

**Estate Duty and Tax on Railway Passenger Fares  
(Distribution) Act, 1957**

**57 of 1957**

**[24th December, 1957]**

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The following Act of Parliament received the assent of the President on the 24th December, 1957, and was published in the Gazette of India Extraordinary, Part II-See. 1. No. 46 dated the 26th December 1957. An Act to provide for the distribution of the net proceeds of the estate duty and the tax on railway passenger fares among the States in pursuance of the principles of distribution formulated and the recommendations made by the Finance Commission in its report dated the 30th day of September, 1957. Be it enacted by Parliament in the Eighth year of the Republic of India as follows:-

**1. Short title :-**

This Act may be called the Estate Duty and Tax on Railway Passenger Fares (Distribution) Act, 1957. Notes Object- "The object of this Act is lay down the principles of the distribution among the States of the net proceeds of the estate duty on property other than agricultural land and the tax on railway fares, capt in so far as

those proceeds represent proceeds attributable to Union territories. The principles of distribution embodied in the Act are those recommended by the Second Finance Commission and accepted by Government. Under article 269(2) of the Constitution, the principles of distribution of these taxes have to be formulated by Parliament by law" (Vide Statement of object and Reasons, printed in the Gazette of India, Extraordinary, Part II- Section 2 , No.48 dated the 6th December, 1957).

## **2. Definitions :-**

In this Act,-

- (a) "estate duty" means the estate duty levied under the Estate Duty Act, 1953, in respect of property other than agricultural land ;
- (b) "State" does not include a Union territory ;
- (c) "tax on railway, passenger fares" means, the tax levied under Railway Passenger Fares Act, 1957 This section defines the expressions 'estate duty', 'State' and 'tax on railway passenger fares'.

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

(1) During each financial year commencing on and after the 1st day of April, 1957, the net proceeds of the estate duty levied and collected during that financial year shall, after deducting therefrom a sum equal to one per cent. of the said proceeds as being attributable to Union territories distributed among the States in accordance with the provisions

(2) Out of the total amount falling to be distributed in any financial year under sub-section (1),-

(a) the amount attributable to immovable property shall be distributed among the States in proportion to the gross value of the immovable property situated in the respective States as determined in respect of that financial year;

(b) the balance shall be distributed among the States as follows :-

(3) For the purposes of this section,-

(a) "amount attributable to immovable property" means an amount which bears to the total amount distributable in any

financial year under sub-section (1) the same proportion which the gross value of all immovable property situated in the States bears to the gross value of all property, movable and immovable, so situated, as determined in respect of

(b) "gross value". in relation to movable or immovable property, means the total value of all movable property or, as the case may be, of all immovable property, passing on the death of any person as determined by the Controller under the Estate Duty Act, 1953 (34 of 1953) ;

(c) "immovable property" does not include agricultural land. Notes This section provides the manner for distribution of net proceeds of estate duty assigned to the States.

#### **4. Special provision for distribution of net proceeds of estate duty in respect of financial year 1953-54 to 1956-57**

:-

(1) In respect of each of the financial years commencing on the 1st day of April, 1953, 1954 and 1955, the net proceeds of the estate duty levied and collected during that financial year shall after deducting therefrom a sum equal to two and three quarter per cent of the said proceeds as being attributable to Part C States, be distributed among the Part A States and Part B States in the same manner as the percentage of the net proceeds of taxes on income falling to be distributed under clause (2) of article 270 of the Constitution has been distributed among those States in respect of that financial year.

(2) in respect of the financial year commencing on the 1st day of April, 1956,-

(a) seven-twelfths of the net proceeds of the estate duty levied and collected during the said financial year shall, after deducting therefrom a sum equal to two and three, quarter per cent. of the said proceeds as being attributable to Part C States, be distributed among the Part A States and Part B States in respect of the first seven months of the said financial year in the same manner as the percentage of the net proceeds of taxes on income falling to be distributed under clause (2) of articles 270 of the Constitution has been distributed among those States in respect of the said seven months, and

(b) five-twelfths of the net proceeds of the estate duty levied and

collected during the said financial year shall, after deducting therefrom a sum equal to one per cent, of the said proceeds as being attributable to Union territories, be distributed in respect of the remaining five months of the said financial year, in the same manner as the percentage of the net proceeds of taxes on income falling to be distributed under clause (2) of article 270 of the Constitution has been distributed among the States in respect of the said five months,

(3) The provisions of this section shall be deemed to have had effect from the date on which the Estate Duty Act, 1953 (34 of 1953), came into force. Notes This section makes special provision for distribution of net proceeds of estate duty in respect of the financial years 1953-54 to 1956-57.

#### **5. Distribution of net proceeds of the tax on railway passenger fares assigned to the States :-**

During each financial year commencing on and after the 1st day of April, 1957, the net proceeds of the tax on railway passenger fares levied and collected during that financial year shall, after deducting therefrom a sum equal to one quarter per cent. of the said proceeds as being attributable to Union territories, be distributed among the States as follows : - . Notes This section fixes the percentage of the net proceeds of tax on railway passenger fares levied and collected by the Central Government to be distributed to the States.

#### **6. Power to make rules :-**

(1) The Central Government 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 adjustments between one financial year and another and for any other incidental or ancillary matters.

(2) All rules made under this section shall, as soon as may be after they are made, be laid for not less than thirty days before each House of Parliament and shall be subject to such modifications as Parliament may make during the session in which they are so laid or the session immediately following. Notes This section empowers the Central Government to frame rules providing for the manner in which the gross value of property is to be calculated and the time and manner in which payments under the Act are to be made.

