

## Finance Act 1970

### Chapter VI - Other Direct Taxes

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In the Wealth-tax Act, 1957, -

(a) in section 2, to sub-clause (2) of clause (e), the following proviso shall be added and shall be deemed to have been added with effect from the 1st day of April, 1969, namely :-

"Provided that, in relation to the State of Jammu and Kashmir, this sub-clause shall have effect subject to the modification that for the assets specified in items (i) to (iii) of this sub-clause, the assets specified in items (i) to (v) of sub-clause (1) shall be substituted and the other provisions of this Act shall be construed accordingly;"

(b) in section 5, -

(i) in sub-section (1), -

(1) for the words "Wealth-tax shall not be payable by an assessee in respect of the following assets", the words, brackets, figure and letter "Subject to the provisions of sub-section (1A), wealth-tax shall not be payable by an assessee in respect of the following assets" shall be substituted with effect from the 1st day of April, 1971;

(2) for clause (iv), the following clause shall be substituted with effect from the 1st day of April, 1971, namely :-

"(iv) one house or part of a house belonging to the assessee and exclusively used by him for residential purposes :

Provided that, where the value of such house or part exceeds one hundred thousand rupees, the amount that shall not be included in the net wealth of the assessee under this clause shall be one hundred thousand rupees;"

(3) after clause (iva), the following clause shall be inserted with effect from the 1st day of April, 1971, namely :-

"(ivb) one building or one group of buildings owned by a cultivator of, or receiver of rent or revenue out of, agricultural land :

Provided that such building or group of buildings is on or in the immediate vicinity of the land and is required by the cultivator or the receiver of rent or revenue, by reason of his connection with the land, as

dwelling house, store-house or outhouse;"

(4) in clause (xv), for the words "fixed deposits", the word "deposits" shall be substituted with effect from the 1st day of April, 1971;

(5) after clause (xxi), the following clauses shall be inserted with effect from the 1st day of April, 1971, namely :-

"(xxii) any security of the Central Government or a State Government [not being a security referred to in clause (xvi) or clause (xvia)];

(xxiii) any shares [not being shares referred to in clause (xx)] held by the assessee in any Indian company where the assessee is an individual or a Hindu undivided family;

(xxiv) such debentures, issued by any co-operative society (including a co-operative land mortgage bank or co-operative land development bank) or any other institution or authority, as the Central Government may, by notification in the Official Gazette, specify in this behalf;

(xxv) units in the Unit Trust of India established under the Unit Trust of India Act, 1963 (52 of 1963);

(xxvi) any deposits with a banking company to which the Banking Regulation Act, 1949 (10 of 1949), applies (including any bank or banking institution referred to in section 51 of that Act), or with a co-operative society engaged in carrying on the business of banking (including a co-operative land mortgage bank or a co-operative land development bank);

(xxvii) any deposits with a financial corporation which is engaged in providing long-term finance for industrial development in India and which is approved by the Central Government for the purposes of clause (viii) of sub-section (1) of section 36 of the Income-tax Act.";

(ii) after sub-section (1), the following sub-section shall be inserted with effect from the 1st day of April, 1971, namely :-

"(1A) Nothing contained in sub-section (1) shall operate to exclude from the net wealth of the assessee any assets referred to in clauses (xv), (xvi), (xxii), (xxiii), (xxiv), (xxv), (xxvi) and (xxvii) [not being deposits under the Post Office Savings Bank (Cumulative Time Deposits) Rules, 1959], to the extent the value thereof exceeds in the aggregate, a sum of one hundred and fifty thousand rupees :

Provided that where the assets include any assets referred to in clause (xv) or clause (xvi) [not being deposits under the Post Office Saving

Bank (Cumulative Time Deposits) Rules, 1959], which have been held by the assessee continuously from a date prior to the 1st day of March, 1970, and the value of the assets so included exceeds the limit of one hundred and fifty thousand rupees by any amount, such limit shall be raised by the said amount.";

(iii) in sub-section (3), for the words, brackets and figures "clause (xvi) and clause (xix)", the words, brackets and figures "clauses (xv), (xvi), (xix), (xxii), (xxiii), (xxiv), (xxv), (xxvi) and (xxvii)" shall be substituted with effect from the 1st day of April, 1971;

(c) after section 11A, the following section shall be inserted, namely :-

"11AA. Commissioner competent to perform any function or functions. - In respect of any function to be performed by a Commissioner under any provision of this Act in relation to an assessee, the Commissioner referred to therein shall, -

