:</u>

(a) The jewellery shall be permanently kept in India, except for a purpose and period approved by CBDT.

(b) Reasonable steps shall be taken for keeping the jewellery substantially in its original shape.

(c) Reasonable facilities shall be allowed to examine by Govt. officer.

Note: If any of the conditions are not satisfied then the CBDT may withdraw the exemption retrospectively. In such a case the FMV of the jewellery on the date of withdrawal of recognition shall be taken as the FMV of the jewellery for all the assessment years for which recognition is withdrawn. However, the wealth tax payable for all the assessment years in respect of such jewellery shall not exceed 50% of the FMV on the valuation date relevant for the assessment year in which recognition is withdrawn.

(v) - In case of an individual being a citizen of India or a person of Indian origin.

- who was ordinarily residing in a foreign country, i.e. Non-Resident.

- and who has returned to India with the intention of permanently residing in India.

Then,

- the moneys and assets brought by him into India, and

- the value of assets acquired by him out of moneys sent from abroad and from NRE account,

- within one year immediately preceding the date of his return to India.

- and the value of assets acquired at any time on or after the date of his return to India out of moneys brought from abroad or out of the balance in NRE Account standing on the date of his return to India.

- shall be exempt for a period of seven successive Assessment years.

- commencing with the assessment year next following the date on which he returned to India.

Note: ***Even if the assessee has converted assets, which were brought by him from outside India, into money, and has used that money for acquisition of other asset, the asset which is acquired with the sale consideration of original asset, is also eligible for exemption. [K.O.MATHEWS (Kerala High Court)]***

(vi) **Any one house** or part of a house **or a plot of land (500 sq. mt or less)** belonging to an **individual** or **HUF**.

SECTION 2(m): DEBTS

- Debts
- **owed by the assessee**
- **on the valuation date**
- are deductible **if:**
  - these debts are **incurred**
  - on the **assets included in the wealth**.

SECTION 6: EXCLUSION OF ASSETS AND DEBTS OUTSIDE INDIA

In computing the net wealth of:

(a) an Individual who is:
- not a citizen of India or
- Non-Resident or
- Resident but not ordinarily resident

(b) a HUF which is:
- Non-Resident or
- Resident but not ordinarily resident

(a) Company which is Non-resident.

during the year ending on the valuation date, ***the value of the assets and debts located outside India*** shall not be taken into account.

<u>Note 1:</u> The residential status shall be determined as per the Income-tax Act.

<u>Note 2:</u> In the case of above assessees, the assets located in India shall be included in their net wealth. Debts outside India are deductible if such debts have been incurred to acquire assets in India included in the net wealth.

VALUATION OF ASSETS

<u>Schedule III</u>

Nature of Valuation	**Rule No.**
1. Valuation of immovable property	3 to 8
2. Global valuation of business	14
3. Valuation of interest in firm/ AOPs	15 & 16
4. Valuation of life interest	17
5. Valuation of jewellery	18 & 19
6. Valuation of other assets	20

VALUATION OF IMMOVABLE PROPERTY

<u>Section 7:</u> The **value of any one house** (including part of the house) belonging to the assessee and **exclusively** used by him for **residential purposes** through out the period of **twelve months** immediately preceding the valuation date, may **at the option of the assessee** be taken to be:

(i) Either the value determined as per Rules 3 to 7 of Schedule III as on the valuation date, or

(ii) The value determined as per Rules 3 to 7 of 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 assessment year 1971-72, whichever valuation date is later.

<u>Note 1:</u> In case of a **self constructed** house, the **date on which the construction of the house is completed** shall be the date on which the assessee became the owner.

<u>Note 2:</u> Assessee has the **option** to apply the provisions of section 7 for a **different house property in the next assessment year**.

RULES 3 – 7: DETERMINATION OF VALUE OF IMMOVABLE PROPERTY AS PER PART B OF SCHEDULE III

1 This shall be determined as under:

Valuation of property as per Rules 3, 4 and 5 of Schedule III

Add: Adjustment for unbuilt area of plot of land as per Rule 6 of Schedule III

Less: Adjustment for unearned increase in the value of the land as per Rule 7 of Schedule III

2 Notwithstanding what is stated in Rules 3 to 7, in the following cases the value of the property 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. ***(Rule 8 of Schedule III):***

(i) Where having regard to the facts and circumstances of the case, the Assessing Officer with the previous approval of the Joint Commissioner, is of the opinion that it is not practicable to the apply Rules 3 to 7 of Schedule III.

