

Wealth-tax Act, 1957

Section 21 - Assessment when Assets Are Held by Courts of Wards, Administrators-general, Etc.

(1) 1 [Subject to the provisions of sub-section(1A), in the case of assets chargeable to tax under this Act], which are held by a court of wards or an administrator-general or an official trustee or any receiver or manager or any other person, by whatever name called, appointed under any order of a court to manage property on behalf of another, or any trust appointed under a trust declared by a duly executed instrument in writing, whether testamentary or otherwise (including a trustee under a valid deed of wakf), the wealth-tax shall be levied upon and recoverable from the court of wards, administrator-general, official trustee, receiver, manager or trustee, as the case may be, in the like manner and to the same extent as it would be leviable upon and recoverable from the person 2 [on whose behalf or for whose benefit] the assets are held, and the provisions of this Act shall apply accordingly.

3 [Explanation. -A trust which is not declared by a duly executed instrument in writing (including a valid deed of wakf) shall be deemed, for the purposes of this sub-section, to be a trust declared by a duly executed instrument in writing if a statement in writing, signed by the trustee or trustees, setting out the purpose or purposes of the trust, particulars as to the trustee or trustees, the beneficiary or beneficiaries and the trust property, is forwarded to the 4 [Assessing Officer] -

(i) where the trust has been declared before the 1st day of June, 1981, within a period of three months from that day; and

(ii) in any other case, within three months from the date of declaration of the trust.]

5 [(1A) Where the value or aggregate value of the interest or interests of the person or persons on whose behalf or for whose benefit such Assets are held falls short of the value of any such assets, then, in addition to the wealth-tax leviable and recoverable under sub-section (1), the wealth-tax shall be levied upon and recovered from the court of wards, administrator-general, official trustee, receiver, manager or other person or trustee aforesaid in respect of the value of such assets, to the extent it exceeds the value or aggregate value of such interest or interests, as if such excess value were the net wealth of an individual who is a citizen of India and resident in India for the purposes of this Act, and--

(i) at the rates specified in Part I of Schedule I; or

(ii) at the rate of three per cent., whichever course would be more beneficial to the revenue.]

(2) Nothing contained in sub-section (1) shall prevent either the direct assessment of the person 2 [on whose behalf or for whose benefit] the assets above referred to are held, or the recovery from such person of the tax payable in respect of such assets.]

(3) Where the guardian or trustee of any person being a minor, lunatic or idiot 6 [*****] holds any assets 7 [on behalf or for the benefit of such beneficiary,] the tax under this Act shall be levied upon and recoverable from such guardian or trustee, as the case may be, in the like manner and to the same extent as it would be leviable upon and recoverable from any such beneficiary if of full age, of sound mind and in direct ownership of such assets.

8 [(4) 9 [Notwithstanding anything contained in the foregoing provisions of this section], where the shares of the persons on whose behalf or for whose benefit any such assets are held are indeterminate or unknown, the wealth-tax shall be levied upon and recovered from the court of wards, administrator-general, official trustee, receiver, manager, or other person aforesaid 10 [, as the case may be, 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 11 [Schedule I] 12 [*****] or

(b) at the rate of [13](#) [three per cent.],

whichever course would be more beneficial to the revenue:

Provided that in a case where--

(i) such assets are held [14](#) [under a trust declared by any person by will and such trust is the only trust so declared by him]; or

[15](#) [(ia) none of the beneficiaries has net wealth exceeding the amount not chargeable to wealth-tax in the case of an individual who is a citizen of India and resident in India for the purposes of this Act or is a beneficiary under any other trust; or]

(ii) such assets are held under a trust created before the 1st day of March, 1970, by a non-testamentary instrument and the [4](#) [Assessing Officer] is satisfied, having regard to all the circumstances existing at the relevant time, that the trust was created bona fide exclusively for the benefit of the relatives of the settlor or where the settlor is a Hindu undivided family, exclusively for the benefit of the members of such family, in circumstances where such relatives or members were mainly dependent on the settlor for their support and maintenance; or

(iii) such assets are held by the trustees on behalf of a provident fund, superannuation fund, gratuity fund, pension fund or any other fund created bona fide by a person carrying on a business or profession exclusively for the benefit of persons employed in such business or profession, wealth-tax shall be charged at the rates specified in Part I of [12](#) [Schedule I] [13](#) [*****]

[16](#) [Explanation 1. - For the purposes of this sub-section, the shares of the persons on whose behalf or for whose benefit any such assets are held shall be deemed to be indeterminate or unknown unless the shares of the persons on whose behalf or for whose benefit such assets are held on the relevant valuation date are expressly stated in the order of the court or instrument of trust or deed of wakf, as the case may be, and are ascertainable as such on the date of such order, instrument or deed.]