(a) in a case where only one Commissioner has jurisdiction over such assessee, be such Commissioner;

(b) in a case where two or more Commissioners have concurrent jurisdiction over such assessee, be the Commissioner empowered to perform such function by the Board.";

(d) in section 14, to sub-section (1), the following proviso shall be added, namely :-

"Provided that in the case of a person whose net wealth or the net wealth of any other person in respect of which he is assessable under this Act includes the value of any assets held in a business or profession and the time (whether fixed originally or on extension) for furnishing the return of his total income or, as the case may be, of the total income of the other person aforesaid for the said assessment year under sub-section (1) or sub-section (2) or sub-section (3) of Section 139 of the Income-tax Act, expires on or after the 30th day of June aforesaid, the return in respect of such net wealth for the assessment year may be furnished before the expiry of the time for furnishing such return of income.";

(e) in section 21, for sub-section (4), the following sub-section shall be substituted with effect from the 1st day of April, 1971, namely :-

"(4) Notwithstanding anything contained in 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 as if the persons on whose behalf or for whose benefit the assets are held were 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 the Schedule in the case of an individual; or

(b) at the rate of one and one-half per cent.,

whichever course would be more beneficial to the revenue :

Provided that in a case where -

(i) such assets are held under a trust declared by will; or

(ii) such assets are held under a trust created before the 1st day of March, 1970, by a non-testamentary instrument and the Wealth-tax 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 dependant 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 the Schedule in the case of an individual.";

(f) in the Schedule, -

(i) for Part I, the following Part shall be substituted with effect from the 1st day of April, 1971, namely :-

## **Part I**

### **Paragraph A**

(1) In the case of every individual :-

#### **Rates of Tax**

|                                                                                |                                                                             |
|--------------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| (a) where the net wealth does not exceed Rs. 1,00,000                          | Nil;                                                                        |
| (b) where the net wealth exceeds Rs. 1,00,000 but does not exceed Rs. 5,00,000 | 1 per cent. of the amount by which the net wealth exceeds Rs. 1,00,000;     |
| (c) where the net wealth exceeds Rs. 5,00,000 but does not Rs. 10,00,000       | Rs. 4,000 plus 2 per cent exceed which the net wealth exceeds Rs. 5,00,000; |

|                                                                                        |                                                                                          |
|----------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| (d) where the net wealth exceeds Rs. 10,00,000 but does not cent. exceed Rs. 15,00,000 | Rs. 14,000 plus 3 per of the amount by which the net wealth exceeds Rs. 10,00,000;       |
| (e) where the net wealth exceeds Rs. 15,00,000 but does not exceed Rs. 20,00,000       | Rs. 29,000 plus 4 per cent. of the amount by which the net wealth exceeds Rs. 15,00,000; |
| (f) where the net wealth exceeds Rs. 20,00,000                                         | Rs. 49,000 plus 5 per cent. of the amount by which the net wealth exceeds Rs. 20,00,000. |
| (2) In the case of every Hindu undivided family :-                                     |                                                                                          |

### Rates of Tax

|                                                                                        |                                                                                          |
|----------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| (a) where the net wealth does not exceed Rs. 2,00,000                                  | Nil;                                                                                     |
| (b) where the net wealth exceeds Rs. 2,00,000 but does not exceed Rs. 5,00,000         | 1 per cent. of the amount by which the net wealth exceeds Rs. 2,00,000;                  |
| (c) where the net wealth exceeds Rs. 5,00,000 but does not Rs. 10,00,000               | Rs. 3,000 plus 2 per cent exceed which the net wealth exceeds Rs. 5,00,000;              |
| (d) where the net wealth exceeds Rs. 10,00,000 but does not cent. exceed Rs. 15,00,000 | Rs. 13,000 plus 3 per of the amount by which the net wealth exceeds Rs. 10,00,000;       |
| (e) where the net wealth exceeds Rs. 15,00,000 but does not exceed Rs. 20,00,000       | Rs. 28,000 plus 4 per cent. of the amount by which the net wealth exceeds Rs. 15,00,000; |

|                                                                                                                                                                                                                                                                                                                                                                               |                                                                                          |
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| (f) where the net wealth exceeds Rs. 20,00,000                                                                                                                                                                                                                                                                                                                                | Rs. 48,000 plus 5 per cent. of the amount by which the net wealth exceeds Rs. 20,00,000. |
| (3) In addition, in the case of every individual and Hindu undivided family, where the net wealth of the individual or Hindu undivided family includes the value of any asset, being building or land (other than business premises) or any right in such building or land, situated in an urban area (such asset being hereafter in this Part referred to as urban asset) :- |                                                                                          |

