Finance Act 1976

Section 27 - Amendment of Act 27 of 1957

In the Wealth-tax Act, 1957, -

(1) in section 3, for the words "at the rate or rates specified in the Schedule", the words and figure "at the rate or rates specified in Schedule I" shall be substituted with effect from the 1st day of April, 1977;

(2) in section 5, in sub-section (1), -

(a) after clause (ivb), the following clause shall be inserted with effect from the 1st day of April, 1977, namely :-

(ivc) one or more dwelling units (each such dwelling unit having a plinth area not exceeding eighty square metres) and the land appurtenant thereto, belonging to the assessee, where the construction of such dwelling unit or units is begun on or after the 1st day of April, 1976 :

Provided that this exemption shall apply in respect of any dwelling unit or units and the land appurtenant thereto only for a period of five successive assessment years next following the date on which the construction of such dwelling unit or units is completed.

Explanation : For the purposes of this clause, -

(a) "dwelling unit" means a unit of accommodation used solely for the purpose of residence;

(b) "land appurtenant", in relation to any dwelling unit or units comprising a building, means, -

(i) in an area where there is any law in force providing for the minimum extent of land contiguous to the land occupied by any building to be kept as open space for the enjoyment of such building, the minimum extent of land contiguous to the land occupied by the building comprising such dwelling unit or units required to be kept as open space under such law;

(ii) in any other area, an extent of land not exceeding one-third of the plinth area of the building comprising the dwelling unit or units at the ground level contiguous to the land occupied by such building;";

(b) after clause (x), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1975, namely :-

"(xa) the amount of any fee due to the assessee in respect of services rendered by him as a legal practitioner within the meaning of the Advocates Act, 1961 (25 of 1961);";

(c) after clause (xxx), the following clause shall be inserted, namely :-

(xxxa) the value of any building belonging to the assessee, where the building is used solely for the purposes of residence of persons employed by the assessee in any plantation or industrial undertaking belonging to the assessee and the income of each such person chargeable under the head "Salaries" under the Income-tax Act is ten thousand rupees or less;;

(d) in the Explanation to clause (xxxi), -

(i) for the words "this clause", the words, brackets, figures and letter "clause (xxxa), this clause" shall be substituted;

(ii) for the words, brackets and figures "and clause (xxxii)", the words, brackets and figures "clause (xxxii) and clause (xxxiv)" shall be substituted with effect from the 1st day of April, 1977;

(e) after clause (xxxii), the following clauses shall be inserted with effect from the 1st day of April, 1977, namely :-

"(xxxiii) in the case of an assessee, being a person of Indian origin who was ordinarily residing in foreign country and who, on leaving such country, has returned to India with the intention of permanently residing therein, moneys and the value of assets brought by him into India and the value of the assets acquired by him out of such moneys :

Provided that this exemption shall apply only for a period of seven successive assessment years commencing with the assessment year next following the date on which such person returned to India.

Explanation : A person shall be deemed to be of Indian origin if he, or either of his parents or any of his grandparents, was born in undivided India;

(xxxiv) in the case of an individual, being a citizen of India, who is not resident in India during the year ending on the valuation date, the value of any equity shares in any company of the type referred to in clause (d) of section 45 which is engaged in the business of manufacture or production of any one or more of the articles or things specified in Schedule II or which is certified by the prescribed authority to have undertaken the export of such percentage of its total production as may be specified in this behalf by the prescribed authority, where such shares form part of the initial issue of the equity share capital made by the company after the 31st day of March, 1976, or where such shares form part of an issue of equity share capital which is certified by the prescribed authority to have been made by the company after the 31st day of March, 1976, for the purposes of expansion or diversification of its industrial undertaking.

Explanation : An individual shall be deemed to be not resident in India during the year ending on the valuation date if in respect of that year the individual is not resident in India within the meaning of the Income-tax Act.";

(3) in section 7, -

(a) in sub-section (3), for the words "the valuation date" the words, brackets and figure "the valuation date, or, in the case of an asset being a house referred to in sub-section (4), the valuation date referred to in that sub-section" shall be substituted;

(b) after sub-section (3), the following sub-section shall be inserted, namely :-

(4) Notwithstanding anything contained in sub-section (1), the value of a house belonging to the assessee and exclusively used by him for residential purposes throughout the period of twelve months immediately preceding the valuation date may, at the option of the assessee, be taken to be the price which, in the opinion of the Wealth-tax Officer, it would fetch if sold in the open market on the valuation date next following the date on which he become the owner of the house, or on the valuation dated relevant to the assessment year commencing on the 1st day of April, 1971, whichever valuation date is later :

Provided that where more than one house belonging to the assessee is exclusively used by him for residential purposes, the provisions of this sub-section shall apply only in respect of one of such house which the assessee may, at his option, specify in the behalf in the return of net wealth.

