

CHAPTER IV
ASSESSMENT

⁵⁸ Return of wealth.

14. ⁵⁹[(1) Every person, if his net wealth or the net wealth of any other person in respect of which he is assessable under this Act on the valuation date exceeded the maximum amount which is not chargeable to wealth-tax, shall, on or before the due date, furnish a return of his net wealth or the net wealth of such other person as on that valuation date in the prescribed form and verified in the prescribed manner setting forth particulars of such net wealth and such other particulars as may be prescribed.

Explanation.—In this sub-section, "due date" in relation to an assessee under this Act shall be the same date as that applicable to an assessee under the Income-tax Act under the *Explanation* to sub-section (1) of section 139 of the Income-tax Act.

(2) Notwithstanding anything contained in any other provision of this Act, a return of net wealth which shows the net wealth below the maximum amount which is not chargeable to tax shall be deemed never to have been furnished :

Provided that this sub-section shall not apply to a return furnished in response to a notice under section 17.]

(3) ⁶⁰[*Omitted by the Direct Tax Laws (Amendment) Act, 1987, w.e.f. 1-4-1989.*]

^{60a} [Power of Board to dispense with furnishing documents, etc., with return of wealth.

14A. *The Board may make rules providing for a class or classes of persons who may not be required to furnish documents, statements, receipts, certificates, audit reports, reports of registered valuer or any other documents, which are otherwise under any other provisions of this Act, except section 14B, required to be furnished, along with the return but on demand to be produced before the Assessing Officer.*

Filing of return in electronic form.

14B. *The Board may make rules providing for—*

- (a) *the class or classes of persons who shall be required to furnish the return in electronic form;*
- (b) *the form and the manner in which the return in electronic form may be furnished;*
- (c) *the documents, statements, receipts, certificates, audit reports, reports of registered valuer or any other documents which may not be furnished along with the return in electronic form but shall be produced before the Assessing Officer on demand;*
- (d) *the computer resource or the electronic record to which the return in electronic form may be transmitted.]*

⁶¹[**Return after due date and amendment of return.**

15. If any person has not furnished a return within the time allowed under sub-section (1) of section 14 or under a notice issued under clause (i) of sub-section (4) of section 16, or having furnished a return discovers any omission or wrong statement therein, he may furnish a return or a revised return, as the case may be, at any time before the expiry of one year from the end of the relevant assessment year or before the completion of the assessment, whichever is earlier :

Provided that—

- (a) where such return or revised return relates to the assessment year commencing on the 1st day of April, 1987, or any earlier assessment year, it may be furnished at any time up to and inclusive of the 31st day of March, 1990 or before the completion of the assessment, whichever is earlier ;
- (b) where such return or revised return relates to the assessment year commencing on the 1st day of April, 1988, it may be furnished at any time up to and inclusive of the 31st day of March, 1991 or before the completion of the assessment, whichever is earlier.]

⁶²[**Return by whom to be signed.**

15A. The return made under section 14 or section 15 shall be signed and verified—

⁶³[(a) in the case of an individual,—

- (i) by the individual himself ;
- (ii) where he is absent from India, by the individual himself or by some person duly authorised by him in this behalf ;
- (iii) where he is mentally incapacitated from attending to his affairs, by his guardian or any other person competent to act on his behalf ; and
- (iv) where, for any other reason, it is not possible for the individual to sign the return, by any person duly authorised by him in this behalf :

Provided that in a case referred to in sub-clause (ii) or sub-clause (iv), the person signing the return holds a valid power of attorney from the individual to do so, which shall be attached to the return ;]

- (b) in the case of a Hindu undivided family, by the karta, and, where the karta is absent from India or is mentally incapacitated from attending to his affairs, by any other adult member of such family ; and

⁶⁴[(c) in the case of a company, by the managing director thereof, or where for any unavoidable reason such managing director is not able to sign and verify the return or where there is no managing director, by any director thereof :]]

⁶⁵[**Provided** that where the company is not resident in India, the return may be signed and verified by a person who holds a valid power of attorney from such company to do so, which shall be attached to the return :

Provided further that,—

- (a) where the company is being wound up, whether under the orders of the court or otherwise, or where any person has been appointed as the receiver of any assets of the company, the return shall be signed and verified by the liquidator referred to in sub-section (1) of section 178 of the Income-tax Act ;
- (b) where the management of the company has been taken over by the Central Government or any State Government under any law, the return of the company shall be signed and verified by the principal officer thereof.]

Section - 15B, Wealth-Tax Act, 1957

⁶⁶[**Self-assessment.**

15B. (1) Where any tax is payable on the basis of any return furnished under section 14 or section 15 or in response to a notice under clause (i) of sub-section (4) of section 16 or under section 17, after taking into account the amount of tax, if any, already paid under any provision of this Act, the assessee shall be liable to pay such tax, together with interest payable under any provision of this Act, for any delay in furnishing the return, before furnishing the return and the return shall be accompanied by proof of payment of such tax and interest.

Explanation.—Where the amount paid by the assessee under this sub-section falls short of the aggregate of the tax and interest as aforesaid, the amount so paid shall first be adjusted towards the interest payable as aforesaid and the balance, if any, shall be adjusted towards the tax payable.

(2) After the regular assessment under section 16 has been made, any amount paid under sub-section (1) shall be deemed to have been paid towards such regular assessment.