### Rates of Tax

|                                                                                                                                                          |                                                                                           |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| (a) where the total value of urban assets determined in accordance with the rules in Paragraph B does not exceed Rs. 5,00,000                            | Nil;                                                                                      |
| (b) where the total value of urban assets determined in accordance with the rules in Paragraph B exceeds Rs. 5,00,000; but does not exceed Rs. 10,00,000 | 5 per cent. of the amount by which such total value exceeds Rs. 5,00,000                  |
| (c) where the total value of urban assets determined in accordance with the rules in Paragraph B exceeds Rs. 10,00,000.                                  | Rs. 25,000 plus 7 per cent. of the amount by which such total value exceeds Rs. 10,00,000 |

### Paragraph B

Rule 1 - In this Part, -

(i) "business premises" means any building or land or part of such building or land, or any right in building or land or part thereof, owned by the assessee and used throughout the previous year for the purposes of his business or profession, and includes any building used for the purpose of residence of persons employed in the business or any building used for the welfare of such persons as a hospital, creche, school, canteen, library, recreational centre, shelter, rest room or lunch-room, but does not include any premises in the nature of a guest house;

(ii) "previous year", in relation to a business or profession, means the period which would be the previous year if an assessment of the profits and gains of such business or profession were to be made under the Income-tax Act, for the assessment year;

(iii) "urban area" means, -

(a) any area which is comprised within the jurisdiction of a municipality (whether known as a municipality, municipal corporation, notified area committee, town area committee, town committee or by any other name) or a cantonment board and which has a population of not less than ten thousand according to the last preceding census of which the relevant figures have been published before the valuation date; or

(b) any area within such distance, not being more than eight kilometres, from the local limits of any municipality or cantonment board referred to in sub-clause (a), as the Central Government may, having regard to the extent of, and scope for, urbanisation of that area and other relevant considerations, specify in this behalf by notification in the Official Gazette.

Rule 2 - In determining, for the purposes of item (3) of Paragraph A, the value of any urban asset, -

(a) any debt (whether secured or not) incurred for the purpose of acquiring, improving, constructing, repairing, renewing or reconstructing such asset shall be deducted from the gross value of such asset;

(b) other debts which are deductible in computing the net wealth shall be deducted from the gross value of such asset [as reduced by the debts, if any, under clause (a)] only if, and to the extent that, such debts exceed the aggregate gross value of assets other than urban assets.

Rule 3 - Where the net wealth of the assessee includes the value of his interest as a partner in a firm or as a member of an association of persons and the assets of such firm or association include and urban assets, then, notwithstanding anything contained in the Indian Partnership Act, 1932 (9 of 1932), or in any other law for the time being in force, the interest of the assessee in such firm or association, to the extent specified in the Explanation below, shall be deemed to be an urban asset and the provisions of item (3) of Paragraph A shall apply accordingly.

Explanation : The extent of the interest of the assessee in a firm or association deemed to be an urban asset as aforesaid shall be a sum which bears to the value of the whole of the interest of the assessee in the firm or association the same proportion which the net value of the urban assets of the firm or association (determined under rule 2 as if they were urban assets belonging to an individual or a Hindu undivided family) bears to the net wealth of the firm or, as the case may be, the association, computed as if such firm or association were an individual.

Rule 4 - Where the net wealth of the assessee includes the value of any share (not being a share issued for full cash consideration where the holder of the share is not entitled, in the event of liquidation, to participate in the surplus assets) in a company which is not a company in which the public are substantially interested [within the meaning of clause (18) of section 2 of the Income-tax Act] and the assets of such company include any urban assets, then, notwithstanding anything contained in the Companies Act, 1956 (1 of 1956), or in any other law for the time being in force, the value of such share, to the extent specified in the Explanation below, shall be deemed to be an urban asset and the

provisions of item (3) of Paragraph A shall apply accordingly.

