

Finance Act, 1981

Section 27 - Insertion of New Section 21aa

After section 21A of the Wealth-tax Act, the following section shall be inserted, namely :-

"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, 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 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.

(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 Wealth-tax Officer shall make an assessment of the net wealth of the association of persons as if no such discontinuance or dissolution had taken place and all the provisions of this Act, including the provisions relating to the levy of penalty or any other sum chargeable under any provision of this Act, so far as may be, shall apply to such assessment.

(3) Without prejudice to the generality of the provisions of sub-section (2), if the Wealth-tax Officer or the Appellate Assistant Commissioner 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 person, 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 of 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.

Explanation : Notwithstanding anything contained in section 5, in computing the net wealth for the purposes of this section in any case, 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."