(3) If any assessee fails to pay the whole or any part of such tax or interest or both in accordance with the provisions of sub-section (1), he shall, without prejudice to any other consequences which he may incur, be deemed to be an assessee in default in respect of the tax or interest or both remaining unpaid and all the provisions of this Act shall apply accordingly.]

⁶⁷[(4) The provisions of this section as they stood immediately before their amendment by the Direct Tax Laws (Amendment) Act, 1987 (4 of 1988), shall apply to and in relation to any assessment for the assessment year commencing on the 1st day of April, 1988, or any earlier assessment year and references in this section to the other provisions of this Act shall be construed as references to those provisions as for the time being in force and applicable to the relevant assessment year.]

Section - 15C, Wealth-Tax Act, 1957

Provisional assessment.

⁶⁸ **15C.** [Omitted by the Direct Tax Laws (Amendment) Act, 1987, w.e.f. 1-4-1989. Original section was inserted by the Wealth-tax (Amendment) Act, 1964, w.e.f. 1-4-1965.]

Section - 16, Wealth-Tax Act, 1957

⁶⁹[**Assessment.**

16. ⁷⁰(1) Where a return has been made under section 14 or section 15 or in response to a notice under clause (i) of sub-section (4),—

- (i) if any tax or interest is found due on the basis of such return, after adjustment of any amount paid by way of tax or interest, then, without prejudice to the provisions of sub-section (2), an intimation shall be sent to the assessee specifying the sum so payable, and such intimation shall be deemed to be a notice of demand issued under section 30 and all the provisions of this Act shall apply accordingly; and
- (ii) if any refund is due on the basis of such return, it shall be granted to the assessee and an intimation to this effect shall be sent to the assessee :

Provided that except as otherwise provided in this sub-section, the acknowledgement of the return shall be deemed to be an intimation under this sub-section where either no sum is payable by the assessee or no refund is due to him :

Provided further that no intimation under this sub-section shall be sent after the expiry of two years from the end of the assessment year in which the net wealth was first assessable.]

⁷¹(1A) [Omitted by the Finance Act, 1999, w.e.f. 1-6-1999.]

⁷²(1B) [Omitted by the Finance Act, 1999, w.e.f. 1-6-1999.]

(2) ⁷³[Where a return has been made under section 14 or section 15, or in response to a notice under clause (i) of sub-section (4) of this section, the Assessing Officer shall, if he] considers it necessary or expedient to ensure that the assessee has not understated the net wealth or has not underpaid the tax in any manner, ⁷⁴[* * *] serve on the assessee a notice requiring him, on a date to be specified therein, either to attend at the office of the Assessing Officer or to produce, or cause to be produced there, any evidence on which the assessee may rely in support of the return :

⁷⁵[**Provided** that no notice under this sub-section shall be served on the assessee after the expiry of twelve months from the end of the month in which the return is furnished.]

(3) On the day specified in the notice issued under sub-section (2) or as soon afterwards as may be, after hearing such evidence as the assessee may produce and such other evidence as the Assessing Officer may require on specified points, and after taking into account all relevant material which he has gathered, the Assessing Officer shall, by order in writing, assess the net wealth of the assessee and determine the sum payable by him on the basis of such assessment.

(4) For the purposes of making an assessment under this Act, the Assessing Officer may serve, on any person who has made a return under section 14 or section 15 or in whose case the time allowed under sub-section (1) of section 14 for furnishing the return has expired, a notice requiring him, on a date to be specified therein,—

- (i) where such person has not made a return ⁷⁶[within the time allowed under sub-section (1) of section 14] to furnish a return of his net wealth or the net wealth of any other person in respect of which he is assessable under this Act on the valuation date, in the prescribed form and verified in the prescribed manner, setting forth the particulars of such net wealth and such other particulars as may be prescribed, or
- (ii) to produce or cause to be produced such accounts, records or other documents as the Assessing Officer may require.

(5) If any person,—

- (a) fails to make the return required under sub-section (1) of section 14 and has not made a return or a revised return under section 15, or
- (b) fails to comply with all the terms of a notice issued under sub-section (2) or sub-section (4),

the Assessing Officer, after taking into account, all relevant material which he has gathered, shall, after giving such person an opportunity of being heard, estimate the net wealth to the best of his judgment and determine the sum payable by the person on the basis of such assessment :

Provided that such opportunity shall be given by the Assessing Officer by serving a notice calling upon the person to show cause, on a date and time to be specified in the notice, why the assessment should not be completed to the best of his judgment :

Provided further that it shall not be necessary to give such opportunity in a case where a notice under sub-section (4) has been issued prior to the making of the assessment under this sub-section.]

⁷⁷[(6) Where a regular assessment under sub-section (3) or sub-section (5) is made,—

- (a) any tax or interest paid by the assessee under sub-section (1) shall be deemed to have been paid towards such regular assessment ;
- (b) if no refund is due on regular assessment or the amount refunded under sub-section (1) exceeds the amount refundable on regular assessment, the whole or the excess amount so refunded shall be deemed to be tax payable by the assessee and the provisions of this Act shall apply accordingly.

⁷⁸(7) [Omitted by the Finance Act, 1999, w.e.f. 1-6-1999.]