(ii) Where the difference between the unbuilt area and the specified area exceeds 20% of the aggregate area.

(iii) Where the property is constructed on a 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.

VALUATION OF PROPERTY AS PER RULES 3, 4 AND 5 OF SCHEDULE III

STEP V

WHERE PROPERTY HAS BEEN ACQUIRED OR CONSTRUCTED ON OR BEFORE 31.03.1974

NATURE OF PROPERTY	***VALUE AS PER RULES 3, 4 & 5***
1. Where the property is constructed on a Freehold Land.	Net Maintainable Rent (N.M.R.) X 12.5
2. Where the property is constructed on a Leasehold Land and the unexpired period of Lease on the valuation date is fifty years or more	Net Maintainable Rent (N.M.R.) X 10
3. Where the property is constructed on a Leasehold Land and the unexpired period of Lease on the valuation date is less than fifty years.	Net Maintainable Rent (N.M.R.) X 8

WHERE PROPERTY HAS BEEN ACQUIRED OR CONSTRUCTED AFTER 31.03.1974

Value as per Rules 3, 4 & 5 shall be the higher of the following:

(a) N.M.R. X Capitalisation Factor (12.5 or 10 or 8 as the case may be)

(b) Cost of Acquisition/ Cost of Construction + Cost of Improvements.

↓

EXCEPTION TO ABOVE

↓

However, for the following house property acquired or constructed after 31-03-1974, the value as per Rules 3, 4 & 5 shall be the N.M.R X Capitalisation Factor (12.5/ 10/ 8):

- one house which is exclusively used by the assessee for his own residential purpose
- throughout the period of 12 months ending on the valuation date
- and whose cost of acquisition/ cost of construction + cost of improvement does not exceed:
    * Rs. 50 Lakhs in case house is situated in Delhi/ Bombay/ Calcutta/ Madras.
    * Rs. 25 Lakhs in case house is situated in other cities.

Note: If the assessee has more than one house exclusively used for his residence, then the above exception can be availed only for one house specified by the assessee.

Note: The option under Section 7 can be exercised for the house referred to in the above exception or for any other house.

STEP IV

DETERMINATION OF NET MAINTAINABLE RENT (N.M.R.)

Net Maintainable Rent shall be arrived at as under:

GROSS MAINTAINABLE RENT (G.M.R.)

Less: 15% of G.M.R.
Less: Municipal Taxes (on accrual basis, whether borne by the tenant or the assessee)

NET MAINTAINABLE RENT

STEP III ***DETERMINATION OF GROSS MAINTAINABLE RENT***

GROSS MAINTAINABLE RENT IS

WHERE PROPERTY IS NOT LET OUT

- If the property falls in the jurisdiction of any Local authority, the annual value as assessed by the Local authority
- If the property does not fall in the jurisdiction of any Local authority, the Fair Market Rent

WHERE PROPERTY IS LET OUT

- Annual Rent*
- Annual Value as assessed by the Local authority

WHICHEVER IS HIGHER

STEP II

DETERMINATION OF ANNUAL RENT*

ANNUAL RENT

Where property is let out for the entire year

Actual Rent

Where property is let out for part of the year

$$\text{Actual rent} \times \frac{12}{\text{Number of months for which property was let out.}}$$

STEP I

DETERMINATION OF ACTUAL RENT

ACTUAL RENT shall be calculated as under:

Actual Rent Received or Receivable

Add: (i) **Taxes in respect of the property agreed to be borne by the tenant.

(ii) $1/9^{th}$ of actual rent received or receivable where the repairs are to be borne by the tenant.

(iii) 15% Interest on the deposit received from the tenant reduced by interest ***actually paid*** by the assessee to the tenant in respect of the deposit.

Note 1: No Interest shall be added if the deposit is advance rent for three months or less.

Note 2: Interest shall be computed on the monthly outstanding balance and part of the month shall be ignored.

(iv)$\frac{\text{**Lease Premium or Non-Refundable deposit received for leasing out the property}}{\text{Number of years of Lease}}$

(v) **Value of any perquisite or benefit received by the assessee for leasing out the property or for modification in terms of lease.

