

ESTATE DUTY (DISTRIBUTION) ACT, 1962

9 of 1962

[30th March, 1962]

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STATEMENT OF OBJECTS AND REASONS "Under Article 269 (2) of the Constitution, the principles of distribution among the States of taxes levied under that Article have to be formulated by Parliament by law. Accordingly, this Bill seeks to lay down the principles of distribution of the net proceeds of the estate duty on property other than agricultural land, except in so far as those proceeds represent the proceeds attributable to Union territories, among the States, in accordance with the recommendations made by the Third Finance Commission, which have been accepted by Government"- Gazette of India, 5-3-1962, Pt. II, Sec. 2, Extra, p. 41. Act 21 of 1974. The Bill seeks to further amend the Estate Duty (Distribution) Act, 1962, as amended by the Estate Duty (Distribution) Amendment Act, 1965 and the Estate Duty (Distribution) Amendment Act, 1969, for the purpose of giving effect to the recommendations made by the Sixth Finance Commission for the distribution among the States of the net proceeds of estate duty on property other than agricultural land, except in so far as those proceeds represent the proceeds attributable to Union territories.-S. O. R., Gaz., of India., 7-3-74, Pt. II, S. 2, Ext., p. 103.

1. Short title :-

This Act may be called the Estate Duty (Distribution) Act, 1962.

2. Definitions :-

In this Act -

(a) "estate duty" means the estate duty levied under Estate Duty Act, 1953 , in respect of property other than agricultural land;

(b) "State" does not include a Union territory.

3. Distribution of net proceeds of estate duty assigned to the States :-

(1) During ¹[each of the financial years commencing on and after the 1st day of April, 1984], the net proceeds of estate duty levied and collected during that financial year shall after deducting therefrom the net proceeds attributable to Union Territories, ² [be distributed] among the States in proportion to the gross value of all property situated in the respective States and brought into assessment in that financial year.

(2) For the purposes of this section,-

(a) "gross value", in relation to property, means the total value of all property passing on the death of any person as determined by the Controller under Estate Duty Act, 1953 ;

(b) "net proceeds" includes the estate duty the payment whereof has been accepted in accordance with the provisions of Section 52 of the Estate Duty Act, 1953 ;

(c) "net proceeds attributable to Union Territories" means the portion of net proceeds which bears to the total net proceeds in any financial year the same proportion which the gross value of all property situated in all the Union Territories and brought into assessment in that financial year bears to the total gross value of all property brought into assessment in that year;

(d) 'property" does not include agricultural land;

(e) any property situated outside India shall be deemed to be situated in the State or, as the case may be, the Union Territory wherein the value of such property has been brought into assessment.]

1. Substituted for the words, figures and letters "the financial year commencing on the 1st day of April, 1984" by Estate Duty

(Distribution) Amendment Act (28 of 1985), S. 3 (1-4-85).

2. Substituted for the words "be distributed, provisionally", by Estate Duty (Distribution) Amendment Act (28 of 1985).

4. Power to make rules :-

(1) The Central Government may, by notification in the Official Gazette, make rules providing for the manner in which the gross value of property is to be calculated, for the time at which, and the manner in which, any payments under this Act are to be made, for the making of adjustment between one financial year and another and for any other incidental or ancillary matters.

(2) Every rule made under this section shall be laid as soon as may be after it is made, before each House of Parliament while it is in session for a total period of thirty days which may be comprised in one session ¹ [or in two or more successive sessions, and if, before the expiry of the session immediately following the session or successive sessions aforesaid], both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case, may be; so however that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

1. Substituted for words "or in two successive sessions, and if, before the expiry of the session immediately following", by Act 21 of 1974, S. 4 (1-4-74). S. 5. [Repealed by Act 56 of 1974, S. 2, 1st Sch.]