⁷⁹[***]

Section - 16A, Wealth-Tax Act, 1957

⁸⁰[**Reference to Valuation Officer.**⁸¹

16A. (1) For the purpose of making an assessment (including an assessment in respect of any assessment year commencing before the date of coming into force of this section) under this Act, ⁸²[where under the provisions of section 7 read with the rules made under this Act, or, as the case may be, the rules in Schedule III, the market value of any asset is to be taken into account in such assessment,] the ⁸³[Assessing Officer] may refer the valuation of any asset to a Valuation Officer—

- (a) in a case where the value of the asset as returned is in accordance with the estimate made by a registered valuer, if the ⁸³[Assessing Officer] is of opinion that the value so returned is less than its fair market value ;
- (b) in any other case, if the ⁸³[Assessing Officer] is of opinion—
 - ⁸⁴(i) that the fair market value of the asset exceeds the value of the asset as returned by more than such percentage of the value of the asset as returned or by more than such amount as may be prescribed in this behalf ; or
 - (ii) that having regard to the nature of the asset and other relevant circumstances, it is necessary so to do.

(2) For the purpose of estimating the value of any asset in pursuance of a reference under sub-section (1), the Valuation Officer may serve on the assessee a notice requiring him to produce or cause to be produced on a date specified in the notice such accounts, records or other documents as the Valuation Officer may require.

(3) Where the Valuation Officer is of opinion that the value of the asset has been correctly declared in the return made by the assessee under section 14 or section 15, he shall pass an order in writing to that effect and send a copy of his order to the ⁸⁵[Assessing Officer] and to the assessee.

(4) Where the Valuation Officer is of opinion that the value of the asset is higher than the value declared in the return made by the assessee under section 14 or, section 15, or where the asset is not disclosed or the value of the asset is not declared in such return or where no such return has been made, the Valuation Officer shall serve a notice on the assessee intimating the value which he proposes to estimate and giving the assessee an opportunity to state, on a date to be specified in the notice, his objections either in person or in writing before the Valuation Officer and to produce or cause to be produced on that date such evidence as the assessee may rely in support of his objections.

(5) On the date specified in the notice under sub-section (4), or as soon thereafter as may be, after hearing such evidence as the assessee may produce and after considering such evidence as the Valuation Officer may require on any specified points and after taking into account all relevant material which he has gathered, the Valuation Officer shall, by order in writing, estimate the value of the asset and send a copy of his order to the ⁸⁵[Assessing Officer] and to the assessee.

(6) On receipt of the order under sub-section (3) or sub-section (5) from the Valuation Officer, the ⁸⁵[Assessing Officer] shall, so far as the valuation of the asset in question is concerned, proceed to complete the assessment in conformity with the estimate of the Valuation Officer.]

Section - 17, Wealth-Tax Act, 1957

Wealth escaping assessment.

17. ⁸⁶[(1) If the Assessing Officer ⁸⁷[has reason to believe] that the net wealth chargeable to tax in respect of which any person is assessable under this Act has escaped assessment for any assessment year (whether by reason of under- assessment or assessment at too low a rate or otherwise), he may, subject to the other provisions of this section and section 17A, serve on such person a notice requiring him to furnish within such period, ⁸⁸[***] as may be specified in the notice, a return in the prescribed form and verified in the prescribed manner setting forth the net wealth in respect of which such person is assessable as on the valuation date mentioned in the notice, along with such other particulars as may be required by the notice, and may proceed to assess or reassess such net wealth and also any other net wealth chargeable to tax in respect of which such person is assessable, which has escaped assessment and which comes to his notice subsequently in the course of the proceedings under this section for the assessment year concerned (hereafter in this section referred to as the relevant assessment year), and the provisions of this Act shall, so far as may be, apply as if the return were a return required to be furnished under section 14 :

Provided that where an assessment under sub-section (3) of section 16 or this section has been made for the relevant assessment year, no action shall be taken under this section after the expiry of four years from the end of the relevant assessment year, unless any net wealth chargeable to tax has escaped assessment for such assessment year by reason of the failure on the part of the assessee to make a return under section 14 or section 15 or in response to a notice issued under sub-section (4) of section 16 or this section or to disclose fully and truly all material facts necessary for his assessment for that assessment year :

⁸⁹[**Provided further** that the Assessing Officer shall, before issuing any notice under this sub-section, record his reasons for doing so:]

^{89a}[**Provided also** that nothing contained in the first proviso shall apply in a case where any net wealth in relation to any asset (including financial interest in any entity) located outside India chargeable to tax, has escaped assessment for any assessment year:]

^{89b}[**Provided also** that the Assessing Officer may assess or reassess such net wealth, other than the net wealth which is the subject matter of any appeal, reference or revision, which is chargeable to tax and has escaped assessment.]

Explanation.—Production before the Assessing Officer of account books or other evidence from which material evidence could with due diligence have been discovered by the Assessing Officer will not necessarily amount to disclosure within the meaning of the foregoing proviso.

(1A) No notice under sub-section (1) shall be issued for the relevant assessment year,—

⁹⁰[(a) if four years have elapsed from the end of the relevant assessment year, unless the case falls under clause (b) ^{90a}[or clause (c)];

(b) if four years, but not more than six years, have elapsed from the end of the relevant assessment year unless the net wealth chargeable to tax which has escaped assessment amounts to or is likely to amount to rupees ten lakhs or more for that year;]

^{90a}[(c) if four years, but not more than sixteen years, have elapsed from the end of the relevant assessment year unless the net wealth in relation to any asset (including financial interest in any entity) located outside India, chargeable to tax, has escaped assessment for any assessment year.]