(vi) **Any obligation of the owner met by the tenant.

ACTUAL RENT

** If property is let out for part of the year and payments referred to in (i), (iv), (v) and (vi) are made for the entire year, then for computing ACTUAL RENT, these payments shall also be taken proportionately for part of the year for which property is let out. This is illustrated with the following example:

RULE 6: ADJUSTMENT FOR UNBUILT AREA OF PLOT OF LAND

Rule 6 is applicable if: ***UNBUILT AREA > SPECIFIED AREA***

Percentage of Default = $\frac{\textit{Unbuilt Area – Specified Area}}{\textit{Aggregate Area}} \times 100$

Percentage of Default	***Addition as per rule 6***
(a) Upto 5%	NIL
(b) Above 5% but upto 10%	20% of value as per Rules 3,4 & 5
(c) Above 10% but upto 15%	30% of value as per Rules 3,4 & 5
(d) Above 15% but upto 20%	40% of value as per Rules 3,4 & 5
(e) Above 20%	- Rules 3 to 7 shall not apply. - Rule 8 shall apply. - Schedule III value = FMV of Property

Specified Area is in the sense of permissible unbuilt area. Therefore if unbuilt area is greater than specified area, then addition shall be made as per Rule 6.

Specified Area means:

(i) Where property is situated in Bombay, Calcutta, Delhi or Madras – 60% of aggregate area
(ii) Where property is situated in specified cities – 65% of aggregate area.
(iii) For other cities – 70% of aggregate area.

RULE 7: ADJUSTMENT FOR UNEARNED INCREASE IN THE VALUE OF LAND

- If the property is constructed on a land taken on lease from Government/ Government Authority,
- and the Government/ Government Authority is entitled to claim and recover a specified percentage of unearned increase in value of land at the time of transfer of property.
- then, the value determined as per Rules 3, 4, 5 & 6 shall be reduced by least of the following:

(a) Amount of unearned increase liable to be claimed & recovered by the Government/ Government authority.

(b) 50% of value as per Rules 3, 4, 5 & 6.

UNEARNED INCREASE	=	Value of such land on valuation date determined by the Government/ Government Authority for the purpose of computing unearned increase.	(-)	Amount of premium paid or payable to the Government/ Government Authority for lease of such land.

RULE 14: VALUATION OF ASSETS OF BUSINESS

<u>APPLICABLE FOR ALL ASSESSEES CARRYING ON BUSINESS & MAINTAINING BOOKS OF ACCOUNT</u>

Rule 14 is applicable to all assessees namely individuals, HUFs and companies which are carrying on business and are maintaining books of accounts regularly. The assets of the business shall be valued as per Rule 14. Other assets, namely personal assets shall be valued normally as per Schedule III.

RULE 14 SHALL ALSO APPLY WHILE COMPUTING THE NET WEALTH OF THE FIRM/ AOP/ BOI FOR THE PURPOSES OF RULE 15 AND 16

<u>Step I:</u> Determine the value of assets DISCLOSED IN THE BALANCE SHEET as under:

(a) Depreciable Assets	=	W.D.V as per Income Tax Act
(b) Non Depreciable Assets	=	Book value
(c) Urban land held as SIT after 10years from the date of its acquisition	=	Value adopted for Income-tax purposes

<u>Note:</u> ONLY THE ASSETS AS DEFINED IN SECTION 2 (ea) SHOULD BE TAKEN.

<u>Step II:</u> Determine the Schedule III value of the above assets as under:

(i) House	Rules 3 to 8
(ii) Jewellery	Rules 18 & 19
(i) Urban Land, Motor Cars, Yachts, Boats & Air Crafts	Fair Market Value (Rule 20)

Step III

If the value as per Step II exceeds the value as per Step I by more than 20% of value as per Step I

Then take the value as per Step II

If value as per Step II does not exceed the value as per Step I by more than 20% of value as per Step I

Then take the value as per Step I

Note:

1. The above exercise is to be carried out for each assets.

2. Take schedule III value for the assets not disclosed in the Balance Sheet.

3. Debts incurred on assets included in the net wealth are deductible. If a debt is incurred on an Asset and a Non-Asset AND it is not possible to compute the debt utilized for acquiring the asset, then the following debt is deductible:

$$\text{Total Debt } \mathbf{X} \; \frac{\text{Actual Cost of Asset}}{\text{Actual Cost of Asset and Non-Asset}}$$

RULES 15 & 16: VALUATION OF INTEREST IN A FIRM OR ASSOCIATION OF PERSONS

The value of interest of a partner in assets of the firm or a member in the assets of AOP/ BOI for inclusion in the net wealth of the partner/ member shall be determined as under:

(a) Determine the net wealth of the firm/ AOP/ BOI as if it were an assessee as per Rule 14. No exemptions should be given under section 5.

