

R.M.M. Law College Saharza
Nareshji Anand
L.B.B. Part III rd
Paper - VIII th
Taxation

Income from assets transferred to daughter-in-law (Section 64 (1) (vi) -

In computing the total income of any individual, there shall be included all such income as arises directly or indirectly to the son's wife of such individual from assets transferred directly or indirectly on or after 1st January 1973 to son's wife by such individual otherwise than for adequate consideration. Where the assets transferred directly or indirectly by an individual to his spouse or son's wife (hereafter referred to as the transferee) are invested by the transferee

(i) in any business, such investment being not in the nature of contribution of capital as a partner in a firm or, as case may be, for being admitted to the benefits of partnership in a firm that part of the income arising out of the benefits of partnership in a firm that part of the income arising out of the business to the transferee in any previous year,

(2)
which bears the same proportion to the income of the transferee from the business as the value of the assets aforesaid as on the first day of the previous year bears to the total investment in the business by the transferee as on the said day.

(ii) in the nature of contribution of capital as a partner in a firm that part of the interest receivable by the transferee from the firm in any previous year which bears the same proportion to the interest receivable by the transferee from the firm as the value of investment aforesaid as on the first day or the previous year bears to the total investment by way of capital contribution as a partner in the firm as on the said day shall be included in the total income of the individual in that previous year.

Income to a person from the assets transferred (Section 64) (viii) —

In computing the total income of any individual there shall be included all such income as arises directly or indirectly otherwise than for adequate consideration to the person

(3)

or association of persons by such individual to the extent to which the income from such assets is for the immediate or deferred benefit of his or her spouse. For example, where the assets are transferred to a trustee under a trust deed for the immediate or deferred benefit of the spouse or the minor child (not being a married daughter) or the living creditor or transferee, the income arising to the trustee from the assets so transferred will be included in the total income of trust-creator (or transferee). If only a portion of such income is used for the immediate or deferred benefit of the trust-creator's spouse or minor child (not being married daughter), then only that portion which is set apart for the benefit of the spouse or minor child (not being married daughter) will be included in the total income of the trust-creator.

With effect from 1-4-1985, in computing the total income of any individual, there shall be included all such income as arises directly or indirectly to any person or association of persons from assets transferred directly or indirectly after 1-6-1973 otherwise than for adequate consideration to the person

(4)
or association of persons by such individual to the extent to which the income from such assets is for the immediate or deferred benefit of his son's wife.

In computing the total income of any individual, there shall be included all such income as arises or accrues to the minor child not being a minor child suffering from any disability of the nature specified in 3.300 on account of any -

- (a) manual work done by him or
- (b) activity involving application of his skill talent or specialised knowledge and experience.

For this purpose the income of a minor child shall be included -

(a) where the marriage of his parents does not subsist, in the income of that parent whose total income is greater; or

where the marriage of his parents does not subsist, in the income of that parent who maintains the minor child in the previous year and where any such income is once included in the total income of either parent, any such income arising in any succeeding year shall not be included in the total income of the other parent
an opportunity of being heard, that it is necessary
to do (Section 64 (A))