

Companies Act, 1913

Section 230 - Preferential payments

1) In a winding up there shall be paid in priority to all other debts- (a) all revenue, taxes, cesses and rates, whether payable to the crown or to a local authority, due from the company at the date hereinafter mentioned and having become due and payable within the twelve months next before that date; (b) all wages or salary of any clerk or servant in respect of service rendered to the company within the two months next before the said date, not exceeding one thousand rupees for each clerk or servant; [*]. (c) all wages of any labourer or workman, not exceeding five hundred rupees for each, whether payable for time or piecework, in respect of services rendered to the company within the two months next before the said date ; (d) compensation payable under the Workmen's Compensation Act, 1923, in respect of the death or disablement of any officer or employee of the company ; (e) all sums due to any employee from a provident fund, a pension fund, a gratuity fund or any other fund for the welfare of the employees maintained by the company; and (f) the expenses of any investigation held in pursuance of clause (iv) of (section 188) of this Act]. (2) The foregoing debts shall- (a) rank equally among themselves and be paid in full, unless the assets are insufficient to meet them, in which case they shall abate in equal proportion ; and (b) so far as the assets of the company available for payment of general creditors are insufficient to meet them, have priority over the claims of holders of debentures under any floating charge created by the company, and be paid accordingly out of any property comprised in or subject to that charge. (3) Subject to the retention of such sums as may be necessary for the costs and expenses of the winding up, the foregoing debts shall be discharged forthwith so far as the assets are sufficient to meet them. (4) In the event of a landlord or other person distraining or having distrained on any goods or effects of the company within three months next before the date of a winding up, order, the debts to which priority is given by this section shall be a first charge on the goods or effects so distrained on, or the proceeds of the sale thereof : Provided that in respect of any money paid under any such charge the landlord or other person shall have the same rights of priority as the person to whom the payment is made. (5) The date hereinbefore in this section referred to is- (a) in the case of a company ordered to be wound up compulsorily which had not previously commenced to be wound up voluntarily, the date of the winding up order and (b) in any other case, the date of the commencement of the winding up.