Explanation : For the purposes of this sub-section -

(i) where the house has been constructed by the assessee, he shall be deemed to have become the owner thereof on the date on which the construction of such house was completed;

(ii) "house" includes a part of a house, being an independent residential unit.;

(4) in section 21, in sub-section (4), for the words "the Schedule", at both the places where they occur, the word and figure "Schedule I" shall be substituted with effect from the 1st day of April, 1977;

(5) in section 21A, in clause (a), for the words "the Schedule", the word and figure "Schedule I" shall be substituted with effect from the 1st day of April, 1977;

(6) the Schedule shall be numbered as Schedule I with effect from the 1st day of April, 1977, and with effect from that date -

(a) in the Schedule as so numbered, for the Part I, the following Part shall be substituted, namely :-

Part I

(1) In the case of every individual or Hindu undivided family, not being a Hindu undivided family to which item (2) of this Paragraph applies, -

Rates of Tax

(a) where the net wealth does not exceed Rs. 5,00,000	1/2 per cent. of the net wealth;
(b) where the net wealth exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000	Rs. 2,500 plus 1 1/2 per cent. of the amount by which the net wealth exceeds Rs. 5,00,000;
(c) where the net wealth exceeds Rs. 10,00,000 but does not Rs. 10,00,000 but does not	Rs. 10,000 plus 2 per cent. of the amount by which the net xwealth exceeds Rs. 10,00,000;
(d) where the net wealth exceeds Rs. 15,00,000	Rs. 20,000 plus 2 1/2 per cent. of the amount by which the net wealth exceeds Rs. 15,00,000 :

Provided that for the purposes of this item, -

(i) no wealth-tax shall be payable where the net wealth does not exceeds Rs. 1,00,000;

(ii) the wealth-tax payable shall, in no case, exceed 5 per cent. of the amount by which the net wealth exceeds Rs. 1,00,000.

(2) In the case of every Hindu undivided family which has at least one member whose net wealth assessable for the assessment year exceeds Rs. 1,00,000, -

Rates of Tax

(a) where the net wealth does 1 not exceed Rs. 5,00,000	1/2 per cent. of the net wealth;

(b) where the net wealth exceeds Rs. 5,00,000 but does not net exceed Rs. 10,00,000	Rs. 7,500 plus 2 per cent. of the amount by which the wealth exceeds Rs. 5,00,000;
(c) where the net wealth exceeds Rs. 10,00,000	Rs. 17,500 plus 2 1/2 per cent. of the amount by which the net wealth exceeds Rs. 10,00,000 :

Provided that for the purposes of this item, -

(i) no wealth-tax shall be payable where the net wealth does not exceed Rs. 1,00,000;

(ii) the wealth-tax payable shall, in a case, exceed 5 per cent. of the amount by which the net wealth exceeds Rs. 1,00,000.";

(b) after the Schedule as so numbered, the following Schedule shall be inserted, namely :-

Schedule II

[See section 5(1) (xxxiv)]

List of Articles or Things

1. Ferro alloys; steel castings and forgings; special steels; and non-ferrous metals and their alloys.

2. Boilers and Steam Generating Plants.

3. Prime Movers (other than Electrical Generators), being industrial turbines or internal combustion engines.

4. Equipment for transmission and distribution of electricity; electrical motors; electrical furnaces; X-ray equipment; and electronic components and equipment.

5. Mechanised sailing vessels up to 1000 DWT; ship ancillaries; and commercial vehicles.

6. Industrial machinery.

7. Machine tools.

8. Agricultural machinery, being tractors or power tillers.

9. Earth-moving machinery.

10. Industrial instruments, being indicating, recording and regulating devices for pressure, temperature, rate of flow, weights, levels and the like.

11. Scientific instruments.

12. Nitrogenous and phosphatic fertilisers falling under "(1) Inorganic fertilisers" mentioned under the heading "18. Fertilisers" in the First Schedule to the Industries (Development and Regulation)

Act, 1951 (65 of 1951).

13. Chemicals (other than fertilisers), namely :-

(1) Inorganic heavy chemicals.

(2) Organic heavy chemicals.

(3) Fine chemicals including photographic chemicals.

(4) Synthetic resins and plastics.

(5) Synthetic rubbers.

(6) Man-made fibres.

(7) Industrial explosives.

(8) Inspecticides, fungicides, weedicides and the like.

(9) Synthetic detergents.

(10) Miscellaneous chemicals (for industrial use only).

14. Drugs and pharmaceuticals.

15. Paper and pulp including paper products.

16. Automobile tyres and tubes.

17. Plate glass.

18. Ceramics, being refractories or furnace lining bricks -acidic, basic and neutral.

19. Cement products, being portland cement or asbestos cement..