

Wealth-tax Act, 1957

Section 5 - Exemptions in Respect of Certain Assets

1 [2 [*****] Wealth-tax shall not be payable by an assessee in respect of the following assets]; and such assets shall not be included in the net wealth of the assessee--

(i) any property held by him under trust or other legal obligation for any public purpose of a charitable or religious nature in India;

3 [Provided that nothing contained in this clause shall apply to any property forming part of any business, not being a business referred to in clause (a) or clause (b) of sub-section (4A) of section 11 of the Income-tax Act in respect of which separate books of account are maintained or a business carried on by an institution fund or trust referred to in 2 [*****] clause (23B) or clause (23C) of section 10 of the Act;]

(ii) the interest of the assessee in the coparcenary property of any Hindu undivided family of which he is a member;

(iii) 4 [any one building in the occupation of a Ruler, being a building which immediately before the commencement of the Constitution (Twenty-sixth Amendment) Act, 1971, was his official residence by virtue of a declaration by the Central Government] under paragraph 13 of the Merged States (Taxation Concessions) Order, 1949, or paragraph 15 of the Part B States (Taxation Concessions) Order, 1950;

5 [*****]

6 [(iv)] jewellery in the possession of any Ruler, not being his personal property, which has been recognised before the commencement of this Act by the Central Government as his heirloom or, where no such recognition exists, which the Board may, subject to any rules that may be made by the Central Government in this behalf, recognise as his heirloom at the time of his first assessment to wealth-tax under this Act:

7 [Provided that in the case of jewellery recognised by the Central Government as aforesaid, such recognition shall be subject to the following conditions, namely: -

(i) that the jewellery shall be permanently kept in India and shall not be removed outside India except for a purpose and period approved by the Board;

(ii) that reasonable steps shall be taken for keeping the jewellery substantially in its original shape;

(iii) that reasonable facilities shall be allowed to any officer of Government authorised by the Board in this behalf to examine the jewellery as and when necessary; and

(iv) that if any of the conditions hereinbefore specified is not being duly fulfilled, the Board may, for reasons to be recorded in writing, withdraw the recognition retrospectively with effect from the date of commencement of clause (b) of section 5 of the Rulers of Indian States (Abolition of Privileges) Act, 1972 (54 of 1972), and in such a case, wealth-tax shall become payable by the Ruler for all the assessment years after such commencement for which the jewellery was exempted on account of the recognition.

Explanation. -For the purposes of clause (iv) of the foregoing proviso, the fair market value of any jewellery on the date of the withdrawal of the recognition in respect thereof shall be deemed to be the fair market value of such jewellery on each successive valuation date relevant for the assessment years referred to in the said proviso:

Provided further that the aggregate amount of wealth tax payable in respect of any jewellery under clause (iv) of the foregoing proviso for all the assessment years referred to therein shall not in any case exceed fifty per cent, of its fair market value on the valuation date relevant for the assessment year in which recognition was withdrawn;]

[8](#) [*****]

[9](#) [[10](#) [(v)] in the case of an assessee, being a person of Indian origin [11](#) [or a citizen of India (hereafter in this clause referred to as such person)] who was ordinarily residing in a 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 [12](#) [within one year immediately preceding the date of his return and at any time thereafter]:

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

Explanation. - [13](#) [1] 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].

[14](#) [Explanation 2. - For the removal of doubts, it is hereby declared that moneys standing to the credit of such person in a Non-resident (External) Account, in any bank in India in accordance with the Foreign Exchange Regulation Act, 1973 (46 of 1973) and any rules made thereunder, on the date of his return to India, shall be deemed to be moneys brought by him into India on that date]

[15](#) [*****]

[16](#) [(vi) one house or part of a house or a plot of land belonging to an individual or a Hindu undivided family:

Provided that wealth-tax shall not be payable by an assessee in respect of an asset being a plot of land comprising an area of five hundred square metres or less.]

[17](#) [*****]

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1. The words "Subject to the provisions of sub-section (1A), wealth-tax shall not be payable by an assessee in respect of the following assets" substituted by Act 19 of 1970, Section 26(b)(i), for "wealth-tax shall not be payable by an assessee in respect of the following assets" w.e.f. 10-4-1971.
 2. The words "(1) subject to the provisions of sub-section (1A)" omitted by Act 18 of 1992, Section 92(a)(i) w.e.f. 1-4-1993.
 3. Added by Act 32 of 1985, Section 37(a)(i) w.e.f. 1-4-1986 and substituted by Act 4 of 1988, Section 160(1) w.e.f. 1-4-1998 and the substituted proviso omitted by Act 3 of 1989, Section 95(r) w.e.f. 1-4-1989.
 4. The words "clause (22) or clause (22A) or" omitted by Act 21 of 1998, Section 68(A) w.e.f. 1-4-1999.
 5. Substituted by Act 54 of 1972, Section 5 (a) w.e.f. 9-9-1972.
 6. Clauses (iv) to (xiii) omitted by Act 18 of 1992, Section 92(a)(ii) w.e.f. 1-4-1993.
 7. Inserted by Act 54 of 1972, Section 5(b) w.e.f. 9-9-1972.
 8. Clauses (xv) to (xxxii) omitted by Act 18 of 1992, Section 92(a)(ii) w.e.f. 1-4-1993.
 9. Inserted by Act 66 of 1976, Section 27(2)(e) w.e.f. 1-4-1977.

10. Clause (xxxiii) re-numbered as clause (v) by Act 18 of 1992, Section 92(a)(ii) w.e.f. 1-4-1993.
11. Inserted by Act 67 of 1984, Section 54(A)(ii) w.e.f. 1-4-1977.
12. Inserted by Act 23 of 1986, Section 40(a)(ii)(A) w.e.f. 1-4-1987.
13. Explanation re-numbered as Explanation 1 by Act 23 of 1986, Section 40(a)(ii)(B) w.e.f. 1-4-1977.
14. Inserted by Act 23 of 1986, Section 40(a)(ii)(B) w.e.f. 1-4-1977.
15. Clause (xxxiv) omitted by Act 18 of 1992, Section 92(a)(ii) w.e.f. 1-4-1993.
16. Clause (vi) Inserted by Act 38 of 1993, Section 39 w.e.f. 1-4-1994 and Substituted by Act 21 of 1998, Section 68(b) w.e.f. 1-4-1999.
17. Sub-sections (1A) to (4) omitted by Act 18 of 1992, Section 92(b) w.e.f. 1-4-1993.