

Finance Act, 1981

Section 16 - Insertion of New Section 167a

In Chapter XV of the Income-tax Act, after section 167, and before the sub-heading "E. Executors", the following sub-heading and section shall be inserted, namely :-

"DD. Associations of persons special cases

167A. Charge of tax where shares of members unknown. (1) Where the individual shares of the members of an association of persons (other than a Company or co-operative society) in the income of such association are indeterminate or unknown, tax shall be charged on the total income of the association at the maximum marginal rate.

(2) Where the individual shares of the members of an association of persons (other than a company or co-operative society) in any part of the income of such association are indeterminate or unknown, the income-tax payable by the association shall be the aggregate of -

(i) the amount of income-tax calculated on the aforesaid part of the total income, at the maximum marginal rate; and

(ii) the amount of income-tax with which it would have been chargeable had the remaining part of the total income been its total income.

Explanation : For the purposes of the section, -

(a) "maximum marginal rate" shall have the meaning assigned to it in Explanation 2 below sub-section (3) of section 164;

(b) the individual shares of the members of an association of persons in the income of such association shall be deemed to be indeterminate or unknown if such shares are indeterminate or unknown on the date of formation of such association or at any time thereafter.'