^{90b}[*Explanation 1*].—For the purposes of sub-section (1) and sub-section (1A), the following shall also be deemed to be cases where net wealth chargeable to tax has escaped assessment, namely :—

(a) where no return of net wealth has been furnished by the assessee although his net wealth or the net wealth of any other person in respect of which he is assessable under this Act on the valuation date exceeded the maximum amount which is not chargeable to wealth-tax ;

(b) where a return of net wealth has been furnished by the assessee but no assessment has been made and it is noticed by the Assessing Officer that the assessee has understated the net wealth or has claimed excessive exemption or deduction in the return;

^{90a}[(c) where a person is found to have any asset (including financial interest in any entity) located outside India.]

^{90a}[*Explanation 2*].—For the removal of doubts, it is hereby clarified that the provisions of this section, as amended by the Finance Act, 2012, shall also be applicable for any assessment year beginning on or before the 1st day of April, 2012.]

(1B) (a) In a case where an assessment under sub-section (3) of section 16 or sub-section (1) of this section has been made for the relevant assessment year, no notice shall be issued under sub-section (1) ⁹¹[by an Assessing Officer, who is below the rank of Assistant Commissioner ⁹²[or Deputy Commissioner], unless the ⁹³[Joint] Commissioner is satisfied, on the reasons recorded by such Assessing Officer, that it is a fit case for the issue of such notice] :

Provided that, after the expiry of four years from the end of the relevant assessment year, no such notice shall be issued unless the Chief Commissioner or Commissioner is satisfied, on the reasons recorded by the Assessing Officer aforesaid, that it is a fit case for the issue of such notice.

(b) In a case other than a case falling under clause (a), no notice shall be issued under sub-section (1) by an Assessing Officer, who is below the rank of ⁹⁴⁻⁹⁵[Joint] Commissioner, after the expiry of four years from the end of the relevant assessment year, unless the ⁹⁴⁻⁹⁵[Joint]

Commissioner is satisfied, on the reasons recorded by such Assessing Officer, that it is a fit case for the issue of such notice.]

⁹⁶[*Explanation.*—For the removal of doubts, it is hereby declared that the Joint Commissioner, the Commissioner or the Chief Commissioner, as the case may be, being satisfied on the reasons recorded by the Assessing Officer about fitness of a case for the issue of notice, need not issue such notice himself.]

⁹⁷[(2) Nothing contained in this section limiting the time within which any proceeding for assessment or reassessment may be commenced, shall apply to an assessment or reassessment to be made on such person in consequence of or to give effect to any finding or direction contained in an order under section 23, 24, 25, 27 or 29 ⁹⁸[or by a Court in any proceedings under any other law] :

Provided that the provisions of this sub-section shall not apply in any case where any such assessment or reassessment relates to an assessment year in respect of which an assessment or reassessment could not have been made at the time the order which was the subject-matter of the appeal, reference or revision, as the case may be, was made by reason of any provision limiting the time within which any action for assessment or reassessment may be taken.]

Section - 17A, Wealth-Tax Act, 1957

⁹⁹[**Time limit for completion of assessment and reassessment.**

17A. ¹[(1) No order of assessment shall be made under section 16 at any time after the expiry of two years from the end of the assessment year in which the net wealth was first assessable :

²[**Provided** that,—

- (a) where the net wealth was first assessable in the assessment year commencing on the 1st day of April, 1987, or any earlier assessment year, such assessment may be made on or before the 31st day of March, 1991 ;
- (b) where the net wealth was first assessable in the assessment year commencing on the 1st day of April, 1988, such assessment may be made on or before the 31st day of March, 1992:]

³[**Provided further** that in case the assessment year in which the net wealth was first assessable is the assessment year ^{3a}[commencing on or after the 1st day of April, 2004 but before the 1st day of April, 2010], the provisions of this sub-section shall have effect as if for the words "two years", the words "twenty-one months" had been substituted.]

(2) No order of assessment or reassessment shall be made under section 17 after the expiry of ⁴[one year] from the end of the financial year in which the notice under sub-section (1) of that section was served] :

⁵[**Provided** that where the notice under sub-section (1) of section 17 was served on or after the 1st day of April, 1999 but before the 1st day of April, 2000, such assessment or reassessment may be made at any time up to the 31st day of March, 2002:]

⁶[**Provided further** that where the notice under sub-section (1) of section 17 was served on or after the 1st day of April, 2005 ^{6a}[but before the 1st day of April, 2011], the provisions of this sub-section shall have effect as if for the words "one year", the words "nine months" had been substituted.]

⁷[***]

(3) Notwithstanding anything contained in sub-sections (1) and (2), an order of fresh assessment in pursuance of an order passed on or after the 1st day of April, 1975, under section ⁸[23A], section 24 or section 25, setting aside or cancelling an assessment, may be made at any time before the expiry of ⁹[one year] from the end of the financial year in which the order under section ¹⁰[23A] or section 24 is received by the ¹¹[Chief Commissioner or Commissioner] or, as the case may be, the order under section 25 is passed by the Commissioner :

¹²[**Provided** that where the order under section 23A or section 24 is received by the Chief Commissioner or Commissioner or, as the case may be, the order under section 25 is passed by the Commissioner, on or after the 1st day of April, 1999 but before the 1st day of April, 2000, such an order of fresh assessment may be made at any time up to the 31st day of March, 2002:]

¹³[**Provided further** that where the order under section 23A or section 24 is received by the Chief Commissioner or Commissioner or, as the case may be, the order under section 25 is passed by the Commissioner, on or after the 1st day of April, 2005 ^{6a}[but before the 1st day of April, 2011], the provisions of this sub-section shall have effect as if for the words "one year", the words "nine months" had been substituted.]