Explanation : The extent to which the value of the share in a company is to be deemed to be an urban asset as aforesaid shall be a sum which bears to the value of such share the same proportion which the net value of the urban assets of the company (determined under rule 2 as if they were urban assets belonging to an individual or a Hindu undivided family) bears to the net wealth of the company.;

(ii) Rule 2 appearing after PART II shall be omitted and shall be deemed to have been omitted with effect from the 1st day of April, 1969.

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## **Section 27 - Amendment of Act 18 of 1958**

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In the Gift-tax Act, 1958, -

(a) in sub-section (2) of section 5, for the words "ten thousand", the words "five thousand" shall be substituted with effect from the 1st day of April, 1971;

(b) section 11A shall be re-numbered as section 11AA, and before the section as so re-numbered, the following section shall be inserted, namely :-

"11A. Commissioner competent to perform any function or functions. - In respect of any function to be performed by a Commissioner under any provision of this Act, in relation to an assessee, the Commissioner referred to therein shall, -

(a) in a case where only one Commissioner has jurisdiction over such assessee, be such Commissioner;

(b) in a case where two or more Commissioners have concurrent jurisdiction over such assessee, be the Commissioner empowered to perform such function by the Board.";

(c) for the Schedule, the following Schedule shall be substituted with effect from the 1st day of April, 1971, namely :-

### **"The Schedule**

**(See section 3)**

#### **Rates of Gift-Tax**

|                                                                              |                                                                                                |
|------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| (1) where the total income does not exceed Rs. 20,000                        | 5 per cent. of the value of such gifts;                                                        |
| (2) where the total income exceeds Rs. 20,000 but does not exceed Rs. 50,000 | Rs. 1,000 plus 10 per cent. of the amount by which the value of such gifts exceeds Rs. 20,000; |



|                                                                                                                              |                                                                                                      |
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| (3) where the value of all taxable gifts exceeds Rs. 50,000 but does not exceeds Rs. 50,000 but does not exceed Rs. 1,00,000 | Rs. 4,000 plus 15 per cent. of the amount by which the total income exceeds Rs. 50,000;              |
| (4) where the total income exceeds Rs. 1,00,000 but does not exceed Rs. 20,00,00                                             | Rs. 11,500 plus 20 per cent. of the amount by which the total income exceeds Rs. 1,00,000;           |
| (5) where the value of all taxable gifts exceeds Rs. 2,00,000 but does not exceed Rs. 5,00,000                               | Rs. 31,500 plus 25 per cent. the amount by which the total income exceeds Rs. 2,00,000;              |
| (6) where the value of all taxable gifts exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000                              | Rs. 1,05,000 plus 30 per cent. of the amount by which the total income exceeds Rs. 5,00,000;         |
| (7) where the value of all taxable gifts exceeds Rs. 10,00,000 but does not exceed Rs. 15,00,000                             | Rs. 2,55,500 okys 40 per cent. of the amount by which the value of such gifts exceeds Rs. 10,00,000  |
| (8) where the value of all taxable gifts exceeds Rs. 15,00,000 but does not exceed Rs. 20,00,000                             | Rs. 4,55,500 plus 50 per cent. of the amount by which the value of such gifts exceeds Rs. 15,00,000; |
| (1) where the total income does not exceed Rs. 5,000                                                                         | 5 per cent. of the total income;                                                                     |
| (2) where the total income exceeds Rs. 5,000 but does not exceed Rs. 10,000                                                  | Rs. 250 plus 10 per cent. of the amount by which the total income exceeds Rs. 5,000;                 |
| (3) where the total income exceeds Rs. 10,000 but does not exceed Rs. 15,000                                                 | Rs. 750 plus 15 per cent. of the amount by which the total income exceeds Rs. 10,000;                |
| (4) where the total income exceeds Rs. 15,000 but does not exceed Rs. 200,00                                                 | Rs. 1,500 plus 20 per cent. of the amount by which the total income exceeds Rs. 15,000;              |
| (5) where the total income exceeds Rs. 20,000 but does not exceed of Rs. 25,000                                              | Rs. 2,500 plus 30 per cent. the amount by which the total income exceeds Rs. 20,000;                 |
| (6) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000                                                 | Rs. 4,000 plus 40 per cent. of the amount by which the total income exceeds Rs. 25,000;              |

|                                                                |                                                                                                       |
|----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
| (9) where the value of all taxable gifts exceeds Rs. 20,00,000 | Rs. 7,05,500 plus 75 per cent. of the amount by which the value of such gifts exceeds Rs. 20,00,000-" |
|----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|