(b) The portion of net wealth computed in (a) above as is equal to the capital of the firm/ AOP/ BOI should be allocated to the partners/ members in the proportion in which capital has been contributed by them.

(c) The residual net wealth should be allocated amongst the partners/ members in accordance with:

- Dissolution ratio.
- In absence of dissolution ratio, in profit sharing ratio.

(d) The sum total of (b) and (c) shall be the interest of that partner/ member in the assets of the firm to be included in his net wealth.

Note 1: Where a partner of a firm is a non-resident or non-citizen of India or resident but not ordinarily resident and the firm has assets located outside India, then the following shall not be included in the net wealth of such a partner as per section 6 of Wealth tax Act:

$$\text{Such partner's share in assets of the firm computed as per Rules 15 \& 16} \times \frac{\text{Assets of the firm located outside India} - \text{Debts incurred in respect of such assets}}{\text{Net wealth of the firm}}$$

Note 2: Where the net wealth of the firm computed above includes the value of any assets exempt under section 5, then the value of the interest of the partner/ member shall be deemed to include his proportionate share in the said assets and exemption under section 5 shall be allowed to partners/ members in respect of such assets. The interest of the partner/ member in the assets of the firm/ AOP/ BOI exempt under section 5 SHALL BE IN DISSOLUTION RATIO and in absence of dissolution ratio, IN THE PROFIT SHARING RATIO.

RULE 17: VALUATION OF LIFE INTEREST

The value of the life interest of an assessee shall be arrived as under:

$$\text{Average Annual Income} \quad \mathbf{X} \quad \left[\frac{1}{P + d} - 1 \right]$$

Note: 1. $d = \dfrac{i}{1 + i}$

2. "i" is the rate of interest which shall be 6.5% per annum.

3. P = Annual Premium for a whole life insurance without profits on the life of the life tenant for unit sum assured.

   Note: "Life Tenant" means a person for duration of whose life, the life interest is to subsist i.e. the person who enjoys income from property for his lifetime.

4. 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.

   Note: (a) The amount of reduction for such expense shall in no case exceed 5% of the average of the annual gross income.

   (b) In case the income so derived is for a period exceeding 3 years, only that income derived during the three years ending on the valuation date shall be taken into account.

5. The value of life interest so determined shall in no case exceed the value as on the valuation date as determined under Schedule III of the corpus of the trust from which the life interest is derived.

RULES 18 & 19: VALUATION OF JEWELLERY

The value of jewellery shall be taken to be the price which it would fetch if sold in the open market on the valuation date. The return of net wealth shall be supported by -

(a) a statement in prescribed form where the value of jewellery on valuation date does not exceed Rs.5,00,000/-.

(b) a report of a registered valuer where the value of jewellery on valuation date exceeds Rs.5,00,000/-.

Where the value of jewellery has been determined by the Valuation Officer or registered valuer for any assessment year, then such valuation shall be adopted for the subsequent 4 assessment years subject to the following adjustments:

(a) Market value of gold or silver or any alloy containing gold or silver as on the subsequent valuation date shall be substituted.

(b) Adjustment shall be made in respect of any acquisition or sale of jewellery since the last valuation date.

Note: 1. In the subsequent 4 assessment years, the report of Registered valuer is not required even if the value of jewellery exceeds Rs. 5,00,000/-.

2. The Assessing Officer can make a reference under section 16A to the Valuation Officer in respect of the subsequent four assessment years.

RULE 20: VALUATION OF OTHER ASSETS

The value of any asset other than referred to in above mentioned paragraphs shall be the value it will fetch if sold in the open market. Where the value of the asset can not be estimated because it is not saleable in the market, the value shall be determined in accordance with instructions issued by CBDT from time to time.

