

## Section - 18, Wealth-Tax Act, 1957

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

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

(a) has

(b) has 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) has

[(ii) has 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 ;]

[(iii) has 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 :

**[Provided** that in the cases referred to in clause (b), no penalty shall be imposable 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 [Assessing Officer] or the [Deputy Commissioner (Appeals)] [or the Commissioner (Appeals)] [or the Commissioner] to be false, or

(B) such person offers an explanation which he is not able to substantiate [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.

[\*\*\*]]

[*Explanation 3.*—Where any person [\*\*\*] 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.]

[*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, [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 [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].]

[*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.]

[(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) [\*\*\*]

[(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 [or Deputy Commissioner], where the penalty exceeds twenty thousand rupees,

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

(3A) [\*\*\*]

(4) A [Deputy Commissioner (Appeals)], [a Commissioner (Appeals),] a [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 [Assessing Officer.]

[(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.]