(4) The provisions of sub-sections (1) and (2) shall not apply to the assessment or reassessment made on the assessee or any other person in consequence of, or to give effect to, any finding or direction contained in an order under section 23, section 24, section 25, section 27 or section 29 or in an order of any court in a proceeding otherwise than by way of appeal or reference under this Act, and such assessment or reassessment may, subject to the provisions of sub-section (3), be completed at any time.

Explanation 1.—In computing the period of limitation for the purposes of this section—

- (i) the time taken in reopening the whole or any part of the proceeding or in giving an opportunity to the assessee to be reheard under the proviso to section 39, or
- (ii) the period during which the assessment proceeding is stayed by an order or injunction of any court, or
 - ¹⁴[(*iiia*) the period (not exceeding sixty days) commencing from the date on which the ¹⁵[Assessing Officer] received the declaration under sub-section (1) of section 18C and ending with the date on which the order under sub-section (3) of that section is made by him, or]
- (iii) in a case where an application made before the Wealth-tax Settlement Commission under section 22C is rejected by it or is not allowed to be proceeded with by it, the period commencing from the date on which such application is made and ending with the date on which the order under sub-section (1) of section 22D is received by the Commissioner under sub-section (2) of that section,

shall be excluded :

¹⁶[**Provided** that where immediately after the exclusion of the aforesaid time or period, the period of limitation referred to in sub-sections (1), (2) and (3) available to the Assessing Officer for making an order of assessment or reassessment, as the case may be, is less than sixty days, such remaining period shall be extended to sixty days and the aforesaid period of limitation shall be deemed to be extended accordingly:]

¹⁷[**Provided further** that where a proceeding before the Settlement Commission abates under section 22HA, the period of limitation referred to in this section available to the Assessing Officer for making an order of assessment or reassessment, as the case may be, shall, after the exclusion of the period under sub-section (4) of section 22HA, be not less than one year; and

where such period of limitation is less than one year, it shall be deemed to have been extended to one year.]

Explanation 2.—Where, by an order referred to in sub-section (4), any asset is excluded from the net wealth of one person and held to be the asset of another person, then, an assessment in respect of such asset on such other person shall, for the purposes of sub-section (2) of section 17 and this section, be deemed to be one made in consequence of, or to give effect to, any finding or direction contained in the said order, provided such other person was given an opportunity of being heard before the said order was passed.]

Section - 17B, Wealth-Tax Act, 1957

¹⁸[**Interest for defaults in furnishing return of net wealth.**

17B. (1) Where the return of net wealth for any assessment year under sub-section (1) of section 14 or section 15, or in response to a notice under clause (i) of sub-section (4) of section 16, is furnished after the due date, or is not furnished, the assessee shall be liable to pay simple interest at the rate of ¹⁹[one] per cent for every month or part of a month comprised in the period commencing on the date immediately following the due date, and,—

- (a) where the return is furnished after the due date, ending on the date of furnishing of the return, or
- (b) where no return has been furnished, ending on the date of completion of the assessment under sub-section (5) of section 16,

on the amount of tax payable on the net wealth as determined ²⁰[under sub-section (1) of section 16 or] on regular assessment.

Explanation 1.—In this section, "due date" means the date specified in sub-section (1) of section 14 as applicable in the case of the assessee.

²¹[*Explanation 2.*—In this sub-section, "tax payable on the net wealth as determined under sub-section (1) of section 16" shall not include the additional wealth-tax, if any, payable under section 16.]

Explanation 3.—Where, in relation to an assessment year, an assessment is made for the first time under section 17, the assessment so made shall be regarded as a regular assessment for the purposes of this section.

²²[*Explanation 4.*—In this sub-section, "tax payable on the net wealth as determined under sub-section (1) of section 16 or on regular assessment" shall, for the purposes of computing the interest payable under section 15B, be deemed to be tax payable on the net wealth as declared in the return.]

(2) The interest payable under sub-section (1) shall be reduced by the interest, if any, paid under section 15B towards the interest chargeable under this section.

(3) Where the return of net wealth for any assessment year, required by a notice under sub-section (1) of section 17, issued ²²[after the determination of net wealth under sub-section (1) of section 16 or] after the completion of an assessment under sub-section (3) or sub-section (5) of section 16 or section 17, is furnished after the expiry of the time allowed under such notice, or is not furnished, the assessee shall be liable to pay simple interest at the rate of ²³[one] per cent for every month or part of a month comprised in the period commencing on the day immediately following the expiry of the time allowed as aforesaid, and,—

- (a) where the return is furnished after the expiry of the time aforesaid, ending on the date of furnishing the return ; or

- (b) where no return has been furnished, ending on the date of completion of the reassessment under section 17,

on the amount by which the tax on the net wealth determined on the basis of such reassessment exceeds the tax on the net wealth as determined ²⁴[under sub-section (1) of section 16 or] on the basis of the earlier assessment aforesaid.

