

Finance Act 1965

Section 41 - Amendment of Section 178

In section 178 of the Income tax Act, for sub sections (3) and (4), the following sub sections shall be substituted, namely :

"(3) The liquidator

(a) shall not, without the leave of the Commissioner, part with any of the assets of the company or the properties in his hands until he has been notified by the Income tax Officer under sub section (2); and

(b) on being so notified, shall set aside an amount equal to the amount notified and, until he so sets aside such amount, shall not part with any of the assets of the company or the properties in his hands :

Provided that nothing contained in this sub section shall debar the liquidator from parting with such assets or properties for the purpose of the payment of the tax payable by the company or for making any payment to secured creditors whose debts are entitled under law to priority of payment over debts due to Government on the date of liquidation or for meeting such costs and expenses of the winding up of the company as are in the opinion of the Commissioner reasonable.

(4) If the liquidator fails to give the notice in accordance with sub section (1) or fails to set aside the amount as required by sub section (3) or parts with any of the assets of the company or the properties in his hands in contravention of the provisions of that sub section, he shall be personally liable for the payment of the tax which the company would be liable to pay :

Provided that if the amount of any tax payable by the company is notified under sub section (2), the personal liability of the liquidator under this sub section shall be to the extent of such amount".
