



Global Business Tax Alert Sharp Insights

Procedure simplified for grant of refund of wealth tax on account of retrospective amendment excluding 'agricultural land' from 'Urban Land'.

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Background

- As per Explanation 1(b) to section 2(ea)(v) of the Wealth Tax Act, 1957 (the Act), the term 'urban land' included agricultural land situated in the urban area and hence agricultural land formed part of assets chargeable to wealth-tax.
- Explanation (1)(b) was amended vide Finance Act 2013 retrospectively from 1.04.1993 clarifying that the term "urban land" did not include land classified as agricultural land in the records of the Government and used for agricultural purposes.
- The assesses who had paid wealth tax on agricultural land situated in urban area, in accordance with provisions of section 2(ea)(v) read with Explanation 1(b), prior to the said amendment, wanted to seek refund in view of retrospective amendment.
- However the time limit for filing revised return or application for rectification for the purpose of claiming the refund had expired.

Circular by CBDT

- CBDT has attempted to avoid hardships to taxpayer with respect to admission/disposal of applications¹ filed for claiming refund in view of the retrospective amendment to Explanation (1)(b) to section 2(ea)(v) of the Wealth tax Act, 1957, after the expiry of the time limit for filing such applications, by authorizing / directing the Principal Commissioners/ Commissioners of Wealth Tax, on below lines:
 - to admit assessee's application claiming refund and decide it on merits,
 - to dispose such applications within one year from the end of the financial year in which the application is received from the assessee,
 - while disposing the application, any order previously passed should not be set aside.
 - while disposing the application, the authorities can call for a report from the assessing officer and seek relevant information from the assessee
 - If the order disposing the application, results in refund, then the assessee shall be entitled to interest on such refund at the rate specified in the Act.

¹ Section 25 of the Wealth Tax Act, 1957 deals with Power of Commissioner to revise orders of subordinate authorities.

- The application claiming refund should be filed by the assessee within one year from 11 June 2015 i.e., date of issue of CBDT Circular.

Comments

The CBDT Circular is expected to introduce and simplify the procedure for claiming refund arising in view of the retrospective amendment, thereby demonstrating a tax friendly environment.

Source: CBDT Circular No.11/2015 dated 11 June 2015 – Order under section 10(2)(B) of the Wealth Tax Act

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