Explanation.—²⁵[***]

(4) Where, as a result of an order under section 23 or section 24 or section 25 or section 27 or section 29 or section 35 or any order of the Wealth-tax Settlement Commission under sub-section (4) of section 22D, the amount of tax on which interest was payable under this section has been increased or reduced, as the case may be, the interest shall be increased or reduced accordingly, and,—

- (i) in a case where the interest is increased, the Assessing Officer shall serve on the assessee a notice of demand in the prescribed form specifying the sum payable, and such notice of demand shall be deemed to be a notice under section 30 and the provisions of this Act shall apply accordingly, and
- (ii) in a case where the interest is reduced, the excess interest paid, if any, shall be refunded.

(5) The provisions of this section shall apply in respect of assessments, for the assessment year commencing on the 1st day of April, 1989 and subsequent assessment years.]

Section - 18, Wealth-Tax Act, 1957

²⁶[**Penalty for failure to furnish returns, to comply with notices and concealment of assets, etc.**

²⁷ 18. (1) If the ²⁸[Assessing Officer], ²⁹[Deputy Commissioner (Appeals)], ³⁰[Commissioner (Appeals)], ³¹[Chief Commissioner or Commissioner] or Appellate Tribunal in the course of any proceedings under this Act is satisfied that any person—

- (a) ³²[***]
- (b) has ³³[***] failed to comply with a notice under sub-section (2) or sub-section (4) of section 16 ; or
- (c) has concealed the particulars of any assets or furnished inaccurate particulars of any assets or debts,

he or it may, by order in writing, direct that such person shall pay by way of penalty—

- (i) ³⁴[***]
- ³⁵[(ii) in the cases referred to in clause (b), in addition to the amount of wealth-tax payable by him, a sum which shall not be less than one thousand rupees but which may extend to twenty-five thousand rupees for each such failure ;]
- ³⁶[(iii) in the cases referred to in clause (c), in addition to any wealth-tax payable by him, a sum which shall not be less than, but which shall not exceed five times, the amount of tax sought to be evaded by reason of the concealment of particulars of any assets or the furnishing of inaccurate particulars in respect of any assets or debts :

³⁷[**Provided** that in the cases referred to in clause (b), no penalty shall be impossible if the person proves that there was a reasonable cause for the failure referred to in that clause.]

Explanation 1.—For the purposes of clause (iii) of this sub-section, the expression "the amount of tax sought to be evaded"—

- (a) in a case to which *Explanation 3* applies, means the tax on the net wealth assessed ;
- (b) in any other case, means the difference between the tax on the net wealth assessed and the tax that would have been chargeable had the net wealth assessed been reduced by the amount which represents the value of any assets in respect of which particulars have been concealed or inaccurate particulars have been furnished and of any debts in respect of which inaccurate particulars have been furnished.

Explanation 2.—Where in respect of any facts material to the computation of the net wealth of any person under this Act,—

- (A) such person fails to offer an explanation or offers an explanation which is found by the ³⁸[Assessing Officer] or the ³⁹[Deputy Commissioner (Appeals)] ⁴⁰[or the Commissioner (Appeals)] ⁴¹[or the Commissioner] to be false, or
- (B) such person offers an explanation which he is not able to substantiate ⁴²[and fails to prove that such explanation is *bona fide* and that all the facts relating to the same and material to the computation of his net wealth have been disclosed by him],

then, the amount added or disallowed in computing the net wealth of such person as a result thereof shall, for the purposes of clause (c) of this sub-section, be deemed to represent the value of the assets in respect of which particulars have been concealed.

⁴³[***]]

⁴⁴[*Explanation 3.*—Where any person ⁴⁵[***] fails, without reasonable cause, to furnish within the period specified in sub-section (1) of section 17A, a return of his net wealth which he is required to furnish under section 14 in respect of any assessment year commencing on or after the 1st day of April, 1989, and until the expiry of the period aforesaid, no notice has been issued to him under clause (i) of sub-section (4) of section 16 or sub-section (1) of section 17 and the Assessing Officer or the Deputy Commissioner (Appeals) or the Commissioner (Appeals) is satisfied that in respect of such assessment year such person has assessable net wealth, then, such person shall, for the purposes of clause (c) of this sub-section, be deemed to have concealed the particulars of his assets or furnished inaccurate particulars of any assets or debts in respect of such assessment year, notwithstanding that such person furnishes a return of his net wealth at any time after the expiry of either of the periods aforesaid applicable to him in pursuance of a notice under section 17.]

Explanation 4.—Where the value of any asset returned by any person is less than seventy per cent of the value of such asset as determined in an assessment under section 16 or section 17, such person shall be deemed to have furnished inaccurate particulars of such asset within the meaning of clause (c) of this sub-section, unless he proves that the value of the asset as returned by him is the correct value.]

⁴⁶[*Explanation 5.*—Where in the course of a search under section 37A, the assessee is found to be the owner of any money, bullion, jewellery or other valuable article or thing (hereafter in this *Explanation* referred to as assets) and the assessee claims that such assets represent or form part of his net wealth,—

- (a) on any valuation date falling before the date of the search, but the return in respect of the net wealth on such date has not been furnished before the date of the search or, where such return has been furnished before the said date, such assets have not been declared in such return ; or
- (b) on any valuation date falling on or after the date of the search,

then, notwithstanding that such assets are declared by him in any return of net wealth furnished on or after the date of the search, he shall, for the purposes of imposition of a penalty

under clause (c) of sub-section (1) of this section, be deemed to have concealed the particulars of such assets or furnished inaccurate particulars of such assets, ⁴⁷[unless—

(1) such assets are recorded,—

- (i) in a case falling under clause (a), before the date of the search ; and
- (ii) in a case falling under clause (b), on or before such date,

in the books of account, if any, maintained by him or such assets are otherwise disclosed to the ⁴⁸[Chief Commissioner or Commissioner] before the said date ; or

(2) he, in the course of the search, makes a statement under sub-section (4) of section 37A that any money, bullion, jewellery or other valuable article or thing found in his possession or under his control, forms part of his net wealth which has not been disclosed so far in his return of net wealth to be furnished before the expiry of the time specified in sub-section (1) of section 14, and also specifies in the statement the manner in which such net wealth has been acquired and pays the tax, together with interest, if any, in respect of such net wealth].]

