**Wealth tax basics: Get a grip for peace of mind**

Wealth tax is a direct tax levied on individuals, HUFs and companies annually. It is charged at the rate of 1% of net wealth (the value of specified assets on the valuation date in excess of the value of the debt that the taxpayer owes on the said assets) of a person if it exceeds Rs 30 lakh. Wealth tax is applicable on an asset held by a taxpayer as on March 31. Hence, the assets sold during the year are not subject to wealth tax.

This tax is levied on the non-productive assets of a taxpayer. The intent of this law is to tax assets that do not generate any income. Broadly, house property, motor cars, jewellery, cash in hand subject to limits, urban land, yachts, boats and aircraft qualify as assets that are liable to wealth tax in India. The said assets, when used for commercial purposes, are excluded from the ambit of wealth tax. The tax is also not imposed on residential properties rented for at least 300 days in a year.

Chargeability to wealth tax depends on the nationality and the residential status (as defined under the Income-Tax Act, 1961) of a taxpayer. While Indian nationals qualifying as ‘resident and ordinarily resident’ are liable to pay wealth tax on their global net wealth, a ‘non-resident’ or ‘resident but not-ordinarily resident’ is liable to pay this tax only on assets located in India. In contrast, foreign nationals, irrespective of their residential status, are liable to wealth tax only on Indian assets.

The value of taxable assets for the purpose of wealth tax would be the value as on the valuation date (i.e., March 31 of a financial year). Further, such value of assets (except cash) would have to be determined in accordance with the valuation norms prescribed under the Wealth Tax Act, 1957.

The due date for filing the wealth tax return is the same as the due date for filing the I-T return. For individuals and HUFs, the due date is July 31 following the financial year for which this return is to be filed and, for companies, it is September 30 or November 30 (as the case may be). The return has to be filed manually in the prescribed form (Form BA).

The provisions of regular assessment that apply to income tax also apply to wealth tax. Simple interest at the rate of 1% per month is applicable

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