

Finance Act, 1983

Section 40 - Revival of Levy of Wealth-tax in the Case of Closely-held Companies

43 Notwithstanding anything contained in section 13 of the Finance Act, 1960 (13 of 1960), relating to exemption of companies from levy of wealth-tax under the Wealth-tax Act, 1957 (27 of 1957) (hereinafter referred to as the Wealth-tax Act), wealth-tax shall be charged under the Wealth-tax Act for every assessment year commencing on and from the 1st day of April, 1984 in respect of the net wealth on the corresponding valuation date of every company, not being a company in which the public are substantially interested, at the rate of two per cent. Of such net wealth.

Explanation : For the purposes of this sub-section, "company in which the public are substantially interested" shall have the meaning assigned to it in clause (18) of section 2 of the Income-tax Act.

(2) For the purposes of sub-section (1), the net wealth of a company on the valuation date is in excess of the aggregate value of all the assets referred to in sub-section (3), wherever located, belonging to the company on the valuation date is in excess of the aggregate value of all the debts owed by the company on the valuation date which are secured on, or which have been incurred in relation to, the said assets :

Provided that where any debt secured on any asset belonging to the assessee is incurred for, or enures to, the benefit of any other person, or is not represented by any asset belonging to the assessee, the value of such debt shall not be taken into account in computing the net wealth of the assessee.

(3) The assets referred to in sub-section (2) shall be the following, namely :-

43 gold, silver, platinum or any other precious metal or any alloy containing one or more of such precious metals;

(ii) precious or semi-precious stones whether or not set in any furniture, utensil or other article or worked or sewn into any wearing apparel;

(iii) ornaments made of gold, silver, platinum or any other precious metal or any alloy containing one or more of such precious metals, whether or not containing any precious or semi-precious stone, and whether or not worked or sewn into any wearing apparel;

(iv) utensils made of gold, silver, platinum or any other precious metal or any alloy containing one or more of such precious metals;

(v) land other than agricultural land;

(vi) building or land appurtenant thereto, other than building or part thereof used by the assessee as factory, godown, warehouse, hotel or office for the purposes of its business or as residential accommodation for its employees or as a hospital, enter, school, canteen, library, recreation enter, shelter, rest-room or lunch room mainly for the welfare of its employees and the land appurtenant to such building or part :

Provided that each such employee is an employee whose income (exclusive of the value of all benefits or amenities not provided for by way of monetary payment) chargeable under the head "Salaries" under the Income-tax Act does not exceed eighteen thousand rupees;

(vii) motor-cars; and

(viii) any other asset which is acquired or represented by a debt secured on any one or more of the assets referred to in clause (i) to clause (vii).

(4) The value of any asset specified in sub-section (3) shall, subject to the provisions of sub-section (3) of section 7 of the Wealth-tax Act, be estimated 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.

(5) For the purposes of the levy of wealth-tax under the Wealth-tax Act, in pursuance of the provisions of this section, -

43 section 5, clause (a) of sub-section (2) of section 7 and clause (d) of section 45 of that Act and Part II of Schedule I to that Act shall not apply and shall have no effect,

(b) the remaining provisions of that Act shall be construed so as be in conformity with the provisions of this section.

(6) Nothing in this section shall apply to any institution, association or body, whether incorporated or not and whether Indian or non-Indian, which the Central Government may, having regard to the nature and object of such institution, association or body, specify by notification in the Official Gazette and every notification issued under this sub-section shall be laid, as soon as may be after it is issued, before each House of Parliament.

(7) Subject to the provisions of sub-section (5), this section shall be construed as one with the Wealth-tax Act.