⁴⁹[Explanation 6.—Where any adjustment is made in the wealth declared in the return under the proviso to clause (a) of sub-section (1) of section 16 and additional wealth-tax charged under that section, the provisions of this sub-section shall not apply in relation to the adjustments so made.]

⁵⁰[(1A) Where any amount is added or disallowed in computing the net wealth of an assessee in any order of assessment or reassessment and the said order contains a direction for initiation of penalty proceedings under clause (c) of sub-section (1), such an order of assessment or reassessment shall be deemed to constitute satisfaction of the Assessing Officer for initiation of the penalty proceedings under the said clause (c).]

(2) No order shall be made under sub-section (1) unless the person concerned has been given a reasonable opportunity of being heard.

(2A) and (2B) ⁵¹[***]

⁵²[(3) No order imposing a penalty under sub-section (1) shall be made,—

- (i) by the Income-tax Officer, where the penalty exceeds ten thousand rupees ;
- (ii) by the Assistant Commissioner ⁵³[or Deputy Commissioner], where the penalty exceeds twenty thousand rupees,

except with the prior approval of the ⁵⁴[Joint] Commissioner.]

(3A) ⁵⁵[***]

(4) A ⁵⁶[Deputy Commissioner (Appeals)], ⁵⁷[a Commissioner (Appeals),] a ⁵⁸[Chief Commissioner or Commissioner] or the Appellate Tribunal on making an order under this section imposing a penalty, shall forthwith send a copy of the same to the ⁵⁹[Assessing Officer.]

⁶⁰[(5) No order imposing a penalty under this section shall be passed—

- (i) in a case where the assessment to which the proceedings for imposition of penalty relate is the subject-matter of an appeal to the Deputy Commissioner (Appeals) or the Commissioner (Appeals) under section 23 or an appeal to the Appellate Tribunal under sub-section (2) of section 24, after the expiry of the financial year in which the proceedings, in the course of which action for the imposition of penalty has been initiated, are completed, or six months from the end of the month in which the order of the Deputy Commissioner (Appeals) or the Commissioner (Appeals) or, as the

case may be, the Appellate Tribunal is received by the Chief Commissioner or Commissioner, whichever is later ;

- (ii) in a case where the relevant assessment is the subject-matter of revision under sub-section (2) of section 25, after the expiry of six months from the end of the month in which such order of revision is passed ;
- (iii) in any other case, after the expiry of the financial year in which the proceedings, in the course of which action for the imposition of penalty has been initiated, are completed, or six months from the end of the month in which action for imposition of penalty is initiated, whichever period expires later.

Explanation.—In computing the period of limitation for the purposes of this section,—

- (i) any period during which the immunity granted under section 22H remained in force ;
- (ii) the time taken in giving an opportunity to the assessee to be reheard under the proviso to section 39 ; and
- (iii) any period during which a proceeding under this section for the levy of penalty is stayed by an order or injunction of any court,

shall be excluded.

(6) The provisions of this section as they stood immediately before their amendment by the Direct Tax Laws (Amendment) Act, 1989 shall apply to and in relation to any assessment for the assessment year commencing on the 1st day of April, 1988, or any earlier assessment year and references in this section to the other provisions of this Act shall be construed as references to those provisions as for the time being in force and applicable to the relevant assessment year.]

Section - 18A, Wealth-Tax Act, 1957

⁶¹[**Penalty for failure to answer questions, sign statements, furnish information, allow inspection, etc.**

18A. (1) If any person,—

- (a) being legally bound to state the truth of any matter touching the subject of his assessment, refuses to answer any question put to him by a wealth-tax authority in the exercise of his powers under this Act ; or
- (b) refuses to sign any statement made by him in the course of any proceedings under this Act, which a wealth-tax authority may legally require him to sign ; or
- (c) to whom a summons is issued under sub-section (1) of section 37 either to attend to give evidence or produce books of account or other documents at a certain place and time, omits to attend or produce the books of account or documents at the place and time,

he shall pay, by way of penalty, a sum which shall not be less than five hundred rupees but which may extend to ten thousand rupees for each such default or failure :

Provided that no penalty shall be imposable under clause (c) if the person proves that there was reasonable cause for the said failure.

(2) If a person fails to furnish in due time any statement or information which such person is bound to furnish to the Assessing Officer under section 38, he shall pay, by way of penalty, a sum which shall not be less than one hundred rupees but which may extend to two hundred rupees for every day during which the failure continues :

Provided that no penalty shall be impossible under this sub-section if the person proves that there was reasonable cause for the said failure.

(3) Any penalty impossible under sub-section (1) or sub-section (2) shall be imposed—

(a) in a case where the contravention, failure or default in respect of which such penalty is impossible occurs in the course of any proceeding before a wealth-tax authority not lower in rank than a ⁶²[Joint] Director or a ⁶²[Joint] Commissioner, by such wealth-tax authority ;

(b) in any other case, by the ⁶²[Joint] Director or the ⁶²[Joint] Commissioner.

