

C.—Changes in constitution, succession and dissolution

Change in constitution of a firm.

187. (1) Where at the time of making an assessment under section 143 or section 144 it is found that a change has occurred in the constitution of a firm, the assessment shall be made on the firm as constituted at the time of making the assessment.

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(2) For the purposes of this section, there is a change in the constitution of the firm—

- (a) if one or more of the partners cease to be partners or one or more new partners are admitted, in such circumstances that one or more of the persons who were partners of the firm before the change continue as partner or partners after the change ; or
- (b) where all the partners continue with a change in their respective shares or in the shares of some of them :

Provided that nothing contained in clause (a) shall apply to a case where the firm is dissolved on the death of any of its partners.