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INCOME-TAX ACT, 2025

3: Representative assesses—Special cases

Section 307 - Charge of tax where share of beneficiaries unknown.

(1) The income or any part thereof, in respect of the person mentioned in sections 303(1)(c) and (d) shall be chargeable to tax at the maximum marginal rate, if––

(a) such income or such part thereof is not specifically receivable on behalf or for the benefit of any one person; or

(b) the individual shares of the persons on whose behalf or for whose benefit such income or such part thereof is receivable are indeterminate or unknown.

(2) The income or any part thereof as referred to in sub-section (1), shall be chargeable to tax at the rate applicable to an association of persons as if it were its total income, if,—

(a) none of the beneficiaries has any other income chargeable under this Act exceeding the maximum amount not chargeable to tax in case of an association of persons, or is a beneficiary under any other trust; or

(b) such income or part of such income is receivable under a trust declared by any person by will and such trust is the only trust so declared by him; or

(c) such income or part of such income is receivable under a trust created before the 1st March, 1970, by a non-testamentary instrument and the Assessing Officer is satisfied, having regard to all the circumstances existing at the relevant time, that the trust was created *bona fide*––

(i) exclusively for the benefit of the relatives of the settlor; or

(ii) exclusively for the benefit of the members of such family, where the settlor is a Hindu undivided family,

in circumstances where such relatives or members were mainly dependent on the settlor for their support and maintenance; or

(d) such income is receivable by the trustees on behalf of a provident fund, superannuation fund, gratuity fund, pension fund or any other fund created *bona fide* by a person carrying on a business or profession exclusively for the benefit of persons employed in such business or profession.

(3) Subject to the provisions of sub-section (4), where the income in respect of the person mentioned in section 303(1)(d) consists of, or includes, profits and gains of business, tax shall be charged at the maximum marginal rate on such income or part thereof.

(4) Where the profits and gains referred to in sub-section (3) are receivable under a trust declared by any person by will exclusively for the benefit of any relative dependent on him for support and maintenance, and such trust is the only trust so declared by him, income or part thereof shall be chargeable to tax at the rate applicable to an association of persons.

(5) For the purposes of this section,––

(a) such income or any part thereof shall be deemed as being not specifically receivable on behalf or for the benefit of any one person unless the person on whose behalf or for whose benefit such income or such part thereof is receivable during the tax year is expressly stated in the order of the court or the instrument of trust or wakf deed, as the case may be, and is identifiable as such on the date of such order, instrument or deed;

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(b) the individual shares of the persons on whose behalf or for whose benefit such income or such part thereof is received shall be deemed to be indeterminate or unknown unless the individual shares of the persons on whose behalf or for whose benefit such income or such part thereof is receivable, are expressly stated in the order of the court or the instrument of trust or wakf deed and are ascertainable as such on the date of such order, instrument or deed.

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