[17](#) [Explanation [18](#) [2]. - Notwithstanding anything contained in section 5, in computing the net wealth [19](#) [for the purposes of this sub-section or sub-section (4A) in any case, not being a case referred to in the proviso to this sub-section], any assets referred to in clauses (xv), (xvi), (xxii), (xxiii), (xxiv), (xxv), (xxvi), (xxvii), (xxviii) and (xxix), of sub-section (I) of that section shall not be excluded.]

[20](#) [(4A) Notwithstanding anything contained in this section, where the assets chargeable to tax under this Act are held by a trustee under an oral trust, the wealth-tax shall be levied upon and recovered from such trustee 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.

Explanation.-For the purposes of this sub-section, "oral trust" means a trust which is not declared by a duly executed instrument in writing (including a valid deed of wakf) and which is not deemed under the Explanation to sub-section (1) to be a trust declared by a duly executed instrument in writing.]

[21](#) [(5)] Any person who pays any sum by virtue of the provisions of this section in respect of the net wealth of any beneficiary shall be entitled to recover the sum so paid from such beneficiary, and may retain out of any assets that he may hold on behalf or for the benefit of such beneficiary, an amount equal to the sum so paid.

Explanation.-In this section, the term "beneficiary" means any person including a minor, lunatic or idiot on whose behalf or for whose benefit assets are held by any other person.]

22 [(6)Nothing contained in this section shall apply to and in relation to any assessment for the assessment year commencing on the 1st day of April, 1993, or any subsequent assessment year.]

1. Substituted by Act 44 of 1980, sec. 40(a), for "In the case of assets chargeable to tax under this Act" w.e.f. 1-4-1980.
 2. Substituted by Act 46 of 1964, sec. 20(a), for "on whose behalf" w.e.f. 1-4-1965.
 3. Inserted by Act 16 of 1981, sec. 26(a) w.e.f. 1-4-1981.
 4. Substituted by Act 4 of 1988, sec. 127, for "Wealth-tax Officer" w.e.f. 1-4-1988.
 5. Inserted by Act 44 of 1980, sec. 40(b) w.e.f. 1-4-1980.
 6. The words '(all of which persons are hereinafter in this sub-section included in the term "beneficiary")' omitted by Act 46 of 1964, sec. 20(b)(i) w.e.f. 1-4-1965.
 7. Substituted by Act 46 of 1964, sec. 20(b)(ii), for "on behalf of such beneficiary" w.e.f. 1-4-1965.
 8. Substituted by Act 19 of 1970, sec. 26(e) w.e.f. 1-4-1971.
 9. Substituted by Act 16 of 1981, sec. 26(b)(i), for "Notwithstanding anything contained in this section" w.e.f. 1-4-1981.
 10. Substituted by Act 44 of 1980, sec. 40(c)(i) w.e.f. 1-4-1980.
 11. Substituted by Act 66 of 1976, sec. 27(4), for "the Schedule" w.e.f. 1-4-1977.
 12. The words "in the case of an individual" omitted by Act 32 of 1971, sec. 34(a) w.e.f. 1-4-1972.
 13. Substituted by act 44 of 1980, sec. 40(c)(iv), for "one and one-half per cent." w.e.f. 1-4-1980.
 14. Substituted by Act 44 of 1980, sec. 40(c)(iii)(I), for "under a trust declared by will" w.e.f. 1-4-1980.
 15. Inserted by Act 44 of 1980, sec. 40(c)(ii)(2) w.e.f. 1-4-1980.
 16. Inserted by Act 44 of 1980, sec. 40(c)(iv) w.e.f. 1-4-1980.
 17. Inserted by Act 32 of 1971, sec. 34(b) w.e.f. 1-4-1972.
 18. Explanation renumbered as Explanation 2 by Act 44 of 1980, sec. 40(c)(iv) w.e.f. 1-4-1980.
 19. Substituted by Act 16 of 1981, sec. 26(b)(ii) w.e.f. 1-4-1981.
 20. Inserted by Act 16 of 1981, sec. 26(c) w.e.f. 1-4-1981.
 21. Inserted by Act 46 of 1964, sec. 20(d) w.e.f. 1-4-1965.
 22. Inserted by Act 18 of 1992, sec. 94 w.e.f. 1-4-1993.
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