(4) No order under this section shall be passed by any wealth-tax authority referred to in sub-section (3) unless the person on whom the penalty is proposed to be imposed has been heard, or has been given a reasonable opportunity of being heard in the matter, by such authority.

Explanation.—In this section, "wealth-tax authority" includes a Director General, Director, ⁶²[Joint] Director, Assistant Director ⁶³[or Deputy Director] and a Valuation Officer while exercising the powers vested in a court under the Code of Civil Procedure, 1908 (5 of 1908), when trying a suit in respect of the matters specified in sub-section (1) of section 37.]

Section - 18B, Wealth-Tax Act, 1957

⁶⁴[**Power to reduce or waive penalty in certain cases.**

18B. (1) Notwithstanding anything contained in this Act, the ⁶⁵[⁶⁶[***] Commissioner] may, in his discretion, whether on his own motion or otherwise,—

(i) ⁶⁷[***]

(ii) reduce or waive the amount of penalty imposed or impossible on a person under clause (iii) of sub-section (1) of section 18,

if he is satisfied that such person,—

(a) ⁶⁸[***]

(b) in the case referred to in clause (ii), has, prior to the detection by the ⁶⁹[Assessing Officer], of the concealment of particulars of assets or of the inaccuracy of particulars furnished in respect of any asset or debt in respect of which the penalty is impossible, voluntarily and in good faith made full and true disclosure of such particulars,

and also has co-operated in any inquiry relating to the assessment of his net wealth and has either paid or made satisfactory arrangements for the payment of any tax or interest payable in consequence of an order passed under this Act in respect of the relevant assessment year.

Explanation ⁷⁰[***].—For the purposes of this sub-section, a person shall be deemed to have made full and true disclosure of the particulars of his assets or debts in any case where the excess of net wealth assessed over the net wealth returned is of such a nature as not to attract the provisions of clause (c) of sub-section (1) of section 18.

⁷¹[***]

(2) Notwithstanding anything contained in sub-section (1), if in a case falling under clause (c) of sub-section (1) of section 18, the net wealth in respect of which the penalty is imposed or impossible for the relevant assessment year, or, where such disclosure relates to more than one assessment year, the net wealth for any one of the relevant assessment years, exceeds five hundred thousand rupees, no order reducing or waiving the penalty under sub-section (1) shall be made by ⁷²[the Commissioner except with the previous approval of the Chief Commissioner or Director General, as the case may be].

(3) Where an order has been made under sub-section (1) in favour of any person, whether such order relates to one or more assessment years, he shall not be entitled to any relief under this section in relation to any other assessment year at any time after the making of such order :

⁷³[**Provided** that where an order has been made in favour of any person under sub-section (1) on or before the 24th day of July, 1991, such person shall be entitled to further relief only once in relation to other assessment year or years if he makes an application to the wealth-tax authority referred to in sub-section (4) at any time before the 1st day of April, 1992.]

(4) Without prejudice to the powers conferred on him by any other provision of this Act, the ⁷⁴[⁷⁵[***] Commissioner] may, on an application made in this behalf by an assessee, and after recording his reasons for so doing, reduce or waive the amount of any penalty payable by the assessee under this Act or stay or compound any proceeding for the recovery of any such amount, if he is satisfied that—

- (i) to do otherwise would cause genuine hardship to the assessee, having regard to the circumstances of the case, and
- (ii) the assessee has co-operated in any inquiry relating to the assessment or any proceeding for the recovery of any amount due from him.

(5) Every order made under this section shall be final and shall not be called into question by any court or any other authority.]

⁷⁶[(6) The provisions of this section as they stood immediately before their amendment by the Direct Tax Laws (Amendment) Act, 1989, shall apply to and in relation to any assessment for the assessment year commencing on the 1st day of April, 1988, or any earlier assessment year, and references in this section to the other provisions of this Act shall be construed as references to those provisions as for the time being in force and applicable to the relevant assessment year.]

Section - 18BA, Wealth-Tax Act, 1957

⁷⁷[**Power of Commissioner to grant immunity from penalty.**

18BA. (1) A person may make an application to the Commissioner for granting immunity from penalty, if—

- (a) he has made an application for settlement under section 22C and the proceedings for settlement have abated under section 22HA; and
- (b) the penalty proceedings have been initiated under this Act.

(2) The application to the Commissioner under sub-section (1) shall not be made after the imposition of penalty after abatement.

(3) The Commissioner may, subject to such conditions as he may think fit to impose, grant to the person immunity from the imposition of any penalty under this Act, if he is satisfied that the person has, after the abatement, co-operated with the wealth-tax authority in the proceedings before him and has made a full and true disclosure of his net wealth and the manner in which such net wealth has been derived.

(4) The immunity granted to a person under sub-section (3) shall stand withdrawn, if such person fails to comply with any condition subject to which the immunity was granted and thereupon the provisions of this Act shall apply as if such immunity had not been granted.

(5) The immunity granted to a person under sub-section (3) may, at any time, be withdrawn by the Commissioner, if he is satisfied that such person had, in the course of any proceedings,

after abatement, concealed any particulars, material to the assessment, from the wealth-tax authority or had given false evidence, and thereupon such person shall become liable to the imposition of any penalty under this Act to which such person would have been liable, had not such immunity been granted.]