RULE 21: RESTRICTIVE COVENANTS TO BE IGNORED IN DETERMINING MARKET VALUE

The price or other consideration for which any property may be acquired by or transferred to any person under the terms of a trust deed or under any restrictive covenant in any instrument of transfer shall be ignored for the purposes of determining the value of the property under this Schedule.

ASSESSMENT PROCEDURES UNDER THE WEALTH TAX ACT

Assessment procedures under the Wealth-tax Act are the same as procedures under the Income-tax Act:

Section of Income-tax Act	***Corresponding section of Wealth-tax Act***	***Provisions***
Section 139(1)	Section 14(1)	Obligation to file return
Section 139(4)	Section 15	Belated Return
Section 139(5)	Section 15	Revised Return
Section 140	Section 15A	Signing of Return
Section 140A	Section 15B	Self Assessment
Section 143(1)	Section 16(1)	Intimation or deemed intimation
Section 143(2)	Section 16(2)	Notice for making scrutiny assessment
Section 143(3)	Section 16(3)	Scrutiny Assessment
Section 144	Section 16(5)	Best Judgment Assessment
Section 147 to 152	Section 17	Income Escaping Assessment
Section 153	Section 17A	Time limit for completion for Assessment or reassessment
Section 234A	Section 17B	Interest on late filing of return
Section 271(1)(c)	Section 18(1)(c)	Penalty for concealment
Section 273A	Section 18B	Power to reduce or waive penalty in certain cases
Section 263	Section 25(2)	Revision of orders prejudicial to revenue by Commissioner
Section 264	Section 25(1)	Revision of other orders by Commissioner

Though, few provisions of the assessment proceedings under the Wealth-tax Act differ from those under the Income-tax Act. The said differences are:

Section under Income tax Act	Provision under Income tax Act	Corresponding Section under Wealth tax Act	Provision under Wealth tax Act
-	No such provision. Therefore, voluntary return can be filed.	Section 14(2)	Wealth tax **Return can not be filed** if net wealth is **below taxable limit**. i.e., voluntary return cannot be filed. But this provision shall not apply if return is furnished in response to a notice u/s 17.
-	**Individual & HUF – Slab rates** apply. **Company – No minimum exemption limit** is available.	-	Return is to filed if wealth **exceeds Rs. 15,00,000/-**
Section 149(1)	Time Limit for issue of Notice where income has escaped assessment: (a) 4 years (b) 6 years where income which has escaped assessment is **Rs. 1,00,000/- or more.**	Section 17(1)	Time Limit for issue of Notice where wealth has escaped assessment: (a) 4 years (b) 6 years where wealth which has escaped assessment is **Rs. 10,00,000/- or more.**
Section 271(1)(c)	**Penalty for concealment** of Income: *Minimum Penalty:* **100%** of tax sought to be evaded *Maximum Penalty:* **300%** of tax sought to be evaded	Section 18(1)(c)	**Penalty for concealment** of wealth: *Minimum Penalty:* **100%** of tax sought to be evaded *Maximum Penalty:* **500%** of tax sought to be evaded
Section 211	Payment of Advance tax	-	No Provision
Section 234B/C	Interest on failure to pay advance tax	-	No Provision
-	No such Provision	Explanation 4 to section 18(1)(c)	Where the **value of any asset returned** by any person is **less than 70%** of the value of such asset as determined in an assessment under section 16 or 17, such person shall be

			deemed to have furnished inaccurate particulars of such asset unless he proves that the value of asset as returned by him is the correct value.
-	Income is **rounded off** to the nearest **multiple of ten** rupee.	-	Wealth is **rounded off** to the nearest **multiple of hundred** rupee.

LIABILITY TO ASSESSMENT IN SPECIAL CASES

SECTION 19: TAX OF DECEASED PERSON PAYABLE BY LEGAL REPRESENTATIVE

1. Wealth tax, penalty and interest which have been levied on the deceased before his death can be recovered from the executor/ administrator/ legal representative. The recovery shall however be restricted to the estate inherited and cannot exceed the value of estate inherited.

2. Assessment for the deceased can be made on the legal heir and wealth tax so determined can be recovered from legal heir.

3. Penalty can not be levied on the legal heir for the default of the deceased. ***(CWT vs. H.S. Chauhan (Delhi High Court).***

4. The provisions of filing of return, belated return, revised return and assessment/ reassessment of wealth escaping assessment shall apply to the legal heir as they would have applied to the deceased.

SECTION 19A: ASSESSMENT IN THE CASE OF EXECUTORS

This section deals with the case where the estate of the deceased is under execution and properties of the deceased have not been distributed.

(1) The net wealth of the estate of a deceased person shall be chargeable to tax in the hands of the executors.

(2) The executors shall for the purposes of this Act be treated as an individual.

(3) The status of the executors shall 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 executors under this section shall be made separately from any assessment that may be made on him in respect of their 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.

(6) In computing the net wealth on any valuation date under this section, any assets of the estate distributed to any legal heir prior to that valuation date shall be excluded, but the assets so excluded shall, to the extent such assets are held by the legal heir on any valuation date, be included in the net wealth of such legal heir on that valuation date.

SECTION 20: ASSESSMENT AFTER PARTITION OF A HINDU UNDIVIDED FAMILY

(1) Where, at the time of making an assessment, it is brought to the notice of the Assessing Officer that a partition has taken place among the members of a HUF, and the A.O., 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 thereafter the A.O. 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.

Note: The member's liability is unlimited and is not restricted to the value of assets received by them.

(2) Where the 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.

SECTION 20A: ASSESSMENT AFTER PARTIAL PARTITION OF A HUF

Where a partial partition has taken place 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;

SECTION 21A: ASSESSMENT IN CASES OF DIVERSION OF PROPERTY, OR OF INCOME FROM PROPERTY, HELD UNDER TRUST FOR PUBLIC CHARITABLE OR RELIGIOUS PURPOSES

Notwithstanding anything contained in clause(i) of section 5, where any property is held under trust for any public purposes of a charitable or religious nature in India and -

(i) any part of such property or any income of such trust whether derived from such property or from voluntary contributions is used or applied, directly or indirectly, for the benefit of any person referred to in sub-section (3) of section 13 of the Income-tax Act (i.e., author, founder, trustee, manager, any person who has made contribution to the trust exceeding Rs. 50,000.00 in a previous year and their relatives), or

(ii) any funds of the trust are invested or deposited, in contravention of the provision of clause (d) of sub-section(1) of section 13 of the Income-tax Act.(i.e., banks and government securities)

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.

SECTION 22: ASSESSMENT OF PERSONS RESIDING OUTSIDE INDIA

(1) Where the person liable to tax 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) The following person can be treated as the agent of non-resident provided the Assessing Officer has served a notice on such person of his intention to treat him as agent of non-resident:

(a) Any person employed by or on behalf of the non-resident.

(b) Any person through whom the non-resident is in receipt of any income.

(c) Any person who is in possession or custody of any asset of the non-resident.

(3) No person shall be deemed to be the agent of non-resident unless he has had an opportunity of being heard by the Assessing Officer as to his being treated as agent of non-resident.

(4) Any agent who pays any sum under this section, shall be entitled to recover the sum so paid from the non-resident or to retain out of the monies in his possession or to retain out of the monies that may come in his possession, in his capacity as an agent, an amount equal to the sum so paid.

(5) If an agent apprehends that he may be assessed as an agent, then he may retain out of the monies payable to the non-resident, an amount of his estimated liability under this section. If there is a disagreement between the agent and the non-resident on the amount to be so retained, then such agent may secure from the Assessing Officer a certificate stating the amount to be retained pending the final settlement of liability. Such certificate shall be a warrant for the agent for retaining that amount.

The amount which can be recovered from the agent shall not exceed the amount specified in the certificate. However, the Assessing Officer can recover an extra amount only out of the additional assets of the non-resident which the agent may be having at the time of recovery.

SECTION 33: LIABILITY OF TRANSFEREES OF PROPERTIES IN CERTAIN CASES

Where by reason of section 4, the value of any asset transferred is to be included in the net wealth of transferor, then notwithstanding anything contained in any law, the transferee shall be liable to pay that portion of the wealth tax assessed on the transferor as is attributable to value of asset standing in the name of transferee. The Assessing Officer shall have to serve a notice of demand on the transferee for such tax.